



Barloworld
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Barloworld Limited

Environmental Sustainability Framework

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A. DEFINITIONS AND ABBREVIATIONS

Barloworld Board	Board of Directors of Barloworld Limited
Barloworld	Barloworld Limited and its subsidiaries
Climate Change Transition Risk	Transitioning to a lower-environmental impact may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
Climate Change Physical Risk	Physical risks can be event driven (acute e.g. cyclones, hurricanes, etc.) or longer-term shifts (chronic e.g. global average temperature increases, changes in rainfall patterns, etc.) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
Code of Conduct	Barloworld Worldwide Code of Conduct
ESG	Environment, Social and Governance
GRI	Global Reporting Initiative Standards 2020
Group	Barloworld Limited and its subsidiaries, divisions and business units. The Barloworld Group does not include joint ventures or other independent entities governed by independent boards of trustees.
King IV	King Code and Report on Corporate Governance for South Africa
SHE	Safety, Health and Environment
SETC	Group Social, Ethics and Transformation Committee

B. INTRODUCTION

Barloworld Limited (the “Company”) considers good environmental practices a prerequisite for value creation and trustworthiness.

To secure legitimacy and trust of its stakeholders, including the communities in which we serve, our employees, customers, and regulators, it is important that Barloworld Limited ensures sound and healthy business practices, reliable reporting and an environment of compliance with legislation and regulations.

Barloworld Limited has documents setting out principles for how business should be conducted, including the Barloworld Code of Conduct which reflects the Values expected of every employee and the Supplier Code of Conduct which sets minimum expectations for its suppliers. References to certain more specific environmental related policies are included in this Environmental Framework (“Framework”) where relevant.

To serve the interests of stakeholders, the Company’s environmental framework is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts environmental policies and practices designed to align the interests of the Board of Directors and management with those of shareholders and broader stakeholders and to promote the highest standards of ethical behaviour, environmental practices and risk management at every level of the organisation.

C. CONTEXT

Barloworld's stakeholder groups include its shareholders, customers, employees, suppliers, the communities in which it operates, and regulators.

Stakeholder groups are increasingly considering a company's strategies, policies, and practices on environmental, social and governance (ESG) aspects into their decision-making process.

The increased ESG focus necessitates an evolution in the role of a company from the traditional primary focus on shareholder value creation to a broader paradigm of shared value creation. The latter supports integrated thinking and the interrelatedness of economic performance, environmental, social and governance activities. It necessitates the management of a company's impact on the natural environment and its responsibilities to the communities in which it operates and its employees.

Aligned with the concept of double materiality, Barloworld recognizes that it impacts on its various stakeholders and conversely is impacted by its operating context which is influenced by issues raised by its stakeholders.

While integrated thinking is not new to Barloworld, this document aims to document and drive consistent application and messaging of Barloworld's environmental sustainability framework to its internal and external stakeholders.

Our entrenched stakeholder engagement processes allow for identification of material environmental issues raised by stakeholders, which are in-turn addressed at the appropriate management level.

D. SCOPE

This document addresses the Environmental aspects within the broader Environmental, Social and Governance context.

This Framework applies across the Group, equally to Divisions, subsidiaries and business units (hereinafter collectively referred to as "Divisions"). The scope of this Framework includes all business activities conducted by Barloworld, in all sectors and countries in which Barloworld operates and to all Barloworld employees.

The requirements and principles of this Framework must be effectively applied and managed to support full compliance with all applicable environmental laws in the countries in which Barloworld operates. In case of any contradictions with the applicable legislation and any of Barloworld policies, the prevailing environmental related legislation prevails.

A materiality assessment has informed which environmental aspects are regarded as material for Barloworld and its stakeholders given its operating context. While this may evolve over time, material environmental matters include energy usage, greenhouse gas emissions contributing to climate change, water consumption, waste management and biodiversity.

E. OBJECTIVES

The intended audiences of this document include a broad range of Barloworld's external and internal stakeholders. This document sets out the high-level operating framework and approach adopted by Barloworld to address identified material environmental issues within its operating context.

