

Welcome to your CDP Water Security Questionnaire 2019

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions) and Logistics (logistics management, supply chain optimisation). We offer flexible, value adding, innovative business solutions to our customers backed by leading global brands. Barloworld has 116 years of heritage built on solid relationships with our principals and customers. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, MercedesBenz, Toyota, Volkswagen Audi, BMW, Ford, Mazda, and others. Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation, we are committed to sustainable development and playing a leading role in diversity and inclusion. The company was founded in 1902 and currently has operations in 16 countries around the world and employs over 17 400 people.

Our shared value approach is based on the understanding that sustainable value creation requires that the interests of all stakeholders are addressed and ultimately benefits society at large.

Central to our approach is:

- Broader conception of value creation
- Focusses on connections between economic and societal progress
- Aims to enhance competitiveness while simultaneously advancing economic and social conditions of communities
- Requires looking at business decisions and opportunities through the lens of shared value
- Leads to new approaches that generate greater innovation and growth.

We are committed to moving away from traditional stakeholder trade-offs to create shared value and meaningful relationships. We aim to enhance business competitiveness while simultaneously advancing social and environmental outcomes. The Barloworld Way of doing business focuses on developing and maintaining mutually beneficial, long-term relationships.

Our strategy consists:

- Deliver top quartile shareholder returns
- Drive profitable growth
- Instil a high-performance culture

These are underpinned by our Responsible Corporate Citizenship programme.

Material issues that impact our strategic priorities, the risks for our goals and performance, and alignment of these issues to concerns identified by our stakeholders are:

1. Capital allocation (Focus on optimal capital deployment): Key Features: Cash release and distribution, Maximising returns Active portfolio management, Performance monitoring and Opportunities for growth.
2. Operational performance (Driving our business to full potential): Key Features: Levers for operational efficiencies, Unlocking our full potential, Customer centricity and Future outlook.
3. High-performance culture (Instil a high-performance culture with execution ability): Key Features: Talent and performance management, Diversity and inclusion, Remuneration and reward, Organisational culture and Safety and health
4. Licence to operate (We embrace our role as a responsible corporate citizen, and strive to play an active and meaningful role in the societies where we operate): Our role in communities, Environmental stewardship and Transformation

The interests of our stakeholders are factored into our business operations and the management of our economic, social and environmental issues. We believe in creating shared value and meaningful relationships through in-depth planning and rigorous relationship management programmes.

We are committed to responsible citizenship and long-term value creation for all our stakeholders, and we manage our business in an integrated manner, embraced by a strong governance environment which is underpinned by our BAW [Worldwide Code of Conduct](#).

Although BAW’s water usage is primarily centred on withdrawals from municipal sources which are fairly limited (588ML FY2018), it has placed significant focus on water stewardship and efficiency of use. In 2016 the group set an aspirational group target of a 10% efficiency improvement of water withdrawals (municipal sources) by 2020FYE off a 2015 baseline.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	October 1, 2017	September 30, 2018

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

- Angola
- Botswana
- Democratic Republic of the Congo
- Ghana
- Lesotho
- Malawi
- Mozambique
- Namibia
- Russian Federation
- South Africa
- Swaziland
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland

United Republic of Tanzania
Zambia
Zimbabwe

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Neutral	Important	Direct Use: BAW predominately uses water for washing vehicles, plant and equipment which does not necessarily require freshwater. BAW understands that much of the water supplied by water utilities is freshwater sourced from dams, etc. Although BAW has water recycling plants, the water from these plants is insufficient to meet all the water needs of BAW. An adequate supply of freshwater is important to customer satisfaction but is considered neutral for actual operations. The future water dependency is not likely to significantly differ from the current in the medium term given the group's business model and the nature of its activities. This may change should the group structure change

			<p>significantly as a result of strategic initiatives.</p> <p>Indirect Use: BAW's value chain makes use of water supplied by water utilities and/or municipalities. The water supplied is often sourced from dams, etc. (freshwater). An adequate supply of water is important for suppliers to manufacture products (e.g. the steel used in machines), which may impact supply patterns in the value chain. Some customers rely on freshwater to perform their operations and water shortages can result in interruptions to these operations impacting demand and service patterns. The future water dependency is not likely to significantly differ from the current in the medium term given the group's business model and value chain. This may change should the group structure change significantly as a result of strategic initiatives.</p>
<p>Sufficient amounts of recycled, brackish and/or produced water available for use</p>	<p>Important</p>	<p>Important</p>	<p>Direct Use: BAW predominately uses water for washing vehicles, plant and equipment. A sufficient amount of recycled or treated water is important for this purpose. Limited access to sufficient amounts of water could result in interruptions to operations and may impact on customer satisfaction in the value chain, but is considered neutral for actual operations. The future water dependency is not likely to significantly differ from the current in the medium term given the group's business model and the nature of its activities. This may change should the group structure change significantly as a result of strategic initiatives.</p> <p>Indirect Use: BAW's principals rely on recycled or treated water in the manufacturing process. Many of these principals have or are considering implementing water treatment and/or water recycling facilities. Many of the principals also rely on input materials/machine parts that require water in the manufacturing process. Without recycled or treated water, the principals would experience interruptions in operations which could result in an inability to do business. The same is true of a number of BAW's customers, impacting demand and service patterns. The future water dependency is not likely to significantly differ from the current in the medium term given the group's business model and value chain. This may change should the group</p>

			structure change significantly as a result of strategic initiatives.
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W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Water withdrawal volumes are measured and monitored as this information is required for management purposes including highlighting exposures and controlling impacts directly affecting BAW’s operational cost. The percentage of sites reflected refer to operational sites within BAW’s defined boundary.
Water withdrawals – volumes from water stressed areas	100%	Water withdrawal volumes are measured and monitored as this information is required for management purposes including highlighting exposures and controlling BAW’s operational cost. Reporting systems allow for the analysis of water withdrawals by region, including those that may fall within water stressed areas. Most water is sourced from municipal and local government water supply systems. Some water is captured in rainwater harvesting tanks and this water is metered. The percentage of sites reflected refer to operational sites within BAW’s defined boundary.
Water withdrawals – volumes by source	100%	Water withdrawal volumes are measured and monitored as this information is required for management purposes including highlighting exposures and controlling BAW’s operational cost. Most water is sourced from municipal and local government water supply systems. Some water is captured in rainwater harvesting tanks and significant volumes are recycled, both of which are measured, reported and monitored. The percentage of sites reflected refer to operational sites within BAW’s defined boundary.
Water withdrawals quality	Less than 1%	BAW predominately uses water for washing vehicles, plant and equipment and as such, does not necessitate water of high quality. Most water is sourced from municipal and local government water supply systems. A small percentage of

		sites do however test/monitor the quality of water withdrawn. The percentage of sites reflected refer to operational sites within BAW's defined boundary. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water discharges – total volumes	Less than 1%	Although this is not metered, principally all water is legally discharged into local municipal reticulation systems after proper treatment. Minimal volumes of water are consumed as water does not form part of the product and is not removed from the area of withdrawal. Given the nature of use and of BAW's operations, water discharge volumes have been assumed to equate to 95% of water withdrawal volumes. Small volumes of water are consumed by employees, used for gardening or evaporated during washing, but this is not separately metered. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water discharges – volumes by destination	Less than 1%	This is not metered, but principally all water is legally discharged into local municipal reticulation systems after appropriate filtration and treatment. Given the nature of use and of BAW's operations, water discharge volumes have been assumed to equate to 95% of water withdrawal volumes. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water discharges – volumes by treatment method	Less than 1%	This is not metered, but principally all water is legally discharged into local municipal reticulation systems after appropriate filtration and treatment. Given the nature of use and of BAW's operations, water discharge volumes have been assumed to equate to 95% of water withdrawal volumes. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water discharge quality – by standard effluent parameters	Less than 1%	Principally the group's approach is for all water discharge to be within the legal parameters. Filtration systems are installed at relevant facilities with regular monitoring where necessary. Routine filter maintenance may

