

United Nations Global Compact**BARLOWORLD LIMITED – COMMUNICATION ON PROGRESS:**

October 2011 to September 2012

1. Statement of continued support

	 Barloworld Leading brands	Barloworld Limited 180 Katherine Street Sandton PO Box 782248 Sandton 2148 South Africa Tel +27 (0)11 445 1000 Fax +27 (0)11 444 3643 www.barloworld.com Reg No 1810/000095/06 Tye Registration Number TPREG0563GAU
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3 December 2012

Secretary-General
United Nations
New York, NY 10017
USA

Dear Sir

I reiterate our support for the principles of the United Nations Global Compact (UNGC) which addresses human rights, labour rights, environmental stewardship and anti-corruption.

We express our support for the advancement of these principles within our sphere of influence.

We remain committed to ensuring that the spirit and content of the principles are part of the group's values, strategy and day-to-day operations and continue to make clear statements in this regard to our stakeholders and the public.

We recognise that a key requirement for participation in the UNGC is the annual submission for a Communication on Progress (COP) which is attached and, as in previous years, will be uploaded to your website.

We confirm the details of Barloworld's primary contact for the UNGC below.

Yours sincerely



CB Thomson
Chief Executive

Main point of contact for the UNGC at Barloworld Limited

Title:	Mr
Name:	Christopher
Surname:	Whitaker
Position:	Executive; Strategy and Sustainability
E-Mail address:	christopherW@barloworld.com
Telephone:	+27 11 445 1000
Postal address:	PO Box 782248, Sandton, 2146

Directors: DB Ntsebeza (Chairman) CB Thomson (Chief Executive) PJ Blackbeard PJ Buleman NP Congwina AGK Hamilton* M Laubscher
SS Mhabela B Ngonyama SS Ntsakuba TH Nyasulu SB Pfeiffer** G Rodriguez de Castro De Los Rios*** OI Shongwe DO Wilson
Secretary: B Ngwenya *(British) **(American) ***(Spanish)

2. Description of practical actions

Barloworld has prepared an integrated report for its 2012 financial year from 1 October 2011 to 30 September 2012. This together with complementary on-line reports and responses, constitute the group's integrated reporting for 2012. These will be available from 20 December 2012.

The integrated reporting reflects the Barloworld's value creation approach and the appreciation of its responsibility for economic, environmental and social aspects of its activities.

The group's integrated reporting also includes the group responding to all components of the Global Reporting Initiatives (GRI G3.1) guidelines.

In order to ensure alignment and consistency in its description of practical actions in support of the UNGC over the past year and its responses to the GRI G3.1 framework, Barloworld follows the 'Global Compact (GC) Principles-GRI Indicators Cross Reference Table' contained in the 'Making The Connection' publication, and has included all its relevant GRI G3.1 responses under the appropriate UNGC 'Issue Areas'.

Issue Area: Human Rights

GC Principles:

- **Principle 1** – Business should support and respect the protection of internationally proclaimed human rights.
- **Principle 2** – Business should make sure that they are not complicit in human rights abuses.

Relevant GRI Indicators:

- Management approach (see below)
- EC5; LA4; LA6-9; LA13-14; HR1-9; SO5; PR1-2: PR8 (for responses to these indicators see the Barloworld 2012 Integrated Report as well as Barloworld's responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 20 December 2012)

Management Approach

INVESTMENT AND PROCUREMENT PRACTICES

The board views the advancing and protecting of human rights as an imperative. The board has, therefore, created a social, ethics and transformation committee which is required by South African law to deal with and monitor, among others, issues of human rights. Regular reports on the company's human rights performance will be tabled by management to this committee.

Barloworld respects human rights. These are central to the group's legitimacy and covered in its code of ethics and worldwide code of conduct. The group is a signatory to the UN Global Compact, of which Principles 1 and 2 specifically address this issue.

