

Corporate governance report *(continued)*

Board of directors



From left to right:

PM (Peter) Surgey (54)
Executive Director

BA, LLB

PJ (John) Blackbeard (51)
CEO: Barloworld Handling

BSc Eng (Hons), Dip Business Management

OI (Isaac) Shongwe (46)

CEO: Barloworld Logistics Africa

BA (Hons) US, MPhil

M (Martin) Laubscher (48)

CEO: Barloworld Automotive

BAcc, BCompt (Hons), CTA, MCom (Business Management)

DG (Don) Wilson (51)

Finance Director

BCom CTA, CA(SA)

CB (Clive) Thomson (42)

Chief executive officer: Barloworld Limited

BCom (Hons), CA(SA), MPhil



MJ (Mike) Levett (69)*
 Non-executive director
 BCom, DEcon Sc (hc), FIA, FFA, FASSA

G (Gonzalo) Rodriguez de Castro Garcia de los Rios (66)*
 Non-executive director

AGK (Gordon) Hamilton (63)*
 Non-executive director
 MA, FCA

SAM (Selby) Baqwa (57)*
 Non-executive director
 BJuris, LLB, MBA, DTech (hc)

TH (Hixonia) Nyasulu (54)
 Non-executive director
 BA (Hons) Psychology

SS (Sango) Ntsaluba (48)*
 Non-executive director
 BCom, BCompt (Hons), CA(SA), HDip Tax Law

DB (Dumisa) Ntsebeza (59)*
 Chairman
 LLB, BProc, BA, LLM (International Law)

SS (Bongi) Mkhabela (52)*
 Non-executive director
 Dip Business Management

SB (Steve) Pfeiffer (61)*
 Non-executive director
 BA, MA, JD

* Independent non-executive director

Corporate governance report *(continued)*

Directors

The full names, ages and profiles of the directors at last practicable date are set out below:

Non-executive directors

Chairman

Dumisa Buhle Ntsebeza

Business address: Fountain Chambers, Sandown Village Office Park, 86 Maude Street, Sandown

Nationality: South African

Age: 59

Qualifications: LLB, BProc, BA, LLM (International Law)

Profile: Dumisa was appointed to the Barloworld board in May 1999. He is an advocate of the High Court of South Africa and a member of the Johannesburg Bar. In 2005 he was conferred the status of silk and was the first African advocate in the history of the Cape Bar to do so. He served as a commissioner on the Truth and Reconciliation Commission and has been appointed from time to time, as acting judge of the High Court of South Africa.

Selby Alan Masibonge Baqwa

Business address: Block A, 1st Floor Nedcor Sandton, 135 Rivonia Road, Sandown, 2196

Nationality: South African

Age: 57

Qualifications: BJuris, LLB, MBA, DTech (hc), AMP (Harvard)

Profile: Selby was appointed to the Barloworld board in January 2005. He is Chief Governance and Compliance Officer at Nedbank Limited and a member of the Executive Committee of Nedbank Limited. He was appointed Public Protector of South Africa in 1995.

Alexander Gordon Kelso Hamilton

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196

Nationality: British

Age: 63

Qualifications: MA (Cantab), FCA

Profile: Gordon was appointed to the Barloworld board in January 2007. He retired in 2006 after a career of more than 30 years as a partner of the UK practice of Deloitte & Touche LLP. He is a non-executive director of the UK-listed Lloyds underwriter Beazley Group plc and Fairbairn Private Bank. He is a member of the UK Financial Reporting Review Panel.

Michael John Levett

Business address: Barloworld Corporate Office, 180 Katherine Street, Sandton, 2196

Nationality: South African

Age: 69

Qualifications: BCom, DEcon Sc (hc), FIA, FFA, FASSA

Profile: Mike was appointed to the Barloworld board in November 1985. He was chairman and chief executive of Old Mutual, chairman of Mutual & Federal Insurance, and director of Nedbank Limited, SABMiller and Sasol Limited.

Sibongile Susan Mkhabela

Business address: Nelson Mandela Children's Fund, 27 Eastwold Way, Saxonwold, 2196

Nationality: South African

Age: 52

Qualifications: BA Social Work (Hons), Dip Business Management (WITS), MAP

Profile: Bongi was appointed to the Barloworld board in January 2006. She serves on the Stanlib board and on the Deloitte's Best Company to Work for programme. She served as director for Programmes and Projects at the office of then Deputy President Thabo Mbeki. She is the CEO of the Nelson Mandela Children's Fund.

Thembalihle Hixonia Nyasulu

Business address: 410 Jan Smuts Avenue, Craighall Park, 2196

Nationality: South African

Age: 54

Qualifications: BA (Hons) Psychology, BA Social Work

Profile: Hixonia was appointed to the Barloworld board in January 2007. She is the executive chairman of Ayavuna Women's Investments (Proprietary) Limited, non-executive chairman of Sasol Limited and a director of Anglo Platinum Limited, Defy (Proprietary) Limited, the Tongaat-Hulett Group Limited and Unilever PLC/NV.

Steven Bernard Pfeiffer

Business address: Fulbright & Jaworski LLP, 801 Pennsylvania Avenue, NW, Washington DC, USA 20004

Nationality: American

Age: 61

Qualifications: BA, MA (Oxon), JD (Yale)

Profile: Steve was appointed to the Barloworld board in August 2001. He is a partner of Fulbright & Jaworski LLP, a USA legal firm. He is a non-executive director of Iridium Holdings LLC, chairman emeritus of Wesleyan University in Middletown, Connecticut, USA, a trustee of the Africa-America Institute in New York and a director of Project HOPE in Washington DC.

Gonzalo Rodriguez de Castro de los Rios

Business address: Maria de Molina, N1 28006, Madrid, Spain

Nationality: Spanish

Age: 66

Profile: Gonzalo was appointed to the Barloworld board in January 2004. He was appointed as a non-executive director of Barloworld's Spanish equipment business in 1995 and chairman in 2007. He was chief executive officer of the Madrid Stock Exchange and chairman of Euroquote in Brussels.

Sango Siviwe Ntsaluba

Business address: 21 West Street, Houghton, 2198

Nationality: South African

Age: 48

Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law

Profile: Sango was appointed to the Barloworld board in July 2008. He is the CEO of the Amabubesi Group and a founder member of Sizwe Ntsaluba VSP, the largest black owned consulting, accounting and auditing practice in South Africa.

