Excellence makes a world of difference
Our 2013 report focuses on...

Our strategic framework

Six Strategic Focus Areas are constituent through the operations and align group activity, inform risks and provide a framework to identify opportunities. Top imperatives are determined for each Strategic Focus Area to facilitate prioritisation and resource allocation.

This approach is replicated in all divisions and functions, resulting in a structured, coordinated and integrated long-term value creation strategy for all stakeholders. Barloworld follows a systematic, structured and integrated planning process throughout the group, culminating in the group strategy.

The report structure is aligned to these Strategic Focus Areas to form the context in which material issues are highlighted and reported on.

We have used icons for these key areas of strategic focus and provided page references to aid in navigation throughout the report.

Strategic Focus Areas

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We value your feedback
To ensure that we report on issues that matter to our stakeholders please provide any feedback and questions to: invest@barloworld.com or visit www.barloworld.com to download the feedback form.

Navigation aid
Web links www.barloworld.com


Global Reporting Initiative (GRI G3.1) Content Index and Barloworld responses.
Our response to GRI G3.1 is aligned with Application Level A+. This is with reference to the information disclosed in this integrated report as well as the information provided on our website.
We’ve created an online reporting suite, for your specific needs

www.barloworld.com

Online integrated report
For quick access on your mobile to the Barloworld website scan this QR code.
Barloworld has been on an evolving journey of integrated reporting in line with various guidelines which include giving our stakeholders a view into the workings of the organisation. The intent is to continue following this framework, and as part of that evolution this year we have included an integrated business model that gives colour into the central tenet of our Value Based Management approach.

**Report scope and boundary**
The integrated report covers the financial period of 1 October 2012 to 30 September 2013 highlighting all the 26 geographical territories of the Barloworld group, including all subsidiaries. Associates and joint ventures are equity accounted. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Both financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

Barloworld has embraced the framework of integrated reporting giving perspective to broad stakeholder interests; and the report is guided by various codes and standards, including King III on the material matters affecting the various stakeholder groups.

The report provides a perspective of past and current performance, while giving sight of future prospects; and addressing the short, medium and long-term account of the various resources employed in the value creation activities. Any limitations will be disclosed in the relevant section.

**Significant changes during the reporting period**
Significant changes since 2012 include: The acquisition of Bucyrus Russia mining equipment sales and support business effective 3 December 2012; Barloworld Logistics Africa (Pty) Limited entered into a transaction which resulted in a merger of its Dedicated Transport Services unit with the Manline group forming Barloworld Transport Solutions, a 50.1% subsidiary effective from 30 January 2013; the acquisition of TCS Logistics (Pty) Limited, a business specialising in moving abnormal loads, was effective 5 June 2013; and the Belgian Handling business was sold on 8 May 2013.

**Disclosure**
Barloworld endeavours to achieve the highest standards of disclosure with the provision of meaningful, accurate and balanced information to stakeholders.

**Governance**
The board recognises it is the central point for and custodian of corporate governance. As such, the board always strives to ensure that the group aligns itself with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends of good corporate governance.

**Assurance**
The financial information in this report has been prepared according to IFRS and independently assured by Deloitte who has also assured selected material non-financial indicators and the group’s GRI Application Level.

**Supplementary documents**

**PRINTED DOCUMENTS**
- Annual General Meeting (AGM) Booklet 2013

**ONLINE DOCUMENTS**
- A full Remuneration report 2013
- A full Corporate governance report 2013
- GRI G3.1 Content Index and a set of responses to the GRI Sustainability Reporting Guideline G3.1
- Consolidated annual financial statements 2013
Our people are the difference

We offer flexible value-adding integrated solutions
We do this through the representation of leading global brands

A strong Code of Ethics
A Worldwide Code of Conduct
People
Long-term relationships with principals and customers
Commitment to sustainable development, empowerment, transformation and corporate governance
Leveraging core competencies, systems and best practices across segments

Deliver through
excellence

A Worldwide Code of Conduct
Equity and Handling / Automotive and Logistics / Corporate

EQUIPMENT AND HANDLING
for more information see pages 52 to 63
www.barloworld-equipment.com
www.hyster.co.za

AUTOMOTIVE AND LOGISTICS
for more information see pages 64 to 71
www.barloworldautomotive.com
www.barloworld-logistics.com

CORPORATE
for more information see page 72

“Barloworld is a resilient organisation with a rich heritage, its people work together to make the ordinary extraordinary, for them it is part of creating something special. They become professional pioneers, it is what inspires them.”
Barloworld CE, Clive Thomson

Barloworld is proud of the excellence that has continued to drive sustainable stakeholder value-creation, growing the organisation into a focused multinational industrial corporation with annual revenue exceeding R65 billion.
Where we operate
19 692 people in 26 countries

What makes up the group

Automotive and Logistics
The Automotive and Logistics division comprises the group’s vehicle usage business, Barloworld Automotive, and the group’s logistics services and supply chain management business, Barloworld Logistics. Automotive and Logistics has representation in southern Africa, Australia, Middle East, Europe, and the United States of America.

For more information see pages 64 – 71.

www.barloworldautomotive.com
www.barloworld-logistics.com

Barloworld
Automotive and Logistics

Key brands and products
- Short-term vehicle rental under the Avis brand
- Franchised motor vehicle retailing, representing leading brands, including: Audi, BMW, Ford, General Motors, Mazda, Mercedes-Benz, Toyota and Volkswagen
- Vehicle leasing and other fleet management products under the Avis brand
- Integrated supply chain solutions, including: warehousing and distribution, dedicated transport services, transportation management services, freight forwarding and supply chain software.

Value proposition
- Barloworld Automotive provides customers with a range of integrated vehicle usage solutions to meet their specific requirements.
- Barloworld Logistics provides smart supply chain solutions through strategic partnerships with leading clients and key suppliers.
We are committed to recruiting in countries in which we operate and developing local skills.

Key brands and products
- **Cat**: earthmoving equipment, surface and underground mining equipment and drills, construction equipment, engines and power systems
- **MaK**: marine propulsion and auxiliary diesel engines up to 16 000kW
- **Perkins**: diesel and gas engines in the 4-2 000kW market
- **MWM**: gas engines
- **Metso**: mobile crushing and screening plants for construction and mining
- **Sitech**: Trimble global positioning satellite (GPS) products.

Value proposition
Barloworld Equipment provides customers with customised, integrated earthmoving and power systems solutions comprising new, used and rental options. Our comprehensive equipment management capability is supported by world-class technical skills and facilities designed to provide customers with the lowest owning and operating cost over the life of their machines.

Key brands and products
- **Hyster and Utilev**: lift trucks and warehousing equipment
- **Massey Ferguson and Challenger**: tractors, combine harvesters, balers, planters and self-propelled sprayers
- **SEM**: wheel loaders (CAT subsidiary).

Value proposition
Barloworld Handling leverages the strengths of both the Barloworld and Hyster brands by providing customised materials handling and warehousing solutions in the manufacturing and distribution industries.

- The Agriculture business offers solutions for all farmers, from cost-effective tractors to leading technology equipment, aimed at improving productivity and yields at lower operating costs.
- The SEM dealership fills a gap in the market for cost-effective wheel loaders that are easy to operate and maintain, backed by Barloworld’s world-class support structure.

Barloworld Equipment has partnered with Caterpillar for 86 years and is currently the Cat dealer in 11 southern African countries, Iberia (Spain and Portugal) and Russia (Eastern and Western Siberia, Yakutia and the Russian Far East). Following the acquisition of the Bucyrus equipment distribution business in southern Africa and Russia from Caterpillar Global Mining, Barloworld Equipment now sells and supports the broadest open cast and underground mining equipment product line in these territories. The Equipment division also represents MaK and Perkins engines and Metso mobile crushing and screening equipment for mining and construction.

Barloworld Handling is the dealer for Hyster and Utilev lift trucks and warehouse/handling equipment in southern Africa and The Netherlands. Barloworld Handling also represents Massey Ferguson and Challenger (AGCO) agricultural products in southern Africa and Russia, as well as SEM in southern Africa and Russia.

For more information see pages 52 – 63.

[www.barloworldequipment.com](http://www.barloworldequipment.com)
[www.hyster.co.za](http://www.hyster.co.za)
Our performance

Salient features

Revenue up 11% to R65.1 billion

HEPS up 26% to 860 cents

Return on net operating assets 18.6%

Operating profit up 18% to R3 527 million

Dividend per share up 27% to 291 cents

Net debt to equity 46.8%

Financial highlights

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td></td>
<td>Rand</td>
<td>Rand</td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>Revenue (million)</td>
<td>65 102</td>
<td>58 554</td>
<td>7 012</td>
<td>7 300</td>
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<tr>
<td>Earnings before interest, taxation, depreciation and amortisation (EBITDA) (million)</td>
<td>5 623</td>
<td>4 905</td>
<td>606</td>
<td>612</td>
</tr>
<tr>
<td>Operating profit (million)</td>
<td>3 527</td>
<td>2 988</td>
<td>380</td>
<td>373</td>
</tr>
<tr>
<td>Net cash inflow/outflow before financing activities (million)</td>
<td>653</td>
<td>(2 917)</td>
<td>71</td>
<td>(364)</td>
</tr>
<tr>
<td>Net debt (million)</td>
<td>7 417</td>
<td>7 464</td>
<td>737</td>
<td>905</td>
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<tr>
<td>HEPS (cents)</td>
<td>860</td>
<td>680</td>
<td>93</td>
<td>85</td>
</tr>
<tr>
<td>Ordinary dividends per share declared in respect of current year’s earnings (cents)</td>
<td>291</td>
<td>230</td>
<td>31</td>
<td>29</td>
</tr>
<tr>
<td>Total assets (million)</td>
<td>40 733</td>
<td>35 810</td>
<td>4 049</td>
<td>4 339</td>
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<tr>
<td>Net asset value per share (cents)</td>
<td>7 233</td>
<td>6 062</td>
<td>719</td>
<td>735</td>
</tr>
</tbody>
</table>
Financial and non-financial indicators

**Economic**

- **Revenue (Rm)**
  - Up 11% to R65 102 million

- **Operating profit (Rm)**
  - Up 18% to R3 527 million

- **Headline earnings per share (HEPS) (cents)**
  - Up 26% to 860 cents

- **Net debt to equity (%)**
  - Net debt to equity within target range at 46.8%

- **Total assets (Rm)**
  - Up R4 923 million to R40 733 million

**Environmental**

- **Petrol and diesel consumption (ML)**
  - Up 52% to 63.27 ML

- **Electricity consumption (MWh)**
  - Down 0.1% to 86 070 MWh

- **Energy consumption (GJ)**
  - Up 48% to 2 838 435 GJ

- **GHG emissions (tCO₂e) (scope 1 and 2)**
  - Up 36% to 267 624 tCO₂e

- **Water consumption (ML)**
  - Up 6% to 848 ML

**Social**

- **Number of employees**
  - Increased 2% to 19 692

- **Lost-time injury frequency rate* (LTIFR)**
  - Down 16% to 1.02

- **Number of work-related fatalities**
  - Three fatalities during the year

- **Corporate social investment (Rm)**
  - Up 1.8% to R16.9 million

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>65,102</td>
<td>58,554</td>
<td>49,823</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,527</td>
<td>2,988</td>
<td>2,289</td>
</tr>
<tr>
<td>HEPS (cents)</td>
<td>860</td>
<td>680</td>
<td>465</td>
</tr>
<tr>
<td>Net debt to equity (%)</td>
<td>46.8</td>
<td>56.7</td>
<td>35.5</td>
</tr>
<tr>
<td>Total assets (Rm)</td>
<td>40,733</td>
<td>35,810</td>
<td>30,932</td>
</tr>
<tr>
<td>LTIFR</td>
<td>1.02</td>
<td>1.22</td>
<td>1.31</td>
</tr>
<tr>
<td>Number of work-related fatalities</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Corporate social investment (Rm)</td>
<td>16.9</td>
<td>16.6</td>
<td>15.7</td>
</tr>
</tbody>
</table>

* LTIFR = Lost-time injuries x 200 000 divided by total hours worked.

* Barloworld South Africa.
Why invest in Barloworld

Attractive investment case

Clear vision
- To deliver significant incremental value for our stakeholders by being a recognised global market leader in providing integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments.

Leading international brands
- Caterpillar, Hyster, Avis, Massey Ferguson, Challenger and leading automotive and agricultural brands.

Business and geographic diversity
- Operations in 26 countries, as well as business diversity and exposure to mix of commodities, brands and sector opportunities, underpin and enhance resilience through the business cycle.

Experienced management team
- Proven ability to execute strategies with effective cash flow, capex, working capital and expense management focus
- Capable and adaptable Barloworld people at all levels.

Strategic focus
- Group alignment in the implementation of strategy driven by the key Strategic Focus Areas that are cascaded to our two core divisions
  - Equipment and Handling
  - Automotive and Logistics

Profitable growth opportunities
- Exposure to mining, infrastructure, power, agriculture, automotive and logistics sectors with above-average, long-term growth potential particularly in southern Africa, Russia and other emerging markets.

Strong financial position
- Limited reliance on short-term funding facilities
- Gearing within target ranges, reducing net debt levels, strong operational cash flows and significant unutilised borrowing facilities
- Fitch credit rating at strong investment grade AA-.

Responsible corporate citizenship
- Broad stakeholder-based approach to governance and sustainable development
- Significant investment in skills development and training programmes
- Supported by our values, the Barloworld Worldwide Code of Conduct and Code of Ethics.
Chairman’s letter

Dear stakeholders

The world continues to be an uncertain place in which to do business, and yet, remarkably, Barloworld not only weathered the storm but increased revenue levels and widened profit margins from year to year. This year has seen our growth trend continue and, despite a challenging operating environment in South Africa, all our divisions have improved and completed the year ahead of plan.

Barloworld has seen much change in its 111 years of existence, but we have always been a bold company with well-articulated values, a clear vision for the future and a pioneering spirit. It is these things, together with committed employees and strong leadership, that have enabled us to build sustainable relationships and trust with stakeholders in our strategic growth segments of mining, infrastructure, power, agriculture, automotive and logistics.

In the global context, fears of a “double dip recession” seem to be fading, a collapse has been averted in the Eurozone, banks have tightened controls and the financial services sector is exhibiting greater stability. In the United States of America underlying growth is evident and jobs are being created.

South Africa, where the majority of our business is located, continues its downward rating as an investment destination. On top of the global slowdown in mining activity due to lower commodity prices, it is unfortunate that we do not seem able to achieve a settled industrial relations framework in our mining sector. This is exacerbated by the tensions surrounding the tragic Marikana events in 2012.

Generally, on the employment and business front, the mining strikes, together with a protracted automotive industry strike and the industrial action by transport workers, have had some impact on our operations. Yet our businesses in the South African mining and automotive sectors have improved and exceeded targets, testimony to the robust partnerships we share with our customers, and the commitment and spirit of Barloworld people.

Despite these concerns, South Africa is still the most powerful economy on the continent and investors should be cognisant of our world-class infrastructure and skills.

One of the key elements that will attract investor confidence is demonstrable evidence that we are a country in which the rule of law prevails, and one in which the security of investments and of property is guaranteed by law.

Corruption, in particular, should not be tolerated in both the private and public sectors. We must take note that corruption is not one-sided; there are always two parties engaged in that kind of conduct. The solution is by way of a correct and consistent implementation of the laws we have in place.

This should assure the investment community that, despite the apparent turmoil in this country, our democracy has effective institutional instruments that augur well for business to thrive.

Dumisa Ntsebeza
Chairman
Age: 63
Qualifications: BA, BProc, LLB, LLM (International Law)
Nationality: South African
Barloworld has a track record of doing successful and ethical business and we have significant resources at our disposal.

In my last letter I mentioned our responsibility as a corporate citizen to interact with the public sector to ensure delivery of projects to the benefit of all parties. I reiterate this now, as it is my firm belief that we need to engage with government, to build understanding, and to create partnerships, and cultivate an environment conducive to investment in our country and our business.

One encouraging example of how we have leveraged one of our strategic growth segments to assist government in achieving its mandate, is the fleet management contract entered into by the City of Johannesburg following lengthy negotiations with our Automotive and Logistics division.

Our Electro-Motive Diesel (EMD) Africa joint venture – formed last year together with Caterpillar subsidiaries Progress Rail Services and EMD – is one of many competitors bidding to supply locomotives to Transnet as part of the projected R300 billion rail projects over the next seven years.

Barloworld has a track record of well over 100 years of doing successful and ethical business and we have significant resources at our disposal. It is up to us to convince the public sector that we, a South African company, are doing the right things, and doing them right.

We must be innovative in revisiting our existing markets and look actively for new markets that are always emerging as the world evolves. This is how we grow our business, by combining the tremendous value we have to offer with new ways of engaging in the marketplace.

We continue to look closely at increasing our group presence on the African continent in territories where we already conduct business and that established footprint provides us with the advantage of expanding into other growth segments with relative ease. We have the advantage of knowing the environment, the politics and the market conditions.

One way to grow business is through acquisitions that are a strategic fit. Barloworld has changed dramatically since the days when it was a conglomerate with multiple business interests. Today we are showing that it is possible to grow a business with only two divisions and even then we are not afraid of reducing the size of those divisions if components do not fit with our strategy or financial returns’ expectations.

In mining, our African territories all come with different challenges, but the fact that they are different means there will always be somewhere that provides exceptional opportunities. We have partnered with Caterpillar for 86 years in providing customer solutions to southern African mines. We have customer relationships that have endured for many years and are not going to be broken by the cyclical nature of industry. This is another reason for our sustainability.

We have done well in our associate businesses, particularly in our Equipment joint ventures. With a solid foundation and the right model, one can do business successfully in spite of the challenges. That is the message our investors need to receive.

Barloworld’s ability to succeed in all its businesses in the face of a tough external environment brings to mind our home-grown logistics business. I believe that Logistics is a business which has the potential to grow significantly by 2020, and increase its profit contribution to the group.
The board is continuing to ensure that Barloworld provides attractive returns for our shareholders. In order to do this in a sustainable manner we need appropriate skills. We understand the value that resides in having a skilled workforce. That is the reason that experienced engineers and technicians in our Iberian business have increasingly made themselves available to work in other Barloworld territories such as Angola and Mozambique. This kind of innovative thinking ensures we use our valuable and scarce skills to their full potential and, importantly, that we do not lose them.

In South Africa we need to accelerate transformation with regard to the placement of black people and women in executive and management positions in particular, which will include recruiting skills when they are not available within the group as we have done successfully on a few occasions.

Transformation should not be an “us versus them” culture, it should be organic in the sense that it creates opportunities. The whole purpose should be to say “let us look and look harder”, “let us be innovative and courageous in giving people the chance to succeed”.

I encourage employees who have been loyal to Barloworld for many years and are heading towards retirement to become mentors. Identify individuals who have the talent and need encouragement and knowledge, pass on your expertise and help them to succeed. This way we can all make a difference in both a person’s life and in that of the company. We can make transformation sustainable.

I believe that climate change is a global issue that needs to be addressed and I am encouraged by the environmental stewardship initiatives of our principals and our own internal efforts in minimising the environmental impact of our operations.

It remains for me to comment on the board composition. We wish Gonzalo Rodríguez de Castro García de los Ríos well on his retirement from the board and thank him for his valuable contribution representing the international arm of our board for the past nine years.

Following extensive consultation, we have appointed Alexander Landia as a non-executive director on the Barloworld Limited board, effective 1 October 2013. Alexander serves as a non-executive director of OJSC SUEK, the largest coal company in Russia, and as a director of Lambert Energy Advisory in London, a leading oil and gas advisory house.

I wish to thank our board members for their contribution and commitment to Barloworld’s success and sustainability and all our stakeholders for their continued faith in the group.

My particular appreciation goes to our CE, Clive Thomson, who leads this special and talented executive team with integrity, courage, insight and a great deal of energy. I look forward to more ambitious targets and great achievements under the watch of Clive and his fellow executive directors.

Dumisa Ntsebeza
Chairman
We have remained focused on delivering on our strategy as expressed in our core strategic themes, namely: integrated customer solutions, people, sustainable development, empowerment and transformation, financial returns and profitable growth. We continue to make progress in each of these areas.

Barloworld has recovered well from the global financial crisis to deliver excellent results in 2011 and 2012. Has this performance been impacted by the more muted economic conditions, in South Africa in particular, in 2013?

I am pleased to report that the group has continued its positive momentum, notwithstanding a challenging global mining environment and a slowing South African economy, to produce another year of strong double digit growth in revenues and earnings.

All our key businesses contributed to this performance, indicating that good progress is being made in each of our strategic growth segments – mining, infrastructure, power, agriculture, automotive and logistics.

We also successfully integrated the recent acquisitions of the legacy Bucyrus distribution businesses and executed on a number of other important strategic transactions which will position the group well for the future.

Key highlights

- Revenue up by 11% to R65 102 million
- Operating profit up by 18% to R3 527 million
- Profit before exceptional items up 20% to R2 538 million
- HEPS up by 26% to 860 cents
- Cash generated from operations of R4 263 million (2012: R43 million utilised)
- Return on net operating assets of 18.6% (2012: 18.8%)
- Total dividend per share up 27%

Q&A with the chief executive

The group has delivered very pleasing results in the face of challenging trading conditions, particularly in the mining sector.

We have made good progress to date on our five-year Vision 2015³. With only two more years left in this period, are you starting to think about your goals beyond 2015?

Barloworld’s Vision 2015³ aims to deliver significant incremental value for all stakeholders through 2015 and we are currently on track to achieve the specific targets we have set.

Our Global Leaders Conference in March 2013, attended by 180 Barloworld leaders from across the group, provided a critical forum to assess the impact of changing external environments and emerging megatrends and to map out a strategic framework for our future success.

While our senior management teams recommitted their focus on our existing strategic growth segments, we also recognised the need to challenge our businesses to deliver innovation and continuous improvement that meets the evolving needs of our customers in order to retain their loyalty and grow our market leadership position.

It is our people who engineer our success on a day-to-day basis and we launched a new people management framework at the conference, an Integrated Employee Value Model (IEVM). This balances our existing High Performing Organisation methodology, which identifies the business processes that must be in place to enable our employees to excel in their jobs, with a new Employee Value Proposition (EVP) that aims to attract, engage and retain top calibre employees. The approach is currently being rolled out in all our divisions and is essentially about creating a win-win situation for employees and the company.
Our people focus is being complemented by a new financial model which is designed to help our leaders identify the most important value drivers in their businesses. It assists management teams in developing meaningful financial and operational targets, measures progress in improving financial returns and models future value creation over the strategic plan period. This model will assist us to deliver maximum sustainable value creation for all stakeholders in support of our 2015³ vision.

The Bucyrus Russia equipment distribution and support business was acquired for R420 million and followed the acquisition of the Bucyrus southern Africa business last year. Have these delivered to expectation and how have they impacted the Equipment division result?

The Bucyrus acquisition in southern Africa, now referred to as Extended Mining Product Range (EMPR), has performed well notwithstanding the general slowdown in mining capital expenditure. It contributed R2.7 billion to overall Equipment revenues at a higher than expected margin on the back of strong aftermarket sales.

As a result, EMPR southern Africa has been earnings accretive to the group in its first full year of operation. We were also awarded two significant tenders for EMPR equipment from Swakop Uranium in Namibia and First Quantum Minerals in Zambia that will underpin revenues into our 2014 financial year.

The EMPR business in Russia has performed in line with expectations to date. There is a significant long-term opportunity in underground longwall applications in the coal mining sector.

The integration of significant numbers of new Bucyrus people, an unfamiliar product line-up using different technologies as well as new systems and processes, has been well handled by the Equipment division.

We are well placed to achieve significant further growth over the coming years particularly once Caterpillar componentry has been fully integrated into the product range.

Infrastructure and Power are two of your growth segments that look particularly promising in your fast developing sub-Saharan African territories. What progress is being made in these areas?

Despite the continued slow implementation of the planned infrastructure development in South Africa, our construction business improved in 2013 from a low base. Our other African territories, Angola in particular, contributed to this

Clive Thomson
Chief executive
Age: 47
Qualifications: BCom (Hons), MPhil (Cantab), CA(SA)
Nationality: South African
The Equipment business has made good progress notwithstanding reduced demand from the mining sector. We continue to invest in skills and build capacity that will enable us to capitalise on the long-term growth opportunities in southern Africa in the various power segments including electric power generation, marine, petroleum and rail.

Q: How has the slowdown in the global mining sector, particularly coal mining, impacted your Russian business in the current year?

A: While there has certainly been an impact, the slowdown in the coal segment has been compensated to some extent by growth in deliveries to gold, diamond and nickel customers. The EMPR business also made a solid contribution to another good result for our Russian Equipment business.

This young company has shown the increasing maturity of its business model as lower mining machine sales have been compensated by growth in aftermarket parts and service revenues. The construction and power segments also held up well.

We are continuing to invest in new and expanded facilities as well as skills development across Siberia and the Russian Far East to position the business to capitalise on the long-term growth we expect in these markets.

Q: Following the sale of most of its international businesses, the Handling division is now largely an Africa-focused business. What are the reasons for this shift in strategy?

A: We have followed the disposals of our materials handling operation in the United States of America and UK in 2012 with the sale of our Belgian operation this year and are pursuing the sale of The Netherlands business. This continues our strategy of allocating capital to those geographies and businesses where we are likely to earn the best long-term financial returns.

The business is now well positioned to focus on its growth strategy for sales and support of its materials handling and agricultural brands in southern Africa. We see significant potential for growth particularly in the markets of Mozambique, Angola and Zambia.

Q: All business units within the Automotive and Logistics division performed well notwithstanding the pressure on the South African consumer. To what do you attribute this strong showing and what synergies exist between the various businesses?

A: The Motor Retail business delivered a very pleasing result with good new and used vehicle sales as well as improved aftermarket activity. The business continues to benefit from the “Fewer, Bigger, Better” approach towards retail dealership sites which has maximised value creation from a limited number of well-located leading retail operations.

Car Rental delivered a significant year-on-year improvement, with car rental volumes up and a small increase in rate per day.

Fleet Services demonstrated very strong growth and bedded down the fleet management contract award by the City of Johannesburg early in the year.

Logistics continued its strong turnaround to improve operating profit by 38% assisted by a number of niche acquisitions during the year.

The division as a whole improved overall margins and financial returns and is well placed to continue this momentum in the year ahead.
There appears to have been considerable corporate activity in your logistics business. What have been the key initiatives in the current year and what does the future hold?

A number of acquisitions were made in the current financial year. We finalised the acquisition of the 25% minority in Logistics Africa, while the Logistics dedicated transport business concluded a merger with Manline Logistics to form Barloworld Transport Solutions (BWTS). BWTS in turn acquired an abnormal load transport business which has synergies with our Equipment operations. This provides exciting short and medium-term growth potential for our road transport business across southern Africa. Barloworld Logistics has also acquired a 25% stake in re-, one of South Africa’s leading environmental waste management businesses.

Logistics continues to focus its efforts on the African continent and has successfully renewed a number of long-term contracts expiring in the current financial year.

New clients and further work from existing clients has been secured through the refocused business development team and a broadened range of services on offer.

A decision was taken to exit the loss making airfreight business in the Far East and the transaction was concluded effective 1 November 2013.

All the above initiatives position the business well for future growth and enhanced financial returns.

What other strategic developments have taken place during the year?

While we have built a very credible motor retail business in Australia we are continually evaluating optimal capital allocation opportunities and took a decision to dispose of the Ferntree Gully motor dealership in Melbourne effective 31 October 2013.

This will facilitate the ongoing redeployment of capital into higher returning business opportunities.

How are you evolving your leadership structures to effectively deliver your strategy over the next 10 years?

Our organisational and management reporting structures need to continuously evolve in order to support the implementation of our strategies and the achievement of our vision to 2015 and beyond.

We announced some key leadership changes during the year to develop management and leadership; allocate resources to future growth segments and ensure appropriate management succession in our businesses.

On 1 October 2013 Peter Bulterman relinquished his position as CEO of Equipment southern Africa to take responsibility for the greater Equipment division including southern Africa, Iberia and Russia. Dominic Sewela has been promoted from chief operating officer to CEO of Equipment southern Africa.

John Blackbeard takes up the reins as CEO of the Global Power business across Iberia, Russia and southern Africa in addition to his current duties as CEO of the Handling division. This appointment will give us the impetus to build our focus on growing the Power business across all territories in the key segments of electric power, petroleum, marine and industrial.

Providing a safe and healthy work environment is central to our approach. While we continue our focus on safety, tragically, there were three work-related deaths all involving drivers who died in motor vehicle accidents during the year and a subsequent fatality in Equipment South Africa. We extend our condolences to their families and continue to implement measures to prevent such accidents in future.

Transformation and diversity remains a top priority in all our South African businesses, which have retained their industry leading positions at Level 2 or 3 in terms of the Department of Trade and Industry’s Broad-Based Black Economic Empowerment (B-BBEE) scorecard.

Our spend on training and skills development amounted to R120 million during the year to align with our focus on people excellence.

Looking outside the business to our communities, we contributed R17 million to socio-economic and corporate social investment initiatives.

We continue to focus on achieving our aspirational targets for 2014 in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) efficiency improvements, as well as addressing water stewardship. While most of our businesses are on track to achieving our targets the acquisition of Manline impacted our fuel usage and emissions within our Automotive and Logistics division.

In terms of recycling, we continue to increase our machine and parts rebuild capacity to ensure second life capability for Cat earthmoving machines to reduce the use of non-renewable resources associated with the building of new machines.
Barloworld is proud to have been recognised on several indices associated with sustainable business practices. These include the Dow Jones Sustainability Emerging Markets Index, the Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) Index, and the CDP’S South African Carbon Performance Leadership Index.

How do you see the outlook for the Barloworld group?

First and foremost, we will continue to focus on organic growth and niche acquisitions across our key growth segments of mining, infrastructure, power, agriculture, automotive and logistics. We have become respected and sought after solutions providers in these sectors and are well positioned strategically to expand our influence across them all.

Mining is one of our major sources of revenue and we recognise that mining cycles are becoming shorter and less predictable. We anticipate that mining companies will be slow in committing to capital expenditure and new projects through 2014, with a recovery likely only commencing in 2015.

However, continued growth in construction, power, EMPR and after-sales revenues will all contribute to our performance in 2014 in southern Africa and Russia. We expect a slow recovery in Iberia in the year ahead.

While consumer demand is expected to remain constrained in South Africa, we believe our Automotive and Logistics division is well positioned to capitalise on recent project awards and acquisitions and another solid performance is expected.

Overall, the various strategic initiatives undertaken together with our focus on achieving ongoing operational efficiencies should ensure further progress in 2014.

Our leaders provide the direction and guidance and, importantly, instil passion and commitment in their teams. But it is our employees who deliver excellence in their day-to-day activities. Every employee of Barloworld has a role to play in our success, individually and as a team.

I wish to thank our management teams and all employees for their dedication to the job at hand, focus on adding value, and loyalty to the Barloworld group. Your efforts are sincerely appreciated.

We are fortunate to be led by a very experienced, capable and committed executive team, who have directed the achievement of excellent results in a difficult trading environment in 2013, and who are, as we speak, working hard to deliver another credible performance in 2014.

Clive Thomson
Chief executive
In April 2013 Barloworld Equipment had the honour of being recognised as a Circle of Excellence Dealer in the Europe Africa Middle East (EAME) region, making the company one of three dealers in the region recognised with such a prestigious award. The Circle of Excellence is a Caterpillar award programme for top performing dealers judged against a defined dealer scorecard. The award was initially confined within the Americas region, but has now become a global event to include other regions worldwide.

This achievement confers to Barloworld Equipment prestigious dealer status, along with the opportunity to be an integral part of the dealer advisory group that will provide input into the Caterpillar distribution model transformation process.

This is testament to Barloworld’s proven excellence in customer focus and delivering on the shared business model and the strong long-standing, mutually beneficial relationship that exists between Barloworld and Caterpillar.
Barloworld is well on track to achieve its Vision 2015 which aims to deliver significant incremental value for all stakeholders through 2015. I believe that to date our operations have done an admirable job in fulfilling the requirement of our vision to be a recognised global market leader in the provision of integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments and geographies.