		include water effluent testing. Predominant water-use is washing vehicles, plant and equipment. Given the diverse nature of the facilities and the discharge, the percentage indicated is an estimate of facilities in which quality data is measured and monitored and not a percentage of water volumes discharged. The quality of water discharges may be monitored by local municipalities in the areas in which we operate. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water discharge quality – temperature	Less than 1%	Principally the group's approach is for all water discharge to be within the legal parameters. Predominant water-use is washing vehicles, plant and equipment, which does not necessitate excessive heating or cooling of water. Water discharges may be monitored by local municipalities in the areas in which we operate. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water consumption – total volume	Less than 1%	Water is predominantly used for washing of vehicles, plant and equipment and does not form part of the product. Essentially all water is appropriately filtered and treated and discharged back into the local municipal reticulation systems. Small volumes of water are consumed by employees, used for gardening or evaporated during washing, but this is not separately metered. Given the nature of use and operations, consumption volumes have been assumed to equate to 5% of water withdrawal volumes. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
Water recycled/reused	100%	While not all sites have recycling facilities, the scope of our monitoring is the whole group. Water recycled volumes are measured and monitored as this information is required for management purposes. BAW predominately uses water for washing vehicles, plant and equipment. A sufficient amount of recycled or treated water is important for this purpose. Limited access to sufficient amounts of water could result in interruptions to operations and may impact on customer satisfaction in the value

		chain. The percentage of sites reflected refer to operational sites within BAW's defined boundary.
The provision of fully-functioning, safely managed WASH services to all workers	Less than 1%	Facilities providing fully-functioning WASH services for workers are not specifically metered. All BAW facilities include WASH services and these volumes are included in the site / facility volumes reported. Water is predominantly used for washing of vehicles, plant and equipment and does not form part of the product. Essentially all water is appropriately filtered and treated and discharged back into the local municipal reticulation systems. Small volumes of water are consumed by employees (including WASH services), used for gardening or evaporated during washing, but this is not separately metered. The percentage of sites reflected refer to operational sites within BAW's defined boundary.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	588.95	Lower	In FY2018, total water withdrawal volumes (588 ML), from municipal supplies was 13% lower than FYE2017 (2017: 674ML), against a 2% increase in activity levels over the same period (using revenue as a proxy for activity). Water harvesting volumes were 0.95ML (2017: 0.66ML). This was impacted by water restrictions due to the drought situation experienced in certain regions during the period. Water volumes recycled as a percentage of water withdrawal from municipal systems increased in FYE2018 (25.3%) over FYE2017 (24.8%).
Total discharges	559.51	Lower	Principally all water is legally discharged into local municipal reticulation systems after appropriate filtration and proper treatment. Minimal volumes of water are consumed as water does not form part of the product and is not removed from the area. As discharged volumes

			are assumed to be 95% of water withdrawal (municipal sources (588 ML) + water harvesting (0.95 ML)), the year on year decrease in total water discharges is 13% over FY2017, following the 13% decrease in water withdrawals and 44% increase in water harvesting volumes (which was impacted by the increased volumes of water being recycled as well as water restrictions due to the drought situation experienced in certain regions during the period).
Total consumption	29.44	Lower	Principally all water is legally discharged into local municipal reticulation systems after appropriate filtration and proper treatment. Minimal volumes of water are consumed as water does not form part of the product and is not removed from the area of withdrawal. As consumption volumes are assumed to be 5% of withdrawal volumes (municipal sources (588 ML) + water harvesting (0.95ML)), the year on year decrease of 13% in water consumption volumes for the group is directly linked to withdrawal volumes, which are 13% below FY2017 levels. This was impacted by the increased volumes of water being recycled as well as water restrictions due to the drought situation experienced in certain regions during the period.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	90	Higher	WRI Aqueduct	Using the WRI Aqueduct at a country level, South Africa which accounts for 90% of Barloworld's total group water withdrawal from municipal supplies is rated as '3. Medium to high (20-40%)'. Water is predominantly used for washing of vehicles, plant and equipment and does not form part of the product. Essentially all water is appropriately filtered and treated and discharged back into the local municipal reticulation systems. Small volumes of water

				are consumed by employees, used for gardening or evaporated during washing, but this is not separately metered. Given the nature of use and operations, consumption volumes have been assumed to equate to 5% of water withdrawal volumes. Across the group, including the regions, water stewardship initiatives include rainwater harvesting and water recycling.
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W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	0.95	Higher	In FY2018, volumes of water sourced from rainwater harvesting activities was 44% higher than FY2017 levels. This was impacted by the drought situation in certain regions experienced during the comparative period. Future trends on volumes are dependent on rainfall patterns in the respective regions. Rainwater harvesting capacity has been installed in facilities where it is practicable. Additional rainwater harvesting capacity is continually assessed for practicability, which may increase future capacity. This may change should the group structure change significantly as a result of strategic initiatives.
Brackish surface water/Seawater	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not

				anticipated to be applicable in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.
Groundwater renewable	– Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the short-term. This may change should the group structure change significantly as a result of strategic initiatives.
Groundwater – non-renewable	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.
Produced/Entrained water	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.
Third party sources	Relevant	588	Lower	Local government supply. In FY2018, water withdrawal volumes from municipal supplies were 13% below FY2017 (674ML) levels. Water restrictions implemented in drought stricken areas and an increased percentage of

				<p>water recycled over water withdrawals (2018: 25.3% vs 2017: 24.8%). Against a business as usual scenario, and given the nature of operations and water use in the group, water withdrawal volumes from municipal supplies has a direct relationship with changes activity levels. Dependent on rainfall patterns, relative volumes of water withdrawal may change, for example as a number of operations are water neutral during the rainy season. Water recycling facilities are continually being assessed for feasibility and where practicable, these are installed, reducing the dependency and volumes drawn from municipal supplies.</p>
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W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.
Brackish surface water/seawater	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the medium-term. This may change should the group structure

				change significantly as a result of strategic initiatives.
Groundwater	Not relevant			Given the nature of BAW's operations this category of water withdrawal is not applicable. This is not anticipated to be applicable in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.
Third-party destinations	Relevant	559.51	Lower	Principally all water is legally discharged into local municipal reticulation systems after proper treatment. Minimal volumes of water are consumed as water does not form part of the product and is not removed from the area. As discharged volumes are assumed to be 95% of water withdrawal (municipal supply + rainwater harvesting volumes), the year on year decrease in total water discharges is 13% in comparison to FY2017. This is due to a 13% decrease in water withdrawals. Against a business as usual scenario, and given the nature of operations and use of water within the group, there is no change anticipated in these volumes in the medium-term. This may change should the group structure change significantly as a result of strategic initiatives.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

% recycled and reused	Comparison with previous reporting year	Please explain
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Row 1	11-25	Higher	Water recycled as a percentage of municipal water withdrawals (25.3%) in FY18 was 2% higher than FY17 (24.8%). This was due to effective water recycling and strategic water harvesting initiatives implemented in certain operations within the group. The increased volumes of reused and recycled water reduces the dependency on and volumes drawn from municipal supplies and related costs. Water recycled volumes are anticipated to increase in the short to medium term as water recycling installations are continually maintained increasing efficiency and also additional installations are being assessed for practicability. Water restrictions may also impact on the volumes of water withdrawn from municipal systems and consequently may negatively impact on water recycled volumes (but relative increase in percentage recycled).
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W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

None and we do not plan to request this from suppliers

Rationale for this coverage

BAW's key suppliers are its principals and Original Equipment Manufacturers (OEMs). BAW represents world-class principals, which have robust risk management processes, including environmental risks. While BAW does not require its suppliers to separately report on these issues, there is extensive engagement between BAW and its OEMs. Also, these suppliers provide information in publically available documents. Hence, BAW is able to use direct engagement and the publically-available information to assess their approach and as such, separate reporting has not been requested. A review of the publically available information and extensive engagement inform the appropriateness of their approach which is reassessed on an ongoing basis. An internal review has also been conducted on all our major principals and OEMs for risks relating to the environment, in addition to other aspects. This review did not highlight any additional water risks. These principals represent some 45% of BAW's supplier spend.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Other

Details of engagement

Other, please specify

Engagement with principals

% of suppliers by number

Unknown

% of total procurement spend

26-50

Rationale for the coverage of your engagement

BAW represents and engages with leading international Original Equipment Manufacturers (OEMs) and brands such as Caterpillar, Avis, Budget, Audi, BMW, Ford, Mazda, Mercedes-Benz, Toyota, Volkswagen and others. These suppliers account for the majority (some 45% in FY18) of our procurement spend in the group. Relationships throughout the supply chain are guided and prioritised by BAW's governance framework that includes its Code of Ethics, Worldwide Code of Conduct, related policies and commitment to legal compliance. Interactions are also informed and prioritised by the group's strategic framework, including the commitment to sustainable development and the identification of competitive advantage through offering customer solutions that assist them in achieving their sustainable development objectives, facilitate water stewardship and expanding into related opportunities.

