

Sustainability report

Sustainability



Khanyisile Kweyama Group executive: Global human resources and transformation

A sustainable approach

A philosophy of creating value for all its stakeholders underscores Barloworld's commitment to sustainable development. The group's entrenched values and ethics together with its 10 Pillars of Sustainability ensure responsible corporate activity and sustained value creation.



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Sustainability report *(continued)*

CEO philosophy

Barloworld's commitment to sustainable development, which incorporates business sustainability, is motivated by the interests of all its stakeholders.

Accordingly, we:

- strive to ensure that our integrated customer solutions provide an opportunity for our customers to realise their sustainable development objectives
- believe that proper representation of our principals, the Original Equipment Manufacturers (OEMs), includes supporting their sustainability initiatives and objectives
- are determined that our employees and their families should look forward to a long and proud association with Barloworld and that our commitment to empowerment and transformation will enable them to realise their potential
- intend that our shareholders should enjoy their financial returns knowing that these were not gained to the detriment of future generations and can be expected to grow and improve in years to come as a result of Barloworld's comprehensive approach to value creation. This includes leaving an environment we can all be proud of and one which our future generations will respect.

We believe that by properly addressing all aspects of sustainable development we will enhance the competitive position of Barloworld into the future and ensure the concomitant benefits for all our stakeholders.

Approach to sustainability

Introduction

Entrenched in Barloworld's philosophy of creating value for all its stakeholders, is the appreciation of the societal roles corporates fulfil in the communities in which they operate.

For Barloworld, the cornerstone of sustainable development is the ongoing ability to improve its value creation for all its stakeholders. Whilst the group has pursued this philosophy since its inception, it has become more defined and refined over the past 100 years of the group's existence and, in 1999, was articulated through its Value Based Management approach.

Central to this philosophy is the progressive improvement in value creation for all stakeholders, namely shareholders, customers, principals and suppliers, and employees, underscored by responsible corporate citizenship.

This approach is encapsulated in Barloworld's 10 Pillars of Sustainability which distil the group's understanding, philosophy and requirements of its operations in order to deliver on its role and fulfil its objective of ongoing value creation.

Encompassed in these 10 Pillars of Sustainability are the elements of the Global Reporting Initiative (GRI). These have been embraced by the group and form the structure for much of its reporting.

Specifically, the GRI addresses the areas of:

- Economic Performance
- Environment Performance
- Social Performance

Whilst the annual report in its totality substantively addresses the GRI, various aspects are highlighted in this section of the report which contextualises such aspects and provides detail in respect thereof.

Barloworld believes that all its activities are integrated and culminate in its sustainability as an enterprise and accordingly it is



Avis Rent a Car Southern Africa's environmentally friendly stand wins award at INDABA

Avis won a platinum award for its striking and environmentally friendly stand as well as the professional and warm attitude of its exhibitors at South Africa's travel trade show, INDABA 2008.

Creating an environmentally friendly stand is just one of the ways that Avis lives up to its "Avis Cares" slogan, which is all about focusing on people, environmental issues and the company's drive to become carbon neutral.

Avis is aware of the critical importance of conserving the planet. It is a long-term effort and everyone at Avis is committed to finding new and unique ways to ensure the sustainable use of natural resources and the minimisation of carbon emissions.

not the intention of the group to decouple and report on various aspects of its operations in a separate Sustainability Report.

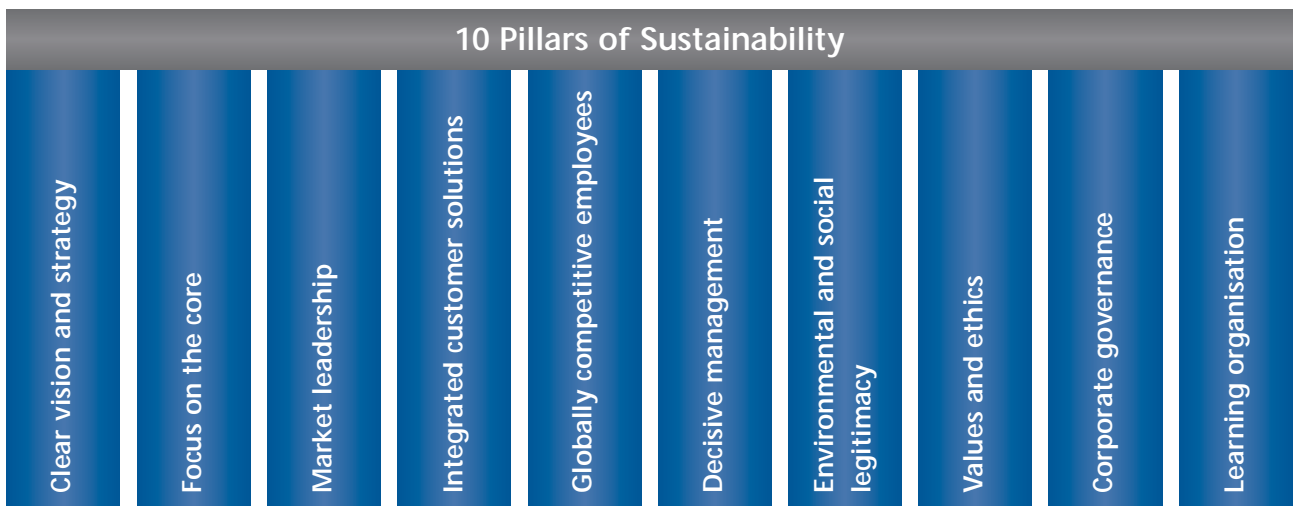
Consistent with this approach, responsibility and accountability for sustainability rests with the group's board and CEO, although day-to-day responsibility is delegated to divisional CEOs and their respective boards.

Given the nature of its commercial activities, its products and integrated solutions provided to its customers, a central

aspect of Barloworld's environment preservation and climate change programmes aims at reducing and off-setting its carbon footprint.

Barloworld's 10 Pillars of Sustainability

Barloworld's 10 Pillars of Sustainability reflect the group's philosophy, approach and commitment to various aspects of sustainability. These pillars act as a guide to all operations and form the backdrop of daily activities and a filter against which potential opportunities are assessed.



Barloworld and Food and Trees for Africa (FTFA)

Over many years Barloworld has supported Food and Trees for Africa's Greening of Soweto and Trees for Homes programmes, with the aim of rehabilitating dusty, barren settlements to create a healthy environment and develop environmental awareness and education amongst the residents. This initiative also serves to offset carbon dioxide emissions, as well as providing a host of other social, environmental and economic benefits such as improving property values, enhancing community pride and beautifying the area.

For its centennial year in 2002, Barloworld planted 23 000 trees, one in celebration of each of its employees at the time, and has continued to work with Food and Trees for Africa on plantings each year since then.

Its latest corporate organised plantings involved the donation of 150 indigenous shade trees to a community in Soweto in

supporting of the Greening of Soweto towards 2010 project objectives.

Barloworld corporate's target for its 2009 plantings is more ambitious, in line with its commitment to supplement the offsetting of the divisions' carbon emissions. One thousand one hundred and ninety trees to the value of R100 000 will be planted in Eden Park in Gauteng, Khayelitsha in the Western Cape and the Quarry Heights settlement in KwaZulu Natal, as part of FTFA's Trees for Homes programme. Apart from adding value in shade and food production, since some of the plantings will be fruit trees, this donation will contribute to urban and peri-urban land care and sustainable human settlements. Each tree will sequester half a ton of carbon over its estimated 15 year lifespan.



Sustainability report *(continued)*

Approach to data collection and reporting

Barloworld maintains a leading status in financial reporting. Over the past years it has introduced systems and processes to collect non-financial data required for responsible management purposes which also served as the data reported under the GRI format.

Barloworld includes in its annual reports aspects of the information outlined by the GRI. Whilst not all divisions and their operations have reached similar levels of sophistication, concerted efforts in this regard ensure continual improvement. In particular, this year the logistics and automotive divisions' energy consumption in the form of electricity, petrol and diesel has been reviewed by the auditors and limited assurance obtained. It is anticipated that within the next year a similar assurance will also be obtained for this data from the remaining operations in the group.

As part of its commitment to improve non-financial reporting, Barloworld is in the process of reviewing the aspects of the GRI which it believes to be most significant and appropriate in terms of its operations. It is anticipated that reported information will be reviewed in future in order to concentrate on those aspects which are material, given the nature of Barloworld's operations, its products and customer solutions.

In addition to annual reporting, a group safety, health and environment (SHE) report is compiled on a quarterly basis and reviewed by the group risk and sustainability committee, and the board.

Assurance

The group is committed to ensuring that the non-financial information provided in this report is verified by a third party. This is an ongoing process involving independent auditors. For the past few years Deloitte has provided limited assurance on specific aspects in the sustainability section of the annual report. For these aspects the systems and procedures are in place to record the relevant data and are regularly reviewed. This is continued for the current year, with third party review expanded to include the fuel and electricity consumption of the logistics and automotive divisions. The intention is to progress with the standardisation and implementation of reporting systems throughout the group with a view to having assurance for all information reported. It is anticipated that a web-based data collection system for all divisions will be implemented in the next financial year.

Governance, ethics and values

This is central to the group's activities and is comprehensively addressed in the corporate governance section of this report. Legal compliance is assured through a strong legal department in the company and a series of structured workshops and interventions involving external legal practitioners. In particular, during the year the group and all divisions conducted externally facilitated workshops involving executives and senior management at which compliance issues in general were discussed, whilst competition legislation received specific attention. Financial compliance is assured through internal structures and controls as well as independent financial audit. Not only are external requirements subscribed and adhered to, but the group has its own internal set of values and ethics which guide all its activities and relationships, both individual and corporate.

Code of ethics

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

Group risks

Entrenched throughout the group is a detailed and systematic process requiring executive, senior and local management to continually review, assess and address the risks and challenges for the group and related operations. This process requires detailed reviews at all levels of the organisation including regular review and update at all management, executive and board meetings. In addition, quarterly risk and sustainability meetings are held at which these aspects for the group are reviewed. Importantly, the strategic planning initiatives and processes throughout the group require the identification of the risks at each level in the group and detailed action plans prepared to manage such risks. These cover the acceptance, reduction or transfer of the risks as appropriate for the group. These plans are also reviewed at executive and board level. The internal audit function is charged with reviewing the adopted processes that ensure this risk management methodology is in place. Contingency plans and procedures are prepared to deal with unscheduled occurrences and stakeholder concerns. Consistent with this approach, all operations have detailed business continuity plans as well as disaster recovery plans in place. These are prepared in conjunction with the information technology departments.

Barloworld group top risks – 2008 (in alphabetical order)

Key risks	Category of risk and management response
<p>Acquisition underperformance The risk of future net cash flows from acquisitions failing to realise the projections upon which the initial purchase consideration was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.</p>	<p>Acquisition risk</p> <ul style="list-style-type: none"> • A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk adjusted value creation potential for the respective business unit and the group. • The CEOs and CFOs of each business unit are responsible for ensuring that the policy and procedures are adhered to. • Following acquisitions, planning and task teams are established to focus on the realisation of possible synergies.
<p>Competitor actions The risk that competitors will take individual actions that will erode our competitive position and have a significant impact on the value we create for shareholders.</p>	<p>Competitor risk</p> <ul style="list-style-type: none"> • Continually reduce costs by focusing on operational efficiencies and staff training. • Continually improve service and the provision of innovative solutions to customers.
<p>Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.</p>	<p>Financial risk</p> <ul style="list-style-type: none"> • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging, guideline parameters within which to operate and permissible financial instruments. • Preventative measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to negate the impact of any adverse currency fluctuations.
<p>Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers.</p> <p>Our success is therefore linked to their ongoing financial stability, the competitiveness of their products and services and the availability of equipment to meet customers' needs.</p> <p>In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, <i>inter alia</i>, on reliable power and water supply and appropriate transport networks.</p>	<p>Strategic risk</p> <ul style="list-style-type: none"> • Add value by giving constant feedback on market movements and product competitiveness to our principals. • Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are the preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build Smart Partnerships with customers. • Build relationships with local authorities.