Barloworld's social and ethics compliance programme for application throughout the group by 2015, sets the following standards in section 3.1.6:

3.1.6 Upholding human rights

- a) *Barloworld is a signatory to the United Nations Global Compact which contains ten principles. The first two principles deal with human rights and are:*
 - i. *Businesses should support and respect the protection of internationally proclaimed human rights; and*

II. *Should make sure that they are not complicit in human rights abuses.*

- b) *Barloworld upholds the South African Bill of Rights as detailed in Chapter 2 of the Constitution of South Africa. The Bill of Rights "is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom."*
- c) *The Barloworld Worldwide Code of Conduct includes our commitment to protect the health and safety of others and ourselves, to recognise and respect personal privacy and to be proactive members of our communities. Through upholding the Code of Conduct, we envision a world made better by our actions.*
- d) *Significant suppliers, third party service providers and other business partners are screened for human rights by way of due diligence procedures conducted at the time of engagement and periodically thereafter, according to the assessed risk.*
- e) *Due diligence procedures incorporate an assessment of third party service providers, business partners and key suppliers. The scope of the assessment includes human rights issues.*
- f) *Training is provided to our employees, to selected third party service providers and other business partners on human rights as identified by a risk assessment process.*

Human rights considerations form part of the group's screening process for all investment agreements. The group's modus operandi with regard to investments is one where it generally acquires a business in its entirety, or a controlling stake thereof. During the due diligence process, the targeted entity is thoroughly assessed, including from a human rights perspective. If the transaction proceeds, any gaps identified are then addressed in terms of the group's values, code of conduct, compliance with applicable legislation, including those frameworks to which it is a signatory. All agreements specifically include clauses covering employees.

Suppliers and contractors are required to comply with legislation and expected to meet the standards of Barloworld's ethics, codes and policies, including those to which it is a signatory. The contracts of those not complying would be reviewed and the relationship terminated if shortcomings cannot be addressed. The group sources the majority of its products from leading global OEMs with established and entrenched human rights policies and practices.

None of the current procurement processes screens specifically for human rights issues. However suppliers are required to comply with legislation and meet the standards of Barloworld's ethics, codes and policies, including those to which it is a signatory.

The Barloworld ethics and compliance programme addresses human rights in its supply chain and sets standards of compliance from third party service providers, business partners and key suppliers. By representing leading global Original Equipment Manufacturers (OEMs) and brands, Barloworld participates in supply chains that conform to norms and regulations and aspire to the highest standards. Where non-conforming suppliers are identified, appropriate action is taken.

NON-DISCRIMINATION

A workplace free from unfair discrimination is a fundamental value of the group and is entrenched in its code of ethics and worldwide code of conduct. Group processes ensure that any instances of unfair discrimination can be reported and addressed.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Collective labour relations are constructively managed on the principle of freedom of association. Employees may associate or not with representative organisations and trade unions. Trade unions sufficiently representative of employees are recognised at appropriate operational levels, and operations covered by industry agreements participate in relevant industry forums.

There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk.

As the group represents leading global principals and suppliers, it is not aware of any suppliers where freedom of association and collective bargaining are at risk. The group requires that its supply chains conform with its values. Evidence of non-compliance regard would result in appropriate action.

CHILD LABOUR

Barloworld does not have child labour. It is contrary to the group's code of ethics and values. As the group represents leading global principals and suppliers, it is not aware of any use of child labour in its supply chain nor has it identified any suppliers at risk.

The procurement practices throughout the group manages suppliers so that its supply chain operates lawfully and conforms with group values. Evidence of non-compliance would result in appropriate action.

PREVENTION OF FORCED AND COMPULSORY LABOUR

Barloworld does not have forced and compulsory labour. It is contrary to the group's code of ethics and values.

As the group represents leading global principals and suppliers it is not aware of any use of forced and compulsory labour in its supply chains nor has it identified any suppliers at risk.

The procurement practices throughout the group manages suppliers so that its supply chain operates lawfully and conforms with group values. Evidence to the contrary, would result in appropriate action being taken.

SECURITY PRACTICES

Most business units and operations outsource their security arrangements to legitimate suppliers that belong to the relevant industry associations. As with all other suppliers, they are expected to comply with the group's ethics, values and the law.