Impact of the engagement and measures of success

BAW engages with all principals on an ongoing basis. The material issues raised during engagements include product issues and innovation; market positioning; financial and other performance review; customer issues and satisfaction; sustainable development and climate change matters (energy efficiency, use of fossil fuels and related emissions); water stewardship; market information and supply chain empowerment. Beneficial outcomes are awareness and ability to adopt strategic activities required in terms of the insights gained. Thus far, success of such engagement has been assessed by the lack of negative impacts on our operations due to suppliers' management of water and related issues

Comment

Methods of engagement include dealer, dealer council and licensee meetings; principals' conferences; formal reporting and appropriate information sharing; ongoing informal contact and product launches.

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Customers are engaged on an ongoing basis which informs the basis of the group's customer value proposition and integrated solutions. Such engagement includes extensive surveys, personal contact and engagement, site visits and open communication platforms. BAW strives to provide customer solutions that assist customers achieve their own sustainable development objectives including energy, emission and water efficiency improvements. Success is measured by the outcomes of these engagements. Positive outcomes resulting from engagements include successful relationships with mutual value maximised; leading products, services and customer solutions; retained distribution rights; mitigation of any identified key risks, supply chain optimisation and expanded preferential procurement and empowerment. Stakeholder requirements, commercial sensibility, practicability, organisational sustainability and responsible corporate citizenship are some of the aspects considered in prioritizing engagements. Such engagement with customers assist BAW in understanding their operating context, including water related challenges.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

Enterprise Risk Management
Other

Tools and methods used

COSO Enterprise Risk Management Framework
ISO 31000 Risk Management Standard
Internal company methods
Other, please specify
King Code of Governance

Comment

Risks, including those associated with water, are identified through detailed risk assessment procedures beginning with divisional management at asset level. Risks are reported to the Risk and Sustainability committee bi-annually. Time horizons vary from 1 year to periods aligned with the strategic plan.

Given the limited materiality of water risk impacts, these feature relatively lower down on the HLRA process described above, hence the specific water risk assessment. This complements the broader assessment.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

Enterprise Risk Management
Other

Tools and methods used

Other, please specify
 Review of selected supplier disclosures

Comment

A water risk and opportunity assessment is conducted at a Group level focusing on the identification, assessment and response to risks and opportunities. This complements the broader assessment as these aspects are considered at an aggregated level. Time horizons vary from 1 year to periods aligned with the strategic plan. BAW's principals represent a very small proportion of the number of BAW suppliers globally, but represent a large portion of our supplier spend (FY18: 45%).

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Other, please specify
 Customer engagement

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

Other

Tools and methods used

Internal company methods
 Other, please specify
 Ongoing customer engagement

Comment

Stakeholder engagement informs the group strategy. This includes identifying risks and opportunities (including Water). Time horizons vary from 1 year to periods aligned with the strategic plan.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Current local water availability and water quality, as assessed through internal company knowledge and methods, such as the WRI's Aqueduct, have a direct impact

		<p>on BAW's operations and, as such, are considered in BAW's risk assessment process. Water is predominantly used for washing of vehicles, plant and equipment. As a result, water shortages could result in interruptions in operations and declining customer satisfaction levels. Water shortages and reduced water quality may require unplanned expenditure on infrastructure such as additional installation of water recycling, rainwater harvesting or water treatment facilities. BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal intensity by 2020FYE against a business scenario, off a 2015 baseline year, further supported by BAW Water Use and Management Policy. In addition to risks in BAW's direct operations, risks within its value chain are also considered. Diversification is an overarching management response to risks and related impacts. BAW has operations in 16 countries which reduces the impact of geographically-confined water-related risks. BAW also manages possible risks through, product, customer and industry diversification.</p>
Water quality at a basin/catchment level	Relevant, always included	<p>Current local water availability and water quality, as assessed through internal company knowledge and methods, WRI's Aqueduct, have a direct impact on BAW's operations and, as such, are considered in BAW's risk assessment process. Water is predominantly used for washing of vehicles, plant and equipment. As a result, water shortages could result in interruptions in operations and declining customer satisfaction levels. Water shortages and reduced water quality may require unplanned expenditure on infrastructure such as additional installation of water recycling, rainwater harvesting or water treatment facilities. BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal intensity by 2020FYE against a business scenario, off a 2015 baseline year, further supported by BAW Water Use and Management Policy. In addition to risks in BAW's direct operations, risks within its value chain are also considered. Diversification is an overarching management response to risks and related impacts. BAW has operations in 16 countries which reduces the impact of geographically-confined water-related risks. BAW also manages possible risks through, product, customer and industry diversification.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	<p>BAW strives to conduct its activities in a responsible manner and to uphold its reputation as a responsible corporate citizen. With this in mind, BAW engages with stakeholders on an ongoing basis which allows BAW to identify current conflicts at a local level and this information is factored into</p>

		<p>the risk assessment process. Internal company knowledge is enhanced from and informed by these engagements. Where necessary, mitigation measures are put in place to reduce risks to both stakeholders and the Group. BAW's operations are predominately in urban locations and the relevant municipality or utility will be engaged should any conflict regarding water arise.</p>
<p>Implications of water on your key commodities/raw materials</p>	<p>Relevant, always included</p>	<p>BAW considers risks associated with its supply chain which are informed by internal company knowledge and to a lesser degree WRI's Aqueduct. However, these risks are mitigated through association with global leading principals and brands that conduct their operations in a responsible manner. These principals are actively engaged in environmental stewardship and related sustainability initiatives. This risk is also minimised through diversification. BAW has operations across 16 countries, is engaged in a number of different business activities and has suppliers with a diverse manufacturing footprint. Diversification is an overarching management response to risks and related impacts. BAW also manages possible risks through, product, customer and industry diversification.</p>
<p>Water-related regulatory frameworks</p>	<p>Relevant, always included</p>	<p>Both regional and local regulations and tariffs, as assessed through application of internal company knowledge and methods, are factored into BAW's risk assessments. The cost of compliance and the risks of non-compliance are considered in the risk assessment process. BAW's operations must comply with local water-related regulations governing water withdrawal and discharge volumes and quality. Current and anticipated water tariffs are also considered in the risk assessment process as they contribute to the operational cost base of the Group. BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal intensity by 2020FYE against a business as usual scenario, off a 2015 baseline year, further supported by BAW Water Use and Management Policy. BAW has operations across 16 countries, is engaged in a number of different business activities and has suppliers with a diverse manufacturing footprint. Diversification is an overarching management response to risks and related impacts. BAW also manages possible risks through, product, customer and industry diversification.</p>
<p>Status of ecosystems and habitats</p>	<p>Relevant, always included</p>	<p>BAW does not draw water directly from freshwater sources, generally the group is dependent on municipal water supply systems. BAW would consider the current status of ecosystems and habitats in its risk assessment process, the</p>

		majority of BAW operations are based in developed urban areas. As such water used is sourced from municipal and local government water supply systems and legally discharged back into such systems after required filtration and separation processes. Internal company knowledge informs the assessment of this issue.
Access to fully-functioning, managed services for all employees	Relevant, always included	The provision of drinking water and ablution facilities are regulated in most geographies in which BAW operates. Operations comply with relevant local regulations in this regard. BAW supplies potable drinking water, and full sanitation and hygiene services to employees. Internal company knowledge informs the assessment of this issue.
Other contextual issues, please specify	Relevant, always included	Contextual issue: Customer impact. Water-related risks potentially impacting BAW's customer base are considered in the risk assessment process. BAW engages regularly with customers to identify risks related to water such as changes in precipitation levels and changes in the regulatory framework. An important part of BAW's risk assessment process is identification of mitigation measures that could assist customers in alleviating the impact of water-related risks and provide insight into customer's future commercial viability. Internal company knowledge informs the assessment of this issue.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	BAW is committed to delivering sustainable solutions through open, mutually beneficial relationships that inspire the trust and confidence of its stakeholders. Ongoing engagement with customers provides information on their water requirements and related risks. This allows for legal and appropriate information sharing around risks and opportunities that provides BAW with an opportunity to better understand and address customer requirements, or how it will impact the demand for products. Close relationships with customers enhance BAW's capability to identify and deliver unique integrated solutions based on customer requirements which may address water issues. Such engagement includes extensive surveys, personal contact and engagement, site visits and open communication platforms.