Strategy
Our Vision 2015 was formulated as part of a five-year strategy to emerge successfully from the worst global recession in living memory and the response from our businesses has been overwhelmingly positive. However, 2015 is almost upon us and Barloworld stands at a critical juncture that requires in-depth thinking on where we need to be in 2020.

The theme of our Global Leaders Conference this year was Driving 2015 and beyond. Its primary objective was to map out a strategic framework for the future success of our business through innovation and teamwork.

Barloworld has been strategising for 111 years and a great deal has changed in that time. So we should expect change to continue. In the past two years, for example, we have exited certain businesses in markets including the United States of America, UK and Belgium.

Key highlights
- Implementing our Integrated Employee Value Model
- Being recognised as the most empowered company in the general industrial sector
- Maintained leadership position in CDP’s South African Carbon Indices
- Member of Dow Jones Sustainability Emerging Markets Index
- Lost-time injury frequency rate (LTIFR) down 16%

Isaac Shongwe
Human resources, strategy and sustainability director
Age: 51
Qualifications: BA (Hons), MPhil (Oxon)
Nationality: South African
These divestments are part of our strategy to allocate capital to opportunities delivering higher financial returns in line with our objectives. A big part of our business remains in southern Africa and, indeed, we have made some significant new acquisitions on the African continent in the past two years. The world’s fastest growing economies are in Africa and its future is tremendously exciting.

At the same time we are a multinational company and global opportunities remain very much part of our strategic thinking. Our considerable investment in growing our Russian footprint and expertise is a case in point.

In realigning our business to 2020 we need to assess the products and solutions we offer, the sectors in which we operate and our geographies. Our strategic growth segments, mining, infrastructure, power, agriculture, automotive and logistics continue to provide an exciting platform for future growth.

Underpinning our strategy will always be our Value Based Management philosophy, recognising that success depends on creating sustainable value for all stakeholders: employees, shareholders, customers, principals and suppliers, our communities/society and the environment. This includes continuous engagement with all stakeholders both at divisional level and those that cut across all levels of our business.

Our six Strategic Focus Areas continue to be central to how we drive our business. I am pleased that we are devoting the requisite attention to all these critical areas.

Given Barloworld’s financial success and pleasing growth in the past three years, we have a strong ambition to expand our activities and increase the value for all stakeholders in the next phase of our history. This will require innovation, something that can only come from our people.

People
We are operating in a highly competitive environment where skills are in short supply and it is becoming increasingly challenging to attract and retain the right talent to deliver our future strategies.

I believe Barloworld has a great culture and that is one of the reasons we have up to four generations working side by side in the group. However, what attracted the right kind of employees to our business 20 years ago will not work today. In addition, we operate in diverse business sectors and some very tough environments.

About 70% of our 19,692 employees work in South Africa, 12% in other parts of Africa, and 13% in Russia and Europe.

While most of our people are employed in Africa we are a multinational organisation and need to attract and retain a high level of talent to remain competitive in all geographies.

With this in mind we have revisited our approach to the people in our business through our Integrated Employee Value Model (IEVM), which has evolved into one of the building blocks to support our future strategy and is currently being rolled out across our business.

The model comprises three integrated components:

- **The Employee Value Proposition** – designed to attract, engage and retain top calibre employees by making Barloworld a great place to work. This is how we create value for employees as a key stakeholder in our business.

- **The High Performing Organisation** – the methodology, including standards, best practice and tools, to bring the Employee Value Proposition (EVP) to life and ensure organisational alignment and performance.

- **The Learning Organisation** – the platform that sustains our model through teamwork, communication and sharing of information, supported by our leadership, our Worldwide Code of Conduct and our Code of Ethics.

Through the IEVM we will align our employees’ objectives with the value drivers identified in our IFVM, focusing their activities and optimising the execution of our strategic initiatives.

The health and safety of all our people is central to our EVP. Tragically, we had three work-related deaths during the year resulting from motor vehicle accidents in our Logistics operations. Regrettably we had a subsequent fatality in Equipment South Africa. We continue to focus on training and related initiatives aimed at eliminating fatalities.

The group’s Lost-Time Injury Frequency Rate (LTIFR) continues on its declining trend, manifesting the benefits of our focus on providing a safe and healthy work environment.

Diversity
Transformation continues as a top focus on the agenda in every boardroom in our South African business. We had the foresight five years ago to start addressing transformation at the highest level and we are proud of the progress we have made across our South African businesses.

Our South African business units have achieved Level 2 or 3 B-BBEE rating. Barloworld is ranked as the top empowered company in the general industrial sector.

We are determined to continue with good progress on the new Department of Trade and Industry (dti) B-BBEE scorecard that has recently been introduced with stretched targets.

Another diversity goal receiving dedicated focus is improving our gender balance through the appointment of more women at all levels of the group including senior management.

Stakeholders
Balancing our internal focus, we also continue to assess the value provided to our external stakeholders. We are currently working to enhance our engagement with governments in all our territories not only as customers but also as strategic stakeholders in our businesses. Working in multiple geographies requires us to engage with government structures to ensure our business retains its firm foundations of values and ethics while aligning with the strategic vision of the respective countries in which we operate.

This has its roots in the philosophy of “ubuntu”. When we expand our footprint we must know where we are going. It’s part of due diligence and corporate governance to acquaint ourselves with the public and private sectors as well as the communities that will be affected by our presence.
Balancing our internal focus, we also continue to assess the value provided to our external stakeholders.

Sustainable development

Whether we are developing our business in Africa, Russia or Europe, our integrated approach to our Strategic Focus Area of Sustainable development remains constant and includes minimising the environmental impact of our operations, products and services as well as customer solutions. This is incorporated into our strategic planning processes and underpinned by representing leading international original equipment manufacturers.

Giving credence to this, in 2009 we set an aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions by the end of 2014 financial year off a 2009 baseline. We also focus on water conservation and responsible waste management. Many innovative initiatives have been put in motion in all our divisions to raise awareness of environmental stewardship and to drive responsible behaviour among all our employees. In light of increasing energy costs and uncertainty of supply in some regions, these initiatives have resulted in cost savings and contributed to our operational resilience.

Our operations continue to make good progress towards our aspirational targets although organic growth and acquisitions, including the expansion of our Logistics business which is energy intensive, have increased the weighting of these operations in the group and negatively impacted our consolidated group energy and emissions (scope 1 and 2) intensity metrics. It is expected that this trend will continue as the transport aspects of our Logistics business expand and may cause group intensities higher than targeted levels at the end of our 2014 financial year. We will continue to monitor progress and report against our original group target which will be reviewed at the end of the target period, balancing our strategic imperatives, environmental objectives and commercial realities.

Our focus on waste management has increased in the past year, not only in terms of responsible waste disposal but also in increased capacity for remanufacturing and rebuilding of earthmoving and mining machines. Cat machines are designed with second and sometimes third life potential and by realising this potential our Equipment division is able to secure significant savings in energy and resources required to rebuild a machine.

Since its launch in May 2012, the Barloworld Reman Centre (BRC) in Boksburg, Johannesburg, more than doubled Barloworld Equipment’s capacity to rebuild Cat engines, hydraulic and drive-train components, making it one of the biggest Cat rebuild dealers in the world. Our investment in re-, an environmental solutions company, enhances our ability to address waste in a responsible manner and to incorporate this focus into our customer solutions.

Responsible corporate

Alongside our responsibility to our natural environment goes our responsibility to our communities, the group has committed 1% of its worldwide net profit after tax to corporate social initiatives. We are cognisant of the stronger role and louder voice of society in the actions of business and Barloworld strives to act at all times as a responsible corporate citizen.

We conduct our activities in accordance with the highest ethical standards and principles of corporate governance. Focus is on acting in accordance with our Code of Ethics, Worldwide Code of Conduct and compliance. Frameworks are provided at group level and our operations establish specific, relevant and appropriate policies, as well as management and control environments in the context of their respective industries and countries in which they operate.

Barloworld is also a signatory to the United Nations Global Compact which addresses human rights, labour standards, the environment and anti-corruption. The means to deal with these continue to be developed and entrenched throughout the group in relevant policies and standards.

Isaac Shongwe
Human resources, strategy and sustainability director
Empowering youth

The programme is a powerful developmental tool for young people

The President’s Award (TPA) for Youth Empowerment aims, with the assistance of adult volunteer leaders, to empower young people between the ages of 14 and 25, by providing a self-development programme based on the achievement of new skills, physical recreation, community service and an adventurous journey.

Development is undoubtedly one of the cornerstones of empowerment and the programme, which the Barloworld group has supported for many years, is a powerful developmental tool for young people. It has brought change in the lives of over 130 000 young people in South Africa since 1983, and there are currently more than 300 award units, managed by 600 volunteers hosting approximately 14 000 active award youth across South Africa.

The organisation is also a member of the Duke of Edinburgh’s International Award Association, a family of organisations in over 140 countries that operate the award around the world. It was in this context that Edward and Sophie, the Earl and Countess of Wessex, representing the Duke of Edinburgh’s International Award Association, joined President Jacob Zuma, the Patron of The President’s Award, in Cape Town in October 2013 to present gold awards, to the delight of high achieving participants of the programme.

The President’s Award has changed the lives of 130 000 young people since 1983

Ricardo Adonis and Nceba Matafeni from Die Herberg Children’s Home in Robertson received their Gold Awards from His Excellency President Jacob Zuma, Patron-in-Chief of The President’s Award for Youth Empowerment Trust, and Their Royal Highnesses the Earl and Countess of Wessex who were in South Africa in October 2013 for the organisation’s 30th anniversary.
Revenue for the year increased by 11% to R65.1 billion. Good revenue growth was achieved in Equipment southern Africa which was up by 17% mainly as a result of the inclusion of the EMPR Bucyrus business for the full year and in Automotive and Logistics, which was also up by 17%. The weakening rand added revenue for the year by R2.1 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 15% to R5 623 million with depreciation and amortisation increasing by 9%, while operating profit rose by 18% to R3 527 million.

The Equipment businesses in southern Africa and Russia performed well in difficult trading conditions particularly in the mining sector. Equipment southern Africa increased operating profit by 9% to R1 678 million assisted by a strong performance from the EMPR business. Equipment Iberia incurred a loss of R16 million which was substantially below the loss of R139 million in the prior year. No further restructuring charges were incurred this year despite a continued decline in demand in Iberia.

The Automotive and Logistics division performed well in a competitive trading environment, once again improving operating margins and increasing operating profit by 28% to a record R1 479 million for the year.

The increase in the company’s share price since September 2012 resulted in a charge of R121 million for the year in respect of the provision required for cash-settled Share Appreciation Rights (SARs) previously awarded to employees (2012: R25 million).

The total negative fair value adjustments on financial instruments of R47 million (2012: R93 million) mainly relate to the cost of forward points in foreign exchange contracts in Equipment southern Africa.

Finance costs increased by R156 million to R983 million mainly owing to higher average debt levels during the year. Additional interest charges of R92 million were incurred on the debt utilised to fund the acquisition of the southern Africa and Russian EMPR businesses.

Exceptional charges of R119 million mainly comprise impairments of goodwill in Handling Netherlands (R28 million) and Motor Retail Australia (R40 million) together with losses on disposal of subsidiaries and investments of R43 million.

Taxation for the year was R804 million. The charge includes impairments of deferred tax assets of R17 million. The effective taxation rate (excluding prior year taxation and taxation on exceptional items) was 31.7% (2012: 32.7% excluding secondary tax on companies (STC)). The effective rate is lower than last year mainly owing to reduced losses in Spain.

Income from associates increased by 31% to R185 million (2012: R141 million) again driven by a strong performance from our Equipment joint ventures.

The non-controlling interest in the current year’s earnings includes R36 million representing the dividends paid to the holders of 14 485 013 ordinary shares in terms of the BEE transaction concluded in 2008. These shares are not included in issued shares for purposes of calculating headline earnings per share (HEPS).

HEPS increased by 26% to 860 cents (2012: 680 cents).
Cash flow
Cash generated from operations increased significantly to R4.3 billion (2012: R43 million utilised). Good equipment deliveries in the second half resulted in a reduction in working capital this year of R0.5 billion (2012: R3.1 billion increase). This contributed to a net inflow of funds this year of R653 million (2012: R2.9 billion outflow). This was also a significant improvement on the cash outflow of R2.9 billion reported at the interim. A net R1.3 billion was applied in investing activities during the year. This mainly comprised R497 million incurred to acquire the Bucyrus business in Russia and the Logistics acquisitions in South Africa and net property, plant and equipment expenditure during the year of R701 million.

Financial position and debt
Total assets employed in the group increased by R4 923 million to R40 733 million. The increase was driven by the weaker rand (R2 879 million) and an increase in rental and leasing assets, as well as the acquisition of property, plant and equipment during the year.

Total interest-bearing debt at 30 September 2013 increased to R10 253 million (2012: R10 088 million) while cash and cash equivalents increased to R2 836 million (2012: R2 624 million). Net interest-bearing debt at 30 September 2013 of R7 417 million was slightly down on the prior year of R7 464 million.

Debt maturity profile

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Africa</td>
<td>9 117</td>
<td>2 033</td>
<td>2 956</td>
<td>1 098</td>
<td>3 030</td>
</tr>
<tr>
<td>Offshore</td>
<td>1 136</td>
<td>935</td>
<td>166</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>10 253</td>
<td>2 968</td>
<td>3 122</td>
<td>1 109</td>
<td>3 054</td>
</tr>
</tbody>
</table>

During the year the R1 billion Bucyrus funding note was extended into 2015 and a R700 million maturing bank loan was extended into 2019. The long-term debt maturity profile at 30 September 2013 was 71% (2012: 70%). However, in addition to a number of bonds, the R1.2 billion BEE loan is scheduled to mature in 2015 and it is our intention to address certain of these maturities in the 2014 financial year.

In South Africa, short-term debt due for redemption includes commercial paper (CP) totalling R1 200 million. The CP market has remained liquid during the current year with spreads narrowing and we expect to maintain our participation in this market. The company has unutilised debt facilities with domestic banks totalling R4 606 million at 30 September 2013. The offshore facilities include five bilateral loans totalling £100 million (R1 630 million) which were undrawn at 30 September 2013. Other offshore unutilised bank lines amounted to the equivalent of R1 720 million. Of the total unutilised facilities of R7 956 million at September 2013, R4 865 million are considered to be committed facilities.

The company’s credit rating of A+ was recalibrated upwards to AA- (Stable Outlook) at the time the South African sovereign credit was downgraded by Fitch Ratings. The company’s credit rating was reaffirmed by Fitch Ratings following the formal credit review in February 2013.
Focus on value drivers

Gearing in the three segments are as follows:

<table>
<thead>
<tr>
<th>DEBT TO EQUITY (%)</th>
<th>Trading</th>
<th>Leasing</th>
<th>Car Rental</th>
<th>Group total debt</th>
<th>Group net debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target range</td>
<td>30 – 50</td>
<td>600 – 800</td>
<td>200 – 300</td>
<td>65</td>
<td>47</td>
</tr>
<tr>
<td>Ratio at 30 September 2013</td>
<td>39</td>
<td>666</td>
<td>224</td>
<td>50</td>
<td>472</td>
</tr>
</tbody>
</table>

The weaker rand resulted in an increase of R1 671 million in shareholders’ funds (2012: R276 million) and increased net debt at September by R124 million.

Accounting policies
The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the adoption of the amended Headline Earnings Circular 2/2013 which had no impact on presentation, recognition or measurement.

The revised accounting standard, IAS 19 Employee Benefits, will be effective in our 2014 financial year and will be applied retrospectively. The new standard will impact the measurement and presentation of the Barloworld Pension Scheme (UK) (defined benefit scheme). The new standard will in future result in fund expenses being expensed directly in the year incurred and in addition an interest charge will be incurred on the deficit in the fund. The impact on the estimated defined benefit expense in 2013 based on the new standard would have been an administration cost of £1.5 million, an interest charge (on liabilities and assets) of £2.8 million. This compares to a net defined benefit credit to operating expenses of £3.0 million under the existing IAS 19 in the current year.

Integrated Financial Value Model
During the year the company launched its Integrated Financial Value Model (IFVM). The model applies various financial value metrics to the group and divisions to measure value creation and is applied in the strategic decision-making processes within the group. The model focuses management on the key “value drivers” in their businesses that drive value creation.

Dividends
Dividends totalling 291 cents per share were declared in respect of this year’s earnings (2012: 230 cents). Of the issued shares of 231.3 million, only 227.7 million are entitled to receive dividends. The majority of shares not entitled to dividends relate to the Black Managers Trust (BMT) and Education Trust (ET).

The dividends declared this year are covered 2.8 times by headline earnings (2012: 2.8 times).

Going forward
The group return on shareholders’ funds of 12.8% in the current year was up on the 11.3% achieved last year. The group continues redeployment of capital into higher returning businesses, which together with a projected return to profitability in Equipment Iberia, should contribute to improved returns in 2014.

DG Wilson
Finance director
The integrated group business model and value chain that support our strategy

Barloworld’s business philosophy has been articulated in terms of Value Based Management, which recognises the importance of driving value creation for all our stakeholders. Central to this philosophy is the understanding that successful implementation of the strategy towards value creation hinges on having employees who are engaged both in mind and heart. The success is based on having inspired, aligned, empowered, results-driven, globally competitive and passionate people to deliver excellence in managing our relationships, the cornerstone of our business model.

At the core of our business model – excellence in managing relationships

Barloworld Business Model

Given the nature of our business model responsible leading principals and OEMs, and robust supply chains underpin our ability to sustain long-term value creation for all stakeholders.
Business Model

Long-term value creation for all stakeholders including the communities in which we operate aligned with our Value Based Management approach.

- Shareholders and providers of capital
- Customers
- Employees
- Principals and suppliers
- Public sector
- Local communities

Refer to Statement of total value added. Page 25.
Value creation for all our stakeholders is central to our Value Based Management approach.

Number of employees
19,692
up 2.4%

Revenue per employee
R3.3m
up 8.3%

Value created per employee
R732,293
up 9.3%
A measure of the value created by the group by its diverse trading distribution and other activities to the cost of products and services purchased. This statement shows the total value created and how it was distributed.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from continuing operations</td>
<td>65 102</td>
<td>58 554</td>
<td>49 823</td>
</tr>
<tr>
<td>Paid to suppliers for products and services</td>
<td>51 074</td>
<td>46 049</td>
<td>39 086</td>
</tr>
<tr>
<td>Value added</td>
<td>14 028</td>
<td>12 505</td>
<td>10 737</td>
</tr>
<tr>
<td>Income from investments*</td>
<td>226</td>
<td>192</td>
<td>133</td>
</tr>
<tr>
<td><strong>Total value created</strong></td>
<td><strong>14 254</strong></td>
<td><strong>12 697</strong></td>
<td><strong>10 870</strong></td>
</tr>
</tbody>
</table>

**VALUE DISTRIBUTION**

- Employees (note 1)
  - 8 537 60
- Capital providers
  - 1 591 11
- Finance costs
  - 983 827 755
- Dividends to Barloworld Limited shareholders
  - 522 393 223
- Dividends to non-controlling interest in subsidiaries
  - 86 50 34
- Government (note 2)
  - 978 778 642
- Communities (corporate social investment)
  - 17 17 16
- Reinvested in the group to maintain and develop operations
  - 3 131 2 971 2 414
- Depreciation
  - 1 961 1 805 1 620
- Retained profit
  - 1 156 939 679
- Deferred taxation
  - 14 227 115

**Total value created** 14 254 100

**VALUE ADDED RATIOS**

- Number of employees (30 September)
  - 19 692 19 238 18 671
- Revenue per employee (Rand)**
  - 3 344 567 3 089 187 2 704 979
- Value created per employee (Rand)**
  - 732 293 669 883 590 163
- Corporate social investment – % of profit after taxation, excluding exceptional items
  - 1.0 1.1 1.6

**Notes**

1. **EMPLOYEES**
   - Salaries, wages, overtime payments, commissions, bonuses and allowances**
     - 7 497 6 724 5 864
   - Employer contributions
     - 1 040 937 922
   - **8 537** 7 661 6 786

2. **CENTRAL AND LOCAL GOVERNMENT**
   - Current taxation
     - 837 596 389
   - Rates and taxes paid to local authorities
     - 64 70 66
   - Customs duties, import surcharges and excise taxes
     - 38 76 163
   - Skills development levy
     - 39 36 24
   - **978** 778 642

* Includes interest received, dividend income and share of associate companies’ and joint ventures’ retained profit.

** Based on average number of employees.

** Represents the gross amounts paid to employees including taxes payable by the employees.

† In respect of pension funds, retirement annuities, provident funds, medical aid and insurance.
Determining materiality

Numerous factors, both external and internal, encompassing regulatory, economic, social, political and global influences and stakeholder expectations, among others, have an impact on organisations; and in turn organisations influence and impact these issues. These considerations are brought to bear on the identification, prioritisation and ratification of issues deemed material to Barloworld’s value creation activities. These matters are deliberated at both the operational and board levels, feeding into our strategic framework, SFAs and the identification of risk impacts on the organisation.

The Barloworld approach to determining matters to report on is an ongoing engagement throughout the year, informed by our risk identification process and stakeholder engagement to prioritise issues.

Similarly the identification and prioritisation of report content and associated key messaging are guided by processes that seek to ensure that those issues deemed to be material are effectively communicated.

These influences are quantitative and qualitative in nature and cover internal and external perspectives. Issues are identified by considering meeting agendas and minutes, policies, our values, ethics and codes of conduct, strategies, targets, risk management processes and employee surveys. External identification considers: stakeholders’ interests along with leading reporting initiative frameworks such as CDP’s Climate Change and Water responses, the JSE SRI Index requirements, the United Nations (UN) Global Compact, as well as peer reporting, media requirements, regulation and expectations. These are compared and then prioritised based on internal and external assessments.

In general, there is alignment between issues raised internally and those raised through external processes, although emphasis does vary in some cases. Currently, validation is essentially an internally orientated process, with authorisation by various board sub-committees and ultimate sign-off by the audit committee and Barloworld board. While our materiality framework is still evolving, we believe it is sufficiently robust to instil confidence in the report’s content, particularly when read in conjunction with the remainder of our annual reporting.

Given the group’s focus on engaging with employees, shareholders, customers and principals/service providers, Barloworld is aware of the primary issues governing these relationships, what topics are important to these stakeholders, how to prioritise them, and hence what the focus for its reporting should be.

The group does not conduct focused engagement tailored for its integrated report but uses ongoing engagement throughout the year as the basis for defining report content. Through these processes, the group prioritises report content, and, via engagement, validates the importance of these issues with the concerned stakeholder group. The principle of materiality guides the prioritisation of topics identified during the stakeholder engagement process.
# Progress on Strategic Focus Areas

## Core strategic themes

The group has identified top imperatives that form our material focus areas for each core strategic theme. Key performance indicators have been set to track progress.

<table>
<thead>
<tr>
<th>Core themes</th>
<th>Strategic Focus Area</th>
<th>Strategic objectives</th>
<th>Material focus areas</th>
<th>Progress review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitable growth</td>
<td>Achieve targeted compound growth in total shareholder return in the five years to September 2015</td>
<td>• Top-quartile growth in total shareholder returns over five years to 2015</td>
<td>• Share price up 104% off September 2010 baseline</td>
<td>• Communicating and implementing the revised people management approach as well as redeveloping the measures and processes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase group operating profit by executing turnaround and growth strategies</td>
<td>• Operating profit up 18% in current year</td>
<td>• Leadership retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Execute identified growth projects for each division</td>
<td>• Newly acquired distribution and support businesses of Bucyrus earnings accretive in first full year</td>
<td>• Provide a safe and healthy work environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Global Power growth strategy continues to gain momentum</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Agriculture businesses in Siberia and Mozambique positioned to tap agricultural growth potential</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Niche acquisitions and growth projects implemented in Automotive and Logistics</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>Build an organisation that adds value to employees and other stakeholders through inspired, aligned, empowered, results-driven, globally competitive and passionate people who create value through strategic innovation and continuous improvement</td>
<td>• Drive employee engagement: Individual Perception Monitor (IPM) overall score above 75% for all businesses</td>
<td>• Market leadership in targeted segments through delivery of integrated customer solutions</td>
<td>• Niche acquisitions in Automotive and Logistics expand customer solutions and support business model</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• People development and succession aligned with strategic growth priorities</td>
<td>• Market leadership position retained across most businesses</td>
<td></td>
</tr>
<tr>
<td>Integrated customer solutions</td>
<td>Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions</td>
<td>• Leadership retention</td>
<td>• Successful integration of the Bucyrus distribution and support businesses provides expanded product range to customer base in surface and underground mining</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Leadership retention</td>
<td>• Joint venture with EMD/Progress Rail is pursuing opportunities to provide locomotive and rail services to customers in southern Africa</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Niche acquisitions in Automotive and Logistics expand customer solutions and support business model</td>
<td></td>
</tr>
<tr>
<td>Core themes</td>
<td>Material focus areas</td>
<td>Progress review</td>
<td>Page references</td>
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</tr>
</tbody>
</table>
| **Sustainable development** | **Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development** | • Aspirational target of 12% efficiency improvement in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions by end of 2014 financial year (2009 baseline)  
• Cumulative cost savings through sustainability initiatives  
• Pursue emerging commercial opportunities | Page 74 |
| **Empowerment and transformation** | **Enhanced competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation** | • Department of Trade and Industry's B-BBEE Level 2 or 3 rating for each South African business unit  
• Leadership position  
• Drive gender equality, localisation, people with disabilities and diversity across the group | Page 90 |
| **Financial returns** | **Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments** | • Top-quartile financial returns on average through the cycle (at or above our cost of equity, and measured against relevant peer groups in our chosen business segments)  
• Achieve return on equity target (15%) by 2015  
• Achieve return on net operating assets target (20%) by 2015  
• Internal targets and hurdle rates set for all businesses  
• Release capital from underperforming assets | Page 98 |
|  |  | • While most operations positively contributed to progress towards our aspirational targets, increased energy consumption and emissions from our expanding Logistics operations negatively affected group progress  
• Energy efficiency (GJ/Rm revenue) is 7% worse than baseline  
• GHG emissions efficiency (tCO2e/Rm revenue) is 7% better than baseline  
• Related savings in operations  
• A number of environmentally sustainable commercial opportunities being pursued |  |
|  |  | • Ranked as number 1 in general industrial sector for fourth consecutive year  
• All South African operations achieved a Level 2 or Level 3 B-BBEE rating  
• Group B-BBEE Level 2 rating retained  
• General staff trust shares with a value of R266.6 million vested allowing the 11,531 South African recipients the opportunity to sell or retain shares |  |
|  |  | • Group return on equity improved from 11.3% to 12.8%  
• Group return on net operating assets declined slightly from 18.8% to 18.6%  
• Positive turnaround in Logistics operations continued  
• Released R1.057 million proceeds on disposals of businesses in the past two years |  |
Engaging with our stakeholders

Barloworld’s management and board are cognisant that the group’s reputation is derived from stakeholders’ perception of the organisation, based on the quality of its products and services, the ethical and professional behaviour of its people and its full, fair and timely communications to stakeholders in the markets and countries in which it operates.

In order to compete in an increasingly complex and ever-changing business environment, Barloworld ascribes high strategic importance to stakeholder relationship management. Aligned with the group’s business and external profile, responsibility for stakeholder management has been assigned to an executive director on the group’s main board, the board being charged with overall accountability for the status of the group’s key relationships and reputation.

The group is committed to delivering sustainable value through open, mutually beneficial relationships that inspire the trust and confidence of its stakeholders. As such, stakeholder engagement is a key aspect of the group’s approach to responsible corporate citizenship and underpins the profitability and sustainability of our businesses.

Creating sustainable value for key stakeholders is integral to the ongoing management activities of group functions and business operations and a regular agenda item at executive meetings.

In order to understand and behave in the best interests of our stakeholders, a wide range of regular, structured and ad hoc engagements take place at various levels in the organisation, targeting investors, employees, customers, suppliers, government, civil society and the media. These are aimed at channelling stakeholder intelligence into strategy formulation and decision-making processes, and exploring ways to enhance key relationships and generate trust.

Material matters raised by stakeholders and the management responses to these issues are regularly reported on, to ensure an inclusive and responsive approach to stakeholder engagement.

A forum of stakeholder engagement champions from divisions and functions across the group provides a management platform to strengthen the group’s approach to stakeholder engagement, relationship management, cross-functional implementation and accountability. The forum shares information on stakeholders across the group and develops strategic approaches to shared group needs and interests, such as establishing clear goals for key stakeholders, key performance indicators (KPIs) for strategic relationships, management tools and relevant communications.

Central to our business model is the management of relationships with our stakeholders.
### Stakeholder groups engaged and the key issues addressed in 2013

<table>
<thead>
<tr>
<th>Key issue</th>
<th>Management response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders and providers of capital</strong></td>
<td></td>
</tr>
<tr>
<td>• Sustainability of business, operational and financial</td>
<td>• Business models, strategic direction and approach to long-term value creation</td>
</tr>
<tr>
<td>performance</td>
<td>articulated</td>
</tr>
<tr>
<td></td>
<td>• Performance against reported financial metrics monitored</td>
</tr>
<tr>
<td></td>
<td>• Strategic alignment with identified growth industries and regions.</td>
</tr>
<tr>
<td>• Fair executive and non-executive directors’ emoluments</td>
<td>• Comprehensive remuneration report disclosed annually</td>
</tr>
<tr>
<td></td>
<td>• Remuneration committee in place and chaired by independent non-executive director</td>
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<tr>
<td></td>
<td>• Independent remuneration advisers retained.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td></td>
</tr>
<tr>
<td>• Unique solutions and relationships which assist them to</td>
<td>• Close relationships enhance capability to identify and deliver unique integrated</td>
</tr>
<tr>
<td>achieve their objectives</td>
<td>solutions</td>
</tr>
<tr>
<td></td>
<td>• Alignment with leading principals ensures optimal product availability and</td>
</tr>
<tr>
<td></td>
<td>legitimate supply chains</td>
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<tr>
<td></td>
<td>• Leading technology and service support facilitates customer interventions,</td>
</tr>
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<td></td>
<td>expanded and competitive offerings.</td>
</tr>
<tr>
<td><strong>Employees and their representatives</strong></td>
<td></td>
</tr>
<tr>
<td>• Fulfilled careers</td>
<td>• Regular and committed employee engagement</td>
</tr>
<tr>
<td></td>
<td>• Revitalisation of Employee Value Proposition designed to facilitate value add for</td>
</tr>
<tr>
<td></td>
<td>and by employees, attract and retain skills.</td>
</tr>
<tr>
<td><strong>Principals and suppliers</strong></td>
<td></td>
</tr>
<tr>
<td>• Leading representation of products and services</td>
<td>• Leading product distribution and after-market offering supported by significant</td>
</tr>
<tr>
<td></td>
<td>investment in world-class skills and facilities</td>
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<tr>
<td></td>
<td>• Regular customer satisfaction surveys and feedback</td>
</tr>
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<td></td>
<td>• Increasing sales secures improved demand for principal's products and services.</td>
</tr>
<tr>
<td><strong>Public sector</strong></td>
<td></td>
</tr>
<tr>
<td>• Support for national objectives</td>
<td>• Employment, investments in development and taxes contribute to financial and</td>
</tr>
<tr>
<td></td>
<td>social stability, and economic competitiveness of countries in which we do business</td>
</tr>
<tr>
<td></td>
<td>• Monitoring and constructive responses to changes to policy framework and</td>
</tr>
<tr>
<td></td>
<td>group’s regulatory environment in countries of operation</td>
</tr>
<tr>
<td></td>
<td>• Compliance and conformance with relevant standards and legislation.</td>
</tr>
</tbody>
</table>
### Engaging with our stakeholders continued

<table>
<thead>
<tr>
<th>Key issue</th>
<th>Management response</th>
</tr>
</thead>
</table>
| Civil society and local communities | • Engaged on shared interests and concerns  
  • Responsiveness to needs of communities through corporate social investment and enterprise development programmes with set performance targets and objectives  
  • Diversity, empowerment and transformation, as well as responsible environmental custodianship identified as key focus areas with set performance targets and objectives. |
| **Empowerment partners**           | • Mutually beneficial relationship and value creation  
  • Ongoing engagement and review of existing B-BBEE structures  
  • Focus on value creation and total shareholder returns. |
| Industry associations               | • Range of industry issues of collective interest and concern  
  • Leadership involvement and engagement with industry bodies and forums include:  
    • Policy development  
    • Conditions of employment, skills development  
    • Transition to lower carbon economies. |
| Media                              | • Relevant, credible, comparable information and reporting  
  • Engagement through formal structures, media campaigns and editorial content  
  • Available and engage proactively and on request. |

*For full list of stakeholder issues and responses see GRI 4.14*
Partnerships that drive value

Avis Fleet Services provides outsourced fleet management services to the City of Johannesburg.