Executive directors

Clive Bradney Thomson – Chief Executive Officer

Business address: 180 Katherine Street, Sandton, 2196

(PO Box 782248, Sandton, 2146)

Nationality: South African

Age: 42

Qualifications: BCom (Hons), CA(SA), MPhil (Cantab)

Profile: Clive joined Barloworld in 1997 and was appointed to the Barloworld board in 2003 as finance director. He was subsequently appointed as chief executive officer of the Equipment division and then as chief executive officer of Barloworld on 18 December 2006. Previously he was a partner at Deloitte. In 1993 he completed his Master of Philosophy Degree at Cambridge University, England in the Economics and Politics of Development.

Donald Gert Wilson – Finance Director

Business address: 180 Katherine Street, Sandton, 2196

(PO Box 782248, Sandton, 2146)

Nationality: South African

Age: 51

Qualification: BCom CTA, CA(SA)

Profile: Don rejoined Barloworld as finance director in 2006 and was appointed to the Barloworld board in September 2006. Previously he was executive director – Finance at Sappi Limited.

Peter John Blackbeard

Business address: Barloworld Handling, Ground Floor, Statesman House, Stafferton Way, Maidenhead, SL6 1AD, England

Nationality: South African

Age: 51

Qualifications: BSc Eng (Mech) (Hons), Dip Business Management

Profile: John joined Barloworld in 1996 and was appointed to the Barloworld board in 2004. He was chief executive officer of the Scientific division prior to disposal of that business and in 2007 he was appointed chief executive officer of Barloworld Handling (formerly Barloworld Industrial Distribution). John was previously chief operating officer of PPC.

Martin Laubscher

Business address: 6 Anvil Road, Isando, 1601

(Private Bag 2028, Isando, 1600)

Nationality: South African

Age: 48

Qualifications: BAcc, BCompt (Hons), CTA, MCom (Business Management)

Profile: Martin joined Barloworld in 1980 as a bursar and was appointed to the Barloworld board in May 2005. He was appointed chief executive officer of the Automotive division in 2003. Previously he was the director responsible for the Automotive Group Franchise Operations.

Oupa Isaac Shongwe

Business address: 180 Katherine Street, Sandton, 2196

(PO Box 782248, Sandton, 2146)

Nationality: South African

Age: 46

Qualifications: BA (Hons) US, MPhil (Oxon)

Profile: Isaac joined Barloworld Logistics Africa as an executive director for Business Development and Transformation in 2005. He was appointed executive director for Barloworld and chief executive officer for Barloworld Logistics Africa in January 2007.

Peter Montagu Surgey

Business address: 180 Katherine Street, Sandton, 2196

(PO Box 782248, Sandton, 2146)

Nationality: South African

Age: 54

Qualifications: BA, LLB

Profile: Peter joined Barloworld in 1983 and was appointed to the Barloworld board in August 1995. Previously he was chief executive officer of the coatings division. He was appointed HR director in 2003. Peter retired from the board on 30 September 2008.

Corporate governance report *(continued)*

Name	15/11/07	24/01/08	19/03/08	08/05/08	09/06/08	25/07/08	03/10/08
SAM Baqwa	X	✓	✓	✓	X	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓
PB Diamond	✓	N/A	N/A	N/A	N/A	N/A	N/A
AGK Hamilton	✓	X	✓	✓	✓	✓	✓
AJ Lamprecht	✓	N/A	N/A	N/A	N/A	N/A	N/A
M Laubscher	✓	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	✓	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
TS Munday	✓	N/A	N/A	N/A	N/A	N/A	N/A
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓
SS Ntsaluba	N/A	N/A	N/A	N/A	N/A	*	✓
TH Nyasulu	✓	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
G Rodriguez de Castro de los Rios	✓	✓	✓	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	✓	✓	✓	✓
PM Surgey	✓	✓	✓	✓	✓	✓	*
CB Thomson	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A
DG Wilson	✓	✓	✓	✓	✓	✓	✓

* indicates attendance by invitation

Board attendance

During the year under review, six scheduled meetings were held. Five of these were held in South Africa and the other was held in the UK. Attendance at these meetings is as shown above. An additional meeting was held in South Africa on 9 June 2008 to approve the black ownership initiative that was announced on 12 June 2008.

Assessing the performance of board members

Annually, the performance of the chairman of the board, the chief executive officer and the board as a whole is appraised. The chairman and the chief executive officer do not participate in discussions regarding their own performance.

Board effectiveness and evaluation

Self evaluation of the performance and effectiveness of the board and its committees was carried out. This exercise was conducted by means of individual questionnaires prepared by the company secretary and completed individually by each member of the board. Responses were submitted directly to the company secretary and treated in confidence. The company secretary

collated the results of the questionnaire and reported the findings to the board and committee chairman. The chairman advised the board and board committees of the outcome of the exercise.

The board and its committees were found to operate effectively and those few areas identified for improvement would be addressed.

Induction and training

The company secretary arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities and arranging visits to operations, where discussions with management facilitate an understanding of the company's affairs and operations.

Directors are appraised, wherever relevant, of any new legislation and changing commercial risks that may affect the affairs of the company.

The board supports the development of all employees and also the development of directors, by availing them the opportunity

to attend external courses and seminars. Further training is made available dependent upon each director's requirements and the quality and relevance of the training available.

In certain circumstances, it may become necessary for a non-executive or independent director to obtain independent professional advice in order to act in the best interests of the company. Such a director also has unrestricted access to the chairman, executive directors and the company secretary. Where a non-executive or independent director takes reasonable action and costs are incurred, these are borne by the company.

Company secretary

The company secretary provides the board as a whole and directors individually with guidance on the discharge of their responsibilities. He is also a central source of information and advice to the board and within the company on matters of ethics and good corporate governance. Appointment and removal of the company secretary are matters for the board as a whole. The company secretary maintains and regularly updates a corporate governance manual, copies of which are distributed to all newly-appointed directors and divisional senior managers.

The company secretary ensures that in accordance with the pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company, are properly administered.

