

**Barloworld**  
*Leading brands*

Creating shared value **for** sustainable outcomes



United Nations Global Compact  
**Barloworld Limited**  
Communication on Progress  
October 2015 to September 2016

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## 1. Statement of continuing support

**Barloworld**  
*Leading brands*

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Reg No 1918/000095/05  
Tyre Registration Number TPREG0063GAU

8<sup>th</sup> December 2016

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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Directors: DB Ntsebeza (Chairman) CB Thomson (Chief Executive) PJ Blackbeard PJ Butterman NP Dongwana FNO Edoozer\* SS Mkhabela B Ngonyamis  
SS Ntsakuba SB Pfeiffer\* DM Sewela OI Shongwe DG Wilson  
Secretary: LP Manaka \* (Nigerian) \*(American)

See Barloworld's responses to GRI Sustainability Reporting Guidelines G4-1. These together with Barloworld's integrated reporting will be available from 23<sup>rd</sup> December 2016 at [www.barloworld.com](http://www.barloworld.com).

## 2. Description of practical actions

Barloworld has prepared an integrated report for its 2016 financial year from 1 October 2015 to 30 September 2016. Our 2016 integrated reporting which includes our Integrated report, supplementary reports and information on our website ([www.barloworld.com](http://www.barloworld.com)) contain Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. This reporting will be publically available from 23<sup>rd</sup> December 2016.

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

GRI Content Index table and set of responses will be available online at [www.barloworld.com](http://www.barloworld.com).

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 Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines, Barloworld was guided by the publication '*Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles*' which aligns GRI Disclosures with the respective Global Compact Principles. The group took a wider perspective in respect of the relevant indicated GRI Disclosures for some Issue Areas which results in instances of duplication of Disclosures in the Human Rights and Labour Issue Areas, as well as additional Disclosures for the Anti-corruption Issue Area.

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### a. Issue Area: Human Rights

#### Global Compact (GC) Principles:

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

#### OVERVIEW

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.

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 is carried into our supply-chain through our Worldwide Code of 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, follow 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 of 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.

The Barloworld Supplier Code of Conduct 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 is conducted on all our major principals and Original Equipment Manufacturers (OEMs) for risks relating to human rights and labour practices, in addition to other aspects. These suppliers account for the majority of our procurement spend in the group.

## Coverage

Our responses cover the performance of Barloworld Limited for the financial period October 2015 to September 2016 in all geographic regions in which the Barloworld group and its subsidiaries operate.

Associates and joint ventures are equity accounted and thus not included in consolidated financial and non-financial data. 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. Both financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

## INVESTMENT

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Commitment**, one of our core values includes *'We respect and contribute to the realisation of human rights'* and *'We make responsible ownership and investment decisions'*.

Human rights considerations form part of the group's due diligence process, predominantly through the assessment of employment and labour aspects, of 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, freedom of association and collective bargaining arrangements, and prohibiting child and forced labour. These are covered in the human resources section of the due diligence process for all new investment opportunities. If the transaction proceeds, any gaps identified are then addressed in terms of the group's values, Worldwide Code of Conduct, compliance with applicable legislation, including those frameworks to which it is a signatory. All agreements specifically include clauses covering employees.

## NON-DISCRIMINATION

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes *'We treat others with respect'* and *'We treat people fairly and prohibit unfair discrimination'*, and *'We value and encourage diversity'*.



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**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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.

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.

## FORCED AND COMPULSORY LABOUR

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values.

It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes '*We build outstanding long-term relationships with our principals, suppliers and customers.*' **Commitment** another of our core values includes '*We respect and contribute to the realisation of human rights*'.

Barloworld expects all security service providers to comply with its Worldwide Code of Conduct, values and ethics.

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.

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.



## INDIGENOUS RIGHTS

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Commitment**, one of our core values includes '*We respect and contribute to the realisation of human rights*'. The group is also a signatory to the UN Global Compact which has a principles addressing Human rights.

Barloworld respects the rights of indigenous people. This aligns to the requirements of our Code of Conduct and Code of Ethics. 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.