The City of Johannesburg (COJ) outsourced fleet management contract awarded to Avis Fleet Services in November 2012 is one of the biggest automotive tenders of its kind in South Africa.

Johannesburg is home to about 4.5 million people with a municipal budget the largest in South Africa. Naturally a significant portion of this budget is demarcated for operational expenditure and the provision of most of COJ’s services depend on up-time mobility of some 3 500 vehicles.

The contract, which involves the supply of a fully maintained fleet solution over five years to eight core departments, some of these being the Johannesburg Roads Agency, City Power, City Water and Pikitup Waste Management, called for intensive engagement with COJ management to understand their complex and various needs and to provide a world-class transport solution.

Strong B-BBEE credentials, as well as the capacity to demonstrate the benefits through appointments “on the ground” and ensure the city’s policies are adhered to, were important elements of the tender.

This necessitated a 360 degree organisational assessment, and ingenuity in dealing with intricate pricing models, sharing of risks and proactive supplier engagement.

This was a task that consumed thousands of man-hours and drew on the knowledge and expertise of people from across the entire Automotive and Logistics division coordinated through Avis Fleet Services (AFS). The outcome is that the AFS team has negotiated a contract designed to meet the needs of the city in the most cost effective manner available. Since signing of the agreement, the city has seen 1 793 new vehicles delivered into its fleet.

Delivery of the integrated customer solution has also demanded seamless collaboration between business units within Barloworld Automotive and Logistics, particularly the Barloworld General Motors City Deep team and Avis Fleet Services. The Barloworld GM City Deep site was equipped to allow AFS to launch the full bouquet of operational services to the COJ, including maintenance authorisation and customer engagement, and resulted in 90% of the vehicles being sourced through Barloworld Motor Retail dealerships. The contract also entailed the implementation of a new billing system, reporting protocols and use of data to effect continuous improvement in the services provided. As a result of the COJ contract, GM City Deep has increased revenue by 40% and sustained higher profitability resulting in better OEM relationships.

For AFS, the COJ contract is ground breaking. It represents the culmination of 33 years of innovation and continuous improvement into a milestone that will provide a launch pad for future contracts of this type.

Driving the overriding business imperative is the Barloworld philosophy of creating sustainable value for all stakeholders.
Implementing the group strategy

Our vision 2015
To deliver significant incremental value for our stakeholders through 2015 by being a recognised global market leader in providing integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments.

Similar business models and core competencies, common customers and realisable synergies support our strategic approach.

Our growth and resilience are underpinned by the activities defined in our business model which include delivering our products and services into the markets, growing our market share and successfully servicing the aftermarket opportunities. This continuing cycle ensures our ongoing capability for long-term stakeholder value creation.

Our Strategic Focus Areas and Critical Success Factors
We focus on doing these aspects well to drive value creation for our stakeholders.

Our Strategic Focus Areas are the same through all divisions with Critical Success Factors being tailored to each business.

Our Worldwide Code of Conduct
Integrity, Excellence, Teamwork and Commitment. These values apply across the group and to all our interactions with stakeholders.

Aligned and efficient strategy implementation
Barloworld strategic framework is consistent throughout the group
In order to ensure successful implementation of our strategy, realise opportunities and address stakeholder issues and group risks, alignment between these issues and throughout the group is essential.

An alignment framework aimed at consistent cascading of our Strategic Focus Areas through the group is in place and appropriately adapted by the divisions and business units. It includes divisions identifying Top Imperatives for each Strategic Focus Area aligned to group priorities for 2015, together with related Critical Success Factors, measures, risks and responses.

Implementation of the group’s strategic plan is monitored at board level. Divisional executive teams are accountable for fulfilling their strategic plans, meeting objectives and achieving key performance indicators.

Strategic plans are executed through elements of a comprehensive Integrated Employee Value Model which includes accessing, harnessing and directing the group’s collective wisdom. The framework includes a structured performance management system ensuring attention to top imperatives and value drivers, and enables employees to benefit appropriately from value created. An Integrated Financial Value Model highlights areas of focus to optimise value creation activities (value drivers), measures progress against objectives and provides relevant peer comparisons. These aspects enhance the group’s value creation capability.

In line with the Strategic Focus Areas of improving our financial returns and profitable growth, the group has set hurdles for allocation of financial and other resources to opportunities and continually assesses the performance of existing operations against these hurdles. Businesses are exited where it is believed that they will not be able to meet the required performance level and investments are made into opportunities that align with the group’s strategic direction. Examples are exiting the United States of America, Belgian and UK Handling businesses and investing into a range of new opportunities including the acquisition by the Equipment division of the Bucyrus distribution rights in southern Africa and Russia, a number of investments by the Automotive and Logistics division and Handling’s expansion in the agriculture sector in southern Africa and Russia.

Managing risk
Identifying risks and opportunities through a robust and systematic process is central to our strategic planning process. A comprehensive risk management policy is in effect throughout the group and is complemented by the Barloworld Limited Risk Management Philosophy.

In line with international best practice, risks are assessed on their probability, severity and quality of the existing control environment. These measures result in residual risk scores that indicate the importance of the risk and facilitate assessing progress made in addressing identified risks. Through the risk and sustainability committee, the board determines the levels of risk tolerance for the group and also ensures that risk assessments are performed on a continual basis by formally reviewing the divisional and group risk registers twice a year.
Managing risk

This table reflects the group's top risks as well as management's responses to them.

### Barloworld group top risks 2013 (in alphabetical order)

<table>
<thead>
<tr>
<th>Key risks</th>
<th>Category of risk and management response</th>
</tr>
</thead>
</table>
| Acquisition underperformance | Acquisition risk  
- A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk-adjusted value creation potential for the respective business unit and the group  
- Following acquisitions, planning and task teams are established to focus on the realisation and management of possible synergies. |
| Climate change and environmental stewardship | Environmental/operational/strategic/financial/regulatory risk  
- Minimise exposure through in-depth risk assessments and strategic responses. Ensure organisational resilience through aligned and integrated management activities and policies. These include:  
  - Implementation of aspirational efficiency improvement targets in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions and focus on water stewardship  
  - Association with leading principals, provision of products and solutions with reduced environmental footprint and which assist customers achieve their sustainable development objectives  
  - Geographic, industry and product diversification. |
| Competitor actions | Competitor risk  
- Continually reduce costs by focusing on operational efficiencies and staff training  
- Continually improve service and the provision of innovative solutions to customers  
- Develop key customer plans which contain all the information and strategies to satisfy the customer. |
| Currency volatility | Financial risk  
- The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging and guideline parameters within which to operate and permissible financial instruments to be utilised  
- Preventive measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to reduce the impact of any adverse currency fluctuations. |
## Key risks

### Defined benefit scheme exposure

One of the key risks for the UK's defined benefit scheme over the past few years has been the reduced real yield on AA-rated corporate bonds which is used to value the liabilities. In addition, increased life expectancy of members will have an adverse impact on the scheme's funding position. Market volatility remains a risk, with 50% of the schemes assets invested in growth assets (largely equities), which includes 25% diversification into absolute return funds. A further deterioration in the funding level will require additional company contributions over and above the scheme's current normal and agreed recovery plan contributions.

The year-end valuation resulted in the deficit increasing to £85 million, largely due to the higher inflation rate which was partially offset by increased bond yields. The increased liabilities were offset to an extent by good asset performance which was ahead of expectations.

As the active members have reduced substantially, the trustee board will adopt more prudent assumptions in future in line with the maturity profile of the liabilities which will result in the scheme's liabilities increasing in the actuarial valuation as compared to the accounting valuation.

### Dependence on principals and suppliers

Some of the businesses in the group are dependent on a small number of principals and/or suppliers.

Our success is therefore linked to their ongoing financial stability, the competitiveness and quality of their products and services and the availability of equipment to meet customers' needs.

In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, inter alia, on reliable power and water supply and appropriate transport networks.

### Market risk

- A suitably qualified representative board of trustees exists which, together with a separate investment sub-committee, is responsible for regularly evaluating the effectiveness of investment decisions. Professional investment advisers are used to assist in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the company agreed as part of a 10-year recovery plan to bring the fund back to full funding on an accounting basis.
- The defined benefit scheme in the UK was closed to new members in 2002 and benefits were changed to a CARE basis in 2006 to assist in managing future liabilities. The scheme is now mature with only minimal active membership following the disposal of Handling UK. All new employees in the UK are automatically enrolled in the UK's defined contribution scheme.
- During the year, as part of the trustee and company strategy to de-risk the UK pension scheme, the fund purchased an insurance policy structured as a buy-in, for a category of pensioners. This was funded through the sale of government gilts and a special contribution by the company of £3.0 million.

### Strategic risk

- Add value by giving constant feedback to our principals on market movements and product competitiveness
- Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are a preferred dealer/customer
- Provide excellent customer service and lead in our markets
- Build long-term partnerships with customers
- Supplier due diligence performed
- Build relationships with local authorities
- Align strategies and targets with those of our major principals as far as possible.
<table>
<thead>
<tr>
<th>Key risks</th>
<th>Category of risk and management response</th>
<th>Operational risk</th>
<th>Market risk</th>
<th>Employee/operational/strategic risk</th>
<th>Regulatory risk</th>
<th>Financial risk</th>
<th>Employee risk</th>
</tr>
</thead>
</table>
| **Exposure to political risks, terrorism and crime in the countries in which we operate** | The group’s people and assets are spread through numerous countries around the world, while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses, are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates, as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures. | • Minimise exposure in high-risk countries through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities  
• Maintain flexible business models  
• Maintain business continuity plans that incorporate emergency response actions, crisis management and business recovery plans specific to the businesses and the respective territories in which the businesses operate. | • Build long-term partnerships with customers  
• Develop customer solutions which differentiate and expand our offering from product-based businesses  
• Diversify customer base  
• Develop new channels. | • Minimise exposure through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities and policies  
• Training in accident prevention, accident response, emergency preparedness and the use of protective clothing and equipment, all with the aim of ensuring a safe workplace. | • Management is responsible for the ongoing monitoring of all pending and actual changes to the group’s regulatory environment. Due to the large number of jurisdictions which govern the group’s activities, this monitoring occurs in each relevant country of operation  
• Where feasible, the group will comment on proposed changes to the regulatory environment that may adversely affect the group in a particular jurisdiction. | • Inflationary pressures to be carefully monitored and managed, as appropriate, in each business  
• Reduce costs and improve operating efficiencies  
• Monitor our customers’ ability to spend and access credit  
• Reduce working capital, limit capital expenditure and improve cash flow  
• Secure adequate committed borrowing facilities. | • Barloworld has a defined Employee Value Proposition and methodology to align employees with the strategy of the organisation  
• These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity and value-creation competence  
• Through performance management systems, employees’ purpose, role, function and accountabilities are defined, and, using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels  
• Investments in training resources and facilities are continuing to assist and encourage employees to enhance their levels of competence and performance  
• An appropriate suite of reward and incentive schemes ensures recognition, value creation for employees and retention of high-performing employees. |
| **Exposure to significant customers and dependence on channels to market** | We are exposed to certain large customers and/or industries and well-established distribution and support channels may change or consolidate.                                                                                                           |                                                                                                                                                               |                                                                                                                                                            |                                                                                                                                                              |                                                                                                                                 |                                                                                                                                                            |                                                                                                                                                            |
Information technology

Supporting strategy and mitigating risk
The information technology (IT) teams in Barloworld have recognised the changing nature of the IT ecosystem and various technology game changers that are having significant impact on how business is done and enabling new business models and revenue streams. There have been ongoing successes in Internet commerce with steady growth in revenues across the group.

IT has successfully supported the changing shape of Barloworld with the integration of acquisitions and new ventures and the successful handover to new owners of disposed businesses. This is part of a successful practice to integrate acquired businesses. There is a core focus on the capabilities to enable integrated customer solutions. This includes interdivisional working groups to take advantage of those skills in the group that have already been developed and focusing IT resource on the changing nature of the IT ecosystem. This changing IT ecosystem also stimulates growing Information security risks. There is a broad approach across the group to appreciate and mitigate these risks and make sure that the Barloworld environment is kept secure. To this end a group information security officer has been appointed to enable the organisation to keep up to speed with the changing external environment.

The IT environment is broadly governed according to the King III principles and is fully integrated into the strategic planning process within the company, ensuring the consideration of new business opportunities, and strategic, tactical and operational alignment in the achievement of business objectives.

Chief information officers in each division represent IT at divisional board level and the group finance director is responsible at a group level. IT steering committees at a group, divisional and business unit level enable alignment with business direction and synergies across IT in the group. The IT function is represented at quarterly risk and sustainability committee meetings, a sub-committee of the board.

The group IT steering committee ensures that IT is applied to the best advantage of the company through:
- Strategic alignment
- Innovation and major trends in technology
- Value delivery
- Performance management
- Governance of IT
- Risk management
- Resource management
- Information security.

Barloworld is guiding IT to support the group’s future growth and value creation ability.

Full Corporate governance report 2013
Strategic intent
Top quartile growth in total shareholder returns over five years to September 2015.
Growing for the future

A strong ambition to expand activities and increase value created for all stakeholders

The group focuses on opportunities in its core businesses and limits moves into adjacent markets unless there are clear strategic linkages.

The following growth industries provide opportunities for the group into the future and are central to our strategy. Given our strategic profile, representation of principals and Original Equipment Manufacturers (OEMs) and brands, as well as our regions of activity, we are well placed to realise opportunities in these segments. Recent investment activities illustrate our commitment to these opportunities and to growing our business.

These include:

- The acquisition of Bucyrus in southern Africa and Russia
- The merger of Dedicated Transport Services (DTS) business with Manline Logistics to form Barloworld Transport Solutions (BWTS) in which Barloworld has a 50.1% stake
- The formation of Manline Mega, an abnormal load transport business
- Finalising the acquisition of the 25% minority holding in Logistics Africa
- The acquisition of a 25.1% minority stake in re-, an environmental solutions business.

In addition, a realignment of management structures within our Equipment, Handling and Power Systems operations was effected on 1 October 2013 with the aim of allocating sufficient management resources to areas of future growth, to optimise synergies through collaboration between our businesses and also ensure that leadership development and seamless management succession is in place.

Identified growth segments and growth drivers

**Mining**

Emerging market industrialisation driving demand for commodities

- Southern Africa
- Russia

**Infrastructure**

Infrastructure backlogs and rapid urbanisation in developing economies

- Southern Africa
- Iberia
- Russia

**Power**

Increasing demand in electricity, marine, petroleum and industrial segments

- Southern Africa
- Iberia
- Russia

**Agriculture**

Importance of food security, growing demand for biofuels, including rich potential in Africa and Russia

- Southern Africa
- Russia

**Automotive**

Increasing need for flexible vehicle usage solutions for private, corporate and inbound tourism

- Southern Africa
- Australia

**Logistics**

Growing international trade and trend to outsource supply chain management activities

- Southern Africa
- Middle East
- Europe
- Far East
- North America
Barloworld Equipment southern Africa’s acquisition of the Bucyrus distribution business from Caterpillar Global Mining, effective on 1 July 2012, could not have been better timed.

The new business was named as Extended Mining Product Range (EMPR) to differentiate it from the legacy Cat mining business and give it the necessary focus to take root. It has taken a dedicated team, led by executive Gerhard Vorster, a great deal of time and effort to achieve a difficult integration process involving almost 500 people and a line-up of very different opencast and underground mining machines with unique sales and support requirements.

The acquisition also coincided with the start of the cyclical mining sector decline. Yet, through sheer determination and hard work, the EMPR team have caught the imagination of customers and positively impacted Equipment revenue and profits.

Essentially the EMPR business, contributing significantly to the diversity of our mining offering, has filled a revenue gap created by a cyclical decline in legacy Cat mining machine sales due to the industry downturn. Exceeding expectations, the EMPR team achieved its first full financial year targets within 10 months.

The integration process started with complex challenges. The team has taken a measured approach, identifying gaps, listing problems, prioritising and tackling one by one using 6 Sigma methodology.

There have been many successful sales to sites including Husab Uranium; FQM Kalumbila copper mine; Debswana’s diamond mines; Optimum Colliery; Sishen, Mamatwan and Kolomela in the Northern Cape, as well as breakthroughs with Glencore Xstrata. Major improvements have been seen in after-sales and parts availabilities in particular.

“The acquisition led to the start of the EMPR business, which has filled a revenue gap created by a cyclical decline in legacy Cat mining machine sales due to the industry downturn. Exceeding expectations, the EMPR team achieved its first full financial year targets within 10 months. The integration process started with complex challenges. The team has taken a measured approach, identifying gaps, listing problems, prioritising and tackling one by one using 6 Sigma methodology. There have been many successful sales to sites including Husab Uranium; FQM Kalumbila copper mine; Debswana’s diamond mines; Optimum Colliery; Sishen, Mamatwan and Kolomela in the Northern Cape, as well as breakthroughs with Glencore Xstrata. Major improvements have been seen in after-sales and parts availabilities in particular.

“Now we are starting to align the EMPR business and people into our existing regional structures,” says Vorster. “The operations must start running the EMPR business alongside the legacy Cat business. We must benefit from synergies with our existing structures and footprint throughout the business.”
Strategic intent
To build an organisation that adds value to employees as our success is based on inspired, aligned, empowered, results-driven, globally competitive, passionate people who create value through strategic innovation and continuous improvement.
Creating a world of excellence

Barloworld’s key asset is the intellectual capacities and skills of its employees. Employees are central to the implementation and success of our vision and strategy. We aspire to creating an organisation of the future where we deliver employee value by engaging the hearts and minds of all employees so that they come to work with a sense of purpose and leave with a sense of achievement.

Our people strategy supports the business model in delivering the Employee Value Proposition (EVP) articulated in our people statement and strategic intent.

Critical success factors for employee value creation

Six critical success factors guide the group in managing its employees. Each of these factors is closely aligned to deliver on the EVP and ensure that Barloworld has the intellectual capacity to create sustainable value for the business and all its stakeholders.

An Individual Perception Monitor (IPM) surveys employee opinion on the six areas of the EVP in each division. The objective is to identify and communicate areas for improvement and targeted interventions. This survey is conducted every two years and will be held again in 2014.

GROW our sustainable competence

Sustainable competence is achieved through organisational learning and development. Recruitment practices are professional, effective, fair and transparent. Workforce planning is conducted to identify future manpower needs aligned to the company’s strategic plans. Based on this analysis, a talent pipeline review identifies any gaps. Talent segmentation is important to identify core and scarce skills which are prioritised and incorporated into recruitment strategies and skills development plans.

Initiatives include the following:
• An Intellectual Capital Review (ICR) is conducted annually by the chief executive to assess the current talent pipeline. This ensures succession in critical roles and appropriate career development of key individuals. A similar process is undertaken at divisional level

Skills development programmes address both hard and soft skills and are aligned to national regulations and frameworks. Trainee, graduate, apprenticeship and learnership programmes are in place. The group has 3 492 artisans, technicians and technologists as well as 3 392 employees with degrees or diplomas. We provide financial support to 227 employees studying towards degrees or diplomas and assist 196 individuals in training, including work experience, through a number of internship programmes. We have 1 464 delegates in our learnership and apprentice programmes.

Overall direct training and development spend for the period amounted to R120 million.

Average training hours per employee by level

<table>
<thead>
<tr>
<th>Occupational level</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board*</td>
<td>3.00</td>
<td>3.17</td>
<td>7.42</td>
</tr>
<tr>
<td>Executive</td>
<td>4.02</td>
<td>8.19</td>
<td>16.63</td>
</tr>
<tr>
<td>Senior management</td>
<td>12.24</td>
<td>8.93</td>
<td>28.39</td>
</tr>
<tr>
<td>Middle management</td>
<td>21.74</td>
<td>27.29</td>
<td>35.44</td>
</tr>
<tr>
<td>Skilled upper</td>
<td>37.40</td>
<td>28.18</td>
<td>29.86</td>
</tr>
<tr>
<td>Semi skilled/apprentices/trainees</td>
<td>38.55</td>
<td>53.14</td>
<td>38.45</td>
</tr>
<tr>
<td>Labour/unskilled</td>
<td>2.51</td>
<td>16.04</td>
<td>31.03</td>
</tr>
<tr>
<td>Overall group average</td>
<td>35.05</td>
<td>35.40</td>
<td>33.34</td>
</tr>
</tbody>
</table>

*Includes executive directors only.

Percentage spend by level

<table>
<thead>
<tr>
<th>Occupational level</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board*</td>
<td>0.00**</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Executive</td>
<td>0.02</td>
<td>0.09</td>
<td>0.27</td>
</tr>
<tr>
<td>Senior management</td>
<td>0.87</td>
<td>0.22</td>
<td>1.13</td>
</tr>
<tr>
<td>Middle management</td>
<td>11.34</td>
<td>10.96</td>
<td>16.98</td>
</tr>
<tr>
<td>Skilled upper</td>
<td>48.36</td>
<td>48.13</td>
<td>45.80</td>
</tr>
<tr>
<td>Semi skilled/apprentices/trainees</td>
<td>39.36</td>
<td>39.60</td>
<td>33.50</td>
</tr>
<tr>
<td>Labour/unskilled</td>
<td>0.05</td>
<td>0.99</td>
<td>2.30</td>
</tr>
<tr>
<td>Total spend (R)</td>
<td>120 078 219</td>
<td>156 589 474</td>
<td>119 140 406</td>
</tr>
</tbody>
</table>

*Includes executive directors only.
**Training provided by the group’s advisers at no additional cost.
THRIVE as a result of talent management

Talent management focuses on the processes to identify, develop and manage the career paths of employees within the organisation.

A formal system of talent identification exists within the organisation and the annual ICR effectively manages strategic talent.

A total of 12 552 employees had a career development discussion during the 2013 reporting period. Individual development plans are implemented and employees are given opportunities to develop the skills required for current and future roles.

The organisation creates an open and transparent internal labour market and vacancies are advertised on the intranet site.

LIVE in a caring, equitable workplace

A healthy, equitable organisational climate supports all stakeholders including employees and broader society. We care about our employees’ safety and their wellbeing is paramount.

In addition to the results from an IPM survey, feedback is received from general and informal communication, structured team forum meetings, one-on-one discussions and 360 degree reviews.

Regrettably, there were three work-related deaths in our Logistics unit during the year as a result of truck accidents. The group continues to focus on providing a safe and healthy work environment.

Barloworld also invests in society and its communities as a responsible corporate citizen. The group has a clearly understood policy on social investment and responsibility. Volunteerism is supported, allowing employees to become involved in projects that are meaningful to them.

RELATE to a professional climate

A professional climate creates a culture of innovation, ethical leadership, environmental stewardship and good corporate governance.

The Barloworld Leadership Behaviours define the behaviour expected from leaders throughout the organisation. This is aligned to the Barloworld Worldwide Code of Conduct and Code of Ethics.

Surveys such as 360 degree reviews and the IPM offer feedback to leaders.

Management/executive development programmes are aligned to reinforce the desired leadership behaviours and values. From 2001 to date, 544 delegates have attended the leadership development programme and 141 the executive development programme.

REWARD aligned to performance management

Performance is managed to recognise excellence. The reward and performance management system is aligned to value creation through remuneration, performance coaching and reviews.

Performance reviews are conducted annually. During the reporting period 13 460 reviews took place.

### HIV/Aids statistics in Barloworld South Africa

<table>
<thead>
<tr>
<th>Division</th>
<th>Employees</th>
<th>Employees who know their status*</th>
<th>% who know their status*</th>
<th>% of those tested who are HIV positive*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment Handling</td>
<td></td>
<td>4 293 4 210 3 623</td>
<td>2 160 2 627 2 473</td>
<td>50 62 68</td>
</tr>
<tr>
<td>Automotive and Logistics</td>
<td></td>
<td>9 471 8 241 7 674</td>
<td>5 301 4 918 5 031</td>
<td>56 60 66</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td>113 119 106</td>
<td>50 100 106</td>
<td>44 84 100</td>
</tr>
<tr>
<td>Total</td>
<td>13 877</td>
<td>12 570 11 403</td>
<td>7 511 7 645 7 610</td>
<td>54 61 67</td>
</tr>
</tbody>
</table>

* Cumulative over three years.
Reward and incentive programmes are clear, well communicated and linked to strategy and business results and each employee participates in some form of incentive/reward scheme.

Balanced scorecards ensure goals are balanced and aligned and targets are captured for each role. Individual development plans support continuous learning to enable individuals to meet or exceed targets.

The pay for performance system ensures that employees are appropriately rewarded for their level of performance. Remuneration and employee benefits are attractive, well structured and competitive. The group’s remuneration practices are regularly reviewed and we are committed to removing discrimination in pay scales.

**Learning Organisation**

The Learning Organisation is the sustainability platform on which the six critical success factors of the EVP are based. The key drivers are information sharing, collaboration, innovation and collective wisdom through structured team forums.

Through the Learning Organisation, reinforced by our Leadership Behaviours, Worldwide Code of Conduct and Code of Ethics, employees are able to take an active role in reviewing and continuously improving organisational processes, systems and practices and building the organisation of the future.

**Number of employees**

Overall headcount (permanent and contractors longer than 12 months) in the group increased from 19 238 to 19 692 as a result of acquisitions within our Equipment Russia and Logistics units. The growth in employment in Russia partly offset the effect of the disposals of businesses in Handling.

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**Workforce by division**

<table>
<thead>
<tr>
<th>Division</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment and Handling</td>
<td>8 691</td>
<td>9 427</td>
<td>9 430</td>
</tr>
<tr>
<td>Automotive and Logistics</td>
<td>10 888</td>
<td>9 692</td>
<td>9 135</td>
</tr>
<tr>
<td>Corporate</td>
<td>113</td>
<td>119</td>
<td>106</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19 692</td>
<td>19 238</td>
<td>18 671</td>
</tr>
</tbody>
</table>

Barloworld is a global entity with a presence in multiple geographies and we are committed to recruiting from communities in which we operate and developing the local skills base. Where the required skills are not available, the opportunity is used to broaden the experience and expertise of expatriate employees who, in turn, assist in developing local skills. Overall 1.58% of employees are expatriates.

**Workforce by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA</td>
<td>13 877</td>
<td>12 570</td>
<td>11 403</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>2 418</td>
<td>2 334</td>
<td>1 905</td>
</tr>
<tr>
<td>UK, Europe and Russia</td>
<td>2 632</td>
<td>3 548</td>
<td>3 743</td>
</tr>
<tr>
<td>Middle East and Asia</td>
<td>242</td>
<td>244</td>
<td>291</td>
</tr>
<tr>
<td>Australia</td>
<td>510</td>
<td>528</td>
<td>492</td>
</tr>
<tr>
<td>North America</td>
<td>13</td>
<td>14</td>
<td>837</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19 692</td>
<td>19 238</td>
<td>18 671</td>
</tr>
</tbody>
</table>
CEO Awards 2013 – excellence recognised

The CEO Award is a highlight of the annual calendar that recognises exceptional people within the Barloworld group. It celebrates individuals and teams whose achievements testify to the courage, grit, skills and passion of Barloworld’s employees.

The CEO Award finalists are selected through well-established and communicated divisional recognition and reward processes that form a critical component of the group’s Employee Value Proposition.

The seven finalists represent all aspects of the business and are chosen for their professional achievements, leadership skills and contributions to the community to compete for the ultimate title of the Barloworld CEO Award winner.

All nominees for the CEO Award, whether they are teams or individuals, have some common attributes:

• They go beyond the call of duty, exercising discretionary effort to make a positive difference in their workplaces
• Through their actions they create sustainable value for all our stakeholders
• They focus on the achievement of Barloworld’s vision and live our values of integrity, excellence, teamwork and commitment.

The judges had a very difficult task and after much deliberation the CEO Award 2013 went to a team of 25 people – Avis Fleet Services’ City of Johannesburg (CoJ) team led by Nelson Govender, general manager, CoJ operations.

Winning the hotly contested CoJ contract has been a great success for Avis Fleet Services and added significant value for the entire Automotive and Logistics division. Tough negotiating and outstanding execution have distinguished this team, which has taken the key business imperatives of collective wisdom and teamwork within the Automotive and Logistics environment to new levels of excellence. These men and women exemplify what can be achieved by talented and passionate people who work together to achieve and exceed business goals. They seek not individual credit but to win as a team.

The finalists for the CEO Awards 2013, Sean Walsh of Barloworld Equipment southern Africa, Oleg Sorokin of Barloworld Equipment Russia, Mathys Enslin representing Barloworld Logistics and the PPC TMS team, Gary Halverson of Barloworld Handling, Clive Thomson, Lerato Manaka of Corporate Office, Manuel Jurado of Equipment Iberia and Nelson Govender representing Avis Fleet Services and the City of Johannesburg team.

The finalists for the CEO Awards 2013, Sean Walsh of Barloworld Equipment southern Africa, Oleg Sorokin of Barloworld Equipment Russia, Mathys Enslin representing Barloworld Logistics and the PPC TMS team, Gary Halverson of Barloworld Handling, Clive Thomson, Lerato Manaka of Corporate Office, Manuel Jurado of Equipment Iberia and Nelson Govender representing Avis Fleet Services and the City of Johannesburg team
Integrated customer solutions

Strategic intent
Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.
Exceptional customer service – driving market leadership

Equipment and Handling

<table>
<thead>
<tr>
<th>Economic</th>
<th>Revenue Year ended 30 September R million</th>
<th>Operating profit/ (loss) Year ended 30 September R million</th>
<th>Net operating assets Year ended 30 September R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Southern Africa</td>
<td>28 148 24 273</td>
<td>2 069 1 740</td>
<td>11 876 10 600</td>
</tr>
<tr>
<td>– Europe</td>
<td>19 126 16 326</td>
<td>1 678 1 535</td>
<td>6 901 6 587</td>
</tr>
<tr>
<td>– Russia</td>
<td>4 377 4 180</td>
<td>(16) (19)</td>
<td>2 292 2 177</td>
</tr>
<tr>
<td>Handling</td>
<td>4 645 3 767</td>
<td>407 344</td>
<td>2 683 1 836</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental</th>
<th>Petrol and Diesel (ML) Year ended 30 September</th>
<th>Electricity (MWh) Year ended 30 September</th>
<th>Energy (GJ) Year ended 30 September</th>
<th>Emissions (tCO₂e) (scope 1 and 2) Year ended 30 September</th>
<th>Water (ML) Year ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Southern Africa</td>
<td>10.17 9.55</td>
<td>29 874 26 985</td>
<td>492 873 453 902</td>
<td>52 449 48 120</td>
<td>286 290</td>
</tr>
<tr>
<td>– Europe</td>
<td>7.45 6.85</td>
<td>19 390 17 647</td>
<td>356 983 322 750</td>
<td>40 066 36 340</td>
<td>235 266</td>
</tr>
<tr>
<td>– Russia</td>
<td>1.74 1.74</td>
<td>7 164 7 206</td>
<td>89 791 89 976</td>
<td>8 251 8 275</td>
<td>34 7</td>
</tr>
<tr>
<td>Handling</td>
<td>0.98 0.96</td>
<td>3 320 2 132</td>
<td>46 099 41 176</td>
<td>4 132 3 505</td>
<td>17 17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social</th>
<th>Employee headcount Year ended 30 September</th>
<th>LTIFR Year ended 30 September</th>
<th>Fatalities Year ended 30 September</th>
<th>B-BBEE rating* Year ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Southern Africa</td>
<td>8 002 7 701</td>
<td>0.91 0.94</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>– Europe</td>
<td>5 701 5 541</td>
<td>0.59 0.63</td>
<td>1</td>
<td>2 2</td>
</tr>
<tr>
<td>– Russia</td>
<td>1 448 1 493</td>
<td>3.23 2.35</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Handling</td>
<td>853 667</td>
<td>0.24 0.97</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

|                 | 689 1 726                              | 2.65 2.02                    | 2                                |                                       |
|                 | 8 691 9 427                            | 1.03 2.96                    | 1                                |                                       |

* B-BBEE rating for South Africa only.
Revenue up 6%

Operating profit up 19%

Operating margin 6.9%

Business model

People

Valued products and services

LOWEST LIFECYCLE COST

CUSTOMER LOYALTY

LARGEST POPULATION

GROW

LEADERSHIP

Valued products and services

Equipment

Handling
Exceptional customer service – driving market leadership

Southern Africa
Market overview
Following early indications of a slowdown in the mining supercycle in the final months of the 2012 financial year, 2013 has confirmed the downward trend on the back of slower growth in China, consequent declines in commodity demand and prices, and lacklustre economic performance globally. As a result, mining houses have reduced capital expenditure in order to extend the useful lives of machines.