The company secretary ensures compliance with the rules and Listings Requirements of the JSE Limited and where appropriate, other stock exchanges on which the company's securities are listed. The company secretary also assists in developing the annual board plan, administers the share option scheme and complies with the statutory requirements of the company and its subsidiaries in South Africa. All directors have access to the advice and services of the company secretary relative to the affairs of the company and their roles and responsibilities.

Together with the chairman, the company secretary is involved in ensuring that good information flows within the board and its committees and between senior management and the non-executive directors.

Directors and officers of the company keep the company secretary advised of all their dealings in securities of the company according to well defined rules and procedures, and a report is tabled at the board meeting following any such dealings.

Board committees

The board has seven sub-committees which have been established to assist the board in discharging its responsibilities. These committees listed hereunder play an important role in

enhancing good corporate governance, improving internal controls and, thus, the performance of the company:

- Executive
- Audit
- Empowerment and transformation
- General purposes
- Nomination
- Remuneration
- Risk and sustainability

Each board committee acts according to its written terms of reference approved by the board. They set out its purpose, membership requirements, duties and reporting procedures. Board committees may take independent professional advice at the company's expense. The committees are subject to regular evaluation by the board in regard to performance and effectiveness.

Chairmen of the board committees and the lead client service partner of the external auditors of the company are required to attend annual general meetings to answer any questions raised by shareholders.

Executive committee

The executive committee comprises five executive directors and an additional six executive members, inclusive of the three that were appointed this year; Ms Khanyisile Kweyama (group executive: Global HR and transformation) and Messrs Viktor Salzmänn (CEO Finanzauto) and Paul Stuver (CEO of Barloworld Logistics).

Following these changes the committee at 30 September 2008 comprised:

CB Thomson	V Salzmänn
PJ Blackbeard	D Sewela
PJ Bulterman	OI Shongwe
K Kweyama	P Stuver
M Laubscher	PM Surgy
S Mngomezulu	DG Wilson

The board has delegated a wide range of matters relating to the company's management to the executive, including:

- financial, strategic, operational, governance, risk and functional issues;
- formulation of the group strategy and policy; and
- alignment of group initiatives.

The committee held eleven formal meetings during the year and additional strategy sessions. The committee assists the chief executive officer to guide and control the overall direction of the business of the company, monitor business performance and to act as a medium of communication and co-ordination between business units, group companies and the board.

Corporate governance report *(continued)*

Executive committee attendance

Attendance at meetings

	22/10/07	12/11/07	12/12/07	18/01/08	21/02/08	17/03/08	06/05/08	19/05/08	17/07/08	14/08/08	29/09/08
CB Thomson (chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
PJ Bulterman	✓	✓	X	✓	✓	✓	✓	✓	✓	X	✓
BP Diamond	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Kweyama	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
AJ Lamprecht	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M Laubscher	X	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
S Mngomezulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V Salzmann	*	N/A	N/A	*	N/A	X	✓	✓	✓	X	✓
D Sewela	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓
OI Shongwe	✓	X	✓	X	✓	✓	✓	X	✓	X	✓
P Stuver	*	N/A	N/A	*	N/A	X	✓	✓	✓	✓	✓
PM Surgey	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DG Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* indicates attendance by invitation

The board has determined that the executive committee has satisfied its responsibilities for the year under review.

Audit committee

The audit committee, which is required to have a minimum of three members, comprises Messrs Gordon Hamilton (chairman), Mike Levett and Sango Ntsaluba, all of whom are independent directors. Mr Steve Pfeiffer was co-opted onto the committee for the meeting of 7 May 2008. The quorum for a meeting is two members, personally present throughout the meeting. The chairman of the company is not a member of the committee.

The audit committee's terms of reference include *inter alia*:

- Considering the independence of the external auditors and making recommendations to the board on the appointment or dismissal of the external auditors;
- Being responsible for recommending to the board the engagement of the external auditors and the determination of the terms, nature, objectives and scope of the audit;
- Evaluating the independence, effectiveness and performance of the external auditors and considering any non-audit services rendered by those auditors, including satisfying themselves as to the validity of the non-audit services and defining any limits in this regard;

- Evaluating the independence, effectiveness and performance of the lead audit partner and ensuring that partners are rotated in accordance with applicable requirements;
- Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting policies and disclosure practices;
- Examining and reviewing the interim report, final profit statement, annual financial statements, prospectus or any other documentation to be published by the company;
- Reviewing compliance with applicable laws, best corporate governance practices, accounting standards and regulatory requirements;
- Reviewing the effectiveness of the group risk assessment process, adequacy of accounting records and internal control systems; and
- Monitoring and supervising the functioning and performance of internal audit.

The board places strong emphasis on maintaining appropriate systems of internal control. An internal control scoreboard is tabled and reported to the audit committee for each business operation bi-annually. All significant deviations from laid out internal control policies and procedures are also reported. The audit committee assists the board in its deliberations regarding the company's continuing viability as a going concern.

The chairman of the committee reports to the board on the activities and recommendations made by the committee.

The finance director, head of internal audit and the external audit partner attend all meetings. They have, *inter alia*, unrestricted access to the chairman and other members of the committee. Any other executives may, at the discretion of the chairman of the committee, be invited to attend and be heard. No attendee has voting rights.

Audit committee attendance

Attendance at meetings	14/11/07	07/05/08	02/10/08
AGK Hamilton (chairman)	✓	✓	✓
MJ Levett	✓	✓	✓
TS Munday	✓	N/A	N/A
SS Ntsaluba	N/A	N/A	✓
SB Pfeiffer	N/A	✓	N/A
RC Tomkinson	✓	N/A	N/A

Each year the committee makes an assessment of the qualifications, expertise, resources and independence of the company's auditors. This assessment is based upon reports produced by the auditors, the committee's own dealings with the auditors and feedback from the executive team.

The independence and objectivity of the auditors is regularly considered by the committee.

The terms of reference of the committee were reviewed during the year.

In accordance with the recent amendments to the South African Companies Act, a Barloworld SA audit committee was

established to attend to the statutory requirements outlined in the Act for Barloworld Limited's South African subsidiaries. The committee members comprise Messrs Gordon Hamilton and Sango Ntsaluba, both of whom are independent directors.

The board has determined that the audit committee and the SA audit committee have fulfilled their responsibilities for the year under review in compliance with their terms of reference.

General purposes committee

The general purposes committee is required to have a minimum number of three members, the majority of whom must be independent. A quorum for a meeting is two members present in person throughout the meeting, one of whom must be independent.