This Framework aims to define principles, approach and the minimum expectations in managing Barloworld's impact on the natural environment and to ensure robust processes are

implemented that satisfy the requisite levels of assurance, risk management and governance over such impacts that may be experienced by Barloworld or conversely those experienced by stakeholders as a result of Barloworld's operations.

This Framework will cover the following operating aspects as these pertain to environmental sustainability:

- Strategic alignment
- Policies
- Awareness and Training
- Supply Chain considerations
- Environmental Disclosures
- Efficiencies and Environmental footprint reduction
- Assurance
- Compliance
- Risk Management
- Governance

F. STRATEGIC ALIGNMENT

Barloworld acknowledges the role it has in contributing to responsible business practices and in alleviating socio-economic challenges in the territories in which it operates. It recognizes that its corporate activities of today will influence and impact the world of tomorrow.

Acknowledging such a role, various initiatives are implemented across strategic and operational levels, including the Barloworld Business System (BBS) for which continuous improvement, removing waste, and respect people, society and the environment are key tenants.

Sustainable Development underpins the group's Strategic Framework, which ensures sustainability related aspects are integrated as a strategic imperative and related impacts are considered as we execute on our strategic ambitions and carry out our day-to-day activities.

As a responsible corporate, Barloworld strives to balance the various capitals (financial, natural, human, social and relationship, manufactured and intellectual) available to it, by understanding the various trade-offs and synergies that exist between the capitals.

G. POLICIES

This Framework should be read in conjunction with the international and local regulatory requirements, Barloworld's Worldwide Code of Conduct and its suite of environmental related Policies, namely the Barloworld Environmental Policy, the Barloworld Energy Efficiency Policy, the Barloworld Climate Change Policy, the Barloworld Water Use and Management Policy, the Barloworld Waste Management Policy. The Code of Conduct and policy documents capture the expected values and behaviours of all Barloworld employees and to communicate the group position on material environmental matters.

Each employee has a responsibility to familiarise themselves with and uphold the values contained in the Code of Conduct, and the principles contained in the group environmental policies. Such policies and code are regularly reviewed and current versions of such documents can be found at www.Barloworld.com

Our operational divisions may implement policies sub-ordinate to the above group policies as relevant to their operating context, provided these do not detract, dilute or contradict from the principles contained in the group policy.

H. TRAINING AND DEVELOPMENT

While there are designated individuals overseeing and driving Safety, Health, Environmental and Quality (SHEQ) initiatives, operational reporting, performance tracking and governance, it is the responsibility of every Barloworld employee to ensure their behaviours, actions, processes and practices align to the group values, policy principles and our aspiration to reduce the group's environmental footprint.

Training programmes, including employee induction, are to include relevant environmental policies, expected behaviours, identification and the management of environmental related risks. Frequency of training may vary across operations; however such training should be conducted at least annually to ensure a culture of environmental consciousness and stewardship.

The medium and method of training may vary from operation to operation as appropriate and will evolve over time as the group progresses on its sustainable development journey.

I. DRIVING EFFICIENCIES

Globally, the business operating context is evolving at a rapid pace in response to social activism on environmental degradation and potential irreversible climatic impacts.

Driven by its values and its aspiration to be a responsible corporate, the environmental sustainability strategy ultimately strives to reduce Barloworld's environmental footprint, which:

- Reduces Barloworld's contribution to environmental degradation and contribution to climate change;
- Improves operational resilience in the face of pricing increases, including tariff increases, levies and taxes, and supply disruptions;
- Aligns to stakeholder expectations, including assisting customers improve their efficiencies and contributing to them achieving their own sustainable development goals; and
- Supports and complies with national environmental policy and regulations in the jurisdictions we operate.

For several years, the group has adopted a MARSO approach:

- **Measure:** Credible reporting on key performance indicators for consumption that is decision relevant and allows Executive management and the Board to track the group's environmental footprint and performance
- **Avoid:** Eliminate wastage and unnecessary consumption of resources, energy and consequential greenhouse gas
- **Reduce:** Improve efficiency-of-use for energy, water and materials, and reduce waste generation
- **Switch:** Consider adoption of alternate material resources and energy sources through process changes
- **Offset (emissions):** Where practicable, offset greenhouse gas emissions

Efficiency improvement targets are in place at various levels of the group, and monitored at Group Executive, and Board levels.