Despite this Barloworld Equipment southern Africa's diversity across several countries and commodities, as well as our strong focus on after-sales support driven by our service teams and repair/rebuild facilities, assisted us in withstanding the mining downturn to produce a pleasing result. The Extended Mining Product Range (EMPR) of opencast and underground Cat mining products (ex-Bucyrus) acquired in mid-2012 further diversifies our solutions offering.

Labour issues in the South African mining sector continue to affect investor confidence. This is, however, concentrated mainly in underground platinum and gold mining, where Barloworld Equipment has limited exposure.

Market conditions continue to be positive for the power business in most sectors and southern African territories.

Business overview
Barloworld Equipment southern Africa’s vision 2015, to be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine, demands that our people have the skills and passion to deliver exceptional customer service, with the support of world-class facilities and systems, underpinned by mutual understanding with our principal Caterpillar.

While the long-term fundamentals remain in place, our business model is adjusting to the shorter mining cycles resulting from a volatile global economy.

We continue to be the overall market leader in earthmoving equipment sales in southern Africa.

Performance overview
Barloworld Equipment southern Africa produced another pleasing result against the backdrop of the mining sector slowdown and a low growth rate in South Africa, which generates more than 63% of our southern African revenue.

Following record growth in revenue and operating profit in 2012 due to unprecedented mining machine deliveries, we have withstood the significantly weaker economic climate to increase revenue by 17% to R19 billion in 2013. Operating profit of R1.67 billion comes in 9% higher from R1.53 billion in 2012.

Despite a lower order book at the start of the year due to reduced orders for Cat legacy mining machines, sales were boosted by the contribution of the well-timed acquisition of the EMPR business.

To be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine

Tight control of operating expenses was maintained, balanced with the need to invest in providing exceptional customer support in the future.

With the slowdown in activity following high levels of working capital required in the previous year, we were able to generate R1.4 billion of cash in 2013.

South African performance improved on the back of better than expected EMPR revenue and improved construction equipment sales. South African coal mines were less affected by lower Chinese imports of thermal coal due to sustained demand from Eskom.

However, in Mozambique revenue declined as our coal mining customers suffered the effects of the Chinese slowdown, together with a lack of rail infrastructure to transport commodities to ports.

The Angolan business improved its result with good construction sales, some breakthroughs in the mining sector and a strong order book. However, government payments to contractors continue to be intermittent, causing uncertainty in the market.

Chinese imports of cheaper construction machines into Angola and other African countries have ramped up and we are focusing on used sales to counter this. The power business is benefiting from the Angolan government’s plan to increase capacity to produce and distribute electricity.

Zambia has achieved higher machine sales this year, balanced by flat parts and service revenue due to cost cutting by copper mines.

Namibia benefited from almost 50 machines to the B2Gold Otjikoto site and started upskilling for the first deliveries to Swakop Uranium’s Husab project early in the 2014 financial period.

The Botswana result was subdued following major mining deliveries the previous year, but new equipment support agreements with Debswana’s diamond mines testify to our strong customer alignment and will boost the parts and service business going forward.
While the Mota Engil contract for the Nacala Corridor railway project was mainly responsible for our improved result in Malawi, there were also indications of increased activity by other customers.

**Mining**
Reduced capital expenditure by most mining houses resulted in a decline in large Cat legacy mining machines delivered this year to 220 compared to more than 350 in 2012. Contract mining again made a significant contribution to sales.

The acquisition of the Bucyrus distribution business from Caterpillar Global Mining, resulting in the formation of our EMPR business in 2012, has been key to securing mining business this year. The EMPR sales and support business exceeded the first year operating profit target through strong after-sales activity and good cost control.

Our biggest EMPR order, for equipment and support worth more than US$130 million, came from Swakop Uranium for the Husab project in Namibia.

The absence, until recently, of electric-drive mining trucks in our offering has resulted in lost sales on some key mining sites. However, the delivery of six Cat 795F AC electric drive trucks to Kumba Iron Ore at Sishen on a trial basis this year marks a significant breakthrough.

As part of Caterpillar’s continuing investment in the Unit Rig products that formed part of the Bucyrus acquisition, the first four MT4400D AC trucks incorporating Cat engine and electric drive system have also arrived in South Africa.

**Construction, rental and used equipment**

Our construction business showed pleasing growth to exceed target and gain market share despite the lack of major capital projects.

The complementary Metso crushing and screening equipment business had another excellent year and the focus on packaging Cat and Metso solutions together for construction and mining is meeting with customer approval.

The rental and used business was particularly buoyant as an alternative to new sales in the current market, achieving over 70% growth in operating profit.

Cat Certified Used sales have increased from 200 units last year to almost 300 and growing. In this model, rental machines are swapped out between 1 500 and 6 000 hours and sold as CCU with attractive warranties.

**Power**
Barloworld Power had a flat year as a result of the softening in the mining market, which negatively impacted the supply of diesel engines into the industrial power business. This was offset by increased activity by OEMs selecting Cat engines as part of their factory fit offering.

Eskom’s avoidance of significant load shedding meant lower electric power sales, however, we achieved pleasing growth in rental and the Perkins business.

Additional activity in the oil and gas sector brought an increase in workboat activity to support offshore installations. A high proportion of these vessels are powered by Cat engines, providing continuing after-sales prospects.

Barloworld Global Power is developing its gas capability in Electric Power, as well as petroleum in Angola and northern Mozambique to serve the new offshore gas discoveries. Mining coverage is being increased in the Northern Cape and Limpopo provinces in South Africa.

Importantly, the business has increased its complement of professional engineers. ISO 9001 accreditation was achieved by the Power business at the Boksburg campus.

Electro-Motive Diesel Africa (EMD Africa), the joint venture formed last year to serve the southern African rail sector as part of our power business growth strategy, has attracted significant interest from customers and suppliers. We are awaiting adjudication of the diesel locomotives tender which forms part of Transnet’s R300 billion budget to upgrade South Africa’s port, rail and pipeline infrastructure.

We remain committed to working closely with Barloworld Global Power to realise synergies across all Barloworld geographies.

**Managing for value**
We moved into our new Kathu facility on 1 October 2012 and significant growth in business 2013 has proved the value of this investment. The new facility in Kitwe on the Zambian copper belt will open shortly and construction of the facility to serve the coal mines in Tete, Mozambique, is progressing well. In the current economic climate we are planning a conservative approach to major capital projects.

Interviews with major customers have been completed as part of a formal review of the Barloworld Equipment Customer Value Proposition and the satisfaction levels of key customers. The Customer Value Proposition is a combination of what we do, how we deliver it, and how this combination adds value to the customer’s business. Plans are in progress to address customer concerns identified.

Our SAP CRM (customer relationship management) programme, replacing the current customer service (CS) system, went live in Namibia as a pilot site in July 2013. The CRM system was developed for our business and we will be the first Cat dealer in the world to implement it. It will significantly enhance our ability to provide our customers with the lowest total owning and operating cost over the life of their machines.

A restructure of our human resources (HR) function into HR Operations and HR Talent in early 2013 is enabling the business to increase focus on all aspects of our Great People Management philosophy. As part of this philosophy the HR Talent team has commenced the launch of the Integrated Employee Value Model (IEVM), providing a framework for the Equipment business to attract, engage, motivate and retain the highest calibre of people.

**Skills development/talent**
Barloworld Equipment has been formally recognised by the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA) as a major contributor to skills development in our industry. The merSETA plays a central role in ensuring that the national skills development strategy is fulfilled, covering approximately 44 000 companies with a workforce of about 600 000.

We have trained almost 600 learners from all our southern African territories in our Technical Academy over the year and...
carried out over 700 assessments. The trainee accommodation achieved 92% occupancy, although extensions have been put on hold due to current cost constraints.

Some 1,250 customer employees have also received training at the academy this year.

We continue to work towards ensuring that all employees have balanced scorecards and individual development plans (IDPs). A strong succession plan supported by a formal middle management excellence programme is being built.

**Transformation**

We retained our B-BBEE Level 2 status in our South African operation, with a notable improvement in employment equity and in particular, employment of people living with disabilities.

**Health and safety**

Barloworld Equipment aims to run an injury-free operation. To this end we have set ourselves very tight targets to reach a zero LTIFR by 2016.

**Environmental sustainability**

We continue to roll out various water and energy-saving initiatives to ensure we meet or exceed our aspirational targets and are confident that these will be achieved.

**Ethics and compliance**

Barloworld Equipment aims to ensure that employees conduct business and interact with all our stakeholders in an ethical manner through an ethics and compliance programme that is currently being introduced in all territories. Action plans have been developed, responsibilities assigned and timeframes agreed to address identified ethics risks.

**Future outlook**

The firm order book has reduced to R3.5 billion and we expect further contraction in Cat legacy mining machine sales in 2014. However, continued EMPR profitability is expected and major EMPR orders for FQM Kalumbila operation in Zambia and Husab Uranium in Namibia will be delivered in the coming year.

Focus will be placed on continuing improvement of customer service and parts supply chain in the EMPR business, which will also be aligned into our regional structures to achieve the benefit of synergies with our Cat legacy mining business and our extensive southern African footprint.

The short-term outlook remains good for the rental operation based on our successful business model and current market conditions. We expect the construction sector to provide further opportunities as the need for infrastructure development becomes more pressing throughout southern Africa, but the timing in South Africa remains uncertain.

The outlook is positive for the Power business throughout southern Africa, with gas as a significant development area. We also expect growth in the marine sector as a result of new investments in port support vessels and anti-piracy vessels. The potential for shale gas exploration in the Karoo basin will bring significant opportunities for Power should it materialise.

The mining environment in 2014 is likely to remain challenging and we will continue to conserve cash through a company-wide efficiencies management programme. Low-priority capital projects will be shelved in the short term.

The outlook for infrastructure and construction in southern Africa is showing renewed optimism driven by proposed projects in transportation, power and mining.
Servicing and maintenance of machines are a critical aspect of our customer solutions strategy. Barloworld Equipment aims to achieve a silver Service Excellence rating from Caterpillar as part of our alignment with our principal and an approved condition monitoring status was required for this purpose. We were successfully certified as an approved condition monitoring (CM) dealer during a Caterpillar audit in July 2013.

A condition monitoring bureau was opened at our Boksburg facility in August using SAP as a platform. The bureau aims to add value to customers by enabling monitoring of their machines on a 24/7 near-real-time basis to manage cost and equipment productivity.

The bureau already has connectivity with almost 1,000 machines in the field through Caterpillar’s Product Link and MineStar Health solutions. A roadshow is planned early in the 2014 financial year to market this joint Barloworld Equipment/Caterpillar initiative to customers.

Supporting responsible business in Angola

Barloworld Equipamentos Angola has become one of the first signatories to the Principles for Responsible Business for Angola. Angola is currently ranked 157 out of 176 countries on the Transparency International Corruption Perception Index.

In a move to change the negative perceptions around doing business in Angola, the Chamber of Commerce and Industry of Angola (CCIA) and the Ethics Institute of South Africa have launched the Principles for Responsible Business for Angola and the Centre for Ethics Angola. Sudhir Khanna, financial director of Barloworld Equipamentos Angola, attended the launch on 28 May 2013 and committed Barloworld as one of the initial signatories to the principles.

“We as Barloworld have been involved with this project since the beginning and are happy to see this idea take root in the Angolan business environment,” he said.
Russia

Market overview
The decline in global demand for coal has impacted the Russian mining industry, particularly our dealership territory where 90% of coal reserves are located. Gold mines were buoyant in the first six months, assuming a more neutral position in the latter part of the year as the gold price weakened.

The construction segment is being hampered by a lack of infrastructural megaprojects due to the weakening rouble and uncertain market conditions. The purchase of TNK-BP by Rosneft has delayed many planned projects in the petroleum sector, but this consolidation phase is expected to be temporary.

Business overview
Over 70% of revenue in our Russian territory is derived from mining and the acquisition of the Bucyrus distribution business from Caterpillar in January 2013 produced pleasing initial performance. This Extended Mining Product Range (EMPR) business will provide significant future opportunities for Equipment Russia, particularly in the substantial underground coal mining market.

The after-market business in all sectors is contributing strongly to revenue, indicating increased maturity in this young dealership and a high level of market penetration. This is key to achieving our vision: To be a recognised market leader in our targeted industry segments by offering profitable integrated customer solutions.

Performance overview
Following a record year in 2012, we achieved a good result in the depressed economic context to lift revenue marginally from $476 million in 2012 to $498 million in 2013. Operating profit is similar at $43 million.

The operating margin was slightly lower at 8.8% due to continued development of the facility footprint and skills needed to offer customers world-class service throughout our extensive territory.

The gold mining sector was a strong contributor to revenue, boosted by an order for 18 Cat 785 trucks from Polyus Gold International, the largest gold producer in Russia. Half of this order was delivered by year-end, with the balance due by January 2014.

Construction was slower due to the absence of notable infrastructure development and the Power result was down on the previous year, impacted by delays in project awards.

Managing for value
Improving our facility infrastructure remains vital in building a platform for future growth. During the year a dedicated facility was opened in Novosibirsk for the Power business, and new facilities were also opened in Irkutsk and Novokuznetsk. Progress has been made on facilities in Magadan, Kemerovo and Norilsk.

The mining business has been segmented into opencast and underground units to ensure dedicated focus on Cat legacy and EMPR equipment sales and support into both markets. The service operation is also undergoing extensive process improvements to accommodate future aftermarket growth.

Efforts continued to entrench safe working practices across all levels of the workforce. A partnership was established with Irkutsk Railway University to function as our training centre and skills source in the Eastern Siberia region. Leadership skills development is well advanced and we have started to integrate the Integrated Employee Value Model (IEVM) into our operations.

Future outlook
A relatively flat year is anticipated in 2014 in line with the mining cycle decline and operating expenses will remain under tight control. There will be strong focus on improved utilisation of existing resources and ensuring that the current workforce has the skills and tools to achieve the best results from the business. The facility development programme will slow to conserve cash.

Our capabilities in the areas of mining technology and equipment management will be expanded in the coming year, together with focus on penetrating the large mining truck business and supporting the new fleets at Polyus Gold, Pavlik and Alrosa.

We anticipate an improvement in our construction business as a number of major projects should come to fruition in 2014 and 2015. Both the Power of Siberia gas pipeline and the Kuyumba to Tayshet oil pipeline project will commence in 2014. We also expect several major electric power projects in the new financial year.

EMPR performed in line with our expectations.
A new three-year customer solutions agreement between Barloworld Equipment Botswana and Debswana for the Jwaneng diamond mine took effect on 15 April 2013. This follows the expiry of the 10-year MARC (maintenance and repair contract) early last year.

“Our overall relationship, together with machine availabilities at Debswana’s mines, was under pressure towards the end of 2011 and we needed a new way forward,” says Sean Walsh, general manager of our Botswana operation. “To help remedy the situation, a joint fleet improvement initiative was launched with buy-in and commitment from the executive teams of both companies. The new contract builds on this successful initiative, with increased collaboration to maintain machine availabilities. The idea was to do away with the ‘them and us’ attitude that used to prevail. Under the new agreement, we charge a fixed cost (people, vehicles and tooling to look after the fleet) and a variable rate for running repairs and maintenance,” Sean explains.

“A significant variation on the old contract is that major components are now excluded from the rate, but are jointly analysed and discussed when replacement/repairs are needed. Now the customer makes the final call on the level of repair and/or replacement.”

To assist in driving the right behaviour, the agreement includes an incentive to reward availabilities over set targets and, conversely, discounts on payments when targets are not achieved. “A good working spirit was evident throughout the negotiation process,” says Sean. “Availabilities have improved on the truck fleet, which has resulted in a happier customer. Our Jwaneng team has done a great job in a challenging environment and is working very hard to sustain and improve on this success.”
Iberia
Market overview
The Mediterranean region of Europe continued to suffer the effects of the collapsed property and investment sectors, resultant government austerity programmes and external debt market pressures. These factors have led to a prolonged recession, growing unemployment, an ailing banking system and ongoing negative political and economic sentiment.

Business overview
In addition to defending market share for the Cat equipment and power products on the Iberian Peninsula in extremely difficult market conditions, we continued to grow our internally generated brand, MyTractor.com, to capitalise on rising internet-based sales channels globally and broaden opportunities for the business.

During the year a new dealership agreement for Sullair compressors was signed in Portugal.

We continued to focus on our vision of being recognised by our customers as the market leader in providing integrated solutions for Caterpillar products, rental and product support. Caterpillar’s integrated rental, new and used model has enabled us to remain leader in our territories, while new opportunities have arisen to secure business with key Iberian clients expanding their operations into Barloworld Equipment southern Africa territories such as Angola, Mozambique and Malawi.

This has resulted in the sale of new and used equipment to customers such as Mota Engil, Zagope, Texeira Duarte and Finertec, as well as the provision of technicians and parts to assist these customers with ongoing maintenance as well as major machine repairs and rebuilds.

Our service operations continued to attract recognition from Caterpillar with the award of gold status for Service Excellence for the third consecutive year, along with platinum status for Marine Service.

Performance overview
Despite the ongoing contraction of local markets and poor financial conditions, we achieved year-on-year revenue growth supported by the delivery of large equipment packages to EPSA and Victorino Alonso together with sales into alternative markets such as quarries, industry, agriculture and forestry. We expanded used equipment sales to the export market as well as seconding mechanics to more than 10 countries requiring technical skills.

Revenue was down by 5% to €367 million in a market where new machines declined 28% year-on-year and after-sales business was affected by significantly reduced inventory of machines operating in Spain and Portugal.

The Power Systems business was positive in the marine sector as we delivered engines to various shipyards on orders from the previous year, as well as the critical power sector with the commissioning of two key projects for BBVA, a large local and international banking group, and Telefonica, the largest telecommunications provider in Spain.

Additional advances were made in the rail and industrial sector with the supply of engines to Kazakhstan in association with our local key account, Talgo.

However, the Power business was affected on two fronts as tax subsidies to investors in marine vessel construction were declared illegal by the European Union and the Spanish government continued to reduce subsidies on renewable energies. A lower overall gross margin was balanced with additional cost-saving measures such as an enforced salary decrease in the Spanish business on top of previous restructuring. A fine effort by our teams resulted in the year ending with a close to breakeven result at an operating profit level.

The balance sheet remained well controlled, with reductions in working capital and rental fleet investment marginally offset by capital investment in certain areas of the business. This included the continued realignment of the branch network, including the construction of a new facility at Puerto de Luz in Las Palmas to service marine traffic to North Africa and the ongoing construction of new facilities in Barcelona and Seville to replace ageing infrastructure.

An investment to integrate the lucrative Spanish parts business into the SAP system was made as part of a longer-term IT consolidation project.

Managing for value
Stakeholder engagement continues to play a vital role in the region’s development. Customer satisfaction and loyalty measures are at near record highs as key account management programmes, market focus programmes and high service levels form part of day-to-day operations.

Our extensive engagement with our principals covers all areas of the business, while significant progress has been made on the governance, ethics and compliance and sustainability aspects. The Barloworld Code of Conduct is used to drive ethical behaviour across the organisation.

Effective employee health and safety programmes and quality processes have resulted in a reduction in workplace accidents, excellent external health and safety audits, and the retention of two separate ISO ratings for processes and sustainability.

Our employees play a vital role in the success of our business and have ensured that we meet our obligations to our other stakeholders in the face of great adversity. We actively pursue our gender equality programme despite low employee turnover ratios, and the IEVM is being rolled out.

Future outlook
The European economy has now come out of recession and is projected to grow by 1.5% in 2014. In Iberia, we believe that the equipment industry has bottomed and product support revenues are also expected to grow. The order book is dominated by Power where the outlook for Marine in Spain remains positive.
Deploying technicians to territories outside Iberia

The Iberian operations employ 495 technicians who form the backbone of our product support capability in the region. Supported by Caterpillar, we provide these technicians with high levels of training and experience. They also have to work in the business for five years before they can be deployed in customer-facing roles in the field. These skilled employees are essential to our future sustainability and an innovative approach was required when activity in the region slowed down.

Both Finanzauto in Spain and STET in Portugal are recognised by Caterpillar and our customers as leaders in product support within the Europe Africa Middle East (EAME) region. We leveraged this reputation by placing two Spanish technicians in Norway in September 2012 through cooperation with the Scandinavian Cat dealer. Portugal has also placed technicians on sites in various African territories at the request of customers.

The success of these programmes soon saw our technicians working for other dealers in Saudi Arabia, the Dominican Republic and the Bahamas. This year we have also sent technicians to assist our Barloworld Equipment operations in various countries in southern Africa, where they not only take up customer-facing positions but are also involved in training of local technical skills.

In the past year we had up to 100 technicians working outside Iberia at any one time.

Our reach has also extended to international waters, with our marine certified technicians working on customer vessels operating from Mauritius, Senegal, Brazil, Madagascar, the Ivory Coast and the Dutch West Indies. We also have specialists on offshore oil rigs in Angolan waters who have undertaken special survival training in Aberdeen, Scotland, beyond the necessary Caterpillar certifications.

The benefit for the group has been significant as valuable technical skills have been retained and knowledge is being shared with new entrants into the business. The journey has been profound for the technicians involved, many of whom have not travelled abroad previously. They have been exposed to the realities of life in distant countries for extended periods and, despite working six-day weeks, many have extended helping hands to the communities in which they find themselves.

The Spanish business, motivated by its mechanics working in Mozambique, donated non-perishable foods, educational items and toys for villages in the Tete region.

Andres Berendt (left) and Juan Manuel Villanueva, technicians from Barloworld Finanzauto, interacting with local children while in Mozambique working on Vale’s Moatize coal mine. Based on feedback from technicians in Mozambique, staff in Spain donated more than 2 tons of non-perishable goods, toys, writing and other materials to people in need in the region.
Handling
Market overview
Trading conditions in the various geographies remained challenging, particularly in The Netherlands and Russia. While markets are price sensitive, our key differentiator is the ability to offer an integrated value solution through comprehensive after-sales support and a growing dealer network footprint.

Business overview
The business continued to reshape itself post the disposals of the lift truck businesses in the United States of America, UK and Belgium. The business in Belgium was sold in the reporting period, allowing for reallocation of capital to higher-return businesses in Barloworld. Our CLAAS agricultural distributorship in South Africa ended in September 2013 and the AGCO agriculture business will be grown to replace this lost revenue. Despite pressure on margins across all businesses, long-term relationships with principals and customers continued to bear fruit.

Performance overview
The Handling business in South Africa grew revenue by 18%, mainly due to major deal deliveries. Operating profit increased 2.8 times to R28 million and net assets increased by 36% to R272 million as a result of higher stock levels. In Angola, Handling revenue increased by 12% while margins were flat. In The Netherlands, revenue was down on last year but market share increased from 3.4% to 4.3% with some margin improvement.

A drought in the North West province contributed to a 6% reduction in South African commercial maize production, affecting the agriculture business. We made good progress in establishing our brands in the fledgling agriculture and SEM businesses in Mozambique and Russia, with revenue increasing to $3.6 million in Mozambique and $20.4 million in Russia although both still reported operating losses.

Future outlook
Population growth, increased protein consumption, expanding farm incomes and improvements in agriculture productivity are just some of the factors that are fuelling growth potential in the agriculture sector. Prospects remain positive in South Africa assuming that the drought does not recur. We are continuing to expand our dealer footprint to enhance customer service and territory coverage.

It is anticipated that The Netherlands will remain subdued while the outlook is positive for the Russian agriculture business as good crop yields are forecast. We will focus on further growing and strengthening our relationships with key principals, offering superior service and solutions through a skilled employee base.
## Equipment and Handling

### Top imperatives for 2015

<table>
<thead>
<tr>
<th>Strategic Focus Area</th>
<th>Top imperatives</th>
<th>Risk</th>
<th>Risk response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profitable growth</strong></td>
<td>• Grow new machine sales through leveraging expanded product range</td>
<td>• Slow economic recovery</td>
<td>• Close customer engagement and exceptional performance levels</td>
</tr>
<tr>
<td></td>
<td>• Secure aftermarket opportunities and recurring income streams</td>
<td>• Aggressive competitor pricing and attractive value proposition</td>
<td>• Wide product range and diverse markets</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>• Secure required skills to execute strategic objectives and fulfil commitments</td>
<td>• Loss of key skills detracts from ability to provide value-adding customer solutions</td>
<td>• Implement comprehensive integrated employee model</td>
</tr>
<tr>
<td></td>
<td>• Provide a safe and healthy work environment</td>
<td>• Employee injury or fatality</td>
<td>• Continued focus on training and succession planning</td>
</tr>
<tr>
<td><strong>Integrated customer solutions</strong></td>
<td>• Deliver unique value adding solutions to customers</td>
<td>• Attractive competitor value proposition results in lost opportunities</td>
<td>• Tenacious commitment to safety</td>
</tr>
<tr>
<td><strong>Sustainable development</strong></td>
<td>• Achieve aspirational non-renewable energy consumption and greenhouse gas</td>
<td>• Failure to implement required initiatives and missed targets</td>
<td>• Committed customer engagement identifying value propositions and requirements</td>
</tr>
<tr>
<td></td>
<td>(scope 1 and 2) emissions efficiency improvement targets, against the 2009</td>
<td>• Environmental impairment as a result of activities</td>
<td>• Leading principals and products</td>
</tr>
<tr>
<td></td>
<td>baseline</td>
<td>• Competition secures emerging business opportunities</td>
<td>• Extensive infrastructure and resources</td>
</tr>
<tr>
<td></td>
<td>• Pursue emerging commercial opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Realise related cost savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Empowerment and transformation</strong></td>
<td>• Drive the achievement of diversity objectives which include:</td>
<td>• Reputational damage and failure to attract and retain key skills</td>
<td>• Drive a diversity culture through appropriate values and leadership</td>
</tr>
<tr>
<td></td>
<td>– Achieving the dti's B-BBEE target levels in South Africa</td>
<td>• Inability to secure commercial opportunities</td>
<td>• Targeted recruitment practices</td>
</tr>
<tr>
<td></td>
<td>– Gender equality, localisation and people with disabilities targets</td>
<td></td>
<td>• Support and career development in place</td>
</tr>
<tr>
<td><strong>Financial returns</strong></td>
<td>• Achieve targeted financial metrics or measures</td>
<td>• Inability to generate attractive investor returns</td>
<td>• Sound business model, customer base and leading principals</td>
</tr>
<tr>
<td></td>
<td>• Focus on positive cash flows over the business cycle</td>
<td></td>
<td>• Prudent financial management over expenses, capital expenditure, working capital, cash flows,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>and debt levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Flexible cost structures</td>
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## Economic

<table>
<thead>
<tr>
<th></th>
<th>Revenue Year ended 30 September R million</th>
<th>Operating profit/ (loss) Year ended 30 September R million</th>
<th>Net operating assets Year ended 30 September R million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Car rental southern Africa</strong></td>
<td>4 111</td>
<td>377</td>
<td>1 863</td>
</tr>
<tr>
<td></td>
<td>3 555</td>
<td>251</td>
<td>1 966</td>
</tr>
<tr>
<td><strong>Fleet services southern Africa</strong></td>
<td>17 517</td>
<td>431</td>
<td>1 868</td>
</tr>
<tr>
<td></td>
<td>5 508</td>
<td>146</td>
<td>1 520</td>
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<tr>
<td><strong>Logistics</strong></td>
<td>2 895</td>
<td>484</td>
<td>3 191</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>2 305</td>
<td>577</td>
<td>3 388</td>
</tr>
<tr>
<td>Australia</td>
<td>5 047</td>
<td>146</td>
<td>1 520</td>
</tr>
<tr>
<td>Europe, Middle East and Asia</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34 410</td>
<td>1 479</td>
<td>9 566</td>
</tr>
<tr>
<td><strong>Share of associate (loss)/income</strong></td>
<td>–</td>
<td>(3)</td>
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## Environmental

<table>
<thead>
<tr>
<th></th>
<th>Petrol and Diesel (ML) Year ended 30 September</th>
<th>Electricity (MWh) Year ended 30 September</th>
<th>Energy (GJ) Year ended 30 September</th>
<th>Emissions (tCO2e) (scope 1 and 2) Year ended 30 September</th>
<th>Water (ML) Year ended 30 September</th>
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<tbody>
<tr>
<td><strong>Car Rental southern Africa</strong></td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>3.03</td>
<td>3.38</td>
<td>7 089</td>
<td>7 593</td>
<td>129 629</td>
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<tr>
<td>Motor Retail</td>
<td>6.44</td>
<td>6.41</td>
<td>35 579</td>
<td>35 835</td>
<td>359 613</td>
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<td>Southern Africa</td>
<td>5.24</td>
<td>5.21</td>
<td>31 110</td>
<td>31 945</td>
<td>300 748</td>
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<tr>
<td>Australia</td>
<td>1.20</td>
<td>1.20</td>
<td>4 469</td>
<td>3 890</td>
<td>58 865</td>
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<tr>
<td>Fleet Services southern Africa</td>
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<td>0.69</td>
<td>1 366</td>
<td>1 549</td>
<td>27 845</td>
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<tr>
<td>Logistics</td>
<td>41.41</td>
<td>17.35</td>
<td>10 022</td>
<td>7 937</td>
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<td>Southern Africa</td>
<td>41.24</td>
<td>17.03</td>
<td>7 300</td>
<td>7 047</td>
<td>174 819</td>
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<td>Australia</td>
<td>0.17</td>
<td>0.32</td>
<td>2 722</td>
<td>2 457</td>
<td>16 151</td>
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<tr>
<td>Europe, Middle East and Asia</td>
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<td>27.83</td>
<td>54 056</td>
<td>52 904</td>
<td>2 275 285</td>
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<tr>
<td><strong>Total</strong></td>
<td>51.54</td>
<td>27.83</td>
<td>54 056</td>
<td>52 904</td>
<td>2 275 285</td>
</tr>
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</table>

## Social

<table>
<thead>
<tr>
<th></th>
<th>Employee headcount Year ended 30 September</th>
<th>LTIFR Year ended 30 September</th>
<th>Fatalities Year ended 30 September</th>
<th>B-BBEE rating* Year ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Car Rental southern Africa</strong></td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>1 911</td>
<td>1 920</td>
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<tr>
<td>Motor Retail</td>
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<td>5 185</td>
<td>1.49</td>
<td>2.08</td>
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<tr>
<td>Southern Africa</td>
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<td>4 657</td>
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<td>1.96</td>
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<td>Australia</td>
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<td>528</td>
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<td>3.37</td>
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<tr>
<td>Fleet Services southern Africa</td>
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<td>509</td>
<td>0.16</td>
<td>0.86</td>
</tr>
<tr>
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* B-BBEE rating for South Africa only.
Martin Laubscher
Chief executive officer: Automotive and Logistics

Integrated business model

Customers

Barloworld Automotive

- Car Rental
- Fleet Services
- Motor Retail
- Southern Africa
- Digital Disposal Solutions
- Motor Retail
- Australia

Barloworld Logistics

- Freight management and services
- Supply chain management
- Supply chain software
- Transport solutions

Communication, HR, IT, Legal, Finance, Sustainable Development, Strategy, Empowerment and Transformation, Risk Management, Business Development and Sales

Inter-business unit synergies and cost efficiencies
Apply collective wisdom
Leveraging Automotive infrastructure to achieve critical mass for growth
Retain strategic focus on each business unit

Automotive

Logistics

Revenue up 17%
Operating profit up 28%
Operating margin 4.3%

Barloworld Automotive

Barloworld Logistics

Car Rental
Fleet Services
Motor Retail
Southern Africa
Digital Disposal Solutions
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Market overview
The division operates in markets that are influenced by interest rates, consumer and business confidence, trade flows and overall economic activity, all of which remained subdued during the financial year.