The chief executive officer is currently the only executive member of the committee, which comprises Messrs Dumisa Ntsebeza (chairman), Gordon Hamilton, Mike Levett, Steve Pfeiffer and Clive Thomson.

The committee's role is to consider issues of significance to the company. It advises the board on matters having local and international political, economic and social implications regarding the affairs and business of the company. Progress in regard to the strategic plan is reviewed and recommendations regarding any adjustments to it are submitted to the board for approval. The committee ensures that material matters such as acquisitions and disposals, which require the attention of the board, are timeously submitted for consideration.

The terms of reference of the committee were reviewed during the year.

The board has determined that the general purposes committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

General purposes committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08	24/07/08	02/10/08
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓
AGK Hamilton	✓	✓	✓	✓	✓	✓
MJ Levett	✓	✓	X	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A

Corporate governance report *(continued)*

Nomination committee

The nomination committee, which must have a minimum of three members, consists exclusively of independent directors and comprises Messrs Dumisa Ntsebeza (chairman), Selby Baqwa, Gordon Hamilton, Mike Levett and Steve Pfeiffer and Ms Bongzi Mkhabela. A quorum for a meeting is two members present in person throughout the meeting. The chief executive officer is invited to attend meetings, but has no voting powers.

The committee makes recommendations to the board on the composition of the board and the balance between executive, non-executive and independent directors. Skill, experience and diversity are taken into account in this process.

The committee is responsible for identifying and nominating candidates for the approval of the board as additional directors or to fill any board vacancies when they arise. It also advises the board on succession planning, particularly in respect of the chairman of the board and chief executive officer. Proposals for renewing the board's composition are proactively managed by the committee to ensure that timely changes take place.

In addition, the committee recommends directors who retire in terms of the company's articles of association, for re-election.

Mr Sango Ntsaluba, having been appointed during the financial year, is required to retire at the upcoming annual general meeting. Messrs John Blackbeard, Mike Levett, Steve Pfeiffer, Gonzalo Rodriguez de Castro de los Rios and Ms Bongzi Mkhabela are required to retire by rotation. All retiring directors are eligible and, except for Mr Levett, they have offered themselves as available for election or re-election respectively.

At its meeting in October 2008, the committee considered the candidates who are standing for election or re-election at the forthcoming annual general meeting (as referred to in Ordinary Resolutions 2 to 6 in the Notice of Annual General Meeting on

pages 274 to 276 of this document). In accordance with its findings, the committee recommends to shareholders the election of each of the above mentioned directors.

The board has determined that the nomination committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Empowerment and transformation committee

For the year under review, the empowerment and transformation committee comprised Mr Peter Surgey (chairman) and four independent non-executive directors, namely Messrs Selby Baqwa, Mike Levett and Dumisa Ntsebeza and Ms Bongzi Mkhabela. During October 2008, following the retirement of Mr Surgey, the composition of the committee has changed as follows; Ms Mkhabela has been appointed as chairman and Messrs Isaac Shongwe and Clive Thomson have been appointed as members. The executive responsible for transformation throughout the group attends all meetings of the committee.

A quorum for a meeting is three members, two of whom must be independent. The committee recommended to the board approval of the black ownership transaction, including participating internal and external partners. Finalisation of the black ownership initiative was the culmination of a process commenced in earnest in 2006. The committee will now focus on other areas identified in the DTI codes of practice for BEE including corporate social investment, employment equity and enterprise development.

The committee may consult, whenever appropriate, with any other member of the board or expert on any subject matter to be dealt with by the committee.

Nomination committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08	10/06/08	24/07/08	02/10/08
DB Ntsebeza (chairman)	✓	✓	✓	✓	✓	✓	✓
SAM Baqwa	✓	✓	X	X	X	✓	✓
AGK Hamilton	N/A	N/A	✓	✓	✓	✓	✓
MJ Levett	✓	✓	X	✓	✓	✓	✓
SS Mkhabela	✓	✓	✓	✓	✓	✓	✓
SB Pfeiffer	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A

Empowerment and transformation committee attendance

Attendance at meetings	14/11/07	23/01/08	18/03/08	07/05/08
PM Surgey (chairman)	✓	✓	✓	✓
SAM Baqwa	✓	✓	X	X
MJ Levett	✓	✓	X	✓
SS Mkhabela	✓	✓	✓	✓
DB Ntsebeza	✓	✓	✓	✓

The board has determined that the empowerment and transformation committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Remuneration report

This report sets out the company's remuneration policy and practice for executive directors. The report provides details of the remuneration and interests in shares and share options for executive and non-executive directors for the financial year ended 30 September 2008.

Key remuneration highlights and developments

In the year under review Barloworld continued to apply the global grading system to determine the appropriate level of

compensation, harmonise intellectual capital management and to nurture and recognise talent and reward superior performance.

The benefits of implementing a global grading system across the group at executive and senior management levels include standardisation across business units and countries, consistent benchmarking and transparency.

The committee retained PricewaterhouseCoopers (PwC) as its independent adviser throughout the period under review.

The committee received external advice from the following:

Advisers	Services provided to the committee
Watson Wyatt	Provision of a global grading system to harmonise remuneration benchmarking practices for employees worldwide.
PwC	Appointed by the company as lead advisors on proposals brought before the committee. PwC reviewed recommendations provided to the company by LMO Executive Services (LMO) regarding executives salary, bonus levels and benchmarking data. The committee received the advice and guidance of PwC prior to approving any of the recommendations.
LMO	Appointed by the company to advise on salary increases for executives and provide remuneration benchmarking data for executives and senior management.
Deloitte	Confirmed that share option holders were not prejudiced on the unbundling of Freeworld Coatings and affirmed the calculations of the repriced share options and SARs.

Certain of the group businesses overseas are provided with audit and non-audit related services from Deloitte and its worldwide member firms.

Corporate governance report *(continued)*

Remuneration philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's objectives. Rewards are set at responsible and competitive levels in relation to both local and relevant overseas markets. Barloworld's philosophy aims to establish a level of guaranteed remuneration that is competitive, short-term incentives that reward individuals for achieving targets and for exceptional performance, and a long-term share incentive scheme that supports retention and motivation of key skills. Barloworld's total reward philosophy is aligned with the strategic direction and specific value drivers of the group as well as with the interests of shareholders.