Sustainability report *(continued)*

Barloworld group top risks – 2008 *(continued)* (in alphabetical order)

Key risks	Category of risk and management response
<p>Exposure to equipment and motor vehicle buy-backs and residual values</p> <p>Some of the group's businesses could be exposed to losses due to contractual obligations to buy back equipment or motor vehicles previously sold or rented out, at prices above market or replacement cost at the time of being compelled to repurchase. This risk could arise, <i>inter alia</i>, through inadequate valuation skills at the time of determining the buy-back amount, poor condition of equipment and motor vehicles repurchased or significant shifts in the economic environment adversely impacting used values.</p>	<p>Financial risk</p> <ul style="list-style-type: none"> • This is managed by ensuring adequate valuation competencies, managing inventory levels, optimally structuring contracts, modelling transactions to ensure adequate economic return, continually scanning market conditions, hedging currency risks and monitoring the use and condition of equipment and motor vehicles in respect of which obligations exist.
<p>Exposure to political risks, terrorism and crime in the countries in which we operate</p> <p>The group's people and assets are spread through numerous countries around the world while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.</p>	<p>Operational risk</p> <ul style="list-style-type: none"> • Minimise exposure in high-risk countries through thorough and in-depth risk assessments coupled with the application of preventative and corrective risk management activities. • Maintain flexible business models. • Maintain Business Continuity Plans that incorporate emergency response actions, crisis management and business recovery plans specific to the business and the respective territories in which the businesses operate.
<p>Exposure to significant customers and dependence on channels to market</p> <p>The risk that we are exposed to certain large customers and/or industries and that well-established distribution channels may change or consolidate.</p>	<p>Market risk</p> <ul style="list-style-type: none"> • Build Smart Partnerships with customers. • Develop customer solutions which differentiate and expand our offering from product-based businesses. • Diversify customer base.
<p>Global economic slowdown/credit crisis</p> <p>The risk that we are exposed to a sudden slowdown in economic activity and/or that our ability to access short- and long-term funding may be negatively impacted and the financial viability of existing service providers in both insurance as well as banking, may be threatened.</p>	<p>Financial risk</p> <ul style="list-style-type: none"> • Inflationary pressures to be carefully monitored and managed as appropriate in each business. • Analysis of the impact of high energy prices on the pricing of our products and services. • Monitor our customer's ability to spend. • Convert short-term debt to longer-term committed maturities. • Secure adequate short-term funding committed facilities.

Barloworld group top risks – 2008 *(continued)*
(in alphabetical order)

Key risks	Category of risk and management response
<p>Regulatory environment</p> <p>Many of the group's activities are governed, one way or another, by regulations. Due to the complexity and changing nature of these regulations across the industries and geographical spectrum of the group's activities, there are challenges in staying abreast of all developments and maintaining full compliance.</p>	<p>Regulatory risk</p> <ul style="list-style-type: none"> • Management is responsible for the ongoing monitoring of all pending and actual changes to the group's regulatory environment. Due to the large number of jurisdictions which govern the group's activities, this monitoring occurs in each relevant country of operation. • Where feasible, the group will comment on proposed changes to the regulatory environment that may adversely affect the group in a particular jurisdiction.
<p>Strategic employee skills</p> <p>Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.</p>	<p>Employee risk</p> <ul style="list-style-type: none"> • Barloworld has a comprehensive employee approach and related set of initiatives to align employees with the strategy of the organisation. • These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. Extensive training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance. • An appropriate suite of reward and incentive scheme has been implemented to ensure recognition and retention of high-performing employees.

Strategic planning

Robust strategic planning processes are entrenched at all levels of the organisation to ensure appropriate participation and to access the collective wisdom within the group. All such processes are informed by the group framework and address five strategic focus areas as identified by the group. The planning process also encompasses the annual financial forecasts, generating both short and long-term forecasts. The interests of all stakeholders are kept in equilibrium and plans are aligned with those of the many represented principals.

At a conference held in February 2008, Barloworld's strategic framework was revisited, discussed and refined by the delegates who comprised Barloworld's top global leaders. This formed the backdrop against which all strategic planning in the group took place during the year.

The group's five strategic focus areas were endorsed. These are:

- Integrated customer solutions
- People
- Empowerment and transformation
- Financial returns
- Profitable growth

All operations in the group have included and addressed these aspects in their respective strategic plans.

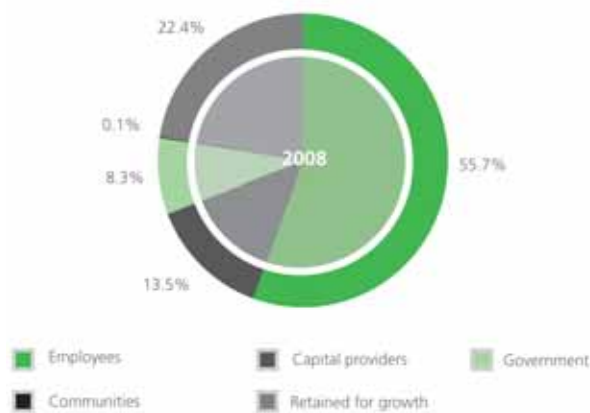
The implementation of strategic plans in the group is closely monitored against stated targets and objectives through alignment maps, a balanced scorecard system and methodologies which include the Six Sigma project methodology. In addition to ensuring implementation, this approach also ensures a balance is maintained between the interests of all stakeholders.

Sustainability report *(continued)*

Economic aspects

The distribution of economic value created for stakeholders is reflected in the group's value added statement, the summary of which is reflected below. A full value added statement for the past three years is on page 85.

Value distribution



Environmental aspects

Overview

Barloworld is mindful of the environmental impact of its activities and the consequences these have on climate change. The group's commercial activities are generally not environmentally aggressive however, Barloworld understands the negative environmental impact of the products and customer solutions it provides. Nonetheless, a group environmental policy is in place and relevant processes are being implemented across the group to reduce the negative consequences of its activities and to ensure that all operations are conducted in an environmentally responsible manner. Priority areas for the group include: natural resource protection, optimisation of energy consumption and making a positive contribution towards slowing climate change. It is understood that the setting of targets and the measurement of progress toward such targets is an integral part of this commitment. As part of the GRI reporting framework, measurement of certain environmental aspects has been a feature of the group's approach. Four operations have achieved an ISO 14001 rating whilst the remainder strive to achieve the standards reflected in the Barloworld Good Practice Guidelines on Environmental Management for Non-ISO Certified Operations. Certified operations are both Avis and Budget car rental operations in Norway and Sweden. Barloworld business units operate under increasingly strict compliance regulations which include European Union and American standards as well as Scandinavian and Australian legislation. Standards in southern Africa and South Africa in particular are being raised.

Avis supports the environment

In a few years young children at Thuthuka Primary School in Tembisa will be able to play in the shade of 75 indigenous trees. The trees were planted by Avis Rent a Car Southern Africa's staff as part of the car rental company's "Avis Cares" initiative, which focuses on people and environmental issues. The initiative is also part of Avis' promise to plant a tree for every Toyota Prius rented through Avis since its launch last year.

This is part of an initiative that includes 225 trees to be planted at underprivileged schools and communities and was conducted in conjunction with one of Avis' developmental partners, Food and Trees for Africa. They are a public greening initiative that help establish sustainable natural resources that provide food security for poverty-stricken people and contributes to the greening of marginalised communities.

Avis Rent a Car Southern Africa MD, Wayne Duvenage, says the initiative was aimed at providing customers with the opportunity to rent the new Toyota Prius, an environmentally

friendly vehicle, and make their rental experience one of minimal environmental impact. "In addition to introducing low emission cars, the Avis Cares brand focuses on improved recycling, investing in community upliftment, internal training and development, and procurement through suppliers made up of previously disadvantaged individuals," he says.



Tree Planting Initiative – Barons Western Cape

Barons Western Cape have committed to planting an indigenous tree for every vehicle sold. The joint venture sees the dealership teaming up with the City Parks Department and the Office of the Mayor of Cape Town.

Executive mayor, Helen Zille, said: "On behalf of the City of Cape Town I offer my full support to the Barons 'Trees for Cars' Initiative. Air pollution is becoming a serious problem for our environment and the health of our residents. Last year the City experienced over 150 days where air pollution levels were higher than internationally accepted standards. Barons has chosen to plant a tree for every car that they sell in order to help counterbalance the carbon emissions that cars produce and so give their customers the opportunity to help make Cape Town a healthier city."



Group policy

The group provides the framework under which the operations structure their respective environmental policies and systems appropriate to the nature of their operations.

Highlights of the Barloworld environmental policy include:

- The implementation of environmental management systems in all divisions to guide environmental responsibility and accountability at all levels of management and continual improvement of environmental performance through self-assessment and auditing
- The divisional environmental policies cover:
 - Clear accountability structures
 - Compliance with environmental laws, and other standards and codes of practice to which the company subscribes

- The practical optimisation of resources utilisation and minimisation of emissions and waste
 - Promotion of environmental awareness
 - Maintenance of dialogue with stakeholders to promote environmental protection
 - Development of contingency procedures to deal with unscheduled occurrences and community concerns.
- A commitment to measuring and reporting on progress in terms of this policy.

Nature of products

In offering its customers integrated solutions, Barloworld is mindful of their requirements for products and solutions that are environmentally sensitive and efficient. In this regard, the operations offer customers solutions that include the latest technology addressing energy efficiency and minimising emissions. Examples of this include the incorporation of Hybrid (Toyota Prius) and SAAB BioPower and Volvo V50 flexi-fuel vehicles in car rental fleets. Barloworld's logistics division provides through the CAST-CO₂ module of its leading supply chain design system, the ability to calculate the carbon footprint impact of any supply chain modelling and hence, the ability to reduce such impacts. Implementing this system has shown a significant reduction in carbon emissions. Caterpillar's ACERT technology enables their engines to meet current and future emissions regulations and provides a long-term solution for the global engine market.

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

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

Principals' standards

As a distributor of leading international brands, Barloworld represents major OEMs and principals. These include Caterpillar, numerous motor vehicle manufacturers, Hyster, Avis and Budget. These principals have their own standards and requirements which are filtered into the relevant Barloworld divisions and operations, providing further standards and ensuring compliance.

In addition, such principals are environmentally aware and continue to develop products that contribute to mitigating and addressing environmental damage.

Sustainability report *(continued)*

Healthy machines – healthy environment

Barloworld Equipment adds value to customers through comprehensive preventative maintenance practices that aim to improve productivity, avoid unscheduled downtime and costly after failure repairs, and prevent unnecessary use of scarce skills.

These offerings include, among others, operator training, machine inspections, fluid sampling and the use of specified Cat consumables such as filters and oils.

Sustainability is the ultimate aim of all our equipment maintenance practices. Healthy machines require good levels of contamination control, which means environmentally friendly practices when changing fluids. Waste is reduced when machines need fewer repairs and healthy machines use less fuel. Emissions are also reduced when machines run optimally and are operated correctly. Lastly, the need to replace machines and place pressure on resources is reduced.

The Barloworld Equipment SA Scheduled Oil Sampling (SOS) laboratory at Isando tests and interprets more than 7 000 oil samples from Caterpillar machines operating in southern Africa each month.

The SOS programme is not a solution to machine problems, but it is a tool for detecting problems early. By monitoring their equipment throughout its life, customers can optimise performance, maximise productivity, save money and support sustainability.

Important aspects

The group intends to focus on the following aspects which it believes are the most relevant and material given the retail nature and after-market activities of its businesses:

- Energy consumption
- Water consumption
- Greenhouse gas emissions
- Materials consumption with emphasis on:
 - solvents
 - lubricants
 - tyres
 - batteries
- Waste disposal with emphasis on recycling:
 - solvents
 - lubricants
 - tyres
 - batteries

Cat clean air technology

More than half of the new Caterpillar earthmoving machines sold in the past year help to keep our air clean. That's because their engines are built using Caterpillar's innovative ACERT technology.

Caterpillar developed ACERT technology to meet American and European diesel engine emissions regulations in on-highway and off-road applications and continues to refine the technology as the regulations become more stringent.

ACERT technology enables diesel engines to comply with legislated restrictions of harmful emissions such as carbon monoxide (CO), hydrocarbons (HC), non-methane hydrocarbons (NMHC), particulate matter (PM) and oxides of nitrogen (NOx).

However durability, longevity and ease of maintenance are also proven features of Caterpillar's engines with ACERT technology. A single-technology solution meets emissions requirements and customer needs in both on-highway and off-road markets. This reduces complexity and allows Barloworld Equipment to provide excellent levels of product support with high parts commonality, ease of training for technicians and minimal additional tooling.



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

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

Greenhouse gas emissions

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

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

Barloworld believes that the measurement and control of its emissions is central to its role as a responsible corporate. Mindful that greenhouse gas emissions contribute to climate change, Barloworld is determined to reduce its carbon footprint. To this end, the relevant data has been reported over the past years during which Barloworld has improved recording and reporting systems in order to determine an accurate and comprehensive emissions baseline and measurement standards. During the year it has implemented a structured programme to accurately measure the carbon footprint of its logistics and automotive divisions focusing on their Scope 1 and Scope 2 emissions. It is intended to roll-out this programme into the remaining operations during the course of 2009 with the intention of defining an accurate baseline for the group. Thereafter, reduction targets can be set and a strategy followed to reduce such emissions where possible.