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.

## ASSESSMENT

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes '*We build outstanding long-term relationships with our principals, suppliers and customers*'. **Commitment** another of our core values includes '*We respect and contribute to the realisation of human rights*'.

Workplace related human rights include respect for the individual, health and safety, development, fair and equitable employment practices, prohibiting unfair discrimination, collective bargaining arrangements and prohibiting child labour.

The group has an Integrated Employee Value Model (IEVM) that covers certain work related human rights. All operations conduct an assessment against Barloworld standards set out in the model. This assessment identifies areas requiring attention and the appropriate plans are implemented

The group also conducts independent anonymous individual employee surveys (Individual Perception Monitor) in all its operations. This also covers certain workplace human rights and provides employees with an opportunity to raise concerns.

The group's Worldwide Code of Conduct, which is applicable to all employees and throughout the group, covers human rights.

## SUPPLIER HUMAN RIGHTS ASSESSMENT

The group's Code of Ethics includes; *Obey the law; Respect others; Be fair*. Barloworld's Worldwide Code of Conduct sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes *'We build outstanding long-term relationships with our principals, suppliers and customers*. **Commitment** another of our core values includes *'We respect and contribute to the realisation of human rights'* and *'We are committed to fair labour practices'*.

We look for principals and suppliers who demonstrate strong values and commit to the ethical principles outlined in the Barloworld Code of Conduct.

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.

Workplace related human rights include respect for the individual, health and safety, development, fair and equitable employment practices, prohibiting unfair discrimination, collective bargaining arrangements and prohibiting child labour.

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 of 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. As part of this process, a number of suppliers sign 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 is conducted on all our major principals and Original Equipment Manufacturers for risks relating to human rights, in addition to other aspects. These are significant suppliers and account for the majority of our procurement spend in the group.

### HUMAN RIGHTS GRIEVANCE MECHANISMS

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes 'We build outstanding long-term relationships with our principals, suppliers and customers. **Commitment** another of our core values includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*'.

As human rights are regarded as material, it is necessary to have structured, credible, trusted and entrenched mechanisms for stakeholders to raise concerns and be assured of responses.

The Barloworld Whistle-Blowing 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.

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.

### LOCAL COMMUNITIES

Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Sustainability** value encourages us to be '*...proactive members of our communities*', and accordingly it is regarded as being material.

Barloworld operations are predominantly in urban centres across the world. Their direct influence on local communities is relatively limited.

The group employs local people but, given the size of its operations, it cannot be regarded as the primary employer in any region. At its operations, the group interacts with local stakeholders as appropriate. Given the nature of its operations these usually do not relate to any material negative impacts of its operations.

The group contributes to the socio-economic development of its regions directly through employment, paying local taxes and levies, through its skills development, corporate social investment, supplier diversity and enterprise development programmes.

In terms of alignment of plans and measuring the impact of development initiatives, the group is committed to spending at least 1% of profits globally on corporate social investment.

The central and divisional Corporate Social Investment (CSI), Supplier Development (SD) and Enterprise Development (ED) programmes align with elements of South Africa-specific Millennium Development Goals, the country's National Development Plan, empowerment and transformation objectives, government's regional and local integrated development plans and major customers' social and labour plans, the objectives being increasingly included in tenders. The central CSI programme tracks the achievement of its non-governmental organisation development partners against KPIs linked to shared strategic objectives.

**In addition to the above, see Barloworld's relevant GRI G4 responses:**

- Management Approaches (DMAs)
    - Investment; Non-discrimination; Freedom of association and collective bargaining; Child labour; Forced and compulsory labour; Security practices; Indigenous rights; Assessment; Supplier human rights assessment; Human rights grievance mechanisms; Local communities.
  