The automotive markets in which the division operates further improved their new vehicle sales volumes in the past financial year. In South Africa new vehicle sales improved by 5.4% resulting from manufacturer-driven demand, while the used vehicle market provided select opportunities as new vehicle prices increased. The new vehicle market improved by 5.6% in Australia.

Statistics from the South African Vehicle Rental and Leasing Association (SAVRALA) showed the car rental market grew by 7.2%. Demand for outsourced vehicle management services and leasing remained robust.

Certain sectors in the South African logistics industry are still trading below expectation, with others benefiting from an upturn in volumes and demand. Strike action in the transport and other sectors impacted negatively on the overall logistics market. Internationally, volumes remain unpredictable and the industry remains cautious in view of volatile economic markets and uncertainty surrounding a sustained recovery.

In the context of this challenging environment the division performed well.

Business overview
The Automotive and Logistics division’s vision provides clear purpose and direction to the organisation:
To be a recognised leading provider of integrated vehicle usage and logistics solutions by exceeding our stakeholders’ expectations at every interface.

The division provides customers a range of integrated solutions from single-unit transactions to an overall solution, appropriate to the clients’ specific needs, complemented by Barloworld service excellence.

Through a structured approach, the division ensures that each business unit applies best practice within its core businesses, a strong focus on operational excellence and strives for a market leading position in each key segment. In addition, this approach maximises the direct and indirect benefits that exist between the various business units through meeting customer needs. The divisional platform provides for leadership and guidance across key areas through process ownership and collective wisdom.

Car rental
Avis Rent a Car southern Africa operates short-term vehicle rental from over 190 customer service centres focused on the tourism, corporate, local and replacement market segments throughout southern Africa. At peak, the car rental fleet comprised some 25 000 vehicles. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are company owned and the remainder are sub-licensed.

Avis Point 2 Point is a chauffeur-driven inner-city transfer service. Avis Van Rental operates a sub-licensee network in South Africa. Avis Car Sales, previously branded Zeda Car Sales, disposes of ex-rental vehicles into the trade and to retail customers.

Fleet services
Avis Fleet Services provides long-term rental and value-added services to operators of passenger and commercial vehicles throughout South Africa and in Botswana, Ghana, Lesotho, Mozambique, Namibia and Swaziland. Products and services include the administration of vehicle licensing, maintenance and fuel costs, the acceptance of maintenance and residual value risks, and vehicle sourcing and disposal services.

Motor retail
Motor Retail southern Africa operates 42 leading motor vehicle franchise dealerships in South Africa and Botswana. Brands include Audi, BMW, Chrysler, Ford, General Motors, Mazda, Mercedes-Benz, Toyota and Volkswagen. Products include the sale of new and used vehicles with supporting finance and insurance products, and after-market services including parts sales, service and coachworks repair centres.

Complementing the dealer footprint, Barloworld Fleet Marketing develops and maintains strong relationships with key customers requiring a range of ownership solutions.

Motor Retail Australia operates modern dealership facilities in Melbourne and Sydney. We retail new and used passenger and light commercial vehicles, as well as provide parts, service, and finance and insurance-related products. Barloworld Australia represents Holden, Mercedes-Benz, Smart, Suzuki and Volkswagen. We are the largest Volkswagen dealer and one of the largest Mercedes-Benz dealers in Australia, as well as the largest Holden dealer in Victoria.

Logistics
Barloworld Logistics is one of the leading logistics and supply chain management businesses in southern Africa with
The integrated business model delivers value through a balanced mix of businesses.

complementary operations in Hong Kong, the United Arab Emirates, Iberia, Germany and the United Kingdom, employing some 3 000 staff across 100 offices.

The integrated logistics solution offerings include supply chain consulting and design, inventory management solutions, transportation management services, warehousing and distribution design and management, freight forwarding and clearing, and supply chain software and planning.

Through client collaboration, continual improvement and innovation, Barloworld Logistics delivers smart supply chain solutions to customers. These solutions are aligned to drive business strategy and create a competitive advantage for clients. Depending on clients’ requirements, such solutions can be across the supply chain in an integrated manner or components of complete solutions. In each of these supply chain solution areas we provide the leadership, skills, methodologies, processes and tools necessary to consult, design, implement, operate or manage the solutions.

Performance overview
Revenue was R34.4 billion, and a record operating profit of R1 479 million resulted in an operating margin of 4.3%. Employees grew to 10 769 permanent employees in 15 countries. All business units performed well ahead of expectations. The integrated model and approach sustained the improvements in margins. Divisional sales of new and used vehicles totalled 97 484 units, against the previous year’s 88 467 units.

Car rental days in southern Africa improved to 6.1 million from 5.7 million in the previous year. This growth was achieved with well-controlled fleet utilisation of 75% over an average fleet of 21 889 vehicles. The average fleet increased by 7.5%, while revenue per day improved by 2.4% in a difficult trading environment. This resulted in revenue growing 16% to R4.1 billion, while operating profit grew 26% to R317 million resulting in operating margin improving to 7.7% from 7.1% in the prior year. During the year a decision was taken to exit the overtraded luxury coach segment.

Avis Fleet Services operations continued to grow, with 277 164 vehicles under long-term finance and other management contracts at year-end compared to 227 019 vehicles in the previous year. The business delivered another record performance with operating profit improving by 39% to R484 million as a result of targeted fleet growth and a focus on margin enhancement across all product lines. The successful implementation of the City of Johannesburg fleet management contract added some 2 600 vehicles on full maintenance lease during the year, which supported the result.

Motor Retail southern Africa sold 37 889 new vehicles during the year compared to 34 455 units in the prior year. The business also benefited from good used vehicle unit sales and a strong contribution from the divisional finance and insurance offerings. After-market activity improved, resulting in a 13% increase in parts turnover, while service hours grew by 3.4%. The increased activity levels, coupled to the “Fewer, Bigger, Better” dealership approach, resulted in operating profit improving by 22% to R431 million from a growth in revenue of 15% to R17.5 billion. Major facility upgrades during the year included Audi Centre Pietermaritzburg; Barons VW in Pietermaritzburg, Belville and Bruma; Toyota and Lexus in Witbank; and the completion of a dedicated panel facility in Isando which also serves as a state-of-the-art training centre. The remaining 49% shareholding in Toyota Stellenbosch was acquired during the year and the dealership is now 100% owned.

Motor Retail Australia delivered a good result in line with expectations. Operating profit improved to R146 million, up by 15% supported by a weaker rand. The business sold 10 977 new vehicles and improved parts revenues and service hours in line with improving activity levels. Work commenced on upgrading the Mercedes-Benz facility in Mornington, which should be completed during the 2014 financial year.

Logistics delivered a pleasing result with revenue increasing by 29% to R4.4 billion and operating profit by 38% to R101 million. The southern African business continued to build on the previous year’s performance and also benefited from a number of strategic acquisitions during this financial year. All expiring contracts in the southern African supply chain management business were successfully renewed.

The international business units continued to face difficult trading conditions. Significant restructuring costs were incurred in aligning the Spanish business to current activity levels. An assessment of the business in the Far East resulted in a decision to exit this business, effective 1 November 2013. The SAT and Middle Eastern business units performed in line with expectations.

Managing for value
Creation of value for all stakeholders remains central to our activities and this approach is supported by a focused stakeholder engagement model. Delivery is ensured through the emphasis on sustained improvements driven by all employees through an integrated set of programmes and initiatives that are continually monitored and assessed against standards and measures, which are reinforced through the Integrated Employee Value Model (IEVM).

We continue to create value for our principals and suppliers by investing in infrastructure and business systems, addressing brand exposure, market share and improving business performance. Their confidence in our ability is reflected in new opportunities offered to represent their brands and their ongoing commitment to our operations. Our
approach to sustainable development ensures we entrench both our principals and Barloworld’s commitment to sustainable practices.

Customer value remains central to the division’s success and is reflected in our sustained activity levels, increased market share and independent monitoring. We continue to monitor and focus on customer satisfaction ratings across all business units, as we believe it is through exceeding customer expectations, and meeting their changing needs, that we will achieve a sustainable competitive advantage and create superior value for them and other stakeholders.

Employee value recognises the important role of every employee and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards our value creation objectives while ensuring that employees share in the value created. An integrated approach to good people management is entrenched throughout the division.

Value created for communities in which we operate is a combination of indirect benefits from employment opportunities, rates and taxes paid and development, as well as direct benefits arising from socio-economic development initiatives by the business units which include contributing skills, resources and funding.

Our overall approach to good governance ensures that we meet the legitimate interests of all stakeholders which is supported by the Barloworld Worldwide Code of Conduct and the ethics and compliance programme. Safety remains a key priority with structured programmes across all business units.

The division continued to create stakeholder value through six Strategic Focus Areas consistent with the group framework.

Providing customers with a range of integrated vehicle usage and logistics solutions to fulfil their specific requirements is the cornerstone of the divisional offering.

Within our automotive unit, these solutions include the products and services of our individual business units, as well as unique combinations of these products and services tailored to customers’ specific vehicle needs in a seamless combination, effectively and efficiently provided by a single supplier. This ranges from single unit transaction through to management of large-scale fleets over an extended period focusing on utilisation, fleet availability and effective management of costs.

Within the logistics unit this is achieved through strategic partnerships with leading clients, key suppliers and domain expertise in selected supply chain capabilities. Through client collaboration, continuous improvement and innovation, Barloworld Logistics delivers smart supply chain solutions to customers. These solutions are aligned to drive business strategy and create a competitive advantage for clients. Depending on clients’ requirements, such solutions can be across the supply chain in an integrated manner or components of complete solutions. In each of these solution areas, we provide the leadership, skills, methodologies, processes and tools necessary to consult, design, implement, operate or manage the solutions.

Our ongoing commitment and focus on employees enhances value creation across all business units in the division. The division has made good progress in rolling out the IEVM which underpins good people management practices. Talent attraction and development to meet skills requirements of the overall divisional growth prospects remain in focus as does providing a safe and healthy work environment. Generally improving LTIFR reflects our attention to safety. Our motor retail, fleet services and car rental operations’ LTIFR do not include individuals sourced through temporary service providers.

Consistent with the group’s approach, we remain committed to workplace diversity, empowerment and transformation. Entrenching these principles in the strategic and operational decision-making processes ensures that we achieve Level 3 or better ratings.

Sustainable development is integrated into our strategy and operations. These strategies and initiatives drive the development of products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices and enhance the division’s reputation and brands as leaders in sustainable development.

Improving financial returns remained a core focus during the year. Optimising business unit performance included maximising both inter and intra-business unit synergies, as well as the implementation of tight performance targets and objectives. These included prudent capital allocation, optimising vehicle fleet utilisation, reducing working capital, improving asset turn, managing expenses and controlling interest costs.
This has been supported by the roll out of the new group Integrated Financial Value Model to support capital allocation decisions and assist in guiding strategic thinking. Key decisions taken in optimising financial returns include the exit of the coach charter operations, the sale of the logistics unit in the Far East, and the disposal of the Ferntree Gully motor dealership in Australia effective on 31 October 2013.

In pursuing profitable growth, the division continued exploring opportunities in southern Africa. Our digital disposal solutions unit continues to leverage innovative systems and processes to optimise the quality of earnings through efficient used vehicle disposal and provides additional revenue growth opportunities.

Avis Fleet Services acquired the remaining shares in its subsidiary in Lesotho which manages the outsourced fleet of the Lesotho government, and continued to focus on operations in Ghana. In addition, a large component of the City of Johannesburg municipal fleet outsource contract was awarded to Avis Fleet Services for a five-year period.

Barloworld Logistics acquired a 25.1% minority stake in re-, an environmental solutions business; merged the dedicated transport services business with Manline Logistics to form Barloworld Transport Solutions, in which Barloworld holds a 50.1% share; and formed Manline Mega to provide specialised abnormal load transport services.

These strategic themes are cascaded into all business units and contribute to the overall success of the division. Comprehensive structures to review risks and to adopt measures to address these exist throughout the division and its business units. These risks are comprehensively covered and addressed in strategic initiatives.

Future outlook
The prolonged uncertainty in world markets remains an issue over the period and the division will continue to prudently manage all aspects of the business. We will maintain emphasis on our six Strategic Focus Areas as outlined.

Our strategic planning process supports prudent capital allocation in identified growth areas that exceed internal hurdle rates.

Avis Fleet Services will continue to expand into select African markets. The logistics business is well positioned for growth, supported by a refocused business development team that will deliver organic growth over time, complemented by targeted acquisitive growth opportunities, which meet strict criteria. Other issues material to the future success of the division include repositioning the Car Rental business, select expansion of the South African motor retail footprint to complement the divisional vehicle usage strategy and addressing the future of Australian motor retail operations.

2014 is expected to yield further growth in all business units. Optimising the inherent synergies and benefits of our South African integrated vehicle usage solutions offering remains central to our strategy. The car rental operations will focus on rental yields, maintaining high fleet utilisation and optimising their asset base. Additional products and services will be provided to cater for evolving customer demands.

Our southern African motor retail operations will continue on a “Fewer, Bigger, Better” strategy, coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital. Our Australian motor retail operations are expected to sustain current profitability levels.

Avis Fleet Services is expected to continue to benefit from new and current contracts and pursue attractive growth opportunities in various markets.

Barloworld Logistics will build on the successful turnaround achieved in 2013 and benefit from recent acquisitions.

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Barloworld Logistics will build on the successful turnaround achieved in 2013 and benefit from recent acquisitions.
### Automotive and Logistics

#### Top imperatives for 2015³

<table>
<thead>
<tr>
<th>Strategic Focus Area</th>
<th>Top imperatives</th>
<th>Risk</th>
<th>Risk response</th>
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| Profitable growth          | • Sustained EBITDA growth to fund asset replacement from existing cash flows  
                              • Achieve targeted operating profit over a five-year term  
                              • Pursue growth opportunities                                                                                                                                                                          | • Underperformance of acquired businesses                            | • Thorough analysis and robust acquisition processes ensure alignment to overall strategic objectives |
| People                     | • Drive employee engagement and collective wisdom. Sustain a greater than 3 rating in the Individual Perception Monitor (IPM) for all business units:  
                              • Appropriate skills/resources to meet targeted growth opportunities  
                              • Safe and healthy work environment                                                                                                                                                                      | • Attraction, development and retention of people required to meet the divisional and individual business unit growth objectives | • Integrated approach to good people management well entrenched                                      |
| Integrated customer solutions | • Value-creating solutions for customers  
                                  • Product bundling  
                                  • Integrating products and services                                                                                                                                                                       | • Non-alignment to key principals and key customers strategies       | • Business model and stakeholder engagement activities ensure alignment                            |
| Sustainable development     | • Aspirational 12% non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions efficiency improvements by end 2014 over 2009 baseline                                                                   | • Environmental impairment as a result of the division’s activities | • Comprehensive approach to embedding sustainable development principles into all operations       |
| Empowerment and transformation | • Retain B-BBEE dti Level 3 or better for SA operations  
                                   • Focus on employment equity, skills development and procurement targets                                                                                                                                 | • Ensuring diversity in the workplace  
                                   • Maintaining a competitive rating on the dti B-BBEE scorecards in SA operations                                                                                                           | • Ongoing focus and development in place                                                                              |
| Financial returns          | • To meet and exceed the divisional return on equity hurdle rate by 2015  
                              • To improve operating return on equity to targeted levels                                                                                                                                              | • Ongoing ability to improve returns and meet set group hurdle rates | • Business model ensures acceptable returns with a focus on exceeding returns on new and existing businesses |
At Avis the brand promise “We Try Harder” embodies every aspect of the business and this brand promise has been taken to the next plateau with the achievement of industry-leading levels of customer satisfaction. This is an integral part of the Avis business plan.

“We Try Harder” is not merely a slogan but an Avis ethos. Everyone at Avis puts themselves out there to deliver on this brand promise and embrace it as part of the entire customer-centric drive. Avis Brand Ambassadors go above and beyond to exceed their customers’ expectations, with each interaction being an account of genuine warmth and sincerity. This results in the creation of a memorable customer experience.

Avis constantly keeps track of its customer service levels. This year has seen the car rental company achieve the highest ever Customer Satisfaction Index (CSI) score from market researchers MRM Support. At a record high of 91.8, the score is attributed to an unquestionable dedication to customer service in all facets of the business. The CSI score is a direct result of the “We Try Harder” ethos of Avis Brand Ambassadors.

Internalising the “We Try Harder” attitude breeds a self-fulfilling attitude of high service levels as a way of life. It is the Avis way of realising the belief that “people are more important than cars”. People want to be treated like people and not like just another customer, a signature on a document or simply another body passing through the business.

“We Try Harder” encompasses the fact that Avis strives to deliver beyond the ordinary to surpass customers’ expectation at every interface.
**Corporate division overview**

Corporate primarily comprises the operations of the headquarters and treasury in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. The group has a decentralised management philosophy; however, a limited range of corporate activities and services are provided. These include internal audit, governance and company secretarial, investor relations, corporate communication, corporate finance, treasury and taxation, risk and legal, group strategy and sustainability, human resources management, employee benefits, and facilities management.

In southern Africa, the operating loss increased mainly owing to higher charges and accruals for long-term incentives linked to the rise in the Barloworld share price. In Europe, a change in the statutory measure for inflation on UK pension increases reduced the company’s pension fund liability giving rise to a once-off benefit to operating profit in 2012 of R74 million (£6.1 million).

Consistent with group commitments and aspirational targets, corporate office strives to reduce its environmental footprint. The main initiatives in this regard include waste management, electricity-saving measures such as retro-fitting of energy-saving lighting and motion sensors linked to lights and air-conditioning units as well as timer switches on water pumps. Notwithstanding these efforts energy consumption and emissions increased, mainly as a result of higher electricity consumption, however, the benefit of the implemented initiatives are expected in future.

<table>
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<tr>
<th>Economic</th>
<th>Revenue</th>
<th>Operating profit/ (loss)</th>
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<td>Year ended 30 September R million</td>
<td>Year ended 30 September R million</td>
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<td>Electricity (MWh) Year ended 30 September</td>
<td>Energy (GJ) Year ended 30 September</td>
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<tr>
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<td>2013 113</td>
<td>2013 1.53</td>
<td>2013 2</td>
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</tbody>
</table>

*B-BBEE rating for South Africa only.
Nineteen years after the end of apartheid in South Africa, educational inequality persists and overall performance is unacceptably low. The objective of TEACH South Africa and its volunteer ambassadors is to achieve educational equality for all learners in South Africa. To achieve this, TEACH recruits talented recent university graduates who are committed as volunteers to teaching for a minimum of two years. The organisation then trains and supports them in their deployment into classrooms in some of South Africa’s most disadvantaged schools.

TEACH Ambassadors are young, highly motivated and skilled individuals who bring a new energy to the schools in which they are placed. There is strong evidence that shows poor learners, with the same educational opportunities as other learners, can achieve at the same academic levels. High performing schools across the country serving poor populations are matriculating high percentages of their learners.

In 2009, Barloworld played an integral role in ‘fledging’ TEACH South Africa by providing accommodation for the programme at its Sandton headquarters, Barlow Park, over a period of two years. In addition, TEACH South Africa received a Quantum Combi from the group’s Automotive & Logistics division, which supports the programme’s transport requirements. In 2012, Barloworld provided a venue to host the first TEACH School Principal Conference and, in 2013, Barloworld sponsored a TEACH Funders Breakfast which has resulted in creating partnerships with other organisations and stakeholders. Barloworld continues to support TEACH South Africa with grant funding towards its operational costs, enabling the organisation’s key programme components to operate successfully.

In 2014 TEACH South Africa will celebrate the five-year anniversary of its launch. TEACH Ambassadors who have been placed in historically disadvantaged and rural schools have made a positive impact improving learner performance and enabling learners to enter tertiary education. The impact of TEACH Ambassadors not only benefits learners and helps to close the achievement gap that persists in South Africa, but also prepares a generation of learners to be better prepared for university and the workplace.
Strategic intent
Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld’s reputation by leading in sustainable development.
Managing for value

Overview
In Barloworld, sustainable development is underpinned by our Value Based Management approach which requires integrated and coordinated activities addressing economic, environmental and social aspects; and balancing the short- and long-term interests of all stakeholders, including the communities in which we operate.

This approach is institutionalised through structured strategic planning and risk management initiatives, a leadership philosophy and management approach that entrenches accountability for sustainable value creation, and a commitment to consistent, transparent and comparable reporting.

Stakeholder engagement enables us to identify their needs, interests and what constitutes value for them which distils, in part, material issues for the group.

Sustainable development incorporates a wide range of aspects which include leveraging emerging commercial opportunities through the provision of integrated solutions that enable customers to realise their own sustainable development objectives, including minimising their environmental impacts. These solutions incorporate energy and emissions efficient vehicles, plant and equipment, as well as operational supply chain management.

Internally we focus on conducting our operations in an environmentally responsible manner and reducing our consumption of non-renewable resources. We have implemented aspirational non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) efficiency improvement targets, and focus on water conservation and stewardship including recycling and rain-water harvesting. These initiatives support organisational resilience in the context of rising costs, regulatory and supply constraints. Extensive component rebuild and remanufacture activities in our Equipment division conserve non-renewable resources.

Our waste management capabilities have been significantly enhanced with our investment in re-, an environmental solutions company, which supports our internal initiatives and expands our customer offerings.

We recognise that a strong commitment to sustainable development is an important aspect of securing the skills required to realise our strategic goals, central to participation in legitimate value chains and at the core of responsible corporate citizenship.

Our Value Based Management approach and organisational sustainability is underscored by our commitment to:

- Ensuring our customers’ success by providing the integrated and environmentally sound solutions they require to remain competitive and meet their own sustainability objectives
  For more detail refer to page 50 (Integrated customer solutions)

- Always acting in the best interests of our principals and representing them in a way that ensures their success and reflects their sustainable development objectives
  For more detail refer to page 50 (Integrated customer solutions)

- Providing a safe and healthy workplace for employees where all have equal opportunity, are inspired to fulfil their ambitions and be proud ambassadors of Barloworld
  For more detail refer to page 44 (People)

- Conducting our operations in an environmentally responsible manner
  For more detail refer to page 77 (Reducing our environmental footprint and managing our impact)

- Delivering top-quartile returns to our shareholders through responsible business practices
  For more detail refer to page 98 (Financial returns)

- Identify profitable growth opportunities and executing our strategic plans efficiently
  For more detail refer to page 23, 40 and 34 (Business model, Profitable growth and Implementing our strategy)

- Engaging our stakeholders and being a responsible corporate citizen for all of them, including the communities in which we operate, and contributing to their social and economic development
  For more detail refer to pages 30 (Stakeholder engagement)

The enduring competitiveness of Barloworld and its ability to create sustained value for all stakeholders is founded in these commitments.

Our 10 Pillars of Sustainability
Barloworld’s integrated approach to stakeholder value creation is reflected in our 10 Pillars of Sustainability which guide our activities and act as a filter against which future opportunities are assessed.
Responsible value chain

In adhering to our sustainability principles and given the nature of our business, it is important to align ourselves with a robust supply chain, responsible leading principals and Original Equipment Manufacturers (OEMs) to be able to sustain long-term value creation for all stakeholders. Relationships throughout our supply chain are based on mutual respect, trust, support and benefit, guided by our governance and ethical frameworks. The group will disengage from elements of its supply chain that do not conform and is developing a set of conduct criteria and standards for suppliers.

Integral to our value chain is our commitment to being a leader in sustainable development and identifying competitive advantages through solutions that help customers achieve their sustainability objectives, facilitate a transition to lower carbon economies and expand into related opportunities.

Aside from OEMs, Barloworld sources goods and services from a range of other service providers. This is particularly important in South Africa where integrating previously disadvantaged groups into the economy is a key socio-economic driver. Through our South African-orientated enterprise development initiatives and preferential procurement programme, we support and empower small and medium-sized suppliers, contractors and enterprises in our supply chain.

Responsible principals

Barloworld represents leading international OEMs and brands such as Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Mazda, Mercedes-Benz, Toyota, Volkswagen, Massey Ferguson and others. The group is therefore part of supply chains that reflect international best practice in the manufacture, sale, service, support and disposal of products. These standards are complemented by Barloworld’s own ethics, values and standards. We are committed to working with suppliers to ensure our customers’ objectives are met and their competitive position enhanced.

Products and services

Leading customer solutions offered by Barloworld assist customers in achieving their sustainable development objectives. Barloworld’s divisions have business models that enable vehicles, plant and equipment solutions to be provided as new or used units or rented on a long or short-term basis. In the Equipment division this is augmented by a significant component rebuild programme. This business model ensures efficiencies and synergies throughout the lifecycle of equipment, plant and vehicles and extended useful lives for these products.

Logistics offers a wide range of supply chain optimisation products that include energy-efficient transport solutions that also minimise carbon footprint.

Customer health and safety

Customer health and safety are critical aspects of all Barloworld’s products, services and customer solutions. In representing leading global brands, our customer solutions are backed by warranties, guarantees and product responsibility, as well as unique design features that target optimum user safety and output.

Customer satisfaction

High levels of customer engagement and exceeding their expectations have allowed us to build loyalty and grow our customer base. Customers are central to our business model and critical to the ongoing success of Barloworld. All divisions have extensive customer engagement initiatives in place to understand customer requirements, their expectations for products and services as well as service levels.

Initiatives include stringent measurement and survey systems, as well as targets and in some instances, agreed performance measures. Performance against objectives is monitored and reviewed, highlights areas for attention, directs operational activities and informs strategy.

Marketing communications

Group standards ensure that all marketing and advertising conforms to applicable laws and standards. The standards and corporate identities set by principals are adhered to. These are detailed and comprehensively monitored by Barloworld divisional operations and their principals. Any local adaptations require prior consent from principals. We are also guided by the standards set by industry bodies such as the Advertising Standards Authority who have self-regulation codes of practice that ensure appropriate conduct in advertising and marketing communications.

Reducing our environmental footprint and managing our impact

Barloworld is committed to responsible environmental stewardship and minimising its environmental footprint. In line with this commitment, environmental stewardship is incorporated into Sustainable development, one of the group’s six Strategic Focus Areas.

We recognise that some of our activities have certain adverse environmental impacts such as those associated with the use of fossil fuels, and therefore integrate mitigation measures into our operational management systems and customer offerings. We mainly represent OEMs and recognise the environmental impact from the manufacture and use of our vehicles, plant and equipment. As a responsible corporate citizen, we engage our suppliers and customers and strive to achieve the highest environmental standards.

Our approach to identifying material environmental issues

An identification process involving the Barloworld executive committee leads to endorsement of material environmental issues by the group risk and sustainability committee. These issues are covered in this report.

Responding to the CDP’s Climate Change and Water disclosures, participation in the JSE’s SRI Index and other external surveys contribute to the identification of these issues.
Identified internal material issues are:
- Non-renewable energy consumption
- Greenhouse gas emissions
- Water stewardship
- Waste, including recycling (rebuild and remanufacture) and disposal of hazardous waste.

**The Energy Efficiency Pledge**

In line with our commitment to energy efficiency, Barloworld signed the National Business Initiative’s Energy Efficiency Pledge in 2012 together with the South African Department of Energy. By signing the pledge Barloworld undertook to work with the Energy Efficiency Leadership Network to drive continuous improvement of energy efficiency initiatives across the group. Progress made in terms of the commitments in the pledge is set out below:

### Progress on the Energy Efficiency Pledge

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Actions taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a road map/plan for improved energy efficiency in our operations, supported by the implementation of an appropriate energy management system</td>
<td>Energy efficiency is incorporated into Sustainable development (one of the group’s six Strategic Focus Areas) to ensure that it is entrenched into operational and strategic management throughout the group</td>
</tr>
<tr>
<td>Develop internal energy efficiency targets that are appropriate to our operations and activities and which respond proactively to, and are aligned with, appropriate government policies and strategies</td>
<td>In 2009 we set the aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions by the end of our 2014 financial year off a 2009 baseline</td>
</tr>
<tr>
<td>Report appropriately on efforts to improve energy efficiency and progress made towards set energy efficiency improvement targets in our operations within the parameters of national legislation</td>
<td>Entrenched reporting systems and processes ensure the collection, measurement, review and reporting of energy consumption and efficiency data. This includes relevant disclosures in our integrated reporting</td>
</tr>
<tr>
<td>Work with stakeholders on energy efficiency-related issues to build capacity and develop the required skills to implement energy efficiency programmes and drive the required behavioural changes</td>
<td>We represent and engage with leading international OEMs. Interactions are informed by our commitment to leading in sustainable development and competitive advantage through solutions that assist customers in achieving their sustainable development objectives, facilitate a transition to lower carbon economies and expand into related opportunities. Internal communication and including sustainable development in our leadership development programme, enhances awareness and commitment from employees</td>
</tr>
</tbody>
</table>
As lead dealer for Anglo American’s relationship with Caterpillar, Clive Thomson (CE Barloworld Limited), Shane Fitzpatrick (Barloworld Equipment executive director: Mining), Doug Oberhelman (Caterpillar Inc., chairman and CEO), Steve Wunning (Caterpillar Inc., group president: Resource Industries Group), Chris Curfman (Caterpillar Inc., vice-president: Mining Sales and Support), and JP Bekkering (Caterpillar Global Mining, general manager: Global Accounts) met with chief executive of Anglo American, Mark Cutifani, and other senior Anglo American executives. The meeting took place at Anglo American’s London headquarters and focused on identifying how Caterpillar and Barloworld could further leverage our equipment management solutions to assist Anglo American in achieving its productivity and efficiency targets. The meeting reaffirmed the strong relationship between Anglo American, Caterpillar and Cat Dealers globally and opportunities for further collaboration.

Barloworld accounts for approximately 50% of all Anglo American’s Caterpillar fleet. Anglo American’s operations cover all aspects of our mining business including opencast, soft and hard rock underground mining. Caterpillar and Barloworld will be working with Anglo American to create sustainable enhancements to mine productivity and safety through improved fleet performance and safety innovations on earthmoving equipment. We will also be working on developing autonomous mining solutions in order to improve overall efficiencies.
Policies
Barloworld’s approach to environmental stewardship is informed by our:
• Environmental policy
• Climate Change policy
• Water Use and Management policy.

Overview of environmental risk management and responses
Environmental risks are identified and assessed through two risk management approaches within the group:
• A high level risk assessment (HLRA) which takes place twice a year and considers all risk exposures facing the group. HLRA are held at both divisional and group levels. Material risks and management responses are included in the reported group “Top Risks”
• This financial year focused risk assessments were conducted to identify and assess both risks and opportunities specifically around climate change and water. Material aspects are disclosed in Barloworld’s 2013 CDP Climate Change disclosure response and 2013 CDP Water disclosure response.