Barloworld employees that are responsible for security are trained in relevant practices and procedures.

INDIGENOUS RIGHTS

We respect the rights of indigenous people as considered in the GRI definition. As the group represents leading global principals and suppliers, it is not aware of any abuse of indigenous people's rights in its supply chain. The group requires that its supply chain conform with its values. Evidence to the contrary would result in appropriate action being taken.

ASSESSMENT

Human rights considerations form part of the group's screening process for all investment agreements. The group's modus operandi with regard to investments is one where it generally acquires a business in its entirety, or a controlling stake thereof. During the due diligence process, the targeted entity is thoroughly assessed, including from a human rights perspective.

If the transaction proceeds, any gaps identified are then addressed in terms of the group's values, code of conduct, compliance with applicable legislation, including those frameworks to which it is a signatory. All agreements specifically include clauses covering employees.

Suppliers and contractors are required to comply with legislation and expected to meet the standards of Barloworld's ethics, codes and policies, including those to which it is a signatory. The contracts of those that do not comply would result in the relationship being terminated if shortcomings cannot be addressed. The group sources the majority of its products from leading global OEMs with established human rights policies and practices.

The Barloworld Ethics and Compliance programme addresses the issue of human rights in its supply chain and sets the standard of compliance from third party service providers, business partners and key suppliers.

REMEDATION

The group has not needed to make reparations for any human rights violations. Should such a case occur, we would comply with the law and act in accordance with any directive issued.

Case study: The Barloworld Ethics and Compliance Programme

Barloworld is driven by the maxim of creating sustainable value for all its stakeholders. What sets the group apart is its ability to develop and maintain mutually beneficial long-term business relationships. This is called the 'Barloworld Way'.

The group is committed to responsible business conduct and best practices. All group activities are guided by the governance framework of ethics and a commitment to legal compliance. The group upholds the King III principles that good governance combines both regulatory requirements and voluntary standards of excellence.

Within this context, in 2011 Barloworld developed the group ethics framework and compliance standards in the ethics and compliance programme.

Structure

The programme is structured to meet the requirements of King III, the UK Bribery Act adequate procedures and other international best-practice standards. It applies to all group companies, at all locations around the world.

There are two parts to the programme. The ethics framework establishes overall governance standards. It provides an overview of the context for the programme; defines roles and responsibilities; sets out the principles to be applied and standards required to meet these principles. The framework sets the ethical foundation and governance of Barloworld. It includes the code of ethics and the worldwide code of conduct.

The second part is detailed compliance standards that define specific operational requirements for creating, maintaining and improving policies and procedures. Standards provide a defined and structured approach that aligns with the ethical framework. The approach is multi-dimensional and facilitates the integration of compliance standards with existing and established control procedures.

Process

The programme started with a briefing from Barloworld group CEO, Clive Thomson. The primary aim is to protect the company from the risk of reputational and financial loss.

The research phase identified regulatory requirements, such as the UK Bribery Act and international best practice. It also involved meeting with key executives in each division to understand the context and expectations of the business. Phase two of the project was to write the ethics framework and compliance standards. A separate chapter was written on bribery and corruption. After detailed scrutiny by executive directors, the programme was approved by the main board.

Implementation

Implementation spans a five-year period. It is a risk-based approach intended to recognise and build on standards and controls already in place. A structured approach has been applied to ensure additional policies and procedures are developed and added only where needed.

Roles and responsibilities for ethics and compliance have been defined and agreed at group level and in each division. New appointments have been made in each division during the course of 2012, so that there are executives and managers with specific responsibility for the ethics and compliance programme.

An overview of the programme was communicated in 2011 through presentations and workshops. These took place in many regions of the world including Russia, Iberia, the United Kingdom, Dubai, South Africa, Angola, Zambia, Mozambique, Namibia and Botswana. Executive and senior operational management have committed time to understanding the new requirements, considering the business risks and developing high level plans for the future.