  - Indicators (covers measurements and progress)
    - G4-HR1 to G4-HR12; G4-SO1; G4-SO2.
- 

**b. Issue Area: Labour**

**GC Principles:**

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

**OVERVIEW/ EMPLOYMENT**

In terms of its shared value approach, Barloworld is committed to creating value for all its stakeholders. Equally the group recognises that sustainable value creation includes balancing the interests of all stakeholders. As the group's six strategic focus areas (SFAs) impact value creation for its stakeholders, these inform and identify its material aspects. These SFAs are: Innovative customer solutions, People, Diversity and inclusion, Sustainable development, Financial returns and Profitable growth.

Our Vision 2020 includes group aspirational targets for the various components of each SFA. These targets and the group's performance for the reporting period are publically disclosed. Our People SFA incorporates employment related practices, and accordingly it is regarded as being material.

The group's [Code of Ethics](#) includes; *Obey the law, Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material. **Teamwork** and **Sustainability**, two of our core values cover employees.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

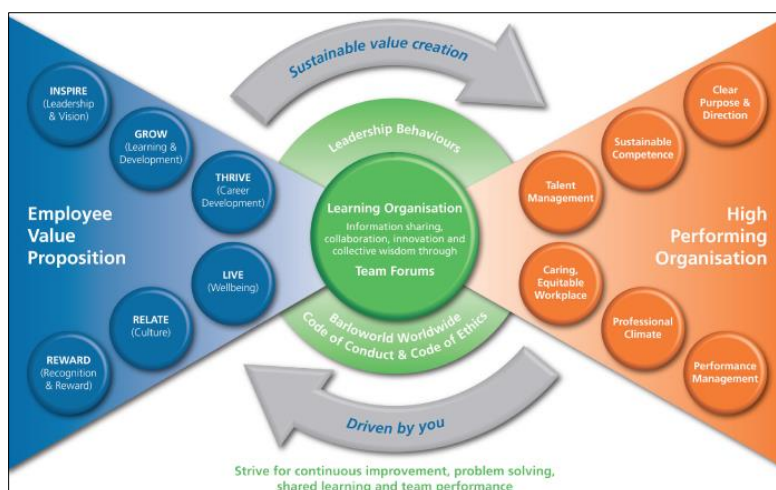
Barloworld understands that its employees are the foundation of its success and achieving its Vision 2020.

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.

**The integrated Employee Value Models reflected below sets out key aspects of our approach to People management:**



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 an aspirational group target has been set.

The Group requires the IPM survey to be run every second year.

### **Coverage**

Our responses cover the performance of Barloworld Limited for the financial period October 2015 to September 2016 in all geographic regions in which the Barloworld group and its subsidiaries operate. Associates and joint ventures are equity accounted and thus not included in consolidated non-financial data. 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. Both financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

### **LABOUR / MANAGEMENT RELATIONS**

The group's [Code of Ethics](#) includes; *Obey the law, Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork** and **Sustainability**, two of our core values address employees.

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's [Code of Ethics](#) states; *Obey the law, Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes *'We protect the health and safety of others and ourselves'*.

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 is implementing such committees. Regional laws cover staff in our operations.

In addition to quarterly SHE reports, health and safety reporting is reviewed 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

Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes *'We recognise that our people create or enduring success'*.

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.

Programs in this regard include:

1. Apprenticeships/Learnerships
2. Executive Development Programs
3. Leadership Development Programs
4. Training Outside Public Practice (Chartered Accountants)
5. Bursars
6. Study Support

Divisions also have their own training and education programmes that aim to develop employees.



## DIVERSITY AND EQUAL OPPORTUNITY

In terms of its shared value approach, Barloworld is committed to creating value for all its stakeholders. Equally the group recognises that sustainable value creation includes balancing the interests of all stakeholders. As the group's six strategic focus areas (SFAs) impact value creation for its stakeholders, these inform and identify its material aspects.

These SFAs are: Innovative customer solutions, People, Diversity and inclusion, Sustainable development, Financial returns and Profitable growth. Our Vision 2020 includes group aspirational targets for the various components of each SFA. These targets and the group's performance for the reporting period are publically disclosed.

Our Diversity and inclusion SFA incorporates diversity and equal opportunity, and under our Teamwork value, we undertake to *'value and encourage diversity'*, and accordingly it is regarded as being material.