Key indicators
Data collection is designed to enhance the management and reporting of material environmental aspects using entrenched structures and systems. Indicators cover identified material issues and other aspects that require management attention.

Monitoring and management
The environmental data reported is used in the daily management of the company. Material and relevant group aspects are reported at board level on a quarterly basis through the risk and sustainability committee’s Safety, Health and Environment (SHE) report.

Data collection and reporting processes are reviewed throughout the year by Barloworld group internal audit services and selected material issues are reviewed at company interim reporting and assured at financial year-end by the group’s external auditors.

Our reporting processes are regularly reviewed and enhanced where appropriate.

Targets
In 2009, we set the aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas (scope 1 and 2) emissions by the end of our 2014 financial year off a 2009 baseline. This aspirational target is against a business as usual scenario that tracks revenue as a proxy for business activity. It plays a significant role in focusing attention and prompting initiatives across the group and is reviewed regularly, balancing environmental sensitivities with commercial realities, legislation and national goals. Initiatives prompted by our aspirational target include: measurement, avoidance, reduction, switching to appropriate alternate sources and technologies where feasible, and offsetting emissions from commercial activities where appropriate.

Addressing our material issues and progress
Energy consumption
We recognise the economic importance and environmental relevance of non-renewable energy consumption and strive to improve the group’s efficiency and consumption patterns.

Energy consumption (GJ) by division

Avis was announced as the winner in the car rental industry category of the Ask Afrika Orange Index®. This accolade is testament to Avis’ commitment to always try harder.

The Ask Afrika Orange Index® reflects on customer service excellence across industries and interviews are conducted over 22 industries, 110 companies and 33,000 people. Its meticulous research and expert collaboration provides the foundation for in-depth discussions on service trends and diagnostics in the South African corporate and consumer landscape.

Keith Rankin, Chief Executive of Avis Rent a Car Southern Africa says, “Being recognised as the winners in the car rental industry in the Ask Afrika Orange Index® is an honour and a great achievement which wouldn’t be possible without the dedication of our Avis brand ambassadors. Avis will continue to maintain a high standard of service delivery in an effort to always try harder and exceed customer expectations.”

Avis has recently recorded its highest ever Customer Satisfaction Index (CSI) score from market researchers MRM Support, with a record high 91.8. This score can be attributed to Avis’ unquestionable dedication to customer service in all facets of its operations. Measuring CSI for a business like Avis brings together the combined product of all interaction between Avis and its customers.
Managing for value continued

Electricity consumption decreased marginally against 2012 underscoring the effectiveness of our efficiency improvement initiatives. Mainly as a result of significantly increased road transportation activities in our expanded logistics operations, diesel consumption increased by 80% over the previous period, resulting in group energy consumption increasing by 48%.

As reflected in the table below, our operations generally continue to make good progress towards our aspirational efficiency improvement targets. The increased fuel consumption of our expanding South African Logistics’ road transport operations increased energy intensity levels in this business, while our other businesses continue to improve against their respective 2009 baselines. At a consolidated group level, Logistics’ consumption and intensity levels impact the group patterns resulting in higher outcomes. It is expected that this trend will continue as the transport aspects of our logistics business continues to expand which may negatively affect progress against our aspirational targets set for the end of our 2014 financial year.

The group is 7% worse than its 2009 baseline intensity (40.7).

<table>
<thead>
<tr>
<th>Energy intensity by division (GJ per R1 million revenue)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUIPMENT AND HANDLING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>18.3</td>
<td>22.0</td>
<td>28.2</td>
</tr>
<tr>
<td>Handling</td>
<td>17.5</td>
<td>18.7</td>
<td>23.0</td>
</tr>
<tr>
<td>AUTOMOTIVE AND LOGISTICS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>26.7</td>
<td>38.8</td>
<td>49.0</td>
</tr>
<tr>
<td>Car Rental southern Africa</td>
<td>66.1</td>
<td>43.4</td>
<td>43.4</td>
</tr>
<tr>
<td>Motor Retail</td>
<td>17.2</td>
<td>20.3</td>
<td>22.5</td>
</tr>
<tr>
<td>Fleet Services southern Africa</td>
<td>31.5</td>
<td>40.2</td>
<td>37.7</td>
</tr>
<tr>
<td>Logistics</td>
<td>15.6</td>
<td>17.7</td>
<td>20.4</td>
</tr>
<tr>
<td>Logistics southern Africa</td>
<td>9.6</td>
<td>12.9</td>
<td>14.5</td>
</tr>
<tr>
<td>Logistics European, Middle East, and Asia</td>
<td>401.5</td>
<td>221.3</td>
<td>184.9</td>
</tr>
<tr>
<td>BARLOWORLD GROUP</td>
<td>504.1</td>
<td>287.4</td>
<td>259.8</td>
</tr>
<tr>
<td>BARLOWORLD GROUP</td>
<td>17.5</td>
<td>23.9</td>
<td>29.7</td>
</tr>
<tr>
<td>BARLOWORLD GROUP</td>
<td>43.6</td>
<td>32.8</td>
<td>36.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy consumption (GJ) by energy source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Total: 2 838 435 (GJ)</td>
</tr>
<tr>
<td>Diesel (%)</td>
</tr>
<tr>
<td>Petrol (%)</td>
</tr>
<tr>
<td>Electricity (%)</td>
</tr>
<tr>
<td>Other (%)</td>
</tr>
</tbody>
</table>
**Greenhouse gas emissions**

We are concerned about climate change and appreciate the causal link between greenhouse gas emissions and global warming. Restrictions on emissions and proposed carbon taxes pose risks to Barloworld and our value chain, including our customer base. However, these also present opportunities such as increased demand for products and solutions with limited or reduced carbon emissions and opportunities for internal initiatives to improve efficiency further with related cost savings.

The group continues to report greenhouse gas emissions in terms of the GHG Protocol Corporate Standard and units of CO$_2$e, the universal unit measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases. Emissions from customer use of our rental fleets are classified as scope 3 emissions.

### Emissions (tCO$_2$e) by division (scope 1 and 2)

<table>
<thead>
<tr>
<th>Division</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equipment and Handling</strong></td>
<td>33 044</td>
<td>25 064</td>
<td>58 108</td>
</tr>
<tr>
<td><strong>Automotive and Logistics</strong></td>
<td>154 431</td>
<td>54 345</td>
<td>208 776</td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
<td>15</td>
<td>725</td>
<td>740</td>
</tr>
<tr>
<td><strong>BARLOWORLD GROUP</strong></td>
<td>187 490</td>
<td>80 134</td>
<td>267 624</td>
</tr>
</tbody>
</table>

Since our material greenhouse gas emissions are linked to energy consumption (particularly petrol and diesel and, indirectly, electricity principally generated from coal), many of our energy efficiency initiatives have a secondary benefit of reducing greenhouse gas emissions.

Our emission patterns follow those of our energy consumption again reflecting good progress being made by our various businesses against their respective baselines. Similar to its energy intensity profile, the expanded Logistics operations have an increased emission intensity level which impacts the group’s intensity level.

This impact is not of the same magnitude as the impact of the increased energy consumption due to the relatively lower increase in Logistics’ emissions. As a result, the group is some 7% better than its 2009 baseline intensity (4.4) and making progress towards the aspirational target set for the end of our 2014 financial year.
Managing for value  continued

confident of this data our intention is to include it in our scope 3 reporting.

Car rental operations in South Africa produced tCO₂e 85 918 (2012: tCO₂e 90 333) a decrease of 5% from 2012, against an increase in rental days over the same period resulting in an 11% improvement in intensity per rental day.

Water consumption

Although a limited consumer of water, Barloworld recognises the scarcity of the resource and strives to use water efficiently. Water stewardship initiatives within the group include increased recycling, rain water harvesting and efficiency of use. These initiatives have resulted in only a 6% increase in consumption in 2013.

Emissions (scope 1 and 2) intensity by division
(tCO₂e per R1 million revenue)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUIPMENT AND HANDLING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>1.9</td>
<td>2.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Handling</td>
<td>2.2</td>
<td>3.2</td>
<td>4.1</td>
</tr>
<tr>
<td>AUTOMOTIVE AND LOGISTICS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>6.1</td>
<td>4.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Car Rental southern Africa</td>
<td>2.3</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Motor Retail</td>
<td>3.6</td>
<td>4.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Fleet Services southern Africa</td>
<td>2.3</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Logistics</td>
<td>1.0</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>31.6</td>
<td>18.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Europe, Middle East and Asia</td>
<td>39.3</td>
<td>23.1</td>
<td>21.6</td>
</tr>
<tr>
<td>LOGISTICS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>2.3</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Car Rental southern Africa</td>
<td>3.6</td>
<td>4.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Motor Retail</td>
<td>2.3</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Fleet Services southern Africa</td>
<td>1.0</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Logistics</td>
<td>31.6</td>
<td>18.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>39.3</td>
<td>23.1</td>
<td>21.6</td>
</tr>
<tr>
<td>Europe, Middle East and Asia</td>
<td>2.8</td>
<td>3.2</td>
<td>3.6</td>
</tr>
<tr>
<td>BARLOWORLD GROUP</td>
<td>4.1</td>
<td>3.4</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Water consumption (ML) by division

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment and Handling</td>
<td>293</td>
<td>319</td>
<td>295</td>
</tr>
<tr>
<td>Automotive and Logistics</td>
<td>552</td>
<td>478</td>
<td>470</td>
</tr>
<tr>
<td>Corporate</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>BARLOWORLD GROUP</td>
<td>848</td>
<td>799</td>
<td>767</td>
</tr>
</tbody>
</table>
Most water is sourced from municipal and local government supply systems and used to wash vehicles, plant or equipment. After passing through filtration and separation processes effectively all water used is legally discharged back into municipal and local government systems.

Overall, 14.3% of water was recycled in the group, with our Automotive unit recycling 21.7% and Equipment operations in Iberia recycling 4% of their reported consumption.

No protected areas were affected by water discharges from the group, nor were any water sources affected by our withdrawal of water in the past year.

Given that not all group operations are situated in water stressed or water scarce areas, water is managed on a decentralised basis and as such no group-wide water efficiency targets have been set. Despite this, divisions may, where appropriate, set such targets.

Waste management
Given the nature of our business, the group does not generate significant volumes of waste. That which is generated is monitored by type, volume, disposal method and destination. Waste monitoring and reporting systems are evolving and improving, particularly in Equipment Russia, where limited reporting is currently in place.

Most waste is disposed of through certified contractors and no waste was shipped internationally. Difficulty has been experienced in obtaining appropriately certified waste disposal companies in certain developing territories and solutions are being sought to address this aspect.

Paper, tyres and oil filters constitute most of our solid waste and lubricants make up most of our liquid waste. The reduced mass of waste for 2013 aligns with the disposal of the Handling operations which utilised significant volumes of batteries and tyres in its fleets, as well as significantly reduced paper disposal in our Automotive and Logistics as well as Equipment southern Africa operations. Improved reporting contributes to the reduced paper and solvent volumes reported.

### Waste by category

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-HAZARDOUS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper (kg)</td>
<td>330 474</td>
<td>630 466</td>
<td>558 919</td>
</tr>
<tr>
<td>Tyres (kg)</td>
<td>311 553</td>
<td>726 841</td>
<td>860 954</td>
</tr>
<tr>
<td>HAZARDOUS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solvents (ℓ)</td>
<td>64 375</td>
<td>156 445</td>
<td>139 156</td>
</tr>
<tr>
<td>Lubricants (ℓ)</td>
<td>2 756 674</td>
<td>3 073 891</td>
<td>3 026 925</td>
</tr>
<tr>
<td>Oil filters (kg)</td>
<td>287 065</td>
<td>226 950</td>
<td>241 507</td>
</tr>
<tr>
<td>Batteries (kg)</td>
<td>39 444</td>
<td>100 596</td>
<td>217 446</td>
</tr>
<tr>
<td>Electronic (kg)</td>
<td>11 775</td>
<td>3 978</td>
<td>6 659</td>
</tr>
</tbody>
</table>
Most waste generated within the group is recycled which includes 95% of tyres, 88% lubricants and 98% of batteries and e-waste.

An important aspect of our waste management and product lifecycle stewardship is extending product use or life. We make the most significant contribution through the rebuilding and remanufacturing of machines and components. In Caterpillar operations these processes require some 50% to 60% less energy by reusing approximately 85% to 95% by weight of materials from the original product. Some 70% of Caterpillar components are rebuilt.

Spills
There were two spills during the reporting period which we consider significant. A total of 11,440 litres of oil spilled when a truck lost its load of 55 oil drums during a motor vehicle collision. In the second, an estimated 10,000 to 15,000 litres of fuel was lost through a leaking fuel line at an on-site fuel bowser. These have been addressed and in both instances our internal response mechanisms, business continuity plans and processes functioned as intended.

Future outlook
- We will continue our initiatives to improve energy consumption and emissions efficiency and report progress against our existing targets which remain based on intensity levels at the end of our 2014 financial year. These will then be reconsidered and reviewed
- Our focus on identified material environmental issues will continue
- We will progress synergies and opportunities presented by our investment into re-, an environmental solutions company, within the group and also incorporate their offerings into our customer solutions where appropriate
- We appreciate the importance and responsibilities relating to our supply chain and will enhance and develop initiatives to better understand, assess and respond to any identified risks and opportunities within our supply chain
- Consistent with our stakeholder engagement activities, we will continue to engage with our OEMs and customers to identify and provide solutions that assist our customers in achieving their sustainable development objectives.
What are your environmental needs?

Committed to providing our clients with smart sustainable supply chain solutions, Barloworld Logistics formed a smart partnership earlier this year with re-, an environmental solutions company.

re- creates sustainable solutions that deliver a return on environment for its clients and our planet. re- has been in the waste management industry since 1988 and currently employs over 600 people. From waste disposal and management, to optimising energy efficiencies and re-educating workforces, re- collaborates with clients to develop smart solutions that tread lightly on the environment while delivering measurable results. re- was also the first company to become ISO 14001 accredited by SGS in this sector.

The global movement of environmental awareness and sustainability and the growing legislation in this area is creating huge demand for these specialised services. The synergies that exist between both businesses allow the provision of more holistic tailored solutions for clients. The partnership with re- is also enabling the group to reduce its impact on the environment. re- is already engaged in waste management reduction for Avis, Barloworld Motor Retail and Barloworld Logistics. The investment in re- shows Barloworld’s commitment to constantly rethinking, refining and re-evaluating innovative ways to drive economic, social and environmental sustainability. To learn more about re- and how they reduce, reuse, recycle, recover and dispose of waste, log onto www.re-sa.co.za.
Making a difference by empowering communities

Barloworld is committed to playing a meaningful role in society through active corporate citizenship and strives to be responsive to the interests and concerns of its local communities, including responsible stewardship of the environment.

This approach is underpinned by the Value Based Management philosophy that commits the group to creating sustainable value for all its stakeholders. The group is committed to allocating a minimum of 1% of its net profits after tax to corporate social investment (CSI). Through its business units operating around the world, strategic relationships are established and investments made in interventions which address the foremost problems in society, linked to national development objectives and involving local communities, industries in which the group operates, its products and employees. In South Africa, Broad-Based Black Economic Empowerment socio-economic development (SED) imperatives are incorporated into this approach.

Following a developmental approach through the Barloworld Trust in South Africa, social investment has been institutionalised in the group for several decades. Efforts are aimed at building capacity in civil society, strengthening institutions and conducting public benefit activities that contribute to the social wage.

One of the group’s approaches is to support innovations to improve social service delivery, particularly in education, which can be sustained on a larger scale by the public or private sectors.

Statistics on learner outcomes in South Africa show clearly that public schooling is not delivering the desired results. Private sector funded innovations in the public schooling sector have tended to parallel the system and not be sustained long term. An innovative, large-scale intervention with broad-based commitment and support is called for, with the potential to begin to turn public education in South Africa around, improve the country’s competitiveness and impact the inequalities in South African society.

The Programme to Improve Learner Outcomes (PILO) appears to be such a collaborative initiative. It aims to significantly improve learner outcomes on a national scale through a programme of targeted interventions utilising existing people and resources in the system, with private sector donors and civil society acting in support of government. In the very early stages Barloworld offered its facilities for PILO stakeholder workshops and funded the development of school management team training modules.

Barloworld also has an interest in the emerging concept of charter or contract schools through international research, and particularly the LEAP no-fee schools in South Africa. These charter or contract schools are public-private partnerships (PPPs), characterised by the objective of providing high quality schooling to under-served students living in poor communities.

They are privately managed with autonomy over teaching practices and the ability to hire and fire staff, and publicly funded. Private schools in South Africa currently receive a 60% government subsidy per child and there is strong advocacy for increasing government funding to 100%.

Group spend on CSI increased marginally in 2013 at R16.9 million (2012: R16.6 million), R15 million (2012: R14 million) of which was spent in South Africa. Of these amounts, R7 million was invested through the central programme, which is currently focused on improving learner outcomes in the formal education sector in South Africa. Over the past five years, the group has contributed R69 million to CSI/SED. Of this amount, R41 million was verified as socio-economic development (SED) spend in support of Broad-Based Black Economic Empowerment in South Africa.

A group CSI forum launched in 2013 promotes thought leadership, alignment with group values and codes, innovation and best practice across the group.

The Programme to Improve Learner Outcomes (PILO) appears to be such a collaborative initiative. It aims to significantly improve learner outcomes on a national scale through a programme of targeted interventions utilising existing people and resources in the system, with private sector donors and civil society acting in support of government. In the very early stages Barloworld offered its facilities for PILO stakeholder workshops and funded the development of school management team training modules.

Barloworld also has an interest in the emerging concept of charter or contract schools through international research, and particularly the LEAP no-fee schools in South Africa. These charter or contract schools are public-private partnerships (PPPs), characterised by the objective of providing high quality schooling to under-served students living in poor communities.

They are privately managed with autonomy over teaching practices and the ability to hire and fire staff, and publicly funded. Private schools in South Africa currently receive a 60% government subsidy per child and there is strong advocacy for increasing government funding to 100%.

Group spend on CSI increased marginally in 2013 at R16.9 million (2012: R16.6 million), R15 million (2012: R14 million) of which was spent in South Africa. Of these amounts, R7 million was invested through the central programme, which is currently focused on improving learner outcomes in the formal education sector in South Africa. Over the past five years, the group has contributed R69 million to CSI/SED. Of this amount, R41 million was verified as socio-economic development (SED) spend in support of Broad-Based Black Economic Empowerment in South Africa.

A group CSI forum launched in 2013 promotes thought leadership, alignment with group values and codes, innovation and best practice across the group.

- Barloworld Corporate Social Investment policy
- Group CSI spend

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts (%)</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Education (%)</td>
<td>38</td>
</tr>
<tr>
<td>Environment (%)</td>
<td>4</td>
</tr>
<tr>
<td>Health and welfare (%)</td>
<td>33</td>
</tr>
<tr>
<td>Poverty alleviation and job creation (%)</td>
<td>14</td>
</tr>
<tr>
<td>Leadership development (%)</td>
<td>3</td>
</tr>
<tr>
<td>Combating crime (%)</td>
<td>4</td>
</tr>
<tr>
<td>Sports development (%)</td>
<td>4</td>
</tr>
<tr>
<td>Other (%)</td>
<td>0</td>
</tr>
</tbody>
</table>

SO1 to SO10; EC1; EC8, EC9
During 2012 the Barloworld Trust participated in work with a broad spectrum of social partners to build a Programme to Improve Learner Outcomes (PILO), a South African government-led large scale education system improvement project. The process drew on successful civil society initiatives and government commitments that already exist, applying lessons from the past and current opportunities.

PILO is differentiated by its ambitious intent because the educational challenges faced in South Africa are large. PILO is intended to work in the public system, rather than in parallel to it as many civil society initiatives have in the past, because challenges will not be addressed unless the public schools that embody the constitutional right to basic education are strengthened. PILO is also collaborative because it is intended to draw on the concerted and coordinated effort of all key role-players in the system.

PILO is focused on a few critical lead and lag indicators that will be levers for improving learner performance and which are achievable with, and by, the existing people and resources in the system. As early development partners to the process, the Barloworld Trust has funded the development of open source school management team training modules for use in the programme, which will be piloted at school district level in 2014, initially supporting the KwaZulu-Natal Department of Education in Uthungulu and Pinetown, representing 1 200 schools and 600 000 learners or 5% of the public education system in South Africa.

In July 2013 the South African government, business, labour and non-governmental organisations launched a civil society partnership, the National Education Collaboration Framework Trust (NECT), aimed at strengthening cooperation to improve education outcomes in the country.

The NECT aims to establish a substantial fund in support of initiatives such as PILO, projects focused on objectives linked to the National Development Plan, the country’s blueprint for nation building. These are developing solid professional skills in the teaching service, effective and courageous leadership, improving government capacity to deliver, improving resourcing in order to create conducive and safe learning environments: teachers, books and infrastructure, community and parent involvement, and learner support and wellbeing.
Strategic intent
Enhance competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation
Diversity for sustainable development

Equality
We are fully committed to ensuring effective, extensive transformation and developing exemplary employment conditions by encouraging a diverse organisational culture.

Barloworld believes that equal employment opportunities are not only a moral and human rights imperative, but also a pre-condition for the achievement of sustainable development, economic growth and prosperity in all communities in which we operate.

• We strive to develop an inclusive diverse workforce that reflects the demographics of our operational environments.

We are committed to creating sustainable value for our diverse employees across the group.

Our approach to gender, racial and other diversity is based on the premise that an inclusive and creative culture improves the quality of our business decisions. This supports our ability to deliver tangible benefits for our stakeholders.

• Our values of equality are further entrenched in our Code of Ethics, Worldwide Code of Conduct and other related policies and include:
  ▪ Identifying and eliminating employment barriers
  ▪ Pursuing programmes and initiatives to achieve our equity objectives
  ▪ Eliminating unfair discrimination on the grounds of gender, race, religion, disability or sexual preference
  ▪ Complying with regulations and legislation in our operational environment.

• Empowerment and transformation remains one of our six Strategic Focus Areas. The target for all South African operations is to achieve or maintain a Level 2 or 3 rating on the Department of Trade and Industry’s Broad-Based Black Economic Empowerment (B-BBEE) scorecard. Barloworld’s action plan continues to address all elements of the B-BBEE scorecard with specific reference to management and control, employment equity and skills development.

• Employment equity plans and progress reports are submitted in South Africa and some southern African countries. These plans set out employment targets that address ethnicity, gender and disability and are aligned, in South Africa, to the thresholds set out in the B-BBEE scorecard.

Diverse board of directors

<table>
<thead>
<tr>
<th>Breakdown</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black directors</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>White directors</td>
<td>7</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Male directors</td>
<td>10</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Female directors</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>South African directors</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Non-South African directors</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Executive directors</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

- Our remuneration policies and practices are reviewed regularly and we use the Towers Watson global grading system across the group. Wage and salary levels are benchmarked annually by occupational category, especially in South Africa as per the employment equity legislation, pay differentials are reviewed against all occupational levels, job classifications and gender.

- The employment equity forums in South Africa regularly review policies and processes to prevent any allegations and/or instances of discrimination.
Barloworld remains committed to gender equality and continues to strive to increase its female workforce at all occupational levels, with special focus on management including executive and board levels.

**Transformation in South Africa**

Barloworld has led the general industrial sector in the annual assessment by the Mail & Guardian of South Africa’s top empowerment companies for the past four years. We are ranked 12th among the top empowered 100 JSE-listed companies.

Barloworld strives to lead in transformation and our empowerment and transformation strategy goes beyond legislative compliance. Our commitment is to exceed the minimum requirements of B-BBEE legislation and to set the benchmark for our industry sector.

Barloworld continues to make steady progress on all elements of the Department of Trade and Industry’s B-BBEE scorecard, with the emphasis not on a quick fix but on long-term sustainability. Our B-BBEE levels are continuously monitored and reported as prescribed by the B-BBEE Codes of Good Practice.

Leveraging on the strong foundation already established, progress in 2013 included the following:

- All operations maintained a B-BBEE rating of Level 2 except for Avis Fleet Services and Barloworld Motor Retail which achieved a Level 3 rating. We believe these ratings enhanced our competitive advantage as our customers can count over 110% of their procurement spend with Barloworld as B-BBEE-related procurement on their own scorecards.
- Employment equity targets are reviewed annually and reports submitted to the Department of Labour.
- Black CEOs have been appointed to two business units, and two black deputy CEOs appointed to Corporate Office and Barloworld Handling.

Barloworld Siyakhula reached approximately R103 million in enterprise development support spend over the past six years.

Barloworld has provided approximately R41 million for socio-economic development over the past five years in South Africa.

General staff trust shares with a value of R266.6 million vested allowing 11,531 South African recipients the opportunity to sell or retain shares.

Where feasible we provide the necessary practical support to B-BBEE enterprises and vendors and our procurement processes are accessible, fair and inclusive and aimed at benefiting the local communities in which we live and work.

**B-BBEE ratings in terms of the Department of Trade and Industry’s scorecard**

<table>
<thead>
<tr>
<th>SA business unit</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Handling</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Avis Rent a Car</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Motor Retail</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Avis Fleet Services</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Logistics</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Corporate</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Barloworld Siyakhula</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Barloworld Limited</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
Diversity for sustainable development  

In line with the group’s stated empowerment and transformation objective for 2013, all Barloworld South African businesses have achieved at least a Level 3 rating.

We are mindful of our role in transforming our procurement base and we ensure that our procurement processes in the South African operation apply a preferential adjudication system to suppliers that comply with the principles and legislation underpinning Broad-Based Black Economic Empowerment and are cost effective and competitive. We actively work to transform our supplier base through supplier diversity interventions conducted by Barloworld Siyakhula, an enterprise development initiative of Barloworld. Our preferential procurement B-BBEE scores out of 20 range from 13.41 to 19.30, reflecting roughly R15.7 billion spent during the 2013 financial year.

The number of African, Indian and Coloured (AIC) employees in South Africa in executive management, middle management, skilled and semi-skilled levels improved during the year. This reflects the continued focus on identifying and developing employees for and attracting talent from the external market.

Employees by ethnic background in South Africa

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AIC**</td>
<td>White</td>
<td>AIC**</td>
</tr>
<tr>
<td>Board*</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Executive</td>
<td>5</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Senior management</td>
<td>16</td>
<td>46</td>
<td>16</td>
</tr>
<tr>
<td>Middle management</td>
<td>722</td>
<td>1 135</td>
<td>692</td>
</tr>
<tr>
<td>Skilled upper</td>
<td>4 548</td>
<td>2 416</td>
<td>4 161</td>
</tr>
<tr>
<td>Semi-skilled/apprentices/trainees</td>
<td>4 373</td>
<td>427</td>
<td>3 568</td>
</tr>
<tr>
<td>Labour/unskilled</td>
<td>170</td>
<td>1</td>
<td>163</td>
</tr>
<tr>
<td>Total</td>
<td>9 835</td>
<td>4 042</td>
<td>8 605</td>
</tr>
</tbody>
</table>

*Includes executive directors only.
**African, Indian, Coloured.

Broad-Based Black Economic Empowerment transaction

Barloworld announced its Broad-Based Black Economic Empowerment transaction in 2008. The transaction included shareholdings for employees, community service groups, an education trust and strategic black partners. The B-BBEE transaction involved transferring Barloworld shares worth R2.4 billion, which translated into an effective 29% empowerment of Barloworld’s South African operations. The General Staff Trust of approximately 3 million shares’ five year lock-in period ended on 4 November 2013, hence the restrictions will no longer apply. In addition, Barloworld has sold numerous assets to previously disadvantaged beneficiaries.

Certain of our strategic black partners are directly engaged in the business and continue to make a significant contribution to the company, particularly the Automotive and Logistics, and Equipment divisions.

The community service group partners participating in Barloworld’s empowerment transaction are:
- DEC Investment Holding Company which addresses disability and empowerment concerns
- Shalamuka Foundation which ensures the sustainability of the largest whole school development programme in Africa
- Ikamva Labantu Empowerment Trust which provides for the needs of disadvantaged communities.

The general staff trust has paid two dividends per year totalling R24.3 million since inception. Beneficiaries did not pay for their shares.

The Barloworld Education Trust has awarded 62 bursaries since inception to 37 beneficiaries. 21 students were supported in the 2013 academic year. All recipients are previously disadvantaged individuals. The education trust has received two dividends per year totalling R4.3 million since inception.
Barloworld Siyakhula

Siyakhula, which means “We are growing” in isiZulu and isiXhosa, promotes both empowerment and transformation by extending financial and non-financial support and management guidance to small and medium-sized enterprises within the Barloworld value chain.

Launched in 2007, Barloworld Siyakhula has cultivated partnerships and fostered growth for small/medium enterprises for the past six years to encourage the growth of local economic development and job creation in South Africa.

Its focus remains the transformation of the group’s value chain, creating opportunities for small and medium enterprises through supplier diversity and development and Broad-Based Black Economic Empowerment (B-BBEE).

Barloworld Siyakhula believes that growing and supporting small businesses through enterprise and supplier development are critical to achieving sustainable business enterprises, thus contributing to job creation in South Africa.

Since inception Barloworld Siyakhula has supported 23 businesses with end-to-end business solutions, helping them gain a competitive advantage in their respective markets.

These businesses employ approximately 600 people.

Barloworld Siyakhula is a founding member of the South African Supplier Diversity Council.
Mind Interactive is a company that has always gone the extra mile to provide innovative and holistic digital solutions. “When small businesses think big, Barloworld Siyakhula gives them big opportunities. It gave us the flexibility to do what we’re good at, the freedom to be more innovative and the added advantage of a support structure that will always be there to partner with us. Barloworld Siyakhula created new business opportunities and transformed our vision into value.

“From the beginning Barloworld Siyakhula always believed in our abilities and our future. It’s not easy getting into the market, but Barloworld Siyakhula gave us the opportunity to develop its company website and opened doors by introducing us to its network of suppliers and partners. This has enabled us not only to work on high-profile projects and build various relationships, but also to realise our potential.

Barloworld Siyakhula provided financial support by paying for all projects upfront and continues to play a vital role in our development and growth as a 100% black-owned company. I can certainly say that Barloworld Siyakhula is the true champion of black supplier development. After partnering with Barloworld Siyakhula, we have gone on to thrive and achieve our true potential of becoming a force to be reckoned with in the digital solutions industry.”

Thapelo Kenoshi
Co-founder of Mind Interactive
Based in Kempton Park east of Johannesburg, Lettam Building and Civils is a women-owned company led by the Women in Construction Excellence Award winner Lijeng Mokoatle, a qualified quantity surveyor with more than 20 years of experience.

The company started off with the humble idea of providing humane accommodation for all South Africans and has transformed into a great business focused on building the future of South Africa. It has grown in leaps and bounds and continues to perform beyond expectation in partnership with Barloworld Siyakhula.

“The Barloworld Siyakhula has had a major effect on my business in multiple ways. In addition to helping me arrange finance at favourable rates, Barloworld Siyakhula was able to help our company obtain special terms for plant hire when required. Barloworld Siyakhula’s assistance reduced our costs and made a big difference to our turnover. It also helped us with the finance to buy a grader for our road projects, which means we no longer have to hire this type of equipment.

“Access to finance for small business entrepreneurs is a big challenge and getting customers to pay on time is difficult. If it weren’t for Barloworld Siyakhula, our business wouldn’t be where it is today. Barloworld Siyakhula provided us with working capital when we needed it most and helped us implement systems to manage our finances and projects and give us real time and effective cash flow management.

“Through our continuous partnership, we get expert advice whenever we need it and the management skills to continue growing and reaching for greater challenges. For all this I’d like to extend my gratitude to the whole Barloworld Siyakhula team.”