Employees	Relevant, always included	BAW is committed to regular engagement with employees. Aspects of its Integrated Employee Value Model include responsible corporate citizenship and sustainability. Employee involvement and buy-in is central to the identification and implementation of the group's water stewardship initiatives. Responsible practices ensure employee pride, commitment and are an element of attracting and retaining key skills. An example of such engagement includes BAW's participation in the WWF's Journey of Water campaign to enhance employee awareness around responsible water stewardship. Further examples, include internal messaging of targets and progress against these that are displayed on screens internally to enhance awareness and drive action.
Investors	Relevant, always included	BAW engages with shareholders and providers of capital on issues around the sustainability value creation capability of the business and its operational and financial performance. As water-related risks and opportunities have the potential to impact on the sustainability of the business, its risk profile and its performance, BAW actively considers investors' perspectives during the risk assessment process and the development of its growth strategy.
Local communities	Relevant, always included	BAW strives to be responsive to the needs of the communities in which it operates and to ensure that they are not negatively impacted by its operations. As its operations are predominately located in urban areas, such interaction is predominately with the local municipalities which represent the interests of the respective local communities. Where relevant, BAW engages with local communities when allocating its Corporate Social Investment and would consider their needs which may include water access or availability when allocating support.
NGOs	Relevant, always included	BAW engages with a number of NGOs on environmental and water-related initiatives. BAW provides funding for some of these NGOs that is aligned to the group's shared value approach. Ongoing engagement with NGOs allows for legal and appropriate information sharing and for understanding forthcoming regulation and important water-related issues and initiatives at a local level. An example of such engagement includes BAW's participation in the WWF's Journey of Water campaign to enhance employee awareness around responsible water stewardship and show support for the initiative.
Other water users at a basin/catchment level	Relevant, sometimes included	Where possible and appropriate BAW participates in business associations such as the National Business Initiative, Business Leadership South Africa and Business Unity South Africa. Either directly or through these business associations, BAW engages with other water users on water-related policies and regulation

		on an appropriate basis. Feedback from these interactions form part of Barloworld's approach to water stewardship and its water related risk assessment.
Regulators	Relevant, always included	BAW gives consideration to existing and anticipated / pending water-related legislation in its risk assessment process. Impacts affecting BAW directly and indirectly via its value chain are considered in this process. BAW engages in a number of business forums that assist the company in staying informed of amendments to existing and pending legislation. This engagement includes providing input into pending draft regulations and legislation.
River basin management authorities	Relevant, always included	Water is mainly used for washing of vehicles, plant and equipment. The majority of water used is sourced from municipal and local government water supply systems and legally discharged back into such systems after required filtration and separation processes, therefore having a limited impact on the respective river basins at a local level. Initiatives have also been implemented by BAW to mitigate water-related risks including rainwater harvesting, water recycling and improved efficiencies. As part of its ongoing stakeholder engagement initiatives, BAW is made aware of potential river basin issues that may impact its customers or the communities in which it operates. Such information is factored into the risk assessment process. Given its predominate urban locations, the limited water withdrawal volumes and the nature of its use, BAW does not necessarily have ongoing engagement with river basin management authorities. Such engagement would be on an ad-hoc basis as and when the need arises.
Statutory special interest groups at a local level	Relevant, sometimes included	Where required BAW would engage with special interest groups for the purposes of understanding local water-related challenges and determining where BAW can best support causes that align with its shared value approach. BAW is committed to operate as a responsible corporate citizen and engagement with special interest groups is one method of aligning to best practice and dealing with local water-related challenges appropriately and effectively.
Suppliers	Relevant, always included	BAW engages with suppliers in order to understand and assess the risks and opportunities, including those presented by water, in its supply chain which may impact on its ability to create shared value for its stakeholders. BAW engages with all principals on an ongoing basis through structured relationship meetings. Beneficial outcomes are awareness and ability to adopt strategic activities required in terms of the insights gained. Thus far, success of such engagement has been assessed by

		the lack of negative impacts on our operations due to suppliers' management of water and related issues.
Water utilities at a local level	Relevant, always included	Water utilities are factored into the company's risk assessment process as these utilities are central to providing and maintaining a regular supply of good quality water for BAW, its customers and suppliers. Risks to water utilities impact on BAW's ability to create shared value for its stakeholders. BAW operations engage directly with municipalities and other relevant authorities regarding the supply of water to their operations should it be necessary to do so.
Other stakeholder, please specify		

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Risks are identified through detailed, robust systematic strategic planning and risk and opportunity assessment procedures. A biannual High Level Risk Assessments (HLRA), which is informed by COSO Enterprise Risk Management Framework, ISO 31000 Risk Management Standard, internal company methods as well as KING IV, engages various levels of the organisation and involves ongoing review and reporting at management, executive and board levels. Identification and assessment of risks, including water, begins with divisional management who are responsible for ongoing monitoring and management of their operations risks and opportunities. A company level risks assessment is also performed at a Group level attended by group executives. Risks at a divisional (asset) and group (company) level are reported to the group Risk and Sustainability Committee (RSC). The RSC assists the board in recognising material risks and in ensuring that the requisite risk management culture, practices, policies and systems are in place and functioning effectively, and ensures that opportunities are considered, prioritised and pursued where feasible. In addition, an annual water risk and opportunity assessment is conducted at a Group (company) level which focuses on the identification, assessment and response to water related risks. Given the limited materiality of water risk impacts, these feature relatively lower down on the HLRA process described above, hence the specific water risk assessment. This complements the broader assessment.

The identified risks, including water related risks, are recorded in divisional (asset) and group (company) risk registers, comprehensively assessed and given residual risk scores. This process results in a prioritisation of risks (inherent and residual) to allocate resources to appropriately address the risks. Risks are then responded to through acceptance, transfer, avoidance or reduction strategies, taking risk appetites and tolerance levels into consideration. The same process is followed for opportunities. Where relevant, opportunities are incorporated into the group strategic planning process.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

BAW has a robust and systematic risk management process in place which assesses risks on their probability, severity and quality of the control environment and gives each risk a residual risk score. On an annual basis the Risk and Sustainability Committee sets a risk appetite that is used in the risk assessment process. Definition of Substantive Risk: risks with a Residual (opposed to Inherent) score of critical or high relative to the set Risk Appetite may have the ability to substantively change BAW's business model or business operations, revenue or expenditure. Such risks are identified in BAW's risk assessment process together with related impacts and mitigation as reflected in response W3.3a. Quantity and quality of water is also assessed as reflected in response W1.1. Despite having multiple operations across 16 countries, in excess of 75% of the Group's revenue is derived from South African operations. The South African direct operations consist of over 300 operational sites across BAW's two major divisions which span multiple industries. The Group's major use of water is for washing of vehicles, plant and equipment and does not form part of the product. Principally all water is appropriately filtered, treated and discharged back into the local municipal reticulation systems. Given this level of diversification and the nature of water-use, no single operation has the ability to substantively impact the Group's business, operations, revenue or expenditure due to water-related risks. In sections W4, 5.1, 5.1a, 5.2a, 5.3, and 5.4 BAW has responded on a country level rather than a facility level. The risks and information disclosed below relate to South African operations only which cumulatively make a significant contribution to the Group's revenue and which together have the ability to substantively impact the Group's business, operations, revenue or expenditure. While BAW has not assessed any of its risks as having the potential to substantively impact its business as defined above, for information purposes it has nonetheless disclosed a number of risks on an 'Inherent' basis that have the potential to impact its business. BAW strives to minimise the impact of its direct operations on water resource and to manage all water related risks appropriately, including installing water recycling and rainwater harvesting initiatives at a number of its operations. BAW has considered its direct operations, as well as supply chain and customers in its risk assessment.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1		BAW has decided to report risks at an aggregated country (RSA) level. Prioritisation of risks includes an assessment against the set group risk appetite and tolerance. Despite having multiple operations across 16 countries, in excess of 75% of the Group's revenue is derived from its South African operations. The South African operations consist of over 300 geographically spread operational sites across BAW's two major divisions which span multiple industries. Given this level of diversification and the nature of water-use, no single operation has the ability to substantively impact the Group's business, operations, revenue or expenditure due to water-related risks. BAW has therefore responded on a country level rather than a facility level, hence the response '1' in column 2.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