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes *'We treat people fairly and prohibit unfair discrimination'*; and *'We value and encourage diversity'*.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

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.

Diversity and inclusion is 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 diversity and inclusion 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 also 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 revised B-BBEE Codes of Good Practice.

#### **EQUAL REMUNERATION FOR WOMEN AND MEN**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material. **Teamwork**, one of our core values includes *'We treat people fairly and prohibit unfair discrimination'*.

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.

#### **SUPPLIER ASSESSMENT FOR LABOUR PRACTICES**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

We look for principals and suppliers who demonstrate strong values and commit to the ethical principles outlined in the Barloworld Code of Conduct.

This commitment is carried into our supply-chain through our Worldwide Code of 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, follow 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.'*

An internal review is conducted on all our major principals and original equipment manufacturers for risks relating to human rights and labour practices, in addition to other aspects. These suppliers account for the majority of our procurement spend in the group.

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 assessment 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.

As part of this process, a number of suppliers sign 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.

#### **LABOUR PRACTICES GRIEVANCE MECHANISMS**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes *'We treat people fairly and prohibit unfair discrimination'* and *'We treat others with respect'*.

**Commitment**, another of our core values includes *'We are committed to fair labour practices'* and *'We respect and contribute to the realisation of human rights'*.

As labour and decent work are regarded as material, it is necessary to have structured, credible, trusted and entrenched mechanisms for stakeholders to raise concerns and be assured of responses.

The Barloworld Whistle-Blowing 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.

## NON-DISCRIMINATION

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes '*We treat others with respect*' and '*We treat people fairly and prohibit unfair discrimination*', and '*We value and encourage diversity*'.

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

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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.

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.

#### **FORCED AND COMPULSORY LABOUR**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values.

It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our **Commitment** value includes '*We respect and contribute to the realisation of human rights*' and '*We are committed to fair labour practices*' which includes not tolerating any form of forced or compulsory labour and prohibition on child labour, as well as recognising the right of freedom of association.

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.

#### **MARKET PRESENCE**

##### **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.

##### **Localisation**

Localisation and gender objectives are set in non-South African operations in accordance with local demographics and legislation.

Where the required skills are not available, the focus is on expatriate assignments, with the commitment to develop a local skills base. Senior managers in all divisions are mostly locally based.

Over 98% of employees are hired from the respective local communities. We comply with legislation when recruiting locally and procedures for hiring include advertising, developing people from within the company, involvement in the community and schools to source potential employees and learners.

The group operates in over 20 countries.

**In addition to the above, see Barloworld's relevant GRI G4 responses:**

- Management Approaches (DMAs)
    - Employment; Labour/Management relations; Occupational health and safety; Training and education; Diversity and equal opportunity; Equal remuneration for women and men; Supplier assessment for labour practices; Labour practices grievance mechanisms; Non-discrimination; Freedom of association and collective bargaining; Child labour; Forced and compulsory labour.
  - Indicators (covers measurements and progress)
    - G4-10; G4-11; G4-LA1; G4-LA3 to G4-LA16; G4-HR3 to G4-HR6; G4-EC5; G4-EC6.
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### c. Issue Area: Environment

#### GC Principles:

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

#### OVERALL

In terms of its shared value approach, Barloworld is committed to creating value for all its stakeholders. Equally the group recognises that sustainable value creation includes balancing the interests of all stakeholders. As the group's six strategic focus areas (SFAs) impact value creation for its stakeholders, these inform and identify its material aspects.

These SFAs are: Innovative customer solutions, People, Diversity and inclusion, Sustainable development, Financial returns and Profitable growth. Our Vision 2020 includes group aspirational targets for the various components of each SFA. These targets and the group's performance for the reporting period are publically disclosed.

Our Sustainable development SFA incorporates environmental aspects, and accordingly it is regarded as being material.

The group's [Code of Ethics](#) includes '*Obey the law*' and '*Protect the environment*'.

Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*' and '*We innovate to make our customers more efficient and productive*'. Accordingly this is regarded as being material.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.