Lijeng Mokoatle
Co-founder of Lettam Building and Civils
Strategic intent
Achieve top quartile financial returns as measured against peer groups in each of our chosen business segments
## Summarised consolidated income statements

for the year ended 30 September

<table>
<thead>
<tr>
<th>Audited</th>
<th>Notes</th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rm</td>
<td>Rm</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td>65 102</td>
<td>58 554</td>
<td>11</td>
</tr>
<tr>
<td><strong>Operating profit before items listed below (EBITDA)</strong></td>
<td></td>
<td>5 623</td>
<td>4 905</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>(1 960)</td>
<td>(1 806)</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td></td>
<td>(136)</td>
<td>(111)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td>3 527</td>
<td>2 988</td>
<td>18</td>
</tr>
<tr>
<td>Fair value adjustments on financial instruments</td>
<td></td>
<td>(47)</td>
<td>(93)</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td>(983)</td>
<td>(827)</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td></td>
<td>41</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before exceptional items</strong></td>
<td></td>
<td>2 538</td>
<td>2 119</td>
<td>20</td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>(119)</td>
<td>190</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td>2 419</td>
<td>2 309</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>(804)</td>
<td>(789)</td>
<td></td>
</tr>
<tr>
<td>Secondary taxation on companies</td>
<td></td>
<td></td>
<td>(26)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after taxation</strong></td>
<td></td>
<td>1 615</td>
<td>1 494</td>
<td></td>
</tr>
<tr>
<td>Income from associates and joint ventures</td>
<td></td>
<td>185</td>
<td>141</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td></td>
<td>1 800</td>
<td>1 635</td>
<td></td>
</tr>
<tr>
<td>Net profit attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Barloworld Limited</td>
<td></td>
<td>1 692</td>
<td>1 559</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest in subsidiaries</td>
<td></td>
<td>108</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share (cents)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– basic</td>
<td></td>
<td>801.9</td>
<td>739.9</td>
<td></td>
</tr>
<tr>
<td>– diluted</td>
<td></td>
<td>798.3</td>
<td>734.5</td>
<td></td>
</tr>
</tbody>
</table>
### Summarised consolidated statement of comprehensive income
for the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the year</strong></td>
<td>1 800</td>
<td>1 635</td>
</tr>
<tr>
<td><strong>Items that may be reclassified subsequently to profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange gains on translation of foreign operations</td>
<td>1 671</td>
<td>276</td>
</tr>
<tr>
<td>Translation reserves realised on disposal of foreign joint venture and subsidiaries</td>
<td>(14)</td>
<td>(593)</td>
</tr>
<tr>
<td>Gain/(loss) on cash flow hedges</td>
<td>33</td>
<td>(178)</td>
</tr>
<tr>
<td>Deferred taxation on cash flow hedges</td>
<td>(8)</td>
<td>43</td>
</tr>
<tr>
<td><strong>Items that will not be reclassified to profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial losses on post-retirement benefit obligations</td>
<td>(377)</td>
<td>(133)</td>
</tr>
<tr>
<td>Taxation effect</td>
<td>(430)</td>
<td>(149)</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td>1 305</td>
<td>(585)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>3 105</td>
<td>1 050</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Barloworld Limited</td>
<td>2 997</td>
<td>974</td>
</tr>
<tr>
<td>Non-controlling interest in subsidiaries</td>
<td>108</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>3 105</td>
<td>1 050</td>
</tr>
</tbody>
</table>
### Summarised consolidated statement of financial position

as at 30 September

<table>
<thead>
<tr>
<th>Notes</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>15 997</td>
<td>13 470</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>11 356</td>
<td>9 473</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1 820</td>
<td>1 759</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1 399</td>
<td>1 049</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>571</td>
<td>430</td>
</tr>
<tr>
<td>Finance lease receivables</td>
<td>115</td>
<td>125</td>
</tr>
<tr>
<td>Long-term financial assets</td>
<td>82</td>
<td>97</td>
</tr>
<tr>
<td>Deferred taxation assets</td>
<td>654</td>
<td>537</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle rental fleet</td>
<td>2 081</td>
<td>1 908</td>
</tr>
<tr>
<td>Inventories</td>
<td>11 688</td>
<td>10 855</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>7 698</td>
<td>6 916</td>
</tr>
<tr>
<td>Taxation</td>
<td>62</td>
<td>37</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2 836</td>
<td>2 624</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>371</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>40 733</td>
<td>35 810</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital and premium</td>
<td>316</td>
<td>309</td>
</tr>
<tr>
<td>Other reserves</td>
<td>4 084</td>
<td>2 433</td>
</tr>
<tr>
<td>Retained income</td>
<td>10 977</td>
<td>10 127</td>
</tr>
<tr>
<td><strong>Interest of shareholders of Barloworld Limited</strong></td>
<td>15 377</td>
<td>12 869</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>462</td>
<td>298</td>
</tr>
<tr>
<td><strong>Interest of all shareholders</strong></td>
<td>15 839</td>
<td>13 167</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>9 708</td>
<td>8 964</td>
</tr>
<tr>
<td>Interest-bearing</td>
<td>7 285</td>
<td>7 048</td>
</tr>
<tr>
<td>Deferred taxation liabilities</td>
<td>404</td>
<td>371</td>
</tr>
<tr>
<td>Provisions</td>
<td>294</td>
<td>254</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>1 725</td>
<td>1 291</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>15 080</td>
<td>13 679</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>10 787</td>
<td>9 548</td>
</tr>
<tr>
<td>Provisions</td>
<td>1 079</td>
<td>839</td>
</tr>
<tr>
<td>Taxation</td>
<td>246</td>
<td>252</td>
</tr>
<tr>
<td>Amounts due to bankers and short-term loans</td>
<td>2 968</td>
<td>3 040</td>
</tr>
<tr>
<td>Liabilities directly associated with assets classified as held for sale</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>40 733</td>
<td>35 810</td>
</tr>
</tbody>
</table>
## Summarised consolidated statement of changes in equity

for the year ended 30 September 2013

<table>
<thead>
<tr>
<th></th>
<th>Share capital and premium</th>
<th>Other reserves</th>
<th>Retained income</th>
<th>Attributable to Barloworld Limited shareholders</th>
<th>Non-controlling interest</th>
<th>Interest of all shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 October 2011</strong></td>
<td>304</td>
<td>3 016</td>
<td>9 069</td>
<td>12 389</td>
<td>263</td>
<td>12 652</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>(452)</td>
<td>1 426</td>
<td>974</td>
<td>76</td>
<td>1 050</td>
<td></td>
</tr>
<tr>
<td><strong>Transactions with owners, recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reserve movements</td>
<td>(131)</td>
<td>25</td>
<td>(106)</td>
<td>9</td>
<td>(97)</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(393)</td>
<td>(393)</td>
<td>(393)</td>
<td>(50)</td>
<td>(443)</td>
<td></td>
</tr>
<tr>
<td>Treasury shares issued</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued in current year</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 September 2012</strong></td>
<td>309</td>
<td>2 433</td>
<td>10 127</td>
<td>12 869</td>
<td>298</td>
<td>13 167</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transactions with owners, recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reserve movements</td>
<td>(31)</td>
<td>57</td>
<td>26</td>
<td>142</td>
<td>168</td>
<td>(608)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(522)</td>
<td>(522)</td>
<td>(522)</td>
<td>(86)</td>
<td>(3)</td>
<td>(608)</td>
</tr>
<tr>
<td>Treasury shares issued</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued in current year</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 September 2013</strong></td>
<td>316</td>
<td>4 084</td>
<td>10 977</td>
<td>15 377</td>
<td>462</td>
<td>15 839</td>
</tr>
</tbody>
</table>
Summarised consolidated statement of cash flows
for the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flows before movements in working capital</td>
<td>5 936</td>
<td>5 199</td>
</tr>
<tr>
<td>Decrease/(increase) in working capital</td>
<td>535</td>
<td>(3 128)</td>
</tr>
<tr>
<td>Cash generated from operations before investment in rental assets</td>
<td>6 471</td>
<td>2 071</td>
</tr>
<tr>
<td>Net investment in fleet leasing assets</td>
<td>(1 636)</td>
<td>(1 481)</td>
</tr>
<tr>
<td>Net investment in vehicle rental fleet</td>
<td>(572)</td>
<td>(633)</td>
</tr>
<tr>
<td>Cash generated from/(utilised in) operations</td>
<td>4 263</td>
<td>(43)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(983)</td>
<td>(827)</td>
</tr>
<tr>
<td>Realised fair value adjustments on financial instruments</td>
<td>(55)</td>
<td>(19)</td>
</tr>
<tr>
<td>Dividends received from investments, associates and joint ventures</td>
<td>173</td>
<td>82</td>
</tr>
<tr>
<td>Interest received</td>
<td>39</td>
<td>49</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(837)</td>
<td>(596)</td>
</tr>
<tr>
<td>Cash inflow/(outflow) from operations</td>
<td>2 600</td>
<td>(1 354)</td>
</tr>
<tr>
<td>Dividends paid (including non-controlling interest)</td>
<td>(598)</td>
<td>(443)</td>
</tr>
<tr>
<td>Cash retained from/(applied to) operating activities</td>
<td>2 002</td>
<td>(1 797)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiaries, investments and intangibles</td>
<td>(775)</td>
<td>(1 589)</td>
</tr>
<tr>
<td>Proceeds on disposal of subsidiaries, investments and intangibles</td>
<td>105</td>
<td>931</td>
</tr>
<tr>
<td>Net investment in leasing receivables</td>
<td>22</td>
<td>98</td>
</tr>
<tr>
<td>Acquisition of other property, plant and equipment</td>
<td>(818)</td>
<td>(824)</td>
</tr>
<tr>
<td>Replacement capital expenditure</td>
<td>(339)</td>
<td>(334)</td>
</tr>
<tr>
<td>Expansion capital expenditure</td>
<td>(479)</td>
<td>(490)</td>
</tr>
<tr>
<td>Proceeds on disposal of property, plant and equipment</td>
<td>117</td>
<td>264</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1 349)</td>
<td>(1 120)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) before financing activities</strong></td>
<td>653</td>
<td>(2 917)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds on share issue</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Shares repurchased for forfeitable share plan</td>
<td>(32)</td>
<td>(24)</td>
</tr>
<tr>
<td>Non-controlling equity loans</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Purchases of non-controlling interest</td>
<td>(125)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>1 614</td>
<td>3 842</td>
</tr>
<tr>
<td>Repayment of long-term borrowings</td>
<td>(1 748)</td>
<td>(2 474)</td>
</tr>
<tr>
<td>(Decrease)/increase in short-term interest-bearing liabilities</td>
<td>(339)</td>
<td>1 360</td>
</tr>
<tr>
<td>Net cash from/(used in) financing activities</td>
<td>(620)</td>
<td>2 715</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>33</td>
<td>(202)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>2 624</td>
<td>2 754</td>
</tr>
<tr>
<td>Effect of foreign exchange rate movement on cash balance</td>
<td>208</td>
<td>72</td>
</tr>
<tr>
<td>Effect of cash balances classified as held for sale</td>
<td>(29)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>2 836</td>
<td>2 624</td>
</tr>
<tr>
<td>Cash balances not available for use due to reserving restrictions</td>
<td>255</td>
<td>182</td>
</tr>
</tbody>
</table>
Summarised notes to the consolidated financial statements
for the year ended 30 September

1. Basis of preparation
The summarised financial information has been prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the information as required by IAS 34 Interim Financial Reporting and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2013, except for the new or amended Standards and new Interpretations adopted as detailed in note 8.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>2. Reconciliation of net profit to headline earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit attributable to Barloworld shareholders</td>
<td>1 692</td>
<td>1 559</td>
</tr>
<tr>
<td>Adjusted for the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss/(profit) on disposal of subsidiaries and investments (IAS 27)</td>
<td>43</td>
<td>(571)</td>
</tr>
<tr>
<td>Profit on disposal of properties (IAS 16)</td>
<td>(18)</td>
<td>(9)</td>
</tr>
<tr>
<td>Impairment of goodwill (IFRS 3)</td>
<td>71</td>
<td>363</td>
</tr>
<tr>
<td>Impairment of plant and equipment (IAS 16) and intangibles (IAS 38)</td>
<td>23</td>
<td>31</td>
</tr>
<tr>
<td>Loss on sale of plant and equipment excluding rental assets (IAS 16)</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Taxation effects of remeasurements</td>
<td>(1)</td>
<td>59</td>
</tr>
<tr>
<td>Non-controlling interests in remeasurements</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Headline earnings</td>
<td>1 814</td>
<td>1 432</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue during the year (000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– basic</td>
<td>211 011</td>
<td>210 693</td>
</tr>
<tr>
<td>– diluted</td>
<td>211 953</td>
<td>212 244</td>
</tr>
<tr>
<td>Headline earnings per share (cents)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– basic</td>
<td>859.7</td>
<td>679.7</td>
</tr>
<tr>
<td>– diluted</td>
<td>855.8</td>
<td>674.7</td>
</tr>
<tr>
<td>3. Exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss)/profit on acquisitions and disposal of investments and subsidiaries</td>
<td>(43)</td>
<td>577</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>(71)</td>
<td>(363)</td>
</tr>
<tr>
<td>Impairment of investments</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Profit on disposal of property</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment, intangibles and other assets</td>
<td>(23)</td>
<td>(31)</td>
</tr>
<tr>
<td>Gross exceptional (loss)/profit</td>
<td>(119)</td>
<td>190</td>
</tr>
<tr>
<td>Taxation benefit/(charge) on exceptional items</td>
<td>1</td>
<td>(59)</td>
</tr>
<tr>
<td>Net exceptional (loss)/profit before non-controlling interest</td>
<td>(118)</td>
<td>131</td>
</tr>
<tr>
<td>Non-controlling interest on exceptional items</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Net exceptional (loss)/profit</td>
<td>(116)</td>
<td>133</td>
</tr>
</tbody>
</table>
Summarised notes to the consolidated financial statements continued
for the year ended 30 September

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audited</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4. Assets classified as held for sale</strong></td>
<td></td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>371</td>
</tr>
<tr>
<td>Liabilities directly associated with assets classified as held for sale</td>
<td>106</td>
</tr>
<tr>
<td><strong>5. Dividends</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary shares</strong></td>
<td></td>
</tr>
<tr>
<td>Final dividend No 168 paid on 14 January 2013: 150 cents per share (2012: No 166 – 105 cents per share)</td>
<td>320</td>
</tr>
<tr>
<td>Interim dividend No 169 paid on 18 June 2013: 96 cents per share (2012: No 167 – 80 cents per share)</td>
<td>202</td>
</tr>
<tr>
<td>Paid to non-controlling interest</td>
<td>522</td>
</tr>
<tr>
<td><strong>Dividends per share (cents)</strong></td>
<td></td>
</tr>
<tr>
<td>– interim (declared May)</td>
<td>96</td>
</tr>
<tr>
<td>– final (declared November)</td>
<td>195</td>
</tr>
<tr>
<td><strong>6. Contingent liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims</td>
<td>1,668</td>
</tr>
<tr>
<td>The group has given guarantees to the purchaser of the coatings Australian business relating to environmental claims. The guarantees are for a maximum period of eight years up to July 2015 and are limited to the sales price received for the business. Freeworld Coatings Limited is responsible for the first AUD5 million of any claim in terms of the unbundling arrangement.</td>
<td></td>
</tr>
<tr>
<td>Buyback and repurchase commitments not reflected on the statement of financial position</td>
<td>288</td>
</tr>
<tr>
<td>The related assets are estimated to have a value at least equal to the repurchase commitment. There are no material contingent liabilities in joint venture companies. The equipment failure reported at a customer in the 2012 integrated report and the 2013 interim report has been substantially rectified and following negotiations with the suppliers and the contractor we do not expect any additional material loss to the company.</td>
<td></td>
</tr>
</tbody>
</table>
7. Commitments

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure commitments to be incurred:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted – Property, plant and equipment</td>
<td>2 262</td>
<td>1 556</td>
</tr>
<tr>
<td>Contracted – Vehicle Rental Fleet</td>
<td>718</td>
<td>644</td>
</tr>
<tr>
<td>Approved but not yet contracted</td>
<td>1 021</td>
<td>711</td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td>523</td>
<td>201</td>
</tr>
<tr>
<td>Finance lease commitments</td>
<td>2 224</td>
<td>1 810</td>
</tr>
<tr>
<td>Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.</td>
<td>872</td>
<td>546</td>
</tr>
</tbody>
</table>

8. Accounting policies

The group adopted the following new and amended Standards and new Interpretations during the current year:
- Circular 2/2013 Headline Earnings

9. Related party transactions

There has been no significant change in related party relationships since the previous year.

On 25 September 2012 Barloworld Logistics (Pty) Limited (a wholly owned subsidiary of Barloworld Limited) acquired the remaining 25% stake in Barloworld Logistics Africa (Pty) Limited from Old Priory Investments (Pty) Limited. Mr Isaac Shongwe, a director of Barloworld is a shareholder of Old Priory Investments (Pty) Limited and therefore the transaction is a small related party transaction as defined in terms of the JSE Listings Requirements. The cash consideration of R125 million for the shares and R50 million loan funding was paid during the year.

Other than in the normal course of business, there have been no other significant transactions during the year with associate companies, joint ventures and other related parties.

10. Audit opinion

The auditors, Deloitte & Touche, have issued their opinion on the group’s financial statements for the year ended 30 September 2013. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company’s registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company’s auditors.

The auditor’s report does not necessarily cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

In addition, Deloitte & Touche, has issued a limited assurance report on the non-financial salient features included on page 109. Their report was issued in accordance with International Standards 3000 on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. They have issued an unmodified limited assurance report.

11. Preparer of financial statements

These condensed consolidated financial statements have been prepared under the supervision of SY Moodley BCom CA(SA).
## Operating segments

**for the year ended 30 September**

<table>
<thead>
<tr>
<th></th>
<th>Revenue Year ended 30 Sept</th>
<th>Operating profit/(loss) Year ended 30 Sept</th>
<th>Fair value adjustments on financial instruments Year ended 30 Sept</th>
<th>Operating profit/(loss) including fair value adjustments Year ended 30 Sept</th>
<th>Net operating assets/(liabilities) 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audited</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
</tr>
<tr>
<td>Equipment and Handling</td>
<td>30 682</td>
<td>29 047</td>
<td>2 123</td>
<td>(54)</td>
<td>2 069</td>
</tr>
<tr>
<td>Automotive and Logistics</td>
<td>34 410</td>
<td>29 490</td>
<td>1 479</td>
<td>4</td>
<td>1 483</td>
</tr>
<tr>
<td>Corporate</td>
<td>10</td>
<td>17</td>
<td>(75)</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total group</strong></td>
<td>65 102</td>
<td>58 554</td>
<td>3 527</td>
<td><strong>47</strong></td>
<td>3 480</td>
</tr>
</tbody>
</table>

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
<td><strong>Rm</strong></td>
</tr>
<tr>
<td>Equipment and Handling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Automotive and Logistics</td>
<td></td>
<td></td>
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<tr>
<td>Corporate</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total group</strong></td>
<td>65 102</td>
<td>58 554</td>
<td>3 527</td>
<td>2 988</td>
<td>(47)</td>
<td>(93)</td>
<td>3 480</td>
<td>2 895</td>
<td>21 318</td>
<td>18 921</td>
</tr>
</tbody>
</table>
Salient features
for the year ended 30 September

<table>
<thead>
<tr>
<th>Audited</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headline earnings per share (cents)</td>
<td>860</td>
<td>680</td>
</tr>
<tr>
<td>Dividend per share (cents)</td>
<td>291</td>
<td>230</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>5.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Net asset turn (times)</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>EBITDA/interest paid (times)</td>
<td>5.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Net debt/equity (%)</td>
<td>46.8</td>
<td>56.7</td>
</tr>
<tr>
<td>Return on net operating assets (%)</td>
<td>18.6</td>
<td>18.8</td>
</tr>
<tr>
<td>Return on ordinary shareholders’ funds (%)</td>
<td>12.8</td>
<td>11.3</td>
</tr>
<tr>
<td>Net asset value per share including investments at fair value (cents)</td>
<td>7 233</td>
<td>6 062</td>
</tr>
<tr>
<td>Number of ordinary shares in issue, including BEE shares (000)</td>
<td>231 292</td>
<td>231 012</td>
</tr>
<tr>
<td><strong>Non-financial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption (GJ)</td>
<td>2 838 435</td>
<td>1 921 347</td>
</tr>
<tr>
<td>Greenhouse gas emissions (tCO₂e)</td>
<td>267 624</td>
<td>197 489</td>
</tr>
<tr>
<td>Water consumption (ML)</td>
<td>848</td>
<td>799</td>
</tr>
<tr>
<td>Number of employees</td>
<td>19 692</td>
<td>19 238</td>
</tr>
<tr>
<td>LTIFR*</td>
<td>1.02</td>
<td>1.22</td>
</tr>
<tr>
<td>Fatalities</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Corporate social investment (R million)</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>dti^ B-BBEE rating (level)*</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

# Limited assurance (note 10).
∆ Scope 1 and 2.
*Lost-time injuries x 200 000 divided by total hours worked.
^Department of Trade and Industry (South Africa).
+Audited and verified by Empowerdex.

<table>
<thead>
<tr>
<th>Exchange rates (Rand)</th>
<th>Closing rate</th>
<th>Average rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>United States dollar</td>
<td>10.06</td>
<td>8.25</td>
</tr>
<tr>
<td>Euro</td>
<td>13.62</td>
<td>10.62</td>
</tr>
<tr>
<td>British sterling</td>
<td>16.30</td>
<td>13.32</td>
</tr>
</tbody>
</table>
Who governs us

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

Non-executive directors

Advocate Dumisa Buhle Ntsebeza SC
Chairman
Age: 63  Nationality: South African
Qualifications: BA, BProc, LLB, LLM (International Law)

Neo Phakama Dongwana
Age: 41  Nationality: South African
Qualifications: BCom (Hons), CA(SA)

Alexander Gordon Kelso Hamilton
Age: 68  Nationality: British
Qualifications: MA (Cantab), FCA

Sibongile Susan Mkhabela
Age: 57  Nationality: South African
Qualifications: BA Social Work (Hons), Dip Business Management, MAP

Babalwa Ngonyama
Age: 38  Nationality: South African
Qualifications: BCom (Accounting), MBA, HDip (Banking Law), CA(SA)

Sango Siviwe Ntsaluba
Age: 53  Nationality: South African
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law

Thembalihle Hixonia Nyasulu
Age: 59  Nationality: South African
Qualifications: BA (Hons) Psychology, BA Social Work

Steven Bernard Pfeiffer
Age: 66  Nationality: American
Qualifications: BA, MA (Oxon), JD (Yale)
Executive directors

Clive Bradney Thomson  Chief executive  
**Age:** 47  **Nationality:** South African  
**Qualifications:** BCom (Hons), MPhil (Cantab), CA(SA)

Donald Gert Wilson  Finance director  
**Age:** 56  **Nationality:** South African  
**Qualifications:** BCom, CTA, CA(SA)

Peter John Blackbeard  Chief executive officer: Power Systems southern Africa, Iberia, Russia and Handling division  
**Age:** 56  **Nationality:** South African  
**Qualifications:** BSc Eng (Mech) (Hons), Dip Business Management

Peter John Bulterman  Chief executive officer: Equipment division southern Africa, Iberia and Russia  
**Age:** 57  **Nationality:** South African  
**Qualifications:** HDip Mechanical Engineering

Martin Laubscher  Chief executive officer: Automotive and Logistics division  
**Age:** 53  **Nationality:** South African  
**Qualifications:** BAcc, BCompt (Hons), CTA, MCom (Business Management)

Oupa Isaac Shongwe  Human resources, strategy and sustainability director  
**Age:** 51  **Nationality:** South African  
**Qualifications:** BA (Hons), MPhil (Oxon)
Corporate governance summary report

Ethical leadership
The board provides effective leadership based on a principled foundation and the group subscribes to high ethical standards. Responsible leadership characterised by responsibility, accountability, fairness and transparency has been a defining feature of the group since its establishment in 1902.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company’s stakeholders. The business of the group is governed by a Worldwide Code of Conduct and a Code of Ethics, both approved by the board. The Worldwide Code of Conduct articulates Barloworld’s commitment to doing business the right way, according to best practices, guided by our values of integrity, excellence, teamwork and commitment. The Code of Ethics enjoins Barloworld directors, management and employees to obey the law, to respect others, to be fair, honest and to protect the environment.

Corporate governance
The group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

Regulatory compliance
Barloworld is listed on the Johannesburg Stock Exchange (JSE) Limited and maintains secondary listings on the London Stock Exchange (LSE) and Namibia Stock Exchange. The board annually confirms that the company complies with the Listings Requirements of the JSE Limited. Barloworld is not registered with the Securities and Exchange Commission in the United States and has unsponsored American depository receipts. Accordingly, the Sarbanes-Oxley Act of 2002 does not apply to the company.

Statutory compliance
Compliance remains a core focus of the board, which is ultimately responsible for ensuring that the group identifies and complies with applicable laws.

Standards of directors’ conduct
The board always acts consistently in its duties of care, skill and diligence as well as its fiduciary duties. These are now partly codified in the Companies Act as standards of directors’ conduct.

Conflict of interest
The board recognises the importance of acting in the best interest of the company and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their interests in general annually and specifically at each meeting of the board in accordance with the requirements of the Companies Act. Among other measures to deal with conflicts of interest, the company has a policy that addresses the acceptance of gifts which requires that gifts be officially declared and registered on the company’s gift register.

Statutory powers
Section 66(1) of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board which has the authority to exercise all the powers and perform all the functions of the company, except to the extent that the Act or the company’s Memorandum of Incorporation provides otherwise. The general powers of the directors are set out in the company’s Memorandum of Incorporation. The directors have further unspecified powers and authority for matters that may be exercised and dealt with by the company, which are not expressly reserved to shareholders of the company in a general meeting.

Role and function of the board
The board functions in accordance with the requirements of King III and within the context of the Companies Act, the Listings Requirements of the JSE Limited and other applicable laws, rules and codes of governance. The board is responsible for, among other things, the governance of risk and information technology and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function.

Composition of the board
Considerable thought is given to board balance and composition. Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead the company effectively. The board has fourteen directors, comprising eight non-executive directors and six executive directors. Six non-executive directors are independent and two directors are not independent.

Having reached retirement age, Mr Gonzalo Rodriguez de Castro Garcia de Los Rios retired from the board on 23 January 2013.

Dr Alexander Landia was appointed to the board on 1 October 2013 as an independent non-executive director.
Board and committee composition

<table>
<thead>
<tr>
<th>Name</th>
<th>Year appointed</th>
<th>Audit</th>
<th>General purposes</th>
<th>Nomination</th>
<th>Remuneration</th>
<th>Risk and sustainability</th>
<th>Social, ethics and transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDEPENDENT NON-EXECUTIVE DIRECTORS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DB (Dumisa) Ntsebeza (chairman)</td>
<td>1999</td>
<td></td>
<td>chairman</td>
<td>chairman</td>
<td>member</td>
<td>member</td>
<td>member</td>
</tr>
<tr>
<td>AGK (Gordon) Hamilton</td>
<td>2007</td>
<td></td>
<td>member</td>
<td>member</td>
<td>member</td>
<td>member</td>
<td>member</td>
</tr>
<tr>
<td>SS (Bongi) Mkhabela</td>
<td>2006</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>B (Babalwa) Ngonyama</td>
<td>2012</td>
<td></td>
<td>member</td>
<td>member</td>
<td>member</td>
<td>member</td>
<td>chairman</td>
</tr>
<tr>
<td>SS (Sango) Ntsaluba</td>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td>member</td>
<td>chairman</td>
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<tr>
<td>SB (Steve) Pfeiffer</td>
<td>2001</td>
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<tr>
<td><strong>NON-INDEPENDENT, NON-EXECUTIVE DIRECTORS</strong></td>
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<td></td>
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<tr>
<td>NP (Neo) Dongwana</td>
<td>2012</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>member</td>
</tr>
<tr>
<td>TH (Hixonia) Nyasulu</td>
<td>2007</td>
<td></td>
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<tr>
<td><strong>EXECUTIVE DIRECTORS</strong></td>
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</tr>
<tr>
<td>CB (Clive) Thomson (chief executive)</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PJ (John) Blackbeard</td>
<td>2004</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PJ (Peter) Butlerman</td>
<td>2009</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>M (Martin) Laubscher</td>
<td>2005</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>OI (Isaac) Shongwe</td>
<td>2007</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>DG (Don) Wilson</td>
<td>2006</td>
<td></td>
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</tr>
</tbody>
</table>

**CHANGE OF DIRECTORATE**

| G (Gonzalo) Rodriguez de Castro Garcia de los Rios | retired with effect from 23 January 2013 |
| A (Alexander) Landia                             | appointed with effect from 1 October 2013 |

Board appointment process

To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nomination committee. The selection process involves considering the existing balance of skills and experience, and a continual process of assessing the needs of the company.

Independence of non-executive directors

The board comprises a majority of non-executive directors. The board considered the issue of independence of directors, evaluating the rationale and meaning of the requirements of independence according to King III. An assessment, considering the salient factors and unique circumstances of each director, is performed annually for each non-executive director. Furthermore, the independence of non-executives who have served on the board for longer than nine years is assessed annually. The board is satisfied that six of the eight non-executive directors are independent.

Ms Hixonia Nyasulu and Neo Dongwana are not regarded as independent.

Chairman and chief executive

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conducting the business are differentiated. Adv Dumisa Ntsebeza SC, an independent non-executive director, is chairman of the board and Mr Clive Thomson, an executive director, is chief executive. The chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda. The chief executive leads the executive team in running the business and coordinates proposals approved by the executive committee for consideration by the board.
Board meetings and attendance
Board meetings are convened by formal notice incorporating a detailed agenda and relevant written proposals and reports. Information is distributed in good time before board meetings, to enable adequate preparation for thorough discussion at these meetings. A number of decisions are taken between board meetings by written resolution in accordance with the company’s Memorandum of Incorporation and these are tabled for noting at each subsequent board meeting. When directors are not able to attend in person, video and teleconferencing facilities allow them to participate fully. Where directors are unable to attend a meeting in person or via video/teleconference, they are able to make submissions in advance on matters to be discussed and these submissions are recorded at the meeting. The board and all the board committees meet as scheduled and, where necessary, special meetings are held to deal with specific aspects.

In addition to the above meetings, further special meetings were held during the year, namely 1 special board meeting, 3 special audit committee meetings, 1 special nomination committee meeting and 1 special general purposes committee meeting.

Board and committee meetings attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Board</th>
<th>Audit</th>
<th>Nomination</th>
<th>General purposes</th>
<th>Remuneration</th>
<th>Social, ethics and transformation</th>
<th>Risk and sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB Ntsebeza</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>CB Thomson</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>PJ Blackbeard</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>PJ Bulterman</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>NP Dongwana</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>AGK Hamilton</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>M Laubscher</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>SS Mkhabela</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>B Ngonyama</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>SS Ntsaluba</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>TH Nyasulu</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>SB Pfeiffer</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>OI Shongwe</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>DG Wilson</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

* Appointed with effect from 20 March 2013.

Director development
The company secretary arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities, and arranging visits to operations where discussions with management facilitate an understanding of the company’s affairs and operations. Directors are appraised, wherever relevant, of new legislation and changing commercial risks that may affect the company. The board supports the development of directors and, where applicable, training is made available depending on each director’s requirements and the quality and relevance of training available. A formal continuing professional development policy for directors has been approved by the board.

Remuneration of directors and senior executives
Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld’s business objectives. A significant portion is linked to the achievement of strategic, operational and financial objectives.

Company secretary
Ms Lerato Manaka is the company secretary, duly appointed by the board in accordance with the Companies Act and the JSE Listings Requirements. Ms Manaka succeeded Mr Bethuel Ngwenya who resigned as company secretary with effect
from 31 January 2013. The company secretary is not a director of the company. The board of directors annually considers and satisfies itself that the company secretary is properly qualified and experienced to carry out the duties and responsibilities of company secretary and that there is an arm’s-length relationship between itself and the company secretary. The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities.