Emissions are calculated by multiplying the applicable factor by the related activity data. Regional specific factors were used and reported emissions include carbon dioxide, methane and nitrous oxide.

Scope 1 Emissions – Relate to internal consumption of petrol, diesel, heavy fuel oil, liquid petroleum gas and natural gas. Customer use is not measured. In southern Africa, standard GHG protocol (www.ghgprotocol.org) mobile factors were used, Australia used National Greenhouse Accounts (NGA) factors, Europe used the United Kingdom's Department of Environment, Food and Rural Affairs (DEFRA) standards, United States used Department of Energy (DOE) standards.

Scope 2 Emissions – Relate to electricity consumption. Calculated using standard factors as above, except for southern Africa where current Eskom factors were applied.

CO₂e – Carbon dioxide equivalent is the universal unit of measurement used to indicate the global warming potential of the main greenhouse gasses on the environment. Carbon dioxide is a reference gas.

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

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

Emissions per division (CO₂e tons)

	2008	2007	2006
Automotive	81 126	79 346	74 269
Equipment	49 296	37 462	31 233
Handling	22 355	18 880	26 593
Logistics	53 592	22 869	33 351
Corporate	5 639	4 435	4 901
Total	212 008	162 992	170 347

Scope 1 & 2 Emissions per division – 2008 (CO₂e tons)

	Scope 1	Scope 2
Automotive	35 173	45 953
Equipment	26 367	22 929
Handling	16 908	5 447
Logistics	47 697	5 895
Corporate	nr	5 639
Total	126 145	85 863

The abbreviation 'nr' stands for 'not reported'.

Barloworld is also mindful of the carbon emissions generated by the customer solutions provided to its customers and strives to provide customers with environmentally friendly solutions that reduce environmental damage through incorporating the latest technology available, including fuel efficient vehicles and equipment, and optimised supply chain logistics. As an additional element of its flexible, value-adding, integrated customer solutions, Barloworld anticipates including the opportunity for customers to offset their greenhouse gas emissions resulting from the use of the provided solution such as vehicles and equipment either rented or hired. This is already provided by its Norway and Sweden car rental operations.

Emissions per energy source – 2008 (CO₂e tons)

Diesel	Petrol	Heavy oil	LPG	CNG/LNG	Electricity
84 358	40 533	1 036	169	49	85 863

Sustainability report *(continued)*

Carbon offset programme

The Avis and Budget operations in Norway have as part of upholding their environmental certification ISO 14001, and as part of being a socially responsible entity, undertaken to be carbon neutral in terms of the carbon emission from their operations, with the exclusion of emissions from their rental fleet and licensee operations. The guiding principles of carbon neutrality as detailed in the Kyoto Protocol have been applied.

This has been achieved by the company entering into a partnership with a Norwegian based company called CO2focus AS. On an annual basis the company in conjunction with this partner calculates the carbon footprint of the company based on the following areas:

- Emissions from company vehicles
- Emissions from electric heating
- Emissions from travel by air
- Emissions from the production and management of general waste
- Emissions from the utilisation of paper products

The company's partner will calculate the carbon footprint and audit this, providing the company with a total amount of carbon based emissions. The company will then purchase an equivalent amount of carbon credits (CER as detailed below) from a United Nations certified carbon credit provider, under the UN's Clean Development Mechanism (CDM) project. These credits have been issued by the UN and have been validated and verified by an approved certification entity and will be done annually.



The UN credits are called CERs (Certified Emission Reductions) which guarantees the reduction of greenhouse gas emissions of 1 ton CO₂ equivalent (1 CER = 1 ton CO₂e). Generally these programmes are linked with sustainable development in developing countries, and form part of the flexible mechanisms for carbon emission control established under the Kyoto Protocol.

Materials

The predominantly retail and related aftermarket activities of Barloworld do not require significant consumption of materials (excluding energy) nor does the group purchase or convert raw materials. However, the broad range of products and services offered results in a broad range of materials used although not all in significant quantities. Materials are sourced from legitimate suppliers. The group intends to focus on solvents, lubricants, tyres and batteries. This is to ensure attention on the materials that potentially have the most significant environmental consequences. The intention is to distinguish between Barloworld and customer consumption of such materials. Other aspects will be considered as the group progresses and expands its sustainability drive. Current use of recycled materials is not significant and mainly comprises paper. The current annual report is printed on environmentally friendly paper. Records of materials consumed are maintained by the respective divisions. These are being reviewed in line with the group's intention to narrow its focus and improve its reporting systems for those aspects which it considers to be significant in the context of its activities.

Energy

The commercial activities of Barloworld do not require extensive consumption of energy. Nonetheless, the group recognises the environmental consequences of energy consumption particularly those originating from non-renewable resources. Principally,

energy is consumed in the form of fossil fuels (petrol and diesel) or electricity obtained from utilities wherever the group operates. The group aims to reduce its energy consumption, particularly that generated by non-renewable sources. In this regard, approximately 36% of the Scandinavian car rental electricity usage is either wind or hydro-generated. Only internal consumption is reported by the group.

All operations are aware of the need to monitor and improve their energy efficiency where possible. Direct and indirect energy consumption is addressed. Generally, activities in this regard include improving efficiencies of operations which results in an overall reduction of direct energy consumed. Specific actions include being environmentally sensitive in the building and renovation of business sites, usage of company vehicles and retrofitting of energy efficient lighting systems and timing switches. The newest handling facility in Charlotte, North Carolina uses electronic controls and timers to manage the operation of its heating, ventilation and air conditioning (HVAC) systems.

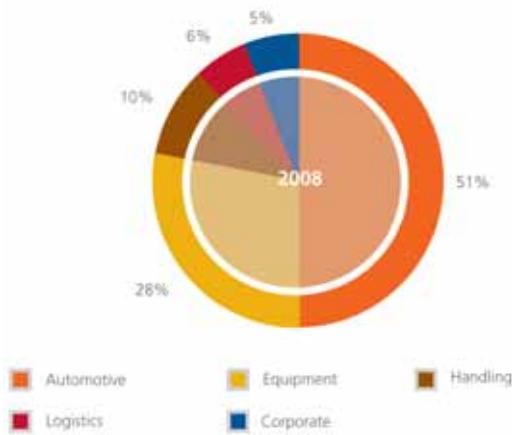
Indirect initiatives include an increase in video-conferencing and reduced air travel. The quantity of energy saved due to conservation and efficiency improvements is not yet available. It is envisaged that the measurement initiatives that are currently being implemented will provide such information in due course. It is Barloworld's intention to report such data in the future.



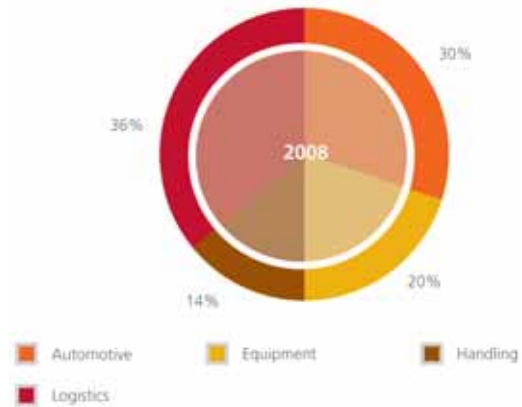
	Electricity consumed (MWH)			Total fuel (ML)		
	2008	2007	2006	2008	2007	2006
Automotive	42 297	56 166	53 788	13.9	12.5	11.3
Equipment	23 185	19 200	15 692	9.7	8.1	7.4
Handling	8 458	8 588	16 110	6.4	4.8	5.3
Logistics	4 913	nr	nr	17.1	9.6	14.0
Corporate	4 699	5 116	5 653	nr	nr	nr
Total	83 552	89 070	91 243	47.1	35.0	38.0

Note: Electricity and fuel for automotive and logistics were collated in terms of the specific carbon measurement project which resulted in more precise measurement of these aspects in 2008. The abbreviation 'nr' stands for 'not reported'.

Electricity consumption by division



Fuel consumption by division



Water

Due mainly to their urban and industrial locations, Barloworld's operations obtain the majority of their water from municipal and local government water supply systems. The majority of water consumption is for the purposes of washing vehicles and equipment, followed by the cleaning of facilities and domestic use. The significant decrease in consumption from the previous year is due to the unbundling of the coating operations. The automotive division remains the largest consumer of water due to the washing of its car rental fleets and motor retail activity. In the car rental operations, washing vehicles is a key aspect of vehicle turnaround and rental preparation and, in the motor retail operations, sold and serviced vehicles are washed prior to being presented to customers.

Water is principally discharged back into municipal systems with emphasis on compliance with all applicable standards and regulations. This includes the required filtration systems and mechanisms. These aspects are continually monitored as an integral part of the environmental standards and internal reviews are conducted on a regular basis.

Consistent with its commitment to reducing the environmental impact of its activities, the automotive division installed a number

of water recycling facilities in its operations, the most notable of which are for its car rental vehicle turnaround facilities in South Africa at Isando (Johannesburg), Cape Town and Durban. On a daily basis approximately 2 300 vehicles are washed at these facilities and between 70% to 75% of the water used is recycled. Further recycling facilities are being built at these locations. A water recycling facility for car rental operations in Port Elizabeth will be completed in 2009.

Water conservation also features prominently in automotive Australia's new Bayside Mercedes-Benz and Volkswagen facilities where a 380 000 litre underground tank was installed to collect rain water used for vehicle washing and plant watering. It is anticipated that around 2 400 vehicles will be washed per month and that 100% of the water will be recycled. Elsewhere in the group, the equipment operations in Spain recycle 1 800m³ litres annually through water treatment plants located in Arganda, Las Palmas, Lerida and Macael.

Barloworld is not aware of any water sources that were significantly affected by its consumption during the year.

Sustainability report *(continued)*

Barloworld Motor Retail Australia builds "Green"

The new Mercedes-Benz and Volkswagen dealerships in Melbourne, Australia were built with the environment in mind. These leading facilities included the following environmentally friendly aspects in their design:

- Water harvesting – 380 000 litre underground tank collecting rain water for washing cars and watering plants
- Automatic car wash uses recycled water. 100% of the water used in the washing process is recycled
- All glass is treated to reduce heat gain and loss. On average, the treated glass is 14% more thermally efficient than untreated glass. Untinted glass would have improved visibility of the cars in the showroom but the environmental factors were considered paramount by the management team
- Natural light in workshops to reduce lighting loads

- Air conditioning units are 5-star rated
- Minimum west facing windows to reduce heat load
- Planting 4 500 plants including 30 mature trees.

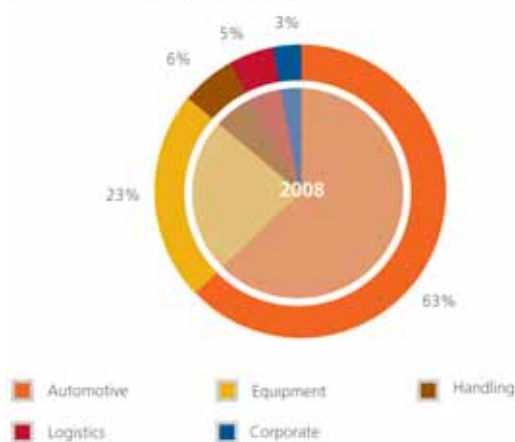


Water consumption (ML)

	2008	2007	2006
Automotive	489	542	501
Equipment	180	115	141
Handling	47	43	39
Logistics	37	0.2	nr
Corporate	22	10	11
Total	775	710	692

The abbreviation 'nr' stands for 'not reported'.

Water consumption by division



Biodiversity

Barloworld operations are conducted in industrialised and urbanised environments and accordingly do not affect protected areas or areas with high biodiversity value. In particular our commercial activities have minimal direct impact on terrestrial, fresh water and marine environments.

Barloworld has a small number of operations adjacent to protected areas. These include operating a vehicle maintenance and repair contract from a property alongside the Kruger National Park in South Africa and a Handling USA branch in Little Rock adjacent to National Wildlife protected wetlands. These operations do not negatively affect the protected areas.

Waste

Barloworld's operations do not produce significant quantities of waste. The source of waste materials including oil, tyres and batteries is principally from service and maintenance activities for customers, or in respect of provided customer solutions which include rental fleets.

Waste is either recycled or disposed of through certified waste contractors or accredited suppliers.

Significant waste disposal aspects include the recycling of lubricants and the disposal of tyres and batteries. All hazardous material is disposed of at permitted waste sites, with certificates of safe disposal being issued where required. All waste oil is recycled.

Barloworld represents its principals' products and there is no obligation on the group to dispose of such products at the end of their life-cycle. However, due to the nature of the products sold, a relatively high percentage may be recycled in the form of scrap metal.

Approximately 70% of Caterpillar components in South Africa are rebuilt, prolonging their life and reducing waste.