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
- Barloworld is committed to reducing its environmental footprint and has set group aspirational 2020 targets (off a 2015 baseline), covering its identified material aspects (non-renewable energy, emissions (scope 1 and 2), renewable energy, water stewardship and waste management). While progress against targets may not be linear over the target period, it is monitored and reported annually as part of the group's integrated reporting.
- 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 compatibility.

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.

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.

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 (Revised) 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 of our procurement spend, for environmental, labour, human rights, bribery and corruption, and corporate citizenship risks.

### **Material aspects**

The Barloworld executive and the group's risk and sustainability committees are involved in the process to identify material environmental 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

Our responses cover the performance of Barloworld Limited for the financial period October 2015 to September 2016 in all geographic regions in which the Barloworld group and its subsidiaries operate. Associates and joint ventures are equity accounted and thus not included in consolidated non-financial data. 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. Both financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

Aligned to the above consolidation approach, energy and emissions reporting follows the Financial Control consolidation approach as reflected in the GHG Protocol Corporate Standard.

## MATERIALS

The group's [Code of Ethics](#) includes '*Protect the environment*'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*'.

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 volumes 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

The group's [Code of Ethics](#) includes '*Protect the environment*'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*' and '*We innovate to make our customers more efficient and productive*'.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

Barloworld is committed to responsible energy consumption with group aspirational 2020 targets set. While progress against targets may not be linear over the target period, it is monitored and reported annually as part of the group's integrated reporting.

Such a target benefits the group by 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 switches to more energy efficient building designs— in short, any measure that will reduce non-renewable energy consumption and cost.

Some divisions are now considering alternate energy sources, having sufficiently reduced their non-renewable energy consumption. 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.

Since the 2013 financial year we initiated processes to report emissions from our rental fleets. These processes are being refined and possible disclosure will be considered in due course.

## WATER

The group's [Code of Ethics](#) states '*Protect the environment*'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*'.

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-use intensive, Barloworld is committed to more efficient water consumption through reduced withdrawal from municipal sources, prudent usage, 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 withdrawal from municipal sources and 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.

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 2016 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. While progress against targets may not be linear over the target period, it is monitored and reported annually as part of the group's integrated reporting.

## BIODIVERSITY

The group's [Code of Ethics](#) includes '*Obey the law*' and '*Protect the environment*'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*'.

Barloworld's operations do not have a significant 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 and Worldwide Code of Conduct, the group would consider an appropriate response.

The group will continuously take these aspects into account in constructing or renovating any facilities in future.

Despite the limited direct impact our operations have on biodiversity, we remain mindful that the use of some of our products may have an indirect impact on biodiversity through climate change.

The group strives to reduce and minimise environmental impact of its operations, products and solutions through a range of internal and external initiatives.

## EMISSIONS

The group's [Code of Ethics](#) includes '*Obey the law*' and '*Protect the environment*'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*' and '*We innovate to make our customers more efficient and productive*'.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

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.

Barloworld is committed to reducing its emissions footprint have set group aspirational 2020 targets. While progress against targets may not be linear over the target period, it is monitored and reported annually as part of the group's integrated reporting.

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).

Car Rental South Africa's customer rental emissions generated are classified as scope 3 emissions and have been disclosed since our 2010 financial year.

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 (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.

The group completed the 2016 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, 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 of our procurement spend, for environmental, labour, human rights, bribery and corruption, and corporate citizenship risks.

## EFFLUENTS AND WASTE

The group's [Code of Ethics](#) includes '*Obey the law*' and '*Protect the environment*'. [Barloworld's Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*'.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

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. While progress against targets may not be linear over the target period, it is monitored and reported annually as part of the group's integrated reporting.

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.

## PRODUCTS AND SERVICES

The group's [Code of Ethics](#) includes; *Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*' and '*We innovate to make our customers more efficient and productive*'.

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 contribute towards customers' meeting their sustainability objectives and ensuring 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.

In line with the sustainable development strategic intent, sustainable products and services are being leveraged internally and to external customers.