In 2012, the focus has been on a more detailed assessment of risks at a business unit level and workshops have been conducted in the various regions. These workshops also addressed other compliance matters including consultations on due diligence procedures, and discussions on revised policies to address the increased standards for anti-bribery and corruption.

Outcomes

In 2011, the executive management of each division conducted a multi-dimensional self-assessment to determine key risk areas for ethics and compliance and committed to action plans.

In 2012, the focus was on senior operational management conducting a self-assessment at business unit level. Again action plans were developed and are being monitored.

The monitoring of progress is the responsibility of divisional management, and in addition, summary reports are submitted bi-annually to the Group Risk and Sustainability Committee.

Benefits

As a global company, Barloworld is committed to upholding international standards and meeting regulatory requirements in the regions and countries in which it operates. The programme provides a framework that consolidates all aspects of governing the business and sets a global standard of excellence.

Entrenched in its code of ethics and worldwide code of conduct is the requirement to 'obey the law'. This is the minimum requirement and the organisation strives to conduct its operations as a responsible corporate citizen.

Where possible, the group also participates in formulating responses to draft policy and legislation.

Issue Area: Labour

GC Principles:

- **Principle 3** – Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- **Principle 4** – Business should uphold the elimination of all forms of forced and compulsory labour.
- **Principle 5** – Business should uphold the effective abolition of child labour.
- **Principle 6** – Business should uphold the elimination of discrimination in respect of employment and occupation.

Relevant GRI Indicators:

- Management approach (see below)
- EC7; LA2; LA4-5; LA13-14: HR1-7; SO5 (for responses to these indicators see the Barloworld 2012 Integrated Report as well as Barloworld's responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 20 December 2012)

Management Approach

EMPLOYMENT

Barloworld understands that its employees are the foundation of its success and achieving its 2015³ vision. This is captured in the slogan '2015³...*driven by you*'.

Accordingly, 'people' is identified as one of our strategic focus areas.

One of the group's most vital attributes is creating value through - and for - employees by attracting, developing and retaining globally competitive people necessary to implement our strategy and meet our growth targets.

Specific activities in this regard include developing internal human resources for promotional opportunities through detailed development needs analysis per person, leadership/management development programmes, and continued focus on technical skills upliftment.

We have identified six critical success factors to ensure optimal value creation for and by employees.

- Clear purpose and direction defined, communicated, understood and owned at organisational, team and individual level
- An inspiring, caring, equitable and professional climate
- Alignment of value drivers, organisational culture and design
- Sustainable competence and intellectual capital
- Performance management at organisational, team and individual levels
- Relevant structured team forums which access, facilitate and harness our collective wisdom.

This approach is implemented across the group in a range of interfaces and interventions. An Individual Perception Monitor (IPM) surveys employee attitudes on the status of the six critical success factors and an overall category that examines the extent to which employees are committed to the company. These results are used to identify areas for attention. It has a four point scale and the group target is a rating of at least three in all business units for all factors. Scores of above three are considered excellent. The IPM survey is usually conducted every two years.

LABOUR/MANAGEMENT RELATIONS

Collective labour relations are constructively managed based on the principle of freedom of association. Employees may associate or not with representative organisations and trade unions.

Trade unions that are sufficiently representative of employees are recognised at appropriate operational levels, and operations covered by industry agreements participate in relevant industry forums. There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk.

Employee representatives, including trade unions, worker committees, health and safety committees and industry bodies are openly engaged at appropriate levels in the organisation and in South Africa, work-skills and employment equity forums are established. Similar initiatives take place in the group's Iberian operations.

There are no formal health and safety agreements with trade unions although this aspect is regularly included on the agenda of meetings with management in the various operations. Businesses that operate under industry agreements with unions are covered to the extent that these issues are addressed at industry level.

OCCUPATIONAL HEALTH AND SAFETY

The group has a philosophy of 'zero injuries or harm' to employees. Business units operate under a strict risk management audit protocol incorporating health and safety.

Occupational health and safety (OHS) standards are covered by prevailing legislation. Barloworld operations conform to the principles of the International Labour Organization's (ILO) Guidelines on Occupational Health and Safety.