The group received four notices for environmental non-compliance. All of these originated from the Barloworld Equipment operations in Durban and were related to the high mineral oil content in the trade effluent discharge system stemming from the washbay facility. This is being urgently addressed.

One oil spill took place in the Handling USA operation as a result of a truck accident. This was cleaned up with no lasting negative consequences.

Handling USA has sourced the services of a waste consolidator to advise on all waste streams and to facilitate the development of optimal recycling and disposal strategies.

Support for disposal of used oil

Barloworld Motor Botswana supports the activities of Tshole Trust, a non-governmental organisation that seeks to educate the public on safe disposal of used oil, through public awareness campaigns and installation of oil collection tanks.



CAT MACHINE REBUILD/REMAN programme means less waste

About 41 machines were rebuilt in Barloworld Equipment Southern Africa facilities in the past year. These machines are mainly large mining machines, off-highway trucks in particular, but also include Cat construction machines that have built-in second life capability such as motor graders. Most rebuilds were undertaken at the Isando, Middelburg, Bloemfontein, Cape Town and Gaborone (Botswana) facilities. The programme reduces cost and ensures that machines are used to their full capacity, thus helping to save resources. Engines and drive train components are also rebuilt. Again the objective is to keep customer machines active at minimal cost and avoid excessive manufacture and import of new components.

Last year the Component Rebuild Centre (CRC) for engines rebuilt 140 large engines, 195 medium engines and 167 small engines.

Equipment CRC capability will be doubled next year through the combination of the engine and drive train facilities into a single expanded state-of-the-art CRC.



Barloworld Handling USA is serious about waste

Handling USA has partnered with a leading waste consolidator as an integral part of its environmental focus. Previously each branch managed its own waste streams dealing with multiple local vendors. Cost control, regulatory compliance and reporting were complex.

The current arrangement provides a central point of contact that manages waste disposal in an environmentally responsible manner. This covers recycling of waste materials including used oil, paper and metal as well as the appropriate disposal of other hazardous and non-hazardous waste materials on behalf of all Handling USA operations. The waste consolidator's services include:

- Working with each location to minimise waste streams destined for landfills and to maximise the recycling of waste

- Ensuring waste is only handled by licensed haulers that carry environmental insurance and that waste is only disposed of, or recycled, at licensed and regulatory compliant facilities
- Collecting and storing required compliance documentation from haulers
- Consolidating waste streams with fewer vendors to better control the environmental impact and reduce exposure to regulatory consequences
- Negotiating contracts with waste vendors to improve efficiencies and reduce overall costs
- Providing reports on waste streams, improving tracking accuracy and relieving operations of reporting responsibility.

The arrangement improves administrative efficiencies as Handling USA has a single point of contact for waste disposal services that cover all its USA operations and underscores handling's commitment to environmental legitimacy.

Sustainability report *(continued)*

Social aspects

Broad-based black economic empowerment (BBBEE) in South Africa

Barloworld subscribes to the principle of equal opportunity and embraces diversity. This applies to all operations in every geographic region where the group operates.

In particular, Barloworld believes that BBBEE is central to the sustainable success of its South African operations as well as the prosperity of South Africa and its people.

Central to Barloworld's approach is the understanding that the ongoing success of its businesses depend on the extent to which they reflect the demographics of the societies within which they operate and the extent to which all their stakeholders share in their success.

In 2003 the group formalised its black economic empowerment (BEE) policy which clearly reflected Barloworld's approach and objectives. Last year the group refined its approach and set out its objectives for 2008. In particular, Barloworld included empowerment and transformation as one of its five strategic focus areas and undertook a leadership role in this regard. In addition, the group outlined its intention to transform its ownership structure to give effect to these commitments. The group's intention was to ensure all its South African business units achieved a South African Department of Trade and Industry (DTI) Level 5 rating by the end of 2008 and a Level 4 rating by the end of 2009.

These ratings are in terms of the South African DTI's BBBEE scorecard which formally standardises the measurement of empowerment in South Africa and covers the aspects of: ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

In fulfilling these commitments, the group concluded a BEE transaction which effectively empowered 29% of its South African assets (refer to case study), it actively sought and appointed black senior executives and progressed its substantial investments into black enterprise development through Barloworld Siyakhula, which was established in 2007. In addition the group continued

with substantial black recipient centred socio-economic development investment co-ordinated through its corporate office and, aggressively pursued a decentralised approach into its South African business units to address the remaining aspects of the BBBEE scorecard.

As a consequence of these activities Barloworld business units have achieved a pre-audit indicative rating of at least the Level 5 rating objective and are well positioned to achieve Level 4 as envisaged.

These activities have not only ensured that commitments have been met, more importantly, they have enhanced the competitive position of the South African business units by broadening their skills base and pipe-line, improving their legitimacy and advancing their customers' empowerment endeavours.

It is notable that Barloworld's South African operations for equipment, logistics and motor retail are run by black executives.

The IFRS 2 charge in respect of the BEE transaction totals R337 million in 2008 and a further R27 million will be charged in the next five years (see BEE charge in table below).

African, Indian, Coloured (AIC) vs White employees in South Africa

	2008		2007	
	AIC	White	AIC	White
Board	1	4	1	4
Executive	6	10	7	60
Senior management*	5	36	-	-
Middle management	469	1 041	377	986
Skilled upper/technical	3 316	2 571	2 849	2 617
Semi skilled/ apprentice/trainee	2 886	607	2 631	439
Labourers/unskilled	602	27	563	9
Total	7 285	4 296	6 428	4 115

* Senior management is a new category disclosed in the report. Not shown separately in previous years.

Note: Employee categories are defined using the global Watson Wyatt job grading methodology.

BEE charge (R million)

	2008	2009	2010	2011	2012	2013
General Staff Trust	192					
Black Non-executive Trust <i>Vesting one third in each year 2011, 2012, 2013</i>		2.4	2.4	2.3	1.3	0.6
Black Managers Trust* <i>Vesting one third in each year 2011, 2012, 2013</i>		3.8	4.7	4.7	3.1	1.5
Education Trust+						
Community Service Groups	22					
Strategic Partners	123					
Total charge and forecast charge	337	6.2	7.1	7.0	4.4	2.1

* Based on 73% of shares allocated.

+ Quantum of charge will be equal to 25% of dividend received in 2009 and 50% of dividend received thereafter.

Barloworld's broad-based empowerment transaction

As responsible corporate citizens operating in South Africa, the Barloworld group long ago recognised the importance of empowerment and transformation to the sustainable development and growth of the country. For many years, transformation has been socialised into the fabric of our businesses, the process facilitated by strong, ethical leadership and, more recently, the spirit and content of the broad-based black economic empowerment (BBBEE) Codes of Good Practice. Today, empowerment and transformation are one of the five key value driving strategies in Barloworld's South African operations.

In line with its ongoing approach and strategic focus area of being a leader in empowerment and transformation, in 2008 Barloworld announced the details of a R1.9 billion BBBEE transaction, effectively transferring a 10% stake to black participants, including strategic black partners (SBPs), black non-executive directors, current and future black managers, employees, community service groups (CSGs) and an educational trust. It is estimated that effective black ownership of Barloworld's South African operations will be approximately 29%.

Partners were selected through a rigorous process that prioritised, among other things, each party's ability to add value in Barloworld and society, their BBBEE credentials, women's shareholding level and sustainability (access to equity funding), and the transaction has cemented a number of strategic multi-sector partnerships.

The seven SBPs which hold R1 110 billion or 5.88% of the issued ordinary share capital of Barloworld are the Gandaganda Empowerment Trust, the YJ Family Trusts, Zwavhudi Investment Holdings, Ayavuna Women's Investment, Izingwe BAW Holdings, Moty Capital Partners Consortium and an additional black partner to be finalised.

Employees, black managers and black non-executive directors collectively hold 2.71% or R512 million, the Educational Trust holds 0.47% or R88 million, community service groups hold 0.95% or R179 million of Barloworld's shares.

The CSGs are the DEC (Disability Empowerment Concerns) Investment Holding company established to address disability concerns; the Shalamuka Foundation which ensures the sustainability of the largest whole school development programme in Africa; and Ikamva Labantu empowerment trust, which provides for the health, education, skills development and shelter needs of disadvantaged communities.

The transaction value was based on the closing 30-day volume weighted average share price of R83.31 per Barloworld ordinary share on 9 July 2008.

Clive Thomson led employee communication sessions in Johannesburg, Durban, Cape Town, Bloemfontein and Middelburg which explained the principles of the transaction with particular focus on the employee participation aspects. Some 11 000 South African employees are beneficiaries of the transaction through the General Staff Trust.



Sustainability report *(continued)*

Barloworld Siyakhula

Creating empowered suppliers

Barloworld Siyakhula operates a R28-million fund that supports black-empowered companies in the small, medium enterprise (SME) sector. Support includes development finance and access to the knowledge resources of the Barloworld group.

The five SMEs it has invested in over the past year have a collective turnover of more than R87 million and more than 125 employees.

Barloworld Siyakhula is funded by the group's South African businesses and ensures a strategic and coordinated approach to the group's investments. Enterprise development is one of the seven pillars of BBEE.

Matthew Govender, the managing director of Barloworld Siyakhula, says part of the strategy to equip the entities was to offer financial management skills to the new business owners.

"We don't just bring the businesses together. We worked with each partner to set up boards and to help implement the kind of financial management systems that would allow for maximum growth.

"One of Barloworld Siyakhula's principles is entrepreneur sustainability. Siyakhula is still looking to diversify its BEE

initiatives, but intends staying true to its original objectives to foster sustainable broad-based empowerment through financial and non-financial support of small to medium suppliers.

"In addition to the fundamental requirement to help develop empowered SME businesses that are in the Barloworld supply chain, Siyakhula will look favourably on potential investments that progress one or more of the following areas:

- The promotion of black-women empowerment
- Job creation
- Poverty alleviation
- Sound environmental management"

Barloworld Siyakhula's current investments are Nathi Africa, Avis Van Rental Pretoria, Avis Van Rental Western Cape, Moe Logistics Owner Drivers and Rubber Lay. A number of additional investment opportunities are being considered.



Fostering thought leadership in BBEE: Wits Business School Barloworld Programme in Socio-Economic Transformation and Empowerment

To establish a body of public knowledge that details and incorporates into Wits Business School (WBS) courses best practices and learning in socio-economic transformation and empowerment, the Barloworld Trust has donated R1.5 million to WBS for the establishment of a three-year programme in its Centre for Entrepreneurship. The objective is to expand the database originally established by BusinessMap to track and report annually on BBEE transactions and conduct research on related topics.

The programme makes annual awards to individuals and businesses across a number of transformation and empowerment categories, thus raising the profile of thought leaders and best-practice operators.

The 2007 WBS Barloworld Empowerment Awards were held on 14 May 2008 at the Wanderers Club in Johannesburg. Four awards for BEE achievements were made: BEE Financier of the Year went to Investec, the BEE Deal of the Year went to Peermont and MIC (Mineworkers Investment Company),

the BEE Entrepreneur of the Year went to Ideco Group Limited and the Empowerment Leadership Award went to the Public Investment Corporation.

As part of this programme, the WBS Barloworld Public Dialogue Series on Transformation and Empowerment provides a platform for high profile leaders in South Africa to share their insights on BBEE and related issues. This brings together representatives of academia, business, government and civil society to debate, enrich insights, develop common understanding, strengthen relationships and contribute to the policy and strategy dialogue.



Equality

Barloworld's commitment to being a leader in transformation and empowerment extends to gender equality and the removal of any discrimination based on gender, race, religion or disability.

Policies and procedures are in place which underscore this commitment.

During the year two cases of discrimination were recorded, both from the Handling USA division and both centred on age discrimination. The matters are currently unresolved and the decision of the Equal Employment Opportunity Council (EEOC) is pending in both instances.

Male and female employees in Barloworld – 2008

	Male	Female	Total
Board	6	–	6
Executive	23	2	25
Senior management	71	10	81
Middle management	1 821	584	2 405
Skilled upper	7 565	2 040	9 605
Semi skilled/ apprentice/trainees	4 644	1 774	6 418
Labour/unskilled	889	239	1 128
Total*	15 019	4 649	19 668

* Excludes recent Swift and Flynt acquisitions – total 803 employees.

Note: Employee categories are defined using the global Watson Wyatt job grading methodology.

Barloworld's women empowerment initiative

An initiative aimed at engaging women in management in the group was launched at Barlow Park on 10 September 2008 by Khanya Kweyama, group executive global human resources and transformation. It is just one of a number of strategies focused on building human capital, managing diversity and reinforcing social transformation in South African operations.

At the event, Khanya called on the ladies present to share their daily challenges and ideas on how strategies, leadership styles and work practices might be adapted to help them to succeed. This information would inform the structure and content of future interventions aimed at assisting them to unleash their potential in the workplace.