Efficiency improvements achieved at an operational level will translate into improved energy, emissions, water and waste efficiency at an aggregated group level.

J. SUPPLIER ASSESSMENTS

Environmental sustainability extends beyond the Barloworld operational fence or corporate boundary. Increasingly, a company's supply chain is seen as an extension of the company itself and necessitates alignment to company values, principles and responsible business practices.

To make a meaningful positive impact, where appropriate Barloworld exercises influence over suppliers for the betterment and upliftment of broader society.

A company cannot abdicate responsibility for poor and /or undesirable practices or contraventions by its suppliers and therefore ongoing supplier risk assessments are warranted to ensure risk emanating from the supply chain are identified, assessed and appropriately managed. Where material ESG and reputational risks exist in its supply chain and remediation efforts by the supplier is proving ineffective, appropriate action must be taken by Barloworld, including disassociation with the supplier where warranted.

The Barloworld Supplier Code of Conduct clearly defines expected supplier behaviours and undertakings in respect of Business Conduct, Supplier Relationship Management, Health, Safety, Environment, Security, Working Conditions, workplace Human Rights issues, including Freedom of Association and Non-retaliation, Forced Labour, Child Labour, Non-Discrimination, Environmental regulatory Compliance, Fraud, Bribery and Corruption, Privacy, Data Protections, Confidentiality and Local Empowerment.

All suppliers, existing and new, are expected to uphold the expected behaviours and principles contained in the Supplier Code of Conduct.

K. ENVIRONMENTAL DISCLOSURES

Barloworld appreciates that Environmental and the broader Social and Governance aspects are increasingly considered in stakeholder decision making.

To enable informed decision-making by stakeholders on Barloworld's ESG strategies and performance, appropriate and transparent disclosures are made as part of the group's integrated reporting.

Group disclosures are informed by several globally recognized disclosure and ESG frameworks, including but not limited to the GRI Standards, the International Integrated Reporting Council (IIRC) framework, and the KING IV Corporate Governance.

Emissions reporting are aligned to the GHG Protocol Corporate Accounting and Reporting Standard¹. The adoption of such frameworks allows for structured disclosures, alignment with stakeholder expectations and comparability of Barloworld's performance with others.

Public environmental disclosures are primarily made through Barloworld's integrated report and its response to the GRI Standards available on the group website.

Governance processes, including oversight, review and sign-off by the Board are in place to ensure credibility and alignment of environmental reporting to stakeholders.

¹ [GHG Protocol Corporate Accounting and Reporting Standard](#)

L. ASSURANCE

The group adopts a combined assurance approach to its environmental reporting, in pursuit of accurate, complete and credible reporting and disclosures.

Stakeholders perceive a higher level of credibility, the greater the independence of an assurance provider. However independent assurance generally attracts a higher cost and therefore a balance is sought between material stakeholder issues, costs and the level of assurance.

Levels of assurance and control considerations within Barloworld:

- Management (*examples include*):
 - Management Controls
 - Oversight Activities
- Internal (*examples include*):
 - Internal Audits
 - Reviews
 - Assessments / surveys
 - Cross-departmental reviews
- External
 - Non-independent (*examples include*):
 - Consulting engagements
 - Readiness assessments
 - Independent (*examples include*):
 - Assurance provided by independent external assurance providers.

The Board of Directors, the executive and senior management review current assurance practices and make recommendation to the Social, Ethics and Transformation Committee who have oversight over environmental disclosures.

M. COMPLIANCE

The Code of Conduct and Group policies establish a positive expectation that all Barloworld employees support the values of integrity, teamwork, excellence, commitment and sustainability. However, even with the best of intentions, there must be clear consequences if the standards are not applied.

Any unethical conduct and/or non-compliance with the Code of Conduct, Group Environmental related Policies or this Framework, whether intentional or unintentional, undermines our Sustainability value and is not acceptable.