OHS is the direct responsibility of divisional Chief Executives. Formal health and safety committees with management and worker representatives cover all South African staff. The Netherlands and Belgium operations also have such committees. Elsewhere, applicable laws cover staff in Iberian, UK and US operations.

Health and safety reporting is reviewed on a quarterly basis by the Risk and Sustainability Committee, a sub-committee of the board.

Operations are encouraged to start all meetings with a safety message.

TRAINING AND EDUCATION

Value creation through and for employees by attracting, developing and retaining globally competitive people is necessary to implement the group's strategy and meet its growth targets. This remains one of the group's most vital attributes. Specific activities include developing internal human resources for promotional opportunities through detailed development needs analysis per person, leadership/management development programmes, and a continued focus on technical skills upliftment.

Barloworld recognises that achieving its vision and sustainable value-creation objectives rests on the ability of its people. Having the right calibre of employees, which covers attracting, developing and retaining talented and globally competitive employees, is central to ensuring competence and intellectual capital in the group.

This objective is achieved through focused talent identification, recruitment, individual employee development plans, career-paths, training and development programmes, competitive reward systems and careful succession planning.

DIVERSITY AND EQUAL OPPORTUNITY

Barloworld has identified empowerment and transformation as a strategic focus area and central to its success. The group understands the competitive advantage inherent in a diverse workforce and is committed to an employee profile that reflects the demographics of the countries in which it operates.

Central tenets of the group's approach to equality include:

- No unfair discrimination on the grounds of gender, race, religion, disability or sexual preference
- Proactive pursuit of programmes and initiatives to achieve its equality objectives
- Complying with legislation in all countries in which it operates.

By identifying empowerment and transformation as a strategic focus area, we ensure group and individual commitment to equality in the workplace across all operations.

Race, gender and disability are addressed in employment equity, transformation and empowerment targets in South Africa in line with legislation. Localisation and gender objectives are set in non-South African operations. Required employment equity plans and progress reports are submitted in South Africa and other southern African countries. These plans set out employment targets that address race, gender and disability.

In South Africa, Barloworld follows the Department of Trade and Industry's (dti's) broad-based black economic empowerment (B-BBEE) scorecard with the target for all South African operations to achieve a level 2 or 3.

EQUAL REMUNERATION FOR WOMEN AND MEN

Remuneration and employee benefits are attractive, well-structured and competitive. All remuneration and employee benefits are aligned with legislation.

Remuneration practices are regularly reviewed and the group is committed to removing unfair discrimination in pay scales. In South Africa, pay differentials are disclosed in terms of employment equity legislation. A review of South Africa based executive and senior management remuneration indicates a small variance of 2.9% in favour of males in the executive band, and 2.1% in favour of females in senior management. This is linked to tenure and role and does not reflect entrenched discrimination.

Male and female income levels are continually reviewed and unfair anomalies will be addressed.

As the group has implemented the Towers Watson global grading system in all operations, its positions are graded accordingly. Wage and salary levels are benchmarked by country and category. This ensures equity and non-discrimination in remuneration practices

CHILD LABOUR

Barloworld does not have child labour. It is contrary to the group's code of ethics and values.

As the group represents leading global principals and suppliers, it is not aware of any use of child labour in its supply chain nor has it identified any suppliers at risk.

The group requires that its supply chain conform to its values. Evidence of non-compliance would result in appropriate action.

PREVENTION OF FORCED AND COMPULSORY LABOUR

Barloworld does not have forced and compulsory labour. It is contrary to the group's code of ethics and values.

As the group represents leading global principals and suppliers it is not aware of any use of forced and compulsory labour in its supply chain nor has it identified any suppliers at risk.

The group requires that its supply chain conform to its values. Evidence to the contrary, would result in appropriate action being taken.

Issue Area: Environment

GC Principles:

- **Principle 7** – Business should support a precautionary approach to environmental challenges.
- **Principle 8** – Business should undertake initiatives to promote greater environmental responsibility.
- **Principle 9** – Business should encourage the development and diffusion of environmentally friendly technologies.