Through this initiative, Khanya indicated that she hoped to develop a cohesive corps of female executives, empowered

through measures such as coaching and mentoring, skills development, networking and lateral communication, accessible role models and inspirational speakers and events, to become a leadership force to be reckoned with. This platform could then be used to attract quality new female recruits and inspire and retain them, along with existing female managers in the Barloworld group.

The keynote speaker at this inaugural event was Barloworld non-executive director and CEO of the Nelson Mandela Children's Fund, Sibongile Mkhabela, who was received as the powerful role model, cohort of former presidents and doyen of community development that she is by the all female audience.

A series of initiatives aimed at progressing gender equality in Barloworld are being developed.

Employees

Barloworld's continued success rests on its ability to attract, develop and retain globally competitive people. The group has clearly defined its talent strategies and initiatives in a comprehensive approach to employee value creation. The approach ensures value creation for employees and value creation by employees. It facilitates individual and collective wisdom within the operations, encourages employee participation, and enables employees to share in the value created by Barloworld for its stakeholders.

Number of employees as at end September 2008 – Group

	2008	2007
Automotive	8 057 ⁺	7 183
Equipment	6 820	6 752
Handling	2 992	2 602
Logistics	1 695*	1 727
Corporate	104	351
Total	19 668	18 615

⁺ Includes consolidated Motor Retail Southern Africa Joint Ventures – total 1 131 employees.

* Excludes recent Swift and Flynt acquisitions – total 803 employees.

Sustainability report *(continued)*

Regional breakdown of employees – 2008

Within South Africa	11 581
Outside South Africa	8 087
Total*	19 668

* Excludes recent Swift and Flynt acquisitions – total 803 employees (Middle East and Asia).

Creating value for employees

A well defined framework featuring six main themes constitutes Barloworld's approach in this regard. The themes are:

Clear purpose and direction

Ensures employees understand and appreciate the direction, purpose and strategy of the organisation. Critical also in this regard is an understanding of how the organisation creates value for its stakeholders, the key value drivers of the business and the employees' role in the process.

Alignment

Ensures all operational employee related interventions are integrated and aligned to achieve the value creation objectives of the organisation. These include the businesses' processes and systems, balanced scorecards, role and job models, skills and training, rewards and industrial relations structures.

Inspiring climate

Central to employee attraction and retention is a workplace environment that inspires employees to contribute and participate.

Aspects in this regard include:

- Leadership and entrenched values mould and guide proper behaviour. Unacceptable conduct is quickly identified and addressed in terms of a comprehensive set of policies and procedures.
- Barloworld's strong belief and principled stand on good values, integrity and sound ethics is core to creating an inspiring workplace climate for employees. Codes of conduct throughout the organisation institutionalise proper behaviour and instil a sense of equity and fairness.
- Employee benefits, including terms and conditions of employment are in accordance with applicable legislation, and are well structured and competitive. Basic salaries are in excess of legislated minima. Retirement funding, medical aid, employee wellness programmes and support programmes are in place. These include the Independent Counselling and Advisory Services (ICAS) programme in the Avis Rent a Car South Africa business and which will be introduced into Motor

Retail South Africa later in the year. Barloworld Equipment South Africa has Procure which is a similar programme. In addition established incentive schemes are in place at appropriate levels in the group. South African employees also benefit directly from the BBBEE transaction and the related educational trust. In order to ensure consistency and equity, the global Watson Wyatt job grading methodology is maintained throughout the group with particular focus on management and executive levels.

- Transfer opportunities within the Barloworld group ensure that employees have an opportunity to pursue varied and meaningful careers within Barloworld. Employees are involved in the cross-country assignment programme and also have the opportunity to pursue careers between the various divisions. Employees are also relocated within regions and across regions. Hiring is done primarily on a localised basis in all geographies. Due to the predominantly urban and industrialised locations of operations, Barloworld cannot be regarded as a primary employer in any region.
- Collective labour relations are constructively managed based upon the principle of freedom of association. Union recognition takes place at the appropriate operational level. Various operations are covered by industry agreements and the group's operations participate in relevant established industry forums. There were no major labour relations disruptions during the year. Various South African operations were marginally affected by country-wide protest and stay-away action which was not directly workplace related.
- Communication is achieved through a comprehensive range of initiatives, processes, channels, interventions, newsletters, magazines and briefing sessions. Induction programmes provide new employees with a knowledge and perspective of Barloworld whilst structured employee meeting and briefing sessions ensure collective communication reaches all levels of employees in an efficient and effective manner. At a Barloworld level, the "Briefing Barloworld" newsletter conveys group wide information from the CEO on a regular basis.
- Occupational health and safety
The health and safety of employees is the cornerstone of employee value creation and a prerequisite for an inspiring work climate. Accordingly, occupational health and safety (OHS) is the direct responsibility of the various divisional CEOs and their teams. Barloworld subscribes to a philosophy of 'Zero injuries or harm' to employees and business units each have a strict risk management audit protocol incorporating health and safety aspects.

Barloworld applies the principles contained in the ILO Guidelines on Occupational Health and Safety to all its operations. These include:

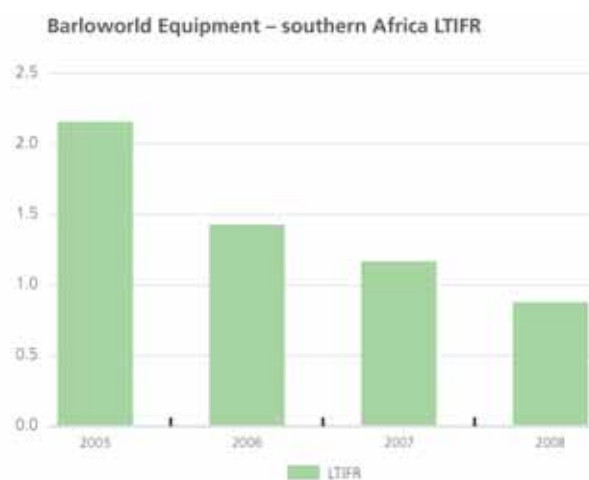
- The identification and elimination or control of work related hazards and risks
- Instruction and training of line management to take responsibility for health and safety, and engage employees through workplace forums and health and safety committees
- Setting targets for continual improvement
- Compliance with the relevant national laws and regulations.

Established formal health and safety committees comprising management and worker representatives cover all South African staff. Other global operations comply with local legislation.

During the year, no fines or instances of non-compliance were respectively paid or recorded.

The average lost-time injury frequency rate (LTIFR) reflected a 33% reduction over the previous year. Regrettably there were

three work related deaths during the year as a result of motor vehicle accidents within our South African equipment, car rental and logistics operations. All these instances have been fully investigated, comprehensively reviewed and steps taken to prevent future incidents.



Health and safety statistics

	LTIFR		Fatalities		Occupational diseases	
	2008	2007	2008	2007	2008	2007
Automotive	0.58	0.36	1	1	-	-
Equipment	1.81	3.73	1	1	4	4
Handling	1.47	1.70	-	-	2	5
Logistics*	1.67	1.77	1	-	1	-
Corporate	-	1.19	-	-	-	-
Total	1.34	2.00	3	2	7	9

* Excludes recent Swift and Flynt acquisitions.

Note: A lost-time injury is defined as any workplace injury where an employee or a contractor is injured and is unable to resume his/her duty for more than one shift or one day. The lost-time frequency rate (LTIFR) is the number of lost-time injuries X 200 000 hours divided by the total hours worked.

Employee health is an important component of creating value for employees and stringent programmes are enforced in all operations. All legislative requirements are also complied with in this regard and the wearing of personal protection equipment is strongly enforced throughout the group. Nonetheless seven individuals were compensated for occupational diseases during the year including noise-induced hearing loss.

A comprehensive range of wellness and support programmes are in place. These include medical aid schemes and other employee assistance programmes such as ICAS and HIV/Aids management. HIV/Aids receives special attention in all Barloworld's southern African operations. Comprehensive programmes cover education, prevention, voluntary counselling and testing (VCT) and disease management which includes the distribution of

antiretroviral medication. All employees are continually encouraged to know their status and to look after themselves and others accordingly.

Twenty three employees receive HIV/Aids assistance from company sponsored antiretroviral medication schemes and 60 received support from existing medical aid schemes.

Barloworld Equipment has on-site clinics in South Africa and in Spain available to staff that provide primary health care and occupational health services which includes counselling on various communicable diseases. In Avis Rent a Car South Africa, the ICAS support system also addresses health issues. This programme will be introduced into Barloworld Motor Retail South Africa in the next financial year. Other divisions' have appropriate resources.

Sustainability report *(continued)*

HIV/Aids statistics in Barloworld South Africa

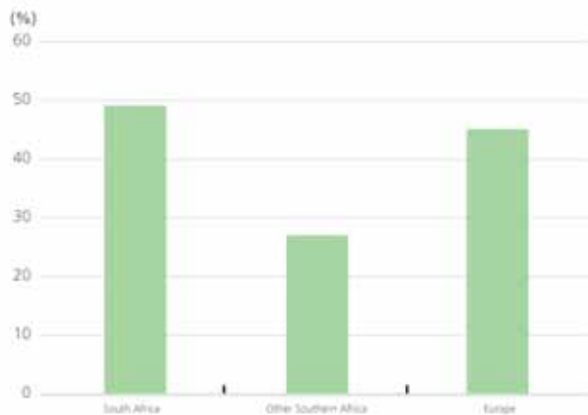
	Employees	Employees who know their status	% who know their status	Number HIV positive	% of those tested HIV positive
Automotive	6 478	3 308	51	146	4
Equipment	3 113	2 684	86	104	4
Logistics	1 446	394	27	68	17
Corporate	104	45	43	4	9
Total*	11 141	6 431	58	322	5

* HIV/Aids statistics for handling division are not reported as testing has not been done (440 employees).

- Freedom of association

Barloworld's policy of freedom of association enables employees to associate or not with employee representative organisations and trade unions. Barloworld recognises trade unions that are sufficiently representative of the employees at the appropriate organisational level.

Employees represented by trade unions



- There is no child, or forced and compulsory labour employed in any Barloworld operation. Such employment would be illegal in the countries of operation and against internal values, standards, policies and procedures. Established recruitment practices would highlight any underage applicant.
- Indigenous rights are respected in all operations. This is underscored by the internal values, practices and procedures in all Barloworld operations. No complaints or cases in this regard occurred during the year.
- Security practices
Generally, the security of Barloworld operations and sites is outsourced to reputable third party service providers. As part

of ongoing preferred-supplier reviews, these suppliers are vetted and reviewed to ensure that all aspects of the service are legitimate and acceptable to Barloworld. In addition, whilst dealing with Barloworld stakeholders, security personnel are expected to adhere to Barloworld's values and principles which address human dignity specifically and human rights in general. In addition, behaviour of security personnel is subject to the prevailing legislation in all countries of operation.

- Responsible societal conduct

The group, its divisions and related operations proactively address this aspect. All Barloworld operations are conscious of their societal roles and all strive to be good corporate citizens of the regions in which they operate consistent with the themes and rationale contained in this report.

As far as corporate social investment and other related investments to uplift underprivileged communities is concerned, the emphasis of these initiatives and the significant majority of recipients, are located in the South and southern African regions of operation.

- Perception surveys

An awareness of employees' perceptions is essential to creating value for employees and for the group. Regular surveys are conducted across the group and in the divisions. A standardised Individual Perception Monitor (IPM) is usually conducted on an annual basis in the divisions and the results are carefully reviewed, areas of concern identified, and steps taken to address these. The results are communicated to staff and action plans implemented.

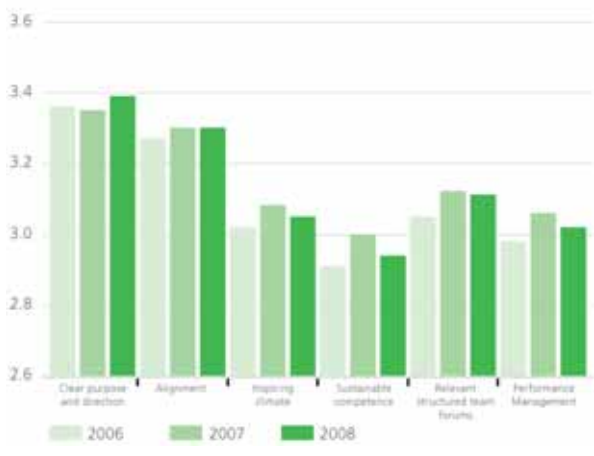
All the aspects covered in the employee value creation approach are addressed in the IPM. The group aims to achieve a rating of above three out of a maximum of four in each category.