## COMPLIANCE

The group's [Code of Ethics](#) includes; *Obey the law; Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

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

The group's [Code of Ethics](#) includes 'Obey the law' and 'Protect the environment'. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes 'We focus on environmental responsibility and preventing waste; and 'We innovate to make our customers more efficient and productive'

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 optimise transport routes and supply chains, 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.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

The group's [Code of Ethics](#) includes; *Obey the law; Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material. We look for principals and suppliers who demonstrate strong values and commit to the ethical principles outlined in the Barloworld Code of Conduct.

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*'.

An internal review is 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 of our procurement spend in the group.

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. As part of this process, a number of suppliers sign 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.

### ENVIRONMENTAL GRIEVANCE MECHANISMS

The group's [Code of Ethics](#) includes; *Obey the law; Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Sustainability**, one of our core values includes '*We focus on environmental responsibility and preventing waste*' and '*We innovate to make our customers more efficient and productive*'.

As the environment is regarded as material, it is necessary to have structured, credible, trusted and entrenched mechanisms for stakeholders to raise concerns and be assured of responses.

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.

### ECONOMIC PERFORMANCE

Direct economic value created for stakeholders is reflected in the Statement of Total Value Added, and should be considered with our corporate social investment and enterprise development initiatives.

Barloworld has identified risks and opportunities associated with climate change and financial implications thereof. These, together with the group's responses to the identified risks and opportunities, are disclosed in its responses to the CDP's Climate Change and Water responses. In identifying sustainable development as a strategic focus area, the group acknowledges the significance of such risks and opportunities and includes these in its strategic planning process and operational plans.

Given Barloworld's reliance on motor vehicles, plant and equipment (currently predominantly fossil-fuel based technologies) as a core part of our business, these risks could be significant, potentially contributing to an increased cost base and decreased revenue. There are also opportunities for competitive products and solutions with reduced carbon footprints.

#### **In addition to the above, see Barloworld's relevant GRI G4 responses:**

- Management Approaches (DMAs)
  - Overall; Materials; Energy; Water; Biodiversity; Emissions; Effluents and waste; Products and Services; Compliance; Transport; Supplier environmental assessment; Environmental grievance mechanisms; Economic performance.
- Indicators (covers measurement progress)
  - G4-2; G4-EC2; G4-EN1 to EN34.



#### d. Issue Area: Anti-corruption

##### GC Principles:

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

##### ANTI-CORRUPTION

In terms of its shared value approach, Barloworld is committed to creating value for all its stakeholders. Equally the group recognises that sustainable value creation includes balancing the interests of all stakeholders. As the group's six strategic focus areas (SFAs) impact value creation for its stakeholders, these inform and identify its material aspects.

These SFAs are: Innovative customer solutions, People, Diversity and inclusion, Sustainable development, Financial returns and Profitable growth. Our Vision 2020 includes group aspirational targets for the various components of each SFA. These targets and the group's performance for the reporting period are publically disclosed.

Our Sustainable development SFA includes being a respected corporate.

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

Our strategic planning framework and approach, including SFAs and related targets, are endorsed by the board and institutionalised reporting structures ensure board oversight of progress.

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 Conduct 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'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.

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's [Code of Ethics](#) includes; Obey the law. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Integrity**, one of our core values; 'The power of honesty' incorporates anti-corruption. Accordingly this is regarded as being material.

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.

#### **COMPLIANCE**

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest; Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours.

Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Integrity** value, incorporates anti-corruption, and accordingly compliance is regarded as being material.

Barloworld is driven by the maxim of creating sustainable value for all its stakeholders. What sets the group apart is its ability to develop and maintain mutually beneficial long-term business relationships. This is called the 'Barloworld Way'.

The group is committed to responsible business conduct and best practices. All group activities are guided by the governance framework of ethics and a commitment to legal compliance. The group upholds the King III principles that good governance combines both regulatory requirements and voluntary standards of excellence.

Roles and responsibilities for ethics and compliance have been defined at both group and divisional level. In each division there are designated executives and managers with specific responsibility for ethics and compliance matters.