Governance structure Remuneration committee

The remuneration committee, which must have a minimum of three members, consists exclusively of independent directors and comprises Messrs Steve Pfeiffer (chairman), Gordon Hamilton, Mike Levett and Dumisa Ntsebeza. A quorum for a meeting is two members present in person throughout the meeting. The chief executive may be invited to attend meetings of the committee, but may not participate in discussion of his own remuneration.

The committee makes recommendations to the board on the structure and development of policy on executive and senior management remuneration, taking into account market conditions. It determines the criteria necessary to measure the performance of the executive directors in discharging their functions and responsibilities. It determines specific remuneration packages for the chief executive and executive directors of the company, including basic salary, benefits in kind, any annual bonuses, performance-based incentives, share-based incentives, pensions and other benefits.

The committee also makes recommendations to the board in respect of fees to be paid to each independent non-executive director for their services as a member of the board or on a board sub-committee. Once these fees have been adopted by the board, they are submitted to the shareholders in general meeting for approval prior to implementation and payment. Details of fees paid to non-executive directors are fully set out on page 235 of this annual report. Details of fees proposed to shareholders for approval are set out below.

Wherever appropriate, the committee consults with the chief executive or other executive or non-executive directors in fulfilling their duties under the committee's terms of reference.

The current chairman of the committee is Mr Pfeiffer. He replaced Mr Mike Levett who had been appointed chairman following the retirement of Mr Trevor Munday in January 2008.

The chief executive officer and the executive responsible for human resources and remuneration matters attend committee meetings by invitation. Meetings are held six times a year. In addition, special meetings are called to deal with urgent matters. No executive director is present when his or her own remuneration or performance evaluation is discussed.

The board has determined that the remuneration committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Non-executive directors' emoluments Standard fees

Fees are fixed by the shareholders in general meeting on proposals agreed to by the board on the recommendation of the remuneration committee on the advice of independent external remuneration consultants.

Remuneration committee attendance

Attendance in meetings	14/11/07	23/01/08	18/03/08	07/05/08	24/07/08	26/09/08	29/09/08	02/10/08
SB Pfeiffer (chairman)	✓	✓	✓	✓	✓	✓	✓	✓
AGK Hamilton	N/A	N/A	✓	✓	✓	✓	X	✓
MJ Levett	✓	✓	X	✓	✓	X	X	✓
TS Munday	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DB Ntsebeza	✓	✓	✓	✓	✓	✓	✓	✓
RC Tomkinson	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A

At the annual general meeting held on 24 January 2008 shareholders resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and non-executive directors for their services to the board, audit committee and the other board committees be fixed as follows:

Non-executive fees	Present
Chairman of the board, inclusive of fees payable as chairman of board committees	R1 437 500
Resident non-executive directors	R180 000
Non-resident non-executive directors	£49 400
Chairman of the audit committee	£23 000
Resident members of the audit committee	R60 000
Non-resident members of the audit committee	£12 000
Chairman of the remuneration committee (resident)	R75 000
Resident members of each of the board committees (excluding risk and sustainability committee)	R45 000
Non-resident members of each of the board committees (excluding risk and sustainability committee)	£3 000

Fees for additional services

In the period under review, the committee approved an appropriate fee structure for any services to be provided by non-executive directors.

An hourly rate in the region of 60% of professional fees (eg typical fees charged by audit firms) was adopted. This formula was applied with due regard to the fact that the non-executive directors are rendering professional services on par with those of partners of large professional firms, but do not incur the professional indemnity insurance and overheads of those firms.

Details of remuneration, fees and other benefits earned by non-executive directors in the past year are given on page 235.

Executive directors' remuneration

Levels of remuneration have been designed to attract, retain and motivate the executive directors in line with market conditions. A significant proportion of the executive directors' remuneration has been structured so as to link corporate and individual performance.

The company embarked on a benchmarking process during the year under review to ensure that the packages awarded to executive directors were competitive. The benchmarking was conducted independently by PricewaterhouseCoopers, the lead

advisor to the remuneration committee, and by LMO, the company remuneration advisor. Remuneration data from the comparator group of companies' most recent published accounts was reviewed and analysed and, where necessary, an appropriate adjustment to the compensation of the executive directors was applied.

As part of this review, the committee, with assistance from its advisors, assessed the appropriateness of the quantum of, and balance between, guaranteed and variable remuneration.

The committee reviews the elements of the reward packages of executive directors annually. It is assessed relative to the market median of companies of comparable size, market sector, business complexity and international scope.

Reward levels are targeted to be commercially competitive, on the following basis:

- Guaranteed remuneration is based on the role complexity and scope of responsibility as measured by the Watson Wyatt Global Grading System;
- Although the company's guaranteed remuneration policy guideline recommends competitiveness at market median levels, the most relevant market competitive position for total reward levels is based on individual performance;
- Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year; and
- In order to avoid disproportionate packages across divisions and business units of the group and between executives, adjustments are made as deemed necessary to ensure broad internal consistency. Adjustments may also be made to the reward levels for individuals to facilitate cross business unit mobility to either grow a business unit or enter new markets.

The elements of the reward package are detailed below and the components for each director are reflected in the tables accompanying this report.

In the year under review, the remuneration package of executive directors comprised the following elements:

- Base pay
 - The executive directors' base salary is revised annually and is set to be competitive at the median level in the appropriate competitive labour market. Individual and company performance and changes in responsibilities are also taken into account when determining base pay annually.
- Benefits
 - Retirement funding
 - Medical cover
 - Personal accident cover
 - Vehicle allowance

Corporate governance report *(continued)*

- Variable pay
This consists of short-term and long-term incentives.

Short-term incentives (bonuses) are provided to increase shareholder value through increasing CFROI/CVA and to achieve group, divisional and personal development objectives. Stretch objectives are set, linked to value drivers. A combination of financial, individual scorecard or personal objectives and other business unit specific strategic performance targets make up the components of the CFROI/CVA scheme.

The directors' annual bonuses have been developed in line with best practice. Following advice received from PwC, the company has:

- Set the stretch targets to a level which represents a significant and meaningful level of stretch in the context of the current business environment; and
- Raised the threshold targets such that they represent minimum acceptable performance for the businesses.