Failure to comply with this Framework or any Group Policy could amount to gross misconduct, a material breach of the contract of employment, which may result in disciplinary action in line with the applicable Barloworld disciplinary codes, and fines or penalties in terms of applicable laws.

The legal and regulatory environment establishes the compliance requirements for Barloworld in respect to all applicable laws in all the countries in which it operates. This mandatory compliance transforms into the Divisional and Group policies, procedures and structures adopted by Barloworld in response to the legal and regulatory environment.

Where this framework or any Barloworld policy contradicts local regulations or laws, the prevailing local laws will take precedence.

- **Reporting Ethical Issue or Concern:**

If you become aware of a circumstance or action that violates, or appears to violate, the Code of Conduct, Barloworld policy or applicable law, contact your supervisor or local management as soon as possible.

Alternatively, you can contact the Barloworld Ethics Line. Anyone, including employees, can report unethical behaviour that affects the Barloworld group by this independent and confidential system.

South Africa:

1. Free Call: 0800 003 248
2. Free Fax: 0800 007 788
3. SMS: 32840

Outside South Africa:

1. Tel: +27 31 571 5633
2. Fax: +27 31 560 7395
3. E-mail: barloworld@ethics-line.com
4. Website: www.tip-offs.com

Barloworld will not penalise you because of raising an ethical issue in good faith. In addition, Barloworld does not tolerate any reprisal, retaliation, retribution, harassment or occupational detriment by any individual against an employee for raising a concern or making a report in good faith.

N. RISK MANAGEMENT

Barloworld has a robust risk management approach within the group². This extends to environmental and climate change related risks.

Similar to all other categories of risks, environmental related risks are to be considered by each Barloworld operation in light of its operating context and prevailing legislative and other requirements.

Various risks are considered across Barloworld's value chain, including its direct operations, its supply chain and its customers, and at a high-level include the following:

- Environmental policy and regulations
- Reputational
- Technology
- Market
- Supply chain disruption
- Pricing
- Physical

Governance structures at divisional and group levels ensure oversight of environmental related risks and include:

- Divisional Risk and Sustainability Committees
- Barloworld Executive Committee
- Barloworld Board, including its Risk, and its Social, Ethics and Transformation sub-committees.

² Refer Risk Management Philosophy, Risk Universe, and Risk Management Plan on [Barloworld website](#).

Every Barloworld employee is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of the risk management strategies. Risk management must be integrated with other planning processes and management activities.

Key responsibilities and accountability for risk management is defined in the Barloworld Risk Management Policy³.

O. GOVERNANCE

Oversight of environmental related matters fall within the ambit of the overall Barloworld Corporate Governance Framework.

Integrated thinking and management are integral elements of effective governance implementation. In so doing, social, economic and environmental matters are embedded in the Group's structures from Board level.

Leadership within the Board, Executive Committee and all levels of management are committed to the strategic objectives of the Company, the high ethical standards that we live by, and the governance of risk and ethics within our organisation.

The Company recognises the value of King IV, which advocates a governance structure that supports leadership, sustainability and corporate citizenship. For the Company this includes, inter alia, establishing a Board of Directors with appropriate Board Committees. Below are governance structures as relevant to environmental sustainability.

The **Board of Directors** retains full and effective control of the Company and is ultimately accountable and responsible for the performance of the Company, including matters related to environmental sustainability.

In assisting the Barloworld Board fulfil its duties, the Group **Social, Ethics and Transformation Committee** and has ultimate oversight over environmental sustainability matters including oversight over environmental performance, policy, assurance and governance. Through a Safety, Health and Environmental (SHE) report, the committee is kept abreast of developments in environmental policy, regulations and related risks.

Environmental related risks form part of the entrenched risk management processes which are tabled at the **Group Risk committee**.

The Group **Executive Committee** remain accountable to the Board for the management of environmental matters. Pertinent environmental matters including, performance targets, ESG ratings and related matters are tabled at the Group Executive Committee. The Group Executive: Risk, Ethics and Governance, has oversight over environmental sustainability matters and is a Group Executive Committee member.

Various other informal forums and engagements may be established for the purpose of gathering information, agreeing and tracking actions, and where necessary, escalating findings or recommendations to decision – making forums. In addition, the major subsidiaries within the Group also have their Board of Directors and some meet on a quarterly basis.