Individual Perception Monitor a tool through which Barloworld Motor Retail Southern Africa measures and creates value for employees

Barloworld Motor Retail Southern Africa has used the Individual Perception Monitor (IPM) to measure employees' perceptions since 2005. Between 70 – 80% of employees complete the questionnaire on an annual basis. The IPM covers all aspects of employee value creation through a detailed and structured anonymous questionnaire.

The responses are analysed, detailed feedback throughout the organisation is provided and areas of concern are addressed. Solutions to problem areas are developed with employees. The terminology in questionnaires is aligned to terminology used in the working environment to enable better understanding of the questionnaire. Continuous awareness of employee value creation is achieved through induction programmes, structured team meetings and other ongoing methods of communication including a "Value for All" publication and the quarterly "Revolution" magazine. A rating above three is considered good.

IPM score per aspect of employee value creation



Sustainable competence

Barloworld understands that talented and committed employees are critical for ongoing value creation. Through focused recruitment, competitive reward systems, career development, training and development, and careful succession planning the group secures the required competence to ensure sustainable value creation.

A wide range of both internal and external programmes, courses and initiatives ensure the ongoing development of employees at all levels of the organisation.

An internal executive development programme (EDP) which is run in conjunction with a leading university exposes talented executive and senior leaders from across the group to diverse learning situations, as well as fostering camaraderie among Barloworld's leaders and instilling the Barloworld leadership philosophy. It has a major role in ensuring Barloworld has leaders who are comfortable with diversity, can manage complexity and are able to create sustainable value for all stakeholders. Similarly, a leadership development programme (LDP) prepares identified talent and future leaders in the group. Ninety six and 334 employees have attended the respective programmes.

Total training spend (R135m) by occupational level



Training and development is individually focused and assists employees to realise their potential, fulfil their aspirations and contribute to Barloworld's value creation objectives. Individual development plans are prepared and linked to future opportunities.

Significant learnership and apprentice programmes ensure a pipe-line of technical skills which are further developed and refined by ongoing training and development. The automotive division has 375 apprentices in South Africa which is 17% of registered apprentices in South Africa. See also Barloworld Equipment's initiatives on page 111.

Barloworld employs 2 560 graduates and diplomates with an average age of 40 years. It also employs some 1 507 artisans, technicians and technologists with an average age of 38 years.

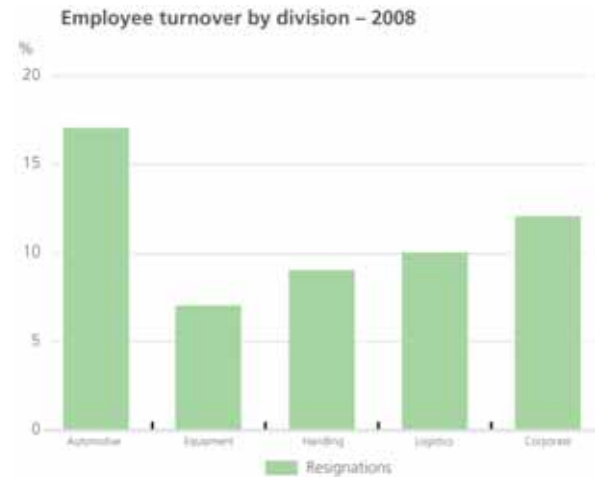
Properly structured succession plans are in place with particular emphasis on senior employees and critical positions within the group. On an annual basis an intellectual capital review is conducted by the CEO, the Group executive: Global human resources and transformation, and the relevant divisional CEOs during which the most important 200 employees are reviewed, their performance considered along with future opportunities, possible successors and development requirements.

Sustainability report *(continued)*

Internal career opportunities are displayed on the internal intranet and employees are able to apply as appropriate for them and the company.

Talent and skills shortages are identified as a key risk in the group and a comprehensive framework that covers all aspects of employee value is in place to address the issue.

Motor retail operations were affected by a high labour turnover which is a feature of the South African motor industry in general. The growth opportunities, specifically for Barloworld Equipment's operations in Africa, require management and technically skilled individuals. The group has established technical training programmes in its operations, and these have been supplemented and complemented by a number of focused training and development programmes.



Employee turnover – 2008

	Resignations	Transfers	Retrenchments/ redundancies	Retirement ¹	Dismissals	Deaths ²	Other ³
Automotive	1 408	15	21	73	353	33	179
Equipment	487	232	108	42	180	26	59
Handling	278	1	79	23	127	2	3
Logistics*	175	24	20	5	68	13	–
Corporate	12	9	10	5	–	–	–
Total	2 360	281	238	148	728	74	241

* Excludes recent Swift and Flynt acquisitions.

¹ Including retirements due to HIV/Aids-related illnesses.

² Including deaths due to HIV/Aids related illness and work-related fatalities.

³ Reflects sales of businesses, termination of fixed-term contracts, permanent and temporary disabilities.

Avis Rent a Car Southern Africa's Trainee Management Development Programme

The Trainee Management Development Programme was launched in 2007 to address a critical business gap in terms of fully performing branch managers. Since inception, learners have been recruited externally and internally and placed on an intensive, action learning programme designed to develop the required high level of competencies and skills for the Avis Rent a Car Southern Africa environment.

The programme objectives include the fast-track development of high potential candidates towards a branch management position within the Avis environment, succession requirements are met and to enhance and support empowerment and transformation.

The programme is from 10 to 12 months and specifically enables the learners to gain insight into all the functions of the car rental business.

Regular informal feedback sessions and two mid-year formal performance feedback sessions are provided to the learners in order to foster continuous development.

In 2007, eight external graduates were recruited of which 75% are black and 25% female of which 75% graduated successfully and were appointed as branch managers across the country.

In 2008, eight internal staff were placed on the same programme, of which 75% are black and 25% are black female.

Barloworld Equipment addresses its skills requirements

One of the biggest risks to southern Africa's economic growth and to Barloworld Equipment's future success is a shortage of skills. The attraction, retention and development of skills to support its customers are therefore among its top strategic priorities.

Barloworld Equipment's R130 million Centre of Learning in Isando, Johannesburg, will open its doors in April 2009 to form the hub of all its technical staff training, including learnerships, accelerated basic classes (ABC), product training and operator training for its rental fleets and customer operators.

Barloworld Equipment pioneered the earthmoving equipment learnership model in South Africa and is working with the relevant governments towards recognition of its learnerships in its other southern African dealership territories.

In the past year Barloworld Equipment trained almost 300 learners at all levels and 380 new learners will be joining the company at National Qualification Framework (NQF) Level 1 in 2009.

Short-term interventions undertaken in the past year are not only adding to its staff complement but also raising the bar in skills levels. Well over 100 students completed the new pre-learnership course, a bridging course for school leavers, and the ABC, fast track basic technical training for school leavers.

Through these interventions and others Barloworld Equipment aims to ensure that we have the appropriate skills to sustain its support for its customers and their Cat fleets well into the future. Its training programmes also help to provide career paths for unemployed, unskilled individuals and increase interest in and aptitude for technical careers in the earthmoving equipment sector.

Mandela Barloworld Agricultural High School 2007 matriculants on Barloworld Equipment pre-learnership contracts

The Mandela Barloworld Agricultural High School was built by Barloworld at the request of former President Mandela at a cost of R14 million to equip learners with agricultural, technological and entrepreneurial skills that will enable them to support themselves and their communities. Opened in 2002, the school, with an adjacent health clinic, is the realisation of the late Rain Queen Modjadji's dream to provide a learning and health care centre for her community in the Limpopo Province of South Africa.

As the matriculants of 2007 began to seek work and further study opportunities, Barloworld Equipment visited the school campus and recruited the entire class on a pre-learnership basis to provide them with exposure to a mechanical and technical working environment.

From March 2008, 29 Mandela Barloworld School graduates were placed on pre-learnership contracts to provide them with

basic "world of work" skills as well as prepare them to potentially join the NQF2 learnership programme. The company provides them with accommodation at a local student village with transport from the village to their workplace and back, and they receive a small monthly salary to enable them to pay for their meals, entertainment and incidentals.

The learners have been working in the Boksburg and Isando Component Rebuild Centre where their key functions have been tool familiarisation, acting as assistants to artisans, with their tasks limited to stripping and washing parts and ensuring workshop safety and hygiene. Their technical competence and aptitude have been assessed and they have been described as pleasant, willing and hardworking, even volunteering to work over weekends if required.

At September 2008, based on results of ongoing technical assessments, it is likely that the majority of the students will proceed to NQF2, with some of those who are not technically inclined being possibly considered for other positions within the company.

Sustainability report *(continued)*

Performance management

Structured performance management processes across the group ensure employees focus on the relevant value creation activities and that their performance is continually reviewed in a consistent and formal manner using balanced scorecard methodologies. Where possible, performance and reward are linked through incentive schemes that enable employees to share, on an equitable basis, in the value created. Poor performance is also addressed.

Every effort is made to recognise and acknowledge good performance appropriately. At the highest level, the annual Barloworld CEO Award recognises exceptional excellence from an individual employee. Through a structured process of nomination and selection each division nominates an employee for the Barloworld CEO Award. The winner is chosen from such nominees by the Barloworld CEO with assistance from a committee established for this purpose.

CEO Award – nominees

Trevor Garden

Barloworld Equipment

It is thanks to Trevor's initiative, energy and foresight that the Metso mobile product joined Barloworld Equipment's solutions offering. In 2007 Metso Minerals approved Barloworld Equipment as the southern African dealer for Metso mobile mining units in addition to the construction solutions.

The Metso teams initially encountered substantial resistance. History gave Trevor very little chance. Despite this Trevor was able to change perceptions and now enjoys full executive support. Trevor is being given increasing resources to grow and develop the Metso relationship.

The Metso business had a turnover of R160 million in 2008, a total of 87 Metso units have been ordered for 2009 and 67 were sold in 2008.

The Metso dealership has expanded into Botswana and Namibia, but not yet to the other African territories due to parts supply issues. In line with Trevor's strategy for South Africa, no marketing will be done in Africa until Metso can stand by its promises to customers.

The Metso product has also recently entered the fleet with initial units, an impact crusher and triple decker screener, meeting with good success.

Chris Prinsloo

Barloworld Automotive

Chris Prinsloo, divisional director of Barloworld Fleet Marketing is acknowledged for his leadership and determination in conceptualising and implementing a 'Greenfield' corporate sales and marketing business, which currently contributes 27% to the division's new vehicle sales.

Barloworld Fleet Marketing had a turnover of R928 million and sold 7 428 vehicles in the 2007/8 financial year. His success can be attributed to the fact that he first seeks to understand

customer needs and then relentlessly pursues the appropriate solutions. His ability to allow individuals to express their own creativity – while growing profits – has ensured that his team develops along with the business unit.

Chris firmly believes that integrated motor vehicle solutions is the way of the future and through his relationships with all parties he has become an industry specialist with a wide range of high-level contacts, customers and suppliers. Long before it became fashionable in the industry, Chris led the field in proposing the "one stop shop" approach to satisfying the public's motoring needs.

Behram Baluch

Barloworld Logistics

Winner of the Barloworld Logistics CEO Award for 2008, Behram joined Swift as sales executive for the Third Party Logistics (3PL) services division in Jebel Ali, Dubai. He was transferred to Lagos, Nigeria, in 2001 to set up a Swift branch and was appointed general manager of Nigerian operations. For three years Lagos was the most profitable centre and he established a second trade line for the business.

After a short period back in Dubai as general manager for Africa Sales and Market Development, he was moved to Johannesburg to help streamline company operations.

At the same time, however, Far East operations were in trouble and Behram was sent to Hong Kong to 'fix the business'. He uprooted his family and moved in just 48 hours with only three colleagues to help explore these unfamiliar markets.

They had no trade licence, no permits to stay, didn't speak the language and had disgruntled clients who were taking their business elsewhere.

Today, there are six offices in the region and Behram has built a capable and effective team which manages these offices in China and Singapore.

CEO Award – nominees

Bayside Team

Barloworld Handling

The Bayside Team handles BHP Billiton's Bayside Aluminium Smelter service and maintenance contract in Richards Bay.

Contracts manager Casper Kruger, assistants Dennis Thusi and Shorty Ndlovu, technicians Danie Botha, Kallie le Roux and Clinton Reddy and clerk Nancy Devasagayam make up the team, delivering value to all stakeholders through innovation, cost-saving, customer service and team work.

Casper's team, which has embraced Handling SA's Performance Ownership Programme (POP), not only understands value based management, its members live it.

They achieved a remarkable turnaround at Bayside and continue, according to Casper, to set standards that would be exceptional for any 'normal' handling service contract.

Janeen Stevenson

Barloworld Corporate Office

Janeen Stevenson, insurance advisor at the Barloworld Corporate Office, is on duty 24 hours a day, seven days a week, 365 days a year – and loves it.