South Africa

River basin

Other, please specify

All river basins within South Africa

Number of facilities exposed to water risk

1

% company-wide facilities this represents

% company's total global revenue that could be affected

51-75

Comment

In light of the geographic and facility context (as per W4.1b) the one facility reflected represents operations in South Africa collectively. As such, BAW decided to report risks at an aggregated country level (RSA). Prioritisation of risks includes assessing risks against set risk appetites and risk tolerances. Despite having multiple operations across 16 countries, in excess of 75% of the Group's revenue is derived from its South African (RSA) operations. The South African operations consist of over 300 widespread operational sites across BAW's two major divisions which span multiple industries. Given this level of diversification and the nature of water-use, no single operation has the ability to substantively impact the Group's business, operations, revenue or expenditure due to water-related risks. BAW has therefore responded on a country level rather than a facility level, BAW has therefore responded on a country level rather than a facility level, hence the response '1' in column 2 (Number of facilities exposed to water risk). Given there are a number of river basins within RSA that service the >300 geographically spread BAW sites, the probability all BAW's South African sites being impacted simultaneously is remote. Despite this the revenue percentage indicated relates to all BAW's South African operations as a percentage of BAW's global revenue.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

South Africa

River basin

Other, please specify

All river basins within South Africa

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Increased capital costs

Company-specific description

Increasing water stress or scarcity, for example through increased droughts, may give rise to water supply disruptions, possibly necessitating rationing of water supplies by municipalities, and could negatively impact water quality and pricing; increasing the cost base of the group. Such impacts could adversely affect BAW's operations. Changes in water reticulation processes and practices to mitigate against water stress, scarcity, disruption may render current infrastructure inadequate. Water disruptions may also impact employee health through inadequate and/or unavailable water required for

drinking or sanitation in some or all of the regions where BAW operates. Additional operating and infrastructure costs may be incurred by BAW in mitigating against water supply disruptions. Such costs include the installation of water recycling and rainwater harvesting facilities, and water storage tanks.

BAW predominantly uses water for washing vehicles, plant and equipment as well as WASH services. Extreme changes in water availability patterns may result in relocation of communities and industrial areas which may negatively affect demand for BAW's customer offerings, especially where relocation is outside BAW's distribution areas. Water shortages may halt some customers operations, resulting in reduced demand for BAW's products and services. For example, severe water shortages in the mining industry may halt or increase costs in operations and reduce demand for BAW's mining equipment.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

40,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The estimated financial impact is reflective of potential loss of revenue from reduced demand for BAW's products and services as well as estimated costs of mitigation and contingency measures should this risk materialise in certain South African regions.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices
Water efficiency targets and initiatives

Description of response

BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal (municipal sources) intensity by 2020FYE against a business as usual scenario, off a 2015 baseline year, further supported by BAW's Water Use and Management Policy. BAW has adopted the MAR (Measure, Avoid and Reduce) methodology to managing water. Water monitoring systems are in place and if required relevant water treatment facilities would be introduced. BAW is committed to efficient water use through reduced withdrawals, increased recycling, rainwater harvesting and

storage initiatives. The use of MAR as a water management methodology reduces the impact of water supply disruptions and possible limitations placed on water withdrawals by reducing water use in the group. BAW manages the impacts associated with the risk of declining water quality through appropriate filtration, as well as geographic and industry diversification. Diversification is an overarching management response to risks and related impacts. BAW has operations in 16 countries which reduces the impact of geographically-confined water-related risks. BAW has two major divisions, within which there are a number of different operations and business activities. Within South Africa BAW has in excess of some 300 sites. This enables the group to reduce the impact of water-related risks should such risks only affect specific business activities and regions.

Cost of response

7,100,000

Explanation of cost of response

The cost of the internal response strategy includes infrastructure investments such as increased water harvesting, storage and recycling facilities, implemented in FYE18. These initiatives are mainly driven by cost savings and the need to improve operational resilience. An example of such initiatives; in one business unit a cumulative R7.1m has been spent on water efficiency investments, including recycling and rainwater harvesting to date. Installed rainwater harvesting capacity at the end of 2018 was some 594KL. There are no additional costs associated with geographic, industry and customer diversification which form part of the group's overall risk management approach.

Country/Region

South Africa

River basin

Other, please specify

All river basins within South Africa

Type of risk

Regulatory

Primary risk driver

Statutory water withdrawal limits/changes to water allocation

Primary potential impact

Reduced demand for products and services

Company-specific description

With increasing water scarcity and increasing demand, regulators may choose to limit the quantity of water that users may withdraw. They may also change the allocation of water rights to the benefit of some users but to the detriment of others. This may lead to a disruption to BAW's, its customers' and suppliers' operations. It might also constrain future growth due to the lack of available water inputs in some areas of operation.

Limitations placed on water withdrawals may require increased investment for on-site

water treatment, water harvesting and recycling systems. In addition, severe restrictions on water withdrawals/use could result in the inability for BAW to clean vehicles, plant and equipment which could impact on customer satisfaction levels resulting in reduced demand for BAW's products and services.

Limitations on water withdrawals may have a significant impact on customers, for example, customers in the mining sector. This in turn, may negatively affect demand for BAW's products and services.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

40,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The estimated financial impact is reflective of potential loss of revenue from reduced demand for BAW's products and services as well as estimated costs of mitigation and contingency measures should this risk materialise in certain South African regions.

Primary response to risk

Geographic diversification of facilities

Description of response

Limits on water withdrawals will likely impact BAW's operations to a lesser extent than its customers given its predominant use of water is limited to washing of vehicles, plant and equipment as well as WASH services, and does not form part of the product. Internal initiatives include water efficiency improvement targets that drive reduced withdrawals, increased recycling, harvesting and storage. BAW manages the impacts associated with the risk of limitation of water withdrawals through geographic, industry, supplier and customer diversification. Diversification is an overarching management response to risks and related impacts. BAW has operations in 16 countries which reduces the impact of geographically-confined water-related risks. BAW has two major divisions, within which there are a number of different operations and business activities. Within South Africa BAW has in excess of some 300 widespread sites. This enables the group to reduce the

impact of water-related risks should such risks only affect specific business activities, regions and customers.

BAW participates in a number of environmental related business and industry forums, which assist in the early identification of amendments to existing and/or introduction of new regulations including possible water withdrawal regulations. BAW regularly engages with customers to understand their challenges.

Cost of response

7,100,000

Explanation of cost of response

The cost of the internal response strategy includes infrastructure investments such as increased water harvesting, storage and recycling facilities, implemented within the reporting period. It is anticipated that investment into such initiatives will increase in the future. An example of such initiatives; in one business unit a cumulative R7.1m has been spent on water efficiency investments, including recycling and rainwater harvesting to date. Installed rainwater harvesting capacity at the end of 2018 was some 594KL. There are no additional costs associated with geographic, industry and customer diversification which form part of the group's overall risk management approach.

Country/Region

South Africa

River basin

Other, please specify

All river basins within South Africa

Type of risk

Reputation & Markets

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Water-related issues and a company's response to these may have detrimental impacts on a company's reputation. For example, discharge of pollutants to a local water body, conflicts over water claims, or other detrimental impacts on water resources may negatively impact the company's reputation in a local community, with the general public and/or regulators.

BAW could be exposed to reputational risks if stakeholders perceive the group as not adequately identifying and responding to water-related issues. This perception may erode stakeholder value and may impact on BAW's share price, and may impact the ability to attract and retain key talent and capital.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

80,000,000

Potential financial impact figure - minimum (currency)**Potential financial impact figure - maximum (currency)****Explanation of financial impact**

The estimated financial impact is reflective of potential loss of revenue from reduced demand for BAW's products and services as well as estimated costs of mitigation and contingency measures should this risk materialise in certain South African regions.