³ Refer [Barloworld Risk Management Policy](#)

P. REVIEW AND GOVERNANCE OF FRAMEWORK

This framework will, at a minimum be reviewed on a biennial basis to ensure it remains relevant and aligned to changes in Barloworld's operating context, stakeholder issues, internal policies and regulations. There may be ad-hoc updates required to this framework in response to changes in the operating environment.

This framework will be endorsed at the Barloworld Executive Committee, tabled at the Group Social, Ethics and Transformation Committee for recommendation to the Barloworld Board for approval.

Q. ROLES AND RESPONSIBILITIES

Q.1. Group Level

a. Social, Ethics and Transformation Committee (SETC)

This Barloworld Board Subcommittee has the responsibility for oversight over the Environmental Sustainability including related strategies, governance, environmental risk management, policies, target-setting, performance, assurance, and compliance.

b. Group Executive: Risk, Ethics and Governance (GEREC)

The Group Executive has the primary responsibility of continuous development and control of Environmental Sustainability across the Barloworld Group and giving it appropriate visibility and ongoing high-level support. This role holds responsibility for the strategic commitment of the business to environmental sustainability objectives.

c. Group Sustainability Manager

Driving continuous improvement and environmental efficiencies, performance monitoring and tracking against set efficiency improvement targets, coordination and support of Divisional activities within the environmental sustainability area.

Q.2. Divisional Level

a. Divisional Chief Executives

Responsible for divisional alignment with the group environmental sustainability strategy, capacitating for delivering on the strategy including, human capital allocation, elevating the environmental agenda at the various governance structures, and allocation of capital to drive efficiencies and reduction of environmental footprint.

b. Divisional Sustainability Executive (DSE)

An executive at the Divisional level has the responsibility executing on the environmental sustainability strategy, continuous identification and implementation of initiatives in support of the environmental sustainability strategy, alignment of governance processes giving appropriate visibility, oversight and ongoing high-level support. This role holds responsibility for reinforcement of the Division's strategic commitment of the business to environmental sustainability standards and objectives.

c. Divisional Sustainability Champion (DSC)

Management position at the Divisional level in charge of adaptation, development, implementation and monitoring of Group Environmental related policies and procedures at the Division. DSCs are also responsible for implementation and compliance with this Environmental Framework, Group Environmental Policies and other Group requirements at the Divisional level, reporting to Group and Divisional management and internal communication across the Division, development of management controls to ensure integrity of reporting. DSCs are also responsible for liaising with assurance providers in pursuit of data integrity.

d. Environmental Community

Team of Barloworld employees in charge of the development and management of Environmental Sustainability processes in their area of responsibility, including:

- Group Executive: Risk, Ethics and Governance (GEREG)
- Group Sustainability Management (GSM)
- Divisional Sustainability Executive (DSE)
- Divisional Sustainability Champions (DSC)

The Environmental Sustainability Community is a body which is set up to drive environmental sustainability strategy, coordinate efforts and communication between the Group and Divisional level to make sure the following objectives are met:

- Group policies are properly reviewed, adapted and implemented at the Divisional level taking into consideration local legislation and all necessary amendments that have obtained Group approval
- Requirements of this Environmental Framework, SHE reporting and other Group requirements are properly understood, implemented and communicated across all Divisions in the Group
- Feedback from Divisions based on review and practical implementation of policies and procedures is delivered to the Group level
- Best practices, materials and solutions are shared and leveraged across the Group
- Regular meetings are held to facilitate open communication, discussion, provide training and continuously improve the professional level of the Environmental Sustainability Community.

R. APPROVAL AND OWNERSHIP

Owner	Title	Date
Kavendrin Naidoo	Group Sustainability Manger	25 April 2022
Endorsed By		Date
Barloworld Executive Committee		25 April 2022
Approved By		Date
Barloworld Social, Ethics and Transformation Committee (SETC)		18 May 2022

S. REVISION HISTORY

Version	Revision Date	Description	Next review Date
V1.0	18 May 2022	First Version into effect. Approved by SETC	May 2024