Relevant GRI Indicators:

- Management approach (see below)
- EC2; EN1-30; SO5; PR3-4 (for responses to these indicators see the Barloworld 2012 Annual Integrated Report as well as Barloworld's responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 20 December 2012)

Management approach

OVERALL

The group's strategic intent is to develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices as well as enhance Barloworld's reputation by leading in sustainable development. We are committed to providing leading customer solutions that address environmental stewardship and customer competitiveness and adopt a similar approach to our internal operations. This is incorporated into strategy and addressed by:

- An integrated management approach entrenching accountability for economic, environmental and social activities in each of our businesses
- An aspirational target to achieve a 12% improvement in energy and emission efficiency over the five years from 2010 to 2014 off a 2009 baseline
- Minimise our carbon footprint and off-set where appropriate to achieve a carbon-neutral status
- Provide solutions that create value for our customers by assisting them to achieve their sustainable development objectives
- Identify and pursue emerging sustainable business opportunities as well as cost-saving opportunities
- Integrated sustainability reporting ensuring credibility, transparency, completeness and comparability.

The methods and means of environmental reporting are constantly being enhanced to ensure we are leading in this aspect of our business. It is anticipated that our enhanced data measurement and management will improve day-to-day management and monitoring of environmental issues.

Our reporting systems have been assured by both internal and external audit (Deloitte).

The group's internal audit function continues to be involved in the assurance process for non-financial data, particularly of fuel, water and electricity data.

This year the Equipment Southern Africa, Equipment Russia (Vostochnaya Technica), Equipment Iberia, Automotive (Avis Rent a Car and Motor Retail SA), Handling Belgium, Handling Holland and Corporate divisions were formally reviewed. The principal issue centred on the structure of the data collection process. This has been addressed by ensuring that this data is collected on the financial reporting platform.

None of the operations listed above have scored below a Satisfactory internal audit rating, which provides management with added confidence that reporting systems are functioning as intended with sound controls around completeness and accuracy. Recommendations made have been mostly implemented to further improve the data collection and reporting process.

To assist the group in preparing a credible and accurate integrated report, an assurance matrix has been prepared which maps the content of the integrated report against a number of assurance standards and indicates responsibility for applying each of the standards. Still in its infancy, the matrix will assist the Audit Committee in fulfilling its responsibility for overseeing the group's integrated reporting, as defined by the King III principles.

External auditors provide assurance over reporting of material aspects as agreed with the Audit Committee. This review is conducted in line with the ISAE 3000 standards.

Refer to assurance statement in 2012 Barloworld integrated report and response to 3.13 of the GRI 3.1 reporting guidelines.

MATERIALS

Materials are sourced from Original Equipment Manufacturers (OEMs) and other suppliers and used to support the retail and service nature of the group's operations. Materials that have a high impact on the environment are monitored.

The group remains committed to reporting material use by weight to ensure consistency and comparability.

As Barloworld predominantly represents OEMs and principals, opportunities for using recycled materials are limited. Retreaded tyres are the most significant in this regard.

ENERGY

As a responsible corporate citizen and aligned with global imperatives, the group has set an aspirational target to improve its non-renewable energy efficiency by 12% by end-2014 off a 2009 baseline. Benefits include mitigating rapidly rising costs, particularly electricity in South Africa, organisational resilience and the associated need to reduce greenhouse gas emissions.

These are entrenched in the group's strategic planning processes and operations. The group focuses on reducing energy consumption, mainly in the form of electricity and fuel for vehicles. In terms of the former, the group's divisions and their operations have a range of initiatives to reduce consumption spanning timers on light switchers to more energy efficient building designs - in short, any measure that will reduce consumption and cost. In terms of fuel consumption, vehicles are recent models with the latest engines designed to use less fuel and emit less pollutants.

Regular maintenance ensures that engines run optimally and consume less fuel. The group also sources products from its OEMs with the latest fuel saving technologies.