The company has used the 'Plan 1' targets as a basis for the on-target financial performance.

At a group level, the interval of the operating profit growth between target and stretch is 7%. Research conducted on the interval between median and upper quartile performance of South African industrial and retail businesses indicates an average over time of 6% to 10% per annum, indicating that this level of stretch is appropriate.

The target percentages vary between individual business units and directors depending upon their different circumstances.

Long-term incentive scheme

- Share option scheme

Executive directors and selected key executives participate in the Barloworld share option scheme. Allocations of share options are generally made every year, based on the market value of the company's shares. One-third of each allocation becomes exercisable by the employee after three years have elapsed from the date of allocation. A maximum of two-thirds of the original allocation is exercisable after four years, and the full allocation after five years. All options must be exercised in full by the employee or ceded by the employee to a family company or trust, or sold to an approved financial institution within ten years of grant or six years for options granted after 29 January 2004. An employee must be in the employ of, or have retired from, the Barloworld group at the time of exercise or cession of any share options.

It is the company's policy that neither the chairman nor any of the other non-executive directors participate in the share option scheme.

No share options were granted in the year under review to executive directors nor to any other executives and there are no plans to issue further share options at this stage.

Share options granted previously have been re-priced in accordance with shareholder approvals following the unbundling of PPC and the unbundling of coatings.

Details of the options previously granted to executive directors are given on pages 236 to 237.

- Share appreciation rights scheme

The Barloworld cash-settled Share Appreciation Rights Scheme (SARs scheme) has been developed with the object and purpose of providing employees an opportunity to benefit from growth in the value of the ordinary shares of the company in the medium and long term.

Share appreciation rights were awarded in 2008 to executive directors and a limited number of senior executives. Performance conditions have been introduced such that vesting of the SARs is subject to the achievement of real growth in headline earnings per share.

The 2008 award will vest in three tranches, one third on each of the third, fourth and fifth anniversaries of the grant dates respectively. All SARs will lapse if not exercised within six years from date of grant.

The following share appreciation rights were granted to the executive directors in September 2008:

Date of SARs grant	29 Sep 08	13 Jul 07
Grant/strike price	R61.01	R123.88*
Director	Number of SARs	Number of SARs
PJ Blackbeard	88 978	46 627
M Laubscher	98 431	42 091
OI Shongwe	62 176	37 229
PM Surgey		44 354
CB Thomson	201 259	137 870
DG Wilson	88 978	64 797
Total	450 844	372 968

* Following the unbundling of the coatings division, the adjusted grant price is R113,01.

The executive directors' salaries, bonuses, share option and share appreciation rights costs, retirement and medical contributions and other benefits, as well as gains from share options exercised or ceded, are provided on page 235. The details of the company's shares owned and unexercised share options held by each director can be found on pages 238 and 239.

Termination periods for executive directors

There are no directors with service contracts with termination benefits exceeding one year's salary and notice periods in excess of one year.

Retirement and pensions

The retirement age for executive directors is 63. All executive directors participate in a defined contribution retirement fund designed to enable them to make appropriate financial provision for their retirement. Company contributions to the fund are up to 14% of pensionable earnings and include the cost of premiums for insured death and disability benefits. Death in service cover is provided to a maximum of six times pensionable earnings, including fund credit for a fund member with dependents.

Risk and sustainability committee

The management of risk and sustainability issues is inherently an operational function. Accordingly, the risk and sustainability committee comprises the chief executive officer, other executive directors of the company and divisional chief executive officers. The group risk services manager attends all meetings of the committee.

The chairman of the committee is an executive director and is required to report to the board on the recommendations made by the committee.

The committee assists the board in recognising all material risks and sustainability issues to which the group is exposed and ensuring that the requisite risk management culture, practices, policies and systems are progressively implemented and functioning effectively.

These include, among others, business continuity management, occupational health and safety, environmental management and ethical commercial behaviour.

The functions of the committee *inter alia* include:

- Setting out a formal policy for the management of risks;
- Reviewing and assessing the integrity and effectiveness of the risk management process each year;
- Considering annually the consolidated risk assessment results and determining trends, common areas of concern, emerging risks, and the most significant risks for reporting to the board;
- Monitoring and reviewing changes in stakeholders expectations, corporate governance codes and best practice guidelines relating to risk issues;
- Receiving reports covering matters relating to substantive environmental and health and safety risks;
- Reviewing and approving the insurance renewal programme; and
- Reviewing and approving the sustainability report.

The audit committee carries out an independent oversight role of the risk and sustainability management process.

The board has determined that the risk and sustainability committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

Risk management process

In terms of a written risk management philosophy statement issued by the chief executive officer and endorsed by the directorate, the company is committed to managing its risks and opportunities in the interests of all stakeholders. Every employee has a responsibility to act in this manner.

Risk and sustainability committee

Members of the risk and sustainability committee and their attendance record at meetings are shown below.

Attendance at meetings

	16/11/07	18/03/08	06/05/08	08/08/08
DG Wilson (Chairman)	✓	✓	✓	✓
PJ Blackbeard	✓	✓	✓	✓
M Laubscher	✓	✓	✓	✓
OI Shongwe	✓	✓	✓	X
PM Surgey	✓	✓	✓	✓
CB Thomson	✓	✓	✓	✓

Corporate governance report *(continued)*

An ongoing systematic, enterprise-wide risk assessment process supports the group's risk management philosophy. This ensures that risks and opportunities are not only adequately identified, evaluated and managed at the appropriate level in each division, but also that their individual and joint impact on the group as a whole is taken into consideration.

Divisional boards and senior managers carry out an annual self-assessment of risk. This process identifies critical business, operational, financial and compliance exposures facing the group and the adequacy and effectiveness of control factors at all levels. The assessment methodology takes into account severity and probability of occurrence and applies a rating based on the quality of control, thereby ranking risks and setting priorities. The top risks, elevated to group level, are addressed through action plans put in place with responsibilities assigned.

The group risk department oversees the process from the perspective of strategic direction, ongoing improvement in methodology and process, and technical assistance. The internal auditors check the process for thoroughness and comment thereon in their own assessment reports.

As the group develops new business and expands into new markets and territories, it is faced with increasingly complex and changing environments. By integrating the risk management process with the group's strategic direction the risk-return trade-off is optimised. This enhances competitive advantage, growth and the employment of capital. In the case of joint ventures and associates, the company encourages adherence to the same risk management philosophy and policies.

