

Barloworld Limited

Application of the Protocol for Accounting and Reporting of Water Use and Management as a consequence of Business Operations

1. Overview

As a responsible corporate citizen Barloworld appreciates the value of water as a finite and scarce natural resource, its necessity for social and economic development worldwide, and the potentially detrimental effect of removing water from environmental systems, particularly in water stressed regions.

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

In drawing up this Protocol, we have taken guidance from the Global Reporting Initiative's (G3) framework, its draft Protocol on Water and, the emerging Water Disclosure Project 2010 of the Carbon Disclosure Project in order to align with international reporting standards. This Protocol is intended to provide reporting standards and guidance for group companies preparing a water use protocol.

2. Aspects covered and Assurance

The group has introduced processes and initiatives which measure and report the following:

- a. Total water withdrawal by source
- b. Water sources significantly affected by withdrawal of water
- c. Percentages and total volume of water recycled and reused
- d. Total water discharged and destination.

The group intends to obtain assurance on water withdrawal by source. In this regard, and after careful consideration of the nature of Barloworld's operational activities, we believe that only the metered withdrawal of water from municipal supply or hauled water (being a "Billed Source") is material.

The other aspects mentioned above will continue to be reported without assurance. This will be reviewed in the future.

In the circumstances, this protocol addresses only the reporting of water withdrawal from municipal supply or hauled water (“Billed Source”).

3. Organisational Boundary

For water use reporting, two distinct approaches can be used to consolidate water use, either the equity share approach or the control approach. Barloworld Ltd has decided to follow the financial control approach in order to align the group’s sustainability reporting with our financial reporting. Therefore, all operations that are included in Barloworld Ltd. annual consolidated financial reports will be included for water consumption reporting. Each division is to disclose the list of its operations included in the water data inventory according to this protocol.

4. Reporting Period & Base Year Calculations

We have aligned our water use reporting with our financial reporting, which is the financial year for the reporting entity, Barloworld Limited. It is our aim to report and arrange limited assurance on data pertaining to financial year 1 October 2009 to 30 September 2010 in terms of water use.

5. Operational Boundary & Water Consumption Definitions

In terms of this Protocol, water consumption is defined as the metered withdrawal of water from municipal supply for business purposes (being a billed source). What is classified as direct or indirect water consumption is dependent on the consolidation approach (equity share or control) selected for setting the organisational boundary. Barloworld Ltd has aligned its operational boundary for water consumption according to the financial control approach.

6. Non assured Reporting

In accordance with the wider context of its water use and related responsibilities, Barloworld also reports on the aspects indicated in paragraph 2 above:

- a. Total water withdrawal by source
- b. Water sources significantly affected by withdrawal of water
- c. Percentages and total volume of water recycled and reused
- d. Total water discharged and destination.

7. Methodology

Each reporting division must document the accounting and data collection processes for each water “Billed Source” identified within the financial control approach reflected above. This methodology describes the manner and form in which the relevant data is captured and collated. The purpose of this document is for auditing and assurance processes and to attain a complete data universe and consistency to the year-on-year group water consumption data. These methodologies do not need to be consistent within the consolidated group and each division must collate their water use data based on the method that is the most appropriate for the reporting entity. For instance, if water consumption quantities (e.g. litres) are not available then a water value divided by the average price will suffice as a conversion to water quantities.

Methodologies can include:

- a. Actual units
- b. Total spend on water divided by unit cost.

Data must be reported separately based on the following geographic areas:

- South Africa
- Other Africa
- United Kingdom and Europe
- North America
- Middle East and Asia
- Australia

The water use data, as specified above, is recorded and reported by the divisions on a quarterly basis through a secure central, web-based reporting system. This is supported by a parallel Excel spreadsheet database and data collection process.

Whilst a template for Excel data collection process is in place, various divisions utilise their own reporting structures and consolidation processes. The data is submitted by the divisions to the centre for consolidation.

8. Barloworld Limited Reporting

On a group level water use reports are generated on a quarterly and annual basis. Quarterly SHE reports are submitted to the Risk and Sustainability Committee which is a sub-committee of the board, which also reviews the annual report. The annual Sustainability Report which we produce also reflects water use.

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