The group utilises the skills and expertise of an energy efficiency manager in its Power operations to identify and coordinate the maximisation of efficiency opportunities across the group.

WATER

Barloworld is committed to being a responsible custodian of water by measuring, monitoring, managing and reporting its water use as standard business practice and, and if necessary, proactively implementing initiatives that conserve water or mitigate the effects of its use for business operations. The group recognises that water is an increasingly scarce and critical global resource. Although none of its operations are particularly water intensive, Barloworld is committed to more efficient water consumption through reduced use, increased recycling and water-harvesting initiatives.

Through these initiatives, the group strives to minimise the risk of any future water constraints and realise the commercial benefits of effective and efficient water usage.

Barloworld will continue to assess the physical, regulatory and reputational risks associated with water use and, where feasible, adapt its operations, processes and procedures accordingly. It will also pursue identified opportunities.

The group endeavours to reduce consumption by a range of water savings measures and technologies throughout its divisions. These must make economic sense before being implemented but, where commercially sensible, including enhanced resilience, the group would typically adopt them.

Where water-savings technologies are part of the group's product offerings, these new products are added to the group's portfolio. The main users of water in the group are motor retail operations, vehicle hire companies such as Avis and the trucks in the logistics operations. The group completed the 2012 Water CDP to better understand its water use, contribute to general knowledge and the global database, identify further interventions to reduce its consumption, and identify related risks and opportunities.

BIODIVERSITY

Barloworld's operations do not have a material direct impact on biodiversity. This is due to the mainly urban location of its operations and the nature of its business. As such, an approach to managing biodiversity is not required as it would be for a mining company, for example. Despite this, the group's impact on biodiversity will continue to be monitored and should this necessitate a response, strategy will be developed and implemented.

However, if one of our suppliers was judged to have had a severe impact on an area of high biodiversity value, and therefore be in breach of Barloworld's own code of ethics, the group would consider an appropriate response.

EMISSIONS, EFFLUENTS AND WASTE

Indirectly we reduce emissions by using less electricity and, directly, by using less fuel in our vehicles as well as in our building heating ventilation and cooling systems. In line with our aspirational non-renewable energy efficiency improvement target, the group has set an aspirational 12% GHG emission efficiency improvement target by end 2014 off a 2009 baseline. This is entrenched in our strategic planning processes and operations.

The group has implemented a wide range of energy-reduction initiatives to reduce GHG emissions. These include communication, monitoring and reporting as well as operational initiatives such as the efficient maintenance of vehicle fleets using the latest clean-engine technologies from OEMs.

Emissions identified by Barloworld include carbon dioxide, nitrous oxide and methane from combustion of petrol and diesel in trucks, machinery and equipment and vehicles, and from purchasing electricity.

This is in line with the nature of our operations and the sources of our emissions. There are no significant ozone depleting substances as emissions sources in Barloworld's operations.

Barloworld does have other non-Kyoto protocol greenhouse gas emissions sources, namely oxides of nitrogen (NOx) and oxides of sulphur (SOx), given the nature of its automotive operations. Measures to mitigate these non-greenhouse gas emissions rely on consumption of low sulphur fuels and advanced engine technology for cleaner fuel combustion. These measures are outside the control of Barloworld although they are adopted and used internally where feasible.

The group completed the 2012 Investor CDP to better understand its GHG emissions, contribute to general knowledge and the global database, identify further interventions to reduce its emissions, and identify related risks and opportunities.

Effluents emanate from cleaning plant, equipment and vehicles. All effluent is cleaned of pollutants and clean water discharged into municipal reticulation systems. Waste material is disposed of through legitimate contractors at certified waste disposal facilities.

The group does not generate significant volumes of waste. Both hazardous and non-hazardous waste streams are monitored by type, volume, disposal method and destination. Used oil and other hazardous waste is disposed of through certified contractors with the focus on recycling of waste oil. The group is committed to reporting all waste by weight or volume to ensure consistency and comparability.

A critical aspect of the group's waste management and product life-cycle stewardship addresses extended product use. This includes ensuring products have a number of useful lives, facilitated in part through remanufacture and rebuild programmes.