When the services of Europe Assistance (EA) were secured, Janeen offered to have her name and contact details on the reverse side of the EA card. Today about 12 000 Barloworld employees rely on the fact that she will be there for them in a medical emergency.

Janeen receives about eight calls a week, most in the early hours of weekend mornings. She does not return to bed until she is sure the employee is in safe hands.

In fact, two employees are alive today because of Janeen's actions and many more remain overwhelmed at the care and attention they and their families have received from her, a stranger. Many describe Janeen as the backbone and heart of a great company.

Vicente Mañes

Barloworld Finanzauto

When faced with looking for a solution to the exit of the Lift Truck Dealership Agreement, due to a change in strategy by Mitsubishi Caterpillar Forklifts Europe, Vicente was able to appreciate the interests of employees, customers, principal and the new dealer and developed a rapid and orderly exit that minimised disruption to all parties.

The combination of an emotionally charged environment with employees and customers together with a complex financial transaction required Vicente to demonstrate the Barloworld leadership values in particular, provide clear purpose and direction to ensure that the team remained motivated.

Vicente demonstrated strong interpersonal skills to resolve problems to the satisfaction of all parties. Customer satisfaction was maintained, market share protected, the Barloworld brand safeguarded and shareholder value realised.

Nominees



From left to right: Trevor Garden, Vicente Mañes, Chris Prinsloo, Behram Baluch, Casper Kruger, Janeen Stevenson, Clive Thomson

Winner



Trevor Garden

Sustainability report *(continued)*

Structured team forums

A series of regular structured team forums and meetings at all operational levels ensures efficient communication, facilitates and encourages collective wisdom, enhances performance and ensures recognition. Employees are encouraged to make suggestions, to contribute to solving operational issues and to the overall value creation capacity of their respective areas of responsibility.

Human rights

Human rights are central to Barloworld's legitimacy and are principally addressed in the group's code of ethics which include: obey the law; respect others; be fair and be honest. Human rights are also covered in the constitution, legislation and common law of all countries in which Barloworld operates. Barloworld is a signatory to the UN Global Compact of which Principles One and Two address this issue. In addition, internal policies, procedures and practices prohibit a violation of human rights. This aspect is also covered under the group's approach to occupational health and safety. All employees and stakeholders are included in this protection and are also expected to conduct themselves accordingly.

No specific record is kept of investment agreements that include human rights clauses as any such agreement would comply with applicable legislation and fulfil the standards reflected in Barloworld's ethics, internal policies and procedures. A similar approach applies to suppliers and contractors. Those that do not comply are reviewed and ultimately terminated in the event that the shortcomings cannot be addressed. In South Africa, the BBBEE status of suppliers and contractors is closely reviewed.

Breaches can be addressed through the applicable legal system, internal procedures and through the anonymous Barloworld Ethics Line. In addition, employees may use established grievance procedures which prohibit victimisation and they may also seek union or industry assistance in this regard.

All incidents reported through the Barloworld Ethics Line are investigated and appropriate action taken in terms of the relevant policies, and disciplinary procedures. Every incident is reported together with the action taken and the outcome. These reports are tabled at the relevant audit meetings and reviewed by the appropriate audit committees.

The nature and the urban and industrial locations of Barloworld operations ensure that they do not negatively impact the

communities within which they operate. All operations comply with applicable legislation and any establishment or exit of business premises does not significantly affect specific communities. In these circumstances there are no focused initiatives that assess and manage the impact of Barloworld's operations on communities other than the ongoing review and commitment to legal compliance and responsible corporate citizenship.

In addition to the prevailing legislative environment, internal policies and procedures throughout Barloworld prohibit corrupt behaviour. Criminal behaviour is not tolerated and formal charges are laid against a perpetrator. The ethics line infrastructure in Barloworld ensures the anonymity of any complainant.

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

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

An Anti-Fraud policy is currently being distributed to all staff who are expected to accept and comply with such policy. The policy highlights the group's 'Zero Tolerance' approach towards fraud and corruption and protects employees who raise concerns relating to fraud and corruption from victimisation. This approach applies in all regions where the group operates and associated risks are investigated and appropriate measures taken prior to investing in regions where such activity may be more prevalent than in others. Employees in high risk areas are continually reminded of the group's policy in this regard and advised of the severe consequences of participating in such practices. Employees are encouraged to disclose all attempts of unacceptable conduct, including bribery and corruption, and are supported in dealing with such matters. The Barloworld Ethics Line may be used in instances where anonymity is preferred.

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

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

There have not been any legal actions related to anti-competitive behaviour during the year.

Extract from Barloworld anti-fraud policy

Scope of the policy

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

The policy

- The policy of the group is zero tolerance to fraud and corruption
- In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the Law, as well as the application of appropriate prevention and detection controls
- Employees who commit an act of fraud will be subject to disciplinary action, up to and including termination with cause
- Where possible and practicable, the group will pursue full recovery of all losses resulting from an act of fraud.

Product responsibility

The majority of Barloworld's operations, other than Barloworld Logistics' operations, represent OEMs and principals essentially with whom the product responsibility resides. All new equipment and motor vehicles are sold carrying OEM warranties and guarantees. Appropriate internal insurance is secured which also covers any liabilities that may arise due to product usage, rental or after-market activities. The logistics division predominantly has software products in respect of which the customers' rights are clearly delineated in licence agreements as well as in maintenance and support agreements. All products are sold with the relevant certification and labelling displayed as required by legislation in all countries of operation. As leading global OEMs provide products sold, all required product and service information, as well as proper labelling is in place. Motor vehicles require emission data to be clearly displayed.

Customer health and safety is ensured by detailed handover procedures particularly in respect of equipment and vehicle deliveries. Car rental operations require that all vehicle renters and users have the appropriate licence.

Driver and equipment operator training is also available to customers as is training and information on storage of products where applicable. OEMs have detailed and scheduled inspection and maintenance programmes which customers are informed of and encouraged to support. In addition new equipment and vehicles continually upgrade both active and passive safety systems as well as reduce the negative environmental

consequences arising from the operation of their products. Barloworld Logistics' CAST-CO₂ product offers customers the opportunity to reduce the carbon footprint of their supply-chain.

Customer satisfaction is key to the ongoing success of Barloworld. In this regard stringent measurement systems are in place in all divisions which are continually monitored, reviewed and responded to. Examples include the Caterpillar business intelligence group (BIG) programme which consolidates the average level of customer satisfaction by region and product group. Unsatisfied customers are identified as those which have an average score of 70% and below. Barloworld Equipment's southern Africa customer satisfaction levels have remained consistently high over the past four years at 79%. All vehicle OEMs conduct customer surveys which are complemented by other surveys. In addition, individual motor dealerships conduct their own surveys, mainly in respect of their service departments. Car rental operations also conduct regular independent customer surveys and consistently score well. Avis Rent a Car South Africa was again voted Best Car Rental Brand in Southern Africa for the fourth consecutive period in an independent survey, Avis Rent a Car Norway and Avis Rent a Car Sweden received the Grand Travel Award for the 13th and 16th consecutive period respectively. Avis Fleet Services operations are monitored with their scores at around 85% with a peak at 87% during the year. These surveys, together with direct customer intervention and ad-hoc customer focus groups, form the basis of customer feedback which is consolidated and reviewed at all levels in the group including divisional board meetings.

During the year, there were no instances of non-compliance with any regulation concerning customer health and safety, nor were any penalties or fines recorded. There were also no instances of customer privacy being breached.

Quality and customer satisfaction is also supported through the ISO 9001 quality certification. All major Barloworld Equipment South Africa and Botswana operations maintained this rating as did the Avis Fleet Services operations in South Africa. Barloworld Handling's United Kingdom operations have such certification as does Barloworld Equipment Spain's central warehouse and services in Arganda. All Barloworld Logistics' Spanish operations are ISO 9001 certified.

As Barloworld operations substantially represent their principals, all marketing and advertising is tightly controlled and conforms with their standards. Any local adaptation of such standards and advertising formats requires prior consent from the principal. There were no instances of non-compliance with regulations concerning advertising, promotion and sponsorship nor were any complaints received in this regard.

Sustainability report *(continued)*

Green Integrated Customer Solutions from Barloworld Logistics

Barloworld Logistics is committed to sound environmental management, and strives to ensure its impact on the environment and use of natural resources is both responsible and minimised wherever possible. A case study of Barloworld Logistics' contract with PPC Cement's Dwaalboom operations in South Africa is evidence of the company's success in making significant strides towards environmental sustainability, through the use of specialised vehicles to optimise capacity, while reducing fuel consumption and carbon emissions.

Logistics recognises that energy derived from non-renewable resources is finite and therefore an extremely valuable resource. The way in which a company manages its logistics therefore has an extremely significant impact on its carbon footprint, particularly when it comes to the transportation of goods.

In 2007, when logistics was awarded a second five year contract to service PPC Cement's operations in Dwaalboom, the company not only replaced the existing fleet of trucks and bulk tankers to deliver optimal payload and minimise fuel consumption and carbon emissions, but also assisted in the design of a revolutionary interlink combination which ensures further overall environmental gains.

Newly designed Freightliner Argosy truck tractors, the lightest of these models in South Africa, and designed by Freightliner in USA in conjunction with Barloworld Logistics, were chosen by the logistics company to replace the existing fleet of truck tractors. Being lighter in structure than the existing vehicles by around 800kg through specialised design has resulted in a concomitant increase in payload. Carrying capacity was also increased through the purchase of new trailers manufactured by Afrit. The new trailers are capable of carrying a payload of just over 5% more than previously, and the seven new TEE Aluminium Bulk tankers introduced can deliver up to 8% more per load than the older tankers.

In conjunction with Afrit and Freightliner, Barloworld Logistics Dedicated Transport Solutions division designed an interlink combination capable of carrying around 40 tons of product without exceeding a 56 000 kg GVM. The outcome of this project is one of the lightest interlink combinations on the road at this time, if not the lightest.

Several important benefits in terms of fuel and efficiency and lowering carbon emissions were gained through the newly designed, lightweight fleet. Fuel consumption decreased by more than 10%, which combined with the increase in payload capacity results in around a 20% reduction in energy used per ton of cement delivered which equates to a reduction of CO₂ emissions by 2 335 tons per annum.

"At Barloworld Logistics our pledge to going 'Green' is simple: we will continue to do good business focused on making big strides in the drive toward Green supply chains; we will continue to challenge the talented minds within our company to do more every day with the tools, methodologies and processes we deploy for our clients to sustainably reduce carbon emissions; and we will find more ways to make Green business good business," Isaac Shongwe, Barloworld Logistics Africa CEO.

Since the contract is based in an area where wild game and farm animals are common, an ultrasonic transmitter has been fitted to the front of each vehicle to prevent animals straying into the path of the vehicle. Not only is this an environmentally responsible approach, it also means a weight saving of around 150kg as a standard stainless steel bull-bar was no longer required.

Empowerment was a further feature of the contract with PPC as the new vehicles were handed over to owner-drivers from Barloworld Logistics Africa, giving them the opportunity to become entrepreneurs by owning their own vehicle and driving for the company. Driver training is an important part of this project in terms of road safety and fuel savings, and Freightliner driver training specialists regularly engage the owner-drivers for training.

Cat RM500 – An environmentally friendly integrated customer solution

The first Cat RM500 rotary mixer sold in southern Africa is being used for in-situ recycling of the existing road materials on a project in Namibia, a highly efficient and cost-effective rehabilitation approach.

The NNC Joint Venture, comprising Windhoek based Namibia Construction and Nexus Civils, is upgrading Trunk Road 7/1 – an important economic conduit connecting Walvis Bay to inland destinations that include Zambia, Botswana and Zimbabwe.

This is the first major reconstruction to take place since the road first opened to traffic in the 1960s.

Since March the RM500 has completed more than 70km of recycling (mixing and rotorvating), achieving a daily distance of between 800 to 1 200m. A major challenge on this contract was the availability of materials and this is where the RM500 has proved valuable. This versatile machine is undertaking full-depth reclamation of all the existing road layers and then thoroughly blending reclaimed materials for reuse. The reclaimed material is reapplied with extra sand added for the new sub-base and base-course layers.

The RM500 helps to sustain our natural resources, not to mention reducing the cost of extracting and hauling materials to the remote site. This 'green' machine also comes with a CAT C15 engine with ACERT technology for reduced emissions.



Stakeholder engagement

Barloworld believes that ongoing, open and transparent communication with all stakeholders is essential to its legitimacy, core to its values and consistent with its sustainable value creation objective. Consistent with this objective mutually beneficial outcomes are sought in all instances.