The directors and officers of the company are not protected, in their personal capacities, against claims arising from environmental degradation caused by the business activities of the company. Such cover is excluded from the company's directors' and officers' insurance, and is not generally available in the insurance market. Consequently, the company has indemnified its directors and officers against such claims, provided that at all times such directors and officers were acting in good faith and in accordance with the law.

Internal audit

With its responsibilities clearly defined and approved by the audit committee, internal audit continued to function throughout the group during the past year.

Internal audit focused on the following main areas:

- Appraising and advising on systems, procedures and management controls;
- Assessing the effectiveness of risk management processes;

- Evaluating the reliability and integrity of management and financial information;
- Assessing the control over assets and verifying their existence;
- Reviewing compliance with policies and procedures; and
- Recommending improvements in procedures and systems to enhance efficiencies and prevent fraud.

Risk focused audit plans for the year under review, with input from divisional management, were approved in November 2008. Audit findings were formally reported to divisional audit committees in April and again at financial year end. These divisional committees are chaired by officers who are non-executive to the respective divisions.

The head of internal audit co-ordinates the internal audit function worldwide and reports to the chairman of the audit committee regularly throughout the year, providing details of audit coverage and any significant findings.

The internal audit process did not highlight any breakdowns in internal control that were known to have had a material impact on the reported financial information.

Internal audit undertook a high level review of the risk management processes across the group and reported at the special risk focused meeting of the audit committee in October 2008.

Although not reliant on external auditors for any resource support, the head of internal audit continues to liaise with them with a view to maximising efficiencies of audit coverage where possible. During the year, internal audit utilised the services of independent external firms to supplement its internal resources to enable the department to complete its planned audit coverage for the year.

Insider trading

No employee, his/her nominee or members of their immediate family may deal either directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information regarding the company's business or affairs. No director or officer may deal in the securities of the company during the embargo period determined by the board in terms of a formal policy implemented by the company secretary. Periods of embargo are from the end of the interim and annual reporting periods to 24 hours after the announcement of financial and operating results for the respective periods. A list of persons who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

The rules of the JSE Limited extend obligations regarding transactions in the securities of the company to include those of any major subsidiary. Those officers whose trading transactions have to be disclosed to the market within 48 hours specifically include the directors and the company secretary, but now also embrace any associate of the directors or company secretary or any independent entity or investment managers through which the directors or company secretary may derive a present or future beneficial or non-beneficial interest.

The directors or officers of the company's major subsidiaries, whether wholly or partially owned, are also included in the list of directors, company secretary and other officers.

Trading in the company's shares and any cessions of options over such shares is conducted on completion of an application form, in the case of securities subject to the Barloworld Share Option Scheme, or a letter in any other case. Authorisation for the transaction is given in writing by the chairman of the board, the chief executive officer or a divisional chief executive officer, as appropriate. The written authority is kept by the company secretary with the record of the particular transaction. In the event that the chairman wishes to trade, permission to do so is obtained from designated directors.

Ethics

Barloworld is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all applicable laws, regulations and policies of the company.

Barloworld's commitment is stated in the Code of Ethics. We have a policy of zero tolerance on bribery and corruption. The company has developed measures to combat fraud with the intention to promote the established culture of high personal standards within which all business dealings are conducted.

Our Code of Ethics has the following elements:

- Obey the law
- Respect others
- Be fair
- Be honest
- Protect the environment

The company maintains an Ethics Hotline where employees and other stakeholders can report non-compliance with company policies and fraud. All incidents reported are investigated and where appropriate, action is taken.

The Barloworld Ethics line was introduced in South Africa in 2002. It is an independent and confidential system by which

employees or others can report unethical or risky behaviour. Such reports can be submitted to:

Postal address:

Barloworld Ethics Line, c/o Tip-offs Anonymous,
Free Post KZN 138, Umhlanga Rocks,
KwaZulu-Natal, 4320, South Africa

South Africa:

Telephone: 0800 003 248
Telefax: 0800 007 788

Outside South Africa:

Telephone: +27 31 571 5633
Telefax: +27 31 560 7395

Barloworld Ethics Line is outsourced to Tip-offs Anonymous, which is an independent body within Deloitte, our external auditors. This provides an opportunity to anyone wishing to report unethical activities or dishonest behaviour that affects the Barloworld group. Total anonymity, if desired, is assured.

An ethics line has also been implemented in most of our international businesses.

The Code of Ethics is enforced with appropriate discipline on a consistent basis.

Barloworld Ethics Line – call statistics

	2008	2007	2006
Total number of calls	284	549	393
Total number of reports	120	168	129

42% of total calls for 2008 generated reports for investigation, compared to the 31% of reports generated from total calls in 2007. The increased percentage of reports generated from calls is attributable to the improved usage of the Ethics Hotline which indicates improved awareness and understanding of the purpose of the Ethics Hotline.

The total number of reports generated in 2008 (120) declined by 29% from 2007 (168). This is viewed in a positive manner as it highlights the success of the Ethics Hotline in deterring fraud and unethical behaviour.

Relationship with shareholders

The company is a strong believer in transparency, best practice disclosure, consistency of communication and equal and timely dissemination of information to its shareholders. It encourages an active participation of shareholders at general meetings and

Corporate governance report *(continued)*

maintains an investor relations programme which, *inter alia*, organises for corporate and divisional executives to attend regular meetings with shareholders and potential investors.

The company has regular dialogue with institutional shareholders, where it believes this to be in the interests of shareholders generally. Feedback from these visits is shared with the board. The chairman routinely offers key shareholders the opportunity of meeting with him to discuss governance, strategy or other matters. The interests of private shareholders remain paramount and in recognition of their needs, the company's website contains a range of investor relations and materials, including an update

on the group's activities, copies of all presentation materials given to institutional investors and further explanation of the matters contained in the annual report.

The annual general meeting is normally attended by all the directors; and shareholders are encouraged to be present and to ask questions during the meeting and they have the opportunity to meet with directors after the formal proceedings have ended.

The notice of the annual general meeting, detailing all proposed resolutions, is on pages 274 to 276 of this annual report.