PRODUCTS AND SERVICES

Barloworld recognises the environmental impact of its customer solutions and, supported by its principals, is committed to providing leading products and solutions that foster environmental stewardship. The group works with its Original Equipment Manufacturers (OEMs) to ensure customers' sustainability objectives are met and their competitive position enhanced.

Represented OEMs focus on improving the life-cycle environmental footprint of products that the group offers to customers.

Energy and emission efficiencies as well as product disposal are core aspects being addressed. The group does not manufacture or extract as part of its operation. It transports items through its logistics operations where it endeavours to plan routes to minimise energy consumption and greenhouse gas emissions. The group communicates to its suppliers information on the latest sustainability technologies and interacts with principals on customers' requirements for product safety and environmental stewardship.

COMPLIANCE

Entrenched in our code of ethics and worldwide code of conduct is the requirement to 'obey the law' and 'protect the environment'. This is regarded as the minimum requirement and the group strives to conduct its operations as a responsible corporate citizen. Where possible, we also participate in the formulation of responses to draft policy and legislation.

TRANSPORT

Aside from emissions caused by air-travel and business vehicle trips, the group is aware of the potential for accidents as a result of transportation. The group strives to operate modern fleets using the latest technologies to maximise safety aspects and minimise fuel consumption and emissions.

Issue Area: Anti-corruption

GC Principles:

- **Principle 10** – Business should work against corruption in all its forms, including extortion and bribery.

Relevant GRI Indicators:

- Management approach (see below)
- SO2-6 (for responses to these indicators see the Barloworld 2012 Annual Integrated Report as well as Barloworld's responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 20 December 2012).

Management approach

Barloworld has a 'zero tolerance' approach to dishonest, corrupt and illegal conduct. This is central to its code of ethics, worldwide code of conduct and reflected in policies and practices in the group that prohibit corrupt behaviour. This approach applies to all business units and regions where the group operates. Risks are investigated and appropriate measures taken prior to investing in regions where such practices may be more prevalent.

Criminal behaviour is not tolerated and formal charges are laid against any perpetrator. Internal proceedings are also instituted against perpetrators who will be dismissed if found to have participated in unacceptable conduct.

The group's comprehensive risk management approach covers all operations and risks associated with corrupt and dishonest behaviour. These are analysed and assessed as part of the risk management process.

Induction and other staff training programmes address expected behaviour in terms of the company's ethics, codes, policies and procedures. Ongoing communication through employee handbooks, letters of appointment, management briefings and structured team forum meetings reinforce our commitment to our values and expected behaviour. All new employees participate in induction training and orientation.

There are structured processes in the group to review all business conduct and ensure compliance with legislation, company ethics, codes and policies.

In addition to our code of ethics, worldwide code of conduct and anti-Fraud Policy, the Barloworld policy on dealing with: public officials, agents, distributors, intermediaries, trade restrictions, export controls and sanctions is implemented across the group and all employees are expected to comply.

The group is currently implementing a detailed ethics and compliance programme through all its operations and regions which also addresses corruption (*see Case study: The Barloworld Ethics and Compliance Programme at end of Human Rights section*).

To ensure that conflicts of interest are avoided, staff are required to formally declare any direct or indirect interests in contracts and/or businesses. Barloworld board members and divisional executives are also required to disclose conflicts of interest and gifts received are recorded in gift registers. This also applies to trustees of the group's retirement fund.

3. Measurement of Outcomes

Barloworld reports its progress in its 2012 Integrated Report and other complementary reports and responses, such as its responses to the GRI G3.1 guidelines, which are available on-line.

These will be available from 20 December 2012. Also included in Barloworld's 2012 Integrated Report are illustrative case studies.

Barloworld's response to GRI G3.1 is aligned with application level A⁺. This is with reference to the information disclosed in the printed Barloworld 2012 Integrated Report as well as the information provided in other complementary reports available on its website.

These are available at www.barloworld.com from 20 December 2012