Each division is responsible for planning and executing appropriate actions to manage key priorities for ethics and compliance, in addition to addressing compliance matters deemed to be priorities at a group level. Regular reporting of compliance matters is a requirement of the various main board sub-committees, each according to their mandate.

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.

There are two parts to the framework. The ethics framework establishes overall governance standards. It provides an overview of the context for the programme; defines roles and responsibilities; sets out the principles to be applied and standards required to meet these principles. The framework sets the ethical foundation and governance of Barloworld. It includes the Barloworld Worldwide Code of Conduct and the Code of Ethics.

The second part includes more specific compliance standards that define operational requirements for creating, communicating, training, maintaining and improving policies and procedures. Standards provide a defined and structured approach that aligns with the ethical framework.

There are a number of policies related to the fight against bribery and corruption and these include policies for anti-bribery and corruption, gifts and hospitality, hosting customer events, marketing sponsorships and due diligence for third party service providers and suppliers.

As a global company, Barloworld is committed to upholding international standards and meeting regulatory requirements in the regions and countries in which it operates. Entrenched in the Worldwide Code of Conduct and the Code of Ethics is the requirement to 'Obey the law'. This is the minimum requirement and the organisation strives to conduct its operations as a responsible corporate citizen.

Where possible, the group also participates in formulating responses to draft policy and legislation.

#### **SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY**

We look for principals and suppliers who demonstrate strong values and commit to the ethical principles outlined in the Barloworld [Worldwide Code of Conduct](#).

**Teamwork**, one of our core values includes *'We build outstanding long-term relationships with our principals, suppliers and customers'*.

An internal review is conducted on all our major principals and Original Equipment Manufacturers for risks relating to their negative impact on society, in addition to other aspects. These are significant suppliers and account for the majority of our procurement spend in the group.

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 assessment 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. As part of this process, a number of suppliers sign the Barloworld Supplier Code of Conduct.

#### GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

The group's [Code of Ethics](#) includes; *Obey the law; Respect others; Be fair; Be honest; Protect the environment*. Barloworld's [Worldwide Code of Conduct](#) sets out the group's five core values. It determines how our aspirations and values are translated into actions and behaviours. Our code of conduct reminds us of the standards to which employees and the group are accountable, and consequently it also informs the group of what is to be regarded as material.

**Teamwork**, one of our core values includes *'We build outstanding long-term relationships with our principals, suppliers and customers'*.

As being respected as a corporate citizen is regarded as material, it is necessary to have structured, credible, trusted and entrenched mechanisms for stakeholders to raise concerns and be assured of responses.

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.

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.

#### Coverage

Our responses cover the performance of Barloworld Limited for the financial period October 2015 to September 2016 in all geographic regions in which the Barloworld group and its subsidiaries operate. Associates and joint ventures are equity accounted and thus not included in consolidated financial and non-financial data.

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. Both financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

#### In addition to the above, see Barloworld's relevant GRI G4 responses:

- Management Approaches (DMA)
  - Anti-corruption; Public policy; Compliance; Supplier assessment for impacts on society; Grievance mechanisms for impacts on society.
  
- Indicators (covers measurement and progress)
  - G4-56 to G4-58; G4-SO3 to SO6; G4-SO8 to SO11.

### 3. Measurement of outcomes

Barloworld reports its performance information and progress in its 2016 Integrated Report and other complementary reports and responses, such as its responses to the GRI G4 Sustainability Reporting Guidelines, which are available on-line.

As indicated in section 2 hereof (Description of practical actions), the GRI Standard Disclosures referenced in the respective Issues Areas cover measurement and progress where appropriate, as do various sections contained in Barloworld's 2016 Integrated Report.

Also included in Barloworld's 2016 Integrated Report are illustrative case studies.

A GRI G4 Content Index which references the GRI's G4 Standard Disclosures to the appropriate information in the Barloworld 2016 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](http://www.barloworld.com).

The above reports and information will be available at [www.barloworld.com](http://www.barloworld.com) from 23<sup>rd</sup> December 2016.



For more information visit [www.barloworld.com](http://www.barloworld.com)