Shareholders

As a listed public company, Barloworld complies with all legal communication requirements. In addition, Barloworld believes in regular engagement with its shareholders and the investor community. It undertook numerous investor communication sessions during the year. In addition, interviews with financial analysts were conducted frequently and questions responded to on an ongoing basis. The content and purpose of these engagements is to communicate and clarify strategy, financial performance and related sustainability matters.

The group's website provides up-to-date information which includes detailed investor information, announcements and presentations. A senior group executive is responsible for investor relations.

Principals and suppliers

As a distributor of leading international brands, Barloworld represents a significant number of high-profile global principals. Agreements, long-term relationships, structured meetings, reporting requirements and reviews, as well as ongoing informal communication ensures constant contact with principals. Such engagements address matters such as product, market shares, financial performance, customer issues, customer satisfaction, sustainability matters and the ongoing relationship.

Regular meetings take place with financial institutions and information is provided as required.

Providers of employee benefits such as medical aids and retirement funds are also included in structured meetings, reports and review interventions.

Customers

Numerous individual and collective interactions take place with customers on a continuous basis. Understanding that the provision of flexible, value adding, integrated customer solutions is the cornerstone of Barloworld's success, customer service and exceeding customer expectations is foremost in every employees' mind. Accordingly, all customer interfaces receive attention. Major customers are visited regularly by senior executives. Emphasis is on long-term relationships and mutual benefit. Focused customer surveys regularly take place in all divisions. Such interventions determine customers' requirements, resolve concerns and complaints, and guide future customer offerings. Customers are also able to interact with the group through Barloworld's website.

Sustainability report *(continued)*

Employees

A wide and varied range of formal and informal, structured and ad-hoc, individual and collective interfaces, processes and meetings are in place across Barloworld to ensure constant communication with all employees.

This is essential to creating an inspiring workplace climate and achieving the value creation objectives of the group as well as ensuring employee commitment and development.

Employee representatives, including trade unions and industry bodies, are engaged in an open and appropriate manner.

Society engagement and upliftment

A wide range of stakeholders are engaged to ensure the ongoing functioning of all operations. These include government institutions and departments, municipal and local authorities, industry organisations, as well as corporate social investment development partners and beneficiaries.

Mindful of its role as a responsible corporate, the group is involved in a number of external initiatives including being a core signatory of the Energy Efficiency Accord as well as the UN Global Compact. It is also a founding member of the Joint Education Trust, National Business Initiative, The Business Trust and Business Against Crime initiatives in South Africa.

In addition, the various divisions and their respective operations belong to numerous industry associations and advocacy groups. It is by participation in such initiatives that a contribution to societies can be made, direction and policy influenced and commercial benefit obtained. Much time and effort is dedicated to such participation.

The communities in which Barloworld companies do business are considered important stakeholders, for which the group is committed to adding value. Apart from the value created in the normal course of business, such as providing fixed investment, employment and paying rates and taxes, other forms of assistance are provided which are aimed at building social capital and creating community value.

Corporate social investment (CSI) is institutionalised in Barloworld and is conducted on both a central and decentralised level. Barloworld targets 1% of its global profit after tax as its CSI spend allocation. The group has spent R89 million on CSI over the past six years, 2003 to 2008, in addition to the R28 million fund raised for Barloworld Siyakhula.

The majority of the group's CSI activity is focused on South Africa, where programmes are aimed at addressing the issues impacting on socio-economic development, on enterprise development and addressing concerns about the natural environment. Strategic direction and oversight for these programmes are provided by senior group executives and time, money, access to facilities, expertise and influence are used to meet objectives.

Through the corporate programme, major CSI initiatives are developed through the Barloworld Trust and Barloworld Foundation. Programmes are based on long-term development relationships with non-governmental organisations and, on occasion, public authorities, an approach which presents greater opportunity for capacity building and improves the sustainability of programmes. Initiatives are managed against pre-established desired outcomes or objectives.

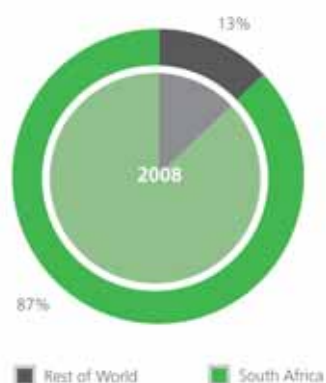
Major recipients in 2008 include the Africa Leadership Initiative, Barloworld Artworks, Business Against Crime, Endangered Wildlife Trust, Ikamva Labantu, loveLife, National Council for Persons with Physical Disabilities in SA, NOAH (Nurturing Orphans of Aids for Humanity) Penreach, REAP (Rural Education Access Programme) and Teach South Africa.

Complementing CSI programmes, employees volunteer in a variety of ways, offering skills, time and talent to assist a range of organisations.

CSI spend (R12.878 million)



CSI beneficiaries by region (R12.878 million)



Barloworld supports loveLife to empower young people to choose an HIV-free way of life

loveLife is South Africa's national HIV prevention campaign for young people, and has received support from Barloworld for a number of years. Its high-powered media campaigns are combined with services and outreach activities across the country targeting 12 to 17 year-olds. The key triggers of behaviour change for young people are a sense of purpose, belonging and identification with an HIV-free way of life. loveLife's programmes are implemented by young people across the country based at over 700 sites, including schools, clinics, community based organisations and youth centres.

Earlier this year loveLife launched its newest campaign, 'Make your Move', focusing on building a sense of personal initiative, helping young people to navigate day-to-day pressures and creating new links to opportunities.

One of the campaign's strongest assets is its young leaders called groundBREAKERS. To date, over 7 500, 18 – 25 year-old groundBREAKERS have graduated from the year-long programme as community leaders in HIV prevention and a further 6 000 are expected to pass through the programme over the next five years. Each cohort is supported by a network of 5 000 mpintshis (buddies) who volunteer without compensation. Together they play an important leadership role in their communities that goes well beyond HIV prevention.

loveLife is involved in a number of groundbreaking initiatives, including working in public clinics to make them more youth friendly, organising school sports through the loveLife Games, environmental issues through the Take-Back-the-Future Initiative (sustainable energy devices, future farmer initiatives and taking young people on wilderness experiences), parent

youth dialogues, a call centre that handles in excess of 100 000 calls per month and many more.

One of loveLife's newest ventures is the goGogetter programme launched earlier this year which involves 500 grandmothers across South Africa who are trained and supported in advising young people about HIV, helping to prevent physical and sexual abuse, advocating effectively for school-attendance, and to access grants and food.

Barloworld is also assisting loveLife to make further strides in youth development as part of its programme called Connected! which will see the best groundBREAKERS, drawn from the most marginalised communities and self-selected by their proven commitment to public service, being trained and nurtured to become a disseminated national leadership in South Africa.



Sustainability report *(continued)*

Empowering people living with disabilities through the efforts of a disability concerns ambassador

Through its empowerment partnership with DEC (Disability Empowerment Concerns) Trust and funding for the National Council for Persons with Physical Disabilities SA (NCPDPSA), Barloworld is able to meet its objective of assisting South Africans who live with a broad range of disabilities to achieve maximum independence and integration into mainstream society.

Barloworld's CSI Officer, Thuli Matlala, champions the cause of disabled people at company, national and international levels. Herself a paraplegic, Thuli acts as a disability concerns ambassador, playing executive, advisory and advocacy roles through her involvement with a range of disability service organisations, including the NCPDPSA.

The NCPDPSA's objectives are in line with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) which is intended as a human rights instrument with an explicit,

social development dimension. The Convention was ratified by 41 countries, of which South Africa is one.

Through this work on behalf of people living with disabilities, awareness of their capabilities and contributions is raised, respect is fostered for their rights and dignity, and environments are freed from physical, legal and attitudinal barriers to entry.



TEACH South Africa to the rescue

With business partner Deloitte, Barloworld has become involved in an innovative pilot project with non-governmental organisation TEACH South Africa, ultimately aimed at addressing the national shortage of quality teachers in mathematics, science, English and technology in South Africa. The acronym "TEACH" stands for Teachers, Education and Curriculum Help.

In this pilot TEACH South Africa aims to engage the talent of at least 60 recent graduates from all disciplines in mainstream tertiary educational institutions who are prepared to commit two years to service as school teachers and who show promise as future leaders. They will be known as Teach Ambassadors and will be expected to make a contribution not just in the classroom but in the wider school community.

In 2009, TEACH South Africa intends to place Ambassadors at 20 schools – five primary and 15 secondary schools – in Katlehong, Thokoza and Vosloorus in the Ekurhuleni South District of Gauteng. Before they begin service, Ambassadors will be provided with an intensive, accelerated course on

teacher techniques and leadership development. While they are in service, continuous support will be given in the form of mentorship, short courses in teaching, leadership and business management, as well as lifeskills. TEACH Ambassadors will also be able to complete a formal teaching qualification during the initial two years, if they choose.

Efforts will be made to ensure that schools which participate in the programme will receive additional resource support through TEACH South Africa partnerships in order to improve the teaching environment.

TEACH South Africa will partner with provincial departments of education for the payment of Ambassadors' salaries. The first pilot will take place with the Gauteng Department of Education. In 2010, the plan is to expand to Limpopo Province and, thereafter, to go national.

In 2008 Barloworld provided an initial R350 000 to the setup costs of the programme and accommodation for core staff at Barlow Park in Sandton.

Barloworld stands behind their successful team

Team Barloworld are the most successful wild-card team in Tour de France history.

Barloworld received R1 billion in global media exposure during the 2007 Tour de France giving a phenomenal 55-1 return on investment. Although less successful in 2008, Barloworld received R500 million in global media exposure during the 2008 Tour de France excluding the measurement of television. The return on investment exceeded 10 to 1.

Team Barloworld's John-Lee Augustyn, the youngest rider in the Tour de France, was the first to summit the Col du Bonnet before dramatically crashing over a cliff on descent. John-Lee Augustyn then displayed true Barloworld characteristics by climbing back up the mountain and received a new bike.

Remarkably he finished five minutes behind the winner after waiting for a replacement bike for four minutes. In excess of 2 million people watched this event live around the world. 55 000 YouTube hits were recorded of this accident over the next 12 hours. John-Lee Augustyn is indeed a name for the future.

Team Barloworld is one of the most cosmopolitan teams in cycling with 20 riders from 10 different countries. There are four Africans on the team – Robert Hunter, Daryl Impey and John Lee Augustyn, all South African, and Chris Froome, who is Kenyan.

Team Barloworld at the time of writing had achieved 19 wins during the 2008 season in South Africa, Italy, Spain, Portugal, Belgium, Netherlands, Austria and China.

Team Barloworld continues to express Barloworld's brand values to all target audiences:

- Integrity – The ethos of our delivery
- Commitment – The approach of our partnerships
- Teamwork – The way we work together
- Excellence – The quality of our performance.

Team Barloworld launched in 2002. Barloworld announced in May 2008 that it would be extending its sponsorship of the team until the end of 2009. This will form part of the exit strategy and bring Barloworld's sponsorship to a natural conclusion.

For more information and news on Team Barloworld, visit www.teambarloworld.com



Sustainability report *(continued)*

Going forward

Barloworld's value creation philosophy requires that the totality of the group activities and the interests of all its stakeholders are addressed in order to ensure its long-term sustainability. This approach is reflected in the group's strategic framework underscored by its 10 Pillars of Sustainability which articulate the group's governing principles.

Highlighted in these principles are the non-financial aspects of commercial activity and the requirement of responsible environmental conduct internally and in respect of the integrated solutions provided to customers.

The group reports in terms of the GRI framework and manages its operations accordingly. In order to do so effectively, Barloworld has undertaken to improve the precision and relevance of its non-financial reporting which is a prerequisite to setting the appropriate targets and implementing the required strategies. This process also includes defining reporting boundaries and expanding the areas of data collection that are subject to third party review. Barloworld will continue to improve on the systems developed and introduced during the year, particularly regarding the measurement of its carbon footprint and the objective of reducing its underlying energy consumption, specifically in respect of non-renewable fossil fuels.

Important also is the reduction of its water consumption and increasing its water recycling capabilities. Materials consumed and waste will also receive close attention. In this regard internal and customer consumption will be distinguished as will internally generated waste and customer waste. Recycling will remain a priority as will the proper disposal of hazardous and other waste. Legitimate and environmentally responsible waste disposal remains central to Barloworld's environmental responsibilities.

The health and safety of all employees is framed under the umbrella of a 'Zero injuries or harm' philosophy and the group will continue to ensure the necessary resources are committed to meaningfully pursue this objective.

Barloworld understands that in an increasingly competitive world, long-term value creation is not achievable through short-term solutions or obtainable at the expense of future generations. It is realisable only if the interests of all stakeholders are balanced and all derive lasting benefit. This is the cornerstone of its value creation philosophy and the approach it will follow into the future.