Primary response to risk

Other, please specify

Stakeholder engagement and reporting.

Description of response

BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal intensity by 2020FYE against a business as usual scenario, off a 2015 baseline year, further supported by BAW's Water Use and Management Policy. BAW has adopted a MAR (Measure, Avoid and Reduce) methodology to managing water. Water monitoring systems are in place at most major sites to allow monitoring of withdrawal trends, identification of anomalies and mitigation against excessive and/or unnecessary use. An example includes WaterWatch. Risks related to reputational damage are managed through ensuring ongoing accurate and transparent communication with stakeholders. Material water data is independently to ensure accuracy of disclosures. BAW is also committed to communicating its actions regarding environmental stewardship with stakeholders through sustainability communication in the media and publications released by the group. BAW engages with world class principals and suppliers that actively manage water use and water-related risks. Engagement and close relationships with all stakeholders assists in reducing the likelihood of reputational damage.

Cost of response

2,000,000

Explanation of cost of response

The cost is incorporated into the cost base of the Group. Examples are the actual costs incurred for integrated reporting, reporting systems, consultants and external assurance for the reporting period. Costs are anticipated to increase marginally as assurance requirements become more stringent and environmental responsibility, including water stewardship, comes more to the fore on the social and business agenda.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	<p>While risks exist in aspects of the supply chain which could be inherently substantive at an individual operational level, these are not likely to generate a substantive impact at group level as:</p> <ol style="list-style-type: none"> 1. BAW's significant suppliers are a wide range of world-class original equipment manufacturers (OEMs) across different industries and with operations in different geographies. These OEMs comprehensively manage their risks including water risks. 2. BAW has a diversified customer base, offerings and operates across different industries and 16 countries within a number of catchment areas. Barloworld also considers its major customers as environmentally responsible who will appropriately manage their water related risks. These various catchment areas allows for the mitigation of water risk across the group. 3. BAW has insurance protection for losses incurred as a result of a supplier's inability to deliver after suffering an insured event. Accordingly the nature and structure of the group-wide supply chain reduces inherent risk/s at a group level.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

BAW has the opportunity to reduce operational costs and reduce water withdrawals from municipal supplies through the implementation of water efficiency initiatives. In order to realise this opportunity, BAW has adopted a Measure, Avoid and Reduce (MAR) methodology to managing water withdrawals. BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal (municipal sources) intensity by 2020FYE against a business as usual scenario, off a 2015 baseline year, further supported by BAW's Water Use and Management Policy. Water monitoring systems (eg. WaterWatch) are in place at most major sites to measure withdrawals and identify opportunities for efficiencies. BAW has implemented and continues to implement water harvesting and recycling initiatives to reduce water withdrawals from municipal supplies.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal (municipal sources) intensity by 2020FYE off a 2015 baseline year, further supported by BAW's Water Use and Management Policy.

In FY2018, BAW recycled volumes were the equivalent of 25.3% of its municipal water withdrawals. Various water recycling and harvesting initiatives were implemented across the group, in one business unit these have resulted in an annual saving of some 142 million litres of water (estimated saving of some R4m based on regional tariffs) that would have otherwise been withdrawn from municipal water systems. Cumulative water saved from 2007 to 2018 in the same business unit is some 1 147 million litres. Over the 2018 financial period water harvested volumes were some 0.95ML.

Type of opportunity

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

BAW has the opportunity to supply its diverse range of products and services required for infrastructural development needed to expand access to water as well as alleviate shortages and constraints in water stressed areas and arising from water shortages. BAW has a proven track record of sustaining long-term relationships with global principals and customers. BAW has an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. We envisage that the regions most requiring infrastructural development including water supplies will overlap with BAW's geographic footprint thus providing us a competitive advantage by leveraging current relationships, operations and supply chains. Further, BAW is constantly evaluating the market and liaising with customers to understand their needs. BAW engages with principals to develop new products and adjust existing offerings to better meet customers' needs. The most significant of the identified opportunity categories was assessed as "Increased sales of existing products/services".

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Water infrastructure development within the geographies in which BAW operates could increase the demand for products and services. BAW has developed strong relationships with its principals and customers which facilitates information sharing about local market conditions and trends including environmental issues where relevant, water-related issues and customer needs. There are no additional costs associated with geographic, industry, customer and products and services diversification and form part of the group's overall risk management approach. The estimated financial impact is reflective of potential increase in revenue from improved demand for BAW's products and services within South Africa.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

BAW has the opportunity to gain a competitive advantage as a result of enhancing its reputation by managing water-related risks and opportunities effectively. In addition, BAW engages with stakeholders, including its shareholders, employees, customers and communities in which it operates, on an ongoing basis in order to manage its reputation and where relevant to ensure it meets expectations. Such engagements also assist in positioning BAW and its product offerings in a manner that enhances competitive advantage and validates its social licence to operate. These activities are underpinned by BAW's responsible citizenship programme. The most significant of the identified opportunity categories was assessed as "Increased brand value".

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

40,000,000

Potential financial impact figure – minimum (currency)**Potential financial impact figure – maximum (currency)****Explanation of financial impact**

BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal (municipal sources) intensity by 2020FYE off a 2015 baseline year, further supported by BAW's Water Use and Management Policy. BAW represents world-class principals that strive to minimise the water consumption of their manufacturing processes and products. Additionally, BAW reports on its water usage and responsible water stewardship efforts, demonstrating its commitment to ongoing engagement with and transparent reporting to its stakeholders. The estimated financial impact is reflective of potential increase in revenue from improved demand for BAW's products and services within South Africa.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

In light of the geographic and facility context 'Facility 1' represents BAW operations in RSA collectively. As such, BAW has provided water data at an aggregated country level (RSA) for W5 responses. BAW has >300 geographically spread sites in RSA servicing multiple industries. The probability all BAW's RSA sites being impacted by water constraints simultaneously is remote and likewise no single operation has the ability to substantively impact BAW's business, operations, revenue or expenditure.

Country/Region

South Africa

River basin

Other, please specify
All river basins in South Africa

Latitude

Longitude

Total water withdrawals at this facility (megaliters/year)

530

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

504

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

26

Comparison of consumption with previous reporting year

Lower

Please explain

Water is predominantly used for washing of vehicles, plant & equipment and after appropriate filtration & treatment, is discharged back into the municipal reticulation system. Small volumes of water (assumed to be 5% of municipal withdrawals) are consumed by employees, used for gardening or evaporated and is not separately metered. In FY18, RSA withdrawal volumes decreased by 13% over FY17, against increased activity levels of 2.4% (using revenue as a proxy).

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

In light of the geographic and facility context 'Facility 1' represents BAW operations in RSA collectively. As such, BAW has provided water data at an aggregated country level (RSA) for W5 responses. BAW has >300 geographically spread sites in RSA servicing multiple industries. The probability all BAW's RSA sites being impacted by water constraints simultaneously is remote and likewise no single operation has the ability to substantively impact BAW's business, operations, revenue or expenditure.

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.95

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

530

Comment

Water volumes reported under third party sources relate to water withdrawals from municipal supplies within South Africa and are substantiated by municipal meter readings. The 0.95 ML reported relates to rainwater harvested volumes and are based on a combination of meter readings and calculations based on baseline water withdrawals

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

In light of the geographic and facility context 'Facility 1' represents BAW operations in RSA collectively. As such, BAW has provided water data at an aggregated country level (RSA) for W5 responses. BAW has >300 geographically spread sites in RSA servicing multiple industries. The probability all BAW's RSA sites being impacted by water constraints simultaneously is remote and likewise no single operation has the ability to substantively impact BAW's business, operations, revenue or expenditure.

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

504

Comment

Principally all water is legally discharged into local municipal reticulation systems after appropriate filtration and proper treatment. As discharged volumes are assumed to be 95% of withdrawal volumes, the year on year decrease of 14% in discharged water volumes for South Africa is directly linked to the decreased withdrawal volumes.

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

In light of the geographic and facility context 'Facility 1' represents BAW operations in RSA collectively. As such, BAW has provided water data at an aggregated country level (RSA) for W5 responses. BAW has >300 geographically spread sites in RSA servicing

multiple industries. The probability all BAW's RSA sites being impacted by water constraints simultaneously is remote and likewise no single operation has the ability to substantively impact BAW's business, operations, revenue or expenditure.