She is also a central source of information and advice to the board and the company on matters of ethics and good corporate governance. The company secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered. She also assists and ensures that the board, individual directors and board committees are evaluated annually.

**Board committees**

The board has seven committees. These committees play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the company. The committees are: audit; social, ethics and transformation; risk and sustainability; remuneration; nomination; general purposes; and the executive committee. Each board committee acts according to written terms of reference, approved by the board and reviewed annually, setting out its purpose, membership requirements and duties and reporting procedures.

**Risk management process**

A written risk management philosophy issued by the chief executive and endorsed by the directors states that the company is committed to managing its risks and opportunities in the interests of all stakeholders. An ongoing systematic, enterprise-wide risk assessment process supports the group philosophy. Divisional boards and senior managers conduct ongoing self-assessment of risk to identify critical business, operational, financial and compliance exposures and the adequacy and effectiveness of control factors at all levels. The group risk department oversees strategic direction and continuous improvement in methodology and process, as well as providing technical assistance.

**Internal audit**

The purpose, authority and responsibility of the internal audit function are defined in the internal audit charter that is consistent with the Institute of Internal Auditors’ definition of internal auditing, and the principles of King III. The charter is updated and approved by the board annually. Although not reliant on external auditors for any resource support, the internal audit function, in accordance with the organisation’s combined assurance model, continues to liaise with the external auditors and other assurance providers to maximise efficiencies in assurance coverage on key risks.

**Insider trading**

Through appropriate procedures, the board ensures that no director, officer, employee or nominees or members of their immediate family deal directly or indirectly in the securities of the company on the basis of unpublished price-sensitive information, nor during the embargo period determined by the board in terms of a formal policy implemented by the company secretary. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company’s registered office in Sandton, South Africa.

**Relationship with stakeholders**

The company is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to stakeholders. It encourages the active participation of relevant stakeholders at general meetings and maintains an investor relations programme which, inter alia, arranges regular meetings between corporate and divisional executives, shareholders, potential investors and other relevant stakeholders.
Remuneration report

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the company’s remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the board on the recommendation of the remuneration committee. The full remuneration report is available on the company’s website, www.barloworld.com.

Remuneration philosophy and policy
Barloworld aims to provide a level of remuneration that attracts, retains and motivates executives of the highest calibre. Careful consideration is also given to internal equity within the group and to aligning the remuneration paid with shareholder interests and best practice.

The vision and strategic plan for 2015\(^1\), which was approved in the 2011 financial year, continues to be driven by the executive team to deliver profitable growth and enhance financial returns throughout the various businesses. The remuneration philosophy and metrics incorporated into both the short-term incentive (STI) and long-term incentive (LTI) structures have been designed to support this plan.

Barloworld has adopted a holistic, balanced approach to its remuneration philosophy for senior executives and general staff incorporating the following monetary and non-monetary components:

- Guaranteed package (incl benefits)
- Variable pay
- Retention and attraction
- Work environment
- Employee growth and development
- Performance management

Barloworld’s remuneration philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their individual contributions to the company’s operating and financial performance in line with its corporate objectives and strategy. Barloworld is committed to remuneration that is competitive relative to the target labour market in each country based on industry and market benchmarks reviewed annually by the company. This contributes to Barloworld remaining an employer of choice.

No material changes to the remuneration philosophy and practices for executive directors and prescribed officers were made during the year or are envisaged for the 2014 financial year.

Divisional incentive plans are aligned so that divisional executives and management are incentivised on similar financial targets to executive directors, with total incentives benchmarked against market comparisons for equivalent levels of management.

Governance and the remuneration committee

Role of remuneration committee
The remuneration committee operates under terms of reference approved by the board, subject to annual review and in line with King III and the Companies Act.

The terms of reference include:
- Reviewing the company’s remuneration philosophy and policy and assisting the board to establish a remuneration policy for directors, senior executives and prescribed officers that will promote the achievement of strategic objectives and encourage individual performance
- Ensuring that the mix of fixed and variable pay in cash, shares and other elements meets the company’s needs and strategic objectives
- Reviewing short and long-term incentive plans to ensure continued contribution to shareholder value
- Determining all the remuneration parameters for the chief executive (CE), executive directors and prescribed officers including basic salary, benefits in kind, short-term incentives, long-term incentives, pensions and other benefits
- Approving the long-term incentive plan awards for all eligible employees
- Overseeing the preparation of the remuneration report
- Ensuring that part I of the remuneration report is put to a non-binding advisory vote by shareholders and engaging with shareholders and other stakeholders on the company’s remuneration philosophy

- Reviewing the fee proposals for the company chairman and non-executive directors and determining, in conjunction with the board, the final proposals to be submitted to shareholders for approval.

The remuneration committee chairman reports formally to the board on proceedings after each meeting and, in line with King III, will attend the annual general meeting of Barloworld to respond to any questions from shareholders regarding its areas of responsibility.

Members of remuneration committee
The remuneration committee should have three or more members with a mix of skills and business experience suitable for its purpose. The board may from time to time decide the number of members on the remuneration committee. The members must be non-executive directors, of whom at least half should be independent. In line with King III, the remuneration committee is chaired by an independent non-executive director.

The remuneration committee is constituted as follows:
- SB Pfeiffer (chairman) (independent non-executive)
- DB Ntsebeza (independent non-executive and chairman of the company)
- AGK Hamilton (independent non-executive)
- B Ngonyama (appointed with effect from 20 March 2013 and independent non-executive)
- SS Ntsaluba (independent non-executive).

The CE attends remuneration committee meetings by invitation. The CE does not participate in the vote process, nor is he present at meetings of the remuneration committee when his own remuneration is discussed or considered.

PricewaterhouseCoopers (PwC), the company’s independent adviser, attends the meetings in an advisory capacity. The company secretary, Ms LP Manaka, acts as secretary to the remuneration committee.

Advisors
During the 2013 financial year, the remuneration committee received advice and guidance from the following independent advisors:
- PwC – standing advisor to the remuneration committee on all executive and non-executive remuneration matters including...
guaranteed pay, short-term incentives, long-term incentives, non-executive directors’ fees and general corporate governance standards

• PE Corporate Services – executive salary benchmarking and job grading.

Overview of remuneration

Role of benchmarking

Barloworld operates the Towers Watson global grading methodology and structure. This assesses an executive’s remuneration against an independently determined grade which is based on a number of factors including the “size” of the job (as measured by revenue and number of employees) as well as its “complexity” (incorporating aspects such as whether it is a domestic, international or global business).

Remuneration of divisional executives and senior management below executive director level is also benchmarked to independent market information based on the Towers Watson global grading system.

The remuneration committee approves salary increases and incentives for executive directors and prescribed officers on an individual basis. The salary adjustments for other employees are cascaded downwards throughout the group to the appropriate heads of divisions starting with the divisional chief executive officer who approves the salary increases and incentives for executives on the divisional management boards.

Package design

Executive remuneration is heavily weighted toward variable remuneration as illustrated below. The on-target bonus and long-term incentive entitlement for the CE is slightly higher than for other executive directors and will result in a heavier weighting towards variable pay. The mix between fixed and variable pay for the CE and executive directors (based on on-target bonuses potential and the average indicative expected value, on grant date, of long-term incentive awards made during the year) is:

Elements of remuneration

The table below summarises the composition of the total remuneration package for executive directors and prescribed officers during the 2013 financial year, as well as proposed changes to the total remuneration package for the 2014 financial year.

<table>
<thead>
<tr>
<th>Element</th>
<th>Fixed/variable</th>
<th>Objective</th>
<th>Policy</th>
<th>Proposed changes for 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>Fixed</td>
<td>Reflects scope and nature of role, performance and experience</td>
<td>In most cases, benchmarked around the median of the market</td>
<td>None</td>
</tr>
<tr>
<td>Benefits</td>
<td>Fixed</td>
<td>Providing employees with contractually agreed basic benefits such as medical aid, retirement funding and a company car or car allowance as per the human resource policy</td>
<td>The percentage company contribution to benefits varies by country. In South Africa, a 14% company contribution to retirement funds applies</td>
<td>None</td>
</tr>
<tr>
<td>Short-term incentive</td>
<td>Variable</td>
<td>Rewards and motivates achievement of agreed group, divisional and individual performance objectives</td>
<td>The bonus percentages and the performance metrics remain unchanged from 2012. A slightly heavier weighting was afforded to the cash flow metric with a corresponding decrease in weighting given to HEPS</td>
<td>No material changes to structure envisaged</td>
</tr>
<tr>
<td>Long-term incentive</td>
<td>Variable</td>
<td>Creates loyalty and ownership among employees and acts as a retention mechanism. Also aligns with shareholder interests and long-term value creation</td>
<td>Approximately 25% of the overall long-term incentive award comprises a retention award and the remainder of the award is subject to performance targets</td>
<td>No material changes to structure envisaged</td>
</tr>
</tbody>
</table>
Remuneration report

Guaranteed package/base salary
The executive directors’ base salary and guaranteed package are reviewed annually. The current levels are benchmarked, in most cases, around the median of the relevant Towers Watson grade and/or group of comparator companies, which is made up of large international and local South African companies.

The company uses an independent consultant, namely PE Corporate Services, to conduct this exercise. The results are also discussed with PwC, the standing adviser to the remuneration committee. Variations around the median may be influenced by factors such as the nature of the assignment, level of experience of the executive, changes in responsibilities, performance track record and strategic importance of the role. Given the independent benchmarking performed, as well as the comparator companies used, this level is considered to be competitive in the labour market where the executive operates.

Short-term incentives
Short-term incentives (annual bonuses) are paid in cash and are based on achievement against 12-month targets aimed at increasing shareholder value. The criteria for earning a bonus are:

• Personal objectives (incorporating non-financial measures)
• Financial performance targets.

Threshold, target and stretch performance targets are set by the remuneration committee annually in advance.

The remuneration committee determines the financial measures, the weighting and vesting levels on an annual basis. In addition, the remuneration committee reviews the actual performance of the executives against the targets set at the beginning of the relevant year. The ultimate bonus payment is at the discretion of the remuneration committee.

Performance targets
The financial metrics are set by the remuneration committee on an annual basis. These metrics are selected based on key business drivers over the short term. A combination of the following metrics has been used in the past and is envisaged to be used in future:

• Operating profit
• Cash flow
• Return on Equity (ROE)
• Headline earnings per share (HEPS).

Group targets apply in the case of the CE, financial director, executive director: Human Resources, Strategy and Sustainability, and group general manager: Finance. Divisional targets apply for the remaining executive directors and prescribed officers, with the exception of HEPS which is measured for all on a group basis in recognition of their collective responsibility for the performance of the group as a whole.

The targets set take into account the current trading conditions and challenges faced by the company or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees. The threshold targets are set at the minimum level of acceptable performance for the business.

Personal scorecard objectives would typically include aspects such as:

• Safety performance
• Market share targets
• People development and training

Earning levels
The percentage of basic salary eligible to be paid as a bonus based on relative achievement against targets (threshold, target and stretch) is:

<table>
<thead>
<tr>
<th>Performance metric</th>
<th>Threshold %</th>
<th>Target %</th>
<th>Stretch %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>7.5</td>
<td>22.5</td>
<td>36.0</td>
</tr>
<tr>
<td>Cash flow</td>
<td>5.0</td>
<td>15.0</td>
<td>24.0</td>
</tr>
<tr>
<td>ROE</td>
<td>5.0</td>
<td>15.0</td>
<td>24.0</td>
</tr>
<tr>
<td>HEPS</td>
<td>7.5</td>
<td>22.5</td>
<td>36.0</td>
</tr>
<tr>
<td>Bonus based on financial targets</td>
<td>25</td>
<td>75</td>
<td>120</td>
</tr>
<tr>
<td>Bonus based on personal scorecard objectives</td>
<td>15</td>
<td>22.5</td>
<td>30</td>
</tr>
<tr>
<td>Total bonus</td>
<td>40</td>
<td>97.5</td>
<td>150</td>
</tr>
</tbody>
</table>

Executive directors and prescribed officers

<table>
<thead>
<tr>
<th>Performance metric</th>
<th>Threshold %</th>
<th>Target %</th>
<th>Stretch %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>7.5</td>
<td>18.0</td>
<td>28.5</td>
</tr>
<tr>
<td>Cash flow</td>
<td>5.0</td>
<td>12.0</td>
<td>19.0</td>
</tr>
<tr>
<td>ROE</td>
<td>5.0</td>
<td>12.0</td>
<td>19.0</td>
</tr>
<tr>
<td>HEPS</td>
<td>7.5</td>
<td>18.0</td>
<td>28.5</td>
</tr>
<tr>
<td>Bonus based on financial targets</td>
<td>25</td>
<td>60</td>
<td>95</td>
</tr>
<tr>
<td>Bonus based on personal scorecard objectives</td>
<td>15</td>
<td>22.5</td>
<td>30</td>
</tr>
<tr>
<td>Total bonus</td>
<td>40</td>
<td>82.5</td>
<td>125</td>
</tr>
</tbody>
</table>

Consistent with prior years, a bonus of up to 30% of annual basic salary can be earned where 100% of personal scorecard objectives are achieved. An 85% achievement of personal objectives will result in a bonus of 22.5% of annual basic salary. The threshold is 70% achievement of personal objectives, in which case 15% of annual basic salary can be earned as a bonus. No bonus is payable below 70% achievement. The personal objectives component of the scheme is the same for the CE, executive directors and prescribed officers.
Long-term incentives
The company operates the following long-term incentive plans:
• Forfeitable share plan (FSP)
• Share appreciation right scheme (SARs)
• Share option scheme (SOS), no longer in use.

It is essential for the group to retain skills over the longer term and to motivate and incentivise executive directors and other senior employees to drive sustainable value creation over multiple reporting periods and to be shareholders of the company. This is achieved through long-term incentive plans and annual awards using the FSP and SARs scheme. In the case of the executive directors and prescribed officers, the FSP is 25% retention driven and 75% performance driven and the SARs is 100% performance driven.

An aggregate limit of 22 744 049 (twenty two million, seven hundred and forty four thousand and forty nine) shares equating to approximately 10% of the current issued share capital of the company applies to the FSP, SARs and SOS. The maximum number of unvested FSP awards which may be made to any one participant is 568 601 and the maximum number of unvested SARs granted to any one participant may not exceed 1% of the issued ordinary share capital of the company.

A total of 8 888 167 shares have been issued to date in respect of the FSP and SOS representing 3.8% of the current issued share capital. There are no options outstanding under the SOS. Since 2010, FSPs have been settled via on-market purchases of company shares. It is the current intention to settle equity-settled SARs in the same manner in order to avoid shareholder dilution.

A reconciliation of opening balance as at 1 October 2012 and closing balance as at 30 September 2013 can be found on page 84 of the annual financial statements.

On an annual basis, the remuneration committee determines the quantum of awards to be made, the performance targets, and the mix of instruments to be granted to eligible employees.

Forfeitable share plan (FSP)
Barloworld uses the FSP as an incentive tool for long-term value creation as well as for retention purposes. The purpose of the FSP is to provide senior executives with the opportunity to acquire shares in Barloworld, ensure that key skills are retained and align the interest of participants with shareholder interests. Non-executive directors are not eligible to participate in the FSP.

Awards are structured as forfeitable share awards. This means that participants receive shares (including dividend and voting rights) on the date of award but those shares are subject to restrictions and a risk of forfeiture during a three-year vesting period. In respect of executive directors, the vesting of the majority of the forfeitable share award is subject to the satisfaction of performance targets. To the extent that the performance targets are not achieved, those shares subject to the targets will be forfeited and there will be no re-testing of the performance targets. The performance targets are measured over a three-year period.

Performance targets
The performance targets applicable to the FSP are determined and set by the remuneration committee annually. These performance targets are elected based on key business drivers over the long term. The following performance targets have been used and are envisaged to be used in future
• Total shareholder return (TSR)
• Headline earnings per share (HEPS)
• Return on net operating assets (RONOA).

The above targets are consistent with prior years except for the return on net assets (RONA) condition which was replaced by RONOA in order to ensure focus on returns on operating assets under management’s control and to facilitate benchmarking with peer companies.

All the awards are subject to continued employment until the vesting date. Awards subject to performance targets vest according to the achievement of targets as follows (linear vesting occurs between thresholds and target).

<table>
<thead>
<tr>
<th>Condition</th>
<th>Below threshold (vesting %)</th>
<th>Threshold (vesting %)</th>
<th>Target (vesting %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued employment condition</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Performance targets</td>
<td>0</td>
<td>22.5</td>
<td>75</td>
</tr>
<tr>
<td>Total vesting</td>
<td>25</td>
<td>47.5</td>
<td>100</td>
</tr>
</tbody>
</table>
Share appreciation rights scheme (SARs)
The SARs was developed with the objective of enabling employees to benefit from growth in the value of the ordinary shares of Barloworld. The SARs are subject to a three, four and five-year vesting period. All SARs will lapse if not exercised within six years from date of grant. The first four awards (2006 to 2009) were cash-settled. From 2011, awards made under the SARs will be equity-settled. From 2007 the entire SAR award has been subject to a performance target.

Performance targets
In the case of the SARs there is an inherent performance condition in that they are granted at a strike price equal to the current share price at date of issue and recipients therefore only benefit to the extent of future appreciation in the share price. They are also subject to an additional performance condition as determined by the remuneration committee. HEPS have been used historically for this purpose and will be used in future.

Share option scheme (SOS)
No share options have been granted since 2004 under the SOS and all options have matured during the 2013 financial year.

Executive contracts

<table>
<thead>
<tr>
<th>Provision</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract term</td>
<td>Indefinite (or until normal retirement age in the relevant jurisdiction) subject to specified notice periods by the executive and the company</td>
</tr>
<tr>
<td>Notice period</td>
<td>Nine months for the group CE and six months for executive directors</td>
</tr>
<tr>
<td>Remuneration</td>
<td>Salary, Car benefit, Retirement fund, Medical aid, Eligible to participate in annual short-term incentive plan (subject to rules of plan), Eligible to participate in the FSP and SAR (subject to rules of plan)</td>
</tr>
<tr>
<td>Termination of employment and change of control payments and/or automatic vesting of long-term incentives</td>
<td>Change of control clauses are included in FSP and SAR rules and allow for proportionate vesting of awards. Change of control clauses in employment contracts provide for redundancy terms, based on established guidelines, in the event of termination of employment within six months of change of control</td>
</tr>
<tr>
<td>Restraint of trade</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Other benefits</td>
<td>Certain executives directors may be employed in terms of expatriate contracts which include typical expatriate benefits in addition to the standard benefits</td>
</tr>
</tbody>
</table>

Non-executive directors
The appointment of non-executive directors (NEDs) is governed by a letter of appointment that sets out, among other things, the term of appointment, duties and responsibilities, fees and other payments, and termination of services.

NEDs receive standard fees for their services on the board and board committees. The remuneration committee reviews the level of fees and makes recommendations to the board for consideration. A benchmarking exercise was conducted in November 2013 by PwC, the company’s independent remuneration advisor. In terms of Barloworld’s memorandum of incorporation, fees payable to NEDs must be approved by shareholders in general meeting. The current level of fees payable to non-executive directors was approved by Barloworld’s shareholders at the annual general meeting held on 23 January 2013.

Proposed fees for 2014 are set out in the notice to the annual general meeting on page 6 of the AGM booklet.
Social, ethics and transformation committee report

Introduction
The social, ethics and transformation committee is pleased to present its report for the financial year ended 30 September 2013.

The social, ethics and transformation committee (the committee) was established by the board of directors on 4 May 2011 in terms of section 72(4) of the Companies Act and operates according to written terms of reference approved by the board and reviewed by the board annually.

During the course of the 2013 financial year the committee formally met five times to discharge its duties and responsibilities.

Composition
The committee consists of a mix of independent non-executive directors and executive directors. The chairman and CE of the company are members of the committee.

The committee is constituted as follows:
- SS Mkhabela (chairman – independent non-executive)
- PJ Blackbeard (executive)
- DB Ntsebeza (independent non-executive and chairman of the company)
- OI Shongwe (executive)
- CB Thomson (chief executive).

Mr G Rodriguez de Castro Garcia de Los Rios retired from the committee on 23 January 2013 and Ms NP Dongwana was appointed to the committee with effect from 4 October 2013.

Purpose of the committee
The role of the committee is to assist the board of Barloworld Limited in discharging its statutory duties of ensuring that:
- Diversity is promoted throughout its operations
- Equality is advanced through the elimination of any existing unfair discriminatory conditions, whether purposeful or inadvertent
- Broad-Based Black Economic Empowerment and transformation initiatives are pursued
- Social and economic development is promoted in communities in which the company operates

- The environment is protected
- Public health and safety is promoted.

Further, the committee strives to apply relevant codes of best practice including but not limited to the United Nations Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) guidelines regarding corruption, International Labour Organisation’s Decent Work Agenda, and the principles of good corporate citizenship as espoused in the King III Report on Corporate Governance in South Africa.

The committee has access to any director or prescribed officers or employees of the company. Where appropriate, they have provided information or explanation necessary for the performance of the committee’s functions.

Areas of focus
During the year under review the committee developed a clearly defined framework, aligned to the Companies Act, King III and other relevant legislation and standards, to determine the most effective processes and reporting formats to deal with matters under the committee’s mandate. The framework complemented existing monitoring and reporting initiatives. In developing the framework, the committee was cognisant of the geographic spread of the company’s operations.

The committee recognises the fact that some of its statutory functions overlapped or co-extended with the functions or mandates or terms of reference of other committees of the board. Where appropriate, these functions had been aligned to the mandate of the committee.

In other areas of overlap such as safety, health and environmental matters the committee, without derogating from its duties and responsibilities, worked closely with and relied upon the work of other committees of the board.

The committee is responsible for ensuring that the effective management of ethics within the company is supported and governed by our values, in accordance with the Barloworld Worldwide Code of Conduct and Code of Ethics.

Responsibilities
The committee carried out the following duties:
- Considered and was satisfied with progress made and the extent to which the company adhered to and implemented its desire to ensure that diversity is promoted throughout its operations
- Considered the group stakeholder engagement policy and the planned implementation of the stakeholder management policy throughout the group aimed at ensuring a continued positive and lasting relationship with the company’s stakeholders
- Reviewed and considered the corporate social responsibility (CSR) programmes, policy and strategy which were driven by Barloworld values and commitment to responsible corporate citizenship
- Reviewed and considered the adequacy of the company’s programme and policies for the effective management of ethics
- Received reports on the progress made by the company in dealing with consumer relationships, including the company’s advertising, public relations and compliance with applicable consumer protection laws
- Received reports on the company’s activities relating to the environment, health and public safety.

Evaluation of the committee
The performance of the committee is formally assessed annually. The evaluation report confirmed that the committee was performing its overall responsibilities effectively and satisfactorily.

SS Mkhabela
Chairman of the committee

14 November 2013
# Shareholder profile

Register date: 30 September 2013  
Issued share capital: 231 291 819  
Public and non-public shareholders

<table>
<thead>
<tr>
<th>SHAREHOLDER TYPE</th>
<th>Number of holders</th>
<th>% of total shareholders</th>
<th>Number of shares</th>
<th>% of issued capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-public shareholders</td>
<td>24</td>
<td>0.20</td>
<td>23 206 517</td>
<td>10.03</td>
</tr>
<tr>
<td>Directors, prescribed officers and associates</td>
<td>11</td>
<td>0.09</td>
<td>1 550 370</td>
<td>0.67</td>
</tr>
<tr>
<td>Employee and Educational Trusts</td>
<td>4</td>
<td>0.03</td>
<td>7 171 134</td>
<td>3.10</td>
</tr>
<tr>
<td>Tamarix Investment Holdings (Pty) Limited</td>
<td>9</td>
<td>0.08</td>
<td>14 485 013</td>
<td>6.26</td>
</tr>
<tr>
<td>Public shareholders</td>
<td>12 163</td>
<td>99.80</td>
<td>208 085 302</td>
<td>89.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12 187</strong></td>
<td><strong>100.00</strong></td>
<td><strong>231 291 819</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

## SHAREHOLDER SPREAD

<table>
<thead>
<tr>
<th></th>
<th>Number of holders</th>
<th>% of total shareholders</th>
<th>Number of shares</th>
<th>% of issued capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 1 000 shares</td>
<td>8 745</td>
<td>71.76</td>
<td>3 219 886</td>
<td>1.40</td>
</tr>
<tr>
<td>1 001 – 10 000 shares</td>
<td>2 718</td>
<td>22.29</td>
<td>8 022 836</td>
<td>3.47</td>
</tr>
<tr>
<td>10 001 – 100 000 shares</td>
<td>537</td>
<td>4.41</td>
<td>18 444 898</td>
<td>7.97</td>
</tr>
<tr>
<td>100 001 – 1 000 000 shares</td>
<td>142</td>
<td>1.17</td>
<td>41 425 229</td>
<td>17.91</td>
</tr>
<tr>
<td>1 000 001 shares and above</td>
<td>45</td>
<td>0.37</td>
<td>160 178 970</td>
<td>69.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12 187</strong></td>
<td><strong>100.00</strong></td>
<td><strong>231 291 819</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

## BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE

<table>
<thead>
<tr>
<th>Beneficial shareholdings</th>
<th>Total shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Employees Pension Fund (PIC)</td>
<td>35 808 846 (15.48)</td>
</tr>
<tr>
<td>Sanlam (Insurance)</td>
<td>7 931 736 (3.43)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43 740 582 (18.91)</strong></td>
</tr>
</tbody>
</table>

## INVESTMENT MANAGERS HOLDING 3% OR MORE

<table>
<thead>
<tr>
<th>Investment manager</th>
<th>Total shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coronation Asset Management (Pty) Limited</td>
<td>38 440 263 (16.62)</td>
</tr>
<tr>
<td>PIC</td>
<td>24 166 536 (10.45)</td>
</tr>
<tr>
<td>Sanlam Investment Management</td>
<td>17 908 322 (7.74)</td>
</tr>
<tr>
<td>Westwood Global Investments LLC</td>
<td>14 906 354 (6.44)</td>
</tr>
<tr>
<td>Dimension Fund Advisors</td>
<td>11 440 766 (4.95)</td>
</tr>
<tr>
<td>Capital Group Companies Inc</td>
<td>7 424 217 (3.21)</td>
</tr>
<tr>
<td>Blackrock Inc</td>
<td>7 285 026 (3.15)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121 571 484 (52.56)</strong></td>
</tr>
</tbody>
</table>

## GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>Total shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>136 340 778 (58.95)</td>
</tr>
<tr>
<td>United States of America and Canada</td>
<td>57 210 591 (24.74)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11 296 119 (4.88)</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>5 853 785 (2.53)</td>
</tr>
<tr>
<td>Rest of World¹</td>
<td>20 590 546 (8.90)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>231 291 819 (100.00)</strong></td>
</tr>
</tbody>
</table>

## GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>Total shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>123 685 415 (53.54)</td>
</tr>
<tr>
<td>United States of America and Canada</td>
<td>60 040 242 (25.99)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4 992 581 (2.16)</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>9 600 153 (4.16)</td>
</tr>
<tr>
<td>Rest of World¹</td>
<td>32 693 590 (14.15)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>231 011 981 (100.00)</strong></td>
</tr>
</tbody>
</table>

¹ Represents all shareholdings except those in the above regions.
Statement by board of directors

The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board believes the report addresses all material issues and presents fairly the integrated performance of the group. The integrated report has been prepared in line with best practice set out in the King III code.

Signed by

Dumisa Ntsebeza
Chairman

Clive Thomson
Chief executive

Don Wilson
Group finance director

3 December 2013

Who have been duly authorised by the board

DIRECTORS:
Non-executive: DB Ntsebeza (Chairman), NP Dongwana, AGK Hamilton*, A Landia**, SS Mkabela, B Ngonyama, SS Ntsaluba, TH Nyasulu, SB Pfeiffer***
Executive: CB Thomson (Chief executive), DG Wilson (Group finance director), PJ Blackbeard, PJ Bulterman, M Laubscher, OI Shongwe *(British) ***(German) ***(American)
Company secretary: LP Manaka

Certificate by secretary

for the year ended 30 September 2013

In my capacity as the company secretary, I hereby certify that Barloworld Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act 71 of 2008. Further, I certify that such returns are true, correct and up to date.

LP Manaka
Company secretary

Sandton
15 November 2013
ON THE ABRIDGED FINANCIAL STATEMENTS TO THE
SHAREHOLDERS OF BARLOWORLD LIMITED

The summary consolidated financial statements of Barloworld Limited, contained in the accompanying abridged report, which comprise the summary consolidated statement of financial position as at 30 September 2013, the summary consolidated income statement and summary consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Barloworld Limited for the year ended 30 September 2013. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 14 November 2013. Our auditor’s report on the audited annual consolidated financial statements contained an Other Matter paragraph “Other reports required by the Companies Act” (included below).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Barloworld Limited.

DIRECTORS’ RESPONSIBILITY FOR THE SUMMARY
CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council also, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

OPINION

In our opinion, the summary consolidated financial statements derived from the audited annual consolidated financial statements of Barloworld Limited for the year ended 30 September 2013 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The “other reports required by the Companies Act” paragraph in our audit report dated 14 November 2013 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2013, we have read the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

OTHER MATTER

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Deloitte & Touche
Registered Auditor
Per: Graeme Berry
Partner
Date: 14 November 2013
Non-financial assurance

Limited assurance report of the independent auditor, Deloitte & Touche to Barloworld Limited on their sustainability indicators and their self-declared Global Reporting Initiative G3.1 Application Level as contained in the Integrated Report and GRI Modular Response for the year ended September 2013 (the Reports)

SCOPE OF OUR WORK
Barloworld Limited (Barloworld) engaged us to perform limited assurance procedures for the year ended 30 September 2013 on the self-declared Global Reporting Initiative G3.1 Guidelines (GRI G3.1) A+ Application Level and selected performance indicators. The selected performance indicators are as follows:

- Value created
  - Statement of total value added (R million)
- Community support
  - Group corporate social investment spend (R million)
- People
  - Total number of employees, including employees by race (RSA only) and gender
- Safety
  - Lost-time injury frequency rate and number of work-related fatalities
- Environmental
  - Fuel consumption – petrol and diesel (ML)
  - Electricity consumption (MWh)
  - Energy consumption (GJ), including consumption by primary energy source
  - Carbon emissions (tCO2e), including emissions by primary energy source
  - Water consumption (ML)

DIRECTORS’ RESPONSIBILITY
The directors are responsible for the preparation of the Integrated Report and GRI Modular Response for the year ended September 2013, including the implementation and execution of systems to collect required sustainability data.

AUDITOR’S RESPONSIBILITY
Our responsibility is to express our limited assurance conclusion on selected sustainability performance indicators and the self-declared GRI 3.1 Application Level for the year ended 30 September 2013. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (ISAE 3000). This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

The evaluation criteria used for our assurance are the Barloworld definitions and basis of report. GRI G3.1 served as the criteria used for the Application Level assurance.

SUMMARY OF WORK PERFORMED
Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence. Our work was planned to mirror Barloworld’s own group level compilation processes. Key procedures we conducted included:

- Gaining an understanding of Barloworld’s systems through interviews with management responsible for reporting systems at corporate head office and site level and
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the report.

OUR CONCLUSION
Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected sustainability performance indicators are not fairly presented.

Based on the work performed on the reports, nothing has come to our attention that causes us to believe that management’s declaration of an Application Level A+ in terms of the GRI G3.1 Guidelines is not fairly stated.

This assurance statement is made solely to Barloworld in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a limited assurance report and for no other purpose. Thus, we do not accept or assume responsibility to anyone other than Barloworld for our work, for this report, or for the conclusions we have formed.

Deloitte & Touche
Registered Auditor
Per: AN le Richde
Partner
8 November 2013
Corporate information

BARLOWORLD LIMITED
(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN codes: ZAE000026639 and ZAE000026647

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Email: invest@barloworld.com

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Lethiwe Motloong
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For background information visit www.barloworld.com

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