Shareholder profiles

Register date: 30 September 2008

Issued share capital: 226 878 609

Public and non-public shareholdings

Shareholder type	Number of holders	%	Number of shares	%
Non-public shareholders	24	0.11	22 071 979	9.73
• Directors and Associates	11	0.05	383 883	0.17
• Tamarix Investments*	9	0.04	14 485 013 [#]	6.39
• Employee and Education Trusts	4	0.02	7 203 083	3.17
Public shareholders	20 766	99.89	204 806 630	90.27
Total	20 790	100.00	226 878 609	100.00

* Entities that hold shares issued in respect of the BEE transaction approved in September 2008.

[#] The shares issued to strategic black partners and community service groups in respect of the BEE transaction. Refer to note 34 on page 231 for further information.

Registered shareholder spread

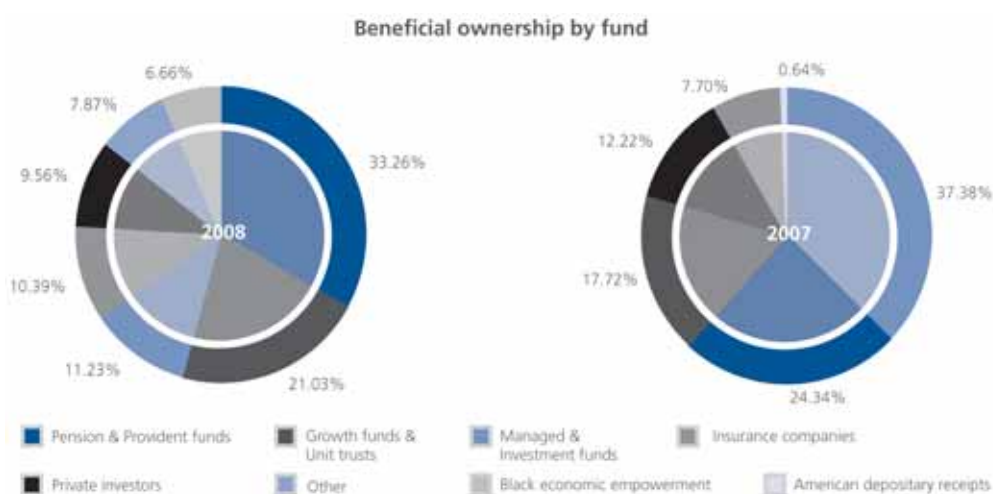
Shareholder spread	Number of holders	%	Number of shares	%
1 – 1 000 shares	15 481	74.46	5 870 133	2.59
1 001 – 10 000 shares	4 417	21.25	12 915 852	5.69
10 001 – 100 000 shares	653	3.14	20 975 075	9.25
100 001 – 1 000 000 shares	188	0.90	55 118 284	24.29
1 000 001 shares and above	51	0.25	131 999 265	58.18
Total	20 790	100.00	226 878 609	100.00

Beneficial shareholders holding 3% or more

Beneficial shareholdings	Number of shares	%
Public Investment Corporation	30 432 183	13.85
Old Mutual Life Assurance Co Limited	7 399 518	3.37
Total	37 831 701	17.22

Fund managers holding 5% or more

Investment manager	Number of shares	%
Investec Asset Management	27 918 404	12.71
Public Investment Corporation	19 781 640	9.00
Old Mutual Investment Group SA	18 563 381	8.45
Sanlam Investment Management	15 968 008	7.27
Total	82 231 433	37.43



Beneficial ownership by fund type (%) 2008

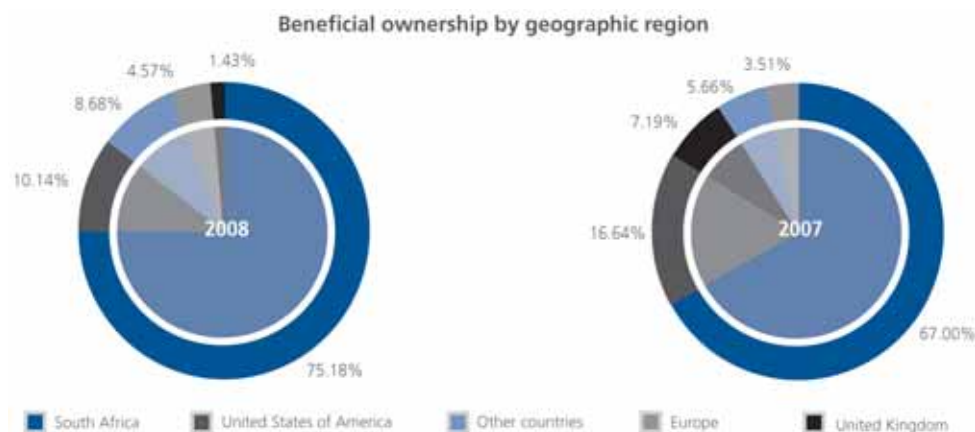
Category	Number of shares	%
Pension and provident funds	75 451 536	33.26
Growth funds and unit trusts	47 721 632	21.03
Managed and investment funds	25 473 493	11.23
Insurance companies	23 577 962	10.39
Black economic empowerment	21 688 096	9.56
Private investors	17 852 798	7.87
Other*	15 113 092	6.66
Total	226 878 609	100.00

* American Depository Receipts, Charity, Custodians, Foreign Government and Local Authority.

Beneficial ownership by fund type (%) 2007

Category	Number of shares	%
Managed and investment funds	76 200 766	37.38
Pension and provident funds	49 613 217	24.34
Growth funds and unit trusts	36 125 009	17.72
Private investors	24 901 284	12.22
Insurance companies	15 697 173	7.70
American Depository Receipts*	1 305 939	0.64
Total	203 843 388	100.00

Corporate governance report *(continued)*



Geographic analysis of shareholders – 2008

Region	Number of shares	%
South Africa	170 554 094	75.18
United States of America	23 003 413	10.14
Other countries	19 700 928	8.68
Europe	10 374 850	4.57
United Kingdom	3 245 324	1.43
Total	226 878 609	100.00

Geographic analysis of shareholders – 2007

Region	Number of shares	%
South Africa	136 559 671	67.00
United States of America	33 927 918	16.64
United Kingdom	14 652 636	7.19
Other countries	11 539 213	5.66
Europe	7 163 950	3.51
Total	203 843 388	100.00