% recycled or reused

26-50%

Comparison with previous reporting year

Higher

Please explain

BAW's water is obtained from local authorities in the areas where we operate. Water is principally used to wash vehicles, plant and equipment. Reported recycled volumes are based on a combination of meter readings and calculations based on baseline water withdrawals. Within South Africa, water recycled as a percentage of water withdrawals (27.8%) in FY18 was 4% higher than FY17 (26.6%).

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

Water withdrawn by BAW is obtained from local authorities (water utilities and/or municipalities). These water withdrawal volumes are independently verified by the Group's external auditors using the International Standard on Assurance Engagements 3000 (Revised).

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

Water withdrawn by BAW is obtained from local authorities (water utilities and/or municipalities). These water withdrawal volumes are independently verified by the Group's external auditors using the International Standard on Assurance Engagements 3000 (Revised).

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Water withdrawal quality is not externally verified. BAW predominately uses water for washing vehicles, plant and equipment and as such, does not necessitate water of high quality. Most water is sourced from municipal and local government water supply systems. A small percentage of sites do however test/monitor the quality of water withdrawn, however given the predominate nature of water use within BAW, no external verification is obtained.

Water discharges – total volumes

% verified

Not verified

What standard and methodology was used?

Water discharge volumes are not externally verified. BAW predominately uses water to wash vehicles, plant and equipment. Water does not form part of the product and is not removed from the areas of source. After proper treatment, it is legally discharged into local municipal reticulation systems.

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Water discharge volumes by destination are not externally verified. BAW predominately uses water to wash vehicles, plant and equipment. Water does not form part of the product and is not removed from the areas of source. After proper treatment, it is legally discharged into local municipal reticulation systems.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Water discharge volumes by treatment method are not externally verified. BAW predominately uses water to wash vehicles, plant and equipment. Water does not form

part of the product and is not removed from the areas of source. After proper treatment, it is legally discharged into local municipal reticulation systems.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Water discharge quality is not externally verified. BAW predominately uses water to wash vehicles, plant and equipment. Water does not form part of the product and is not removed from the areas of source. After proper treatment, it is legally discharged into local municipal reticulation systems.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Water discharge quality is not externally verified. BAW predominately uses water to wash vehicles, plant and equipment, which does not necessitate excessive heating or cooling of water. After proper treatment, it is legally discharged into local municipal reticulation systems.

Water consumption – total volume

% verified

Not verified

What standard and methodology was used?

All third party sourced water is obtained from local authorities (water utilities and/or municipalities) in the areas where BAW operates. No water is removed from the area and water does not form part of the product (it is used for washing of vehicles, equipment and plant). Small volumes of water are consumed by employees and used to water gardens, but this is not separately metered. Water consumption is not externally verified by the Group auditors, but water withdrawal is externally verified.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

All third party sourced water is obtained from local authorities in the areas where BAW operates. As water is principally used to wash vehicles, plant and equipment, it is not removed from the areas of source. After proper treatment, it is legally discharged into local reticulation systems. Reported recycled volumes are based on meter readings and calculations on baseline water withdrawals. Water volumes recycled/reused is not externally verified by the Group auditors, but water withdrawal is externally verified.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Company water targets and goals Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Recognition of environmental	BAW has a stand-alone Water Use and Management Policy which is also incorporated into its Environmental Policy. The policy outlines the standards BAW expects within the group, allocates accountability and drives a common objective of responsible water use and management. "Protecting the environment" (including water) is in the BAW Code of Ethics and "Sustainability" is a Value in its Worldwide Code of Conduct. BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal (municipal sources) intensity by 2020FYE off a 2015 baseline year against a business as usual scenario. Given its commitment to water stewardship, BAW has implemented a Water Use and Management Policy. This policy is applied on a group-wide basis and covers the areas of; Description of business dependency on water, Description of business impact on water, Guiding principles that govern Barloworld Water Use and Management, Company water targets and goals, Commitment to water-related innovation, Commitment to stakeholder awareness and education, Commitment to water stewardship and/or collective action and is required to be read in conjunction with the group-wide Climate Change Policy.

		linkages, for example, due to climate change	
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W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	The Group Risk and Sustainability Committee, one of six sub-board committees, holds the highest level of responsibility for Climate Change within Barloworld. This Committee was established to assist the board in ensuring sound corporate governance, improving internal controls and monitoring company performance. The Committee assists the board in recognising all substantive sustainability, climate change, environmental, water-related and health and safety risks to which the group is exposed and ensures that the requisite management culture, practices, policies and systems are implemented and function effectively. In giving consideration to Safety, Health and Environmental (SHE) aspects of the group, the committee receives SHE reports on a quarterly basis which includes water-related and climate change information such as water withdrawals, recycling and rain water harvesting, emissions and energy usage and related efficiency improvement initiatives, and progress towards set aspirational targets.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing major capital expenditures Providing employee incentives	The Group Risk and Sustainability Committee, which is one of six sub-board committees, holds the highest level of responsibility for Sustainability aspects within Barloworld and meets on a quarterly basis. This Committee was established to assist the board in ensuring sound corporate governance, improving internal controls and monitoring company performance. The Committee assists the board in recognising all substantive sustainability, climate

		<p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Setting performance objectives</p>	<p>change, environmental, water-related and health and safety risks to which the group is exposed and in ensuring that the requisite management culture, practices, policies and systems are implemented and function effectively within the group. In giving consideration to Safety, Health and Environmental (SHE) aspects of the group, the committee receives SHE reports on a quarterly basis which includes water-related information such as volumes withdrawn from municipal supplies and water volumes recycled as well as related efficiency improvement initiatives, and progress towards aspirational water withdrawal (municipal supplies) efficiency improvement target.</p> <p>The committee has oversight of the risk management framework, identified risks and mitigation strategies/measures. Environmental risks, including water-related aspects are included in the group's identified risks.</p> <p>The Chairperson of each of the Board sub-committees, including the Risk and Sustainability Committee, report to the Board on a quarterly basis. Strategic and business plans, which include budgets, are compiled on decentralised basis under group guidance. These are aggregated to form the group strategic and financial plans which are reviewed by the board on an annual basis. Progress against sustainable development key performance indicators which include water, are considered by the group Remuneration committee when assessing executive performance and incentives.</p>
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W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify
Group and Divisional CEOs

Responsibility

Other, please specify
Achievement of group strategy

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

These individuals are part of the group Executive Committee, which is the highest level of executive management within Barloworld. As the highest level/s of management, these individuals are responsible for driving the achievement of the approved group strategy within their respective operations, which include sustainability and environmental objectives and targets.

The Chief Executive Officer and Board of Directors in each division are ultimately responsible and accountable for environmental stewardship, including water-related aspects which are an integral part of management in the company and are recognised as a corporate priority. Implemented processes ensure that the Chief Executive Officer and Board of Directors remain fully informed about all pertinent environmental issues. For example a SHE report is presented at divisional and group risk and sustainability meetings, which include performance against set aspirational targets and pertinent issues including water.

Name of the position(s) and/or committee(s)

Other committee, please specify
Divisional Risk and Sustainability Committee

Responsibility

Other, please specify
Directing, monitoring, assessing & managing environmental aspects and related risks.

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Directing, monitoring, assessing & managing environmental aspects and related risks.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify
Executive: Sustainability

Responsibility

Other, please specify
Achievement of sustainability strategy

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The executive is part of the senior management team, who reports to the Group Corporate Executive: Governance and Corporate Affairs who attends the Group Executive Committee. This position is required to:

- Co-ordinate, compile and execute the overall group sustainability strategy.
- Set sustainability objectives in the group.
- Drive the endorsed sustainability strategy across the group.
- Compile and roll-out environmental related policies, including climate related policies that have been appropriately endorsed by the relevant governance structures.
- Ensure day-to-day operational requirements, systems, reports, etc. are in place to ensure relevant, timely and accurate reporting to stakeholders on sustainability issues.

Name of the position(s) and/or committee(s)

Environment/Sustainability manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

i. These are generally Executive level individuals.ii. & iii. Responsible for the achievement of and reporting on defined sustainability initiatives/objectives, energy and emission efficiency improvement targets. Included in their performance indicators are water withdrawal (municipal sources) efficiency improvements. Champions identify and drive initiatives in support of set objectives and targets. Appropriate engagement with relevant stakeholders on environmental related matters.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

BAW ensures that all engagements are consistent with its overall climate change strategy through ensuring that all relevant employees within the group understand and are aligned with BAW's position on climate change. BAW representatives on the various committees are appropriately mandated prior to engagement to ensure consistency. Internal meetings with these

representatives are held on a regular basis (including individual discussions, monthly sustainability champion meetings, executive and management meetings). These meetings provide an opportunity for the representatives to provide feedback and to be informed on any changes to the group's position (if new regulation is released etc.). In this way, the representatives participate in structured feedback processes, are kept informed of the group's approach, and are able to communicate the group's position and strategy on climate change. Also, group-wide policies include; the BAW Climate Change Policy, the BAW Code of Ethics which includes 'Protect the environment', as well as the BAW Worldwide Code of Conduct which includes 'Sustainability' as Value. These codes are widely communicated and all employees are expected to uphold them. Additionally, water related issues are integrated into our business objectives and strategy through our responsible citizenship programme, and elements of Natural capital. Should inconsistencies identified, representatives of the company will put forward the Group's view and rationale.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

 Barloworld Integrated Report 2018.pdf

 Refer pages 38, 39, 79 of the integrated report.

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Barloworld is committed to the ongoing creation of shared value for all its stakeholders through the purposeful stewardship of the six capitals. Natural capital includes water and in terms of BAW's responsible citizenship programme and strategic ambitions BAW will continue to monitor and implement appropriate initiatives internally and deliver appropriate customer solutions as part of its strategic ambitions which include: Deliver top quartile shareholder returns; Drive profitable growth; Instil a high-performance culture. Strategic planning process incorporates risks into the relevant strategic plan horizons.

Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	BAW has implemented a number of initiatives in pursuit of its water related objectives. Such initiatives include: the setting of a 10% water withdrawal (municipal sources) efficiency improvement target by FYE2020, against a business as usual scenario, off a 2015 baseline; putting in place a group-wide Water Use and Management policy; inclusion of 'Protect the environment' in BAW's Code of Ethics, and 'Sustainability' as a Value in its Worldwide Code of Conduct. In line with the Measure, Avoid and Reduce (MAR) approach adopted, water monitoring and reporting systems are in place and a number efficiency initiatives have been implemented, including water recycling, rainwater harvesting and efficiency of use and includes sustainability issues in relevant scorecards and performance management assessments. Strategic planning process incorporates risks into the relevant strategic plan horizons.
Financial planning	Yes, water-related issues are integrated	5-10	<p>In line with our strategic ambitions, which include: Deliver top quartile shareholder returns; Drive profitable growth; Instil a high-performance culture, and our responsible citizenship programme, BAW will continue to consider and where appropriate implement water stewardship initiatives which includes: efficiency of use, water recycling and rainwater harvesting and where appropriate pursue commercial opportunities identified for water related products and services. Such initiatives may impact capital expenditure and operating costs.</p> <p>Budgeting and Strategic planning processes are in place where proposed capital expenditure for such initiatives and operational expenditures are assessed and approved/rejected. Strategic planning process incorporates risks into the relevant strategic plan horizons.</p>

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-91

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

14

Anticipated forward trend for OPEX (+/- % change)

5

Please explain

Water-related CAPEX and OPEX are incorporated into BAW's ongoing cost base. Water-related CAPEX incurred for investment into water recycling, treatment and rainwater harvesting infrastructure for which the indicative spend in FY18 was 91% lower than FY17. As investment is made, it may plateau as opportunities for new investments diminish over time. The Investment decision sits with the respective business unit and is dependent on, amongst other aspects, the payback periods and the prioritisation of resources. In support of BAW's aspirational target of a 10% efficiency improvement in water withdrawal intensity by 2020FYE (2015 baseline), CAPEX spend may increase. The increase in OPEX has been impacted by tariff increases. Anticipated increase in OPEX is based on a business as usual scenario and usual annual increases by municipalities and authorities in the supply of water and related services.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No plans for the next two years	<p>Despite BAW's water withdrawal volumes not being significant (FY18: 588 ML – municipal sources), it considers a number of environmental-related risks to its operations and value chain. These include water and related physical risks due to changing weather patterns; regulatory and financial risks associated with water; operational risks due to constraints in the supply and the availability of natural resources, such as water.</p> <p>In considering such risks and related opportunities, a number of variables are considered, some of which may overlap with the various climate related scenarios. The group has a comprehensive strategic planning process that's includes identified major risks and opportunities. These plans are presented at various levels within the organisation and include an overall presentation to the Board. This process takes place on an annual basis and consider issues that may overlap with a scenario analysis.</p>

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

BAW is not a significant water user (FY18: Group (16 countries): 588 ML; RSA - 530ML) from municipal supplies in FY2018. In the circumstances and to the extent that water pricing is required for analysis, strategic planning purposes, or in any assessment (eg. rainwater harvesting and recycling investment) BAW would use the current price of water with appropriate projected price increases. Water is predominantly used for washing of vehicles, plant and equipment and does not form part of the product. Essentially all water is appropriately filtered and treated and discharged back into the local municipal reticulation systems. Small volumes of water are consumed by employees, used for gardening or evaporated during washing, but this is not separately metered. Given the nature of use and operations, consumption volumes have been assumed to equate to 5% of water withdrawal volumes.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals	Targets are monitored at the corporate level	Sustainable development objectives, including water related targets, are compiled bottom-up from business units, to divisional and then aggregated to a group-level. Targets are proposed to and endorsed by the Group Risk and Sustainability Committee and as part of the strategic planning process. BAW has set a group aspirational target of 10% efficiency improvement of water withdrawal intensity by 2020FYE against a business as usual scenario (2015 baseline year), further supported by BAW Water Use and Management Policy. The policy re-affirms BAW's commitment to measuring, monitoring, managing and reporting its water usage as an aspect of standard business practice and to proactively implement initiatives to conserve water. Water monitoring systems are in place at most major sites to measure withdrawals and identify opportunities for

			<p>efficiencies. Performance against set targets are included in the Safety, Health and Environment report that is tabled at divisional and group risk and sustainability committees on a quarterly basis.</p>
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W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Other, please specify

Improve water withdrawal intensity

Level

Company-wide

Primary motivation

Water stewardship

Description of target

BAW has set a group aspirational target of 10% efficiency improvement in water withdrawal intensity by 2020FYE off a 2015 baseline year.

Quantitative metric

Other, please specify

% reduction per ZAR revenue

Baseline year

2015

Start year

2016

Target year

2020

% achieved

100

Please explain

While the year-on-year analysis of the aspirational efficiency target give a sense of performance, the absolute volumes in this regard must be seen in the context of activity levels over the respective target period. The targeted 10% efficiency improvement equates to a reduction of 1.2 in the Water withdrawal intensity. While not linear, the progress against the target is monitored on a quarterly basis via the SHE report. As at

FYE2018, water withdrawal intensity was 225% of the targeted improvement. The '% achieved' field has a max range of 100.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased energy use

Description of linkage/tradeoff

Improved Energy Efficiency and increased renewable energy capacity reduces demand for grid based electricity, the generation of which involves the substantial consumption of water. An example is the water savings stemming from solar PV installations in the order of 523KL per annum for the 200KWp installation at our Boksburg site. Cumulatively, the group has installed 700 KWp of solar PV capacity.

Policy or action

Group aspirational Energy efficiency targets are in place of a 10% efficiency improvement in non-renewable energy and GHG emissions (scope 1 and 2) by 2020FYE against a business as usual scenario (2015 baseline), and a renewable energy target of 2 000 MWh or more per annum, further supported by the Energy Efficiency Policy. Reduced consumption of grid electricity will also reduce water withdrawals which is required in the grid electricity generation process. This aligns with the group's strategy to become a more efficient user of water, its operations becoming more resilient in times of water scarcity, as well as its commitment to being a responsible corporate.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

No, we do not currently verify any other water information reported in our CDP disclosure

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Group Executive: Sustainability	Chief Sustainability Officer (CSO)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms