BARLOWORLD LIMITED
INTEGRATED REPORT

2019

One Barloworld

Delivering value

Barloworld
Leading brands

About Barloworld

Barloworld is a distributor of leading global brands with corporate offices in Johannesburg (South Africa) and Maidenhead (United Kingdom), providing integrated rental, fleet management, product support and logistics solutions. Established in 1902 in South Africa, we are one of the country's oldest companies. Inspiring leadership, a reputation for ethical conduct, innovation and a commitment to giving back have ensured Barloworld's longevity over the past 117 years.

The core divisions of the group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions) and Logistics (logistics management and supply chain optimisation).

The brands we represent on behalf of our principals include Avis, Audi, BMW, Budget, Caterpillar, Ford, Mazda, Mercedes-Benz, Toyota, Volkswagen and others.

DEFINING MATERIALITY

1. **APPLY**
   Material matters are aligned with risks and applied to inform our managing for value approach which may be altered in response to our operating context from time to time

2. **ASSESS**
   The material matters are continuously reviewed against strategy and key metrics for operational performance, as well as impact on ESG issues and importance to stakeholders

3. **IDENTIFY**
   Taking into account input from stakeholders as well as macro-economic, social, regulatory and political trends, all business units help to identify potential material matters

4. **DEFINE**
   Material matters are those issues that could substantially affect our ability to create value in the short-, medium- or long-term, including our operating context and stakeholder concerns

SEND US YOUR FEEDBACK

Help us to understand what matters to you by sending your comments and feedback on our integrated report to **invest@barloworld.com** or **sustainability@barloworld.com** or visit **www.barloworld.com** to download the feedback form.

About this report

AIM OF OUR REPORT

The primary purpose of our integrated report is to explain to all our stakeholders how Barloworld creates value over time in line with the stakeholder-inclusive intentions of King IV™. The report extends beyond financial reporting and includes non-financial performance, as well as opportunities and risks related to our stakeholders and our operating context that may have a significant influence on our ability to create value. The report also includes outcomes.

We present an assessment of our performance in terms of six capitals as defined by the International Integrated Reporting Council (IIRC).

SCOPE AND BOUNDARY

This integrated report covers the performance of Barloworld Limited for the financial year ended 30 September 2019 for all geographic regions in which the Barloworld group and its subsidiaries operate.

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 are aligned to the same financial reporting period allowing for comparison of performance data. Any limitations are disclosed in the relevant section.

Any material events up to the board approval date on 10 December 2019 are also included.

Financial and non-financial performance data reflected in this report is for continuing operations only, unless otherwise stated. Comparatives have been restated to exclude operations classified as discontinued.

REPORTING FRAMEWORKS

Our integrated reporting is guided by various codes and standards, including:

- The King Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa King IV™*
- The International <IR> Framework
- The Companies Act 71 of 2008 (as amended)
- The JSE Listings Requirements
- The Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016
- United Nations Sustainable Development Goals (SDGs).

SUPPLEMENTARY DOCUMENTS

This report and the annual general meeting (AGM) booklet are available online at **www.barloworld.com** together with:

- Full consolidated annual financial statements, are available at: **www.barloworld.com**
- Responses to the GRI Sustainability Reporting Standards (GRI Content Index), are available at: **www.barloworld-reports.co.za/integrated-reports/ir-2019/gri-index/index.php**

ASSURANCE

The board, with the support of the audit committee, is ultimately responsible for Barloworld's system of internal control, designed to identify, evaluate, manage, and provide reasonable assurance against material misstatement and loss.

We apply a combined assurance model, which seeks to optimise the assurance obtained from management as well as internal and external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance. Please refer to page 186 for an understanding of our assurance matrix. The financial information in this report is independently assured by our external auditors, while selected material non-financial indicators – (please see page 185) are reviewed by Barloworld group internal audit services, while our B-BBEE status is verified by Siyandisa (certificates available on **www.barloworld.com**).

BOARD APPROVAL

The board of directors acknowledges its responsibilities to ensure the integrity of the integrated report. The board has applied its collective mind to the preparation and presentation of the integrated report. The board believes the report addresses all material issues and fairly presents the integrated performance of the group in a manner that is relevant, complete and responsive. As a board, we believe that this integrated report has been prepared in line with best practice as set out in the International <IR> Framework and the King IV™ code.

Signed on 10 December 2019 by

DUMISA NTSEBEZA
Chairman

DOMINIC SEWELA
Group chief executive

NOPASIKA LILA
Group finance director

FORWARD LOOKING STATEMENTS

We seek to report transparently on challenges and uncertainties we are likely to encounter in pursuing our strategy. As a result, this report may contain forward-looking statements in regard to our prospects.

Contents

PAGES

1–9

About Barloworld	IFC
About this report	1
Delivering value	4
2019 performance overview	5
Recent milestones	6
One Barloworld – structured to deliver value	7
Our global presence	8

SECTION

1

PAGES

10–47

Strategy – Managing for value to deliver on our medium-term strategy	10
Our strategy	12
Our operating context	16
Managing the six capitals to deliver value	18
Paying tribute to our chairman	29
Board of directors	30
Executive committee	32
Chairman's review	34
Group chief executive's review	38
Group finance director's review	42

SECTION

2

PAGES

48–121

Material risks and issues	48
– Risk management	54
Unpacking our strategic enablers	56
Differentiated relationships	56
– Stakeholders	57
– Transformation	60
– Socio-economic development	68
– Social investment (CSI)	70
Leveraging our scale and assets and maintaining leading brands	74
– Equipment southern Africa	75
– Equipment Russia	81
– Automotive	87
– Logistics	93
– Corporate	99
Value added statement	102
Managing talent	104
Developing leaders	107
Responsible corporate	108
– Sustainability	108
– Governance	115

SECTION

3

PAGES

123–184

Remuneration report	123
Social, ethics and transformation committee report	154
Shareholder profile	156
Summarised annual financial statements	157
Audit committee report	181
Assurance	185
Assurance report for selected non-financial indicators	185
Assurance matrix 2019	186
Glossary	187
Corporate information	188

SECTION

4

Delivering value

The theme for our 2019 report, 'delivering value', relates to creating value for all stakeholders. Value creation for all stakeholders is based on our ability to create a profitable, thriving, resilient and durable organisation.

We strive to be a company that is not only financially successful but also one that makes a positive difference to achieving sustainable economic, social and environmental outcomes within our various spheres of operation and is respected by society and the communities where we operate.

This report sets out to demonstrate the manner in which we drive value creation through the delivery of our strategy in terms of the six capitals and our strategic enablers in the short-, medium- and long-term.

2019 performance overview

REVENUE

R56.8bn

(2018: R60.1bn)

OPERATING PROFIT

R3 272m

(2018: R3 762m)

NORMALISED HEADLINE EARNINGS PER SHARE*

1 167 cents

(2018: 1 151 cents)

ORDINARY DIVIDEND PER SHARE

462 cents

(2018: 462 cents)

SPECIAL DIVIDEND PER SHARE DECLARED

228 cents

FREE CASH GENERATED DURING THE YEAR*

R3.1bn

(2018: R3.6bn)

2019 RECOGNITION

Barloworld is a constituent of:

- Dow Jones Sustainability Emerging Markets Index (DJSI)

MEMBER OF
Dow Jones
Sustainability Indices
In collaboration with RobecoSAM

- FTSE/JSE Responsible Investment Index
- FTSE4Good Index Series

FTSE4Good

Safety

LOST-TIME INJURY FREQUENCY RATE (LTIFR)# 0.58, REGRETTABLY ONE WORK-RELATED FATALITY

(2018: LTIFR 0.70;
Work-related fatalities: 2)

RETURN ON INVESTED CAPITAL*

11.9%

(2018: 12.3%)

Khula Sizwe

PROPERTY HOLDINGS EMPOWERMENT TRANSACTION LAUNCHED

OVERSUBSCRIBED WITH THE

R163m

FUNDING TARGET MET

CREATION OF

R2.9bn

BLACK-OWNED AND MANAGED PROPERTY COMPANY

Barloworld Mbewu

SOCIAL IMPACT PROGRAMME LAUNCHED

R30m

TO BE SPENT OVER THREE YEARS

* Includes discontinued operations
\# Lost-time injury frequency rate=(Number of LTIs x 200 000) /hours worked)

For further details of awards and accolades in 2019, please go to: www.barloworld.com

Recent milestones

2014

Barloworld celebrates 20 years as a Caterpillar dealer in Zambia, Angola, Mozambique and Malawi; and 50 years in Botswana.

2015

Sustainability as a core value is added to the Barloworld Worldwide Code of Conduct.

Avis Budget Group (ABG) grants Barloworld the licence to operate the Budget brand in southern Africa in addition to the Avis Car Rental brand.

2016

Barloworld celebrates 75 years on the JSE.

2017

Barloworld and Caterpillar celebrate 90 years of partnership and launch a new advanced R1.3 billion distribution facility in Ekurhuleni, South Africa in recognition of this milestone.

2018

20 years of Barloworld as a Caterpillar dealer in Russia.

2019

Barloworld Mbewu launched, a R30 million fund next generation approach to corporate social development geared towards scaling up social enterprises.

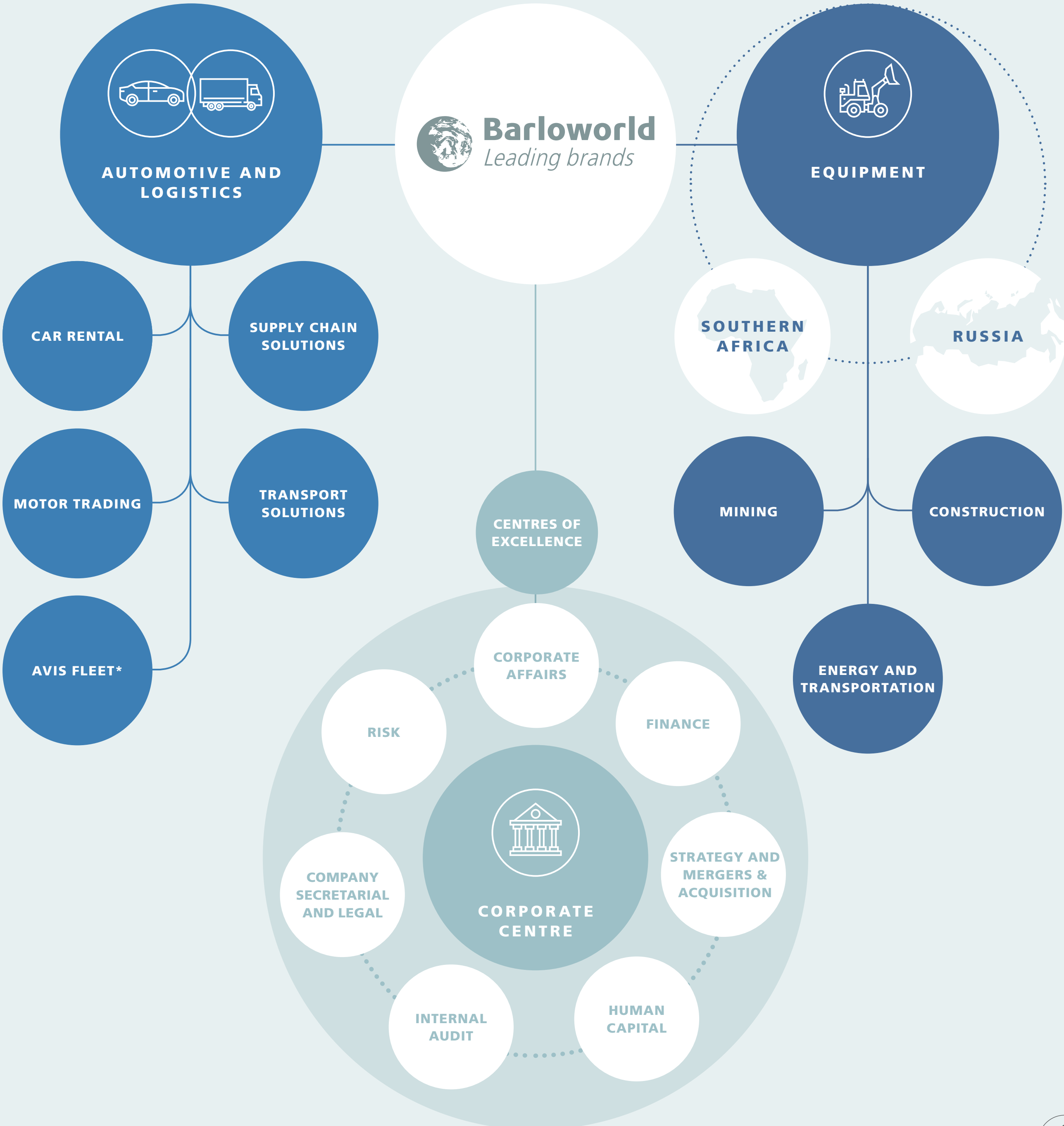
Khula Sizwe Property Holdings B-BBEE empowerment transaction approved by shareholders, launched and oversubscribed.

We celebrate 50 years' partnership with Avis.

Avis Fleet held-for-sale at 30 September 2019.

One Barloworld
structured to deliver value

OUR CORPORATE STRUCTURE – AT A GLANCE



* Held for sale at 30 September 2019

Our global presence

Geographic diversity, as well as business diversity and our exposure to a mix of commodities, principals, our brands, goods and services, and sector opportunities, underpin and enhance resilience throughout the business cycle.

KEY

- Equipment
- Automotive
- Logistics
- Corporate

SOUTH AFRICA

- South Africa

REVENUE
R42.3bn
(**2018:** R43.9bn)*

OPERATING PROFIT
R2 003m
(**2018:** R2 578m)*

NET OPERATING ASSETS
R15.6bn
(**2018:** R17.1bn)*

NUMBER OF EMPLOYEES
12 352 (includes discontinued operation 461)
(**2018:** 13 150 includes discontinued operation 471)

REST OF AFRICA, EUROPE AND THE MIDDLE EAST

- Angola
- Botswana
- DRC
- Ghana
- Lesotho
- Malawi
- Mozambique
- Namibia
- eSwatini
- Zambia
- Zimbabwe
- United Arab Emirates
- United Kingdom

REVENUE
R8.3bn
(**2018:** R8.3bn)*

OPERATING PROFIT
R550m
(**2018:** R380m)*

NET OPERATING ASSETS
R3.8bn
(**2018:** R4.0bn)*

NUMBER OF EMPLOYEES
1 989 (includes discontinued operation 43)
(**2018:** 2 161 includes discontinued operation 52)

* restated

RUSSIA

- Siberia
- Russian Far East

REVENUE

R6.2bn

(**2018:** R7.8bn)

OPERATING PROFIT

R719m

(**2018:** R804m)

NET OPERATING ASSETS

R3.2bn

(**2018:** R3.0bn)

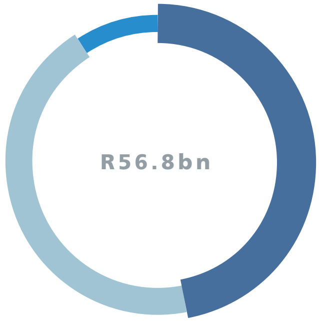
NUMBER OF EMPLOYEES

1 055

(**2018:** 1 026)

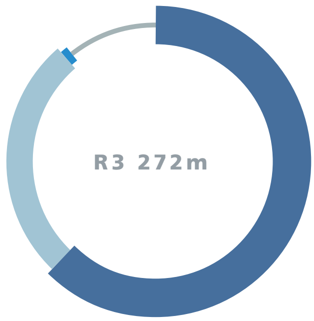
GROUP

REVENUE (%)



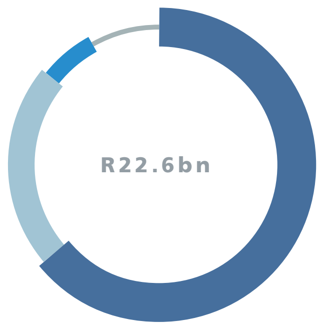
Equipment	47
Automotive	44
Logistics	9
Corporate	0

OPERATING PROFIT (%)



Equipment	78
Automotive	33
Logistics	1
Corporate	(12)

NET OPERATING ASSETS (%)



Equipment	64
Automotive	22
Logistics	6
Corporate	8

Strategy – Managing for value to deliver on our medium-term strategy

We revised our strategy three years ago after engaging with our shareholders to determine their concerns, expectations and priorities. We then asked ourselves a number of key questions:

1

What is the full potential of each business in the portfolio today in the context of the constraints of their existing markets?

2

Are there opportunities within each of our chosen business segments to further expand the group?

3

What else would we need to deliver on our growth for value ambitions?

OUR AMBITION IS BOLD

To sustainably double the intrinsic value of our business every four years, enabled by the managing for value operating model.

OUR VISION

To delight our customers and maximise shareholder value is grounded in the understanding that we must run a successful business that generates superior returns for our shareholders in order for us to create value for stakeholders and contribute meaningfully to the societies in which we operate.

OUR STRATEGY

Seeks to create value by balancing our long-term growth ambitions while focusing on achieving acceptable returns for our shareholders in the medium-term. This will continue to be underpinned by our sustainable development framework. In order to adapt to this new operating context and achieve our ambition, the group will drive the strategy by addressing three critical levers in the short- to medium-term:

1 FIX AND OPTIMISE OUR EXISTING PORTFOLIO

'Fix' means exiting certain businesses or taking action to achieve our return requirements within defined timelines. In terms of Equipment Iberia, we decided we would be better served redeploying the capital out of Iberia. Notwithstanding the challenges in the Logistics portfolio, we feel that the business has the potential to achieve its hurdle rates. Accordingly, we have exited some businesses in Logistics and are driving the underlying business to generate a return that would be above our cost of capital within two years.

'Optimise' applies mainly to our cyclical businesses. We want to ensure that as they go through the cycle, they don't dip below our hurdle rates. Maintaining these rates is not about drastic action, but rather, about ensuring the resilience and longevity of the businesses.

2 IMPLEMENT AN ACTIVE SHAREHOLDER OPERATING MODEL

We have also made a conscious effort to change the nature of the group to become an active shareholder by focusing on five key pillars:

STRATEGY AND M&A

Sets strategy for the group and drives deal decisions through a centralised M&A function

LEADERSHIP AND TALENT

Managed centrally and deployed to the best available opportunities in the group

PERFORMANCE MANAGEMENT

Monitor, measure and reward performance linked to group priorities

RESOURCE ALLOCATION

Allocation of financial, human, time and other organisational resources, based on performance and alignment to strategy

RESPONSIBLE CORPORATE

Conducting our business in a responsible manner that contributes to positive socio-economic and environmental outcomes that are aligned with our stakeholder expectations as well as governance

3 ADD HIGH GROWTH BUSINESSES TO OUR PORTFOLIO

Our key priority is transformative growth in line with our established set of guardrails, preferably in businesses that are counter-cyclical to the areas in which we already operate and in businesses that will provide us a platform from which to grow further. While our focus is primarily on emerging markets where we have the right competencies and the right experience, we are also considering leveraging our offshore ownership structures by capitalising on opportunities in developed markets.

Our vision will remain while these levers will change over time as we implement our strategy and adapt to a changing environment.

As this change occurs we continue to find the right levers to pull to ensure the ongoing creation of shared value for our stakeholders.

Our strategy

PURPOSE

Inspiring a world of difference, enabling growth and progress in society

VISION

To delight our customers and maximise shareholder value

AMBITION

Sustainably double the intrinsic value created every four years

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

Sustainable development

WHERE WE PLAY

GEOGRAPHY
A core presence in southern Africa, with operations in Africa, Russia and Europe

CUSTOMERS
A balanced portfolio, primarily consisting of business to business (B2B) customers

OFFERING
Industrial equipment, automotive, logistics and branded goods and services

HOW WE WIN

LEADERSHIP STYLE
Role-modelling customer centricity, living our values, ensuring accountability and One Barloworld

TALENT
Resilient talent management and diversity to drive excellence and winning behaviour

LEVERAGE OUR SCALE AND ASSETS
Superior capabilities and footprint with active portfolio management

DIFFERENTIATED RELATIONSHIPS
Deep relationships built on trust, service and delivery

LEADING BRANDS
Quality local and global brands that are leaders in their categories

RESPONSIBLE CORPORATE
Value delivery in a sustainable manner

STRATEGIC LEVERS

FIX AND OPTIMISE EXISTING BUSINESS PORTFOLIO TO GET FULL POTENTIAL

IMPLEMENT AN **ACTIVE SHAREHOLDER OPERATING MODEL**

ACQUISITIVE GROWTH – FOCUSED ON ADDING HIGH GROWTH BUSINESSES TO OUR PORTFOLIO

STRATEGIC LEVERS

FIX AND OPTIMISE EXISTING BUSINESS PORTFOLIO TO GET FULL POTENTIAL

IMPLEMENT AN **ACTIVE SHAREHOLDER OPERATING MODEL**

ACQUISITIVE GROWTH – FOCUSED ON ADDING HIGH GROWTH BUSINESSES TO OUR PORTFOLIO

MEDIUM-TERM GOALS AND ACHIEVEMENTS

FIX

- Equipment Iberia exit – Complete
- Logistics improvement and restructuring – Complete
- Logistics disposal of underperforming assets
  - Middle East – In Progress
  - Smartmatta – In Progress
  - KLL – Complete

OPTIMISE

- Equipment operational transformation
- Motor retail portfolio review
- Motor retail cost base reduction
- Avis Fleet – held for sale in 2019, JV structure
- Automotive restructure of car rental assets

Managing for value
Systematic allocation of capital, talent and time to highest value opportunities, while ensuring group alignment

Talent management
Mobilising and focusing talent on the most critical group issues

Portfolio rebalancing
Driving corporate strategy and mergers and acquisitions (M&A) to support value creation and profitable growth

Barloworld Business System
Execution capability based on a continuous improvement methodology

GROW

Inorganic, value-accretive growth in attractive markets identified through a set of clear guardrails, based on industry attractiveness and our ability to win, for existing, adjacent and new businesses

- Acquisition of Caterpillar dealership in Mongolia – In Progress
- Acquisitive growth opportunities – In Progress

Complete · In Progress

CAPITAL ALLOCATION

In the 2019 financial year Barloworld committed to capital release targets aimed at effective resource allocation, and optimal deployment of capital. We have continued to focus on efficient capital utilisation to enhance ROIC and economic profit.

The cash release of R2.5 billion from the sale of Equipment Iberia allows us to redeploy capital in alignment with the group's strategy. This is also part of our capital release programme that will see us build cash up to R8 billion over the next six to 12 months with focus on the following areas:

- Automotive Avis Fleet: R3.5 billion – R8 billion (six to 12 months)
- Equipment southern Africa: Rental: R2 billion
- Khula Sizwe: R2.2 billion.

Rbn	Status	Estimated capital release	Net debt reduction	Equity/ cash flow
Exit Equipment Iberia	Complete	2.5	0	2.5
Avis Fleet	In Progress	3.5	2.9	0.6
Equipment Rental fleet	In Progress	2.0	0.6	1.4
Khula Sizwe*	Complete	2.2	0	2.2
Total		**10.2**	**3.5**	**6.7**

* Cash inflow from the property sale

The Barloworld Business System (BBS)

RELEVANCE

The effective execution of our group strategy has necessitated the design and implementation of a repeatable and scalable high-performance business system to increase the competitive advantage of our portfolio of businesses and enable the achievement of our vision and ambition.

Accordingly, the BBS, which anchors its business excellence pillar on a methodology based on the lean principles of the Toyota Production System (TPS), was launched with the guidance and support of experienced consultants.

WHAT IS THE BBS?

The BBS is a structured business operating system that enables a high-performance culture of both continuous improvement and business excellence to delight our customers and sustainably create value for our stakeholders. Our purpose is to defy limits by delivering breakthrough performance and results for Barloworld and our stakeholders.

THE KEY PILLARS OF THE BBS PHILOSOPHY ARE:

- Respect for people, including society and the environment
- Continuous improvement.

THE KEY PRINCIPLES OF THE BBS:

- The **customer defines value**
- Value to customers must be **delivered on demand and right, first time**
- A new way to evaluate and improve existing processes, **removing waste and defects**
- It demands that we standardise and document '**today's best-known way**' of running a process
- Drives the ambition to **continuously improve** on a daily basis.
- **Mutual respect and shared responsibility** enable higher performance
- Individuals go through a deep personal learning experience by '**learning as we do**'
- It brings in **new ways of working** through innovation and embracing new business models
- Drives a change in **leadership style and culture** in the organisation.

THE BARLOWORLD BUSINESS SYSTEM

WHY IMPLEMENT THE BBS?

The benefits of implementing the BBS can be seen across a variety of areas, most importantly in:

- **People development:** Developing people who create value for stakeholders on a daily basis
- **Quality:** Striving to deliver the right solutions to customers free of defects or errors – first time
- **Delivery:** Deliver solutions to customer requirements timeously
- **Cost containment:** Through increased productivity and lowering our cost to serve
- **Growth:** Achieving top quartile growth in value through organic and inorganic opportunities.

OPPORTUNITIES

The BBS is a platform for developing servant leaders who are committed to embedding a culture of high-performance and innovation that is enabled through business excellence and digital-innovative ways of working. These new ways of working create opportunities to deliver tangible value for our customers, businesses, shareholders and employees, as we scale them out across the enterprise.

As we deploy business excellence to improve our processes, we develop our managers to become servant leaders who effectively enable our frontline employees to deliver successful customer outcomes. As the BBS matures, we expect to see all our people spending less time fire-fighting, and more time innovating and improving the business. As employees become more engaged, we anticipate that an environment of mutual respect and trust will develop.

Managing for Daily Improvement (MDI) is the BBS way of embedding and sustaining a culture of continuous improvement. By applying value stream analysis (VSA) that is executed through rapid improvement events (RIEs), we effect value stream improvements that deliver double-digit improvements in customer value metrics related to People Development, Quality, Delivery, Cost, and Growth (PQDCG). Value stream improvements incorporate the digital and innovation elements of human-centred design (HCD) and robotic process automation (RPA) to achieve the target state that enhances customer, user and employee experiences. In time, this will be enhanced through data driven insights and new capability led business models.

RISKS AND MITIGATING ACTIONS

The key risks to the BBS not gaining traction in the business are lack of leadership acceptance and having many misaligned initiatives and goals. We mitigate the risk of leaders not buying in through the following interventions:

- The BBS is sponsored by the group chief executive
- Designing and implementing a twelve-month Business Excellence Leadership Programme that includes training on principles, tools and techniques, as well as one-on-one coaching and learning-by-doing
- Introducing leader standard work and personal development plans aligned to key performance goals
- Implementing strategy deployment that drives translating our strategy into action by linking tactics on the frontline to the group strategic breakthrough objectives.

Our operating context

The context in which we operate our business, both now and in the future, is informed by global macro-economic as well as industry and geographic trends. Our strategy is a direct response to our operating context.

More specific operating context details, as well as our risks and opportunities, relevant to each division are outlined on pages 74 to 100. Our operating context also informs our material matters.

SOUTH AFRICA

Subdued growth and low consumer confidence on the back of political and macro-economic challenges.

BB+

On 26 July 2019, Fitch changed South Africa's long-term outlook to negative while re-affirming the BB+ rating, one notch below sub-investment grade. On 7 November 2019, Moody's affirmed Barloworld's long-term Global Scale Rating of Baa3, and long-term National Scale Ratings of Aa1.za (negative outlook).

The Medium-Term Budget is working on the assumption that all departments of government will cut their budget by 5% to 7% over the next three years. This will help government restore fiscal discipline.

In October 2019, Public Enterprises Minister Pravin Gordhan released a policy paper outlining plans to turn Eskom around. Among the positive indications are that the transmission unit will be separated out while remaining under the control of a state holding company, a move that will make it easier for private generators to supply the national grid.[1]

The appointment of an 18-member Economic Advisory Council by President Ramaphosa at the end of September 2019 offers medium-term opportunity, as does National Treasury's recently released growth plan. The plan presents the prospects of creating a more stable and predictable policy environment expected to stimulate investor confidence and job-rich growth.

Policy uncertainty around the fate of state-owned enterprises as well as the outcomes of National Health Insurance and the future of private medical schemes. According to the South African Chamber of Commerce, the business confidence index in August 2019 was at its lowest level since August 1985.

GLOBAL

The International Monetary Fund cut the global GDP growth forecast to its lower levels since the financial crisis, forecasting growth of just 3.3% from the previously estimated growth of 3.5% for 2019, due mainly to the impact of prolonged Brexit uncertainty.

While China, the world's second largest economy, has been impacted to some extent by the US-China trade war, the country is still driving demand for commodities like steel.

REST OF AFRICA

In sub-Saharan Africa, the IMF predicts GDP growth of 3.4% in 2019 and 3.6% in 2020, business confidence is low and demand for some commodities is declining.

In Angola the oil price is key to economic recovery. Currency devaluation and shortage of forex, including limited allocation of letters of credit as well as subdued economic activity, are impacting trading activities.[2]

Botswana is over-reliant on a single commodity - diamonds. Their cyclicality directly impacts economic performance.

The Democratic Republic of Congo (DRC) plans to increase mining royalties and implement 50% localisation policies, all of which result in an increased cost of trading.

Construction of a major Liquefied Natural Gas (LNG) project to monetise natural gas from the Rovuma Basin has commenced in Mozambique, creating significant opportunities.

29
Cu

In Zambia the new sales tax/Mining Charter was suspended, however uncertainty around the cost of doing business remains. High exposure to copper (single commodity) creates uncertainty.[3]

In February 2019, Zimbabwe abandoned the US dollar as its anchor currency and introduced the RTGS (real-time gross settlement) dollar which has been losing value rapidly since it was introduced.

With all the challenges, the long-term growth fundamentals remain, supported by favourable high population growth trends, including urbanisation and consumer spend growth.

[1] https://www.biznews.com/energy/2019/10/29/eskom-rescue-plan-monopoly?%40KCQIjW4JAYxEZ16t5kxdRQ%3D%3D
[2] https://www.reuters.com/article/us-angola-currency/angola-fx-market-overhaul-sees-kwanza-tumble-to-record-lows-idUSKBN1WX1Z9
https://www.export.gov/article?id=Angola-Market-Challenges
[3] https://home.kpmg/us/en/home/insights/2019/10/tnf-zambia-tax-measures-2020-budget.html
http://www.parliament.gov.zm/node/7934New Employment Code Act (ECA) expands housing and overtime benefits
https://www.willistowerswatson.com/en-ZA/Insights/2019/07/gnb-zambia-laws-expand-employee-benefits-and-health-insurance

RUSSIA

The economy is dependent on oil and has been impacted by subdued oil prices.

From 2014 to 2018, GDP grew by just 1.85% – or an annual average of 0.4%.

The impact of increased import duties on business performance is expected to stay unchanged.

Mining sector commodity outlook is expected to remain stable.

COMMODITIES

Oil is expected to remain flat, despite the short-term price spike following the drone strike in Saudi Arabia. Demand for thermal coal in South Africa will remain high due to Eskom's reliance on coal, but will decline in export markets. However, there is strong demand for coking coal on the back of growth in India and China.

Copper demand is expected to stay strong in the medium- to long-term, while the outlook for iron ore and manganese is positive, as is the longer-term demand outlook for diamonds. Our exposure to various commodities protects performance from cyclicality.

Global population growth to nine billion by 2050 should have a significant impact on commodities – this population will require cars, white goods, laptops, and smartphones, while expecting to live in increasingly technological urbanised areas with adequate infrastructure.

TRANSPARENCY

In the light of past corporate global failures, stakeholders are demanding greater levels of transparency.

SOCIAL AND ENVIRONMENTAL CHALLENGES

Localisation – emphasis on employing and procuring locally continues to be important.

Increasing demand for greater social equity.

Millennials' focus on work/life balance.

Technology threatens job security as certain skills become redundant.

Climate change and pressure for greater levels of environmental responsibility in terms of greenhouse gas emissions, the circular economy, reducing waste and water usage, continue to gather momentum and are high on the agenda of the United Nations, governments and boardrooms across the world.

Escalating demand for renewable energy.

UN Secretary-General António Guterres has said that we are on track for the period from 2015 to 2019 to be the five hottest years on record. He has been quoted as saying: 'If we do not take action on climate change now, these extreme weather events are just the tip of the iceberg.' Recognising that accelerating climate change poses a risk to our stakeholders, we conduct specific climate change-related assessments to determine the potential impact across our value chain and to identify the most appropriate mitigating actions.

TECHNOLOGICAL INNOVATION AND DIGITISATION

The Fourth Industrial Revolution encompasses technologies such as artificial intelligence (AI), nanotechnology, quantum computing, synthetic biology and robotics.

These technologies are blurring the lines between the physical, digital and biological spheres across all sectors, ushering in profound changes to the world of business.

Managing the six capitals to deliver value

Our ability to deliver value and drive business performance rests on our ability to leverage and balance the six capitals.

We have a proven track record of long-term relationships with global principals and customers and of developing and growing businesses in multiple geographies, including challenging territories with high growth prospects. In addition, one of our core competencies is an ability to leverage systems and best practices across our chosen business segments.

Deploying the BBS will further enhance group capabilities to deliver value to stakeholders.

Our actions are underpinned by our values: Integrity, Excellence, Teamwork, Commitment and Sustainability.

OPERATING CONTEXT IMPACTING OUR BUSINESS MODEL

- GLOBAL ECONOMIC ENVIRONMENT
- SOCIAL AND ENVIRONMENTAL CHALLENGES
- TECHNOLOGICAL INNOVATION AND DIGITISATION
- TRANSPARENCY
- COMMODITIES

Refer to our operating context on pages 16 to 17

INPUTS

FINANCIAL CAPITAL

We balance an appropriate mix of debt and equity funding to meet our working capital needs and growth ambitions.

R4.6 billion in debt

R23.6 billion in equity

HUMAN CAPITAL

Our 14 892 skilled and diverse people enable us to serve our customers and compete effectively in our chosen markets.

MANUFACTURED CAPITAL

Our extensive assets, spread across a wide geographic footprint.

SOCIAL AND RELATIONSHIP CAPITAL

We maintain strong relationships with our principals, suppliers, customers, employees, investors and communities.

NATURAL CAPITAL

We depend on certain natural resources such as water, fossil fuels and other natural assets both directly within our operations and indirectly via our value chain. We are cognisant of the impact our activities, products and services may have on the environment. Our approach and systems enable us to monitor, manage and appropriately minimise such negative impacts.

INTELLECTUAL CAPITAL

Our unique way of doing business has been built up over 117 years and includes the Barloworld Business System, our Values, our Worldwide Code of Conduct, and our governance frameworks and processes.

STRATEGIC OBJECTIVES

DELIVER TOP QUARTILE SHAREHOLDER RETURNS

DRIVE PROFITABLE GROWTH

INSTIL A HIGH-PERFORMANCE CULTURE

SUSTAINABLE DEVELOPMENT

MATERIAL ISSUES AND KEY RISKS

We manage the below risks while delivering on our strategic objective:

KEY RISKS

- Acquisition underperformance
- Competitor action
- Climate and environmental
- Currency and liquidity volatility
- Defined benefit scheme exposure
- Information security risks and digital disruption
- Occupational health and safety risks
- Political risks, sanctions, terrorism and crime
- Principals and suppliers
- Regulatory environment
- Significant customers and channels to market
- Talent
- Volatile commodity prices

MATERIAL ISSUES

- Strategy alignment
- Environmental, social and governance issues
- Changing channels to market
- US trade tensions with other countries
- Macro-economic challenges and geopolitical tensions
- Corporate strategic actions and return management
- Relevant skills and leadership competencies
- Political and regulatory environment.
- Efficient IT systems and support structures
- Ditgitisation as an enabler to business optimisation

OUTPUTS

We deliver flexible, value adding innovative customer solutions and services through:

CORPORATE CENTRE

- Group level strategy and mergers and acquisitions activities
- Performance monitoring and capital allocation
- Talent management.

EQUIPMENT

- Earthmoving: mining and infrastructure
- Power Systems: electrical power, marine, petroleum and industrial.

AUTOMOTIVE AND LOGISTICS

- Short-term vehicle usage
- Long-term vehicle leasing and fleet management solutions and products
- Motor trading
- Asset disposal through online platforms
- Supply chain solutions
- Transport solutions.

OUTCOMES

Human capital

Intellectual capital

Financial capital

Manufactured capital

Social and relationship capital

Natural capital

Outcomes are described on pages 20 to 25

Human capital

Given that we can only achieve our growth objectives through our people, we foster a culture of diversity, inclusion, ongoing development and growth to instil high-performance.

1 INPUTS

- Talent management including workforce planning, recruitment and selection.
- Learning and development including leadership development.
- Performance optimisation.
- Succession planning.
- Competitive pay, benefits and incentives.
- Safe and enabling work environment.

2 OUTPUTS

	2019	2018	2017
Amount paid in wages and benefits (Rm)	**9 137**	8 746	8 902
Lost-time injury frequency rate (LTIFR)*	**0.58**	0.70	0.77
Number of work-related fatalities	**1**	2	3
Total direct training spend per employee (R)	**6 980**	4 171	6 472

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000)/hours worked

3 OUTCOMES

	2019	2018
Number of employees in young talent pipeline programmes	**1 254**	1 754
Number of employees in management and leadership development programmes	**828**	928
Number of employees receiving tertiary education support	**176**	217

- Improved employer brand recognition through 2019 LinkedIn Talent Awards. Barloworld was a Rising Star Finalist brand
- Improved technical capability and capacity through our skills development programmes
- Progress towards creating a more diverse and inclusive workforce and culture
- Improved leadership capability and succession bench strength
- Improved top talent retention and engagement levels
- Improved employee performance.

4 TRADE-OFFS IN OUR USE OF HUMAN CAPITAL

Our investment in training and development impacts on *financial capital*, but has significant benefit in terms of *human, social and relationship capital* and enables us to have to the people capabilities required to deliver the business strategy.

Intellectual capital

Our intellectual capital value proposition encompasses our unique way of doing things, including the Barloworld Business System (BBS), our Worldwide Code of Conduct and our Code of Ethics, together with our governance framework and processes.

Our values include Integrity, Excellence, Teamwork, Commitment and Sustainability and are integral to upholding our reputation, built up over more than 117 years.

1 INPUTS

- Active shareholder operating model.
- New corporate strategy launched in 2017.
- BBS implementation.
- Worldwide code of conduct reviewed, focus on value and entrench one Barloworld approach.
- Group ethics function brought in-house.

2 OUTPUTS

- Talent focused on the most critical group issues
- Managing for intrinsic value approach fully adopted
- Implementation of the BBS at Equipment SnA which has flowed directly from the group strategy
- Ethics compliant policies aligned for consistencies
- Investment in an active corporate centre
- Strategic shift from a decentralised structure to a centre led corporate structure to leverage group-wide resources and unlock value through One Barloworld.

3 OUTCOMES

- The BBS driving business transformation with measurable results – Equipment SnA reduced working capital during the period
- Relocation of specific skills from underlying divisions, recruited key talent externally
- Digital strategies have enhanced employee and customer satisfaction levels
- Motor retail portfolio review, Logistics restructuring creating a base for future growth
- Improved oversight over group ethics matters
- Centres of excellence created in strategy, mergers and acquisitions, human capital and corporate affairs providing group-wide strategic direction and facilitates collaboration.

4 TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL

We will not compromise the values inherent in our *intellectual capital*.

By upholding these values, we enhance our *natural, human, manufactured, social and relationship capitals*.

Financial capital

We continue to prioritise a strong balance sheet and low debt levels in order to allocate capital in a manner that will derive the most value and achieve our ambition of sustainably doubling our intrinsic value every four years.

ROIC, EP and ROE declined during the year. We remain committed to deploying this capital towards targeted growth opportunities that will create value for our shareholders or, should these opportunities not materialise, a share buyback will be considered should our share price be below our view of the group's intrinsic value.

1 INPUTS

Market capitalisation of R24.4 billion as at 30 September 2019.

Unutilised borrowing facilities of R10.5 billion of which R7.1 billion is committed.

3 OUTCOMES

- Increased shareholder value and attention
- Alignment of metrics is unlocking future growth
- Free cash flow of R3.1 billion
- Ordinary dividend
- Special dividend
- Other investments
  - Khula Sizwe
  - Mbewu.

2 OUTPUTS

GROUP	2019	2018	2017
Economic Profit (Rm)	**(323)**	(48)	(286)
Operating margin (%)	**5.8**	6.3	6.6
Normalised HEPS* (cents)	**1 167**	1 151	883
ROIC* (%)	**11.9**	12.3	9.3
Free cash generated during the period* (Rbn)	**3.1**	3.6	3.4
ROE* (%)	**10.1**	11.4	10.5
EQUIPMENT SnA			
Economic Profit (Rm)	**(75)**	23	55
ROIC (%)	**12.5**	12.7	12.8
EQUIPMENT RUSSIA			
Economic Profit (Rm)	**136**	237	162
ROIC (%)	**17.7**	20.6~	18.4
AUTOMOTIVE			
Economic Profit (Rm)	**–**	(5)	81
ROIC (%)	**13.2**	12.4	13.1
LOGISTICS			
Economic Profit (Rm)	**(195)**	(73)	(238)
ROIC (%)	**0.4**	8.7	2.5

4 TRADE-OFFS IN OUR USE OF FINANCIAL CAPITAL

We leverage *financial capital* to maintain our leading competitive market position, supported by strong brand offerings and stable long-term relationships with our principal suppliers, together with a diversified product mix and resilient business model.

This has both positive impacts on *human, intellectual, and social and relationship capital* – but can also have negative impacts on *human capital*, as with our decision to close KLL.

* From continuing operations including Avis Fleet
~ In terms of United States dollar

Manufactured capital

We continue to invest in and grow our assets to enhance financial, human and social capitals.

1 INPUTS

We represent leading international brands.

Remanufacturing centres in Boksburg, South Africa and Novosibirsk, Russia, specialise in the rebuilding and repair of Caterpillar components.

'Fewer, bigger and better' strategy.

Digital transformation for improved performance.

Application platform connectivity.

Systems and platforms bespoke to Barloworld.

2 OUTPUTS

- Real-time tracking, mobile operation sales and data monitoring
- Key matrix tracking and visualisation
- Customer, machine, service data and information
- After-market sales that contributes to performance
- Salvage Management and Disposal is cash generative and asset light – generates an attractive ROIC.

3 OUTCOMES

- **Motor Retail:** Benefit from alignment of cost structures, non-profitable dealerships and rationalisation of properties
- **Car Rental:** Focused balance sheet management and restructure of assets
- **Logistics:** Improvement and restructuring, merge of Automotive and Logistics
- **Equipment:** World-class rebuild and remanufacturing facilities help our customers achieve optimum component life and reliability, while reducing environmental impacts
- Digital disruption offerings across all businesses position us well for the future and increase our competitive advantage
- Improved customer experience.

4 TRADE-OFFS IN OUR USE OF MANUFACTURED CAPITAL

There is a possibility that our investment in manufactured capital could negatively impact our investment in *human, social* and *relationship* capital.

Social and relationship capital

Our social and relationship capital is based on our strong relationships with our principals, suppliers, customers, employees, investors and communities. In addition to the value we create through our core business activities, we undertake targeted community as well as enterprise and supplier development initiatives.

The latter are driven through our Siyakhula programme, established in 2007, which provides comprehensive support to small, medium and micro-enterprises (SMMEs).

1 INPUTS

Through Siyakhula, investing cumulative spend of R300 million since 2007.

Investment of R19 million (2018: R16 million) in social investment programmes.

Khula Sizwe, B-BBEE commercial property transaction.

Barloworld Mbewu.

Zambia programme.

Youth Employment Services programme.

2 OUTPUTS

	2019	2018	2017
Number of employee volunteers	**313**	600	600
B-BBEE level	**3**	3	3
Taxes paid to central and local government	**1 834**	2 078	1 332

3 OUTCOMES

- Making a world of difference in communities
- Khula Sizwe
  - Enhanced Barloworld licence to operate, improved Barloworld black ownership for Broad-Based black Economic Empowerment (B-BBEE), leave a lasting social and economic legacy by creating a large, black-owned and managed property company
- The launch of Barloworld Mbewu has created a new model for social value
- 74 youth employment service candidates are learning skills and gaining exposure to the workplace.

4 TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL

The sale of properties to Khula Sizwe released cash flow for future capital deployment, thereby impacting *financial capital* and is helping to build considerable *social and relationship capital*.

Natural capital

1 INPUTS

	2019	2018	2017
Non-renewable energy consumption (GJ)[#]	**2 829 289**	2 922 370	3 060 499
Non- renewable energy[#] intensity (GJ/R1 million revenue)	**49.8**	48.6	52.4
Water withdrawn (municipal sources) (ML)	**656**	580	663
Water withdrawal intensity (municipal sources) (KL/R1 million revenue)	**11.5**	9.7	11.4

2 OUTPUTS

	2019	2018	2017
Scope 1 emissions: Diesel (tCO_2e)	**164 973**	170 218	176 054
Scope 1 emissions: Petrol (tCO_2e)	**15 328**	15 045	17 707
Scope 1 emissions: Other (CNG, LPG) (tCO_2e)	**52**	63	49
Scope 2 emissions: Grid electricity (tCO_2e)	**63 125**	69 777	74 130
Total scope 1 and 2 emissions (tCO_2e)	**243 478**	255 103	267 940
Emissions (Scope 1 and 2) intensity (tCO_2e/R1 million revenue)	**4.3**	4.2	4.6
Scope 3 emissions: Business air travel (tCO_2e)	**8 493**	5 535	6 549
Scope 3 emissions: Car rental Avis Budget (South Africa) (tCO_2e)	**105 455**	109 540	113 689
Percentage water recycled (%)	**24.1**	25.6	25.2
Waste disposed of through formal waste management service providers (%):			
○ Solids	**99.9**	98.9	96.9
○ Liquids	**100**	100	99.5

Environmental stewardship covers both our internal operations and our products and services. Internal aspirational targets assist in minimising our impact on natural resources, enhancing operational resilience against supply constraints and cost increases.

We largely represent Original Equipment Manufacturers (OEMs) and remain mindful of environmental stewardship in ensuring that the products we represent and our customer solutions assist them in achieving their own sustainability targets.

3 OUTCOMES

Enhanced operational resilience, reduced related costs and environmental footprint

Our product and service offerings assist our customers to achieve their own sustainability related objectives, including renewable energy solutions, energy efficient vehicles, plant and equipment, inter-modal transport models

Enhanced reputation through global recognition. The group is included on:

- Dow Jones Sustainability Emerging Markets Index (DJSI)
- FTSE/JSE Responsible Investment Index
- FTSE4Good Index Series.

4 TRADE-OFFS IN OUR USE OF NATURAL CAPITAL

Our business activities, products and services utilise and impact *natural capital* e.g. fossil fuels and related emissions. However, these positively impact on *human, social and relationship, and financial capitals,* through employment, transport and infrastructure development, contribution to the national fiscus through taxes and levies, and financial returns.

Investment in initiatives that conserve *natural capital* require *financial capital*. These initiatives enhance *human, social and relationship, intellectual and financial capitals*. For example, to reduce fossil fuel use and related emissions, and we invest in solar power generation and other energy efficiency initiatives (including measurement, monitoring and management systems, green building design, investment into remanufacturing and rebuild facilities).

[#] Excludes energy from rental fleets

Key Performance Indicators

Human capital

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Safety	Number of work-related fatalities Lost-time injury frequency rate (LTIFR)*	Zero ≤ 0.5	1 (regrettably) 0.58
Khula Sizwe B-BBEE implementation	Share offer subscription (Rm)	R120 million	R163 million (over-subscribed)
Group human capital operating model	Active shareholder aligned human capital operating model defined	One BAW human capital operating model defined by 30 September 2019	Achieved. Progress made in line with the human capital BBS value stream project plan
Group human capital technology and digital solutions	Percentage adoption of online talent and performance platform	90% – 100%	100% of senior management employees using Winning Arena for talent and performance optimisation
	Approval of long-term human capital system business case	Business case approved by 30 September 2019	Achieved. Group-wide human capital system business case approved
Instil a high-performance culture	Percentage employees completing One Barloworld scorecards and performance reviews	90% – 100%	90% – 100% had scorecards and completed reviews as required
Improve management of top talent	Group-wide senior management (Grade 15 and above) talent mobility (strategic, critical and scarce roles)	Year-on-year talent mobility improvement	34 senior management employees moved into strategic, critical and scarce roles
	Employer brand recognition	Employer brand recognition awards	Barloworld recognised as one of TOP 3 Rising Star Employer brands at 2019 LinkedIn talent awards Group executive: human capital, transformation & internal audit: Tantaswa Fubu, was nominated amongst other top human resources (HR) leaders in South Africa's Chief Human Resources Officer (CHRO) awards.
Strengthen succession bench	Percentage of strategic, critical and scarce roles (Senior management) with identified successor	70% – 85%	Successors identified for 84% of strategic, critical and scarce roles at senior management level (Grade 15 and above)
		Development plans in place for all potential successors	81% of potential successors had development plans in place
Group wellness programme	Employee wellness programme engagement rate	>10%	14.1%

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000)/hours worked

Human capital (continued)

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Leadership brand	One Barloworld Leadership Competency Framework (LCF) designed and integrated into talent and development practices	LCF design completed and approved	LCF design completed and LCF assessments completed for all senior management employees
	Differentiated and BBS-aligned learning and development initiatives implemented		Roll out of BBS-aligned leadership development to commence in Q1 of new financial year

Intellectual capital

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Barloworld Business System	Divisional implementation and improved performance in South Africa	Reduce turnaround times	Turnaround time for a 785 Planned Component Replacement reduced by 70% or 45 days
		Increase sales and reduce inventory	Slow moving and obsolete stock RIE has released R79 million
			40 new potential customers discovered in the Customer Retention RIE

Financial capital

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Return on equity	Shareholder returns and optimal capital structure	Greater than 15%	10.1%
Normalised HEPS	Operational performance		1 167*
Gearing**	Debt levels	40% – 60%	4.5%
Return on invested capital	Capital allocation	Greater than 13%	11.9%
Economic profit (EP)	Value creation	Positive delta EP	(323)
Free cash flow	Cash generation	Greater than 50% of EBITDA	3.1 billion (47.8%)
Dividends per share	Dividends per share	2.5 – 3 times cover	462 cents Special dividend 228 cents

* Continuing operations including Avis Fleet
** Net debt/equity

Manufactured capital

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Brand representation	Number of brands	In line with strategy	34 brands
Operational footprint	Emerging markets and contiguous	Scale Managing overheads	16 countries

Social and relationship capital

MATERIAL ASPECT	KPI	TARGET	2019 ACTUAL
Corporate social investment	Investment relative to NPAT	1% NPAT	1.2% NPAT
Barloworld Mbewu	Onboarding of social entrepreneurs	30	30
Khula Sizwe	Refer to page 62 to 63		

Natural capital

MATERIAL ASPECT	KPI	2020 ASPIRATIONAL TARGET(2015 BASELINE)	2019 ACTUAL
Energy (non-renewable and renewable)	Non-renewable energy* intensity (GJ/R1 million revenue)	Efficiency improvement of 10% (45.6)	83% behind target (Actual: 49.8)
	Renewable energy (MWh)	Renewable energy consumption of ≥2 000 MWh per annum	70% behind target (Actual: 598MWh)
Greenhouse gas (GHG) emissions (Scope 1 and 2)	GHG emissions intensity (tCO_2e/R1 million revenue)	Efficiency improvement of 10% (4.0)	61% behind target (Actual: 4.3)
Water stewardship	Water withdrawal (municipal sources) intensity (KL/R1 million revenue)	Efficiency improvement of 10% (11.2)	29% behind target (Actual: 11.5)
Waste (including lifecycle responsibility)	Percentage waste disposed through formal waste management service providers (%)	100% of solid and liquid waste disposed through formal waste management service providers by 2020	Solids 0.1% behind target (Actual: 99.9%) Liquids: Achieved Target (Actual: 100%)

*Excludes energy from rental fleet

Paying tribute to our chairman

ADVOCATE DUMISA BUHLE NTSEBEZA SC
CHAIRMAN

His reputation was such that in the mid-2000s he was appointed by the UN Secretary General at the time, Kofi Annan, to be one of five commissioners to investigate reports of violations of international human rights and humanitarian law in Darfur, Sudan.

As a young man, he refused to bow to the injustices of the apartheid regime and was detained for five years – from 1976 to 1981. He went on to become a member of the Judicial Services Commission, head of Advocates for Transformation, head of the Truth and Reconciliation's investigative unit and, in 2005, the first black advocate at the Cape Bar. He has also sat as a judge in the Western Cape, Eastern Cape (Mthatha) and Gauteng, as well as in all the labour courts. In 2017, he was appointed Chancellor of the University of Fort Hare.

Throughout his tenure in all these prestigious positions, he has always continued to step up to ensure justice is within the grasp of ordinary people – serving as counsel for the families of victims at the Marikana Commission of Inquiry.

Since his appointment as chairman of Barloworld in 2007, Advocate Dumisa Ntsebeza SC, has continued to promote the interests of justice and equity. He made it his personal mission to drive transformation at all levels and shape the group into a values-driven organisation underpinned by integrity and honesty.

As we say goodbye to him in February 2020, we shall miss his unshakeable courage in always standing up for what is right. We shall also miss his humility and his compassion. His wise counsel, pragmatism and sharp insights over the years have made a World of Difference to all of us.

Board of directors

DOMINIC MALENTSHA SEWELA
GROUP CHIEF EXECUTIVE

Qualifications: BScEng
Nationality: South African
Age: 54

Dominic rejoined Barloworld in 2007 as chief executive officer of the Equipment division South Africa. In 2014 he was promoted to chief operating officer of Barloworld Equipment southern Africa and thereafter chief executive officer of Barloworld Equipment southern Africa. He joined the board on 19 March 2014 and was subsequently appointed deputy chief executive effective 1 March 2016. From 1 October 2016, Dominic became the chief executive designate of Barloworld. Prior to joining Barloworld, Dominic was deputy managing director of Afgri Limited. On 8 February 2017 Dominic was appointed group chief executive of Barloworld Ltd.

ADVOCATE DUMISA BUHLE NTSEBEZA SC
CHAIRMAN

Qualifications: BA, BProc, LLB, LLM (International Law)
Nationality: South African
Age: 70

Dumisa was appointed to the Barloworld board in May 1999. He is an advocate of the High Court of South Africa and a member of the Johannesburg Bar. In 2005 he was conferred the status of Silk – the first black advocate in the history of the Cape Bar to receive this recognition. He served as a commissioner on the Truth and Reconciliation Commission, and from time to time has also served as an acting judge in the High Court of South Africa. In January 2017, Dumisa was appointed chancellor of the University of Fort Hare.

NGOZI FRANCES OLUWATOYIN EDOZIEN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BSocSci, MBA
Nationality: Nigerian, American
Age: 54

Ngozi was appointed to the Barloworld board in March 2014. She has had investment banking experience at JP Morgan Inc New York and is currently the chief executive officer and managing director of InVivo Partners Limited and a non-executive director of Stanbic IBTC Plc and Guinness Nigeria Plc (Diageo). Ngozi has held previous positions as: chief executive officer of Actis West Africa; Founding chief executive officer of Equity Vehicle for Health in Africa (EVHA); Vice president Strategic Planning & Business Development and regional director, Anglophone East, West and Central Africa at Pfizer Inc; and associate partner Mckinsey & Company. She is a member of the Young President's Organisation, African Leadership Network Advisory Council and Institute of Directors Nigeria (IOD), among other professional organisations.

NOPASIKA LILA
GROUP FINANCE DIRECTOR

Qualifications: BCom (Hons), CA(SA), BCom Accounting Science, Post Graduate Certificate in Corporate Governance, Woman in Insurance Management Development Programme, Higher Certificate in Financial Markets and Instruments
Nationality: South African
Age: 50

Nopasika Lila was appointed as the group finance director of Barloworld Limited with effect from 1 August 2019. She previously served as the CEO and principal officer preceded by being the CFO of the Eskom Pension and Provident Fund. She is a chartered accountant with more than 20 years of experience in finance, corporate governance and the financial industry. She possesses advanced proficiencies in Funds Administration, Corporate Governance and Compliance Management, with demonstrated skills in leading major funds sustainably with astute control over risk management, reputation and stakeholder relations. She previously served on various boards both listed and unlisted, namely enX Group Limited, Nampak Limited and Basil Read and chaired some of the Audit Committees.

NEO PHAKAMA DONGWANA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCom, Postgraduate Diploma in Accounting, BCom (Hons) in Financial Analysis and Portfolio Management, CA(SA), MCom
Nationality: South African
Age: 47

Neo was appointed to the Barloworld board in May 2012. After qualifying as a CA(SA), Neo worked as an equity analyst at Gensec Asset Management. She currently serves as a non-executive director of Mpact Limited and Nedbank Limited. Prior to these appointments, she was an audit partner at Deloitte for almost ten years. Neo is also a member of the Financial Sector Conduct Authority (FSCA) Tribunal. Neo is passionate about the growth and transformation of the chartered accountancy profession and in particular the development of women CAs. She is a committed member of the African Women Chartered Accountants (AWCA) and until recently served as a director of its investment arm.

HESTER HICKEY
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCompt (Hons), CA(SA)
Nationality: South African
Age: 65

Hester was appointed to the Barloworld board in April 2017. She has held a number of positions including that of lecturer at the University of Witwatersrand and partner at Ernest & Young. Hester previously served as the chairperson of SAICA and has worked for a number of listed companies including AngloGold Ashanti Limited where she held the position of internal audit manager and finally head of Risk. She is a non-executive director of Pan African Resources plc, Cashbuild Limited and Northam Platinum Limited.

MICHAEL LYNCH-BELL
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BA (Hons), Fellow of the Institute of Chartered Accountants in England and Wales (FCA ICAEW)
Nationality: British
Age: 66

Michael was appointed to the Barloworld board in April 2017. His early Ernst & Young career was focused on auditing clients within the oil and gas sectors. He later added mining to his portfolio. Michael led Ernst & Young's UK IPO and Global Natural Resources transaction teams in the Transaction Advisory practice. He has been involved with the CIS since 1991 and has advised many CIS companies on fundraising, re-organisation, transactions, corporate governance and IPOs. Michael is a former chair of the bureau and current member of UNECE's Expert Group on Resource Classification and a non-executive director of Gem Diamonds, Lenta and Kaz Minerals.

HUGH MOLOTSI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BScComp, MScComp
Nationality: South African
Age: 53

Hugh was appointed to the Barloworld board on 1 February 2019. He began his early career at Hewlett Packard in the US, as a software engineer and then moved on to spend 22 years at Intuit, a financial software and services firm based in the US where he remained until 2015. Here he became an engineering fellow and vice president leading the Intuit Labs Incubator. Hugh is the CEO and founder of Ujama, a platform to help parents meet other parents so they can help each other with their children. Hugh serves on numerous boards in the US, including the Miller Centre for Social Entrepreneurship, Africa Diaspora Network, Linqto and All Star Code.

SANGO SIVIWE NTSALUBA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCom, BCompt (Hons), HDip Tax Law, CA(SA), MCom
Nationality: South African
Age: 59

Sango was appointed to the Barloworld board in July 2008. He is a founding member and chairman of NMT Capital and founding member of SizweNtsalubaGobodo, one of South Africa's leading auditing and accounting firms. Sango serves on various boards including the National Housing Finance Corporation, Pioneer Food Group Limited and Kumba Iron Ore Limited.

NEO MOKHESI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCom, AMP
Nationality: South African
Age: 58

Neo was appointed to the Barloworld board on 1 February 2019. She has over 25 years' experience in marketing, corporate affairs, business development finance, strategy and corporate governance.
Neo held a number of positions at the Industrial Development Corporation including as the executive responsible for market development into rest of Africa, as well as executive and chairman of the innovation department unit. She currently serves on the boards of Clover Industries, WDB Investment Holdings, Tsebo Solution Group and Mozal.

NOMAVUSO PATIENCE MNXASANA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCompt (Hons), CA(SA)
Nationality: South African
Age: 63

Nomavuso was appointed to the Barloworld board in October 2017. She was a senior partner and member of the executive committee of SizweNtsaluba VSP before serving as group audit and risk executive at Imperial Holdings Limited. She is a former director of Nedbank Group and the JSE and currently holds directorships at Arcelor Mittal SA Limited and Industrial Development Corporation of South Africa Limited.

PETER SCHMID
INDEPENDENT NON-EXECUTIVE DIRECTOR

Qualifications: BCom (Hons), CA(SA)
Nationality: South African
Age: 57

Peter was appointed to the Barloworld board in April 2017. Until recently, Peter was global head of Private Equity at ACTIS and he was responsible for the Global PE business. He spent 11 years in Ethos Private Equity as a partner where he led and originated many buyouts across southern Africa. Peter has served on numerous boards across emerging markets, including Alexander Forbes. Peter joined Investec Asset Management as 'Head of Alternatives' with effect from 1 October 2018.

Executive committee

DOMINIC MALENTSHA SEWELA
GROUP CHIEF EXECUTIVE

Qualifications: BScEng
Nationality: South African
Age: 54

Dominic rejoined Barloworld in 2007 as chief executive officer of the Equipment division South Africa. In 2014 he was promoted to chief operating officer of Barloworld Equipment southern Africa and thereafter chief executive officer of Barloworld Equipment southern Africa. He joined the board on 19 March 2014 and was subsequently appointed deputy chief executive effective 1 March 2016. From 1 October 2016, Dominic became the chief executive designate of Barloworld. Prior to joining Barloworld, Dominic was deputy managing director of Afgri Limited. On 8 February 2017 Dominic was appointed group chief executive of Barloworld Ltd.

NOPASIKA LILA
GROUP FINANCE DIRECTOR

Qualifications: BCom (Hons), CA(SA), BCom Accounting Science, Post Graduate Certificate in Corporate Governance, Woman in Insurance Management Development Programme, Higher Certificate in Financial Markets and Instruments
Nationality: South African
Age: 50

Nopasika Lila was appointed as the group finance director of Barloworld Limited with effect from 1 August 2019. She previously served as the CEO and principal officer preceded by being the CFO of the Eskom Pension and Provident Fund. She is a chartered accountant with more than 20 years of experience in finance, corporate governance and the financial industry. She possesses advanced proficiencies in Funds Administration, Corporate Governance and Compliance Management, with demonstrated skills in leading major funds sustainably with astute control over risk management, reputation and stakeholder relations. She previously served on various boards both listed and unlisted, namely enX Group Limited, Nampak Limited and Basil Read and chaired some of the Audit Committees.

TANTASWA FUBU
GROUP EXECUTIVE: HUMAN CAPITAL, TRANSFORMATION & INTERNAL AUDIT

Qualifications: BCom (Hons), CA(SA) BAdmin (Hons)
Nationality: South African
Age: 47

Tantaswa has worked for KPMG SA as executive head for people (HR) & transformation, and served as a member of the executive committee. She served as a board member for Barloworld Equipment southern Africa, Barloworld Logistics Africa, Barloworld Siyakhula and Barloworld SA Limited. In addition to this, Tantaswa has previously worked for Standard Bank and Nkonki Inc. She also served as a non-executive director for numerous boards and previously served on the Public Investment Corporation (PIC) board as a non-executive director and chairperson for the Audit & Risk Committee.

EMMY LEEKA
CEO: EQUIPMENT SOUTHERN AFRICA

Qualifications: BscEng, Postgraduate Diploma in Business Administration
Nationality: South African
Age: 49

Emmy has held the position of CEO for Barloworld Equipment South Africa since 1 October 2012, which equates to 60% of the southern African business. His career stretches over various commodities and disciplines in the industry. Emmy was previously the CEO of Hernic Ferrochrome, having previously held senior executive roles at Anglo American and BHP Billiton.

QUINTON MCGEER
CEO: BARLOWORLD EQUIPMENT RUSSIA AND BARLOWORLD UK

Qualifications: BCom (Hons), CA(SA)
Nationality: South African
Age: 55

Quinton joined Barloworld Automotive in August 1992 as financial manager in Motor Retail. In 2003 he was appointed as financial director of Barloworld Equipment's International operations based in London, United Kingdom. In May 2008 he was appointed as deputy general director of Barloworld Equipment's Russian operations and in October 2012 was appointed as general director for Barloworld Equipment's Russian business. In October 2016 he became CEO for Barloworld's Iberian business. In June 2018 the Iberian business was sold and Quinton relocated to the UK where he was appointed CEO of Barloworld Equipment Russia based in London. In January 2019 he was appointed as a director of Barloworld Holdings Limited.

CHARL GROENEWALD
GROUP EXECUTIVE: BARLOWORLD LOGISTICS

Qualifications: BCom (Hons), CA(SA)
Nationality: South African
Age: 49

Charl started his career at Barloworld Equipment South Africa in 1995 in various financial roles including operations, shared services and head office. He was appointed as assistant general manager in July 2003. In January 2008 he was appointed as operations director and in April 2015 as an executive for Barloworld Equipment southern Africa. Charl was appointed as chief executive: Barloworld Logistics with effect from 1 June 2019.

KAMOGELO MMUTLANA

CEO: AUTOMOTIVE AND LOGISTICS

Qualifications: BTech; MAP
Nationality: South African
Age: 45

Kamogelo is a qualified industrial engineer with 23 years of senior business executive experience in operations and management in varied sectors including logistics, industrial, automotive, food services, hospitality, rail and post service, 20 years of which were in senior and executive management roles with blue chip companies. In his role as CEO, Kamogelo is responsible for driving further growth, in line with our group-wide growth ambitions, in the merged Automotive and Logistics business.

GUGU SEPAMLA

GROUP EXECUTIVE: CORPORATE AFFAIRS & GOVERNANCE

Qualifications: Double Masters in Positive Leadership and Strategy, MAP, Post graduate diploma in Public Policy, Certificate in Policy Mapping, Degree in Leadership
Nationality: South African
Age: 48

A journalist by training, Gugu was previously a senior advisor at Boston Consulting Group (BCG). She has held a number of positions in strategy and public affairs: She was managing director for Public Policy and Strategy at Barclays Africa, headed up Strategy & Emerging Markets at Ernst & Young and was a member of the executive committee at EY Africa. She was also previously group corporate affairs director at the Public Investment Corporation, (PIC). She has a solid technical background with a strong interest in business process re-engineering, strategy, operating models, and planning. Appointed 1 October 2018.

DONALD GERT WILSON

ACTING CHIEF FINANCIAL OFFICER UNTIL 1 AUGUST 2019 (SUCCEEDED BY NOPASIKA LILA)

Qualifications: BCom (Hons), CTA, CA(SA)

Nationality: South African
Age: 62

Donald rejoined Barloworld as finance director in 2006 and was appointed to the Barloworld board in September 2006. Previously he was executive director – Finance at Sappi Limited. He handed over to Nopasika Lila on 1 August 2019.

He retired as the FD at the AGM held on 14 February 2019.

ANDISWA THANDEKA NDONI

GROUP EXECUTIVE: COMPANY SECRETARIAT AND LEGAL

Qualifications: BProc, LLB,
Global Executive Development Programme,
Certificate in Corporate Governance
Nationality: South African
Age: 52

Admitted as an attorney in the High Court of South Africa. Former company secretary and legal counsel for Basil Read, former member of the Judicial Services Commission, Andiswa sits on the Competition Tribunal as a part-time member. She has over 20 years' experience as an attorney and eight as company secretary. Andiswa was appointed as group company secretary of Barloworld on 1 September 2018 and as group executive: company secretariat & legal on 1 June 2019.

CHRIS WIERENGA

GROUP EXECUTIVE: STRATEGY AND M&A

Qualifications: BCompt
Nationality: South African
Age: 44

Chris joined Barloworld in 1998 and has held various roles in Strategy at the group and divisional levels. He has been directly involved in M&A activity in the Automotive division over the last 10 years and also supported various transactions in the Logistics business. Prior to his current position, Chris was the CE of the Digital Disposal Solutions business in the Automotive division.

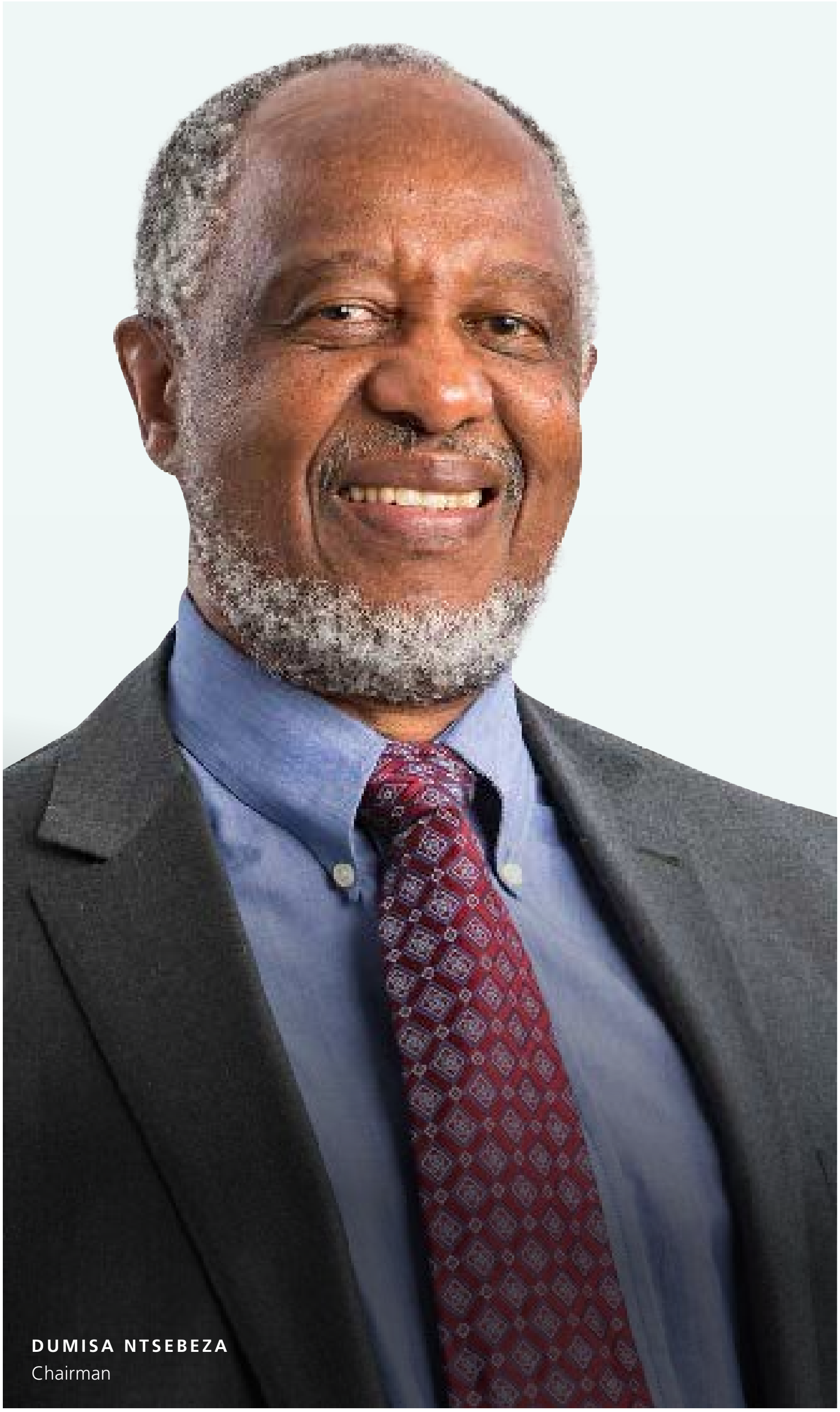
LESIBANA LEDWABA

GROUP EXECUTIVE: INSURANCE AND RISK

Qualifications: BCom, Certificate in Tax, MBA, Barloworld Executive Development Program, Chartered Global Management Accountant & ACMA (The Chartered Institute of Management Accountants).
Nationality: South African
Age: 53

Lesibana has over 20 years in the fields of finance, internal audit, strategy, risk, project management, fast moving consumer goods and operations. He was a participant on cycle 5 of the Professional Development Program, a six months work and study program in New York. He joined Barloworld Equipment Southern Africa in 2012 in the role of divisional director for strategy, risk and sustainability. While in the Equipment division, Lesibana took on increasing roles of responsibilities in the business, including the program management office which led the divisional operational transformation program, as well as operational responsibility for the joint venture in Zimbabwe and the operations in Malawi. Lesibana transferred to the Corporate Office in October 2017 in the role of deputy group executive and was promoted to the role of group executive in October 2018.

Chairman's review



DUMISA NTSEBEZA
Chairman

"I am honoured and privileged to have been a member of the Barloworld board for just over twenty years and chairman for twelve. During this time, I have seen the group weather many changes and challenging macro-economic dynamics. Throughout the years, the Barloworld management team has also evolved and continued to demonstrate resilience, focus and the ability to defy limits."

UNLOCKING

R2.2bn

FROM THE BALANCE SHEET IN OUR PROPERTY PORTFOLIO TRANSACTION

WE WILL ISSUE

3%

OF OUR TOTAL ISSUED SHARE CAPITAL TO THE BARLOWORLD EMPOWERMENT FOUNDATION TRUST

As One Barloworld, we continued to deliver value for all our stakeholders, notwithstanding a challenging operating context.

COMMITTED TO DECISIVE ACTION

In South Africa, the high level of optimism that prevailed immediately after the election of President Cyril Ramaphosa, is no more. It has been dampened by a number of factors including issues about the mandate of the Reserve Bank, the poor financial position of state-owned enterprises, as well as lagging delivery of social infrastructure, poor levels of education and high unemployment statistics, with the latest figures putting youth unemployment at well over 50%. Unexpectedly severe electricity supply disruptions have further impacted on output.

The situation is compounded by regulatory uncertainty in many areas. For example, despite extensive consultation on Mining Charter III, it still contains provisions that are cause for concern, including the legal status of the Minister's authority to amend the first charter and the vague language in the current version, both of which make it difficult for mining companies to understand the compliance and implementation process.

While existing mining companies have tried to protect their invested capital, with court applications securing the 'once empowered always empowered' principle, investment in new mines has suffered.

There is also uncertainty about government's ability to execute. In September 2018, President Cyril Ramaphosa announced a fiscal stimulus plan including the launch of an infrastructure fund which would leverage already allocated government funds and draw in private sector resources, while bringing private sector expertise to run economic growth and employment-inducing infrastructure projects. A year later, it is still unclear how the infrastructure fund will work.

Against this backdrop, business confidence is low. Both local and international investors are losing faith in South Africa and becoming increasingly pessimistic about the outlook for the country.

The time for talking is over. Action is required in the form of more resilient plans that will deal with the issues on an immediate basis underpinned by a renewed sense of urgency from government. Our country needs decisive leadership that will take the country forward and improve the life of the average South African.

Despite the challenging macro-economic environment, many South African businesses continue to show resilience and are delivering good results, protecting jobs and contributing to the country's finances. As Barloworld, we are committed to partnering with the public and private sector to help achieve objectives that move the country forward and improve the lives of individual South Africans. It is a commitment on which our history is based. It is a commitment we are ready to honour going forward.

EMPHASISING SAFETY

Our collective satisfaction of good results was overshadowed by an unfortunate and regrettable work-related fatality, due to a motor vehicle accident in our Russian operation.

At Barloworld, the safety and well-being of our employees is vital. We want our employees to go home each day not only unharmed but also thriving. In line with our motto of zero injury or harm, we continue to roll out safety training initiatives that aim to eliminate work-related injuries and entrench a culture of safety.

In addition, subsequent to year-end, we have now included a weighted safety element into the executive scorecard in order to intensify focus on safety.

UNLOCKING VALUE FOR ALL STAKEHOLDERS

I am honoured and privileged to have been involved in the Broad-Based Black Economic Empowerment (B-BBEE) transaction, Khula Sizwe, established for the purpose of acquiring and leasing properties as a property holding and management company, to be owned by eligible Barloworld employees, management and the black public.

Our vision for this transaction is to create a truly unique, property-based B-BBEE share scheme that is not related to the Barloworld share price, and which will be a long-term investment for shareholders that provides steady and predictable cash flows over ten years.

The project involves the sale of 68 mostly commercial properties across South Africa to Khula Sizwe, accompanied by a ten-year triple-net lease with Barloworld South Africa and Barloworld Logistics, escalating at 8% a year.

While the property portfolio has been valued independently at R2.9 billion, it will be sold to Khula Sizwe at a 5% discount, or R2.7 billion. The transaction is being funded through a combination of R2.2 billion in debt, being provided by Nedbank, and R544 million in equity, R163 million, or 30%, of which has been allocated to the 'black public scheme'. The 70% balance will be raised from a management trust (R207 million) and an employee trust (R174 million).

The benefits of the transaction include:

- Unlocking R2.2 billion from the balance sheet
- Allowing us to claim an additional 13.8% black ownership in terms of the B-BBEE codes
- Increasing our brand equity with customers and stakeholders.

In addition to the property component of the deal, we will issue 3% of our total issued share capital to the Barloworld Empowerment Foundation Trust, which will support various worthy causes focusing on poverty alleviation, education and youth development. This aligns with our focus on creating a legacy in South Africa by promoting growth and development.

CREATING A LEGACY

Our drive to create a legacy has been given further impetus by the establishment of Barloworld Mbewu (meaning 'seed'). This initiative is a seed for positive social change in communities across South Africa.

Through Barloworld Mbewu, Barloworld will help facilitate the growth of selected social enterprises, and enable them to scale up and become sustainable entities that drive true empowerment for marginalised communities. The business has designed a tailored support programme to realise the envisaged impact.

Barloworld Mbewu differs from other traditional corporate social investment (CSI) initiatives in that it nurtures self-sustainability and enables beneficiaries to move away from dependence on grant funding.

At Barloworld, we believe social enterprises are an important channel for sustainable change and development and that by supporting social enterprises, corporates have an opportunity to make a significant impact in communities across South Africa.

ALIGNING WITH THE SDGs

The 17 United Nations Sustainable Development Goals (SDGs) were launched by world leaders in 2015. The goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Barloworld is working hard to balance our positive outcomes, including stakeholder value creation in the form of jobs, healthcare and education services, positive shareholder returns and significant contributions to the national fiscus in each country where we operate, with negative outcomes such as emissions and waste.

In terms of SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and SDG 12 (Ensure sustainable consumption and production patterns), we are making a contribution. Across the group, we align with SDG 13 (Take urgent action to combat climate change and its impacts). Barloworld Mbewu is focused on promoting entrepreneurship in alignment with SDG 8 (Decent work and economic growth).

Each social entrepreneurship project under Mbewu has cross-cutting impact across many of the other goals. In Zambia, we have piloted a water and sanitation project which has had a direct positive impact on 20 000 people and which aligns with SDG 6 (Clean water and sanitation).

Although I have mentioned only a few SDGs here, in many instances, while there may not be an explicit or direct alignment, the consequences or indirect impact of Barloworld's approach impact all the SDGs.

HANDING OVER

I congratulate Mrs Neo Dongwana who will succeed me as chairman after the annual general meeting in February 2020 and who was originally appointed to the board in 2012. I am certain that Neo will lead the group with the same clarity of insight regarding our operating context, challenges and opportunities that she has demonstrated during her board tenure.

LOOKING AHEAD TO 2020

While the US economy, which accounts for approximately 25% of the global economy, has shown continued growth for 121 months, momentum in the global economy is showing signs of slowing. According to the International Monetary Fund (IMF), global trade is likely to grow just 2.5% in 2019, its slowest pace in three years.

Recent data for China, the world's second largest economy, indicates that this economy has been negatively impacted by the US-China trade war while the outlook for manufacturing in the eurozone dropped dramatically.

The IMF has cut its global growth forecast to the lowest levels since the financial crisis, forecasting growth of just 3.3% from the previously estimated growth of 3.5% for 2019.

These developments make it clear that globally, we will continue to operate in an increasingly unpredictable world characterised by complex geopolitical and socio-economic dynamics.

Looking back over Barloworld's long history, I believe the key to the company's success can be summed up in three words: agility, resilience and boldness, underpinned by our One Barloworld strategy. We have taken bold decisive action where necessary to divest from underperforming businesses and invest in territories and businesses aligned to our strategy and underscore our ability to be agile at all times and focus on value creation. Going forward, we have set bold stretch targets for sustainable value creation for all stakeholders.

I am confident that management and the board will continue to demonstrate agility and boldness and to prove the company's resilience in weathering the storms of a challenging operating environment where the pace of change continues to accelerate.

I am honoured and privileged to have been a member of the Barloworld board for just over twenty years and chairman for twelve. During this time, I have seen the group weather many changes and challenging macro-economic dynamics. Throughout the years, the Barloworld management team has also evolved and continued to demonstrate resilience, focus and the ability to defy limits. The diversified, inclusive Barloworld of today has been shaped by a board determined to make the company a 21st century, progressive and profitable organisation, committed to the values of integrity and honesty but also committed to truly representing the demographics of South Africa. I am proud to have played a part in establishing this legacy and believe the company will continue to grow from strength to strength.

ESTABLISHMENT OF

Khula Sizwe

TO BE OWNED BY EMPLOYEES, MANAGEMENT AND THE BLACK PUBLIC

R30m

OVER THREE YEARS SET ASIDE FOR SOCIAL ENTERPRISE FUND BARLOWORLD MBEWU

CSI SPEND OF

R19m

EXTENDING THANKS

I would like to thank my fellow board members for their support over many years and express my appreciation to the executive management team under the passionate, dedicated leadership of Dominic Sewela. May you continue to Make a World of Difference in your tireless efforts to achieve our vision.

This is the last year that I will have had the pleasure and privilege of presenting the Barloworld integrated report. Stepping down as chairman is bittersweet – bitter because I shall miss the spirited exchange of ideas with, and wise counsel of, my peers; sweet because I am confident that Barloworld will continue to withstand the challenges in as agile a manner as the company has done to date and will continue to grow from strength to strength, delivering value to all stakeholders.

I hand over to Mrs Neo Dongwana, confident that she will lead One Barloworld forward into a bright future.

DUMISA NTSEBEZA
Chairman

Group chief executive's review

AT A GLANCE

- Strong cash position and low debt levels
- Automotive and Logistics divisions merge to create greater synergies
- Khula Sizwe B-BBEE transaction over-subscribed and funding target met
- Launch of Barloworld Mbewu
- Normalised earnings per share of 1 167 cents*
- Total dividend per share 462 cents together with a special dividend of 228 cents per share (Approved by the South African Reserve Bank)

"Our people are critical to our success and we have over the last year continued to nurture their ability to delight our customers, inspire a World of Difference and enable growth and progress in the societies in which we operate. Our robust approach to talent management enabled us to mobilise and deploy talent in critical areas of the business."

DOMINIC SEWELA
Group chief executive

DRIVING PERFORMANCE

The group delivered a resilient set of results despite the challenges in certain sectors, with our Fix, Optimise, Grow strategy and managing for value approach firmly in place across the group.

Normalised HEPS was up 1.4% from the previous year, driven by a pleasing performance from Equipment southern Africa and Equipment Russia as well as a strong performance from Automotive delivered in the context of tough trading conditions. While Logistics' revenue and operating profit were down, the turnaround project is still on track and the merger of Automotive and Logistics creates a platform for innovation and the ability to extract further value from combined strategic sourcing opportunities.

* Includes discontinued operations

MANAGING FOR VALUE ACROSS GEOGRAPHIES AND BUSINESS SECTORS

Since I have been the group CE of Barloworld, the past year was the most challenging to date, given the headwinds we faced in most of the regions in which we trade. However, we were once again able to deliver a resilient set of results.

Performance by **Equipment southern Africa** was strong, with full year revenue increasing by 3.3% to R20.4 billion. The contribution of after-market sales improved from 52% in the prior year to 54%, driven by strong growth in parts and service.

Operating profit increased slightly to R1 836 million, but operating margin was marginally lower at 9.0% (2018: 9.1%), due to the impact of the foreign exchange rate. Income from associates increased to R250 million (2018: R247 million). The Bartrac Joint Venture (JV) in the Democratic Republic of Congo (DRC) continued to deliver strong results, despite reduced activities in key customer operations. Gains from Bartrac JV, however, were offset by losses in our Barzem JV in Zimbabwe as a result of the rebased currency from the United States dollar to real-time gross settlement dollars.

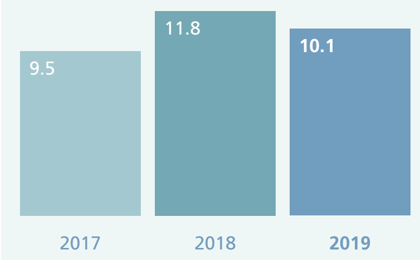
Equipment Russia also demonstrated resilience with revenue of USD433 million for the period. The reduction in revenue of 28.6% in United States dollar terms when compared with 2018 was driven primarily by the inclusion of large package mining machine deals in the 2018 results not repeated in the current year. The imposition of increased duties for US-manufactured products in August 2018 impacted demand but had a lesser effect than originally estimated.

A sustained after-market performance had a positive impact on margins. The operating profit of USD50 million was 18.8% down in United States dollar terms and 10.6% down in South African Rand (ZAR) terms due to the weaker rand. The operating margin in United States Dollar terms improved to 11.6% (2018: 10.3%) as a result of the sales mix and continued cost control.

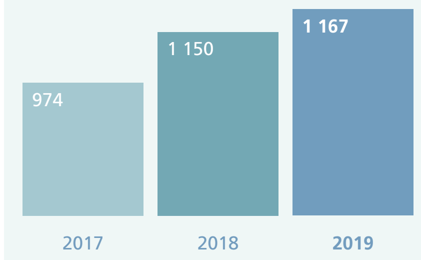
The **Automotive** division delivered strong results despite persistent challenges across the industry. While revenues were impacted by the change in revenue recognition from principal to agency model at Mercedes-Benz (passenger), increased competition and lower used car sales; cost containment and prudent invested capital management contributed to improved performance.

In **Logistics**, revenues and operating profit were significantly impacted by increased trading losses in KLL and SmartMatta, the closure of KLL, the currency impact on our Zimbabwean business and non-renewal of contracts in late 2018. This was a disappointing result on the back of the gains made in the prior year. Looking forward, we expect the business turnaround project as well as the merger between our Automotive and Logistics businesses to deliver synergies and cost reductions to improve the returns.

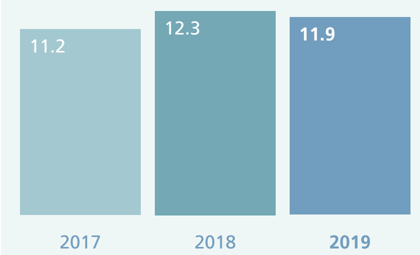
ROE (%)*



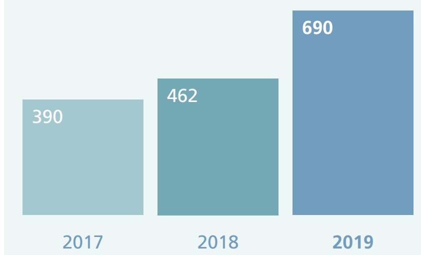
NORMALISED HEPS (cents)*



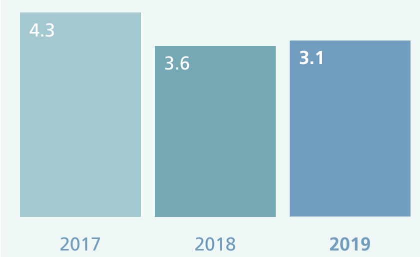
ROIC (%)*



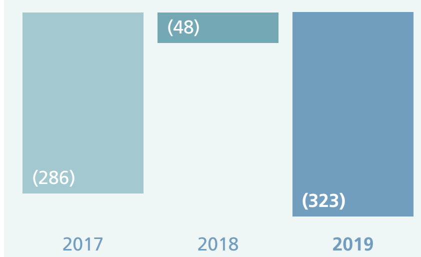
TOTAL DIVIDEND PER SHARE (cents)



FREE CASH (Rbn)*



EP (Rm)*



* Includes discontinued operations

DIFFERENTIATING OUR BUSINESS THROUGH OUR PEOPLE AND WINNING THROUGH OUR PEOPLE

Our people are critical to our success and we have over the last year continued to nurture their ability to delight our customers, inspire a World of Difference and enable growth and progress in the societies in which we operate. Our resilient approach to talent management enabled us to mobilise and deploy talent in critical areas of the business.

We continued our efforts to instil a high-performance culture through business-aligned performance objectives, resilient progress/review conversations as well as incentive plans that encourage exceptional contribution, in the right way.

We illustrated our commitment towards diversity and inclusion (D&I) by increasing the D&I weighting on the balanced scorecards of all our leaders.

Our investment in leadership development culminated in the finalisation of the One Barloworld Leadership Competency Framework (LCF) that gives all leaders clear and consistent guidelines of the behaviours required to create a business legacy that will benefit future generations. The LCF is one of the critical factors for the success of the leadership transformation we have embarked on through the Barloworld Business System (BBS).

This year we were selected and honoured as one of the top three Rising Star Employer Brands in South Africa at the 2019 LinkedIn Talent Awards. This is a great achievement as we strive to engage and attract suitable talent.

The BBS, detailed on pages 14 to 15, which we introduced in this financial year, aims to optimise efficiencies, improve margins and leverage our people. Through the BBS we are looking to empower employees to improve the way we operate and most importantly serve our customers better.

GROUP STRATEGY

Progress continues in respect of all four areas identified in the group strategy.

Fix: The group continues to address the non-core assets in Logistics and drive the performance of the business to achieve its hurdle rates within the predetermined period. The disposal of non-core assets is progressing with the Middle East Logistics sale signed 17 November 2019 and SmartMatta underway.

Optimise: We completed a Motor Retail portfolio review and cost reduction programme that contributed to our results. Cost savings within the broader Automotive and Logistics division were identified and actively pursued together with a further possible restructure of the Car Rental assets. We are continuing the operational transformation of Equipment SnA.

Grow: The acquisition of the Mongolian Equipment business is progressing. Due diligence is complete with final negotiation of legal and commercial matters being finalised. The group continues to assess the optimal deployment of capital and is assessing various growth initiatives in adjacent sectors or carefully identified sectors in line with a clear set of guardrails.

Active shareholder model: The group has fully adopted its managing for intrinsic value approach and is now turning its efforts towards business transformation through the BBS. This system is expected to enhance capabilities across the group by focusing on several aspects including Leadership, Culture, Business Excellence, Digital and Innovation. These are supported by fundamental elements that include respect for people and continuous improvement while acknowledging that the customer determines value. The redevelopment of the Barlow Park at 180 Katherine Street precinct in Sandton commenced in April 2019, however, the property is yet to be sold to the investment special purpose vehicle.

FOCUSING ON LONGEVITY THROUGH GROWTH

Growing our existing business organically is very important, but so too, is acquisitive growth – our view is that the longevity of organisations is based on growth. Our exit of Iberia was based on the fact that developed markets are more saturated, which means the opportunities for expansion are more limited than in developing markets. We have honed our skills set over many years to extract value from operating in tough and difficult geographies which are mainly in emerging markets – southern Africa and Siberia.

We want to leverage our skills and our experience by acquiring businesses that are adjacent to those geographies. This was the thinking behind our potential acquisition of Wagner Asia in Mongolia which is contiguous to our Russian operation where we have been operating for 20 years.

As Barloworld, we are aware that there will be cycles, just as there have been in Siberia. However, if you look at the returns from our Siberian operations over the last 20 years, we have had great years and not-so-great years but overall, these have been extremely positive and we anticipate similar long-term returns in Mongolia.

MERGING AUTOMOTIVE AND LOGISTICS

Both Automotive and Logistics provide mobility services and solutions, whether by moving people or things. Merging the two businesses strengthens the business to be disruptive and innovative and also establishes the opportunity to further extract value from combined strategic sourcing opportunities.

The new integrated division will create trusted Mobility Solutions that will improve the lives of our customers, colleagues and shareholders it is led by Kamogelo Mmutlana, previously CEO of the Logistics division with well over 23 years' of Industry experience, who has spearheaded Logistics turnaround efforts in the past 24 months. Charl Groenewald, who has well over 24 years' experience within Barloworld Equipment, has taken over as CEO of the Logistics division.

The move has given us an opportunity to review the management structure, consolidate functions into shared services, extract value from procurement, release people towards business excellence and ensure that we continue to grow and reduce our cost of engagement.

Good progress has been made in integrating the division with a bold savings target of R1 billion over the next two years.

CREATING VALUE THROUGH KHULA SIZWE

Our new B-BBEE transaction, approved by shareholders in February this year, was oversubscribed with over 55 000 applications received and the R163 million funding target met. We believe the appeal of the transaction, outlined in detail on pages 62 to 63, lies in the fact that it is essentially a property deal, which differentiates it from many other B-BBEE transactions.

The value of the properties means that when the beneficiaries take shares, they are unencumbered. And at that point they can decide to sell their shares or alternatively continue to retain them and get the benefit of a dividend.

CARING ABOUT COMMUNITIES: BARLOWORLD MBEWU

Our brand promise is 'Making a World of Difference' and one of the ways in which we achieve this is through symbiotic relationships between ourselves and the communities in which we operate. When our communities grow, we also grow. As a South African company, we understand that government cannot solve social challenges alone and accordingly embrace the opportunity to play our part.

Given our background as an entrepreneurial business, we have introduced a new programme to support social enterprises that drive positive, meaningful change in communities across South Africa. The new programme, Barloworld Mbewu to which we have allocated R30 million over three years will provide capacitation through seed funding, access to finance and business management skills. The programme is aligned with our strategy of creating long-term value for all our stakeholders.

CARING ABOUT CLIMATE CHANGE

Climate change is one of the defining issues of our time and we are on the edge of the precipice. Ecosystems as diverse as the Amazon rainforest and the Arctic tundra, may be approaching thresholds of dramatic change through warming and water constraints.

We believe it is incumbent on individuals and businesses to contribute to keeping greenhouse gas (GHG) emissions as low as possible. We have been steadily addressing our fossil fuel usage and greenhouse gas emissions over time as detailed on page 110 and continue to offer our customers solutions aimed at reducing their GHG emissions. We remain committed to improving our internal energy and emissions efficiency.

FOCUSING ON SAFETY

Despite ongoing focus on safety across the group, we regrettably had a work-related fatality during the year in Equipment Russia. On behalf of Barloworld, I extend my sincere condolences to the family, friends and colleagues of the deceased to whom we have offered support. We will continue to actively promote health and safety with policies and practical programmes that help our people, suppliers and contractors safeguard themselves and their colleagues.

LOOKING AHEAD

Capital resource allocation is key to our ongoing success, as is the release of capital from those operations that are not delivering to expectations. The impending transaction to reduce Barloworld's share in Avis Fleet to 50% is ongoing. We have identified potential equity partners and expect to finalise the sale within the next 12 months. The exit from the Avis Fleet business in Tanzania, including the closure of KLL in 2019, as well as the the potential sale of SmartMatta and the Logistics Middle East business, further highlight this approach. We have established a strong cash position and debt capacity from which we can pursue opportunities.

In allocating capital, it's imperative that we focus on acquisitions. The current market, even in South Africa, presents an opportunity in terms of valuation and asset pricing.

In terms of capital release, market expectation was for around R8 billion. However, the Khula Sizwe transaction has enabled us to raise this amount to about R10.2 billion. The bulk of this will be free cash, the rest will go towards repaying debt.

Free cash flow and cash conversion remain key performance indicators, and we are committed to maintaining our dividend within our dividend guardrails, being at two-and-a-half to three times cover, thus consistently returning value to our shareholders.

Particularly pleasing was the ordinary dividend of 462 cents per share approved by the board and the special ordinary dividend of 228 cents per share on the back of our strong cash and balance sheet.

IN CONCLUSION

While I anticipate that 2020 will not be easy, I am positive that despite the challenging macro-economic environment as well as volatile geopolitical dynamics, Barloworld will continue to generate pleasing results. The implementation of our strategy in line with our active shareholder operating model, as well as the roll out of our business transformation initiatives have placed the group in the best position to deliver value in the short- to medium-term.

In terms of growth for the longer term, we have decided to focus on acquisitions within known geographies on businesses that align to our guardrails and create platforms for growth. We are prioritising businesses that have growth potential, a high level of cash conversion and that are less capital intensive. Notwithstanding the fact that economies and businesses are cyclical, our aim is to generate long-term value for all stakeholders.

DOMINIC SEWELA
Group chief executive

Group finance director’s review

> Our most recent projections indicate that if we execute successfully on the various strategies currently underway, we could recognise an ROE uplift in excess of our current ROE target of 15% by around 2022.

NOPASIKA LILA
Group finance director

In September 2019, management took the firm decision to dilute the group’s interest in the Avis Fleet leasing business to a 50% shareholding, with the ultimate aim to form a joint venture ownership structure. In terms of IFRS 5, the group has reported the results of the Avis Fleet leasing business separately as a discontinued operation and assets and liabilities held for sale.

The following commentary is against restated comparatives to reflect the year-on-year results from continuing operations unless specifically stated.

The group adopted IFRS 15 and IFRS 9 in the reporting period. However the impact of these new accounting standards has not been significant to the group’s results.

Our leading market positions, strong brand representation and long-term customer relationships, as well as broad customer coverage served us well for delivering value in challenging circumstances.

FINANCIAL PERFORMANCE FROM CONTINUING OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Revenue for the group decreased by 5.4% from R60.1 billion to R56.8 billion. Equipment southern Africa performed well and generated revenue of R20.4 billion (2018: R19.8 billion). The 3.3% increase over the prior year was mainly as a result of strong after-market activity. Following a record performance in 2018, Equipment Russia's revenues decreased by 28.6% to USD433 million (2018: USD606 million), with the impact on the group's results softened by the weaker rand. Automotive revenues of R25.0 billion (2018: R26.5 billion) were down 5.6%.

The Automotive trading business was impacted by the change in revenue recognition model for Mercedes-Benz. The marginal rental rate increase in Car Rental was offset by the decline in rental days and lower used car revenues. Logistics' revenues were 12.6% down at R5.2 billion (2018: R5.9 billion) largely as a result of the closure of KLL, the downside currency impact on our Zimbabwean business, lower trading activity and non-renewal of contracts in late 2018.

Operating profit for the group was down 13.0% to R3 272 million (2018: R3 762 million) with the operating margin declining from 6.3% to 5.8%. Equipment southern Africa's operating profit was marginally up at R1 836 million (2018: R1 790 million), impacted by the stronger after-sales mix, market pressures and investments in business transformation.

Russia managed to improve the quality of the operating margin from 10.3% to 11.6% due to the change in sales mix and tight control over expenses.

Automotive delivered strong results with operating profit of R1 084 million, 2.3% ahead of last year (2018: R1 060 million) on the back of a solid performance in Motor Trading. In Logistics, operating profit was impacted by the factors driving the revenue decline, particularly the KLL losses and closure costs amounting to R92 million (2018: R47 million).

The performance of the group was impacted by a once-off charge of R88 million (GBP4.7 million) which was required to give effect to the guaranteed minimum pension (GMP) equalisation requirements of the UK defined benefit pension scheme. Furthermore, R73 million of costs related to the implementation of our 'Khula Sizwe' B-BBEE transaction were incurred in the year. Both these charges impacted the corporate segmental result together with continued investment in corporate actions and skills at the Corporate Centre to drive the active shareholder strategy.

Fair value adjustments on financial instruments were positive (income) in the year, totalling R32 million (2018: R122 million expense). These gains were driven by the decision to convert GBP150 million of the Equipment Iberia sale proceeds to United States Dollar in March 2019 in anticipation of the acquisition of the Mongolian Caterpillar dealership. The subsequent weakening of the pound sterling against the United States dollar resulted in foreign exchange gains of R173 million. This gain was offset by the cost of forward points on foreign exchange contracts and movements on foreign currency denominated monetary items.

Finance costs, excluding those attributable to the Avis Fleet discontinued operation of R277 million (2018: R268 million), decreased to R808 million (2018: 877 million) as a result of lower borrowings across the group and prudent invested capital management within the operations.

Gains from non-operating and capital items of R87 million resulted largely from the R212 million write-up of our remaining 50% investment in NMI-DSM from cost to fair value as required by IFRS 3: Business Combinations, together with a R5 million gain on the disposal of our 1.18% controlling interest in this business and profits realised on the sale of KLL trucks in Logistics.

These gains were offset by further impairments taken against the Logistics businesses held for sale, as well as property and investment impairments in Automotive.

The effective tax rate (ETR) (excluding the finance costs associated with Avis Fleet, prior year taxation and non-operating and capital items) was marginally down to 28.8% (2018: 29.1%). The lower rate was largely driven by local currency movements against the United States dollar functional currency and taxes on gains made on the US-linked Angolan bonds and other capital items. This was somewhat offset by losses in KLL for which no deferred tax has been recognised, together with the effect of currency translation on reduced inventory holdings in the group.

Profits from associates and joint ventures was largely flat on the prior year at R231 million (2018: R235 million). Despite increased activity in the first three quarters of the year from our Bartrac JV in the Katanga province of the DRC, profitability slowed in the last quarter as a result of regulatory uncertainty and weakening cobalt prices, with annual equity-accounted earnings totalling USD37.4 million (R268 million) compared to USD38.3 million (R251 million) in 2018. NMI-DSM was recognised as an associate effective 1 September 2019 and contributed R4 million to equity-accounted earnings. These gains were offset by losses of R21 million incurred by our Zimbabwean investments in Barzem arising from the devaluation of its local currency-based monetary assets and R16 million in losses incurred by BHBW (Pty) Ltd, our agriculture and handling JV.

Profits from discontinued operations, including the impact of finance charges on debt utilised in funding these businesses, incorporated the Avis Fleet business together with the results of the Iberian operations from the prior year.

Avis Fleet generated profits of R210 million (2018: R253 million) and was impacted by lower used car revenues due to contract extensions. In the current year certain tax uncertainties related to our Iberian operations were resolved, resulting in the reversal of previously held provisions totalling R33 million.

Normalised HEPS* of the group stood at 1 167 cents, excluding the impact of the

B-BBEE transaction charges and the GMP equalisation charge which was 1.4% up on the prior year (2018: 1 151 cents). Including these charges, HEPS was down 4.4%.

CASH FLOWS

The group generated R3.1 billion in free cash flows against R3.6 billion in the prior year. This is a notable improvement in the cash conversion of our operations particularly when considering that prior year investing cash flows included R2.5 billion from the sale of our Iberian operations.

The group's investment in working capital decreased by R2.8 billion largely due to reductions in inventories and receivables. Investments in rental fleets across the Automotive and Equipment rental fleets were contained at R2.1 billion (2018: R2.2 billion). Overall cash flows from operations were significantly improved at R2.5 billion (2018: R747 million).

The investment in the Angolan government bonds to hedge our exposure in country reduced to USD56.8 million compared to USD66.4 million at September 2018. The limited movement in the year is a result of our investment in longer dated bonds with maturities through to 2022. Where possible, we have taken full advantage of increased dollar liquidity and repatriated dividends of USD22 million to the UK holding company.

Investing cash flows have largely related to investments in technology to enable our digital and business transformation strategies, and in the development of the Equipment southern Africa campus in Isando.

DEBT

In terms of our debt maturity profile, liquidity remains strong, with total interest-bearing debt down by R3.4 billion to R7.8 billion (2018: R11.2 billion). Notably, resulting from our centralised Treasury strategy, the group debt position at the year-end includes the debt allocated to fund the Avis Fleet business of R2.8 billion. It is anticipated that this debt will be repaid on disposal of the Avis Fleet, or alternatively, that the group facilities will be allocated to other value enhancing opportunities.

Net interest-bearing debt of R582 million (2018: R3.3 billion) was R2.7 billion down on the prior year driven by strong cash conversion in our businesses and the cash holdings from the sale of Iberia in the prior year.

In September 2019, BAW24, totalling R501 million was refinanced with a three-year bond, BAW31, for R500 million. The increase of liquidity volumes and tightening of spreads within this market was favourable for bond issuances.

South African short-term debt includes commercial paper totalling R500 million (2018: R700 million). We expect to maintain our participation in this market to the extent we are able to achieve funding rates which are competitive with existing short-term funding lines and funding requirements.

At 30 September 2019 the group had unutilised borrowing facilities of R10.5 billion (2018: R10.6 billion) of which R7.1 billion (2018: R8.0 billion) was committed.

During the year, the group's ratio of long- to short-term debt was 56:44, compared to 54:46 at September 2018. Cash and cash equivalents were R7.2 billion (2018: R7.9 billion), highlighting our strong, liquid balance sheet position.

FINANCIAL POSITION

Total assets employed in the group decreased to R47.2 billion (2018: R49.3 billion) driven by the deconsolidation of NMI-DSM, together with lower working capital and a decrease in cash.

The UK pension scheme deficit increased from R1.8 billion (GBP95 million) to R2.1 billion (GBP113 million) mainly due to a decrease in the AA corporate bond yield which increased the estimated future pension liability.

Net assets held for sale of R3.6 billion (2018: R371 million) comprise the Avis Fleet leasing business, Logistics Middle East and SmartMatta businesses together with the Barlow Park office park currently undergoing re-development and certain properties in our Equipment SnA business. The KLL business held for sale in 2018 was closed down during the year.

Much like the decisions taken to divest from other business interests over the past few years, the decision to dilute our investment in the Avis Fleet leasing business is aligned to the group's strategy to optimise returns on invested capital and to create capacity for growth opportunities. While we recognise this is a strong return on equity business, the leasing operations are capital intensive and do not generate returns in line with the group hurdle rates. Consequently, it is management's intention to dilute this interest to a 50% shareholding. Once our controlling interest is diluted, this business will be deconsolidated, the debt in the group's balance sheet refinanced and the results of Avis Fleet will be equity-accounted as a joint venture.

Despite growth in operating profits across numerous of our businesses, our low level of gearing has resulted in higher than optimal levels of invested capital. Consequently, ROIC, EP and ROE declined in the year.

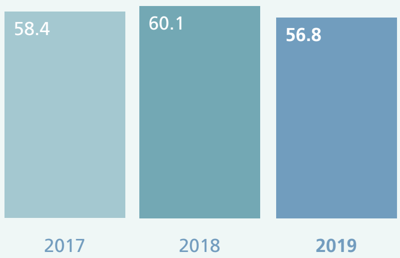
In order to address the group's capital structure and increase offshore gearing, where costs of funding are comparatively low, we have embarked on a capital restructuring of our UK business. In the first quarter of 2020 we will be repatriating GBP70 million to South Africa and at the same time we will contribute an additional GBP30 million towards the pension fund deficit.

We remain committed to deploying this capital towards targeted growth opportunities that will create value for our shareholders or, should these opportunities not materialise, a share buyback will be considered if our share price is below our view of the group's intrinsic value.

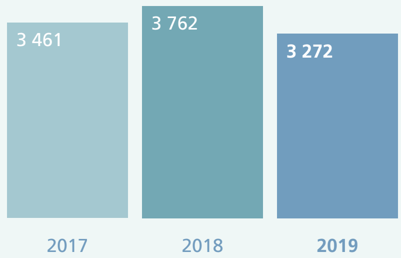
KHULA SIZWE B-BBEE TRANSACTION

Following shareholder approval of our Khula Sizwe B-BBEE deal at our annual general meeting on 14 February 2019, this R2.9 billion transaction has been fully funded via an 80% external bank loan and 20% equity funding. The equity funding comprises a Barloworld facilitated employee and management interest totalling 70% with the remaining non-controlling interest of 30% raised through a formal offer to the black public.

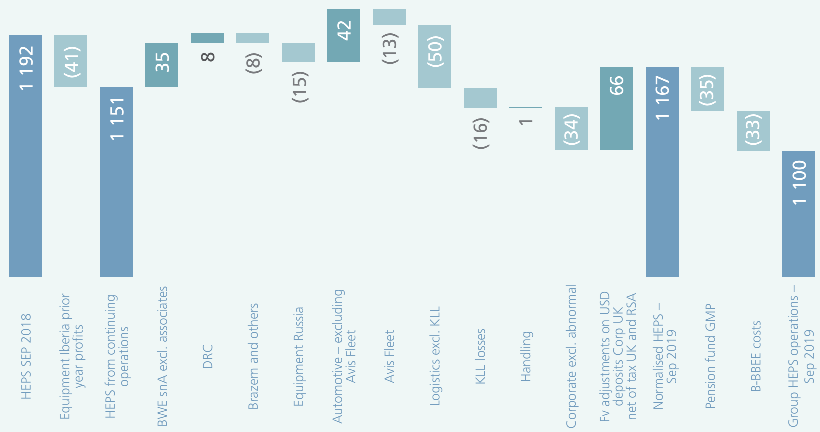
REVENUE (Rbn)



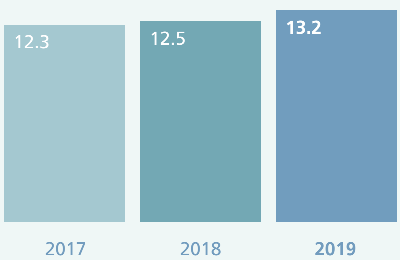
OPERATING PROFIT (Rm)



HEPS AND NORMALISED HEPS ANALYSIS* (Rm)



WEIGHTED AVERAGE COST OF CAPITAL (%)



* Including Avis Fleet

It is management's expectation that the majority of the South African properties within this transaction should be transferred into the Khula Sizwe entity by the end of December 2019.

As the properties are transferred, which will generate R2.2 billion in free cash flows to the group in 2020, the 10-year rental agreements with our underlying subsidiaries will commence. Concurrently, the transfer of 3% of Barloworld shares in issue, being approximately 6.6 million ordinary shares, will be made to the Barloworld Empowerment Foundation.

This move away from property ownership to 'lesseeship' is a significant change in strategy for Barloworld. Accordingly, there will be transparent disclosures of the impact of this deal on the underlying operations and the group going forward. Although under IFRS 10, Khula Sizwe will be consolidated into the group's results, in 2020 we will be presenting the impact of Khula Sizwe as a separate segment within the group, and there will be clear reconciliation of the impact of the Khula Sizwe rentals on our underlying businesses.

In 2019, deal implementation costs of R73 million were incurred and capital expenditure of R99 million was invested in the properties that are part of the Khula Sizwe transaction. The black public offer raised R163.4 million in equity funding which was recognised in financing cash flows of the group.

IMPACT OF IFRS 16: LEASES

While IFRS 16 will have a significant impact on the measurement and classification of our rental expenses and cash flows, the net impact of the transaction on profit after tax is expected to be less than 1%. The following summarises the expected impact of the new leasing standard:

- At 30 September right of use asset (RoU) to be recognised: R2.4 billion – R2.5 billion
- At 30 September lease liability to be recognised: R3.0 billion – R3.1 billion
- Depreciation of the RoU in 2020: R500 million – R600 million (lease smoothing under IAS 17 would have been R775 million)
- Finance charge increase: R300 million – R400 million
- Profit after tax/headline earnings decrease: R100 million – R300 million

EXTERNAL AUDITOR ROTATION

A comprehensive closed request for proposal process was conducted during the year to select new external auditors for the company and group. Resulting from this tender process, the audit committee will recommend Ernst and Young (EY) for appointment as the new external auditors for the company and group effective financial year ending 2020. This will be a shared auditor appointment with SizweNtsalubaGobodo-Grant Thornton (SNG-GT), the existing auditors of our Logistics business and the Khula Sizwe entities. SNG-GT will perform 30% of the group audit in FY2020 and increase their participation over three years towards a 50/50 joint audit arrangement with EY in 2023.

We thank Deloitte for their many years of service as the group's external auditors.

2020 OUTLOOK

Notwithstanding the disappointing result of our Logistics business in the current year, we expect to begin realising significant cost efficiencies and operational synergies – the integration of our Automotive and Logistics businesses. With the implementation of our Barloworld Business System across the group, we anticipate that these new ways of working, founded on lean principles and continuous improvement, will position us well to withstand the downward trends of the local and global economies. We do not anticipate these trends reversing in the immediate future.

We are already seeing the benefits of the BBS being realised in our Equipment southern Africa business through increased cash flows and reductions in invested capital, and this trend is expected to continue. The resourcing of the active corporate centre is nearing completion and we anticipate a period of adjustment in 2020 as duplicated functions are re-deployed from our divisions to higher value activities across the group.

Optimising the capital structure of the group to enhance returns will be greatly assisted by the capital reduction from the UK and the increased leverage of the offshore operations, including the acquisition of the Mongolian Caterpillar dealership. Executing on the sale of the non-core Logistics businesses and the dilution of our interest in the Avis Fleet business are key priorities for management in 2020.

Generating free cash flows remains imperative. So too, does ensuring that the group's assets generate a return on invested capital above our stated target weighted average cost of capital target of 13%. Our strong cash position, which will be bolstered by the capital released from the Khula Sizwe transaction, will enable us to take advantage of high growth opportunities which we continue to explore through a dedicated mergers and acquisitions function led by the Corporate Centre.

Our most recent projections indicate that if we execute successfully on the various strategies currently underway, we could recognise a ROE uplift in excess of our current ROE target of 15% by around 2022.

APPRECIATION

I would like to thank Don Wilson, as well as my board colleagues and the group executive committee for their support and guidance during the handover period.

I would also like to extend my appreciation to the finance team's commitment to ensuring the highest standards of integrity and financial discipline.

NOPASIKA LILA
Group finance director

Material risks and issues

RESPONSIBILITY FOR RISK

In line with the King Code of Corporate Governance, the board is responsible for overall risk management in the group. This is exercised through various organs including the risk and sustainability committee, the audit committee, and the general purpose committee, all of which report to the board, as well as through the group executive committee.

INTEGRATING RISK AND MATERIALITY

As Barloworld continues to operate in various existing territories, develops new businesses and expands into new markets and territories, we are faced with increasingly complex and changing environments. By integrating our risk management process with our material issues, we enhance our understanding of our operating environment, thereby optimising our risk-return trade-off and shared value approach. This improves our longevity, competitiveness, growth and deployment of capital. The material risks and issues outlined on the following pages are those that impact our ability to create shared value.

DETERMINING RISK

A biannual high-level risk assessment engages various levels of the organisation and involves ongoing review and reporting at management, executive and board levels.

BARLOWORLD BOARD

Group risk and sustainability committee establishes the risk appetite and assists the board in recognising material risks and ensuring that the requisite risk management culture, practices, policies and systems are implemented and functioning effectively.

Risk registers at divisional and group level prioritise risks to allow for the allocation of resources to identify and address the identified risks and monitor performance.

Divisional boards and senior Barloworld managers conduct regular risk assessments. They identify critical business, operational, financial and compliance risks and opportunities, while also rating the quality of controls.

The process begins with divisional management who are responsible for ongoing monitoring and management of their operational risks.

Our definition of substantive risks is those with a residual (as opposed to inherent) score of 'critical' or 'high' relative to the set risk appetite which may have the ability to substantively change Barloworld's business model or business operations, revenue or expenditure. Such risks are identified in our risk assessment process together with related impacts and mitigation.

DEFINING MATERIALITY

1 APPLY

Material matters are aligned with risks and applied to inform our managing for value approach which may be altered in response to our operating context from time to time.

2 ASSESS

The material matters are continuously reviewed against strategy and key metrics for operational performance, as well as impact on ESG issues and importance to stakeholders.

3 IDENTIFY

Taking into account input from stakeholders as well as macro-economic, social, regulatory and political trends, all business units help to identify potential material matters.

4 DEFINE

Material matters are those issues that could substantially affect our ability to create value in the short-, medium- or long-term including our operating context and stakeholder concerns.

1

KEY RISK

Competitor actions.

MATERIAL ISSUES

STRATEGY ALIGNMENT

Generating sustainable earnings growth and driving value creation are key to our achieving our bold ambition of sustainably doubling the intrinsic value of our business every four years, enabled by the managing for value model.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

We continue to apply the Fix, Optimise, Grow model across the business.

Fix: Restructured Logistics, closed KLL. The disposal of non-core assets including the Middle East Logistics business and SmartMatta are underway.

Optimise: We have completed a Motor Retail portfolio review and cost reduction programme. We are progressing the operational transformation of Equipment SnA, the restructure of the Car Rental business and Barloworld to reduce shareholding in Avis Fleet to 50%.

Grow: Due diligence for the acquisition of a Caterpillar dealership is complete and we continue to assess acquisitive growth opportunities.

ACTIVE SHAREHOLDER MODEL KEY

- STRATEGY AND M&A
- LEADERSHIP AND TALENT
- PERFORMANCE MANAGEMENT
- RESOURCE ALLOCATION
- RESPONSIBLE CORPORATE

2

KEY RISKS

Climate and environmental.

Occupational health and safety risks.

MATERIAL ISSUES

ESG ISSUES

The predominant use of fossil fuel-based energy in our supply chain, operations, products and solutions is a key issue for the group and our value chain.

Ensuring a healthy, safe working environment underpins employee morale and productivity.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

We have long taken our responsibility to reduce energy and water usage, as well as greenhouse gas emissions, seriously.

We ensure continuous improvement in terms of environmental performance through ambitious aspirational targets which we monitor and report on transparently.

We provide products and solutions with reduced environmental footprint which help our customers to achieve their sustainable development objectives.

Business continuity management develops responses to severe weather incidents in order to provide operational resilience.

We associate with leading principals, provide products and solutions with reduced environmental footprint, thus assist customers to achieve their sustainable development objectives.

We continue our focus on geographic, industry and product diversification in line with our strategy development.

Ongoing safety awareness and training initiatives aimed at eliminating injury or harm in the workplace.

3

KEY RISKS

Significant exposure to key customers and channels to market.

Principals and suppliers.

MATERIAL ISSUES

CHANGING CHANNELS TO MARKET

Changing OEM agency model in Motor Trading.

The move to sharing vehicles, either through existing e-hailing services or, eventually, through automated vehicles that could be summoned as needed, is gaining significant traction. This fundamental market shift has been exacerbated by disintermediation by OEMs.

Our partnerships with OEMs are integral to the success of Barloworld. These partnerships are based on mutual trust and respect that enables the coordination of strategy and the planning of activities. This in turn enables both parties to seek opportunities to innovate within their shared space and move away from a cost-cutting/profit-maximising relationship to one of real reciprocal benefit.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

In Motor Trading, cost base optimisation and strengthening of the portfolio position is an ongoing focus area and good results were achieved during the year.

We are working to maximise connected car/customer opportunities. We are also leveraging data to improve the customer experience to enhance retention and attraction.

Across the business, we are investing in business intelligence products and solutions to enhance data-driven decision-making.

The move to disintermediation, particularly at the top end of the motor retail market, has been disruptive. However, the Automotive division is adapting to the new OEM business models' digitisation, which is ensuring that we control the elements of customer disintermediation in the market.

We make significant investment in maintaining long-term relationships and close strategic alignment between ourselves and principals/suppliers to ensure our stable market position.

Examples are our alignment with Caterpillar to mitigate the impact of the imposition by Russia on equipment imported from the US (see page 84 for further details).

4

KEY RISK

Political risks, sanctions, terrorism and crime.

MATERIAL ISSUES

US TRADE TENSIONS WITH OTHER COUNTRIES

In retaliation for the United States of America's (USA) imposition of duties on steel and aluminium, Russia imposed duties of 30% on equipment imported from the USA, including Caterpillar.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

Russia has joined with other USA trade partners, including the European Union, China, India and Canada, in filing complaints at the World Trade Organisation to challenge the imposition of duties. It is, however, unlikely that these will be resolved in the short-term. On the positive side, we do not expect sanctions to be escalated.

We anticipate continued growth in the market, given the country's high international reserves and low levels of debt and the fact that Russia is one of the world's leading producers of commodities with a strong mix of commodities as well as established and junior miners.

The government, which has been criticised for its lack of infrastructure investment, is pursuing a 6.3 trillion ruble (USD96 billion) six-year modernisation plan to revamp the country's highways, airports, railways, ports and other transport infrastructure through 2024. Against this backdrop, we see significant opportunities opening up.

Continuous application of the group's Ethics and Compliance Programme in all territories.

5

KEY RISKS

Political risks, sanctions, terrorism and crime.

Volatile commodity prices.

Regulatory environment.

MATERIAL ISSUES

MACRO-ECONOMIC CHALLENGES AND GEOPOLITICAL TENSIONS

Managing levers under our control.

Placing our customers at the centre.

Protection of our core business strengths.

Continuous improvement.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

Mining customers are moving towards larger equipment with greater after-market opportunity. After-market revenues will remain at current levels or move even higher due to our sizeable installed machine base.

In South Africa, where our B-BBEE credentials have been significantly enhanced by the Khula Sizwe transaction, we plan to build on the recent award of the RT57 government tender to drive construction machines sales through increased participation in government tenders.

In line with the group's financial targets, the divisions drive the reduction of working capital, limit capital expenditure and improve cash flow.

Net interest bearing debt of R582 million (2018: R3.3 billion) was R2.7 billion down on the prior year driven by strong cash conversion in our businesses and the cash holdings from the sale of Iberia in the prior year.

Moody's affirmed Barloworld's long-term Global Scale Rating of Baa3, and long-term National Scale Rating of Aa1.za (negative outlook).

6

KEY RISKS

Currency and liquidity volatility.

Acquisition underperformance.

Defined benefit scheme exposure.

MATERIAL ISSUES

CORPORATE STRATEGIC ACTIONS AND RETURN MANAGEMENT

Focus on capital allocation to deliver value.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

The group's currency exposure management policy for the southern African operations is to hedge substantially all material foreign currency trade commitments in which customers have or will not be accepting the currency risk using forward exchange contracts. Our exposures in Angola have been hedged by purchasing United States dollar-linked Angolan government Bonds and this has proved a successful strategy for the group. Interest rate risks on our borrowings are typically hedged using a balanced profile of fixed and floating debt instruments.

We commit to capital release targets aimed at effective resource allocation and optimal deployment of capital in order to enhance Return on Invested Capital (ROIC) and economic profit.

The BBS (see pages 14 to 15) is playing a key role in driving efficiencies through the focused deployment of talent and other resources.

The merger of Automotive and Logistics offers synergy in terms of shared services and costs.

We contain costs by intensively managing the supply chain for equipment, vehicles and parts and continuously improving our distribution and warehousing processes.

Our strong cash position at the end of 2019 will allow us to deploy capital in an emerging market territory – Mongolia – aligned with our competencies. Our acquisition strategy is clear and our targets aligned to our strengths.

Avis Fleet will be restructured from subsidiary to a JV, creating debt capacity for growth.

Funding shortfalls in our defined benefit scheme are planned to be made up in sensible timeframes via market anticipated increased interest rates, positive returns on investments and additional contributions from the company agreed in the 2017 triennial valuation as part of an eight-year recovery plan to bring the fund back to full funding.

We have a business acquisition policy and procedure that sets out a structured approach and framework for acquisition. JV projects in place include a post project assessment to ensure the realisation of opportunities and synergies.

7

KEY RISK

Talent.

MATERIAL ISSUES

RELEVANT SKILLS AND LEADERSHIP COMPETENCIES

At the heart of our revised strategy is a shift from a decentralised structure to a centre-led corporate structure to leverage group-wide resources and unlock value through One Barloworld. The success of this shift depends on leadership's ability to drive adoption of the culture change across the group and to maintain a high-performance culture.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

By enhancing efficiencies, BBS creates the opportunity to redeploy people across the group to focus on business excellence and drive high performance. So too, does the greater uptake of digital solutions across the business. Enhancing talent mobility in this manner opens up new ways of thinking and creates opportunities for growth which benefits both employees and the business.

We have established a platform for leadership excellence through the Leadership Competency Framework.

Our human capital processes ensure we have the right talent in the right place at the right time and are focused on developing business-critical skills, setting and measuring the right goals and making certain that remuneration and benefits match contribution. We have also implemented mechanisms to help develop BBS-relevant competencies such as problem solving and coaching.

8

KEY RISK

Regulatory environment.

MATERIAL ISSUES

POLITICAL AND REGULATORY UNCERTAINTY

According to the Minerals Council of South Africa, years of regulatory uncertainty – much of it related to the Mining Charter 3 – have resulted in a 65% decrease in mining exploration over the past eight years, with net investment by companies into new mines, machinery and equipment declining by 70% since 2009.

This has obvious implications for our customers and our business.

OUR RESPONSE

There is a risk that national policy will continue to drift in the absence of concrete plans and decisive leadership.

As Barloworld we cannot influence policy to any meaningful extent, but we can mitigate the impact of indecisive policy on our stakeholders through the diversification of our business across sectors, customers and countries.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

9

KEY RISK

Information security risks and digital disruption.

MATERIAL ISSUES

Efficient IT systems and support structures.

Digitisation as an enabler to business optimisation.

LINK TO OUR ACTIVE SHAREHOLDER MODEL

OUR RESPONSE

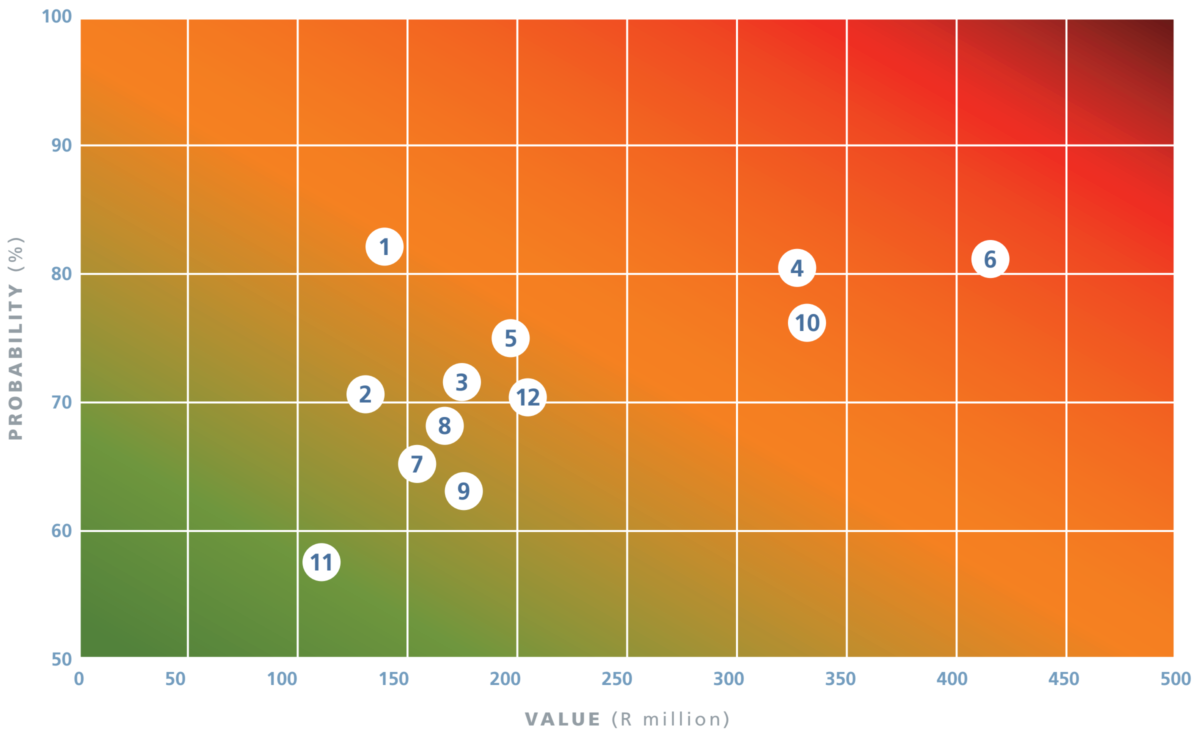
We are investing in digital transformation initiatives to improve efficiencies and together with our principals are exploring digital technologies that enable us to remain relevant and competitive. Resilient business continuity plans are in place. Staff are continuously trained on the identification of cyber-related threats.

Resilient business continuity plans which are tested continually.

We continue to mature our information security approach in line with evolving threat landscape.

The approach includes all appropriate security mechanisms, including physical, technical, organisational, human-orientated and legal to keep information protected against threats.

Risk management



Occupational health and safety risks are integral to the way we deliver value and we have taken a decision to not rank the risk.

BARLOWORLD GROUP TOP RISKS – 2019

DEFINITION OF KEY RISKS

1 **ACQUISITION UNDERPERFORMANCE**

The risk of future net cash flows from acquisitions and/or joint ventures failing to realise the projections upon which the initial purchase consideration or arrangement was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.

2 **CLIMATE AND ENVIRONMENTAL**

Barloworld considers a number of environment-related risks to its strategy, operations and value chain. These include climate change and related physical risks due to changing weather patterns; regulatory risks associated with environmental aspects including greenhouse gas emissions; financial risks relating to environmental impact and carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water. The group identifies the predominant use of fossil fuel-based energy in its supply chain, operations, products and solutions as a risk to itself and its value chain.

3 **COMPETITOR ACTIONS**

Competitors' actions will erode the group's competitive position and have a significant impact on the value created for shareholders.

4 **CURRENCY VOLATILITY AND LIQUIDITY (ANGOLA, ZIMBABWE, SOUTH AFRICA, RUSSIA)**

The movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.

There are also constraints on the repatriation of funds due to shortages of hard currencies in some of the countries in which the group operates and possible losses as a result of local currency devaluations.

5 DEFINED BENEFIT SCHEME EXPOSURE

One of the key risks for the United Kingdom's defined benefit scheme over the past few years has been the reduced real yield on AA rated corporate bonds which are used to value the liabilities. In addition, further increase in life expectancy of members may have an adverse impact on the scheme's funding position, although this trend has slowed recently. Market volatility remains a risk, with 50% of the scheme's assets invested in growth assets (largely equities), which includes diversification into absolute return funds. The year-end accounting valuation resulted in the deficit increasing to GBP113 million, largely due to a decrease in AA corporate bond rates and the GMP change of GBP5 million offset by good asset returns and contributions of GBP22 million by the company in 2019. The scheme was closed to accrual at the end of 2016. The scheme is maturing with the average age of deferred members of 54 years and pensioners of 75 years. This is resulting in the trustee board adopting more prudent assumptions as it will become increasingly important to match the investment strategy with the cash outflows necessary to fund the pension payments. The next triennial valuation is scheduled for 2020.

6 INFORMATION SECURITY RISKS AND DIGITAL DISRUPTION

Barloworld makes extensive use of IT systems and digital technology in its operations to deliver services to its customers. The growing threat landscape posed by cyber-attacks from both cyber-crime and cyber-warfare is an increasing risk to the business. This threat landscape includes operational disruption, information theft and damage to the group's reputation.

7 POLITICAL RISKS, SANCTIONS, TERRORISM AND CRIME

The group's people and assets are spread through numerous countries around the world. The possibility exists that the group's people and assets, and the viability of the businesses, may be exposed to sanctions, 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 identified for expansion. Business growth initiatives require that new markets and territories are the focus of business expansion. These opportunities come with their own distinct risk exposures.

8 PRINCIPALS AND SUPPLIERS

Significant businesses in the group are dependent on a small number of principals and/or suppliers. Barloworld's success is therefore linked to their ongoing reputation and good standing, financial stability, the competitiveness and quality of their products and services and the availability of equipment to meet customers' evolving needs. In order to ensure sustainable value creation, the group depends on suppliers of infrastructure in the countries in which it operates. Most of the group's businesses are dependent, *inter alia*, on reliable power and water supply and appropriate transport networks.

9 REGULATORY ENVIRONMENT

The group is subject to an ever-changing statutory universe across all its divisions and geographies. These are monitored and assessed using both internal and external resources. However, the scope of these changes is such that it is difficult to ensure full compliance.

10 SIGNIFICANT CUSTOMERS AND CHANNELS TO MARKET

Barloworld is exposed to certain large customers and/or industries and well-established distribution and support channels that may change or consolidate.

11 TALENT

The group is exposed to the ever-increasing war for top talent and might therefore face challenges in attracting, developing and retaining the diverse talent required to sustainably deliver on our strategy. If we do not become a company that reflects the demographics of the countries where we operate, our competitiveness and legitimacy will be negatively impacted, and we may lose our licence to trade in the respective regions.

12 VOLATILE COMMODITY PRICES

The effect of volatile commodity prices has contributed to the slower than anticipated recovery of the group's businesses, customers, suppliers and funders and to the continued risk that funding constraints within the supply chains could result in a recurring recession and/or impede growth. This, in turn, has negatively impacted many company investments.

Unpacking our strategic enablers (how we win)

DIFFERENTIATED RELATIONSHIPS

CAPITALS KEY

- FINANCIAL CAPITAL
- HUMAN CAPITAL
- MANUFACTURED CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- NATURAL CAPITAL
- INTELLECTUAL CAPITAL

DEEP RELATIONSHIPS BUILT ON TRUST, SERVICE AND DELIVERY

Stakeholders

Our approach to stakeholder engagement is to deliver value for stakeholders and contribute meaningfully to the societies in which we operate from a foundation of trust-based relationships. Ongoing engagement is conducted with each group of stakeholders according to the priorities of each specific group, depending on developments in their operating context.

ENGAGING WITH OUR STAKEHOLDERS

	STAKEHOLDER	ISSUES RAISED	HOW DID WE MAKE A DIFFERENCE IN 2019?	HOW WILL WE CONTINUE TO DO SO GOING FORWARD?	RELEVANT CAPITAL/S
1	Our **shareholders** entrust us with their capital and expect returns on their investment. As the primary providers of financial capital, our shareholders are critical to the success of our business. Through their ongoing support, we are able to raise the financial capital necessary to grow our business and deliver on our vision.	UK pension fund deficit. Dividends, special dividend or a share buyback. Corporate costs. Environmental, Social and Governance (ESG). Sustainable value creation.	We have negotiated a plan to fund the deficit. We have a very clear view of what our intrinsic value is, and we watch our stock price very closely to ensure that our actions maximise value for our shareholders. Corporate costs rose in line with our move away from a federal, to a centrist model. Costs included skills investment, BBS deployment, M&A costs related to the Mongolian acquisition and costs related to Khula Sizwe. We also incurred costs of R88 million to equalise the guaranteed minimum pensions in the UK pension fund. Material sustainability aspects identified, aspirational group targets set and progress monitored. ESG aspects are included in our strategic framework and related risks are incorporated in our risk management approach.	Continue to drive the deficit down. We will continue to invest in business excellence and do not anticipate a significant reduction in costs. Continue to drive efficiencies for non-renewable energy consumption, greenhouse gas emissions (scope 1 and 2), water usage, and responsible waste disposal, as well as, drive the uptake of renewable energy sources.	   
2	Without our **customers'** ongoing support, Barloworld would be unable to create and sustain value for any of our other material stakeholder groups.	The new wave of digital-driven disruption has led to customers increasingly seeking always-on, performance-based, integrated digital solutions.	We have embarked on a group-wide programme of digital enhancement.	Expand our digital solutions to enhance customer service and employee engagement.	 

Stakeholders

ENGAGING WITH OUR STAKEHOLDERS

	STAKEHOLDER	ISSUES RAISED	HOW DID WE MAKE A DIFFERENCE IN 2019?	HOW WILL WE CONTINUE TO DO SO GOING FORWARD?	RELEVANT CAPITAL/S
3	The relationships between our **principals** and Barloworld are built on trust and usually span decades.	Operational performance. High-performance culture. Licence to operate.	Equipment Russia mitigated the impact of the duties imposed on Caterpillar equipment by working with Caterpillar to enhance cost efficiencies and maintain market share. Caterpillar Finance uses a credit rating scale, ranging from A to E. On D and E rated customers, we have a risk sharing agreement: in the event of default, after realising the sale of the used machines, we participate to the extent of 25%.	Continue to work closely with Caterpillar and other principals.	
4	Our **supplier** diversity and localisation initiatives create legitimacy and credibility in the eyes of our stakeholders.	Access to commercial opportunities, particularly for black-, and black women-owned enterprises. Fair treatment. Reasonable payment terms.	Barloworld Mbewu focused on social entrepreneurs who are making an impact in their communities. Through the Barloworld Siyakhula Incubation Hub targets, we continued to target black-owned SMMEs, who are existing suppliers within the group, while also providing support to eligible SMMEs within our larger value chain.	Support programmes for the 30 participants in Barloworld Mbewu will begin in January 2020.	 
5	Through our **employee** value proposition (EVP), we attract, develop and retain high-performing people and reward their contributions in a fair and commensurate manner.	Diversity and inclusion. Fair remuneration – equal pay for equal work. Connection to the business. Work/life balance. Safety.	Increased diversity and inclusion weighting on divisional scorecards (20% from 10%). 28.9% of the workforce is now female. Transformation Empowerment Dialogues (TEDialogues) to capacitate managers. Conducted analysis across the group on gender pay parity. Information sharing on Khula Sizwe conducted through town hall meetings. Geared for Living Employee Wellness Programme launched. Ongoing safety initiatives.	Preferential procurement to be monitored on a continuous basis. The empowerment of women remains one of Barloworld's top priorities under the transformation umbrella. Continue roll-out of TED Dialogues. Engagement survey will be conducted in the 2020 financial year.	

Stakeholders

ENGAGING WITH OUR STAKEHOLDERS

	STAKEHOLDER	ISSUES RAISED	HOW DID WE MAKE A DIFFERENCE IN 2019?	HOW WILL WE CONTINUE TO DO SO GOING FORWARD?	RELEVANT CAPITAL/S
6	Thriving **communities** enable businesses to succeed.	Limit environmental footprint. Social investment. Community upliftment.	The group recycled and reused 158ML of water, representing 24.1% of water withdrawn from municipal and government supply systems. Non-renewable energy consumption decreased by 3% year-on-year and GHG emissions (scope 1 and 2) decreased by 5% year-on-year. R19 million allocated to corporate social investment programmes, 1% of NPAT. Piloted a water and sanitation project in Zambia. Encouraged active citizenship and volunteerism by employees around the world, to make a difference in their communities and within their spheres of influence. Launched Barloworld Mbewu.	Maintain or improve recycling and re-use. Manage, and where practicable, limit negative impacts on the communities in which we operate and leverage positive impacts. 1% of NPAT. Roll out water and sanitation projects in Zimbabwe and Mozambique.	
7	Engagement with **governments, local authorities, regulatory bodies and the media** enhances brand reputation and ease of doing business.	Violence in trucking sector associated with the employment of foreign truck drivers. Avis Fleet contract with the City of Johannesburg.	Appointed a public policy specialist. Engaged with media and other stakeholders on an ongoing basis.	Become an influential voice in the public policy space. Establish a visitors' programme for journalists. Pro-actively and constructively engage in dialogue related to local and national issues as and when they arise.	

Transformation

8 DECENT WORK AND ECONOMIC GROWTH

DRIVING ECONOMIC TRANSFORMATION AND INCLUSIVE GROWTH

Recognising that neither South Africa nor Barloworld can be successful if a significant portion of the population is excluded from the economy, we take our commitment to Broad-Based Black Economic Empowerment (B-BBEE) very seriously. It is not just about a statutory obligation or box-ticking, it is about making a significant difference and achieving our bold ambition to ensure South Africa works.

Promoting B-BBEE also enhances our licence to operate in South Africa and gives us a competitive advantage.

MAKING A SIGNIFICANT DIFFERENCE

ENHANCING OUR LICENCE TO OPERATE

COMPETITIVE ADVANTAGE

OUR TRANSFORMATION PERFORMANCE IN 2019

	AVAILABLE POINTS	2019 SCORE	2018 SCORE	2017 SCORE
Ownership	25	**25**	24.64	24.64
Management control	19	**15.03**	12.44	12.98
Enterprise and supplier development	40	**30.39**	30.1	28.69
Skills development	20	**15.45**	18.41	20.08
Socio-economic development	5	**5**	5	5
Total score	109	**90.87**	90.58	91.39
B-BBEE level		**3**	3	3

Barloworld made steady progress on issues of management and control, ensuring we were representative of the societies in which we operate. Our development programmes focus on providing meaningful interventions that aim to improve technical capability and capacity, as well as delivery and cost capabilities. We seek to nurture diversity in our supply chain while ensuring we create platforms for development and innovative solutions.

We achieve this through tailored B-BBEE transactions, increasing diversity in the supply chain, enterprise development and relevant corporate social investments.

As one of South Africa's oldest companies, we have an established history of contributing to economic and social transformation. Our aim is to contribute to creating an inclusive economy informed by a shared value approach.

We believe it is our role as a good corporate citizen to deliver value for all our stakeholders, including the countries and communities within which we operate. Accordingly, we have committed ourselves to developing and implementing meaningful interventions that transform our society by investing in initiatives that drive social cohesion, build resilient communities and promote transformation as set out in the opposite diagram.

OUR SOCIO-ECONOMIC CONTRIBUTION

OWNERSHIP SCHEME

Khula Sizwe

- Barloworld Property Holding
- Barloworld Empowerment Foundation

SKILLS DEVELOPMENT

Technical Academy: earthmoving equipment and automotive apprenticeships

Driver Academy

Graduate internship programmes

Learnerships

Youth4YES programme

Education support

PURPOSE

Inspiring a world of difference, enabling growth and progress in society

SOCIO-ECONOMIC DEVELOPMENT

Barloworld Mbewu (social enterprises)

Barloworld Trust (donor funding)

Barloworld Education Trust (bursaries)

Employee volunteerism

ENTERPRISE AND SUPPLIER DEVELOPMENT

Barloworld Siyakhula

Siyakhula incubation programme

SOCIALLY RELEVANT PROGRAMMES ARE ALIGNED TO OUR BUSINESS STRATEGY

Transformation

10 REDUCED INEQUALITIES

OWNERSHIP
KHULA SIZWE: ADVANCING TRANSFORMATION

TARGET

To create a sustainable B-BBEE scheme and **enable black South Africans** to own a stake in a significant property company.

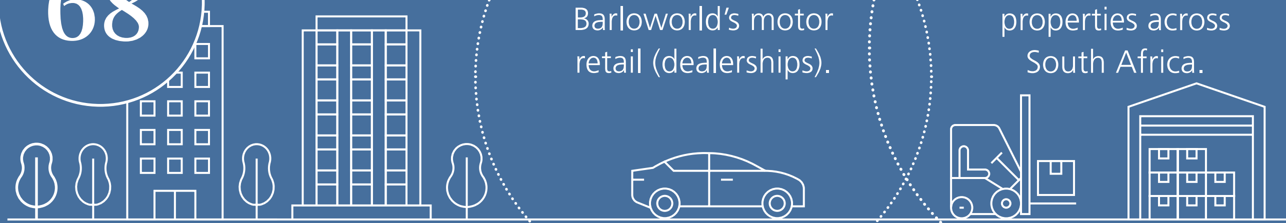
HOW DOES IT WORK?

Barloworld **sold its property portfolio** to Khula Sizwe, which then **leased the properties back** to Barloworld in terms of a 10-year lease agreement with renewal rights.

68 **PROPERTIES**

INCLUDING Barloworld's motor retail (dealerships).

and industrial properties across South Africa.



BENEFITS

Guaranteed rental income, 8% annual increase = more stable investment with predictable cash flows.

R2.9 billion = value of the property portfolio, sold at a 5% discount – meaning the sale value was R2.7 billion.

FUNDING

Khula Sizwe used the amount raised through the public offer, together with funding raised from the management trust and employee trust, **to fund a portion of the acquisition** consideration payable for the properties.

KEY PRINCIPLE
INCLUSIVITY

Accordingly, all eligible staff, both black and white have been included in the Barloworld Employee Trust and the Barloworld Management Trust.

3%

Empowerment foundation will receive 3% of Barloworld shares for various upliftment projects.

ROAD MAP

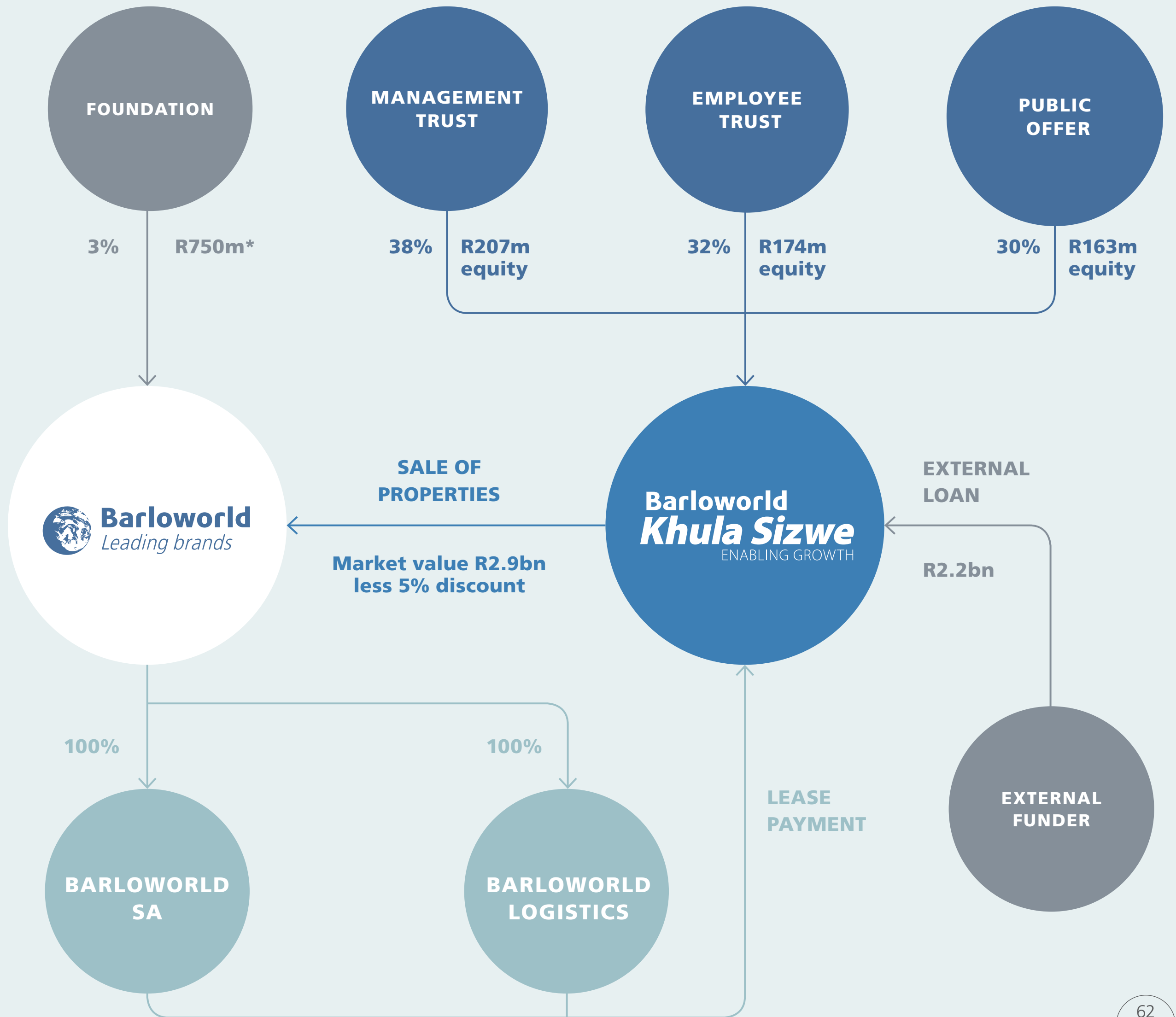
10 Apr 2019
Public share offering launched with a target of raising R163.4 million at R10 a share to fund a 30% portion of the property acquisition. Minimum investment: R2 500

31 May 2019
Public offering closed, over 55 000 applications, oversubscribed

30 Sep 2024
End of lock-in period

2025 onwards
Potential for Khula Sizwe shares to be listed

STRUCTURE



* R750m of value is based on the Barloworld market capitalisation at 15 Nov 2018

Transformation

SKILLS DEVELOPMENT

We depend on our people to deliver the best experience to our customers. Our approach to employee development aims to improve performance and build capacity for the future through a mix of on-the-job development, mentoring and coaching and formal learning.

We also provide opportunities for graduates and unemployed youth to gain much needed work experience and qualifications in the form of learnerships, internships, work readiness programmes and workplace in-house training. A number of graduates and unemployed youth benefited from our skills development and learning programmes:

Our Young Talent Pipeline accommodated **1 254 candidates** this year:

1 153
in apprenticeships and learnerships

84
internships

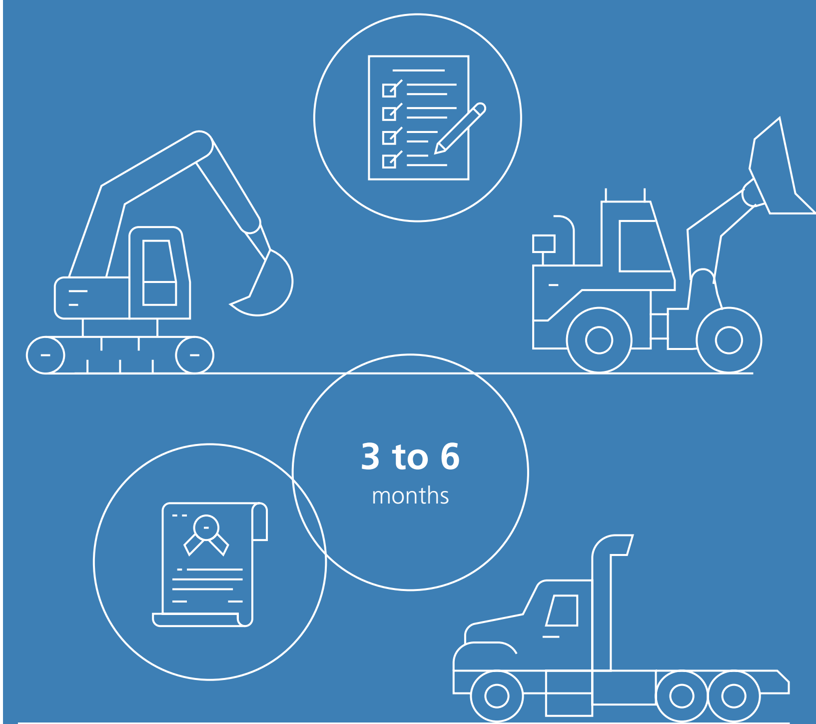
17 CANDIDATES
in our Chartered Accountant Trainee Programme.

Furthermore, we provided **tertiary education support** to **176 employees** and **19 external bursars** received support to further their formal education.

Our **Technicians for Africa (T4A) initiative**, a learning partnership between Caterpillar and Barloworld Equipment, provides foundational level training in electricity, hydraulics, drivetrains and much more to participants across our southern Africa operations.

In just **three to six months** participants can achieve Foundational Certification as **Caterpillar® certified technicians** and begin an exciting journey towards a possible career as a well-paid and highly valued service technicians in the automotive, trucking or heavy equipment industry.

To date, 1 057 candidates across six countries have benefited from this programme.



Transformation

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

ENTERPRISE AND SUPPLIER DEVELOPMENT BARLOWORLD SIYAKHULA

Our focus is on diversifying spend to black-owned and, in particular, black women-owned entities.

We promote Barloworld Siyakhula (Siyakhula) as an active vehicle for achieving this, allocating 3% of South Africa's net profit after tax to the programme which develops entrepreneurs in our communities. Entrepreneurs are required to undergo a stringent selection process. We analyse the business, establishing what steps need to be taken to ensure the business is sustainable.

Our comprehensive support programmes include:

- Capacitation in the form of skills, administration, strategy
- Financial support in the form of soft loans, bridging finance, grants and seed capital
- Access to joint venture opportunities and markets.

We have partnered with financial institutions to provide financing solutions to Siyakhula participants. In addition, we have contracted third-party suppliers in the form of Enterprise and Supplier Development (ESD) agencies to provide support.

In determining the success of an enterprise, we look at the number of jobs created, turnover, year-on-year profitability and whether an enterprise is sustainable into the future. Our aim is that we should not be Siyakhula participants' only client, but that we should be a catalyst for generating further work in the marketplace.

Since inception, Siyakhula has invested over R300 million to provide assistance to 150 SMMEs. Tailored support programmes for SMME's have not only ensured business sustainability, they have created jobs and contributed to much needed diversity of suppliers.

3%

OF NET PROFIT AFTER TAX ALLOCATED TO SUPPORT SMMEs

150

NUMBER OF SMMEs SUPPORTED (SINCE INCEPTION)

750

NUMBER OF JOBS SUSTAINED BY SMMEs

Transformation

SIYAKHULA IMPACT

BARLOWORLD EQUIPMENT

Lucient Engineering and Construction (Pty) Ltd, a 70% black-owned company, provides engineering maintenance services to Barloworld Equipment's (BWE's) Extended Mining Product Range (EMPR) division. Established in 2002, the company sought help from Siyakhula in 2017 to establish an operating presence in South Africa as BWE's supplier in the repair and maintenance of draglines.

BWE has invested over R40 million in the partnership which has opened more opportunities for BWE to compete in the labour-intensive dragline business.

BARLOWORLD AUTOMOTIVE

Established in 2014, T 'n A Auto Services is a 100% black woman-owned business providing automotive glass repair, automotive electrics, electronics and general mechanical repair services.

The company approached our Automotive division to enquire about opportunities for providing services to our Avis Fleet and Avis Budget Rent a Car divisions. A partnership with Siyakhula and the Automotive division was then established to provide training and business analysis support, as well as access to funding and markets.

In total, a funding package to the value of R800 000 was put together to enable the business to secure equipment and provide working capital to cover employee salaries and rent.

In addition to the Avis business, T 'n A Auto now has access to a specialised vehicles contract with the City of Johannesburg – which has ensured its sustainability. From repairing three vehicles a month, the company now services 28 vehicles per month and has created 10 permanent jobs.

BARLOWORLD LOGISTICS

Barloworld Logistics (BWL) has an established partnership/support programme for T-Marc Holdings, a majority black woman-owned company in the transport and warehousing sector.

When Barloworld started supporting the company in 2011 it had only two vehicles and was only transporting samples for Anglo American. With Barloworld Siyakhula's support, the company was able to secure a three-year contract with the mining conglomerate.

Today, T-Marc owns 21 vehicles and has scaled its business and offerings to include warehousing. The company also provides services to BWL.

When the partnership started, BWL's spend with T-Marc Holdings was R1.2 million per annum. In the last financial year alone, spend totalled R13.2 million.

The support package over the years has included human resource support, increased work allocation in order to enhance liquidity, market access and work from other Barloworld divisions.

> The support I have received and continue to receive from Siyakhula is amazing. I am grateful for the opportunity and will use it to my full advantage.

ANELISA GUNGU
Owner of T 'n A Auto Services

Transformation

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

LOCALISATION CATERPILLAR PROGRAMME

Barloworld Equipment remains committed to supporting the development and success of black-owned engineering firms. Through Siyakhula, we facilitated emerging contractors' access to business opportunities and equipment. In addition to companies that we worked with in previous years, in 2019 we supported:

- **Toro Entle (Pty) Ltd**, a 100% black-owned firm in eMalahleni (Mpumalanga province) that focuses on underground and opencast mining services. Through Siyakhula, we assisted the firm to acquire earthmoving machinery needed to service a contract with a mining company. We enabled Toro Entle to access the required 10% deposit to procure nine earthmoving machines. This enabled the company to maintain a four-year contract for topsoil stripping and created 55 sustainable jobs.
- **Ditsepu (Pty) Ltd**, a 100% black-owned mining and civil engineering contractor and plant rental company is a beneficiary of the Siyakhula Incubation Hub. We assisted the company to acquire and rent earthmoving equipment. The financial assistance package and supplementary training on the equipment enabled the company's success and directly supported the creation of 10 direct jobs.
- **Lucient Engineering and Construction (Pty) Ltd** which provides engineering maintenance services to Barloworld Equipment's EMPR division, continues to be a stand-out performer. Over and above the 200 sustainable jobs the company has created from being a Barloworld Equipment partner, it has created 100 project-based jobs, bringing the total count of direct jobs created to 300.

Socio-economic development

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

BARLOWORLD MBEWU

Planting the seeds for socio-economic development to make a **World of Difference**.

Barloworld's group strategy takes a focused approach to long-term value creation for all our stakeholders, and the new Barloworld Mbewu programme is fully aligned with this strategy because we believe that when our communities grow, we also grow.

DOMINIC SEWELA
Group chief executive

PURPOSE

To create social value through a tailored support programme for innovative business ideas that solve community challenges.

OUR FOCUS

Marginalised communities with a specific focus on rural and township economies.

FUNDING

R30 million in funding over three years.

BENEFICIARIES

Social enterprise from start-ups to established social businesses with proven income streams and potential for scalability.

BARLOWORLD MBEWU JOURNEY

MILESTONES ON OUR JOURNEY

2018
Review of social impact programmes

12 Jun 2019
Launch of Barloworld Mbewu to provide tailored support for social enterprises

Jun 2019
Roadshow across all nine South African provinces to reach out to communities and social entrepreneurs; covered 5 000 kilometres and visited 18 outlying and often overlooked towns

31 Jul 2019
Over 4 000 applications received at close of applications

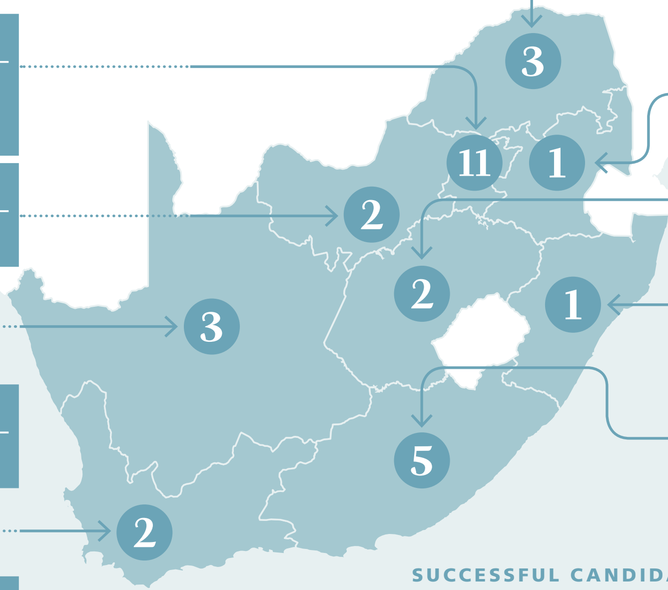
Aug 2019
30 beneficiaries identified, with some applicants directed to the Barloworld Siyakhula programme

Jan 2020
30 beneficiaries will begin the Mbewu incubation programme

WHY IS MBEWU DIFFERENT?

- Assessment of each enterprise's unique needs
- Individualised support to help scale up social value creation
- Incubation and capacity building
- Seed funding for business development
- Access to finance through strategic partners
- Brings the enterprises into the Barloworld partner ecosystem to build the connections they need for future success

MAP SHOWING SUCCESSFUL CANDIDATES BY GEOGRAPHIC SPREAD AND AREAS OF ACTIVITY



GAUTENG
Agri-processing, Environment, Arts and culture, Innovation, Education, Recycling

NORTH WEST
Arts and culture, Farming

NORTHERN CAPE
Arts and culture, Farming

WESTERN CAPE
Arts and culture, Farming

LIMPOPO
Education, Farming, Environment, Health

MPUMALANGA
Arts and culture

FREE STATE
Arts and culture

KWAZULU-NATAL
Arts and culture, Farming

EASTERN CAPE
Arts and culture, Farming, Environment, Innovation

AREAS OF ECONOMIC ACTIVITY AND PARTICIPATION LEVELS

CANDIDATES	ACTIVITY
8	Agro-processing and farming
8	Environment and recycling
5	Arts and culture
3	Innovation
2	Education
2	Health
1	Automotive

SUCCESSFUL CANDIDATES' FEEDBACK

Judges coming from a place of 'we want to help you' and not criticism. They are here to help not like other competitions, so it was amazing.

Londiwe Mvula Enactus

I am looking to employ more people, change the world, I'm looking to export, there are so many plans. It's difficult having invested in your own company and having no one wanting to listen to you to expand so this process has been amazing. The master skills classes were amazing, they've changed my life and I'm certain they'll change the future and outlook of my business.

Malerato Mboboyi Limise Promotions

Partnering with Barloworld will give us momentum, that strength to go and impact as many of these young people as possible.

Jabulani Dlamini
Sidingulwazi Environmental Centre

The way the judges are handling the presentation, their way of communicating with us, it humbles me. It's more of a supportive thing than a presentation.

Mathema Makola Dihlaping

The approach was not necessarily competition but a partnership with social enterprises to change people's lives not only in South Africa but in all the countries that Barloworld is represented in. I'm excited by the feedback from the judges especially the potential to grow the business.

Sizwe Mnamatha Phumelela Solutions

The Big Pitch was a life changing moment.

Alice Radebe
Molam's Farming

Social investment (CSI)

3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 15 LIFE ON LAND

BUILDING RESILIENT COMMUNITIES

Active corporate citizenship and the quest to create value for the communities within which we operate remains an ongoing preoccupation and focus for Barloworld.

We strive to make a difference by enabling growth and progress through strategic socio-economic development programmes. Our social investments are investments in the future, inspiring a World of Difference by building resilient communities.

OUR CSI INVESTMENT IN 2019

Overall CSI investment of R19 million, 1% of South Africa's net profit after tax (NPAT) (2018: R16 million).

AREA	EDUCATION	YOUTH DEVELOPMENT AND EMPOWERMENT	HEALTH AND WELFARE	ENVIRONMENT
% of expenditure	44%	16%	25%	15%
Description	Programmes that focus on access to quality basic education with an emphasis on improving science, technology, engineering and mathematics (STEM) subjects at high school level, as well as teacher development programmes	Programmes that focus on youth leadership skills development, as well as social entrepreneurship programmes that resolve local community challenges	Initiatives that focus on access to basic healthcare services as well as improved life expectancy	Programmes that increase awareness of climate change and conservation

COMMENTS FROM OUR SOCIAL PARTNERS

Barloworld funding enabled us to deliver a WeCode drone coding programme on the Tynker Platform, for **23 grade 10 learners** at Tembisa Secondary School.

PEACE FOUNDATION
WeCode programme
at Tembisa Secondary School

Our collaboration with Barloworld has been of great help in bettering our country's landscape in maths and science. We have managed to assist **ten school districts with learner, teacher and tutor development**. We were able to **provide assistance to 76 underperforming schools**.

MATHS AND SCIENCE INFINITY

The EWT's internship programmes, supported by Barloworld, are designed to **empower young South Africans** – mostly from previously disadvantaged backgrounds – to embark on impactful, fulfilling careers in the conservation and environmental sectors by gaining valuable work experience and giving them a competitive advantage in the workplace. This programme is increasingly important due to the importance of applied science in the conservation arena, and the scarce availability of internship opportunities. We are therefore grateful that we can continue supporting our current contingent of interns through the ongoing support of Barloworld.

ENDANGERED WILDLIFE TRUST

Our partnership with Barloworld enabled us to provide **1 525 learners** from the poorest townships in our country access to quality education. Their support is measurably contributing to our mission to ensure that each student graduates high school with a university exemption in Science, Maths and English at the highest level.

LEAP SCHOOLS

In Barloworld we found an organisation that shares our belief that equipping and empowering the youth is the only sure way to secure a sustainable future for South Africa. Received funding has made it possible for us to host career coaching workshops to assist young people to plan and choose their careers. In the last year alone, **1 723 CareerBuilders completed and graduated from the programme.**

CAREER BUILD

TEACH South Africa recruits, trains and deploys university graduates in the Maths, Science, Technology and English fields to be ambassadors in high schools and equips them with teaching skills to improve educational outcomes. Barloworld's support has made it possible for us to organise key engagements with partners and communities and **plot direction for the next five years**. The generous support is valued and appreciated.

TEACH

Social investment (CSI)

6 CLEAN WATER AND SANITATION

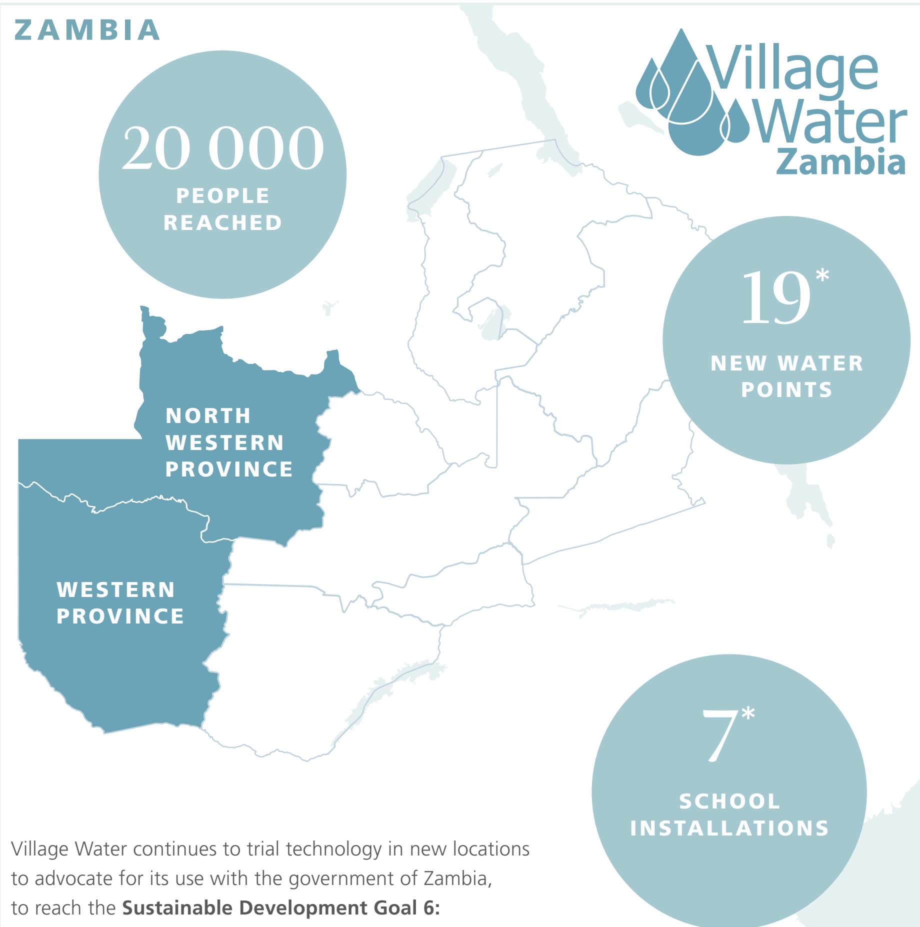
MAKING AN IMPACT IN ZAMBIA

Our focus is on supporting the communities within which we operate. In Zambia, we had consultations with local stakeholders to understand social expectations. Over and above job creation, support for education and skills development, access to safe water in the Zamtam community on the outskirts of Kitwe was identified as a key need.

Accordingly, in February 2019 we initiated engagements with the Kitwe Town Council to support the Zamtam Community and Mwanalesa Community School to enhance health and shorten walking distances to water sources by providing a safe and reliable water supply.

We partnered with Village Water Zambia to design and establish a water scheme supply project that will benefit close to 20 000 community members. The finished project, due for completion towards the end of 2019, will remove dependence on crudely dug shallow wells for water provision.

In keeping with our focus on self-sustaining projects, community members will be trained in hygiene and borehole maintenance to take an active role in sustaining the water project. Additionally, the district and local water utility company are also set to play a role in sustaining the initiative in the long run.



Village Water continues to trial technology in new locations to advocate for its use with the government of Zambia, to reach the **Sustainable Development Goal 6: clean water and sanitation** for all.

> We are really pleased that we have an opportunity to do this for the local communities in the areas in which we operate. I think the water project will go a long way in making a lot of people's lives a lot easier and better than they were previously.

ADRIAAN PRETORIUS
Barloworld Equipment
Zambia country manager

> I would like to thank Barloworld for this gesture. I think it is something that is positive for the communities, especially in the area selected for the implementation of this system. It is something that Barloworld will be remembered for by the local community.

ELISHA NG'ONOMO
Village Water Zambia Director

* Water Village Limited report and financial statements 2018

https://secureservercdn.net/160.153.137.17/08f.ac7.myftpupload.com/wp-content/uploads/2019/06/signed-accounts-2018.pdf

Social investment (CSI)

10 REDUCED INEQUALITIES

EMPLOYEE VOLUNTEERISM PROGRAMME

Barloworld staff members continue to play an active role in communities and supporting those in need through volunteering initiatives. Our theme for Mandela Day was *"Your Time Makes a World of Difference"* and we focused on People with Disabilities. We partnered with the National Council for People Living with Disabilities to identify people in need of wheelchairs.

To make a difference, 50 Corporate Office members took on the task of assembling 40 wheelchairs that were donated to recipients at the Adelaide Tambo School for the Physically Challenged (Soweto), the Gauteng Association for Persons with Disabilities (Tembisa), and the Sithandiwe Disabled Care Centre (Lombardy East).

Across all other Barloworld group companies, 313 employees volunteered to support initiatives ranging from care and support for children at risk, to food security:

- Care and support for children was a theme for Barloworld Equipment staff members. From renovating a day care centre in Nelspruit, spending time to prepare meals and play with children at the Igugulethu Child & Youth Care Centre in Boksburg, to undertaking household chores and preparing meals for kids in Midrand, volunteers ensured Mandela 2019 was memorable.

The same approach carried through to Angola where colleagues supported an orphanage in the impoverished Cacuaco Township in Luanda.

- In our Automotive and Logistics division, over 180 employees volunteered their time to support our long-standing partnership with Rise Against Hunger and its mission to increase food security. Teams parcelled nutrition packs specifically formulated to combat malnutrition.

LOOKING FORWARD

Over the years, Barloworld has witnessed first-hand the long-term benefits of a shared value approach in being an active corporate citizen. We remain committed to measurably contributing to socio-economic development and bringing about meaningful change in the societies where we operate.

The Barloworld Education Trust, in existence since 2008, is winding down. To replace this, we are in the process of establishing the Barloworld Empowerment Foundation. Barloworld will issue 6.6 million ordinary shares (3% issued share capital) to the Barloworld Empowerment Foundation, that will hold the shares in perpetuity (the Foundation may never sell nor encumber the shares).

The Barloworld Empowerment Foundation will build on the rich legacy of the Barloworld Education Trust which cumulatively invested R9.3 million in education and awarded bursaries to 67 deserving students.

The Empowerment Foundation, like the Trust, will work in conjunction with current Barloworld CSI initiatives. However, its initiatives will be funded through dividends received from its shareholding rather than Barloworld post-tax earnings.

40

WHEELCHAIRS ASSEMBLED BY CORPORATE STAFF

313

EMPLOYEES VOLUNTEERED TO SUPPORT INITIATIVES

6.6m

ORDINARY SHARES TO BE ISSUED TO BARLOWORLD EMPOWERMENT FOUNDATION

Summing up our socio-economic impact

R108m*

SPENT ON EMPLOYEE TRAINING ACROSS ALL LEVELS IN 2019

R300m*

INVESTED IN SUPPORT OF SMMEs SINCE THE INCEPTION OF BARLOWORLD SIYAKHULA

R69m†

INVESTED IN APPRENTICESHIPS, INTERNSHIPS AND LEARNERSHIPS

19 EXTERNAL*
176 INTERNAL*

BURSARIES GRANTED IN 2019

R19m

INVESTED IN COMMUNITIES

R30m

TO BE INVESTED TO SUPPORT SOCIAL ENTREPRENEURS OVER THREE YEARS

1 254†

NUMBER OF BENEFICIARIES IN YOUNG TALENT PROGRAMMES

2

OUR COMMUNITY
initiatives are designed to create a meaningful positive change

1

OUR PURPOSE
is to inspire a world of difference, enabling growth and progress in society

* Including discontinued operations
† South Africa AIC only

Unpacking our strategic enablers (how we win)

LEVERAGING OUR SCALE AND ASSETS AND MAINTAINING LEADING BRANDS

Equipment southern Africa

OUR OPERATING PROFILE

BRANDS

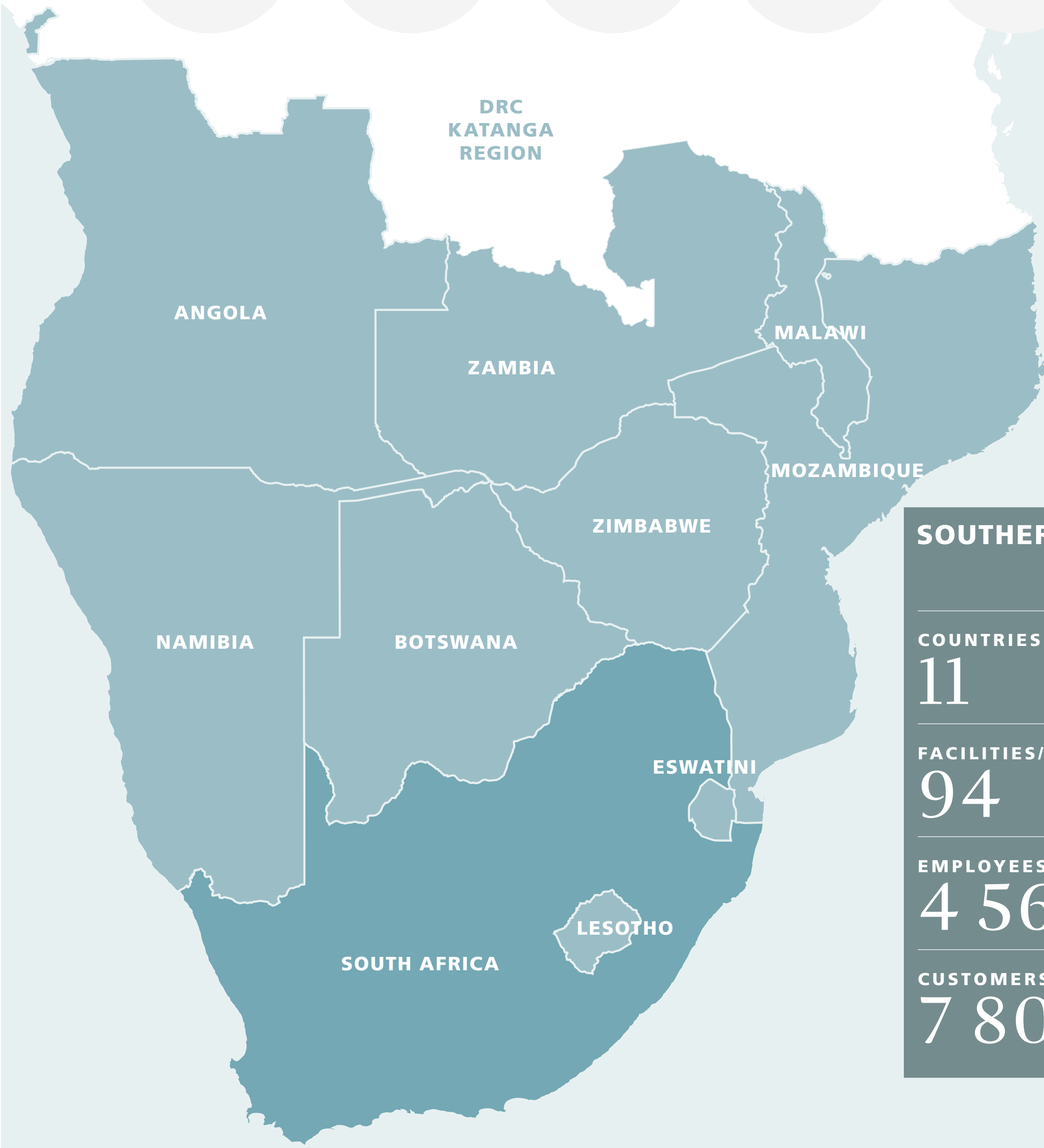
CAT

SEM A Caterpillar Brand

Perkins

MaK

CAT The Rental Store



SOUTHERN AFRICA

COUNTRIES
11

FACILITIES/DEPOTS/SITES
94

EMPLOYEES
4 563

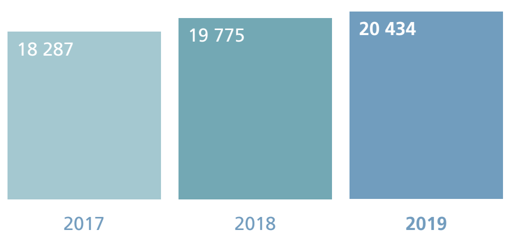
CUSTOMERS
7 800

Equipment southern Africa

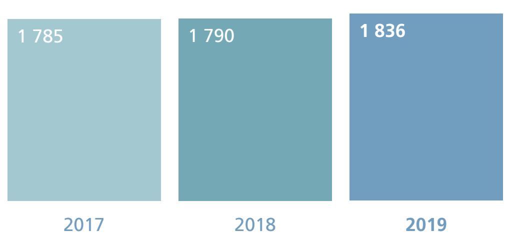
DIFFERENTIATING CAPABILITIES

- Caterpillar brand quality
- Large array of mining, construction, and power solutions supported by world-class technical training and after-sales service
- Superior capabilities and footprint
- Full maintenance and repair offerings
- Short-term rental and long-term leasing options
- Deep relationships built on trust
- Caterpillar Financial Alliance

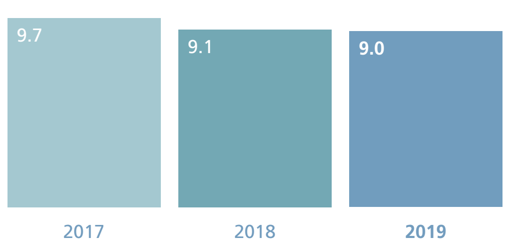
REVENUE (Rm)



OPERATING PROFIT (Rm)



OPERATING MARGIN (%)



OUR OPERATING CONTEXT IN 2019

SOUTH AFRICA

Operating conditions remained challenging in South Africa. Political uncertainty and routine power outages constrained economic development, affecting both the construction and mining sectors. Investment in infrastructure development was low against the backdrop of the large trade deficit and limited foreign direct investments. South Africa managed to avoid a potential technical recession in the second quarter with a 14.4% recovery in the mining and quarrying industry, however, the economic outlook remains negative.

REST OF AFRICA (ROA)

A challenging regulatory environment and fluctuating commodity prices, particularly in oil, copper and cobalt, impacted performance in the Democratic Republic of Congo (DRC) and Zambia. Some mining customers in these regions reduced production outputs in response to profitability challenges.

Shortage of forex and limited letters of credit continued to restrict trade in Angola, while the deteriorating political and economic landscape in Zimbabwe resulted in hyperinflation. On a positive note, business confidence in Mozambique improved significantly following the start of the Liquefied Natural Gas (LNG) Rovuma Basin project.

HIGHLIGHTS IN 2019

- Lost-time injury frequency rate stood at a record of 0.24
- R268 million of associate income from the Bartrac JV in the DRC
- 20.8% growth in mining machines sales despite challenging operating conditions, the increase offset by a slowdown in construction. After-market contribution of total revenue increased to 54%
- Successful launch of a new range of construction machines
- Preferred equipment supplier for SA government and municipalities
- Launched a local genset packaging programme in SA
- R700 million reduction in working capital
- Growing collaboration with Caterpillar Financial Alliance in deal financing

Equipment southern Africa

MANAGING FOR VALUE IN 2019

Medium-term strategy: Fix, Optimise, Grow: Reach full potential and exceed group return on invested capital of 13% by 2020.

FIX AND OPTIMISE

- As part of initiatives to address profitability issues in our RoA operations, we rationalised our Botswana and Angola operations. We have also completed management structural changes in Mozambique to improve efficiencies in our operations
- Together with Caterpillar, we have successfully launched a local packaging programme to improve competitiveness across a broader range of diesel gensets
- Returns in our Rental business improved due to reduced exposure to non-profitable contracts. In addition, we have focused on decreasing slow renting assets and increasing the disposal velocity on used machines to reduce stock holding.
- As part of our business process transformation, we started with Robotic Process Automation (RPA) deployment in some of our operations
- The roll-out of the BBS in Middelburg, Isando and BWE Reman Centre resulted in improved efficiencies.

GROW

- The introduction of a competitive product range continues to assist us to preserve our market share in construction
- Improved mining machine stock availability has helped to capture contract mining opportunities
- By leveraging our retail strategy and financing capability, we have achieved significant growth in the emerging contractor segment
- We continue to explore ways to develop relevant digital capabilities to serve our customers.

Equipment southern Africa

PERFORMANCE OVERVIEW

Full year revenue increased by 3.3% to R20.4 billion driven by 7.7% growth in after-market.

Machine sales were flat compared to prior year. Mining equipment sales grew by 20.8% mainly supported by demand in contract mining but the growth was offset by reduction in construction machine sales.

The ongoing rental optimisation efforts are delivering results. The rental business was able to maintain prior year revenue levels despite a decrease in rental asset balance. The business was also able to improve its returns by focusing on profitable product lines and customers.

Revenue from Energy and Transportation business grew marginally, impacted by an increase in demand in projects in RSA and lower sales in Angola.

Operating profit increased to R1 836 million in line with revenue growth, but the operating margin ended marginally lower than prior year at 9.0% (2018: 9.1%) due to the foreign exchange rate impact. Net expenses grew below inflation, at 3.6%, despite the cost of business rationalisation in Botswana and Angola and ongoing investment in the operational transformation programme.

Effective tax rate at 31.9% is lower than prior year at 34.5% due to lower tax charges in Angola, which were driven by IAS 12.41 release.

Income from **associates** increased to R250 million (2018: R247 million). Bartrac JV in the DRC generated income of R268 million (2018: R251 million), despite reduced activities in key customer operations. Gains from the Bartrac JV were offset by losses in the Barzem JV in Zimbabwe as a result of the rebased currency from United States dollar to Real-time gross settlement dollars.

Invested capital reduced by R345 million despite exchange rate increase year-on-year. Average invested capital, increased by 5.6% to R11 486 million (2018: R10 880 million) resulting in a ROIC of 12.5% (2018: 12.7%).

CASH FLOW

Free cash generation of R2 014 million was significantly up compared to cash outflow of R99 million in the prior year.

OUTLOOK

Improvement in the markets we serve will be slow in the short-term. Nonetheless, we have an opportunity to grow machine market share significantly with the introduction of a new competitive product range. We are also well positioned to grow our parts market share in the large construction segment. We will continue our focus on managing levers under our control which include prudent cost containment and invested capital reduction in the short- to medium-term. Income from our Bartrac JV is expected to reduce in the short-term due to reduced activity in key customer operations.

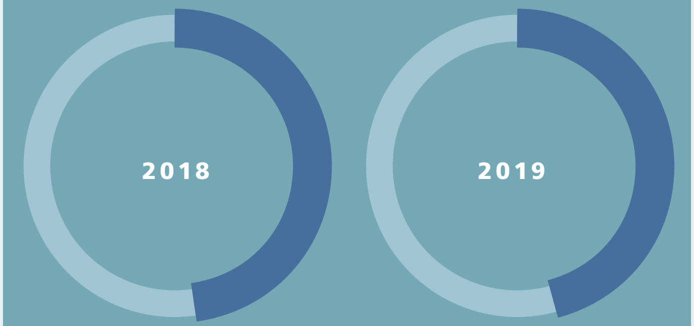
TRENDS

- Mining sales led by a significant shift in contract mining
- Large construction customer diversification into mining and expansion outside SA
- Chinese dealers selling machines and parts to their Chinese customers in Africa

Equipment southern Africa

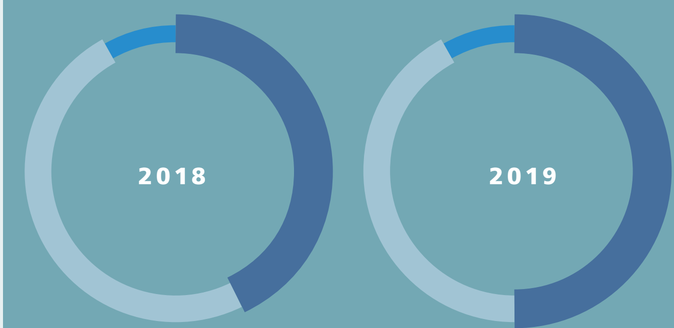
LOOKING FORWARD

EQUIPMENT SnA REVENUE PROFILE BY LINE OF BUSINESS (%)



	2018	2019
New equipment	48	46
Product support	52	54

SALES BY INDUSTRY (%)



	2018	2019
Mining	43	50
Construction	49	42
Energy and Transportation	8	8

DIVISIONAL KEY PERFORMANCE INDICATORS

	SOUTHERN AFRICA	
	2019	**2018**
FINANCIAL		
Revenue (Rm)	**20 434**	19 775
Operating profit (Rm)	**1 836**	1 790
Operating margin (%)	**9.0**	9.1
Net operating assets (Rm)	**11 336**	11 637
Invested capital (Rm)	**11 313**	11 659
ROIC (%)	**12.5**	12.7
HUMAN AND SOCIAL		
Employee headcount	**4 563**	4 719
LTIFR*	**0.24**	0.32
Work-related fatalities	**0**	0
B-BBEE rating	**1**	1
NATURAL		
Petrol and diesel (ML)	**4.05**	4.14
Grid electricity (MWh)	**15 601**	15 003
Non-renewable energy (GJ)+	**205 699**	206 428
GHG emissions (tCO_2e)#	**25 138**	25 074
Water withdrawals (ML)^	**161**	158

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000) /hours worked
+ Excludes energy from rental fleets
# Scope 1 and 2
^ Municipal sources

INDUSTRY FOCUS

Mining outlook stable, with prospects of growth in the medium- to long-term anticipated. Construction market subdued in the near term, and expected to turnaround in the medium-term

BUSINESS TRANSFORMATION FOCUS

Invested capital reduction and operational efficiency drive through the BBS and operational transformation

FUTURE FOCUS

Customer and commodity diversification

Digital capabilities to improve customer satisfaction

OPPORTUNITIES

Services growth opportunity

Mozambique and Rovuma LNG opportunity

Increase participation in government construction tenders

Unpacking our strategic enablers (how we win)

LEVERAGING OUR SCALE AND ASSETS AND MAINTAINING LEADING BRANDS

Equipment Russia

OUR OPERATING PROFILE

TERRITORY

Customer base: diversified portfolio of large mining houses, junior and contract miners, infrastructure, forestry and oil and gas.

POPULATION
21m

MACHINE POPULATION
4 317

POWER UNITS
1 827

KRASNOYARSK

MINING
(NICKEL, GOLD, COAL)

CONSTRUCTION

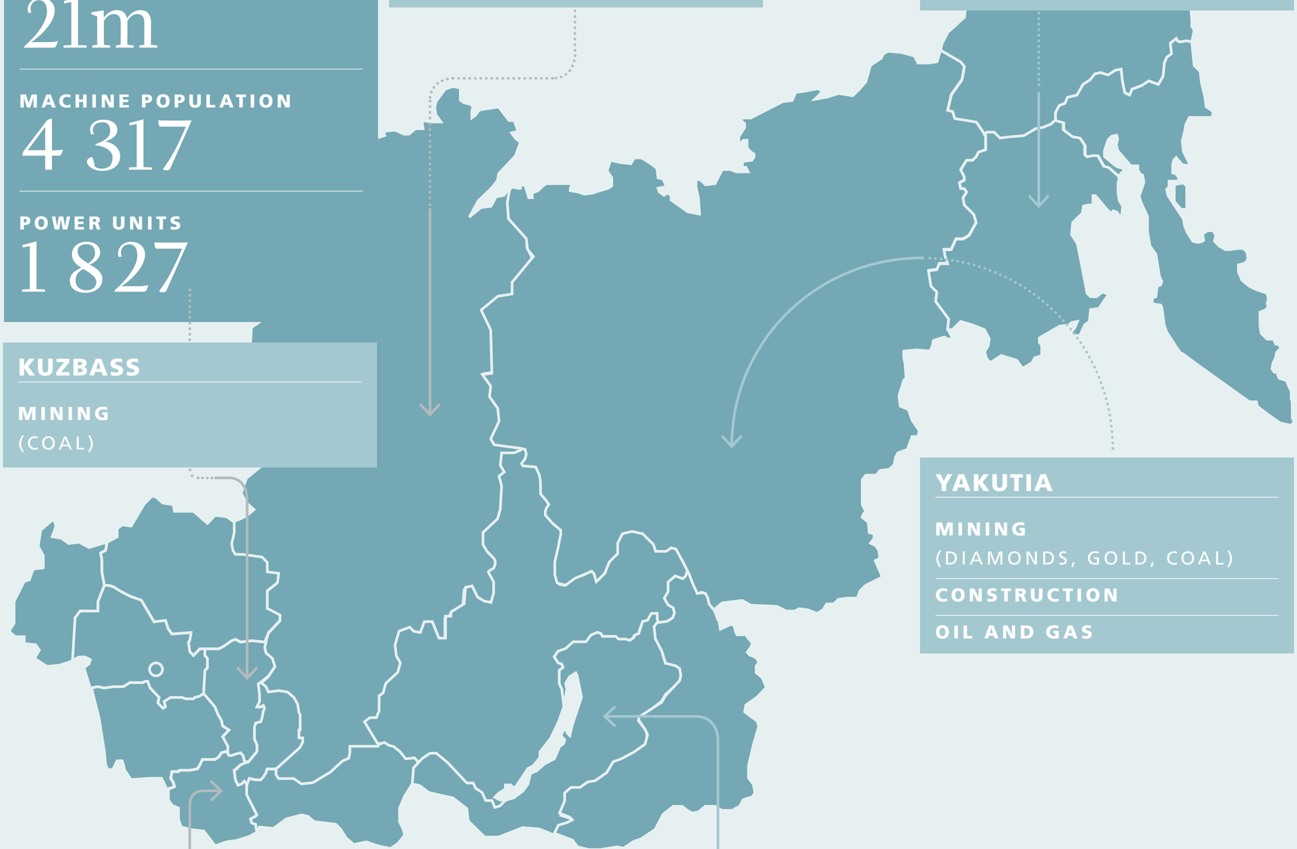
FORESTRY

OIL AND GAS

RUSSIAN FAR EAST

MINING
(GOLD, COAL)

CONSTRUCTION



KUZBASS

MINING
(COAL)

YAKUTIA

MINING
(DIAMONDS, GOLD, COAL)

CONSTRUCTION

OIL AND GAS

WESTERN SIBERIA

MINING
(ANTHRACITE, SULPHATES)

CONSTRUCTION

FORESTRY

OIL AND GAS

EASTERN SIBERIA

MINING
(GOLD, COPPER, COAL)

CONSTRUCTION

FORESTRY

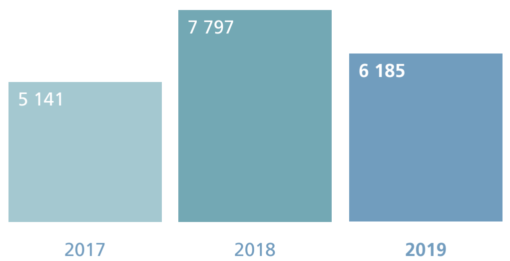
OIL AND GAS

Equipment Russia

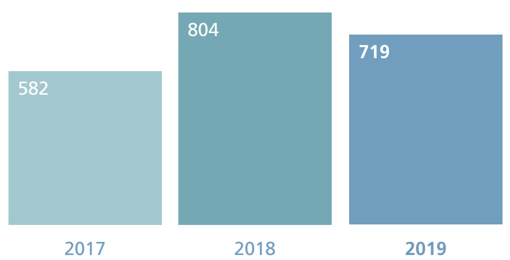
DIFFERENTIATING CAPABILITIES

- Wide facility footprint with modern repair centres in key locations throughout the territory
- Highly skilled and trained workforce
- Full alignment and support from Caterpillar
- Rebuild and salvage capabilities
- Strong focus on digital service offering including e-commerce, machine health, predictive analytics and niche technologies supporting effective and efficient customer operations

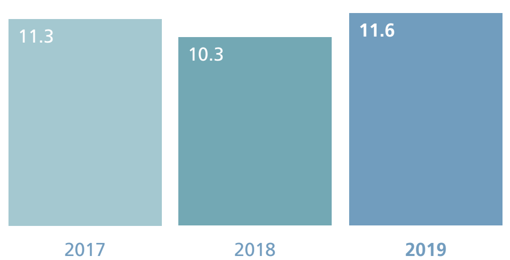
REVENUE (Rm)



OPERATING PROFIT (Rm)



OPERATING MARGIN (%)



OUR OPERATING CONTEXT IN 2019

Russia remains a key market for Barloworld, supporting a diversified customer base including large mining houses, junior and contract miners, infrastructure, forestry and oil & gas. Our resources portfolio covers a range of commodities including gold, copper, nickel, coking and thermal coal as well as diamonds, among others.

The fundamentals of the Russian macro-economy were sound, characterised by high levels of international reserves and low levels of debt, albeit the pace of economic growth has slowed down following the 2014 geopolitical conflict with the West.

In 2018, the US imposed sanctions on commodities such as aluminium, prompting the imposition by Russia of customs duties of up to 30% on certain equipment imported from the USA, including trucks, bulldozers, loaders and graders. However, the impact on business performance was contained, with a diversified mining portfolio helping to maintain positive trajectory.

The government's 17-point executive order, known as the revised 'May Decree', includes halving poverty and turning Russia into a top-5 world economy, while investing at least RUR8 trillion in healthcare, education and infrastructure. This is expected to boost economic growth and opportunities in the medium-term, although it is not clear which of the Russia's regions will be recipients of this extra investment effort.

Regrettably, we had one work-related fatality.

HIGHLIGHTS IN 2019

The region continued to perform well – the resilience of our people in difficult circumstances, including sanctions and duties, enabled us to deliver resilient results across all areas.

We continued to capitalise on our facility footprint and repair capabilities to produce a solid after-market performance for the year, supporting overall dealership profitability.

We had considerable success in delivering big trucks in the past two years which resulted in a significant boost to our installed machine population.

Management remained focused on cost control and working capital optimisation.

Cash generation of USD36.6 million (2018:USD22.3 million)

Operating profit margin improved to 11.6% (2018:10.3%) positively impacted by sales mix and continued cost control.

The development of dealership capabilities, growth in installed machine population and expansion of parts and service business remain cornerstones of our Russian operations.

Equipment Russia

MANAGING FOR VALUE IN 2019

Medium-term strategy: Optimise, Grow: Continue to exceed target for group return on invested capital of 13%.

OPTIMISE

We continue to improve our capabilities in after-market and the digital aspect of the business with a view of offering a fit for purpose range of solutions to our customers:

- Machine and components rebuild and salvage capabilities
- Site presence for large mining customers
- Machine health and predictive analytics
- Specialised technologies such as measuring the haul loads, fuel burn, operator fatigue etc.
- Remote control technology for the operation of equipment in difficult to reach or dangerous areas
- Customer facing portals focusing on fleet management and e-commerce.

Being one of the leading dealers in the digital space allows us to pilot new technologies and customise these to the needs of our customers and our dealership as these evolve.

GROW

To build on our outstanding performance over the last two years, we:

- Have identified brown and greenfields opportunities across commodities and customers and are working to realise these
- Will continue to work with key Russian customers on autonomous mining projects
- Offer solutions with different types of fuel, including liquefied natural gas (LNG)
- Take advantage of Caterpillar technological developments to link data, predict, analyse and grow customer solutions.

Equipment Russia

PERFORMANCE OVERVIEW

While Equipment Russia did not match the record performance of 2018, the division continued to perform above expectations and generated revenue of USD433 million, 28.6% lower than the prior year due to a decrease in mining prime product sales.

The impact of duties was less than anticipated, due to a number of key factors:

- The commodity cycle maintained momentum
- Caterpillar remains committed to Russia with increased product lines manufactured locally
- The comprehensive solutions and dealer support continue to provide a competitive advantage
- Long lead times, product availability, and mine design supported long-term choice of product.

The geo-political environment is uncertain and is expected to remain so in the foreseeable future. Our diversified mining portfolio which includes gold, coal, copper, nickel, aluminium and diamonds will continue to support revenue growth. Our projects include brownfield and greenfield mining operations, both surface and underground. Our mix of customers, ranging from blue chip companies to junior mining companies which are owner driven and managed, also helps to mitigate risk.

Although mining is cyclical by nature, the fact that commodities are priced in hard currency gives our export-oriented customers a competitive advantage in case of a ruble devaluation.

The stronger operating margin was largely driven by a change in sales mix and continued cost control. SA's weaker rand further softened this impact with operating profits down by only 10.6% in ZAR terms to R719 million (2018: R804 million).

The attributable profit for Russia of USD37.3 million was 13.5% below last year, but in ZAR terms, attributable profit was down 5.7% to R534 million (2018: R566 million).

Russia's returns were positively impacted by a lower effective tax rate of 20% which was well down on last year's 25.9% driven by a stronger ruble which positively impacted the deferred tax expense arising from IAS12.41.

ROIC at 17.7% was well above the group threshold of 13%.

OUTLOOK

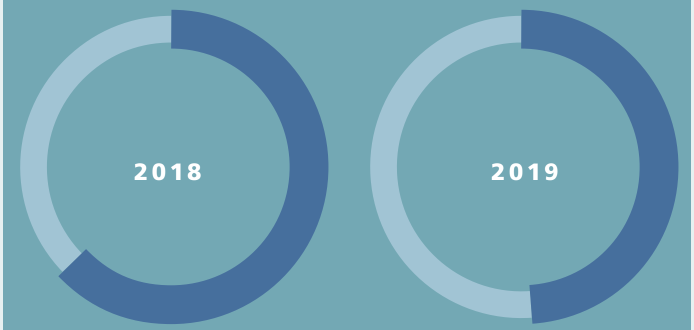
- Russia is a key market for the group, with the mining sector and commodity outlook expected to remain stable
- The impact of increased import duties on business performance is expected to stay unchanged
- Pleasing growth in the firm order book
- After-market revenues expected to improve on the back of increased machine population, component rebuilds and salvage capabilities
- Operational excellence to be further improved through the BBS.

TRENDS

- Sanctions / duties to remain unchanged in the short- to medium-term
- Geopolitical uncertainties globally and in the region are expected to continue, with the US/China trade war ongoing (high correlation between the Russian and Chinese economies)
- Commodity prices to improve or remain stable
- A number of greenfield projects in exploration and bankable feasibility study stages, boosting future opportunities
- There is the expectation that the Russian government will make significant investment in infrastructure, but it is yet uncertain in which territories spend will be allocated
- Environmental concerns becoming increasingly important and may impact on funding availability
- Mining customers moving towards larger equipment with greater after-market opportunity

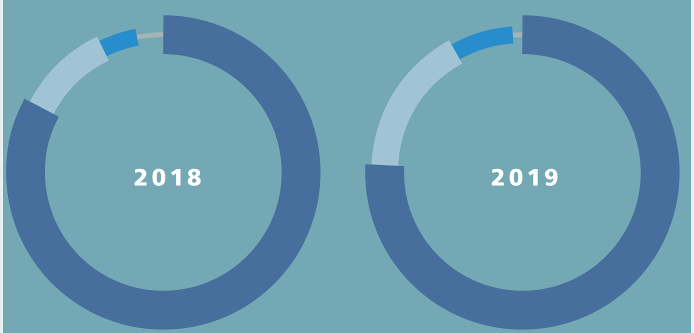
Equipment Russia

EQUIPMENT RUSSIA REVENUE PROFILE BY LINE OF BUSINESS (%)



	2018	2019
New equipment	63	49
Product support	37	51

SALES BY INDUSTRY (%)



	2018	2019
Mining	83	76
Infrastructure	10	16
Energy and Transportation	4	7
Other	3	1

DIVISIONAL KEY PERFORMANCE INDICATORS

	RUSSIA	
	2019	**2018**
FINANCIAL		
Revenue (Rm)	**6 185**	7 797
Operating profit (Rm)	**719**	804
Operating margin (%)	**11.6**	10.3
Net operating assets (Rm)	**3 170**	2 959
Invested capital (Rm)	**3 398**	3 152
ROIC (%)§	**17.7**	21.6
HUMAN AND SOCIAL		
Employee headcount	**1 055**	1 026
LTIFR*	**0.28**	0.20
Work-related fatalities	**1**	1
NATURAL		
Petrol and diesel (ML)	**1.07**	0.95
Grid electricity (MWh)	**3 495**	3 475
Non-renewable energy (GJ)+	**50 618**	46 217
GHG emissions (tCO_2e)#	**3 868**	3 555
Water withdrawals (ML)^	**12**	11

§ In terms of United States dollar
* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000) /hours worked
\+ Excludes energy from rental fleets
\# Scope 1 and 2
^ Municipal sources

LOOKING FORWARD

INDUSTRY FOCUS
Mining sector outlook is stable

BUSINESS TRANSFORMATION FOCUS
Continued cost control and balance sheet management remains the key focus area

FUTURE FOCUS
Capitalise on the greenfield opportunities by offering fit-for-purpose custom solutions for each project

OPPORTUNITIES
Mining customers moving towards larger equipment with greater aftermarket opportunity

Unpacking our strategic enablers (how we win)

LEVERAGING OUR SCALE AND ASSETS AND MAINTAINING LEADING BRANDS

Automotive

INTEGRATED, CUSTOMISED VEHICLE SOLUTIONS

CAR RENTAL

Short-term vehicle solutions

Operates more than 150 outlets across southern Africa

Manages a fleet that peaks at 29 000

MOTOR TRADING

Franchise motor vehicle retailing and asset disposal through online platforms and toolsets

43 dealerships (including JV partners)

Sell > 47 500 new and used vehicles

> 48 000 units through SMD via online auction-platforms

AVIS FLEET*

Leasing and fleet management products and solutions

Market-leading fleet leasing company

Operates across southern Africa and Ghana

OUR BRANDS

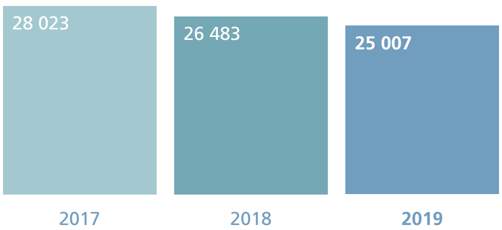
* Held for sale at 30 September 2019

Automotive

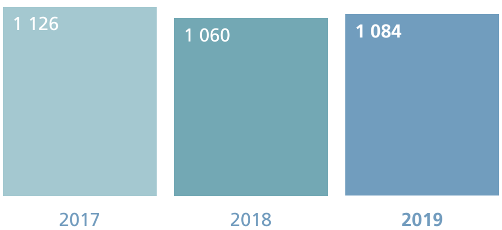
DIFFERENTIATING CAPABILITIES

- Integrated Automotive business model
- Scale and strong global brands
- National and regional footprint
- Customer centricity
- Long-standing customer, supplier and principal relationships
- Our people

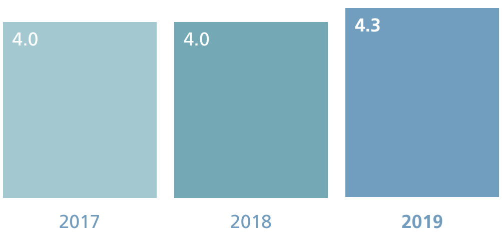
REVENUE (Rm)*



OPERATING PROFIT (Rm)*



OPERATING MARGIN (%)*



* Continuing operations excluding Avis Fleet

OUR OPERATING CONTEXT IN 2019

CAR RENTAL

- Despite the positive growth in the second half of the year, the car rental industry market showed limited growth for the year, with the corporate segment under pressure and the local leisure market reflective of the state of the macro-economic conditions. The impact of the ongoing social-political instability on inbound tourism remains a concern
- Highly competitive market with industry players being aggressive on price
- Used vehicle market subdued and price competitive in one-year-old vehicles.

AVIS FLEET

- Macro-economic dynamics impacting customers: decline in fleet size and businesses going into debt rescue, with increased payment issues and delays in renewal of contracts causing margin pressure (held-for-sale)
- Aggressive growth and pricing strategies.

MOTOR TRADING

- Negative trend in new vehicle market continued with a marginal improvement in 2018 after the preceding prior four-year decline
- Premium segment continued to decline with some volume brands providing resilience and others also coming under pressure
- Despite lowering of the interest rate by 25 basis points in July and the second quarter growth in the economy, vehicle sales showed no immediate recovery
- Stock shortages impacted sales volumes in Ford
- New and used retail segment facing varied degrees of disruption through disintermediation, changing technology, business models as well as changing consumer trends.

HIGHLIGHTS IN 2019

No work-related fatalities during the year and we reduced our LTIFR.

Sold 1.18% shareholding in NMI Durban South Motors (Pty) Ltd (NMI-DSM) effective 1 September 2019.

Avis Fleet continued to grow the sales pipeline, added another blue chip customer.

Exited Avis Fleet Tanzania.

Grew our presence in represented brands, Haval (through NMI-DSM, our joint venture partner), thereby diversifying our portfolio.

Implemented the BBS, deployed some of our best people, and started various value streams where the most value uplift could be extracted to improve customer experience.

Integration of Automotive and Logistics, shared structures to enable growth and lower cost of engagement.

Record year for the SMD business.

Acquired BMW Centurion, effective 1 October 2019.

Automotive

MANAGING FOR VALUE IN 2019

Medium-term strategy: Fix, Optimise, Grow: Reach full potential and exceed group return on invested capital of 13% by 2020.

FIX AND OPTIMISE

- Concerted focus across the division to align cost structures and the turnaround of non-profitable businesses
- The integration of the Automotive and Logistics business to provide scale, integrated solutions, a shared services platform and lower cost of engagement. Following the integration, various value streams have commenced to optimise costs in the shared services structure with the highest value identified in procurement
- Drive consolidation of the BBS and managing for daily improvement across the organisation
- We are also leveraging years of operational know-how and institutional knowledge to develop scalable, technology-based systems covering the whole lifecycle of vehicles to facilitate the movement of people and goods
- As an example of our customer-centric digital strategy we currently have a key locker running live at Oliver Tambo and Cape Town International Airports, where selected Avis preferred customers make the reservation and select a vehicle via the Avis App, are notified, walk up to the key locker, scan their driver's licence, get the key, and drive away. This eliminates the pain point around queuing
- Ongoing innovation in providing solutions to our customers. "Avis Car Where You Are" was launched, the perfect substitute to vehicle ownership
- Looking forward, as a licensee under the principles of Avis Budget Group, the business will leverage the multi-brand strategy, with a further focus on driving connectivity. This will allow us to increase efficiencies as a business and deliver a more streamlined and on-demand experience for our customers
- In Avis Fleet, the business will continue to drive the opportunities in converting insourced fleet to managed or financed fleet, building on successes with blue chip companies during the 2019 year
- Avis Fleet will benefit from the healthy pipelines for fleet growth together with new products and services that will drive steady and incremental growth
- As part of the group's capital release programme the business will conclude the alternative funding solutions for Avis Fleet business in 2020 to allow for optimal allocation of capital to higher yielding business units, while providing the business with the ability to grow organically. The transaction will be value-enhancing in terms of releasing debt from the balance sheet, improving ROIC and uplifting intrinsic value as well as providing future opportunities for growth.

GROW

- We will continue to leverage our current motor dealer representation and grow into other emerging brands
- The Right to Repair campaign is a South African government initiative to expand the footprint of after-sales and to ensure that a broader audience has access to service and warranty outside their current brand/s. Although this code poses a possible threat in our industry to the after-sales profitability, the business sees it as an opportunity to capture more value
- Avis Fleet will also focus on commercial vehicle fleet management and leasing.

Automotive

PERFORMANCE OVERVIEW

Car Rental produced a reasonable result. Notwithstanding the positive growth in the second half for the car rental industry, the market showed limited growth for the year. Operating profit declined by 2.5% against a revenue decline of 3.9%. Revenue was impacted by lower used vehicle volumes and rental days offset by a reasonable rental rate increase in a highly price competitive market. The business improved used vehicle margin despite a subdued market and managed vehicle costs, improving operating margin to 8.3%. Management remains focused on addressing costs and driving operational efficiencies to further improve returns. Market-leading utilisation of 76% was maintained. Despite a lower operating result, the business improved ROIC.

Avis Fleet was held for sale at year-end and its results have been disclosed as discontinued operations. As part of the Barloworld capital release programme, aimed at effective resource allocation and optimal deployment of capital to enhance ROIC, management is committed to the final stages of concluding the transaction and diluting the group's shareholding in Avis Fleet to 50% to form a JV. Subsequent to the anticipated transaction in 2020, the Avis Fleet results will be deconsolidated and equity-accounted. Avis Fleet delivered a good result with revenue up 1.4%, with lower used vehicle and *ad hoc* revenues partially offsetting the higher leasing revenues earned. Operating profit declined by 2.5% mainly as a result of a lower contribution from used vehicles in contrast to 2018, which benefited from higher used vehicle volumes as a result of large contract re-fleets and de-fleets. The total fleet under management grew by 4.7%.

Motor Trading delivered an exceptional result, increasing operating profit by 7.1% in a declining market. Although new vehicle units declined by 4.8%. The division outperformed the negative growth of 5.6% reported by NAAMSA in the brands represented. Revenue declined by 6.1% compared to the prior year impacted by the change in revenue recognition in Mercedes-Benz (passenger) as well as the deconsolidation of NMI-DSM effective 1 September 2019. On a comparable basis revenue declined by 0.4% and operating profit improved by 9.7%. The business achieved an operating margin of 3.0% compared to 2.6% in the prior year. Actions taken since 2017, the alignment of costs and structures, turnaround of non-profitable dealerships and rationalisation of properties, continue to yield positive returns and strengthen the performance. After-market sales remain a strong contributor to the overall result. ROIC improved by 4 basis points on prior year, driven by improved operating profit and a concerted focus on invested capital reducing working capital as well as the disposal of properties relating to the Khula Sizwe transaction.

The business acquired BMW Leo Haese, effective 1 October 2019. BMW will also adopt the agency model, effective 1 January 2020, impacting the revenue line as we've seen in the Mercedes-Benz passenger vehicle model. We don't anticipate this change to negatively impact sales or profitability.

CASH FLOW

Free cash flow of R1.2 billion was generated, driven by improved operating working capital but partially offset by the investment in the growth in large contract fleet.

TRENDS

- Declining vehicle market is reducing the vehicle population
- Increasing disintermediation
- Mobility as a servicing will grow
- Usership vs ownership
- Maturity of electric vehicles to change parts consumption profile
- Big data machine learning to play an increasingly important role
- Artificial intelligence is impacting existing roles

Automotive

DIVISIONAL KEY PERFORMANCE INDICATORS

	CAR RENTAL		MOTOR TRADING		AUTOMOTIVE (Continuing)		AVIS FLEET (Discontinued)		AUTOMOTIVE (incl. Discontinued)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
FINANCIAL										
Revenue (Rm)	**6 271**	6 528	**18 736**	19 955	**25 007**	26 483	**3 372**	3 326	**28 379**	29 809
Operating profit (Rm)	**523**	536	**561**	524	**1 084**	1 060	**625**	641	**1 709**	1 701
Operating margin (%)	**8.3**	8.2	**3.0**	2.6	**4.3**	4.0	**18.5**	19.3	**6.0**	5.7
Net operating assets (Rm)	**2 436**	2 854	**1 863**	2 126	**4 298**	4 980	**3 777**	3 778	**8 075**	8 758
Invested capital (Rm)	**3 259**	3 652	**2 091**	2 505	**5 350**	6 157	**3 862**	3 899	**9 212**	10 055
ROIC (%)	**11.7**	11.5	**18.3**	14.3	**14.3**	12.7	**11.5**	12.1	**13.2**	12.4
HUMAN AND SOCIAL										
Employee headcount	**2 099**	2 118	**3 379**	3 394	**5 478**	5 512	**504**	523	**5 982**	7 115
LTIFR*	**0.44**	0.61	**0.88**	1.15	**0.74**	0.98	**0.16**	0.48	**0.70**	0.94
Work-related fatalities	**0**	0	**0**	1	**0**	1	**0**	0	**0**	1
B-BBEE rating	**1**	3	**3**∞	3∞	**N/A**	N/A	**2**	2	**N/A**	N/A
NATURAL										
Petrol and diesel (ML)	**3.60**	3.10	**4.35**	4.76	**7.95**	7.86	**0.58**	0.60	**8.53**	8.46
Grid electricity (MWh)	**6 654**	6 781	**24 945**	26 614	**31 599**	33 395	**1 089**	1 169	**32 688**	34 564
Non-renewable energy (GJ)+	**147 516**	130 784	**244 657**	265 182	**392 173**	395 966	**24 097**	25 327	**416 270**	421 293
GHG emissions (tCO_2e)#	**15 028**	14 005	**35 741**	38 465	**50 769**	52 470	**2 403**	2 547	**53 172**	55 017
Water withdrawals (ML)^	**138**	77	**202**	192	**340**	269	**9**	8	**349**	277

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000)/hours worked
∞ Ratings under Barloworld South Africa
+ Excludes energy from rental fleets
# Scope 1 and 2
^ Municipal sources

LOOKING FORWARD

AUTOMOTIVE DIVISION

The integrated division will continue to provide resilience throughout the cycle. Technology will be an enabler for growth, enhance customer experience and increase efficiencies. Through targeted growth, portfolio optimisation and consolidating gains, the division will contribute in closing the value gap in achieving the bold ambition of the group.

CAR RENTAL

The business will continue to drive convenience and ease of service, developing ongoing digitisation in mobile solutions as well as connected car solutions and the related benefits.

MOTOR TRADING

Challenging trading conditions to persist in the next 12 months.

Provide technology enabled solutions.

AVIS FLEET (HELD FOR SALE AND DISCONTINUED OPERATION)

The business is awaiting outcomes on tenders and is actively focusing on growing the outsourced market through various streams.

Conclude formation of JV transaction in 2020.

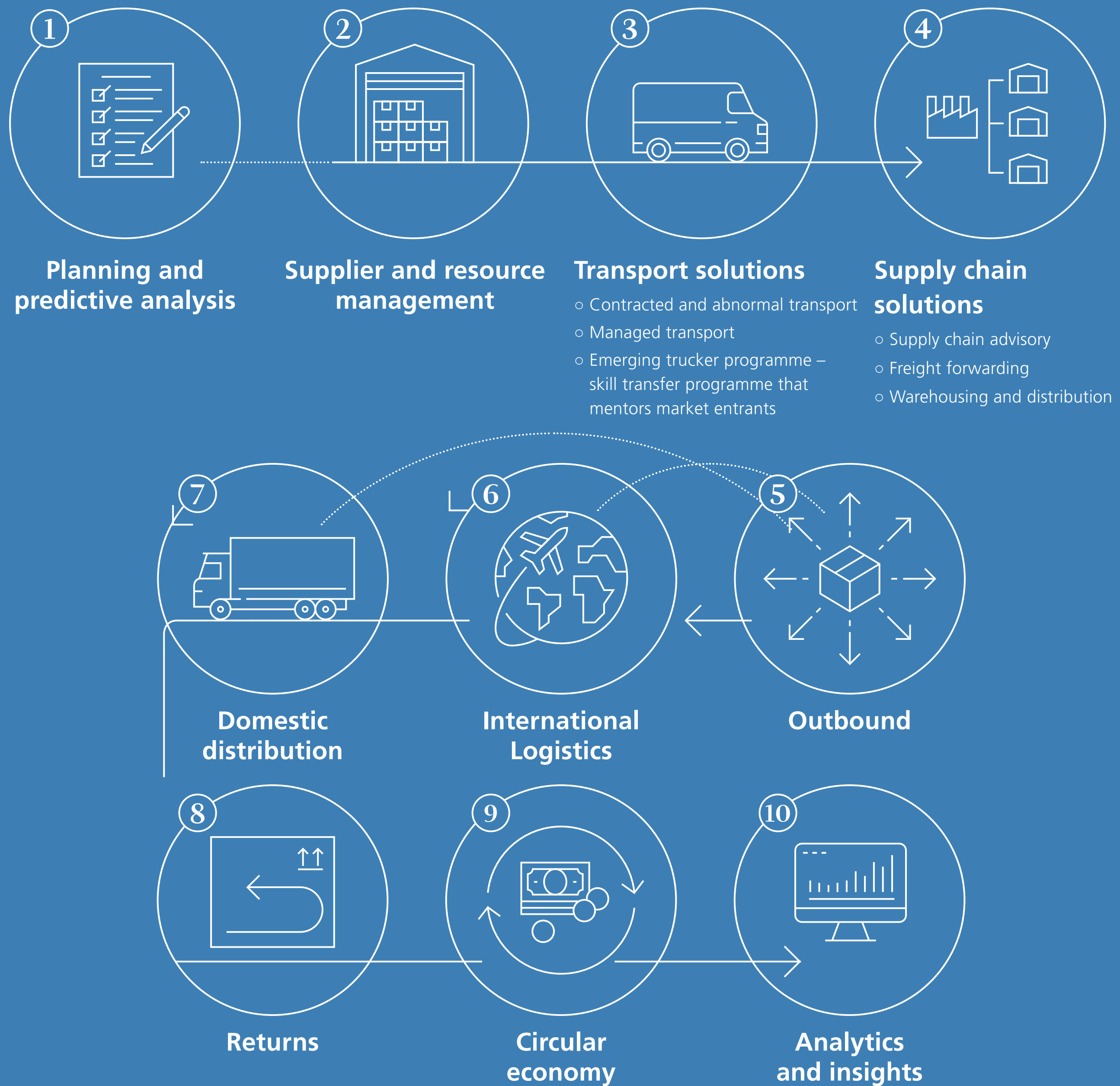
Unpacking our strategic enablers (how we win)

LEVERAGING OUR SCALE AND ASSETS AND MAINTAINING LEADING BRANDS

Logistics

OUR OPERATING PROFILE

END-TO-END SUPPLY CHAIN FULFILMENT



Barloworld Logistics
Barloworld Transport
ASPEN LOGISTICS
Cane24
MANLINE ENERGY
MANLINE FREIGHT
MANLINE MEGA
Timber24
SmartMatta™

Logistics

DIFFERENTIATING CAPABILITIES

Delivering superior service in high regulatory and compliance environments, leveraging specialist capabilities and technologies

Enterprise development programmes aligned to specific social responsibility objectives within chosen industry sectors

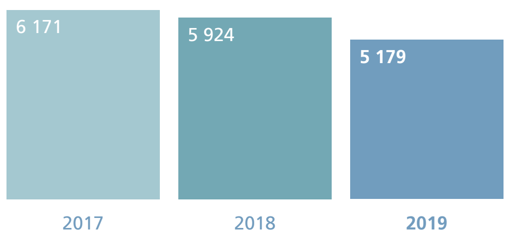
Enhanced transportation management platform that leverages digital capabilities

Integrated freight forwarding, warehousing and distribution solutions enabled by global networks and supply chain optimisation

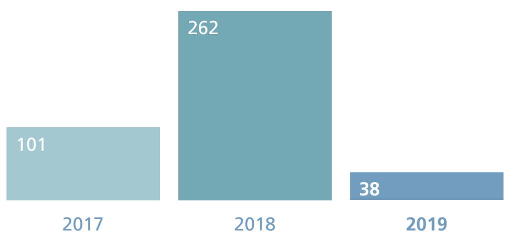
Established, long-term strategic relationships with clients within a vested partnership operating model to deliver shared value in enabling business strategy

Performance-based standard (PBS) vehicle solutions

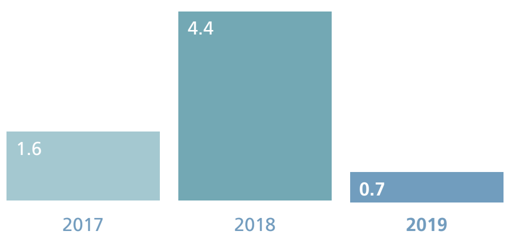
REVENUE (Rm)



OPERATING PROFIT (Rm)



OPERATING MARGIN (%)



OUR OPERATING CONTEXT IN 2019

- The overall macro-economic dynamic resulting in depressed business confidence, volatility in fuel prices and lower trading activity impacted the business
- Unrest and violence in the truck industry impacted utilisation. We erred on the side of caution to ensure the security of our employees and cargoes.
- Consumer markets are under pressure with logistics being insourced by retailers
- Reduction in the contracting period from our clients and a move away from traditional fixed and variable contracting to a more variable risk sharing model
- Significant increase in the outsourcing of the transportation functions within the mining and the energy sectors where we have been operating for the past 12 years. With a significant amount of intellectual property, from an operations and risk management point of view, as well as technological innovations, we are well positioned to respond to this trend
- Pressure on cement and sugar industries due to a combination of imports and taxes
- The introduction of the RTGS dollar in Zimbabwe and subsequent devaluation of the currency has negatively impacted our Zimbabwean operations.

HIGHLIGHTS IN 2019

No work-related fatalities during the year.

We continue to drive zero harm culture, with a slight improvement in LTIFR.

We have refined our managed transport solution to enhance transport planning.

100% contract renewals in Supply Chain Solutions and 90% in Transport Solutions, with the majority of the renewals for a period between 3-5 years in line with our targeted growth industries.

Concluded the closure of the KLL business.

Finalising the sale of the Logistics Middle East business, signed 17 November 2019.

The introduction of electronic proof of delivery solutions into parts of our business was well-received by our clients.

Enhanced business analytics offering, giving customers insights into their route to markets.

Created real economic transformation in the transportation sector through the emerging trucker programme. This skills transfer programme is expected to result in sustainable SME's in the transport environment. This solution is aligned to the Mining Charter's social labour plan, and positively transforms fence line communities.

Started the implementation of the BBS and integration with Automotive underway.

On a trajectory to meet the ROIC target.

Logistics

MANAGING FOR VALUE IN 2019

Medium-term strategy: Fix, Optimise, Grow: Address underperformance to meet target for group return on invested capital of 13% by 2020.

FIX AND OPTIMISE

To achieve our medium-term 'fix' and optimise strategy, we optimised our portfolio in the following manner:

- We successfully closed the loss-making KLL business which was held for sale in 2018: The previous loss of key customers resulted in an unsustainable ratio of revenue to fixed cost. The negative impact of shutdown costs will only be experienced in the current year with onerous lease exposure provided for
- As part of our strategic portfolio review, a decision was taken to dispose of SmartMatta, the business is held for sale. Management has commenced with the implementation of a fit-for-purpose turnaround strategy while marketing the asset for sale
- We made progress in restructuring the business through the integration with Automotive. The integration will reduce costs to serve and provide scale to the business
- We have implemented a managed logistics solution, with the business structured into Supply Chain and Transport Solutions units with dedicated management structures to ensure an aligned focus on customer needs
- Our investment in digital capability has positioned us well for growth, with progress made on identifying proposed projects and investment in experimentation on many projects
- On the supply chain side, we will drive value creation by scaling the forwarding and clearing business by expanding our service offering, and enhancing our technology solutions, as well as expanding the network to be able to service our clients in other geographies, specifically in southern Africa
- We are moving away from bespoke solutions in our warehousing and distribution business, into more scalable and configurable solutions that will enable us to grow the business faster
- Through the implementation of the BBS, we believe that in identifying and eliminating the waste we can continuously improve our service delivery to our customers
- We will continue our focus in identified areas which require specialist capabilities and technologies with high regulatory and compliance requirements.

GROW

- We have adopted a more disciplined capital deployment strategy whereby we will only consider acquisitions once we can demonstrate our ability to deliver on our established hurdle rates
- Grow client base in targeted markets – energy across geographies – southern Africa.

Logistics

PERFORMANCE OVERVIEW

The Logistics business recorded disappointing results for the year. Revenue decreased by 13% due to non-renewal of contracts at the end of 2018, the negative impact of the re-introduction of the RTGS dollar in Zimbabwe dollar and the closure of the KLL business. Operating profit decreased significantly from the prior year on the back of civil unrest, unplanned port strikes and lower trading activity in represented industries. Excluding the closure costs of the KLL business and the trading losses of businesses held for sale, the operating profit was R160 million, down 48% year-on-year on a comparable basis. In addition, increased fleet costs driven by the ownership model change negatively impacted the operating profit.

Following the strategic review of the Logistics portfolio, the sale of the Middle East and SmartMatta businesses are expected to reach conclusion by March 2020.

Continuing operations delivered a normalised ROIC of 9.5%. The 8.5% reduction in invested capital was partly due to further impairments taken against businesses held for sale. Management continue to drive the turnaround strategy.

The integration of Automotive and Logistics has provided the division with the opportunity to review the management structure, consolidate functions into shared services and extract value from combined strategic sourcing. We expect to realise savings in the next financial year. The implementation of the BBS is expected to contribute towards improved efficiencies with positive benefits anticipated in 2020 for the division.

CASH FLOW

Despite a tough trading year, cash flow was well controlled with negative free cash flow of R68 million recorded in the 2019 financial year.

TRENDS

- Customers are internalising supply chain activities which has put pressure on all consumer servicing client offerings
- As we move towards an asset light model, we will generate increasing levels of revenue through managed transport
- Digital disruption in the freight and logistics industry is changing the competitive dynamics
- Emergence of blockchain technology with the opportunity to increase the efficiency and transparency of supply chains is expected to impact everything from warehousing to delivery to payment positively during the next few years
- Use of data and data analytics to drive value for customer and strategic decision-making

Logistics

DIVISIONAL KEY PERFORMANCE INDICATORS

	LOGISTICS		SOUTHERN AFRICA		EMEA	
	2019	2018	**2019**	2018	**2019**	2018
FINANCIAL						
Revenue (Rm)	**5 179**	5 924	**5 074**	5 807	**105**	117
Operating profit (Rm)	**38**	262	**31**	255	**7**	7
Operating margin (%)	**0.7**	4.4	**0.6**	4.4	**6.7**	6.0
Net operating assets (Rm)	**1 388**	1 538	**1 361**	1 445	**27**	93
Invested capital (Rm)	**1 453**	1 600	**1 426**	1 507	**27**	93
ROIC (%)	**0.4**	8.7	**(0.1)**	8.6	**11.8**	11.2
HUMAN AND SOCIAL						
Employee headcount	**3 657**	4 395	**3 583**	4 305	**74**	90
LTIFR*	**0.82**	0.85	**0.83**	0.85	**0.00**	0.96
Work-related fatalities	**0**	0	**0**	0	**0**	0
B-BBEE rating	**2**	2	**2**	2	**N/A**	N/A
NATURAL						
Petrol and diesel (ML)	**55.77**	57.73	**55.69**	57.67	**0.08**	0.06
Grid electricity (MWh)	**14 797**	19 557	**13 331**	17 959	**1 466**	1 598
Non-renewable energy (GJ)+	**2 178 318**	2 269 827	**2 170 241**	2 261 923	**8 077**	7 904
GHG emissions (tCO_2e)#	**163 181**	173 231	**162 005**	172 012	**1 175**	1 219
Water withdrawals (ML)^	**139**	138	**135**	134	**5**	4

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000)/hours worked
+ Excludes energy from rental fleets
# Scope 1 and 2
^ Municipal sources

LOOKING FORWARD

INDUSTRY FOCUS
We focus on specific industries where there's market growth opportunities and where our capability with specialised equipment and protocols is appropriate.

BUSINESS TRANSFORMATION FOCUS
The restructure will establish Logistics as a division within the broader automotive business. The BBS initiatives based on generating operational efficiencies.

FUTURE FOCUS
Leverage opportunities in our digital capabilities.

OPPORTUNITIES
Cost reduction and service improvement through targeted investment in technology, in particular fleet monitoring and analytics.

Unpacking our strategic enablers (how we win)

LEVERAGING OUR SCALE AND ASSETS AND MAINTAINING LEADING BRANDS

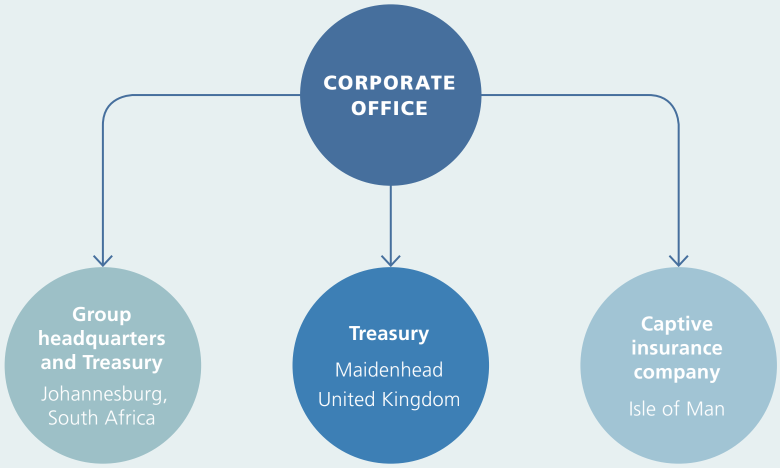
CHRISTOPHER WHITAKER
Executive Sustainability

2019 Barloworld group results staff presentation

Corporate

OUR OPERATING PROFILE

- Centres of excellence – strategy and mergers and acquisitions (M&A), human capital, corporate affairs, finance, internal audit, risk, and company secretarial and legal
- Active shareholder operating model – strategy and M&A, leadership and talent, responsible corporate, performance management and resource allocation
- Corporate functions provide group-led strategic direction and facilitate collaboration
- Duplicated functions re-deployed to value adding activities within the group



OUR OPERATING CONTEXT IN 2019

○ Discussed on pages 16 to 17 of this report

PERFORMANCE OVERVIEW

Corporate UK incurred a R88 million (GBP4.7 million) charge to equalise the guaranteed minimum pensions (GMP) within our UK defined benefit pension fund. The implementation of our Khula Sizwe B-BBEE transaction contributed R73 million in costs. Going forward, the facilitation charges arising from the transaction will be held in the Corporate segment together with the dividends paid to the Barloworld Empowerment Foundation for the 3% interest the entity will hold in the group. Plans for the re-deployment of R2.2 billion of capital to be released from this deal are in progress, underpinned by the investments being made in M&A activities.

During the period, investment was made in due diligence for the acquisition of the Mongolian Caterpillar dealership and in preparation to execute on the capital reduction from the UK operations.

Between the Khula Sizwe deal and the re-development of Barlow Park, going forward Barloworld Limited will no longer earn rental income. This strategy of moving away from ownership of property to lesseeship results in lower net income for the corporate segment of approximated R125 million per annum. These revenues are currently recognised as a reduction in operating costs within the corporate segmental reporting of the group.

MANAGING FOR VALUE IN 2019

In line with our managing for value principles we have invested in an active corporate centre as a key enabler to our strategy. Over the last two years we have relocated specific skills from the underlying divisions and, in cases where new skills were needed, recruited key talent externally. This has created centres of excellence in the areas of strategy, M&A, human capital and corporate affairs and has centralised R25 million of employee-related costs previously recognised in the divisions.

These Corporate functions provide group-led strategic direction and facilitate collaboration to deliver on our strategy. In centralising these functions and ensuring smooth leadership transitions in key positions (including the group finance director), Corporate South Africa invested R43 million in skills in 2019. We are working towards re-deploying duplicated functions to value adding activities within the group.

Looking forward to 2020, we will continue to invest in key skills at a level similar to the current year with a specific focus on building digital capabilities and finalising the centralisation of key functions. As a fundamental enabler to gaining efficiencies in the way we work and in implementing digital strategy, there is a need to invest in technology and new ways of working. In 2020, there will be specific investment in systems that enable the effective management and deployment of our people and this investment will be made at a corporate level. In the active pursuit of growth opportunities, we expect the investments in due diligence and M&A to continue and there is an exciting pipeline at various levels of consideration.

Corporate

DIVISIONAL KEY PERFORMANCE INDICATORS

	CORPORATE		SOUTH AFRICA		EUROPE	
	2019	2018	2019	2018	2019	2018
FINANCIAL						
Revenue (Rm)	**1**	1	**1**	1		
Operating loss (Rm)	**(409)**	(134)	**(253)**	(74)	**(156)**	(59)
Invested capital (Rm)	**(674)**	(772)	**1 033**	652	**(1 707)**	(1 424)
HUMAN AND SOCIAL						
Employee headcount	**139**	137	**126**	119	**13**	18
LTIFR*	**0.00**	0.82	**0.00**	0.96	**0.00**	0.00
Work-related fatalities	**0**	0	**0**	0	**0**	0
B-BBEE rating	**1**	2	**1**	2	**N/A**	N/A
NATURAL						
Petrol and diesel (ML)	**0.01**	0.01	**0.01**	0.01	**0.00**	0.00
Grid electricity (MWh)	**520**	686	**422**	620	**98**	66
Non-renewable energy (GJ)+	**2 298**	3 326	**1 843**	2 735	**455**	591
GHG emissions (tCO_2e)#	**507**	722	**456**	673	**51**	49
Water withdrawals (ML)^	**3**	3	**3**	2	**0**	1

* Lost-time injury frequency rate = (Number of lost-time injuries x 200 000)/hours worked
\+ Excludes energy from rental fleets
\# Scope 1 and 2
^ Municipal sources

LOOKING FORWARD

AREAS OF FOCUS

Strategy and M&A.

Capital allocation optimisation.

Performance monitoring.

Talent.

BUSINESS TRANSFORMATION FOCUS

The deployment of our continuous improvement programme through the BBS is centrally led.

FUTURE FOCUS

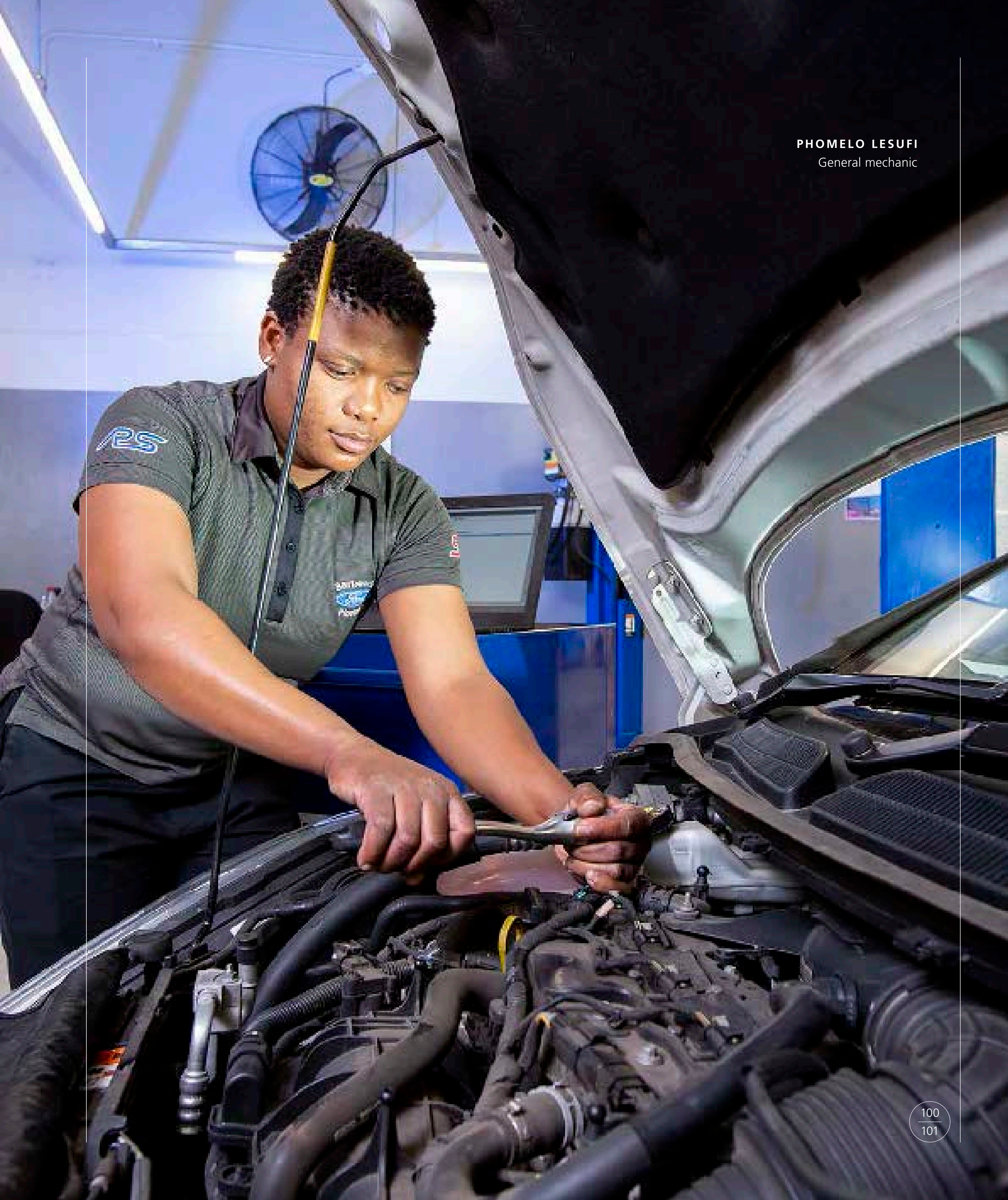
Targeted group savings from centralisation of key functions and the removal of duplicated functions throughout the businesses.

Growth through the deployment of people to critical areas.

OPPORTUNITIES

Investment in technology and digital capabilities to enable growth.

Targeted acquisitions focused on growth.



PHOMELO LESUFI
General mechanic

Value added statement

TOTAL VALUE CREATED

R17 300m

(**2018:** R19 434 million)

TOTAL VALUE DISTRIBUTED

EMPLOYEES

R9 474m

(**2018:** R9 725 million)

55%

(**2018:** 51%)

CAPITAL PROVIDERS

R2 191m

(**2018:** R2 137 million)

12%

(**2018:** 11%)

GOVERNMENT AND COMMUNITIES

R1 834m

(**2018:** R2 094 million)

11%

(**2018:** 10%)

RETAINED FOR GROWTH

R3 791m

(**2018:** R5 478 million)

22%

(**2018:** 28%)

VALUE ADDED STATEMENT CONTINUED

	2019 (Rm)	(%)	RESTATED 2018 (Rm)	(%)
Revenue from continuing operations	**56 834**		60 094	
Revenue from discontinued operations	**3 372**		6 663	
Paid to suppliers for products and services	**43 362**		47 675	
Value added	**16 844**		19 082	
Income from investments^	**456**		352	
TOTAL VALUE CREATED	**17 300**		19 434	
Value distribution				
Employees (note 1)	**9 474**	55	9 725	51
Capital providers:	**2 191**	12	2 137	11
Finance costs	**1 134**		1 184	
Dividends to Barloworld Limited shareholders	**1 024**		872	
Dividends to non-controlling interest in subsidiaries	**33**		81	
Government (note 2)	**1 834**	11	2 078	10
Communities (corporate social investment)	**10**		16	
Reinvested in the group to maintain and develop operations	**3 791**	22	5 478	28
Depreciation	**2 387**		2 505	
Retained profit	**1 435**		2 964	
Deferred taxation	**(31)**		10	
	17 300	100	19 434	100
VALUE ADDED RATIOS	(Number)		(Number)	
Number of employees (30 September)	**15 396**		17 417	
Continued	**14 892**		16 894	
Discontinued	**504**		523	
Revenue per employee (rand)#	**3 669 637**		3 646 142	
Value created per employee (rand)#	**1 054 488**		1 055 537	
Corporate social investment – % of profit after taxation, excluding exceptional items	**1**		1	

NOTES

1. EMPLOYEES	(Rm)	(Rm)
Salaries, wages, overtime payments, commissions, bonuses and allowances**	**8 220**	7 862
Employer contributions+	**917**	884
TOTAL CONTINUING OPERATIONS	**9 137**	8 746
Discontinued operations	**281**	979
TOTAL GROUP	**9 474**	9 725

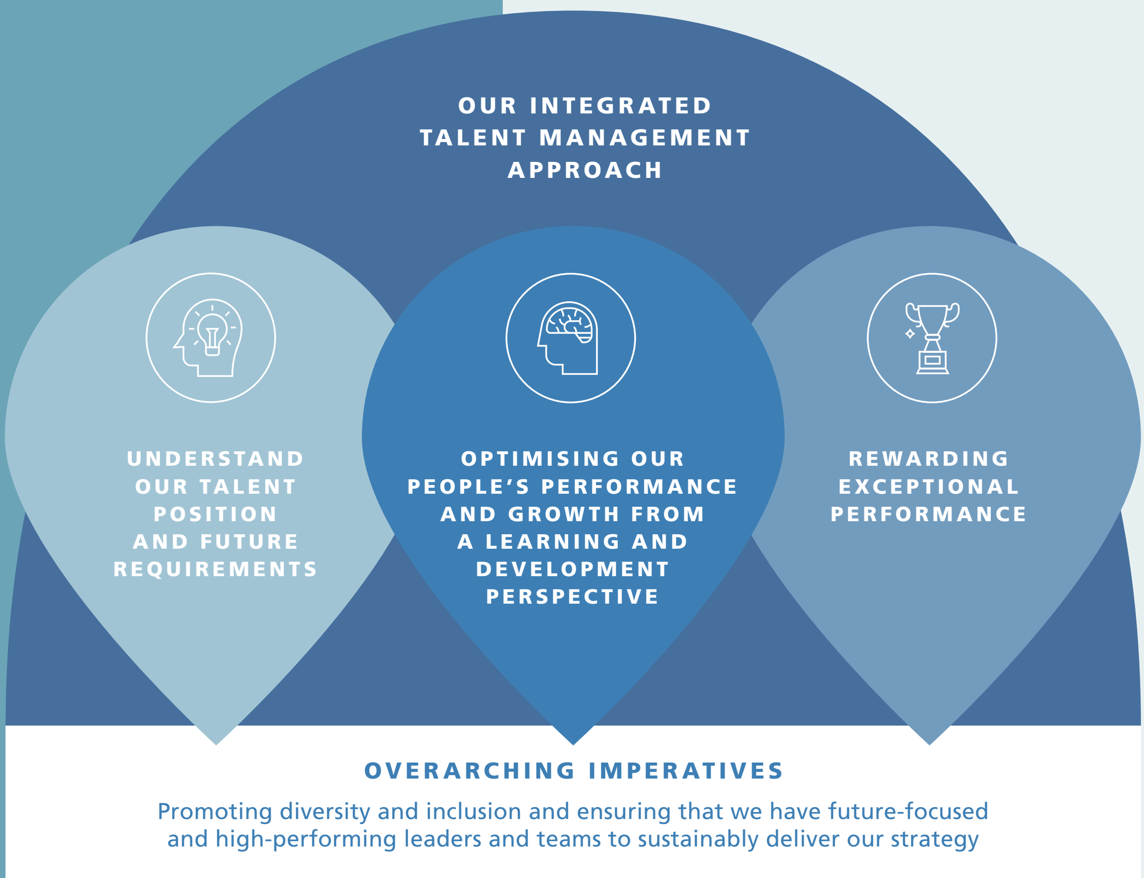
2. CENTRAL AND LOCAL GOVERNMENT		
Current taxation	**774**	1 058
Rates and taxes paid to local authorities	**84**	85
Customs duties, import surcharges and excise taxes	**930**	879
Skills development levy	**46**	56
	1 834	2 078

^ 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

Unpacking our strategic enablers (how we win)

MANAGING TALENT

INTEGRATED TALENT MANAGEMENT UNDERPINNED BY A KEY FOCUS ON DIVERSITY AND INCLUSION TO DRIVE EXCELLENCE AND WINNING BEHAVIOURS



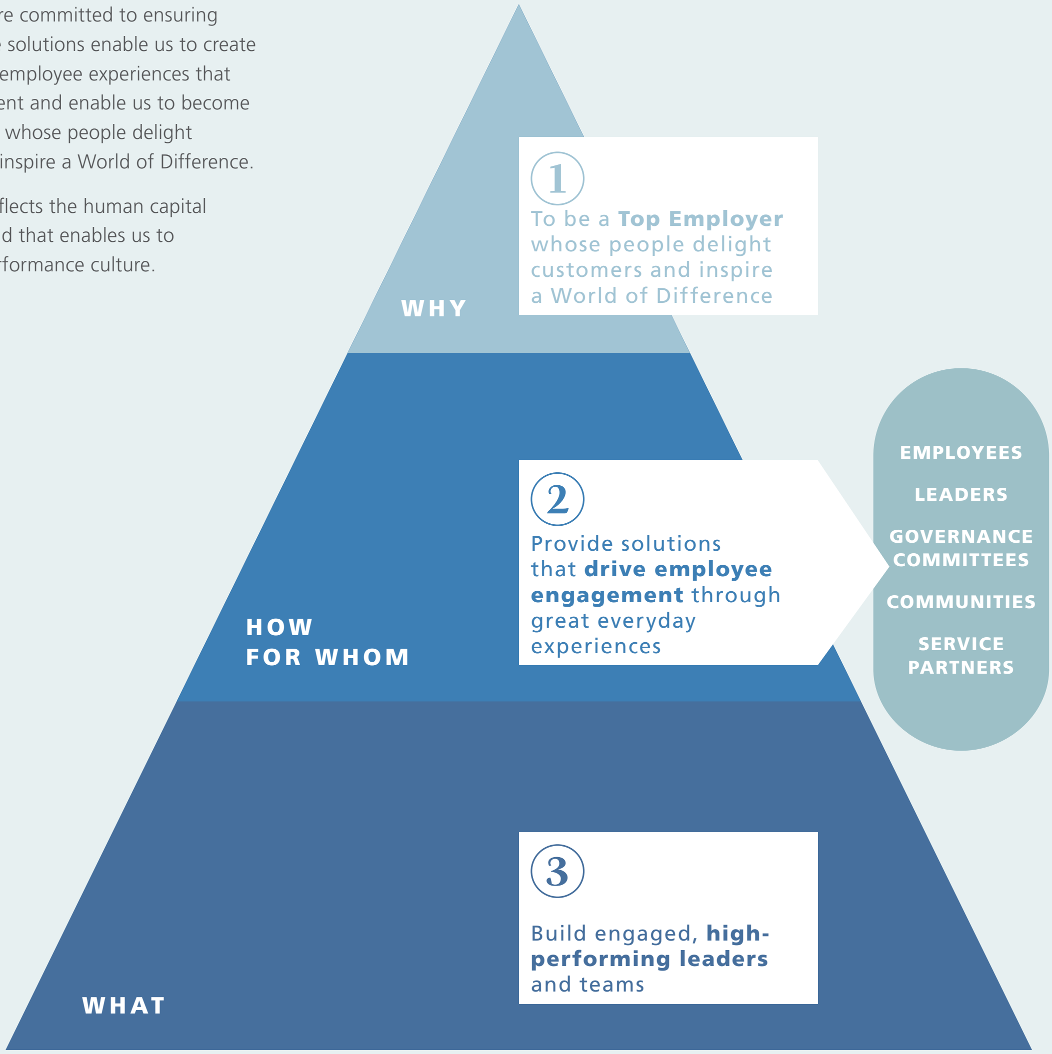
OUR PEOPLE ARE A CRITICAL SUCCESS FACTOR

Recognising that our people are critical to achieving our business strategy, we focus on developing engaged, high-performing leaders and teams.

In 2019, we used feedback from our people and leaders to re-define a people plan that re-humanises the way we attract, engage and retain top talent.

We are therefore committed to ensuring that our people solutions enable us to create great everyday employee experiences that drive engagement and enable us to become a Top Employer whose people delight customers and inspire a World of Difference.

The diagram reflects the human capital purpose pyramid that enables us to instil a high-performance culture.



HIGHLIGHTS IN 2019

Improved leadership succession bench with potential successors identified for 84% of strategic, critical and scarce roles at senior management level (GG15+) including executives

Launched the One Barloworld Group Wellness programme, Geared for Living, with a greater focus on mental wellness

Barloworld Limited recognised as one of three Rising Star employer brands at the LinkedIn Talent Awards

Group executive: human capital, transformation & internal audit: Tantaswa Fubu, was nominated among other top human resources (HR) leaders in South Africa's Chief Human Resources Officer (CHRO) awards which celebrate excellence in HR and recognise individual leaders who have done exceptional work.

MANAGING FOR VALUE IN 2019

We standardised our talent management and performance optimisation practices to enable the group executive committee's oversight of all senior management (Grade 15+) talent processes. The standardisation and global view of talent has enabled strategic insights and decisions regarding our talent strengths and gaps, performance optimisation and reward of exceptional contribution. Key delivery highlights in this regard include:

DIVERSITY AND INCLUSION (D&I)

- Focused delivery accountability of sustainable D&I through an increased D&I weighting on the divisional scorecards (20% from 10%) and the full roll out of TED transformation-focused dialogue workshops. This contributed to higher representation of female executives (41.3% vs. 36.6% in the previous year)
- Refer also to stakeholder engagement section on pages 56 to 59
- Launched and successfully implemented Khula Sizwe, our B-BBEE scheme. Structure and rationale on pages 62 to 63.

LEARNING AND DEVELOPMENT

- Enhanced our chartered accountant trainee programme and other young talent development programmes
- Developed the Winning Arena portal to enhance and create easy access to various learning and development interventions
- Implemented Protection of Personal Information (POPI) awareness
- Developed the BBS Leadership Journey for implementation in 2020.

TALENT AND PERFORMANCE OPTIMISATION

- Launched the One Barloworld scorecard with a Going for Gold rating scale to align individual performance to the business metrics required to achieve our bold ambition of sustainably doubling our intrinsic value every four years
- Launched the enhanced One Barloworld Intellectual Capital Review (ICR) process and used it as input for talent discussions aligned to our people's aspirations, thereby enabling more strategic and informed succession planning, talent decisions and development outcomes.

REMUNERATION AND BENEFITS

- 98% of shareholders approved our 2018 remuneration report at the last annual general meeting. We remain committed to ensuring that we have a competitive value proposition for all our employees and that our pay practices enable the achievement of our business strategy.

HC TECH SYSTEMS AND OPERATING MODEL

- Advanced the tech systems investigations instituted by Barloworld Equipment, and completed a business case that will see us roll out a group-wide human capital tech solution to improve employees' experiences of our recruitment, on-boarding, performance optimisation, talent management and other related processes.

EMPLOYER BRAND

- Enhanced our LinkedIn presence and content through an enhanced One Barloworld Careers page aligned to the various divisional pages. We also optimised direct recruitment and engagement with potential employees through LinkedIn Recruiter Licences that we sourced as a group for our recruitment specialists. This has enhanced our brand as an employer resulting in the award nominations cited above.

2020 STRATEGIC PRIORITIES

To deliver on our purpose, we will continue to implement various continuous improvement initiatives in partnership with leaders and employees throughout the year with a specific focus on:

- Ensuring that Barloworld has diverse top talent for now and the future. This should sustainably enable the group to achieve >40% female representation by 2020 and progress towards our 2025 EAP targets in South Africa
- Enabling great everyday employee experiences so that our people are highly engaged and productive
- Shaping and influencing the transformational leadership journey so that all our leaders are trained in the BBS and achieve the BBS leaders' standard of work
- Embedding a high-performance culture through dynamic and flexible performance optimisation processes referenced in the One Barloworld scorecard
- Implementing a One Barloworld human capital technology solution and operating model that improves our people's experience of key human capital processes such as recruitment, on-boarding, performance optimisation, talent management, etc.

Unpacking our strategic enablers (how we win)

DEVELOPING LEADERS

ROLE-MODELLING CUSTOMER CENTRICITY, LIVING OUR VALUES, ENSURING ACCOUNTABILITY AND ONE BARLOWORLD

2020 STRATEGIC PRIORITIES

- Ensuring our leaders have greater exposure in the marketplace
- BBS Transformation Leadership Journey programme implementation
- The One Barloworld Leadership Competency Framework will be integrated into key human capital processes in 2020
- Embed a high-performance culture
- Enable change

TED Dialogues

ABOUT TRANSFORMATION AND EMPOWERMENT (TED) DIALOGUES

The Transformation and Empowerment (TED) Dialogues programme helps us sustain our diversity and inclusion efforts by promoting nation building and creating a common psyche that enables our people to manage unconscious bias and fosters a sense of belonging. The idea is to reach a common understanding of our background as a divided nation and then to move forward together.

The dialogues commenced with our group executive team in 2018, which subsequently commissioned further roll-out of the programme to all our leaders, senior executives and middle management. This commitment is key to our EVP and will strengthen our organisation to achieve our bold and ambitious goal.

HIGHLIGHTS IN 2019

Designed the One Barloworld Leadership Competency Framework (LCF)

MANAGING FOR VALUE IN 2019

- Inculcated clear performance accountability through the One Barloworld balanced scorecard
- Established core leadership competencies and then integrated these to design the One Barloworld LCF which is aligned to the group strategy. We then rolled the LCF out across the group at a senior leadership level
- Continued to include leadership and senior executives in TED Dialogues.

OUR LEADERS DRIVE OUR VISION AND AMBITION

Strong leadership enhances internal morale and productivity, creates shareholder confidence and can have a significant impact on our share price.

Driving our active shareholder operating model by running the group centrally, rather than on a federated basis, meant changing our leadership structure and focus. This was pivotal to our business transformation process and to business excellence. As an example – talent is managed centrally by business leaders, so that talent mobility is based on a collaborative, rather than a competitive, approach. Enhancing talent mobility in this manner opens up new ways of thinking and creates growth opportunities that benefit both employees and the business.

The success of the BBS depends on the commitment of all our people, guided by our leaders. People are at the heart of the BBS. If we are to ensure that our customers win, we have to free up our people's time and create avenues for them to participate in identifying problems and defining solutions, establishing clarity on outcomes and ownership thereof. That way we create better opportunities for them to grow and thrive, thus building sustainability of improvements where change capacity, a high-performance culture and operational excellence are the norm.

Deploying the right talent and driving culture change are key focus areas for the leadership team. The culture change is based on moving away from a 'command and control' approach to a structure based on trust between people. The executive team has also been tasked with promoting innovation on a 'fail fast' basis and ensuring our digital strategy is geared towards customer-centricity, operational efficiency and engaged employees.

Given that 'leadership' can mean different things to different people, the risk was a fragmented approach to performance and management. We mitigated this risk in 2019 by finalising and rolling out the One Barloworld Scorecard and Barloworld Leadership Competency Framework (LCF) which gives all leaders clear, consistent guidelines for leadership behaviour and actions based on a common foundation of stewardship and legacy, with a view to inspiring a world of difference in the short-, medium- and long-term.

Unpacking our strategic enablers (how we win)

RESPONSIBLE CORPORATE

BALANCING ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES IN THE SHORT-, MEDIUM- AND LONG-TERM.

PUBLIC DISCLOSURES

For more information, see **www.barloworld.com**

External certifications and accreditations coverage 2019

Barloworld Worldwide Code of Conduct and Code of Ethics

Barloworld 2019 CDP climate change and water disclosure responses

Barloworld environmental, energy efficiency, climate change, waste management, water use and management policies

RESPONSIBLE CORPORATE

Sustainability

OUR SUSTAINABILITY VISION

We are committed to the ongoing creation of shared value for our stakeholders through the purposeful stewardship of the six capitals. Our sustainability vision is:

> To be a leader in sustainable development through being a **responsible corporate** and by delivering **products, services and solutions** that generate sustainable outcomes and realise **commercial opportunities** for revenue enhancements and cost savings.

The concept of value creation for our stakeholders through making a World of Difference by enabling growth, and progress in society lies at the heart of this vision. Being a responsible corporate is at the core of our business, as demonstrated in the diagram alongside. It aligns with our focus on the BBS, which includes respect for people – not just our employees, but people in the wider sense including communities. We ask ourselves certain key questions on an ongoing basis: What impact are we making on peoples' lives? Are we respecting them in terms of how we do business? And how can we ensure a legacy that shows respect for people? Initiatives like Khula Sizwe and Barloworld Mbewu are helping to shape this legacy.

Our legacy is also grounded in safety. We want everyone to safely arrive at work and return home without injury or harm. Recognising that we can never relax our vigilance about safety, we continue to roll-out relevant training initiatives that aim to eliminate work-related injuries and entrench a culture of safety.

Our focus on reducing energy and water usage, emissions and waste is driving internal cost savings, efficiencies, and resilience. We are also committed to providing our customers with solutions that assist them in achieving their own sustainability ambitions including helping them to become more efficient and productive.

Sustainability

OUR HOLISTIC APPROACH TO SUSTAINABILITY

INTELLECTUAL CAPITAL

	page
The BBS	14 – 15
Ethics	115
Governance	115

NATURAL CAPITAL

	page
Energy and emissions	110 – 111
Water	112
The circular economy and waste	113

GOVERNANCE

ENVIRONMENT

RESPONSIBLE CORPORATE

ECONOMIC

SOCIAL

FINANCIAL AND MANUFACTURED CAPITAL

	page
Equipment SnA	75
Equipment Russia	81
Automotive	87
Logistics	93
Corporate	99

HUMAN AND SOCIAL AND RELATIONSHIP CAPITAL

	page
Mbewu	68 – 69
Sivakhula	65 – 66
Khula Sizwe	62 – 63
Social investment	70 – 71
Managing talent	104 – 106
Developing leaders	107
Safety	35, 41, 50, 58, 128, 185

For more information, see **www.barloworld.com**

- External certifications and accreditations coverage 2019
- Barloworld Worldwide Code of Conduct and Code of Ethics
- Barloworld 2019 CDP climate change and water disclosure responses
- Barloworld environmental, energy efficiency, climate change, waste management, water use and management policies
- GRI Environmental (301 to 308)
- GRI Social (401 to 419)
- GRI Economic (201 to 206)
- GRI Governance (102-18 to 102-39)

Sustainability

SUSTAINABILITY GOVERNANCE

The board holds the highest level of responsibility for sustainability aspects within Barloworld and entrenches a common framework and approach to sustainability across the group in line with the One Barloworld approach.

In assisting the board, the risk and sustainability committee objectives include: reviewing the adequacy and effectiveness of the risk management process, the significant risks facing the company and the mitigating controls or activities; addressing sustainable development in the company including climate change and environmental stewardship; reviewing and guiding sustainable development aspects of integrated reporting in the company; and identifying material non-financial issues in the company for assurance. The committee sets the group risk culture, appetite, framework, policies and strategies and also assists the board in recognising substantive sustainability, climate change, environmental, health and safety risks to which the group is exposed. In addition, it ensures that the requisite management culture, practices, policies and systems are implemented and function effectively within the group.

Similar governance and oversight processes are in place at a divisional level.

ENERGY AND EMISSIONS

We recognise the importance of energy efficiency in a carbon-constrained world. We were one of the early signatories to the Energy Efficiency Leadership Network Pledge and we participated in the Private Sector Energy Efficiency initiative. We have adopted a Measure, Avoid, Reduce, Switch and Offset (MARSO) methodology to manage emissions. Reductions are also driven through our group aspirational targets of 10% efficiency improvements in non-renewable energy and emissions (scope 1 and 2) intensity by 2020 (2015 baseline) and 2 000 MWh or more renewable energy consumption per annum further supported by our Energy, Climate Change and Environmental Policies.

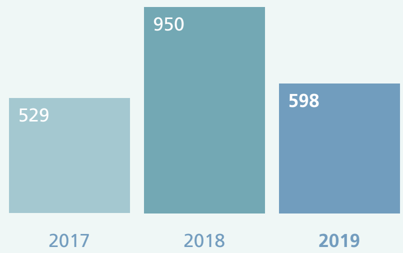
Where practicable, initiatives have been implemented within the group, such as the use of more efficient production and distribution processes, and modes of transport; and the use of new technologies, including high efficiency and renewable energy solutions. Such solutions are also available to our customers.

In addition to lower impact on the environment, anticipated benefits of our energy and emissions reductions initiatives and targets include: cost savings through efficiency of use, particularly in the context of price increases and carbon pricing; enhanced reputational and competitive advantage; as well as operational resilience through minimising impacts of supply interruptions and forced shut downs.

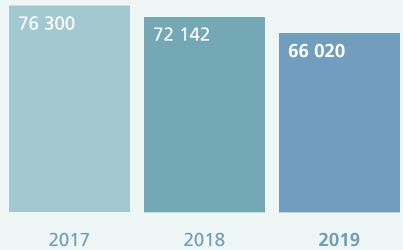
One of our principals, Caterpillar, has included solar photovoltaic (PV) in its product offerings. Leveraging this, installations have been concluded at two Equipment sites with others anticipated. Annually this generates some 598 MWh of renewable energy and avoided just over 600 tCO_2e in 2019. Additionally, our 5 Green Star rated Automotive and Logistics Head Office incorporates 120 kW(peak) of solar PV.

Such initiatives have contributed to a 3% year-on-year decrease in non-renewable energy consumption and a 5% decrease in emissions (scope 1 and 2) over the same period.

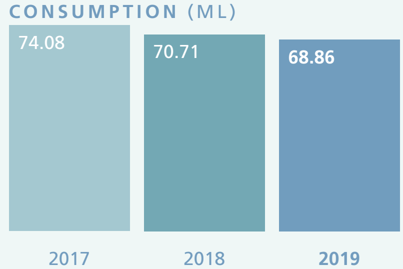
RENEWABLE ENERGY (MWh)



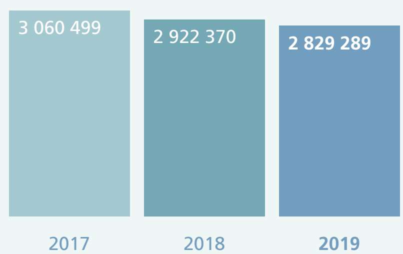
GRID ELECTRICITY CONSUMPTION (MWh)



PETROL AND DIESEL CONSUMPTION (ML)

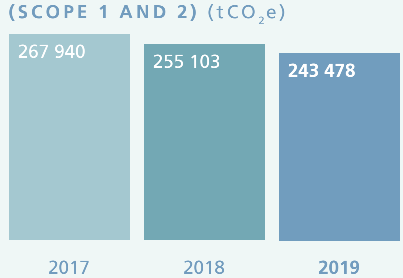


NON-RENEWABLE ENERGY CONSUMPTION* (GJ)



* Excludes energy from rental fleets

GREENHOUSE GAS EMISSIONS (SCOPE 1 AND 2) (tCO_2e)



Sustainability

7 AFFORDABLE AND CLEAN ENERGY

FOCUSING ON THE EFFICIENT USE OF ENERGY

We represent leading brands and engage with world-class principals, providing solutions to produce power at lower emission levels or provide products that use less energy than alternatives in the market.

Barloworld Power assists customers in transitioning to operations with a lower carbon footprint, by offering cleaner and more sustainable power solutions.

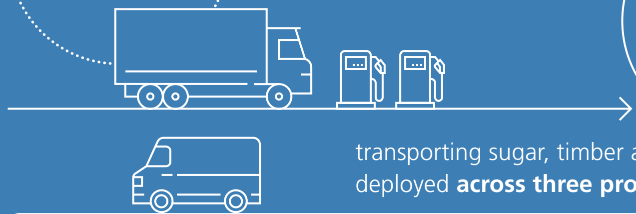
Barloworld Power offers high efficiency technology gas generators which can utilise natural gas, biogas (landfill and sewerage) or coal bed methane. Together with these solutions, Combined Heat and Power (CHP) technology can be incorporated to offer even higher energy efficiency, where the heat generated can be utilised further for heating or cooling requirements by incorporating heat exchangers or chillers into the overall solutions. This investment assists customers' transition to a lower-carbon economy.

For more on Barloworld Power offerings see: **www.barloworld-equipment.com/products/new/power-systems/**

MITIGATING CLIMATE CHANGE THROUGH ENERGY EFFICIENCY AND GREENHOUSE GAS REDUCTION INITIATIVES

25% fuel saving... per ton of payload transported by our **smart truck fleet**.

75 smart trucks... transporting sugar, timber and platinum deployed **across three provinces**.

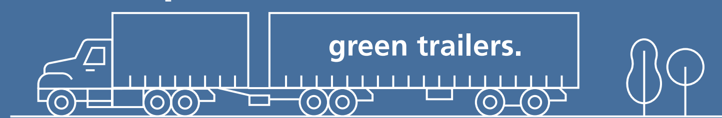


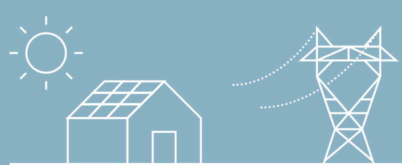
Estimated **reduction of 2 935 575 kms in 2019**

saving of **1.5 ML of diesel**

...and **4 221 tCO_2e of emissions**

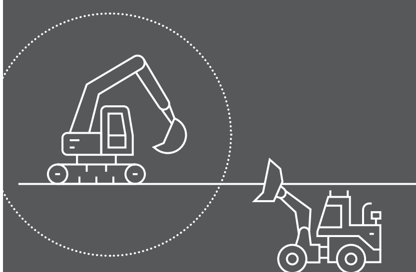
Reduction of 80.1 tCO_2e per annum achieved through our superlink tautliner... **green trailers.**





500 kW(peak) solar photovoltaic installations at our operations, **generating 598 MWh** of renewable energy annually and **avoiding some 600 tCO_2e for the year**.

- Initiatives at several sites include **energy efficient lighting**. LED retrofits and controlled usage have resulted in year-on-year energy **savings of some 3 960 MWh** (approximately 14 255 GJ and 4 079 tCO_2e)
- Automotive and Logistics head office: **5 Green Star** building
- Avis Budget South Africa: **Carbon Neutral** for scope 1 and 2 emissions.



CAT 320 next generation excavators reduce fuel consumption by up to **25%**.

Logistics supplier management programme **(Greenworld)** measures and monitors our suppliers' carbon footprints in line with industry best practice.

Sustainability

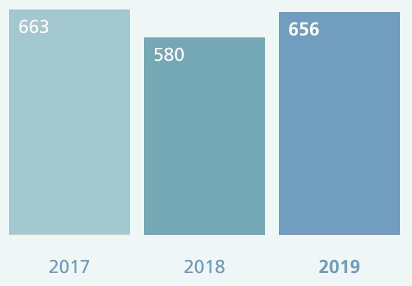
WATER

The global population is expected to increase, the demand for food, and with it the demand for water, is set to continue to rise. Against this backdrop, although we are not a major user of water, we recognise the need for focused water management.

Accordingly, we have a Water Use and Management policy and have also adopted a MAR (Measure, Avoid and Reduce) methodology in order to manage water usage by highlighting exposures and controlling operational costs through water monitoring systems. We have made a commitment to efficient water use through reduced municipal withdrawals, increased recycling, rainwater harvesting and storage initiatives. This commitment is reflected in the group aspirational target to improve water withdrawal (municipal sources) intensity by 10% by 2020 (2015 baseline). Improved water efficiency reduces the impact of water supply disruptions and possible limitations placed on water withdrawals by reducing water use in the group.

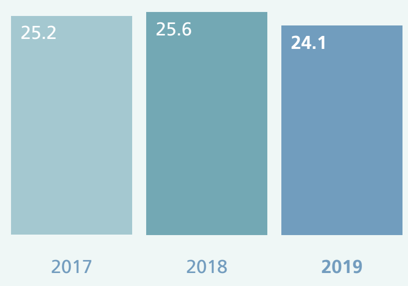
Our operations predominantly use water for washing vehicles, plant and equipment. Most water is sourced from municipal and local government water supply systems, but some water is captured in rainwater harvesting tanks. Nearly all water is legally discharged into local municipal reticulation systems after proper treatment.

WATER WITHDRAWALS^ (ML)

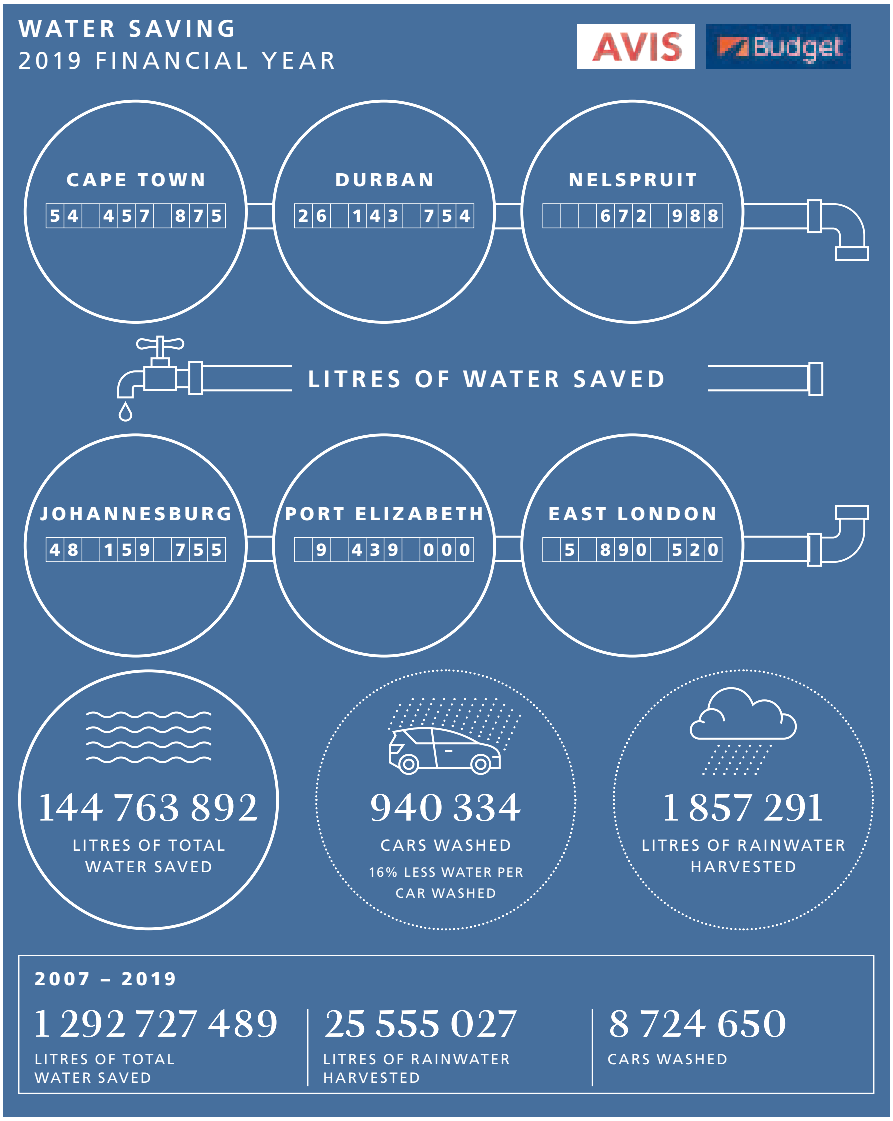


^ Municipal sources

WATER RECYCLING* (%)



* Water recycled as a percentage of water withdrawn from municipal sources



Sustainability

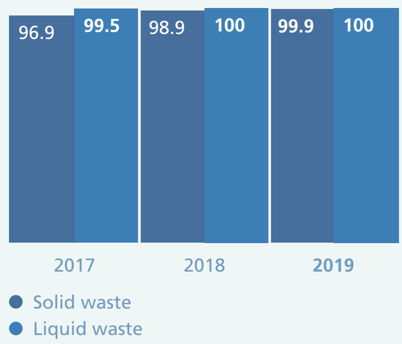
THE CIRCULAR ECONOMY AND WASTE

We focus on ensuring optimal and efficient use of the products we sell, rent and lease, including extending their operating lifecycle or providing multiple lifecycles. Such practices contribute towards more efficient energy and materials consumption, reduce emissions and also reduce waste to landfill. For example, our Caterpillar Rebuild and Remanufacture facilities in South Africa and Russia extend the lifespan of machines and equipment.

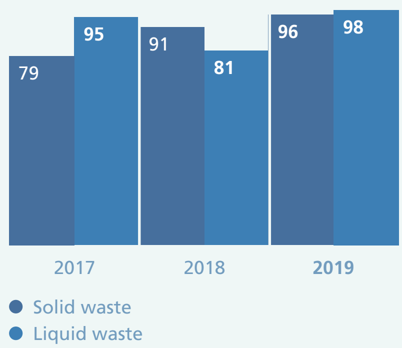
A relatively high percentage of Caterpillar components are rebuilt. In 2019, some 84% of total component sales in Equipment southern Africa related to remanufactured and rebuilt components, of which 66% related to Barloworld Equipment remanufactured parts and 34% related to Caterpillar remanufactured parts. Similarly, in Equipment Russia, some 9% of total component sales related to remanufactured and rebuilt components, of which 62% related to Barloworld Equipment remanufactured parts and 38% related to Caterpillar remanufactured parts. Less energy is used to remanufacture than to produce a completely new product and the process also generates less emissions and water consumption. Generally, these efficiencies contribute to the competitiveness of rebuilt components while having a lower impact on the environment and finite resources.

Due to the nature of our business, we do not generate significant volumes of waste. Tyres and oil filters constitute the majority of our solid waste, while our liquid waste primarily consists of used lubricants. Our aspirational group target is for 100% of our waste to be disposed of through formal waste management service providers. Our waste management systems currently monitor waste by type, volume, disposal method and destination. We aim to continuously evolve and improve these systems.

WASTE DISPOSED OF THROUGH FORMAL WASTE MANAGEMENT SERVICE PROVIDERS (%)



WASTE RECYCLED (%)



To review our performance in terms of renewable energy, non-renewable energy, GHG emissions (scope 1 and 2), water and waste targets, please refer to page 28 of this report.


Barloworld
Automotive & Logistics

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OVERVIEW

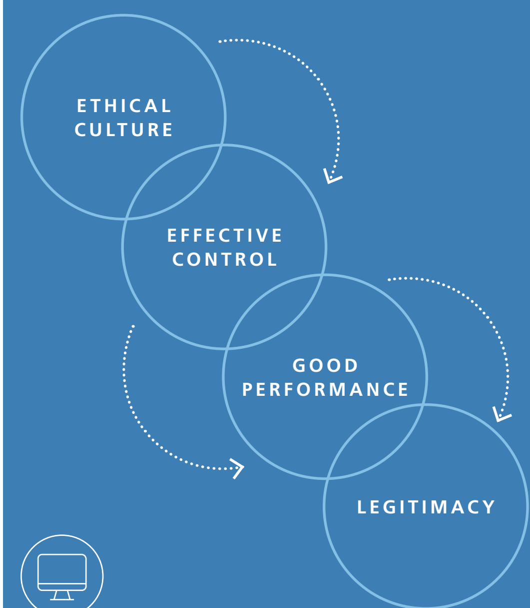
Barloworld is committed to the highest standards of governance to ensure we deliver value to our stakeholders, build trust and enhance our reputation.

Our governance processes drive a strong culture of ethical behaviour, transparency and accountability and go beyond compliance to align with the spirit, rather than the letter, of legislation, protocols and principles. This approach establishes a foundation for strategic decision-making that, in turn, generates sustainable shared value through balancing short- and long-term goals. It also establishes effective controls to entrench our unquestionable legitimacy.

KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA 2016 (KING IV™)

King IV™ is a principle- and outcomes-based approach to corporate governance, which Barloworld embraces. During the year, we worked to embed the principles of King IV™ further into our business.

Outcomes of King IV™



A statement on our application of the principles of King IV™ is available on **www.barloworld.com**

CREATING VALUE FOR STAKEHOLDERS ON A FOUNDATION OF ETHICAL LEADERSHIP

OUR COMMITMENT

We are committed to conducting business ethically while building a sustainable company that recognises the short- and long-term impact of our activities on the economy, society, and the environment. We are an ethically-led organisation based on values and believe that ethical leadership is the foundation that guides our decisions upon which we create value for our stakeholders.

We are governed by the Barloworld Worldwide Code of Conduct (Code of Conduct), which requires Barloworld directors, management, and employees to comply with legislation and our policies, to respect others, to be fair, objective and honest, as well as to protect the environment. The Code of Conduct articulates Barloworld's commitment to doing business the right way, according to best practices, and guided by our values.

MANAGING FOR VALUE IN 2019

- The group Ethics function was brought in-house, with an executive appointed to head the function with effect from 1 February 2019. The confidential whistleblowing facility remains under the independent management of Tip-Offs Anonymous, a division of Deloitte. Whistleblowing reports from the ethics line are received at Barloworld Corporate Office (BCO) and allocated to the relevant divisions, where full investigations are conducted. We confidentially investigate all ethics allegations reported to determine if any legislation, policy or the Code of Conduct principles have been violated. In some instances, ethics investigations are outsourced depending on the complexity and sensitivity of the allegations. Trends and emerging ethics risks are monitored and, in some cases, BCO intervenes.
- We revised the Code of Conduct to focus more intensely on our values and entrench the One Barloworld approach. Our Code of Conduct is available in English, and is currently being translated into Portuguese, Russian and French.
- We worked to entrench consistency of the following Ethics and Compliance policies i.e. to ensure alignment and consistency in the interpretation of our policies:
  - Barloworld Worldwide Code of Conduct
  - Global Whistleblowing policy
  - Group Anti-Bribery and Corruption policy
  - Group Gifts and Hospitality policy
  - Group Conflicts of Interest policy
  - Group Due Diligence policy.

We have a Supplier Code of Conduct in place, which is signed by our suppliers prior to the commencement of a commercial relationship.

LOOKING FORWARD

We will:

- Implement consistency and fairness of consequence management and sanctions in terms of breaches of the Code of Conduct by finalising the group disciplinary policy, which will replace the stand-alone divisional disciplinary policies
- Entrench a gifts registry throughout the organisation
- Monitor policy deviations.

Governance

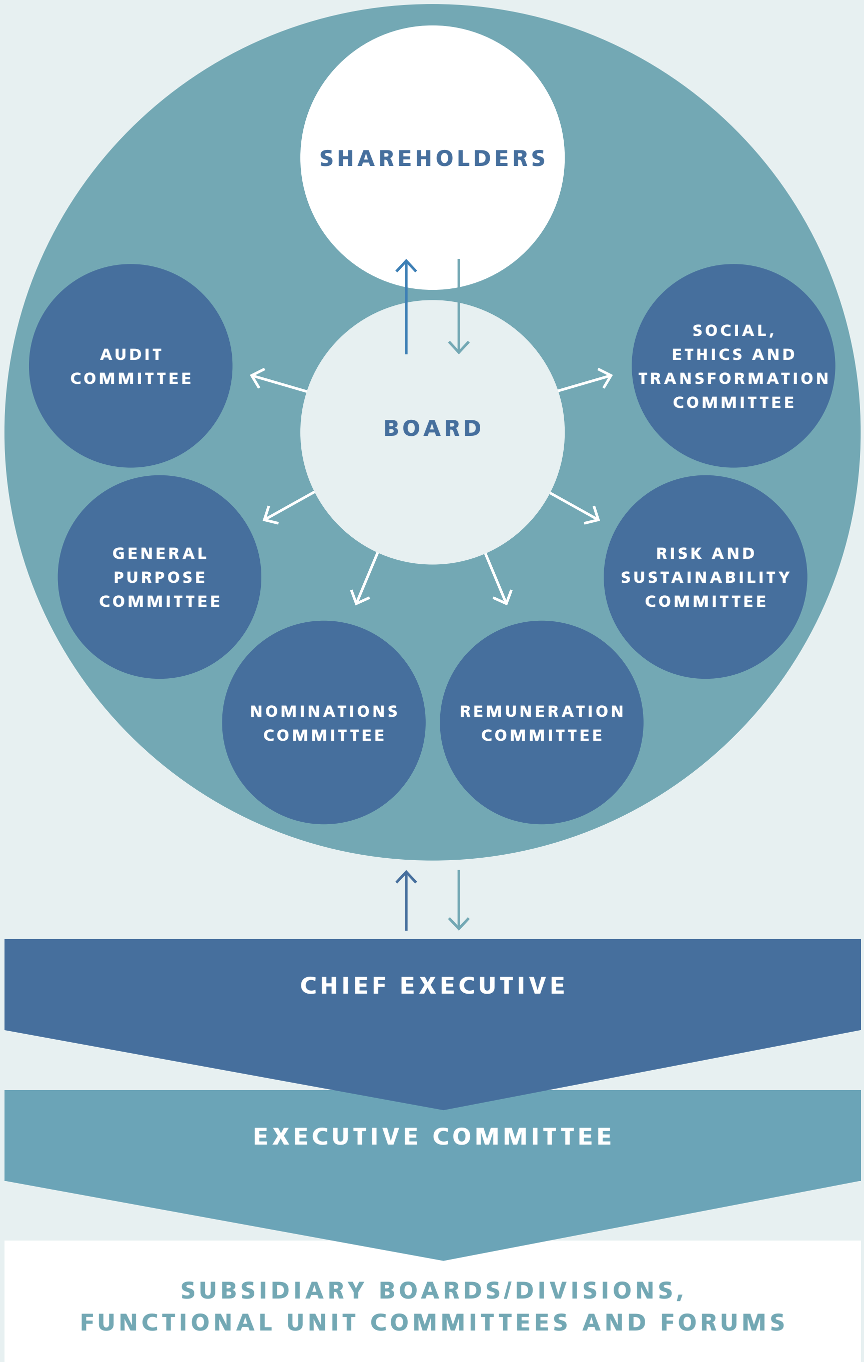
OUR GOVERNANCE FRAMEWORK

Our governance framework supports our value creation process and enables the delivery of our vision. The framework enables the board to oversee strategic direction, financial goals, resource allocation and risk appetite and to hold executive management accountable for execution. The board also ensures that executive management sets the tone for good governance, based on the group's values, and that it is integrated throughout the group.

The board ensures that the necessary committee structures, including the executive committee, are in place and that they are empowered with clear terms of reference that assist the board in discharging its responsibilities.

OUR GOVERNANCE FRAMEWORK DIAGRAM

When making decisions on how to manage and grow our business, we take into account the resources and relationships that are critical to our ability to create value in terms of the six capitals. The board is satisfied that our stakeholder relationships are resilient and that we have the strategic resource allocation plans in place needed to achieve our strategy.



Governance

OUR BOARD OF DIRECTORS

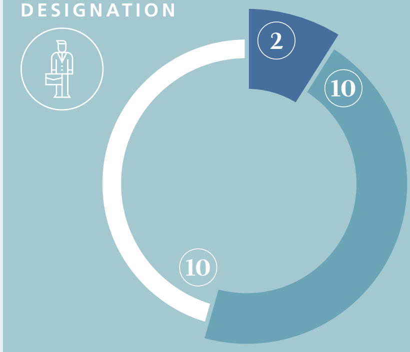
BOARD SKILLS AND EXPERIENCE

Our board members come from diverse backgrounds and possess a wide range of skills and experience across various geographies in line with the group's extensive geographic footprint. This enables them to make judgement effectively – independent of management – on strategy design and oversight of strategy implementation and performance. Their skills and experience include:

- Asset management
- Business development finance
- Corporate governance
- Finance
- Investment banking
- Legal
- Marketing
- Mergers and acquisitions
- Social development strategy
- Risk
- Technology/digitalisation.

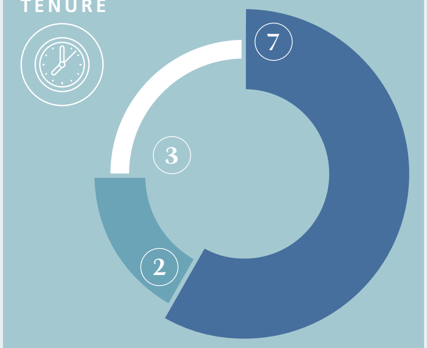
BOARD COMPOSITION

DESIGNATION



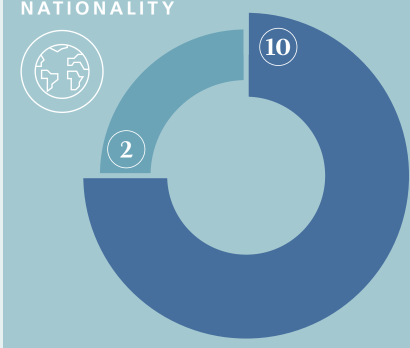
Executive	2
Independent non-executive	10
Non-executive	10

TENURE



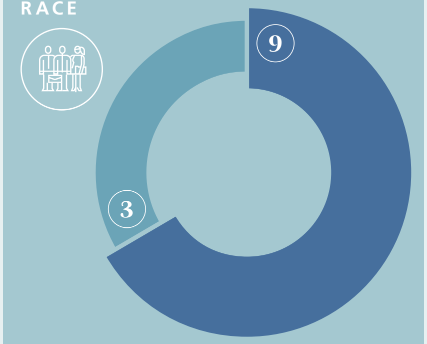
0 – 3 years	7
4 – 6 years	2
> 7 years	3

NATIONALITY



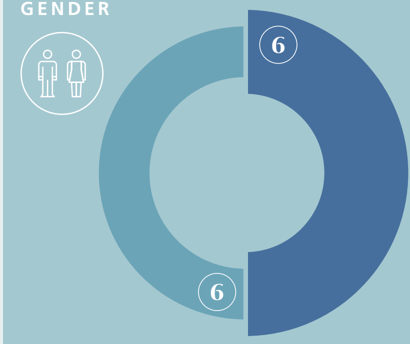
South African	10
International	2

RACE



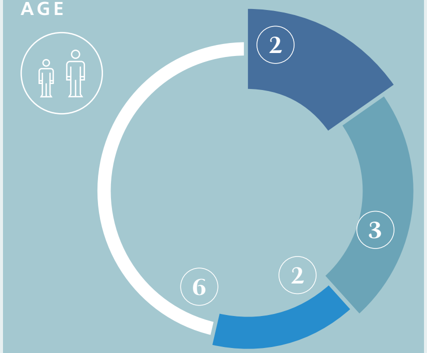
Black	9
White	3

GENDER



Male	6
Female	6

AGE



46 – 50 years	2
51 – 55 years	3
56 – 60 years	2
60 years	6

Governance

MAINTAINING EFFECTIVE CONTROL

The board steers and sets the direction of the group and brings independent judgement and leadership to material decisions, while ensuring strategy, risk, performance and sustainable development considerations are integrated into decision-making and appropriately balanced.

The board functions in accordance with the requirements of King IV™ 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 has overall responsibility for governance across the group and retains effective control through the board-approved governance framework and provides for delegation of authority with clearly defined mandates and authorities while retaining its accountability.

The board has delegated certain functions to its committees, thereby allowing it to allocate sufficient time and attention to decision-making on material matters. This also allows for the delegated matters to receive in-depth focus at committee level. The group chief executive and the executive team are charged with the implementation of the group strategy and are measured against strategy-aligned performance targets.

The board is satisfied that it fulfilled all its duties and obligations in the 2019 financial year.

COMPOSITION AND DIVERSITY OF THE BOARD

Considerable thought is given to board balance and composition. Collectively, the board believes the current mix of knowledge, skills, experience, gender and tenure meets the requirements to lead the company effectively.

There is clear balance of power and authority at board of directors' level and no one director has unfettered powers of decision-making.

The board has evaluated the rationale and meaning of the requirements of independence of directors in accordance with King IV™. An assessment of the factors and circumstances of each non-executive director is performed annually. The independence of non-executive directors who have served on the board for longer than nine years is also assessed annually. The board is satisfied that all of the non-executive directors are independent.

The board is diverse in terms of race and gender, comprising 50% women and 75% black people.

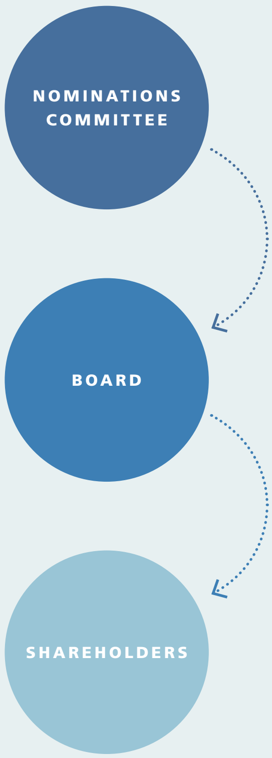
CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman and chief executive (CE) are clearly differentiated. The chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda, while the chief executive leads the executive team in running the business, developing strategy and coordinating proposals for consideration by the board.

BOARD APPOINTMENT PROCESS

Barloworld has a rigorous and transparent policy for the appointment of board directors.

BOARD APPOINTMENT PROCESS DIAGRAM



1. Proposes directors to the board for consideration on the basis of their skills, knowledge and experience, and taking into account gender and race diversity appropriate to the needs of the company.

2. Considers the recommendations of the nominations committee before making an appointment.

3. All newly appointed directors are subject to confirmation at the next annual general meeting of shareholders following their appointment.

Governance

ROTATION OF DIRECTORS AND TERM LIMIT

In order to keep renewing the composition and independence of the board, one-third of the non-executive directors who have served longest since their previous re-election, are required to retire annually, and if available and eligible, stand for re-election at the company's annual general meeting.

At the 2020 annual general meeting, Messrs DB Ntsebeza, SS Ntsaluba, DM Sewela and Ms FNO Edozien will retire. SS Ntsaluba, FNO Edozien and DM Sewela, being eligible, will avail themselves for re-election. A retiring director will be considered for re-election subject to the nominations committee recommending their eligibility, taking into account past performance and contribution made.

In terms of the director term limit policy, if a director reaches the age of 70 he or she should retire and may not make themselves available for re-election. A director may continue to serve for longer than nine years but for not more than 12 years provided the board in its absolute discretion and unanimous decision determines that it is in the best interests of the company and its shareholders to extend the director's service for the additional period of time.

BOARD CHANGES AND SUCCESSION PLANNING

Barloworld is committed to forward-thinking succession planning to ensure stability within the leadership. The board ensures that it has resilient succession plans that recognise the businesses' current and future needs, taking into account the group's strategy.

With Mr Don Wilson retiring as the acting chief financial officer in February 2020, Ms Nopasika Lila was appointed finance director with effect from 1 August 2019. The board welcomes Ms Lila and congratulates her on the appointment.

DIRECTOR INDUCTION AND DEVELOPMENT

New directors undergo a formal induction process to equip them with organisation, industry and regulatory information that makes them effective in the shortest possible time. They are provided with company founding documents, manuals, policies, significant reports, relevant legislation etc. One-on-one meetings and site visits are scheduled with management and the group secretary to introduce new directors to the group and its operations.

Directors can avail themselves of training at all times at the company's expense in order to promote their continuous development. They are provided with regular updates regarding industry changes in the risk and general business environment, as well as regulatory developments.

Directors are able to seek independent professional advice concerning the company's affairs should they require.

BOARD EVALUATION

To assess the board's effectiveness and that of its committees, we conduct an external and internal board evaluation every two years. During 2019 an evaluation was conducted facilitated by an independent external party. Results of the assessment were used to identify the training and development areas of individual directors.

IN ACCORDANCE WITH THE JSE LISTINGS REQUIREMENTS, THE BOARD HAS CONSIDERED AND SATISFIED ITSELF THAT

GROUP FINANCE DIRECTOR

The expertise and experience of the finance director was appropriate. Mr Wilson was the acting chief financial officer for 10 months of the 2019 financial year, while Ms Lila was appointed the finance director on 1 August 2019.

The board has also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function.

COMPANY SECRETARY

Andiswa Ndoni demonstrates the requisite level of knowledge and experience to carry out her duties and maintains an arm's-length relationship with individual directors.

Furthermore, she is neither a director nor a prescribed officer of the company or any of its subsidiaries.

Governance

BOARD AND COMMITTEE MEETINGS REPORT BACK

MEETING ATTENDANCES 1 OCTOBER 2018 TO 30 SEPTEMBER 2019

BOARD – 4	15 NOV 18	14 FEB 19	16 MAY 19	27 SEPT 19
Dumisa Ntsebeza – C	✓	✓	✓	✓
Neo Dongwana	✓	✓	✓	✓
Ngozi Edozien	✓	✓	✓	✓
Hester Hickey	✓	✓	✓	✓
Michael Lynch-Bell	✓	✓	✓	✓
Nomavuso Mnxasana	✓	✓	✓	✓
Neo Mokhesi	–	✓	✓	✓
Hugh Molotsi	–	✓	✓	✓
Sango Ntsaluba	✓	✓	A	✓
Peter Schmid	✓	✓	✓	✓
Sibongile Mkhabela	✓	✓	–	–
Isaac Shongwe	✓	✓	–	–
Dominic Sewela	✓	✓	✓	✓
Donald Wilson	✓	✓	–	–
Nopasika Lila	–	–	–	✓
Funke Ighodaro	✓	–	–	–

AUDIT COMMITTEE – 9	13 NOV 18	6 DEC 18	22 JAN 19	13 FEB 19	26 MAR 19	14 MAY 19	28 JUN 19	26 JUL 19	26 SEPT 19
Sango Ntsaluba – C	✓	✓	✓	✓	✓	✓	✓	✓	✓
Neo Dongwana	–	–	–	–	✓	✓	✓	✓	A
Hester Hickey	✓	✓	✓	✓	✓	✓	✓	✓	✓
Michael Lynch-Bell	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nomavuso Mnxasana	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ngozi Edozien	✓	✓	✓	✓	–	–	–	–	–

GENERAL PURPOSE COMMITTEE – 4	14 NOV 18	13 FEB 19	15 MAY 19	26 SEPT 19
Dumisa Ntsebeza – C	✓	✓	✓	✓
Ngozi Edozien	✓	✓	✓	✓
Hugh Molotsi	–	–	✓	✓
Sango Ntsaluba	✓	✓	✓	✓
Peter Schmid	✓	✓	✓	✓
Isaac Shongwe	✓	✓	–	–
Dominic Sewela	✓	✓	✓	✓

NOMINATIONS COMMITTEE – 4	14 NOV 18	13 FEB 19	15 MAY 19	26 SEPT 19
Dumisa Ntsebeza – C	✓	✓	✓	✓
Neo Dongwana	✓	✓	✓	A
Neo Mokhesi	–	–	✓	✓
Nomavuso Mnxasana	–	–	✓	✓
Sibongile Mkhabela	✓	✓	–	–
Isaac Shongwe	✓	✓	–	–

A Apologies
C Chairman
– No longer part of the board or committee

Governance

BOARD AND COMMITTEE MEETINGS REPORT BACK CONTINUED

MEETING ATTENDANCES 1 OCTOBER 2018 TO 30 SEPTEMBER 2019

REMUNERATION COMMITTEE–4	14 NOV 18	13 FEB 19	15 MAY 19	25 SEPT 19
Neo Dongwana – C	✓	✓	✓	✓
Dumisa Ntsebeza	✓	✓	✓	✓
Neo Mokhesi	–	–	✓	✓
Sango Ntsaluba	✓	✓	✓	✓
Peter Schmid	✓	✓	✓	✓
Isaac Shongwe	✓	✓	–	–

RISK AND SUSTAINABILITY COMMITTEE–4	13 NOV 18	26 MAR 19	14 MAY 19	25 SEPT 19
Hester Hickey – C	✓	✓	✓	✓
Neo Dongwana	✓	A	✓	✓
Michael Lynch-Bell	✓	✓	✓	✓
Sango Ntsaluba	✓	✓	✓	✓
Donald Wilson	✓	✓	✓	✓
Dominic Sewela	✓	✓	✓	✓
Hugh Molotsi	–	✓	✓	✓
Nopasika Lila	–	–	–	✓

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE–4	14 NOV 18	13 FEB 19	15 MAY 19	25 SEPT 19
Sibongile Mkhabela – C	✓	✓	–	–
Nomavuso Mnxasana – C	–	–	✓	✓
Dumisa Ntsebeza	✓	✓	✓	✓
Neo Dongwana	✓	✓	–	–
Michael Lynch-Bell	✓	✓	✓	✓
Dominic Sewela	✓	✓	✓	✓
Ngozi Edozien	–	–	✓	✓
Neo Mokhesi	–	–	✓	✓

A Apologies
C Chairman
– No longer part of the board or committee

Governance

BOARD AND COMMITTEES' RESPONSIBILITIES

BOARD	○ Reviewed and approved the group strategy and activities in 2019 ○ Exercised independent, informed and effective judgement to bear on material decisions of the company and group companies.
AUDIT	○ Assisted the board in its responsibilities, including the internal and external audit processes for the group, considering the significant risks, the adequacy and functioning of the group's internal controls and the integrity of financial reporting ○ Selected and nominated an external auditor for appointment at the annual general meeting. (For more details on the responsibilities of the audit committee refer to the audit committee report on page 181).
GENERAL PURPOSE	○ Reviewed significant transactions and legal matters, including matters of a strategic nature.
NOMINATIONS	○ Provided advice and guidance on succession planning, director appointments and director induction and training ○ Nominated the appointment of Nopasika Lila as finance director.
REMUNERATION	○ Advised and provided guidance to the board on director remuneration, setting and implementing of Remuneration policy, approval of general composition of remuneration packages and criteria for executive bonus and incentive awards and administration. (For more details on the responsibilities of the remuneration committee refer to the remuneration report on pages 124 to 125).
RISK AND SUSTAINABILITY	○ Set the group risk culture, appetite, framework, policies and strategy and ensured that resilient risk management processes were in place ○ Addressed sustainable development in the company including climate change and environmental stewardship.
SOCIAL, ETHICS AND TRANSFORMATION	○ Assisted the group in discharging its social, ethics and transformation responsibilities and implementing practices consistent with good corporate citizenship. (For more details on the responsibilities of the social, ethics and transformation committee, refer to the chairman's report on page 154-155.)

For more details on the responsibilities, powers, policies, practices and processes of the board, directors and committees, refer to the board charter and committee terms of reference, as well as the company's memorandum of incorporation, on our website, **www.barloworld.com**.

Remuneration report

SECTION 1: BACKGROUND STATEMENT

Dear Shareholders

I am pleased to provide you with the remuneration report on behalf of the Barloworld Limited Remuneration Committee (Remco). The report includes the remuneration policy (section 2) and implementation report (section 3) which will be considered and voted upon at the forthcoming Annual General Meeting (AGM) of shareholders.

Uncertainty continued to negatively impact global trade volumes and the outlook for global growth. South Africa's economy also remained subdued with a negligible growth forecast for 2019. Consequently both business and consumer confidence levels remained under pressure.

In line with the difficult trading conditions as well as the need to progressively close the pay gap, the company's eligible executive directors and prescribed officers were each awarded a 4.5% pay (TGP) adjustment despite executive benchmarks which suggested average increases of 5.5%. Short-term incentive (STI) pay-outs were also lower than the previous year given that the stretch targets for most of the STI metrics were not achieved. Long-term incentives (LTI) which include the Forfeitable Share Plan (FSP) and the Share Appreciation Rights (SAR) awarded in 2017 will vest in March 2020. The SAR performance conditions were achieved and therefore 100% of the SAR will vest, subject to share price performance at the time. The FSP performance conditions were achieved at a rate that will lead to 91.6% vesting. More details on salary adjustments, STI payouts and the vesting LTIs are included in the implementation section of the report.

The current LTI vesting is not fully aligned to the stretch performance required to achieve the company's ambitious strategy. This misalignment, together with shareholder feedback, prompted the shareholder engagement roadshows which took place during July and August 2019. During the roadshows, the Chairperson of the Board and I engaged key shareholders who included six of the top ten investors representing 44% of the shareholder base.

We thank our shareholders for taking the time to engage with us and are pleased to report that in general, they welcomed our continued efforts towards greater transparency and engagement on key issues underpinning the company's remuneration policy. We have taken heed of the shareholders' request to adopt simple, market-aligned LTI principles that will drive long-term value creation whilst mitigating undue risk.

Taking shareholder feedback into account, the Remco considered management's proposed changes to the executive LTI scheme. This was a key part of the Remco's activities for the period under review, which are outlined under the Remco governance section, overleaf. The proposed LTI scheme changes include performance conditions with strategy-aligned stretch targets to ensure that value for executives accrues in line with the creation of value for shareholders. Please see details included as part of the resolutions to be voted on by shareholders at the company's upcoming AGM.

We hope that you will appreciate the effort that has been invested into the alignment of the LTI scheme and look forward to your support of same. We also welcome any comments that shareholders may have on our report or any concerns regarding the remuneration policy or the implementation thereof.

I would like to thank the board, the Remco members, Remco advisors and management for their support and efforts during the year. In particular, I would like to thank the outgoing member, Oupa Isaac Shongwe, for his contribution to the Remco and to welcome our new member, Neo Mokhesi, who was appointed to the Remco with effect from 14 February 2019.

"We thank our shareholders for taking the time to engage with us and are pleased to report that in general, they welcomed our continued efforts towards greater transparency and engagement on key issues underpinning the company's remuneration policy."

NEO PHAKAMA DONGWANA
Chairperson: Remuneration committee

Remco governance

ACTIVITIES OF THE REMCO IN 2019

The Remco has, during the year under review, complied with its obligations as reflected in its Terms of Reference, a copy of which can be found on our website at **www.barloworld.com**. The Remco also complied with the provisions of King IV™ guide on remuneration governance.

The Remco met on four occasions (14 November 2018, 13 February 2019, 15 May 2019 and 25 September 2019). Below is a summary highlighting some of the committee's key considerations at these meetings.

EXECUTIVE REMUNERATION

KEY MATTERS CONSIDERED

- The outcome of the annual review of the remuneration policy and system was considered. Other than the proposed target ranges for the remuneration mix (TGP, STI and LTI) which would increase the LTI weighting in line with the company's long-term strategy, there were no major changes to the Remuneration policy
- The proposed termination payment in lieu of notice to the previous Group Finance Director Designate (**Ms. Olufunke Ighodaro**) who resigned during the year under review was approved
- The employment offer, which included an attraction and retention payment, for the new Group Finance Director (**Ms. Nopasika Lila**) was approved
- The UK tax legislation aligned appointment of the group chief executive, group finance director and CEO: Equipment southern Africa as non-resident directors on the Board of Directors of Barloworld Holdings Limited was approved
- The proposed salary adjustments for executive directors and prescribed officers were approved with reference to executive benchmarks conducted.

SHORT-TERM INCENTIVES (STI)

KEY MATTERS CONSIDERED

- No changes were made to the principles of the STI scheme for 2019
- The STI metrics and targets for 2019 were approved
- The report on the STI mechanics for middle management and below (grades 14 and below) employees were noted
- 2019 executive director and prescribed officers' incentives were approved in line with the performance achievements for the year.

LONG-TERM INCENTIVES (LTI)

KEY MATTERS CONSIDERED

- The tested and verified performance conditions for the 2016 FSP and SAR awards were approved
- The 2019 awards for FSP and SAR were approved
- Taking into account shareholder feedback, the proposed changes to the executive LTI scheme were considered, debated and approved subject to JSE approval and shareholder vote at the company's upcoming AGM.

NED FEES

KEY MATTERS CONSIDERED

- The non–executive directors' fee benchmark report was noted
- An overall increase average of 5.4% to NED fees for 2019 was approved and the new schedule of NED fees was adopted for later presentation at the AGM.

SUCCESSION PLANNING

KEY MATTERS CONSIDERED

- In line with the company's talent management processes, the Remco noted the group executive movements and succession plans, which indicated that 86% of these roles had identified successors. The development plans of the potential successors were noted.

REPORTING TO SHAREHOLDERS

KEY MATTERS CONSIDERED

- Outcomes of shareholder engagements and feedback were shared with Remco and management
- The remuneration report which forms part of the company's integrated report was approved.

PAY GAP

KEY MATTERS CONSIDERED

- The pay gap report and management's initiatives to correct these were noted. The Remco will continue to monitor the effectiveness of the corrective actions presented.

FUTURE FOCUS

The Remco will continue to monitor the implementation of the remuneration policy and address any issues raised by shareholders. In addition to matters outlined in it's Terms of Reference, the following issues are on the work plan for the next financial year:

- Finalisation and implementation of a formal Minimum Shareholding Requirement (MSR) policy
- Implementation of the revised executive LTI scheme
- Continue to review issues of equal pay for work of equal value
- Review proposals to align key benefit offerings across the Group
- Review executive succession plans to ensure continued adequacy.

REMCO ADVISORS

PricewaterhouseCoopers (PwC) are the independent advisors to the Remco and attend meetings in an advisory capacity. The effectiveness of the external advisors was reviewed during the year and a revised statement of work agreement was entered into.

PE Corporate Services and 21st Century Pay Solutions also assisted Management and Remco with remuneration benchmarking and design matters.

The Remco is satisfied that in rendering their services, the advisors were at all times independent and objective. The advisors attended relevant Remco meetings during the year under review.

SECTION 2: REMUNERATION POLICY

The company's remuneration policy is provided below:

REGULATORY BACKGROUND

This policy should be read with reference to the applicable regulatory and governance frameworks.

ROLE OF REMCO

TERMS OF REFERENCE

The Remco assists the board in discharging its remuneration related oversight responsibilities and operates in line with its Terms of Reference, which should be read in conjunction with this policy.

SHAREHOLDER ENGAGEMENT

The Remco engages regularly with shareholders to obtain feedback on the remuneration report and their views on the company's remuneration policy and practices as part of its efforts to ensure transparent, fair and responsible remuneration.

The Remco is responsible for the annual review and approval of the remuneration policy and the implementation report which form part of the company's annual integrated report. The remuneration policy and implementation report are put to separate non-binding advisory votes at the company's Annual General Meeting. In the event that either the policy and/or implementation report is voted against by 25% or more of the voting rights exercised, the Remco will actively engage with shareholders and report back on the outcomes thereof and on any corrective measures taken.

The table below sets out the results of the vote on the company's remuneration policy and implementation report (applicable from 2018) for the past three years.

(%)	2016	2017	2018
Remuneration policy	80.6	94.5	97.7
Implementation report	Not applicable	Not applicable	98

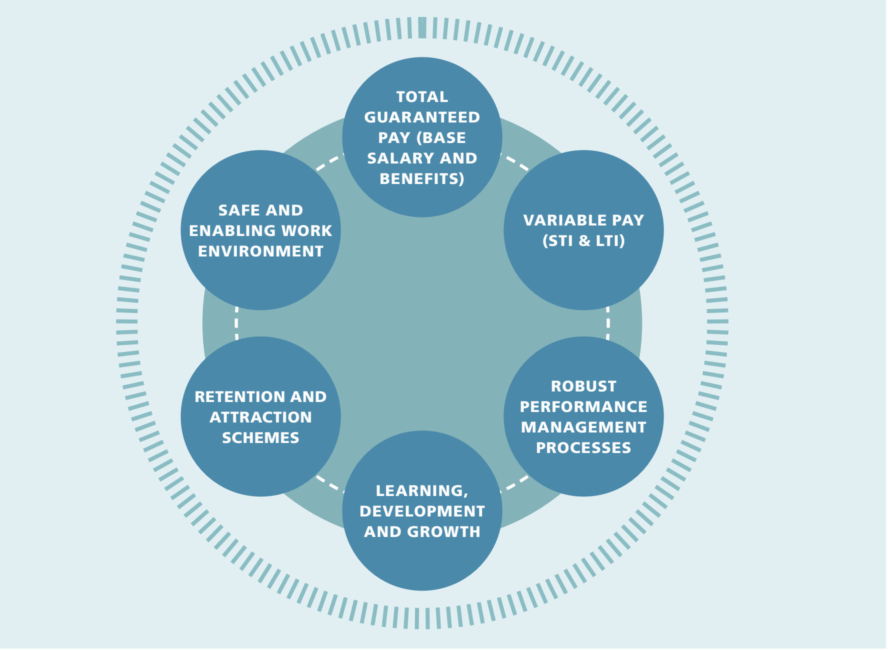
FAIR AND RESPONSIBLE REMUNERATION

The company takes proactive steps to realise the principle of fair and responsible remuneration. A key principle of the remuneration policy is that all employees should receive remuneration that enables effective participation in the economy. The Remco also considers executive remuneration against the remuneration of all employees across the company to ensure fair and responsible pay.

The company strives to comply with legislation governing equal pay for work of equal value. In South Africa, annual pay audits are conducted in terms of the Code of Good Practice on Equal Pay for Work of Equal Value under the Employment Equity Act 1998 (as amended).

REMUNERATION PHILOSOPHY AND APPROACH

Barloworld's remuneration philosophy is informed by its belief that people perform at their best within an environment that encourages continuous improvement, acknowledges winning behaviours and great results. The company is therefore committed to creating a safe and enabling environment that empowers employees to delight customers and inspire a world of difference as they develop and grow their careers. The company's holistic approach to remuneration reflects its commitment as shown in the figure below:



OBJECTIVES

The remuneration policy contributes towards the achievement of Barloworld's strategy through:

- Defining competitive remuneration parameters for attracting, motivating and retaining top talent in line with the company's performance imperatives, affordability and long-term strategy.
- Rewarding for value created in a way that ensures alignment to the interests of all stakeholders.
- Ensuring adherence to all applicable regulatory requirements and corporate governance guidelines.
- Enabling the Remco to execute its mandate.

KEY REMUNERATION ELEMENTS

The company's remuneration comprises of the following elements:

Guaranteed pay

ELEMENT	POLICY PRINCIPLES
TOTAL GUARANTEED PACKAGE (TGP) No proposed changes	◦ The total guaranteed pay (TGP) comprises of basic salary and benefits which may include all types of leave, retirement schemes, medical benefits, car allowances, risk benefits etc ◦ The company's defined market position for TGP is at the 50th percentile or median of the South African national market or the regional markets in which it operates ◦ Benchmarks are conducted annually as a reference for salary review budgets and adjustments ◦ In the case of executives, salary reviews are informed by affordability, inflation, compa-ratio and performance ◦ The Remco approves salary review outcomes for executive directors and prescribed officers.

Benefits

BENEFITS

Ongoing review and alignment

- Subject to local competitive practice and legislation, the company provides additional elements of compensation that include retirement and medical aid benefits
- In addition to the above, the company provides life assurance, accidental death and dismemberment cover and disability and income protection insurance
- Employee benefits are subject to each local country of operation's tax and employment legislation.

Retirement schemes

- The basic annual pensionable earnings (on which contributions to certain benefit funds are based) is calculated as a % of TGP. The overall tax-deductible limit that applies to all retirement schemes that an employee contributes to is as per the legislation of that country
- Employee and employer contributions vary depending on the fund to which employees belong
- Some of the retirement schemes also include risk benefits cover such as death and disability.

Medical benefits

- The medical aid funds vary depending on jurisdiction, company and legislation

Other

- The multiples of salary for life assurance, accidental death, disability and income protection insurance vary

Relocation allowances

- Allowances are only be paid if contractually agreed

Post-retirement benefits

- It is not Barloworld policy or practice to provide post-retirement benefits

Variable pay – Short-term incentive

ELEMENT	POLICY PRINCIPLES

SHORT-TERM INCENTIVE (STI) PLAN

No proposed changes

The STI rewards short-term performance through an annual incentive calculated as a percentage of cash salary. STI metrics and targets are approved annually by the Remco.

STI for senior management and executives (grade 15 and above)

- The STI is performance-based and measured against pre-determined objectives aligned to the grade and specific role of each participant
- STIs are paid annually subject to performance and after sign-off by external audit of the financial results of the company as well as Remco's approval.

STI balanced scorecard categories and weightings

- The performance scorecard categories and weighting guidelines for executive participants are as follows:

	GROUP CE & CORPORATE EXECUTIVES (%)	DIVISIONAL EXECUTIVES (%)
Group financials	65	30
Divisional financials	0	25
Diversity & Inclusion	10	20
Internal Audit & Compliance	0	10
Individual/personal scorecard	25	15
Total	**100**	**100**

Financial metrics:

- The group and divisional STI financial metrics and weightings are as follows:

	GROUP FINANCIALS (%)	DIVISIONAL FINANCIALS (%)
Economic Profit (EP)	30	35
Free cash flow after interest (FCF)	30	35
Return on Equity (ROE)	25	0
Return on Invested Capital (ROIC)	0	30
Headline Earnings per Share (HEPS)	15	0
Total	**100**	**100**

- **Financial multiplier:** At least one financial metric must achieve threshold before the STI pays. This prerequisite, which is in the form of a financial multiplier curve, escalates at an increasing rate between threshold and target and at a higher rate between target and outperformance. This ensures that the STI remains self-funding.

Non-financial metrics:

The STI non-financial metrics are as follows:

- Diversity and inclusion **objectives** are based on the attainment of specific workforce diversity and inclusion targets (gender and race) set in relation to the Economically Active Population (EAP) at group and divisional level. These are approved by the Sustainability, Ethics, Transformation Committee (SETC) and Remco
- Internal audit and compliance **objectives** are based on the attainment of specific internal control and compliance that are approved by the audit committee
- **Individual/personal scorecard metrics** are aligned to team and business performance and include safety, customer service, leadership and other role-based non-financial elements.

STI Targets:

- Targets and achievements for the financial and non-financial metrics are detailed in the Implementation section.

STI Cap and formula:

- The STI is capped at 200% of annual basic salary for the Group chief executive and 175% for other executives (including executive directors and prescribed officers). The full STI calculation formula is included in the implementation section.

Variable pay – Short-term incentive continued

ELEMENT	POLICY PRINCIPLES
SHORT-TERM INCENTIVE (STI) PLAN	See below

STI earning levels:

- The percentage of basic salary paid relative to achievement against targets (threshold, target and outperformance) is as follows:

For the group chief executive:

SCORECARD ELEMENTS	THRESHOLD %	TARGET %	OUTPERFORMANCE %
% of STI based on group financial targets	–	32.5	65
% of STI based on personal scorecard objectives	–	12.5	25
% of STI based on diversity and inclusion objectives	–	5	10
Sub-total	**–**	**50**	**100**
Financial multiplier	–	105	100
STI cap	200	200	200
Total STI %	**–**	**105**	**200**

For the group finance director:

SCORECARD ELEMENTS	THRESHOLD %	TARGET %	OUTPERFORMANCE %
% of STI based on group financial targets	–	32.5	65
% of STI based on personal scorecard objectives	–	12.5	25
% of STI based on diversity and inclusion objectives	–	5	10
Sub-total	**–**	**50**	**100**
Financial multiplier	–	105	100
STI cap	175	175	175
Total STI %	**–**	**91.9**	**175**

For the prescribed officers:

SCORECARD ELEMENTS	THRESHOLD %	TARGET %	OUTPERFORMANCE %
% of STI based on group financial targets	–	15	30
% of STI based on divisional financial targets	–	12.5	25
% of STI based on personal scorecard objectives (including safety)	–	7.5	15
% of STI based on internal audit and compliance objectives	–	5	10
% of STI based on diversity and inclusion objectives	–	10	20
Sub-Total	**–**	**50**	**100**
Financial multiplier	–	105	100
STI Cap	175	175	175
Total STI %	**–**	**91.9**	**175**

Malus and clawback:

- STIs are subject to a malus and clawback policy

Variable pay – Short-term incentive continued

ELEMENT	POLICY PRINCIPLES
SHORT-TERM INCENTIVE (STI) PLAN Ongoing review and alignment	**STIs for middle management and below (grade 14 and below)** ○ Due to the diversified nature of the business, each of the divisions have their own bonus or 13th cheque scheme for employees at grade 14 and below (middle management and below in operational levels). These details are in the Remuneration and Reward policies of the respective divisions. ○ The payment of Divisional bonus plans is, subject to the same business financial performance conditions at all levels. ○ Participation in the Divisional bonus or 13th cheque scheme for grade 14 and below employees is at the relevant division's Remco's discretion (or as per formal agreements with bargaining councils and/or unions for unionised staff).

2020 STI targets

The company's 2020 targets were reviewed and approved by the Remco as follows:

Metric	2019 Actual	Threshold	Target	Outperformance
Economic Profit (million)				
Equipment SnA	R5	R52	R265	R573
Equipment Russia	$12	$12	$15	$19
Automotive	R65	R65	R133	R312
Logistics	(R188)	(R10)	R0	R10
Group	(R145)	(R145)	(R37)	R254
HEPS (cents)				
Group	1 100	1 100	1 182	1 265
Free cash flow to Firm after interest (million)				
Equipment SnA	R2 014	R1 599	R1 999	R2 498
Equipment Russia	$37	$25	$31	$44
Automotive	R1 263	R1 490	R2 327	R3 192
Logistics	(R72)	R295	R369	R461
Group	R3 064	R1 933	R2 417	R3 021
ROE (%)				
Group	10.1	10.1	11.5	13.0
ROIC (%)				
Equipment SnA	12.5	12.9	15.5	18.2
Equipment Russia	17.7	17.7	18.8	19.8
Automotive	13.2	13.2	14.6	16.4
Logistics	0.4	12.4	13.2	14.0

Sales incentive schemes

SALES INCENTIVE SCHEMES

No proposed changes

- Barloworld runs commission structure schemes for employees in sales roles
- The details of each scheme are outlined in the respective Divisional Remuneration policies.

Variable pay – Long-term incentive

ELEMENT | **POLICY PRINCIPLES**

LONG-TERM INCENTIVE (LTI)

Executive LTI revised

- LTIs drive the alignment of management and shareholder interests through long-term plans that have both performance and retention conditions. LTI performance metrics and targets are approved annually by the Remco.
- In countries where local conditions do not support the granting of share-based awards, the LTI scheme is replaced with a deferred bonus scheme.

LTIs for senior management and executives (grade 15 and above)

- In line with shareholder feedback and the view that the current executive LTI is not fully aligned to the stretch targets required to deliver the company's long-term strategy, a proposal to review the executive LTI scheme to include a conditional share-plan (CSP) in place of the SAR and update the FSP performance conditions was approved by Remco, subject to shareholder approval.

Forfeitable share plan (FSP)

- These awards are structured as forfeitable shares which are subject to restrictions and a risk of forfeiture when stated performance and/or employment conditions are not met
- The awards have a three-year vesting period
- The vesting of the awards is subject to continued employment until the vesting date. A certain number of shares are further subject to the satisfaction of company performance conditions measured over the vesting period
- Eligible participants receive shares on the award date. As owners of the shares, they are entitled to receive dividends and vote.
- Award levels are based on the participants job grade
- The maximum award for any financial year is capped at a competitive percentage of total guaranteed pay as set out in the rules of the scheme
- The Remco annually approve the quantum of awards to be made, the performance targets and the mix of instruments to be granted to eligible participants
- Previously the mix between share appreciations rights (SAR) and full shares (FSP) for executives was 70% SAR and 30% FSP. The proposed changes to the LTI scheme will result in the discontinuation of the SAR portion which will be replaced by a conditional share plan (CSP). The final tranche of the awards made under the SAR scheme in February 2019 will therefore vest in March 2025
- Other senior management employees are awarded 100% FSP (50% performance based and 50% retention-based).

Performance-based FSP

- The proposed performance metrics that will be used for the performance-based FSP (subject to shareholder approval at the upcoming AGM) are:
  - ROIC: Return on invested capital (40%)
  - FCF: Free cash flow conversion (35%)
  - HEPS: Headline earnings per share (25%)
- Each metric has a target that is tested separately (see table below). This means that the awards with performance conditions only vest to the extent that the particular performance conditions have been met.
- If the relevant target is not achieved, the awards do not vest on the vesting date and lapse. Where an award or a portion thereof lapses, the employee loses all entitlement and rights to those shares.
- Notional FSP awards, settled in cash on the vesting date, can also be made.

FSP targets

- The proposed performance targets that will be used for the performance-based FSP (subject to shareholder approval at the upcoming AGM) are:

METRIC	WEIGHTING	THRESHOLD	TARGET	STRETCH
ROIC	40%	13%	16%	
FCF	35%	EBITDA FCF conversion = 50%	EBITDA FCF conversion = 60%	N/A
HEPS	25%	CPI growth rate	CPI + 6% growth rate	

Variable pay – Long-term incentive continued

LONG-TERM INCENTIVE (LTI)

FSP vesting

- Linear vesting levels under the FSP remain unchanged, as follows:

PERFORMANCE CONDITION	WEIGHTING	BELOW THRESHOLD	THRESHOLD	TARGET	STRETCH
Retention	–	25.0%	25.0%	25.0%	
ROIC	40%	0%	9.0%	30.0%	
FCF	35%	0%	7.9%	26.3%	N/A
HEPS	25%	0%	5.6%	18.8%	
Total		**25.0%**	**47.5%**	**100.0%**	

Proposed Conditional Share Plan (CSP) performance conditions

- The proposed changes to the LTI scheme will result in the discontinuation of the current SAR portion which will be replaced by a conditional share plan instrument. See details below. The final tranche of the awards made under the SAR scheme in February 2019 will therefore vest in March 2025
- To ensure alignment at all participant levels similar performance conditions (subject to shareholder approval at the upcoming AGM) will be applicable to the CSP. Unlike the FSP, the CSP includes stretched targets commensurate with the proposed potential maximum vesting of 250%. Value will accrue in a linear fashion from above threshold up to the maximum potential vesting.

Proposed CSP targets

METRIC	WEIGHTING	THRESHOLD	TARGET	STRETCH
ROIC	40%	13%	16%	20%
FCF	35%	EBITDA FCF conversion = 50%	EBITDA FCF conversion = 60%	EBITDA FCF conversion = 80%
HEPS	25%	CPI growth rate	CPI + 6% growth rate	CPI + 10% growth rate

Proposed CSP vesting

- The vesting of awards at threshold has been adjusted to 0%, meaning that at threshold performance, there will be no vesting of CSP awards. However, above this level of performance, value will accrue in a linear fashion, up to the maximum potential vesting of 250% for stretch performance.

PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET	STRETCH
ROIC	40%	0%	12.0%	100.0%
FCF	35%	0%	10.5%	87.5%
HEPS	25%	0%	7.5%	62.5%
Total		**0%**	**30.0%**	**250.0%**

Malus and clawback:

- LTIs are subject to a malus and claw back policy.

PROPOSED REVISION OF THE LTI SCHEME

The salient features of the proposed new CSP are set out in the ordinary resolution 11.1: 'Adoption of the Barloworld Limited Conditional Share Plan' in our notice of annual general meeting. The CSP will only apply to group executives (including executive directors and prescribed officers).

The proposed CSP seeks to ensure greater alignment to the company's ambitious strategy through the introduction of stretch targets (refer to table above) representing the creation of superior value for shareholders, which in turn will unlock superior value for participants. Along with the introduction of these stretch targets, the vesting of awards at threshold has been adjusted to 0%, meaning that at threshold performance, there will be no vesting of CSP awards. However, above this level of performance, value will accrue in a linear fashion, up to the maximum potential vesting of 250% for stretch performance.

In summary, the key changes to the LTI scheme are as follows:

- For the executives, the new CSP plan will comprise 70% of the revised LTI opportunity, while the FSP will form 30%. Other senior management employees will continue to participate in the FSP, which will form 100% of their LTI opportunity
- For the CSP, there will be a period of 3 years over which the performance conditions will be tested. After this, there will be a 2 year holding period in which trading will be prohibited. This will contribute to minimum shareholding requirements (MSR)
- Dividend equivalents in the form of shares will be settled at the end of the CSP vesting period – meaning participants will get an additional amount based on the value of dividends over the 3 year vesting period for the number of vested shares. These will also be subject to the holding period of 2 years
- Malus will be applied throughout the vesting and holding period for the CSP (i.e. throughout the 5 year period), and throughout the 3 year performance period of the FSP. Clawback will be applied for 3 years after the holding period of the CSP (i.e. years 6 – 8), and for 3 years after the settlement of the FSP
- The company limit will be adjusted to 5% (currently 10%) of issued share capital between the CSP and FSP
- The individual limits will be adjusted to 1% (currently 0.25% for FSP) of issued shares between the CSP and FSP.

Attraction and Retention Scheme

ELEMENT	POLICY PRINCIPLES
ATTRACTION AND RETENTION SCHEME No proposed changes	**Attraction and Retention Scheme** ◦ An attraction and retention policy that enables the company to offer additional cash based pay over a pre-determined retention period to employees identified as key skills and a high retention risk is in place. Such retention payments are subject to work-back and/or recovery agreements. ◦ All retention payments for executives and senior management levels (grade 15 and above) are approved by the Remco. **Sign-on cash award** ◦ A sign-on cash award may be negotiated with a new joiner in certain limited circumstances using the provisions of the attraction and retention scheme. This is by exception and only where the candidate possesses critical and scarce competencies required to achieve the strategic objectives of Barloworld. ◦ The sign-on cash award contract includes a lock-in arrangement whereby the amount paid is repayable should the employee leave the company's employ within the agreed period – typically 12 to 36 months depending on the level of seniority and scarcity of skills. ◦ The Remco approves any sign-on arrangements for executive directors and prescribed officers

JOB GRADING

The company uses the Towers Watson Global Grading methodology and structure to represent the level of compensation paid for similar positions thus ensuring internal equity and external competitiveness. Using this method, the company or executive grade is calculated with reference to business size (sales turnover), organisational size (employment numbers) and business and organisational complexity.

BENCHMARKING

Surveys used provide industry differentials compared to the overall market. Macro-economic factors are also taken into consideration when comparing to market and survey information is always adjusted to take both the assumed movement in salaries and the time elapsed between the date of the survey and the date of analysis (i.e. the data is appropriately "aged" in line with macro-economic patterns).

MARKET REFERENCE FOR EXECUTIVE DIRECTOR AND PRESCRIBED OFFICERS

For executive directors and prescribed officers, remuneration is benchmarked using the following sources:

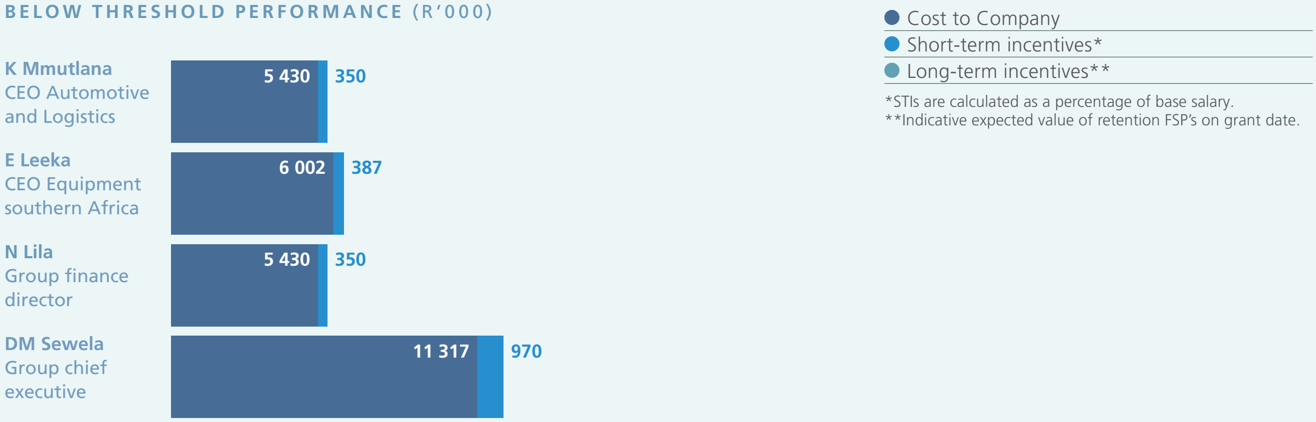
- PE Corporate Services using the Towers Watson grading system where a Global Grade for the Group and for each of its Divisions is determined against companies in the South African national market
- PwC conducts a comparator group focused benchmark comprising JSE listed companies.

REMUNERATION MIX

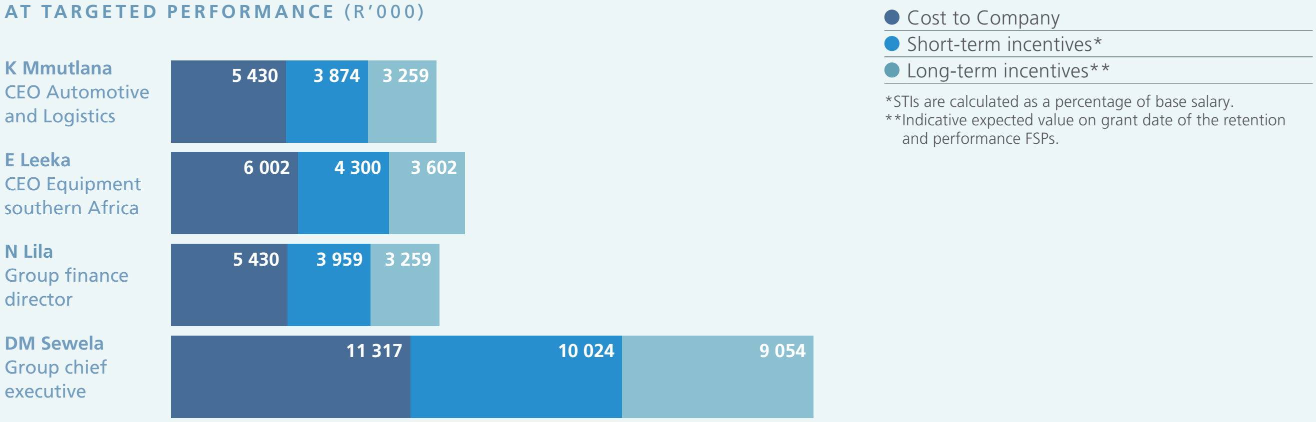
The remuneration mix is reviewed annually as part of the benchmarking to ensure continued alignment with market practice. The graphs below set out the executive directors and prescribed officers potential pay mix with performance-based incentives at below threshold, at target and at stretch or outperformance.

Note that the illustrations below do not reflect the LTI scheme changes proposed.

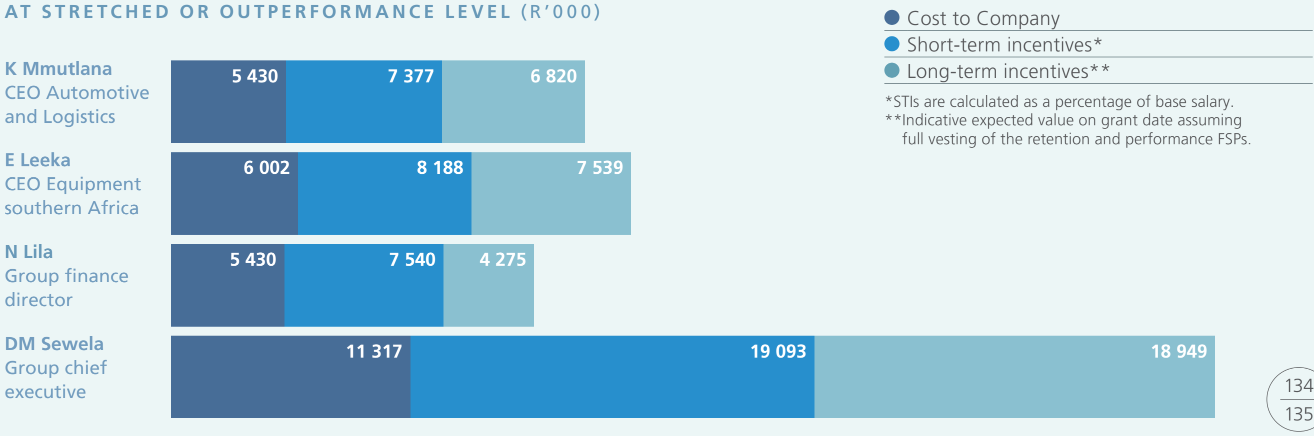
BELOW THRESHOLD PERFORMANCE (R'000)



AT TARGETED PERFORMANCE (R'000)



AT STRETCHED OR OUTPERFORMANCE LEVEL (R'000)



EXECUTIVE CONTRACTS

The main terms of the service contracts applicable to executive directors and prescribed officers are summarised in the table below:

SECTION	PROVISION
CONTRACT TERM	Indefinite – or until normal retirement age in the relevant jurisdiction.
NOTICE PERIOD	○ Nine months for the group chief executive. ○ Six months for other group executives.
CHANGE OF CONTROL PAYMENTS	○ Change of control provisions are covered by LTI rules and allow for proportionate vesting of awards subject to applicable performance and retention conditions. ○ 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.
TERMINATION OF EMPLOYMENT GUIDELINES	○ **Voluntary resignation and dismissal** • STIs are forfeited • Any deferred bonuses/retention scheme payments lapse and amounts paid are recovered. • Vested, unvested and unexercised long-term incentives lapse. ○ **Normal retirement** • Remco has discretion to pro-rata STI for period worked during the financial year • Pro-rata deferred bonuses/retention payments are recovered based on date of allocation/employment duration. No recovery of amounts paid for retrenchment, permanently disability and death • Unvested retention FSPs are prorated based on the length of employment from date of award. Vesting is accelerated to date of termination of employment for normal retirement and on normal vesting date for early retirement • Unvested performance FSPs and SARs are prorated based on the length of employment from date of award. Performance conditions are tested over the full performance period and vest at normal vesting dates. (In case of death, performance conditions are tested to the latest Company results and immediate vesting is applied). ○ **Mutual separation** • All elements are subject to the Remco's approval in line with the rules of the respective schemes.
RESTRAINT OF TRADE	Applicable to some executives per their employment contracts.
GARDEN LEAVE	During any period after notice of termination of employment has been given by either party, the company may place the Executive on garden leave.
OTHER BENEFITS	Certain executives may be employed in terms of expatriate contracts which include typical expatriate benefits in addition to the standard benefits.

MALUS AND CLAWBACK

The company has a Malus and clawback policy applicable to group and divisional executives. This policy applies to all variable remuneration.

The Malus and clawback policy gives the company, through its Remco, the discretion to recoup settled and/or paid incentives (also referred to a "clawback") and forfeit, reduce or cancel any unpaid, unvested, unexercised and unsettled incentives (also referred to as "Malus") when trigger event(s) occur. This applies to instances of gross misconduct, loss to the company due to a breach of the Barloworld Anti-Bribery and Corruption Policy ("the ABC policy") and where misleading financial information has been used by the company and has influenced the incentive amount awarded and/or paid.

NON-EXECUTIVE DIRECTORS REMUNERATION POLICY

None of the non-executive directors have a contract of employment with the company. Their appointments are made in terms of the company's Memorandum of Incorporation (MoI) and are confirmed initially at the first AGM of shareholders following their appointment, and thereafter retire by rotation in accordance with the Company's MoI. Non-executive directors are appointed subject to the provisions set out in a letter covering the terms of appointment, duties and responsibilities, fees and other payments, and provisions related to termination of services.

The company's non-executive directors are paid based on their role and the pay policy is applied using the following principles:

- A board fee is paid for the scheduled board meetings held each year and the committee members receive committee fees for participation. Each director's fee is paid quarterly in arrears.
- Fees are reviewed annually, and increases are implemented after approval by shareholders at the AGM. The level of fees is set using a benchmark comparable group which is derived from JSE listed companies with similar size, complexity and geographic spread.
- The non-executive directors are not eligible to receive any short- or long-term incentives.
- Fees are exclusive of any value added tax (VAT) that might be applicable, depending on the individual/personal registration circumstances of a particular director.
- Non-executive directors are reimbursed for travel expenses on official business, where necessary, as well as other direct business-related expenses.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the remuneration policy part of this report.

SECTION 3: IMPLEMENTATION REPORT

This section reflects the implementation of the remuneration policy and provides details of the remuneration paid to executives, prescribed officers and non-executive directors for the year ended 30 September 2019.

KEY CHANGES TO THE GROUP EXECUTIVE STRUCTURE

Barloworld announced a strategic decision to merge its Automotive and Logistics divisions under one CEO, **Mr Kamogelo Mmutlana**, effective from 1 June 2019. This move leverages the assets and capabilities of the two divisions. This followed the resignation of **Mr Keith Rankin: CEO: Barloworld Automotive** effective 31 May 2019.

Mr Donald Wilson, who was acting group chief financial officer until 31 July 2019, is due to retire at the end of February 2020. To enable a smooth transition, **Ms Nopasika Lila**, was appointed as group finance director on 1 August 2019. This followed the resignation of the previous group finance director designate, **Ms Olufunke Ighodaro** on 1 February 2019.

Guaranteed pay: annual adjustments

ANNUAL ADJUSTMENTS FOR GENERAL STAFF

Salary review budgets for employees were based on salary review trends obtained from recognised benchmarks, local country's inflation, other prevailing market conditions and the company's affordability. Where applicable and in line with policy, the salary review budgets were optimised to improve internal equity and adhere to the company's pay for performance principles. Pay gap audit outcomes were also considered and used as reference to continuously close historic gaps and ensure compliance to equal pay for work of equal value legislation..

Union negotiated mandates for employees covered by collective agreements were, as far as possible, managed within the company's salary review budget for the year.

ANNUAL ADJUSTMENTS FOR SENIOR MANAGEMENT AND EXECUTIVES

Salary reviews for senior management and executives (grades 15 and above) followed the company's pay-for-performance principle and were referenced to executive benchmark outcomes. Accordingly, performance scores and compa-ratio (current pay as a percentage of median of job grade) were used resulting in higher increases being granted to competent top performers paid below the median. Once-off cash awards with a 12-month payback were granted *in lieu* of an increase to competent top performers paid above the upper quartile, to manage their pay within policy. No increases were granted to underperformers and recently appointed or promoted (this being generally within three months) employees.

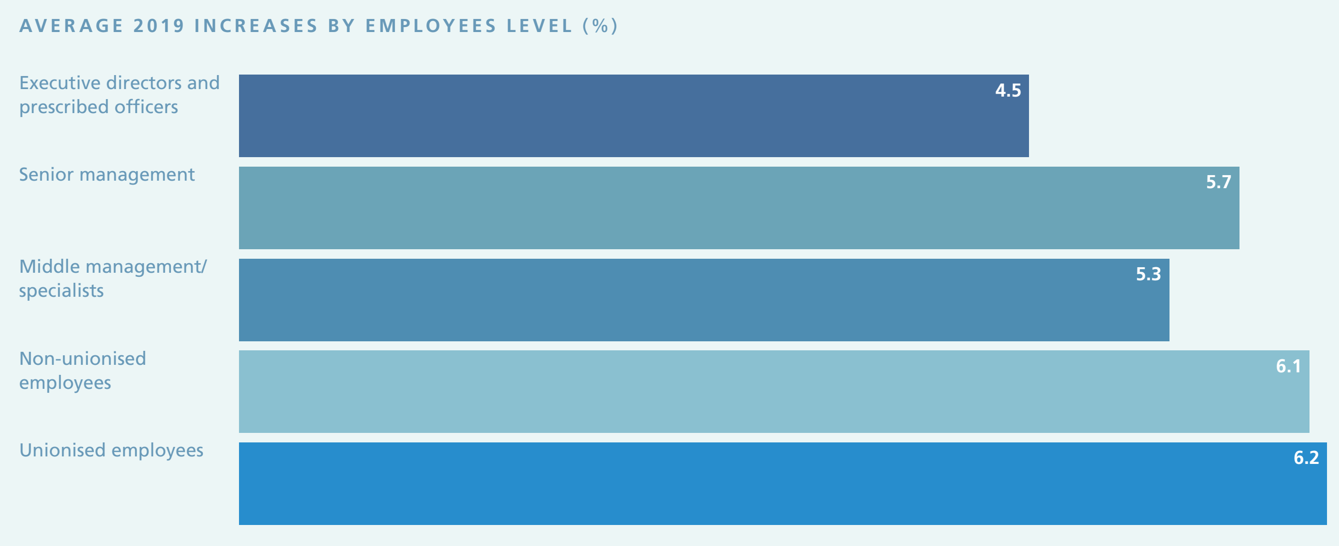
ANNUAL ADJUSTMENTS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

After taking executive market survey outcomes into account and based on the performance and remuneration analysis conducted, the Remco approved the following salary adjustments for executive directors and prescribed officers which were effective from 1 October 2019:

- Group chief executive was awarded a 4.5% increase.
- Acting group chief financial officer was awarded a 4.5% increase
- Group finance director who was appointed on 1 August 2019 was not eligible for an increase.
- CEO: Equipment, southern Africa was awarded a 4.5% increase.
- The CEO: Automotive and Logistics **did not** receive an increase given his recent (1 June) appointment to the role.

AVERAGE INCREASES BY EMPLOYEE LEVEL

The average increases for the year under review were as per graph below:



Short-term incentive payouts

PERFORMANCE AGAINST FINANCIAL TARGETS

The performance against the financial targets for 2019 was as follows:

Metric	Threshold	Target	Outperformance	Actual
Economic Profit (million)				
Equipment SnA	R43	R167	R313	**R5**
Equipment Russia	$2	$11	$20	**$12**
Automotive	R17	R40	R78	**R65**
Logistics	(R70)	R0	R15	**(R188)**
Group	(R245)	R88	R405	**(R145)**
HEPS (cents)				
Group	1 151	1 295	1 439	**R1 100**
Free cash flow to Firm after interest (million)				
Equipment SnA	(R100)	R201	R267	**R2 014**
Equipment Russia	$22	$45	$60	**$37**
Automotive	R690	R1 280	R1 950	**R1 263**
Logistics	R200	R220	R292	**(R72)**
Group	R1 100	R1 880	R2 500	**R3 064**
ROE (%)				
Group	11.4	12.8	15.0	**10.1**
ROIC (%)				
Equipment SnA	12.7	14.0	15.4	**12.5**
Equipment Russia	13.0	15.8	19.2	**17.7**
Automotive	12.7	12.9	13.2	**13.2**
Logistics	8.8	12.5	13.6	**0.4**

Below threshold
Between threshold and target
Between target and outperformance
Outperformance and above

PERFORMANCE AGAINST NON-FINANCIAL TARGETS

Depending on the participants role, non-financial metrics and targets were set and evaluated with reference to the following performance categories:

- **Diversity and inclusion objectives:** specific workforce diversity and inclusion targets (gender and race) set in relation to the Economically Active Population (EAP) at Group and Divisional level and approved by the Sustainability, Ethics, Transformation Committee (SETC) and Remco
- **Internal audit and compliance objectives:** specific internal control and compliance metrics that are approved by the Audit Committee
- **Individual/personal scorecard metrics:** team and business performance objectives which include safety, customer service, leadership and other non-financial elements.

STI CALCULATION AND PAYMENTS

The STI is calculated based on the following formula:

[A + B + C + D + E] x F x G x Annual basic cash salary where:

- **Personal scorecard** score **[A]** counting up to 25% for group executives and 15% for divisional executives of the Incentive Percentage Subtotal depending on the role. Incentive Percentage Subtotal = [A + B + C + D + E]
- **Internal audit and compliance [B]** counting 10% of the Incentive Percentage Subtotal for divisional executives
- **Diversity and inclusion** score **[C]** counting 10% for group executives and 20% for divisional executives of the Incentive Percentage Subtotal depending on the role.
- **Group financial performance** objectives **[D],** counting for up to 65% for group executives and 30% for divisional executives of the Incentive Percentage Subtotal depending on the role.
- **Divisional financial performance** score **[E],** counting 25%, is only applicable for executives with divisional responsibility.
- **Financial Multiplier [F]** is a calculated amount based on group financial performance **[D]**: At least one financial metric must achieve threshold before the STI pays. This prerequisite, which is in the form of a financial multiplier curve, escalates at an increasing rate between threshold and target and at a higher rate between target and outperformance. This ensures that the STI remains self-funding in case the desired financial outcomes were not achieved.
- **STI Cap [G]** is multiplied by the annual basic cash salary.

In this context, the Total STI as percentage of basic cash salary that was paid based on performance achieved for executive directors and prescribed officers was as follows:

	NAME AND ROLE		[A] Individual scorecard (% of basic)	[B] Internal Audit & Compliance (% of basic)	[C] D & I scorecard (% of basic)	[D] Group financials (% of basic)	[E] Divisional financials (% of basic)	[F] Group financial multiplier	Total bonus as % of basic cash salary	[G] Potential maximum bonus as % of basic
EXECUTIVE DIRECTORS	**Group chief executive** Dominic Sewela		15.4	N/A	6.9	22.4	N/A	72.4	65	200
	Acting group chief financial officer Donald Wilson		12.5	N/A	6.9	22.4	N/A	72.4	53	175
	Group finance director Nopasika Lila		Not eligible – new appointment with less than three months in role during the year under review							
PRESCRIBED OFFICERS	**CEO: Equipment southern Africa** Emmy Leeka		9.5	4.2	9.7	10.3	8.8	72.4	55	175
	CEO: Automotive and Logistics Kamogelo Mmutlana	As CEO: Logistics (Oct – May)	7.0	4.2	2.3	10.3	0.0	72.4	30	175
		As CEO: Automotive and Logistics (June – Sept)	7.0	9.3	4.4	10.3	18.7	72.4	63	175

Attraction and retention scheme awards and re-payments

AWARDS

The group finance director **(Ms Lila)** was awarded a three-year attraction and retention cash award of **R4 344 000** per the provisions of the company's attraction and retention policy. This award is payable in three equal instalments of R1 448 000 (before tax) in line with the retention period which commenced on 1 August 2019.

An attraction and retention scheme agreement which includes a repayment of the total gross amount should she resign from the company anytime during the retention period was signed with the group finance director. The terms of the award also include malus and clawback as well as participation withdrawal and/or repayment of the total gross amount in the event that required performance standards are not met.

RE-PAYMENTS

Following his resignation from the company, Mr Keith Rankin re-paid a total of R2 700 000 to the company in respect of his participation in the company's attraction and retention scheme.

Long-term incentive awards

2019 AWARDS AND QUANTUM

- **FSP and SAR quantums**

In line with the company's policy, executive directors and prescribed officers received a combination of awards under the SAR and FSP schemes. The mix between SAR and FSP awards, together with the percentage it represents of TGP is depicted below. The applicable performance conditions and targets are also reflected. Please refer to table of unvested and settled awards for the number of awards granted.

		SAR	PERFORMANCE FSP	RETENTION FSP	TOTAL
The mix between the SARs and FSPs at grant date is split based on the expected value of the instruments.	All executive directors and prescribed officers	70%	22.5%	7.5%	**100%**
The FSP mix is determined based on the number of FSPs allocated (75% are performance FSPs and 25% retention FSPs).	DM Sewela	56%	15%	9%	**80%**
	N Lila	LTI allocations were not granted to N Lila in 2019 as she is a new appointee.			
	E Leeka	42%	12%	6%	**60%**
	K Mmutlana	42%	12%	6%	**60%**

Expected value differs from face value (which is the share price on the grant date) and is the indicative fair value of the instrument on the grant date. When determining the expected value of an instrument, the type of instrument and the probability of satisfying the performance conditions were taken into account.

- **FSP performance conditions**

The following metrics and targets were set with reference to the company's business strategy and the market conditions. Linear vesting applies between threshold and target performance.

METRIC	THRESHOLD (30% VESTING)	TARGET (100% VESTING)
TSR (30%)	Median of Peer Group	75th Percentile of Peer Group
HEPS (30%)	CPI growth rate	CPI + 6% growth rate
RONOA (40%)	15%	20%

The following comparator group was set for the 2019 Total Shareholder Return (TSR) performance condition, based on size (market capitalisation), industry sector and competitive strategy:

- Bidvest Group Limited
- Sime Darby Bernhard (Malaysia)
- Finning International Inc. (Canada)
- Super Group Limited
- Imperial Holdings Limited
- Tiger Brands Limited
- KAP Industrial Holdings Limited
- Trencor Limited
- Remgro Limited
- Wilson Bayly Holmes-Ovcon Limited

- **SAR performance conditions**

The following metrics and targets were applicable to the number of SARs awarded. Linear vesting applies between threshold and target performance:

METRIC	THRESHOLD (30% VESTING)	TARGET (100% VESTING)
HEPS	CPI growth rate	CPI + 2% growth rate

B. UNVESTED AND SETTLED LTI AWARDS

In line with the new reporting requirements of King IV™, the number of unvested and settled LTIs are disclosed below.

	2018						
AWARD DATE	**Opening Number on 1 October 2017 Number of awards**	**Granted during 2018 Number of awards**	**Forfeited/ lapsed during 2018 Number of awards**	**Exercised/ settled during 2018 Number of awards**	**Closing Number on 30 September 2018 Number of awards**	**Cash value on settlement during 2018[14]**	**Closing Estimated Fair Value at 30 September 2018 ZAR**
D SEWELA							
Share Appreciation Right Plan[1]							
30-Mar-12	6 530			(6 530)	–	467 026	–
19-Mar-13	10 504				10 504		333 187
18-Mar-14	–				–		–
30-Mar-15[9]	50 340		(50 340)		–		–
30-Mar-16[9]	65 350				65 350		3 572 554
29-Mar-17	85 920				85 920		3 259 522
31-Jan-18	–	137 540			137 540		3 543 536
27-Feb-19							
Forfeitable share plan – with performance conditions[2]							
30-Mar-15[10]	23 700		(11 376)	(12 324)	–	2 039 480	–
30-Mar-16[10]	34 610				34 610	141 901	4 237 995
29-Mar-17	44 580				44 580	182 778	5 000 280
31-Jan-18[12]	–	16 430			16 430	34 667	2 011 854
27-Feb-19							
Forfeitable share plan – no performance conditions[3]							
30-Mar-15[11]	7 900			(7 900)	–	1 306 265	–
30-Mar-16[11]	11 540				11 540	47 314	1 413 073
29-Mar-17	14 860				14 860	60 926	1 819 607
31-Jan-18[12]		5 480			5 480	11 563	671 026
27-Feb-19							
						4 291 920	**25 862 633**
CB THOMSON[5]							
Share Appreciation Right Plan[1]							
19-Mar-13	26 814			(26 814)	–	2 179 174	–
18-Mar-14	–				–	–	–
30-Mar-15[9]	96 950		(96 950)		–	–	–
30-Mar-16[5,9]	119 560				119 560		6 536 106
Forfeitable share plan – with performance conditions[2]							
30-Mar-15[10]	34 310		(16 469)	(17 841)	–	2 952 513	–
30-Mar-16[10]	26 451				26 451	108 449	3 238 925
						5 240 136	**9 775 031**

2019

Granted during 2019 Number of awards	Forfeited/ lapsed during 2019 Number of awards	Exercised/ settled during 2019 Number of awards	Closing Number on 30 September 2019 Number of awards	Cash value on settlement during 2019	Closing Estimated Fair Value at 30 September 2019 ZAR
			–		–
		(10 504)	–	333 817	–
			–		–
			–		–
	–		65 350		2 820 310
			85 920		1 426 472
			137 540		2 042 626
189 340			189 340		5 995 294
			–	–	–
	–	(34 610)	–	4 477 496	–
			44 580	214 876	4 650 730
			16 430	115 174	1 871 213
23 630			23 630	38 990	2 691 221
				–	–
		(11 540)	–	1 492 930	–
			14 860	71 625	1 692 405
			5 480	38 415	624 117
7 880			7 880	13 002	897 453
				6 796 324	24 711 841
			–	–	–
			–	–	–
			–	–	–
			119 560	–	1 984 974
			–	–	–
	–	(26 451)	–	3 421 966	–
				3 421 966	1 984 974

AWARD DATE	Opening Number on 1 October 2017 Number of awards	Granted during 2018 Number of awards	Forfeited/ lapsed during 2018 Number of awards	Exercised/ settled during 2018 Number of awards	Closing Number on 30 September 2018 Number of awards	Cash value on settlement during 2018[14]	Closing Estimated Fair Value at 30 September 2018 ZAR
				2018			
DG WILSON[6]							
Share Appreciation Right Plan[1]							
19-Mar-13	14 614			(14 614)	–	1 051 770	–
18-Mar-14	–				–	–	–
30-Mar-15[9]	50 340		(50 340)		–	–	–
30-Mar-16[9]	55 030				55 030	–	3 008 380
Forfeitable share plan – with performance conditions[2]							
30-Mar-15[10]	23 700		(11 376)	(12 324)	–	1 985 349	–
30-Mar-16[10]	29 140				29 140	119 474	3 568 193
Forfeitable share plan – no performance conditions[3]							
30-Mar-15[11]	7 900			(7 900)	–	1 253 335	–
30-Mar-16[11]	9 710				9 710	39 811	1 188 990
						4 449 739	**7 765 562**
N LILA							
Retention awards [4]							
1-Aug-19	–					–	–
						–	**–**
PJ BULTERMAN							
Share Appreciation Right Plan[1]							
30-Mar-12	35 000			(35 000)	–	2 656 500	–
19-Mar-13	43 840				43 840	–	1 390 605
18-Mar-14	–				–	–	–
30-Mar-15[9]	50 340		(50 340)		–	–	–
Forfeitable share plan – with performance conditions[2]							
30-Mar-15[10]	23 700		(11 376)	(12 324)	–	2 054 117	–
Forfeitable share plan – no performance conditions[3]							
30-Mar-15[11]	7 900			(7 900)	–	1 276 482	–
						5 987 099	**1 390 605**

2019					
Granted during 2019 Number of awards	Forfeited/ lapsed during 2019 Number of awards	Exercised/ settled during 2019 Number of awards	Closing Number on 30 September 2019 Number of awards	Cash value on settlement during 2019	Closing Estimated Fair Value at 30 September 2019 ZAR
			–	–	–
			–	–	–
			–	–	–
			55 030	–	2 374 930
			–	–	–
	–	(29 140)	–	3 769 842	–
			–	–	–
		(9 710)	–	1 256 183	–
				5 026 025	2 374 930
4 344 000		(1 448 000)	2 896 000	1 448 000	2 896 000
				1 448 000	2 896 000
			–	–	–
		(43 840)	–	1 455 050	–
			–	–	–
			–	–	–
			–	–	–
			–	–	–
				1 455 050	–

AWARD DATE	Opening Number on 1 October 2017 Number of awards	Granted during 2018 Number of awards	Forfeited/ lapsed during 2018 Number of awards	Exercised/ settled during 2018 Number of awards	Closing Number on 30 September 2018 Number of awards	Cash value on settlement during 2018[14]	Closing Estimated Fair Value at 30 September 2018 ZAR
	2018						
E LEEKA							
Share Appreciation Right Plan[1]							
19-Mar-13	45 740				45 740	–	1 450 873
18-Mar-14	–				–	–	–
30-Mar-15[9]	55 620		(55 620)		–	–	–
30-Mar-16[9]	–				–	–	–
29-Mar-17	29 950				29 950	–	1 136 204
31-Jan-18	–	55 270			55 270	–	1 423 958
27-Feb-19	–				–	–	
Forfeitable share plan – with performance conditions[2]							
30-Mar-1610	21 220				21 220	87 002	2 598 389
29-Mar-17	15 540				15 540	63 714	1 902 873
31-Jan-1812	–	6 600			6 600	13 926	808 170
27-Feb-19	–					–	
Forfeitable share plan – no performance conditions[3]							
30-Mar-15[11]	4 390			(4 390)	–	696 474	–
30-Mar-16[11]	7 070				7 070	28 987	865 722
29-Mar-17	5 180				5 180	21 238	634 291
31-Jan-18[12]	–	2 200			2 200	4 642	269 390
27-Feb-19	–				–	–	
Retention awards [4]							
1-Mar-17[13]	2 732 262			(1 366 131)	1 366 131	1 366 131	1 366 131
						2 282 114	**12 456 001**
PK RANKIN[7]							
Share Appreciation Right Plan[1]							
19-Mar-13	26 174			(26 174)	–	1 509 716	–
18-Mar-14	–				–	–	–
30-Mar-15[9]	39 220		(39 220)		–	–	–
30-Mar-16[9]	45 150				45 150	–	2 468 260
29-Mar-17	34 430				34 430	–	1 306 161
31-Jan-18	–	55 270			55 270		1 423 958
27-Feb-19							
Forfeitable share plan – with performance conditions[2]							
30-Mar-15[10]	18 470		(8 866)	(9 604)	–	1 547 232	–
30-Mar-16[10]	23 910				23 910	98 031	2 927 780
29-Mar-17	17 860				17 860	73 226	2 186 957
31-Jan-18[12]	–	6 600			6 600	13 926	808 170
27-Feb-19							
Forfeitable share plan – no performance conditions[3]							
30-Mar-15[11]	6 160			(6 160)	–	977 284	–
30-Mar-16[11]	7 970				7 970	32 677	975 927
29-Mar-17	5 950				5 950	24 395	728 578
31-Jan-18[12]	–	2 200			2 200	4 642	269 390
27-Feb-19							
Retention awards[4]							
1-Mar-17[13]	2 732 262			(1 366 131)	1 366 131	1 366 131	1 366 131
						5 647 260	**14 461 311**

2019					
Granted during 2019 Number of awards	Forfeited/ lapsed during 2019 Number of awards	Exercised/ settled during 2019 Number of awards	Closing Number on 30 September 2019 Number of awards	Cash value on settlement during 2019	Closing Estimated Fair Value at 30 September 2019 ZAR
		(45 740)	–	1 521 770	–
			–	–	–
			–	–	–
			–	–	–
			29 950	–	497 240
			55 270	–	820 822
75 330			75 330	–	2 385 262
	–	(21 220)	–	2 745 231	–
			15 540	74 903	1 621 183
			6 600	46 266	751 674
9 400			9 400	15 510	1 070 566
		–	–	–	–
		(7 070)	–	914 646	–
			5 180	24 968	589 950
			2 200	15 422	250 558
3 130			3 130	5 165	356 476
–		(1 366 131)	–	1 366 131	–
				6 730 011	8 343 731
			–	–	–
			–	–	–
			–	–	–
–	(30 100)	(15 050)	–	804 122	–
–	(34 430)		–	–	–
–	(55 270)		–	–	–
			–	–	–
	–	(23 910)	–	3 093 237	–
–	(17 860)		–	86 085	–
–	(6 600)		–	46 266	–
				–	
		(7 970)	–	1 031 079	–
–	(5 950)		–	28 679	–
–	(2 200)		–	15 422	–
			–		
–	(1 366 131)		–	(2 732 262)	–
				2 372 627	–

	2018						
AWARD DATE	Opening Number on 1 October 2017 Number of awards	Granted during 2018 Number of awards	Forfeited/ lapsed during 2018 Number of awards	Exercised/ settled during 2018 Number of awards	Closing Number on 30 September 2018 Number of awards	Cash value on settlement during 2018[14]	Closing Estimated Fair Value at 30 September 2018 ZAR
K MMUTLANA[8]							
Share Appreciation Right Plan[1]							
29-Mar-17							
31-Jan-18							
27-Feb-19							
Forfeitable share plan – with performance conditions[2]							
29-Mar-17							
31-Jan-18[12]							
27-Feb-19							
Forfeitable share plan – no performance conditions[3]							
29-Mar-17							
31-Jan-18[12]							
27-Feb-19							
							–

1. The estimated fair value of SAR's which has vested but remains unexercised and which is within 12 months from vesting after year end was determined using the year end 30 day VWAP of R122.45 (2018) and R113.89 (2019) less the strike price and adjusted by the likelihood of performance conditions being met as at each year end. The fair value of SAR's which are more than 12 months from vesting after year end was determined on a similar basis except that an indicative valuations was performed to determine the value of an instrument. The following vesting percentages were used for the 2018 fair value calculations: 100% for the 2016, 2017 and 2018 allocations. 2019 fair value calculations were based on the following estimated vesting percentages: 100% for the 2016, 2017, 2018 and 2019 allocations.
2. The estimated fair value of FSP's with performance conditions was determined using the year end 30 day VWAP of R122.45 (2018) and R113.89 (2019) adjusted by the estimated likelihood of performance conditions being met as at each year end. The following vesting percentages were used for the 2018 fair value calculations: 100% (2016 allocation), 100% (2017 allocation) and 100% (2018 allocation). 2019 fair value calculations were based on the following estimated vesting percentages: 96.1% (2017 allocation), 100% (2018 allocation) and 100% (2019 allocation).
3. The estimated fair value for the FSP's without performance conditions was determined based on the year end 30 day VWAP of R122.45 and R113.89 for 2018 and 2019 respectively.
4. The retention bonuses are not subject to performance conditions and are paid out in equal tranches over a 3 year period. For the purposes of the table of unvested and settled awards, we have assumed that R1 represents 1 unit.
5. CB Thomson who resigned on 7 February 2017 continues to hold unvested SARs allocated to him on 30 March 2016. These will remain subject to originally set performance conditions and performance period.
6. As of 2016, DG Wilson was not eligible for LTI allocations as he was within 3 years of retirement.
7. PK Rankin resigned from the company on 31 May 2019 and forfeited his outstanding LTIs. Due to his resignation PK Rankin had to refund the company the retention bonuses that were previously paid out to him (R2.7 million).
8. K Mmutlana was appointed as a prescribed officer on 1 June 2019, therefore the 29 March 2017 and 1 Jan 2018 awards represent opening balances for the 2019 financial year.
9. The SAR allocated on 30 March 2015 were forfeited on 30 March 2018 as the performance conditions were not met whilst 100% of the SARs allocated on 30 March 2016 vested to participants.
10. The FSP's with performance conditions allocated on 30 March 2015 and 30 March 2016 vested on 29 March 2018 and 29 March 2019. The vesting percentages for the allocations are and 52% and 100% respectively.
11. The FSP's with no performance conditions allocated on 30 March 2015 and 30 March 2016 vested on 29 March 2018 and 29 March 2019 respectively.
12. The company was trading under cautionary notice from 1 February 2018. This resulted in a prohibited period which restricted the company from making any equity-settled awards. Therefore, cash settled notional FSPs were allocated to participants.
13. The opening balance represents retention awards that were made to E Leeka and PK Rankin on 1 March 2017.
14. Represents the value of shares vested during the year and dividends received on FSP's.

2019					
Granted during 2019 Number of awards	Forfeited/ lapsed during 2019 Number of awards	Exercised/ settled during 2019 Number of awards	Closing Number on 30 September 2019 Number of awards	Cash value on settlement during 2019	Closing Estimated Fair Value at 30 September 2019 ZAR
			–	–	–
32 540			32 540	–	483 256
46 800			46 800	–	1 481 883
8 198			8 198	39 514	855 242
3 890			3 890	27 269	443 032
5 840			5 840	9 636	665 118
24 602			24 602	118 582	2 801 922
1 300			1 300	9 113	148 057
1 950			1 950	3 218	222 086
				207 331	7 100 595

The valuation methodology applied for each award in the 'table of unvested and settled awards' is outlined below:

		VALUATION METHODOLOGY	
TYPE OF AWARD	AWARD DATE	MARKET VALUE ESTIMATION USING A MARKET VALUATION METHOD	INTRINSIC VALUE
SARs	29 March 2017	✓ (Tranche 2 and 3)	✓ (Tranche 1)
SARs	31 January 2018	✓	
SARs	27 February 2019	✓	
Performance FSPs	29 March 2017		✓
Performance FSPs	31 January 2018	✓	
Performance FSPs	27 February 2019	✓	
Retention FSPs	29 March 2017		✓
Retention FSPs	31 January 2018	✓	
Retention FSPs	27 February 2019	✓	

HISTORIC AND OUTSTANDING AWARDS

The table below provides an overview of the actual vesting and likelihood of vesting of historic and outstanding awards made under the SAR and FSP.

AWARD	SAR	FSP
2012	100% (A)	84.0% (A)
2013	100% (A)	71.7% (A)
2014	0% (A)	39.3%(A)
2015	0% (A)	52.0%(A)
2016	100% (A)	100%(A)
2017	100% (L)	93.7%(L)
2018	100% (L)	100%(L)
2019	100%(L)	100%(L)

(A) = Actual; (L) = proportion likely to vest

AWARDS WITH A PERFORMANCE PERIOD ENDING DURING THE 2019 FINANCIAL YEAR

The vesting profile for awards made during March 2017 with a performance period that commenced on 1 October 2016 and ending 30 September 2019, vesting during March 2020 are as follows:

FSP PERFORMANCE CONDITIONS FOR THE 2017 AWARD	ACHIEVEMENT OF PERFORMANCE CONDITIONS
TSR (30%)	100%
HEPS (30%)	100%
RONOA (40%)	79%
Resultant vesting	**91.6%**

SAR PERFORMANCE CONDITIONS FOR THE 2017 AWARD	ACHIEVEMENT OF PERFORMANCE CONDITIONS
HEPS (100%)	100%
Resultant vesting	100%

MINIMUM SHAREHOLDING REQUIREMENTS (MSR)

The introduction of a formal MSR policy is under consideration.

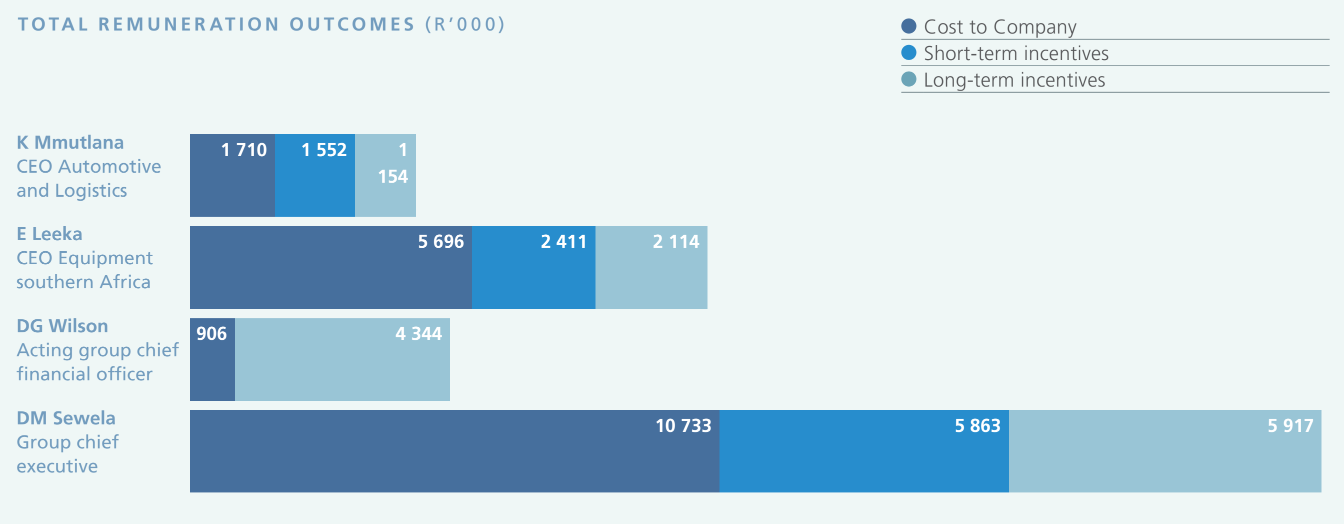
Notwithstanding the above, the current shareholding of the executive directors and prescribed officers is as set out below:

	2019			
	Total shares held by Director [A]	Value of shares held by Director as at 30 Sep 2019 [B = A x 30 DAY VWAP]	2019 TGP as per single figure [C]	As a % of TGP [D = B/C]
EXECUTIVE DIRECTORS				
DM Sewela Group chief executive	96 080	R10 942 551	R10 733 086	102%
DG Wilson Acting group chief financial officer	124 197	R14 144 796	R6 471 923	219%
N Lila Group finance director	0	0	0	0%
PRESCRIBED OFFICERS				
E Leeka CEO: Equipment southern Africa	41 302	R4 703 885	R5 696 095	83%
K Mmutlana** CEO: Automotive and Logistics	7 326	R834 358	R1 709 891	49%

** The calculation performed for K Mmutlana has been calculated based on his TGP as a PO (from June 2019 – Sep 2019)

Total remuneration outcomes

The graph below (to be read with the table below), provides and overview of the composition of total remuneration and the mix between fixed and variable elements for the review period.



The table below summarises the executive directors and prescribed officer's total remuneration outcomes for the review period.

2018								
All figures stated in R'000	**Basic salary**	**Retirement and medical aid**	**Car benefits**	**Other benefits**	**Cash performance bonus[15]**	**Dividends (R'000)[16]**	**LTI Reflected[17]**	**Total single figure remuneration**
EXECUTIVE DIRECTORS								
CB Thomson[20]						108	9 179	**9 287**
D Sewela[21]	8 537	1 301	284	3	10 787	359	8 458	**29 729**
DG Wilson[22]	4 655	1 187	272	3	4 756	119	6 302	**17 295**
N Lila[21,23]	–	–	–	–	–	–	–	**–**
PRESCRIBED OFFICERS								
PJ Bulterman[24]	2 916	25	360	1 459	2 958	–	–	**7 718**
E Leeka[19, 21]	4 224	692	469	3	2 897	165	2 989	**11 439**
PK Rankin[19, 25]	4 278	805	161	8	3 929	185	5 562	**14 929**
K Mmutlana[26]								**–**
Total	**24 610**	**4 010**	**1 547**	**1 476**	**25 326**	**937**	**32 490**	**90 398**

15. Bonuses related to the performance in 2018 and 2019 financial years.
16. Dividends paid in relation to performance shares not yet included in the single figure in prior years.
17. The 2018 LTI reflected includes the value of the SARS and FSPs (with performance conditions) awards made on 30 March 2016 with a performance period ending on 30 September 2018 and FSPs without performance conditions that were granted on 31 January 2018.
18. The 2019 LTI reflected includes the value of the SARS and FSPs (with performance conditions) awards made on 29 March 2017 with a performance period ending on 30 September 2019 and FSPs without performance conditions that were granted on 27 February 2019.
19. In order to further align with the disclosure requirements of King IV™, we have included the full quantum retention awards in the single figure in the year that it was awarded. The retention awards are awarded to participants and are paid out in equal tranches over a period of three years. This has resulted in a change in the 2018 'Other benefits' figure for E Leeka and RK Rankin as their awards were granted in 2017 to the value of R4.1 million.
20. CB Thomson resigned from the company on 8 February 2017. The LTIs reflected for CB Thomson for the year ended 30 September 2018 relate to LTIs that he continues to hold that will remain subject to originally set performance conditions and performance periods.
21. Included in the basic pay of these directors are the non-executive director fees that are payable to them in pounds for being part of the Barloworld Holding Limited board.
22. D Wilson was acting chief financial officer for 10 months of the 2019 financial year.
23. N Lila was appointed as the group finance director on 1 August 2019, as such, the remuneration disclosed in single figure represents her remuneration for a period of two months.
24. PJ Bulterman was only a prescribed officer for a portion of the 2018 financial year. Other benefits for 2018 include a retirement benefit and leave pay that was due to him.
25. PK Rankin resigned from the company on 30 May 2019. His other benefits include R397 for leave pay, unemployment insurance fund, funeral cover and car insurance.
26. K Mmutlana's remuneration is for the period 1 June 2019 to 30 September 2019 where he was appointed as a prescribed officer

Non-executive directors' fees and allowances

NON-EXECUTIVE DIRECTORS' FEES FOR 2019

Fees for NEDs during the current financial year are set out in the consolidated annual financial statements, as approved by the Remco and by the board, on authority granted by shareholders at the annual general meeting held in February 2019.

	CHAIRPERSON	MEMBER
Board of directors (resident)	R1 833 754	R397 024
Non-resident non-executive director	n/a	GBP64 292
Audit committee (resident)	R335 428	R161 015
Non-resident member of the audit committee	n/a	GBP6 968
Risk and sustainability committee (resident)	R204 610	R107 729
Remuneration committee (resident)	R249 524	R107 729
Nominations committee (resident)	R158 229	R107 729
Social, ethics and transformation committee (resident)	R193 719	R107 729
General purpose committee (resident)	R158 229	R107 729
Non-resident member of each of the board committees other than the audit committee	N/A	GBP4 799

The amounts provided above are exclusive of VAT.

2019

Basic salary	Retirement and medical aid	Car benefits	Other benefits	Cash performance bonus[15]	Dividends (R'000)[16]	LTI Reflected[18, 19]	Total single figure remuneration
					–	–	**–**
9 049	1 381	301	–	5 863	369	5 548	**22 513**
4 928	1 243	289	12	2 610	–	–	**9 082**
718	104	77	6	–	–	4 344	**5 250**
					–	–	**–**
4 477	707	497	15	2 411	137	1 978	**10 221**
3 023	569	113	398	–	132	–	**4 236**
1 405	245	57	3	1 552	76	1 077	**4 416**
23 601	**4 248**	**1 334**	**434**	**12 436**	**714**	**12 947**	**55 717**

PROPOSED NON-EXECUTIVE DIRECTOR FEES FOR 2020

Refer to the special resolution section set out in the notice of annual general meeting for approval by shareholders in terms of section 66 of the Companies Act in the AGM booklet.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the implementation report part of this report.

NEO PHAKAMA DONGWANA
Chairperson: Remco

Social, ethics and transformation committee report

The social, ethics and transformation committee (SETC) operates under terms of reference, a copy of which can be found on our website **www.barloworld.com.** The committee has a clearly defined framework, aligned to the Companies Act, King IV™ 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 committee recognises that some of its statutory functions overlap with the functions or mandates or terms of reference of other board committees. Where appropriate, these functions have been aligned to SETC's mandate. 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 on, the work of other committees of the board.

The committee strives to apply relevant codes of best practice including, but not limited to, the United Nations Global Compact Principles and Sustainable Development Goals, the Organisation for Economic Cooperation and Development (OECD) guidelines regarding corruption, International Labour Organisation Decent Work Agenda, and the principles of good corporate citizenship as espoused in the King Report on Corporate Governance in South Africa (King IV™).

The committee has access to any director or prescribed officer or employee of the company. Where appropriate, these employees have been asked to provide information or the explanations necessary to enable the committee to deliver its mandate.

THE COMMITTEE CARRIED OUT THE FOLLOWING DUTIES:

HUMAN CAPITAL

Monitored key people initiatives to enable the sustainable achievement of the group's bold ambition. Key focus areas included overseeing the implementation of standardised talent management and performance optimisation practices to give effect to the management of the One BAW senior management (Grade 15+) talent. This enabled the company to have better insight into senior level talent, thereby enhancing planning for future talent needs through business and individual aspirations aligned with succession plans, learning and development, performance optimisation and reward.

The design of the One Barloworld Leadership Competency (LCF) Framework was finalised and the process of integrating it into key talent processes has commenced – highlighted by the fact that LCF competency assessments are now being referenced for senior level role recruitment.

To enhance its value proposition as a caring employer, the company launched the One BAW Group Wellness programme, Geared for Living, with a greater focus on mental wellness. More holistic wellness offerings will be rolled out in 2020.

The above, together with the improved use of professional platforms like LinkedIn for recruitment and content sharing, enhanced Barloworld's employer brand resulting in the following award nominations:

- 2019 Chief Human Resources Officer (CHRO) awards where group executive: human capital, transformation and Internal audit, Tantaswa Fubu, was nominated among other top HR leaders in the country. The CHRO community celebrates excellence in HR and recognises individual leaders who have done exceptional work.
- 2019 LinkedIn Talent Awards where Barloworld is a finalist in the Rising Star category in recognition of its improved engagement with top talent.

Standardisation

OF TALENT MANAGEMENT AND PERFORMANCE OPTIMISATION

Geared for Living

PROGRAMME LAUNCHED

Tantaswa Fubu

NOMINATED AS ONE OF THE TOP HR LEADERS IN THE COUNTRY

DIVERSITY AND INCLUSION

Approved the revised Diversity and Inclusion targets for the group for 2019, 2020 and 2022 by gender, race and grade. To increase delivery focus and accountability, the 2020 targets were given a higher weighting (20%) on the divisional balanced scorecards.

The strategy involves identifying and eliminating any employment barriers, perceived or real, and promoting demographic representation in the workplace that more closely resembles that of the communities in which we operate. Outside South Africa, the long-term strategy is to limit expatriates and empower citizens of the territories where we operate.

The group is encouraged by the overall strides toward reaching the bold targets set for 2020 and 2022 gender and race targets. However, the group will continue to intensify the efforts of reaching these targets and inculcating a culture that fosters a sense of belonging within each division and business unit.

ETHICS

The Ethics Line reporting process was revised to further promote and instil an ethical culture. The amended process has enhanced the effectiveness and independence of the investigations carried out across the group.

EMPOWERMENT AND TRANSFORMATION

As part of ongoing efforts to deliver on its responsibilities, the committee will continue to review, monitor and report on areas under its mandate. The roll out of the TED Dialogues to senior management was completed during the year and the roll out has been extended to the next level of management. Increased effort has been placed on preferential procurement across all divisions and business units in order to bolster access to the Barloworld value chain for black-owned and black women-owned entities.

The Barloworld Khula Sizwe empowerment transaction is in the process of being implemented and the fulfilment of the remaining conditions to the Property Sale Agreements ("Property Sale Conditions") is in process. This ground-breaking initiative is aimed at transferring real value, through a property scheme, to all South African employees of Barloworld as well as black South Africans.

STAKEHOLDER ENGAGEMENT

Barloworld's stakeholder engagement is based on engagement and relationship building as part of management activity, supported by a group stakeholder engagement policy and operational guidelines. This approach ensures that our key stakeholders' concerns and aspirations are understood and considered across all our business units and operating locations.

The company continues to evolve its approach and strategic intent with regard to stakeholder engagement and has mapped stakeholder relationships across the group. These have been embedded in the group strategy.

EMPOWERMENT; ENTERPRISE AND SUPPLIER DEVELOPMENT

Barloworld continues to transform the group's supply chain and enterprise development within our broader stakeholder environment in line with B-BBEE aspirations which position supplier diversity, localisation and small business support key areas for corporate competitiveness. Our Siyakhula initiative plays an important role in this regard.

Utilising a blend of financial and non-financial support, Siyakhula provides small, micro and medium-sized enterprises (SMMEs) with the assistance to enable their participation in Barloworld's value chain as well as the larger marketplace.

Since inception, Siyakhula has invested over R300 million on enterprise and supplier development, indirectly sustaining over 750 jobs.

SOCIAL IMPACT

In 2019, we launched Barloworld Mbewu, a social impact initiative that seeks to support social entrepreneurs that make a difference in their communities. We have allocated R30 million over the next three years to provide financial and non-financial support to widen participation, thereby stimulate economic activity in under served areas.

In terms of corporate social investment, the group invested R19 million (2018: R16 million) in various socio-economic development programmes, with 95% of the total spend directed towards South Africa and the balance spread across other geographies.

I believe through our strategic approach, the purposeful stewardship of our six capitals and balancing our stakeholders' interests, we will achieve ongoing creation of shared value.

I am determined that by following our approach and fulfilling our ambitions, we will make a World of Difference to the communities where we operate.

NOMAVUSO NXASANA
Chairman – Social, ethics and transformation committee

Shareholder profile

PUBLIC AND NON-PUBLIC SHAREHOLDING OR ORDINARY SHARES

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	125	1.47	1 622 462	0.76
– Directors, prescribed officers and associates	5	0.06	198 727	0.09
– Treasury shares	119	1.40	1 390 056	0.65
– Employee and educational trusts	1	0.01	33 679	0.02
Public shareholders	8 396	98.53	211 070 121	99.24
Total	8 521	100.00	212 692 583	100.00

REGISTERED SHAREHOLDER SPREAD

Registered	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	6 277	73.67	1 978 063	0.93
1 001 – 10 000 shares	1 640	19.25	5 144 804	2.42
10 001 – 100 000 shares	433	5.08	14 175 248	6.66
100 001 – 1 000 000 shares	142	1.67	41 828 957	19.67
1 000 001 shares and above	29	0.34	149 565 511	70.32
Total	8 521	100.00	212 692 583	100.00

BENEFICIAL SHAREHOLDINGS

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	36 276 331	17.06
Silchester Intl Business Trust (UK)	13 942 333	6.56
WGI Emerging Markets Fund LLC	11 498 653	5.41
Total	61 717 317	29.03

INVESTMENT MANAGERS HOLDING 5% OR MORE

Beneficial shareholdings	Total shareholding	%
PIC	33 083 267	15.55
Silchester International Investors LLP	23 804 774	11.19
Westwood Global Investments LLC	21 847 531	10.27
Dimensional Fund Advisors	13 124 600	6.17
Total	91 860 172	43.18

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total Shareholding	% of issued capital
South Africa	82 855 159	38.96
United States of America and Canada	78 796 627	37.05
United Kingdom	21 478 025	10.10
Rest of Europe	15 520 006	7.30
Rest of World	14 042 766	6.60
Total	212 692 583	100.00

Summarised annual financial statements

Summarised consolidated income statement

FOR THE YEAR ENDED 30 SEPTEMBER 2019

R million	Note	AUDITED 2019	Restated 2018
CONTINUING OPERATIONS			
Revenue		**56 834**	60 094
Operating profit before items listed below		**5 145**	5 536
Impairment losses on financial assets and contract assets		**(124)**	
Depreciation		**(1 561)**	(1 634)
Amortisation of intangible assets		**(115)**	(140)
Operating profit before B-BBEE transaction charge		**3 345**	3 762
B-BBEE transaction charge		**(73)**	
Operating profit		**3 272**	3 762
Fair value adjustments on financial instruments		**32**	(122)
Finance costs		**(1 085)**	(1 145)
Income from investments		**192**	140
Profit before non-operating and capital items		**2 411**	2 635
Non-operating and capital items	3	**87**	(248)
Profit before taxation		**2 498**	2 387
Taxation		**(771)**	(870)
Profit after taxation		**1 727**	1 517
Income from associates and joint ventures		**231**	235
Profit for the year from continuing operations		**1 958**	1 752
DISCONTINUED OPERATIONS			
Profit from discontinued operations	6	**519**	2 168
Profit for the year		**2 477**	3 920
Net profit attributable to:			
Owners of Barloworld Limited		**2 428**	3 846
Non-controlling interest in subsidiaries		**49**	74
		2 477	3 920
Earnings per share from group (cents)			
– basic		**1 150.2**	1 823.8
– diluted		**1 146.9**	1 812.9
Earnings per share from continuing operations (cents)			
– basic		**907.2**	801.9
– diluted		**904.6**	797.1
Earnings per share from discontinued operations (cents)			
– basic		**243.0**	1 021.9
– diluted		**242.3**	1 015.8

Summarised consolidated statement of other comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER 2019

R million	AUDITED 2019	2018
Profit for the year	**2 477**	3 920
Items that may be reclassified subsequently to profit or loss:	**553**	(874)
Exchange gains on translation of foreign operations	**527**	645
Translation reserves realised on disposal of foreign joint venture and subsidiaries		(1 502)
Gain/(loss) on cash flow hedges	**32**	(23)
Deferred taxation on cash flow hedges	**(6)**	6
Items that will not be reclassified to (loss) or profit:	**(488)**	345
Actuarial (losses)/gains on post-retirement benefit obligations	**(588)**	415
Taxation effect of net actuarial losses	**100**	(70)
Other comprehensive income/(loss) for the year, net of taxation	**65**	(529)
Total other comprehensive income for the year	**2 542**	3 391
Total other comprehensive income attributable to:		
Owners of Barloworld Limited	**2 493**	3 317
Non-controlling interest in subsidiaries	**49**	74
	2 542	3 391

Summarised consolidated statement of financial position

AT 30 SEPTEMBER 2019

R million	Note	AUDITED 2019	2018
ASSETS			
Non-current assets		**14 540**	19 231
Property, plant and equipment		**7 879**	12 657
Goodwill		**1 408**	1 873
Intangible assets		**1 527**	1 528
Investment in associates and joint ventures		**2 253**	1 343
Finance lease receivables		**2**	211
Long-term financial assets		**710**	909
Deferred taxation assets		**761**	710
Current assets		**26 871**	29 531
Vehicle rental fleet		**3 137**	3 058
Inventories		**8 072**	9 592
Trade and other receivables		**7 384**	8 883
Contract assets		**981**	
Taxation		**71**	105
Cash and cash equivalents		**7 226**	7 893
Assets classified as held for sale	6	**5 780**	497
Total assets		**47 191**	49 259
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		**441**	441
Other reserves		**4 523**	4 194
Retained income		**18 659**	17 598
Interest of shareholders of Barloworld Limited		**23 623**	22 233
Non-controlling interest		**272**	517
Interest of all shareholders		**23 895**	22 750
Non-current liabilities		**7 336**	8 917
Interest-bearing		**4 621**	5 995
Deferred taxation liabilities		**356**	632
Provisions		**102**	47
Other non-current liabilities		**2 257**	2 243
Current liabilities		**13 738**	17 466
Trade and other payables		**9 363**	11 122
Contract liabilities		**601**	
Provisions		**507**	1 100
Taxation		**80**	70
Amounts due to bankers and short-term loans		**3 187**	5 174
Liabilities directly associated with assets classified as held for sale	6	**2 222**	126
Total equity and liabilities		**47 191**	49 259

Summarised consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2019

		AUDITED	
R million	**Note**	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**6 474**	8 111
Movement in working capital		**765**	(2 065)
Cash generated from operations before investment in leasing and rental fleets		**7 239**	6 046
Fleet leasing and equipment rental fleet		**(1 118)**	(1 593)
Additions		**(2 940)**	(3 305)
Proceeds on disposal		**1 822**	1 713
Vehicles rental fleet		**(809)**	(631)
Additions		**(3 546)**	(3 921)
Proceeds on disposal		**2 737**	3 290
Cash generated from operations		**5 312**	3 822
Finance costs		**(1 134)**	(1 184)
Realised fair value adjustments on financial instruments		**(130)**	(140)
Dividends received from investments, associates and joint ventures		**72**	113
Interest received		**204**	148
Taxation paid		**(774)**	(1 058)
Cash inflow from operations		**3 550**	1 700
Dividends paid (including non-controlling interest)		**(1 057)**	(953)
Cash retained from operating activities		**2 493**	747
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	4	**(54)**	(86)
Proceeds on disposal of subsidiaries	5	**(84)**	2 342
Proceeds on disposal of investments and intangible assets		**5**	
Movements in investments in leasing receivables		**161**	(53)
Acquisition of other property, plant and equipment		**(633)**	(618)
Replacement capital expenditure		**(154)**	(244)
Expansion capital expenditure		**(479)**	(374)
Proceeds on disposal of property, plant and equipment		**119**	306
Net cash (used in)/generated from investing activities		**(486)**	1 891
Net cash inflow before financing activities		**2 007**	2 638
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased for equity-settled share-based payment		**(122)**	(43)
Purchase of non-controlling interest			(257)
Non-controlling interest loan contribution		**9**	
Khula Sizwe black public equity funding		**164**	
Proceeds from long-term borrowings		**69**	2 956
Repayment of long-term borrowings		**(1 449)**	(3 322)
Movement in short-term interest-bearing liabilities		**(1 529)**	1 746
Net cash (used in)/generated from financing activities		**(2 858)**	1 080
Net increase in cash and cash equivalents		**(851)**	3 718
Cash and cash equivalents at beginning of year		**7 893**	3 925
Cash and cash equivalents held for sale at the beginning of year		**19**	102
Effect of foreign exchange rate movement on cash balance		**71**	167
Effect of foreign exchange rate movement on United States dollar denominated cash		**171**	
Effect of cash balances classified as held for sale		**(77)**	(19)
Cash and cash equivalents at end of year		**7 226**	7 893
Cash balances not available for use due to reserving restrictions		**188**	178

Summarised consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	AUDITED					
R million	**Share capital and premium**	**Other reserves**	**Retained income**	**Attributable to Barloworld Limited shareholders**	**Non-controlling interest**	**Interest of all shareholders**
Balance at 1 October 2017	441	5 144	14 690	20 275	602	20 877
Total comprehensive income for the year		(874)	4 191	3 317	74	3 391
Transactions with owners, recorded directly in equity						
Other reserve movements		(41)	55	14	(3)	11
Other changes in minority shareholders interest and minority loans			(183)	(183)	(75)	(258)
Disposal of subsidiary		(35)	(283)	(318)		(318)
Dividends			(872)	(872)	(81)	(953)
Balance at 30 September 2018	441	4 194	17 598	22 233	517	22 750
Total comprehensive income for the year		**553**	**1 940**	**2 493**	**49**	**2 542**
Transactions with owners, recorded directly in equity						
Cumulative adjustments for adoption of new standards			**20**	**20**		**20**
Other reserve movements		**(224)**	**129**	**(95)**	**23**	**(72)**
Other changes in minority shareholders interest and minority loans					**173**	**173**
Deconsolidation of subsidiary			**(4)**	**(4)**	**(457)**	**(461)**
Dividends			**(1 024)**	**(1 024)**	**(33)**	**(1 057)**
Balance at 30 September 2019	**441**	**4 523**	**18 659**	**23 623**	**272**	**23 895**

Summarised notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with, as a minimum, the requirements of IAS 34: Interim Financial Reporting, and the requirements of the Companies Act of South Africa as applicable to the summarised financial statements. The accounting policies applied in the preparation of the consolidated financial statements are derived in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, with the exception of the adoption of new accounting policies as required by new and/or revised International Financial Reporting standards issued and in effect for the current financial year. Specifically, the group has applied IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments for the first time, effective 1 October 2018.

In September 2019, management took a firm decision to dilute the group's interest in the Avis Fleet business to a 50% shareholding, with the ultimate aim to form a joint venture ownership structure. Significant progress has been made towards finalising the transaction structure such that management are confident in completing this dilution within the next 12 months. As such this business has been classified as assets and liabilities held for sale in the statement of financial position. Given its significance to the group, the Avis Fleet business has also been disclosed as a discontinued operation with the comparative income statement restated to reflect this classification.

In addition, the group reduced its shareholding in NMI-DSM to 50% effective 1 September 2019 and as such, this entity has been deconsolidated from the group and earnings from this date have been equity-accounted for.

The summarised consolidated financial statements are presented in South African rand, which is Barloworld Limited's functional and presentation currency. The summarised consolidated financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board. The Board is satisfied that the company is sufficiently liquid and solvent to be able to support the current operations for the next 12 months. Accordingly, the summarised consolidated financial statements are prepared on a going concern basis.

The summarised consolidated financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the summarised consolidated financial statements.

This set of summarised consolidated financial statements is a summary of the complete set of financial statements available for inspection at our registered office. An unmodified audit opinion was issued on the complete set of the consolidated financial statements.

This summarised consolidated financial statements and the complete set of the consolidated financial statements were prepared under the supervision of RL Pole CA(SA) (Group general manager: finance).

2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS

R million	AUDITED 2019	Restated 2018
Profit attributable to Barloworld shareholders	**2 428**	3 846
Adjusted for the following:		
Profit on disposal of subsidiaries and investments	**(33)**	(98)
Profit on disposal of property, plant, equipment, intangibles and other assets	**(5)**	(10)
Impairment of goodwill		70
Impairment of plant and equipment and intangibles and other assets	**117**	155
Fair value gain on deconsolidation of subsidiary	**(212)**	
Impairment of investments in subsidiaries, associates and joint ventures	**25**	24
Realisation of translation reserve on disposal of foreign subsidiaries		(1 502)
Taxation effects of remeasurements	**2**	(18)
Associate and non-controlling interest in remeasurements		47
Net remeasurements excluded from headline earnings	**(106)**	(1 332)
Headline earnings	**2 322**	2 514
Headline earnings from continuing operations	**1 831**	1 919
Headline earnings from discontinued operation	**491**	595
Weighted average number of ordinary shares in issue during the year (000)		
– basic	**211 085**	210 875
– diluted	**211 698**	212 147
Headline earnings per share (cents)		
– basic	**1 100.0**	1 192.1
– diluted	**1 096.8**	1 185.0
Headline earnings per share from continuing operations (cents)		
– basic	**867.4**	910.0
– diluted	**864.9**	904.5
Headline earnings per share from discontinued operation (cents)		
– basic	**232.6**	282.1
– diluted	**231.9**	280.5

3. NON-OPERATING AND CAPITAL ITEMS

R million	AUDITED 2019	Restated 2018
Fair value gain on deconsolidation of subsidiary	**212**	
Impairment of investments	**(25)**	(24)
Impairment of goodwill		(70)
Profit on disposal of subsidiary	**12**	
Profit on disposal of property, plant, equipment, intangibles and other assets	**3**	1
Impairment of property, plant and equipment, intangibles and other assets	**(115)**	(155)
Gross non-operating and capital items from continuing operations	**87**	(248)
Taxation (charge)/benefit on non-operating and capital items	**(3)**	20
Net non-operating and capital items from continuing operations	**84**	(228)
Non-operating and capital items from discontinued operations	**(12)**	9
Taxation benefit/(charge) on non-operating and capital items from discontinued operations	**1**	(2)
Non-operating and capital items included in associate income from discontinued operations		(47)
Net non-operating and capital items profit/(loss)	**73**	(268)

4. ACQUISITION OF SUBSIDIARIES, INVESTMENTS AND INTANGIBLES

R million	AUDITED 2019	2018
Property, plant and equipment, non-current assets, goodwill and non-controlling interest	**(3)**	
Total net assets acquired	**(3)**	
Goodwill arising on acquisitions	**(2)**	
Net cash cost of subsidiaries acquired	**(5)**	
Investment and intangible assets acquired	**(49)**	(86)
Cash amounts paid to acquire subsidiaries, investments and intangibles	**(54)**	(86)

5. PROCEEDS ON DISPOSAL OF SUBSIDIARIES

R million	AUDITED 2019	2018
Inventories disposed	**879**	969
Receivables disposed	**341**	1 196
Payables, taxation and deferred taxation balances disposed and settled	**(1 253)**	(785)
Borrowings net of cash	**95**	162
Property, plant and equipment, non-current assets, goodwill and intangibles	**406**	1 048
Net assets disposed	**468**	2 590
Minority interest	**(457)**	
Outstanding receivable from buyer		(170)
Less: Non-cash translation reserves realised on disposal of foreign subsidiaries		(1 502)
Profit on disposal	**5**	1 586
Net cash proceeds on disposal of subsidiaries	**16**	2 504
Bank balances and cash in subsidiaries disposed	**(100)**	(162)
Cash proceeds on disposal of subsidiaries	**(84)**	2 342

Effective 1 September 2019, Barloworld diluted it's interest in NMI Durban South Motors (Pty) Ltd to 50%, resulting in the sale of the group's 1.18% controlling interest for R16 million. Going forward NMI Durban South Motors (Pty) Ltd will be equity-accounted as an associate. The net cash proceeds on disposal of subsidiaries arising in 2018 was from the sale of Equipment Iberia for R2.5 billion (€163 million) during June 2018.

6. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE

As part of the strategy to unlock value in our underlying businesses and the focus on disciplined allocation of capital, management has taken the firm decision to dilute their interest in the Avis Fleet business. Barloworld intends to form a joint venture with external shareholders and reduce it's shareholding to 50%. As at 30 September 2019 management are confident that, based on the progress of this transaction to date and the interest shown by potential equity investors, this transaction will be executed in the next 12 months. This business represents a significant line of business and has therefore been disclosed as a discontinued operation at 30 September 2019, with the comparative financial information re-stated accordingly.

	AUDITED	
R million	**2019**	**Restated 2018**
Revenue	**3 372**	6 663
Operating profit before items listed below	**1 500**	1 657
Impairment losses on financial assets and contract assets	**(49)**	
Depreciation	**(826)**	(871)
Amortisation of intangible assets		(8)
Operating profit	**625**	778
Finance costs	**(49)**	(39)
Income from investments	**11**	7
Profit before non-operating and capital items	**577**	735
Non-operating and capital items	**(12)**	9
Profit before taxation	**566**	744
Taxation	**(79)**	(109)
Profit after taxation	**487**	635
Loss from associates		(67)
Profit from discontinued operations excluding finance charges on group debt (Note 2 below)	**487**	568
Current year adjustment to the profit on disposal of Equipment Iberia *	**33**	
Net profit on disposal of discontinued operations		1 600
Profit from discontinued operations per income statement	**519**	2 168
Profit on discontinued operations to the owners of Barloworld Limited after non-controlling interest	**513**	2 155
The cash flows from the discontinued operation are as follows:		
Cash flows from operating activities	**404**	396
Cash flows from investing activities	**25**	(8)
Cash flows from financing activities	**(76)**	135

* In the current year certain tax uncertainties related to our Iberian operations were resolved resulting in the reversal of previously held provisions totaling R33 million. This is a change in estimates in the year and as such has been accounted for prospectively through the profit on disposal of Equipment Iberia

6. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE continued

	AUDITED	
R million	**2019**	**2018**
The major classes of assets and liabilities classified as held for sale are as follows:		
Property plant and equipment	**4 358**	253
Goodwill	**292**	
Intangible assets	**33**	2
Long-term finance lease receivables	**155**	
Deferred tax asset	**21**	18
Inventories	**72**	37
Trade and other receivables	**772**	168
Cash and cash equivalents	**77**	19
Assets classified as held for sale *	**5 780**	497
Deferred tax liability	**(216)**	
Total non-current payables	**(341)**	(125)
Short- and long-term contract liabilities	**(26)**	
Bank overdraft and short-term loans	**(561)**	(1)
Total current payables	**(938)**	
Short-term provisions	**(133)**	
Tax provision	**(7)**	
Total liabilities associated with assets classified as held for sale **	**(2 222)**	(126)
Net assets classified as held for sale	**3 558**	371
Per business segment:		
Equipment[1]	**70**	
Automotive[2]	**3 309**	
Logistics Middle East and SmartMatta[3]	**86**	278
Corporate division[4]	**93**	93
Total group	**3 558**	371

* Includes financial assets of R1 006 million
** Includes financial liabilities measured at amortised cost of R1 847 million

1. This refers to properties within the Equipment division that are in the process of being sold.
2. This represents the assets and liabilities of the Avis Fleet business classified as held for sale and a discontinued operation.

   The group operates a central Treasury function which, as at 30 September 2019, had allocated debt of R2.8 billion (2018: R2.8 billion) to fund the Avis Fleet operations. This debt is recognised in continuing operations of the group together with the associated financed charges of R277 million. On disposal of the Avis Fleet business this group debt will either be repaid or the facilities will be re-allocated to other value adding opportunities. Refer to below for a reconciliation of the Avis Fleet results and the net assets to reflect this finance cost and debt allocation.

	AUDITED	
R million	**2019**	**2018**
Profit from discontinued operations of Avis Fleet as reported	**487**	521
Finance costs on group Treasury funding of the Avis Fleet operations	**(277)**	(268)
Adjusted profit from Avis Fleet before non-controlling interest	**210**	253
Net assets of the discontinued operations of Avis Fleet as reported	**3 558**	
Group Treasury allocation of debt funding to the Avis Fleet operations	**(2 794)**	
Adjusted net assets of Avis Fleet	**764**	

3. Assets held for sale in the Logistics business include Middle East and SmartMatta. While there have been a number of unforeseen challenges to executing on these sale transactions in the year, management remain committed to exiting these businesses and are confident that these assets will be disposed of in the coming 12 months.

6. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE continued

4. The assets held for sale within the Corporate division relate to the Barlow Park property owned by Barloworld Limited which is in the process of being sold into a consortium of investors with the aim of redeveloping the site into a multi-use precinct. There have been unexpected delays in the commencement of this project, however, there has been good progress in the latter part of the year and it is expected that the consortium will be in a position to commence operations in the coming three to six months.

7. FINANCIAL INSTRUMENTS

	AUDITED	
R million	**2019**	**2018**
ASSETS		
Long-term finance lease receivables	**2**	211
Long-term financial assets	**677**	896
Trade and other receivables	**5 740**	8 240
Cash and cash equivalents	**7 226**	7 893
Total assets	**13 645**	17 240
LIABILITIES		
Interest-bearing non-current liabilities	**4 621**	5 995
Other non-current liabilities	**146**	490
Trade and other payables	**7 892**	9 328
Amounts due to bankers and short-term loans	**3 187**	5 174
Total liabilities	**15 846**	20 987

Level 1 measurements are derived from quoted prices in active markets. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

R million	**Level 1**	**Level 2**	**Level 3**	**Total**
2019				
Financial assets at fair value through profit or loss				
Long-term financial assets			**64**	**64**
Trade and other receivables		**4**		**4**
Financial assets at FVOCI				
Trade and other receivables		**45**		**45**
Total		**49**	**64**	**113**
Financial liabilities at fair value through profit or loss				
Trade and other payables		**37**		**37**
Financial liabilities at FVOCI				
Trade and other payables		**1**		**1**
Amounts due to bankers adn short-term loans		**15**		**15**
Total		**53**		**53**
2018				
Financial assets at fair value through profit or loss				
Long-term financial assets			55	55
Available-for-sale financial assets				
Shares		1	5	6
Total		1	60	61
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss		9		9
Derivatives		35		35
Total		44		44

8. DIVIDENDS

R million	AUDITED 2019	2018
Ordinary shares		
Final dividend No 180 paid on 14 January 2019: 317 cents per share (2018: No 178 – 230 cents per share)	**674**	564
Interim dividend No 181 paid on 10 June 2019: 165 cents per share (2018: No 179 – 145 cents per share)	**350**	308
Paid to Barloworld Limited shareholders	**1 024**	872
Paid to non-controlling interest	**33**	81
	1 057	953
Dividends per share (cents)	**462**	462
– interim (declared May)	**165**	145
– final (declared November)	**297**	317
– special dividend per share	**228**	

A special dividend of 228 cents was declared by the board on 18 November 2019 (subject to South African Reserve Bank approval).

9. CONTINGENT LIABILITIES

R million	AUDITED 2019	2018
Performance guarantees given to customers, other guarantees and claims	**1 653**	872
Buyback and repurchase commitments not reflected on the statement of financial position	**114**	94

As at 30 September 2019 there were no contingent liabilities within Avis Fleet.

The increase in contingent liabilities is a result of guarantees issued to NMI Durban South Motors (Pty) Ltd (previously a subsidiary of the group and now an associate), BHBW (JV) and an increase in risk share agreements and guarantees in Equipment southern Africa and Russia.

Certain risk share customers have pledged collateral of R350 million (2018: R232 million) as security against these contingent liabilities.

During 2018 the Barloworld Equipment division entered into a Risk Share Agreement with Caterpillar Financial Corporation Financeira, S.A., E.F.C. – Sucursal em Portugal and Barloworld Equipment UK Limited. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 30 September 2019 the maximum exposure of this guarantee was estimated to be R294 million (2018: R278 million) representing 25% of the capital balance outstanding.

During 2018 the Barloworld Equipment division entered into Risk Share Agreement with Caterpillar Financial Corporation. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 30 September 2019 the gross maximum exposure of this guarantee was estimated to be R116 million representing 25% of the capital balance outstanding.

In October 2017, the Barloworld Equipment South Africa (BWE SA) business received notification from the Competition Commission that it is investigating a complaint against the Contractors Plant Hire Association of which Barloworld Equipment was a member. The matter is ongoing but no action has been taken by the Competition Authorities.

The company and its subsidiaries are continuously subject to various tax audits in the territories in which they operate. While in most cases the companies are able to successfully defend the tax positions taken, the outcomes of some of the audits are being disputed. Where, based on our own judgment and the advice of external legal counsel, we believe there is a probable likelihood of the group being found liable, adequate provisions have been recognised in the financial statements. The Namibian Directorate Customs and Excise audit matter reported on at 30 September 2018 was resolved in the period with the outcome being the imposition of a nominal administrative penalty.

10. COMMITMENTS

	AUDITED	
R million	**2019**	**2018**
Capital expenditure commitments to be incurred:		
Contracted – Property, plant and equipment	**197**	340
Contracted – Vehicle rental fleet	**865**	1 131
Approved but not yet contracted	**117**	216
Total continuing operations	**1 179**	1 687
Discontinued operations	**107**	
Total group	**1 286**	1 687
Share of joint ventures' capital expenditure commitments to be incurred:		
Approved but not yet contracted		135

Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

11. RELATED PARTY TRANSACTIONS

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

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

12. AUDIT OPINION

Independent auditor's report on summarised financial statements

To the Shareholders of Barloworld Limited

OPINION

The summarised consolidated financial statements of Barloworld Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2019, the summarised consolidated income statement, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Barloworld Limited for the year ended 30 September 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Barloworld Limited, and in accordance with, as a minimum the requirements of IAS 34: *Interim Financial Reporting*, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised 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 summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Barloworld Limited and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 15 November 2019. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with, as a minimum the requirements of IAS 34: *Interim Financial Reporting*, 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 summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summarised Financial Statements*.

Deloitte & Touche
Registered Auditors
Per: Bongisipho Nyembe
Partner
11 December 2019

Building 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead Sandton

13. EVENTS AFTER THE REPORTING PERIOD

To the knowledge of the directors no material events have occurred between the balance sheet and the date of approval of these financial statements that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

14. OPERATING SEGMENTS (AUDITED)

	REVENUE		OPERATING PROFIT/(LOSS)		FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Equipment and Handling	**26 647**	27 686	**2 559**	2 574	**(107)**	(84)
Automotive and Logistics	**30 186**	32 407	**1 122**	1 322	**(2)**	(8)
Corporate	**1**	1	**(409)**	(134)	**140**	(30)
Total group	**56 834**	60 094	**3 272**	3 762	**31**	(122)

	OPERATING PROFIT/(LOSS) INCLUDING FAIR VALUE ADJUSTMENTS		NET OPERATING ASSETS/(LIABILITIES)	
R million	**2019**	**2018**	**2019**	**2018**
Equipment and Handling	**2 452**	2 490	**14 769**	14 902
Automotive and Logistics	**1 120**	1 314	**6 242**	10 296
Corporate	**(268)**	(163)	**1 663**	(1 159)
Total group	**3 304**	3 640	**22 674**	24 039

Segmental review (audited)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

EQUIPMENT AND HANDLING

	REVENUE		OPERATING PROFIT/(LOSS)		NET OPERATING ASSETS	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Equipment	**26 619**	27 572	**2 555**	2 594	**14 506**	14 596
– southern Africa	**20 434**	19 775	**1 836**	1 790	**11 336**	11 637
– Russia	**6 185**	7 797	**719**	804	**3 170**	2 959
Handling	**28**	114	**4**	(20)	**264**	306
	26 647	27 686	**2 559**	2 574	**14 770**	14 902
Share of associate income			**227**	241		

AUTOMOTIVE AND LOGISTICS

	REVENUE		OPERATING PROFIT		NET OPERATING ASSETS	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Automotive	**25 007**	26 483	**1 084**	1 060	**4 854**	8 758
– Car Rental	**6 271**	6 528	**523**	536	**2 436**	2 854
– Avis Fleet					**555**	3 778
– Motor trading	**18 736**	19 955	**561**	524	**1 863**	2 126
Logistics	**5 179**	5 924	**38**	262	**1 388**	1 538
– southern Africa	**5 074**	5 807	**31**	255	**1 361**	1 445
– Europe and Middle East	**105**	117	**7**	7	**27**	93
	30 186	32 407	**1 122**	1 322	**6 242**	10 296
Share of associate profit/(loss)			**4**	(6)		

CORPORATE

	REVENUE		OPERATING LOSS		NET OPERATING ASSETS/(LIABILITIES)	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Southern Africa	**1**	1	**(253)**	(74)	**3 752**	580
Europe			**(156)**	(59)	**(2 089)**	(1 739)
	1	1	**(409)**	(133)	**1 663**	(1 159)

Salient features (unaudited)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019	2018
Financial		
Group headline earnings per share (cents)	**1 100**	1 192
Continuing headline earnings per share (cents) *	**867**	910
Normalised headline earnings per share (cents) including Avis Fleet	**1 167**	1 151
Return on invested capital (ROIC) (%)	**11.9**	12.3
Free cash flow (Rm)	**3 064**	3 591
Economic profit (Rm)	**(323)**	(48)
Dividend per share (cents)	**462**	462
Special dividend per share (cents)	**288**	–
Continuing operating margin – including B-BBEE (%) *	**5.8**	6.3
Continuing net asset turn (times) *	**1.7**	2.0
Continuing EBITDA/interest paid (times) *	**4.6**	4.8
Group net debt/equity (%)	**4.5**	14.4
Continuing return on net operating assets (RONOA) (%) *	**17.3**	20.9
Group return on ordinary shareholders' funds (%)	**10.1**	11.4
Net asset value per share including investments at fair value (cents)	**11 182**	10 453
Number of ordinary shares in issue (000)	**212 693**	212 693
Non-financial *#		
Non-renewable energy consumption (GJ)√	**2 829 289**	2 922 370
Greenhouse gas emissions (tCO_2e)Δ	**243 478**	255 103
Water withdrawals (municipal sources) (ML)	**656**	580
Number of employees	**14 892**	15 814
Lost-time injury frequency rate (LTIFR) †	**0.58**	0.70
Number of work-related fatalities	**1**	2
Corporate social investment (R million)	**19**	16
dti^ B-BBEE rating (level)+	**3**	3

* Continuing operations. 2018 restated

Agreed upon procedures performed by Barloworld Group Internal Audit Services for 2019. Verification of the reported non-financial indicators against supporting documentation to determine that the numbers reported are accurate, valid and complete

√ Excluding energy from rental fleets

Δ Scope 1 and 2

† Lost-time injuries multiplied by 200 000, divided by total hours worked

^ Department of Trade and Industry (South Africa)

+ Audited and verified by Siyandisa Verification Solutions

	CLOSING RATE		AVERAGE RATE	
Exchange rates (rand)	**2019**	**2018**	**2019**	**2018**
United States dollar	**15.16**	14.15	**14.31**	13.01
British Sterling	**18.68**	18.45	**18.27**	17.53

Exchange rates used:

Balance sheet – closing rate (rand)

Income statement and cash flow statement – average rate (rand)

Consolidated seven-year summary (unaudited)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Compound annual growth %	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Income statement								
Continuing operations								
Revenue	(0.8%)	**56 834**	60 094	61 959	62 074	62 720	62 101	59 498
Operating profit before items listed below	(0.8%)	**5 145**	5 536	6 694	6 486	6 479	6 170	5 389
Impairment losses on financial assets and contract assets		**(124)**						
Depreciation		**(1 561)**	(1 634)	(2 468)	(2 294)	(2 355)	(2 198)	(1 940)
Amortisation of intangible assets		**(115)**	(140)	(144)	(105)	(129)	(142)	(136)
Operating profit before B-BBEE transaction charge		**3 345**	3 762	4 082	4 087	3 995	3 830	3 313
B-BBEE transaction charge		**(73)**				(251)		
Operating profit	(0.2%)	**3 273**	3 762	4 082	4 087	3 744	3 830	3 313
Fair value adjustments on financial instruments		**32**	(122)	(209)	(209)	(198)	(156)	(47)
Finance costs	1.4%	**(1 085)**	(1 145)	(1 329)	(1 331)	(1 252)	(1 117)	(1 000)
Income from investments		**192**	140	109	111	67	39	28
Profit before non-operating and capital items	0.8%	**2 411**	2 635	2 653	2 658	2 361	2 596	2 294
Non-operating and capital items		**87**	(248)	(155)	85	(6)	(66)	(79)
Profit before taxation		**2 498**	2 387	2 498	2 743	2 355	2 530	2 215
Taxation		**(771)**	(870)	(565)	(796)	(808)	(837)	(729)
Profit after taxation		**1 727**	1 517	1 933	1 947	1 547	1 693	1 486
Income from associates and joint ventures		**231**	235	93	3	287	217	185
Net profit from continuing operations		**1 958**	1 752	2 026	1 950	1 834	1 910	1 671
Discontinued operations								
Profit/(loss) from discontinued operations		**519**	2 168	(269)	29		428	46
Net profit		**2 477**	3 920	1 757	1 979	1 834	2 338	1 717
Attributable to:								
Owners of Barloworld Limited		**2 428**	3 846	1 643	1 883	1 713	2 143	1 609
Non-controlling interests in subsidiaries		**49**	74	114	96	121	195	108
		2 477	3 920	1 757	1 979	1 834	2 338	1 717
Headline earnings from continuing operations	1.8%	**1 831**	1 919	2 053	1 778	1 960	1 813	1 645

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Compound annual growth %	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Statement of financial position								
Assets								
Property, plant and equipment		**7 879**	12 657	12 659	13 806	14 380	12 614	11 356
Goodwill and intangible assets		**2 935**	3 401	3 534	3 728	3 240	3 041	3 219
Investments in associates, joint ventures and other non-current assets		**2 965**	2 463	1 737	1 518	1 503	937	794
Deferred taxation assets		**761**	710	683	1 127	783	695	654
Non-current assets		**14 540**	19 231	18 613	20 179	19 906	17 287	16 023
Current assets		**26 871**	29 531	24 368	25 015	28 052	26 719	24 213
Assets classified as held for sale		**5 780**	497	3 343	828	197	0	371
Total assets		**47 191**	49 259	46 324	46 022	48 155	44 006	40 607
Equity and liabilities								
Capital and reserves								
Share capital and premium		**441**	441	441	441	282	316	316
Reserves and retained income		**23 182**	21 791	19 834	18 501	19 144	16 566	15 129
Interest of shareholders of Barloworld Limited		**23 623**	22 233	20 275	18 942	19 426	16 882	15 445
Non-controlling interest		**272**	517	602	737	616	604	462
Interest of all shareholders		**23 895**	22 750	20 877	19 679	20 042	17 486	15 907
Non-current liabilities		**7 336**	8 917	10 852	12 446	12 078	9 700	9 612
Deferred taxation liabilities		**356**	632	538	703	571	377	421
Non-current liabilities		**6 980**	8 285	10 314	11 743	11 507	9 323	9 190
Current liabilities		**13 738**	17 466	13 798	13 830	15 992	16 820	14 983
Liabilities directly associated with assets classified as held for sale		**2 222**	126	797	67	43	0	106
Total equity and liabilities		**47 191**	49 259	46 324	46 022	48 155	44 006	40 607
Statement of cash flows								
Cash inflow/ (outflow) from operations		**3 550**	1 700	3 734	5 715	(824)	1 047	2 607
Dividends paid (including non-controlling interest)		**(1 057)**	(953)	(803)	(772)	(814)	(742)	(598)
Net cash retained from/(applied to) operating activities		**2 493**	747	2 931	4 943	(1 638)	305	2 009
Net cash flow (used in)/from investing activities		**(486)**	1 891	(329)	(1 436)	(1 826)	(69)	(1 349)
Net cash flow (used in)/from financing activities		**(2 858)**	1 080	(1 642)	(2 753)	1 532	1 070	(620)
Net (decrease)/increase in cash and cash equivalents		**(851)**	3 718	960	754	(1 933)	1 306	40

* Restated for continuing operations

Consolidated seven-year summary (unaudited) continued

FOR THE YEAR ENDED 30 SEPTEMBER 2019

			Targets	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Performance per ordinary share										
Weighted average number of ordinary shares in issue during the year net of buyback		(000)		**211 085**	210 875	210 780	211 425	211 843	211 669	211 011
Earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited / Weighted average number of ordinary shares in issue, net of buyback	SA cents		**1 150.2**	1 823.8	779.6	890.5	808.7	1 012.3	763.0
		US cents		**80.4**	140.2	58.2	60.4	67.5	95.8	82.2
Earnings per share – continuing operations*	As above, but using results from continuing results only	SA cents		**907.2**	801.9	907.2	876.8	808.7	810.3	739.9
		US cents		**63.4**	61.6	67.8	59.4	67.5	76.7	79.7
Headline earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited + goodwill impairment -/(+) non trading profits/(losses) net of tax and non-controlling interest thereof / Weighted average number of ordinary shares in issue, net of buyback	SA cents		**1 100.0**	1 192.1	883.4	838.1	813.8	882.5	820.8
		US cents		**76.8**	91.6	66.0	56.8	67.9	83.5	88.4
Headline earnings per share – continuing operations	As above, but using results from continuing results only	SA cents		**867.4**	910.0	974.5	840.9	925.5	856.5	779.6
		US cents		**60.6**	70.0	72.8	57.0	77.3	81.0	84.0
Headline earnings per share – continuing operations excluding B-BBEE and finance cost on discontinued operations	As above, but using results from continuing results normalised^	SA cents		**1 031.1**	910.0	875.9	752.2	925.5	856.5	779.6
		US cents		**72.0**	70.0	65.4	51.0	77.3	81.0	84.0
Dividends per share	Interim and final dividends declared out of current year's earnings	SA cents		**462**	462	390	345	345	320	291
		US cents		**32.3**	35.5	29.1	23.4	28.8	30.3	31.3
Dividend cover	Headline earnings (continuing operations) + B-BBEE transaction charge (net of taxation) / Dividends paid out of current year's earnings	times		**1.9**	2.5	2.1	2.3	2.6	2.5	2.5
Net asset value per share	Interest of shareholders of Barloworld Limited, investments at market value / Number of ordinary shares in issue, net of buyback	SA cents		**11 182**	10 531	9 533	8 997	9 157	7 941	7 266
		US cents		**737**	744	706	654	661	703	722

^ Headline earnings per share – continuing operations excluding B-BBEE transactions and material disposal, as per the Barloworld long-term incentive scheme performance measurements.

			Targets	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Profitability and asset management										
Operating margin – Group – excluding B-BBEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – group operations	%	>6	**8.5**	9.0	6.1	6.2	6.4	6.0	5.3
Operating margin – Continuing operations – excluding B-BBEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – continuing operations	%	>6	**5.9**	6.3	6.6	6.6	6.4	6.2	5.6
Net asset turn	Revenue – group operations / Average net assets	times	>3	**1.7**	1.8	2.2	2.1	2.1	2.4	2.6
Return on net assets (Group)	Operating profit + B-BBEE transaction charge + investment income + income from Associates and Joint Ventures / Average net assets	%	>18	**16.0**	17.5	13.4	13.3	13.4	15.3	14.8

Consolidated seven-year summary (unaudited) continued

FOR THE YEAR ENDED 30 SEPTEMBER 2019

			Targets	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Return on net assets (Trading businesses)	As per above group calculation but excluding leasing and car rental businesses	%	>20	**16.7**	19.0	12.6	12.7	12.8	15.2	15.3
Return on net operating assets (Group)	Operating profit + B-BBEE transaction charge + investment income + income from Associates and Joint Ventures / Average net operating assets	%	>20	**24.6**	25.4	18.4	15.9	17.0	18.7	18.0
Return on ordinary shareholders' funds (excluding exceptional items) (Group)	Net profit attributable to ordinary shareholders of Barloworld Limited – net exceptional items + B-BBEE transaction charge (net of tax) / Average Interest of shareholders of Barloworld Limited	%	>15	**10.4**	11.8	9.5	9.2	10.9	11.6	12.2
Replacement capex to depreciation	Replacement capital expenditure / Depreciation charge	%		**26.5**	24.7	12.2	18.9	29.3	21.6	17.3
Effective rate of taxation – continuing operations	Tax charge – prior year tax – non-operating and capital items tax – secondary tax on companies / Profit before tax -/(+) non-operating and capital items + goodwill impairment	%		**28.8**	29.1	23.9	27.0	37.1	34.1	31.8
Liquidity and leverage										
Total liabilities to total shareholders' funds	Non-current liabilities – deferred tax liabilities + current liabilities / Interest of all shareholders	%	<150	**86.7**	113.2	115.5	130.0	137.4	149.5	152.0
Net debt to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans – cash and cash equivalents / Interest of all shareholders	%		**2.4**	14.4	27.6	40.7	55.1	40.9	47.5
Total borrowings to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Interest of all shareholders									
- Total group		%		**32.7**	49.1	46.4	56.1	66.9	64.7	64.0
- Trading businesses		%	30-50	**10.1**	25.3	20.9	28.9	42.9	39.7	38.0
- Leasing businesses		%	600-800	**604.2**	614.3	560.1	720.1	688.4	661.8	665.7
- Car rental businesses		%	200-300	**207.6**	203.8	203.3	216.4	210.9	205.4	224.4
Net borrowings/EBITDA	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents / Operating profit + impairment of goodwill & intangible assets + depreciation charge	times	<2.5	**0.1**	0.4	0.8	1.2	1.8	1.6	1.4
Current ratio	Current assets / Current liabilities		>1	**2.0**	1.7	1.8	1.8	1.8	1.6	1.6
Quick ratio	Current assets – inventories / Current liabilities		>0.5	**1.4**	1.1	1.2	1.1	0.9	0.9	0.8

* Restated for continuing operations

Consolidated seven-year summary (unaudited) continued

FOR THE YEAR ENDED 30 SEPTEMBER 2019

			Targets	2019 Rm	2018* Rm	2017 Rm	2016* Rm	2015 Rm	2014 Rm	2013* Rm
Liquidity and leverage continued										
Interest cover – continuing operations	Profit before non-operating and capital items + goodwill impairment + B-BBEE transaction charge + interest paid (incl. interest capitalised and interest included in cost of sales)									
- Total group	Interest paid (incl. interest capitalised and interest included in cost of sales)	times	>3	**3.0**	3.0	3.0	3.0	2.9	3.3	3.3
- Trading businesses		times	>4	**3.2**	3.2	3.8	3.7	3.5	4.0	4.5
- Leasing businesses		times	>1			2.0	1.8	1.9	2.2	2.2
- Car rental businesses		times	>1.25	**2.1**	2.0	2.0	2.3	2.3	2.4	2.0
Value added										
Number of employees				**15 396**	17 417	19 201	20 786	19 745	19 616	19 204
Revenue per employee	Revenue	R000's		**3 669.6**	3 646.1	3 302.8	3 201.6	3 186.9	3 342.8	3 136.0
	Average number of employees									
Value created per employee	Total value created per value added statement	R000's		**1 054.5**	1 055.5	846.2	778.0	790.1	813.6	751.1
	Average number of employees									
Employment cost per employee	Salaries, wages and other benefits paid to employees	R000's		**577.4**	531.2	497.6	469.9	452.7	469.0	453.6
	Average number of employees									
Ordinary shares performance – JSE										
Closing market prices per share										
– year-end (30 September)		SA cents		**11 560**	12 317	12 451	8 327	7 540	9 250	9 538
		US cents		**762**	870	922	606	544	819	948
– highest		SA cents		**11 887**	18 588	13 300	9 095	10 600	11 648	10 000
– lowest		SA cents		**10 850**	11 748	8 256	5 192	7 530	8 790	6 790
Number of shares in issue at 30 September##		million		**211**	211	211	211	212	213	213
Volume of shares traded		million		**590**	221	256	361	173	170	168
Value of shares traded		Rm		**68 044**	32 233	28 562	25 822	15 941	17 552	14 213
Earnings yield	Headline earnings per share	%		**7.5**	7.4	7.8	10.1	12.3	9.3	8.6
	Closing market price per share									
Dividend yield	Dividends per share	%		**4.2**	3.3	2.9	4.1	4.4	3.3	3.1
	Closing market price per share									
Total shareholder return – Barloworld Limited										
– Annual share price (loss)/gain		%		**(6.1)**	(1.1)	49.5	10.4	(18.5)	(3.0)	32.7
– Total shareholder return	Annual share price gain + dividend yield	%		**(2.0)**	2.2	52.4	14.5	(14.1)	0.3	35.7
Total shareholder return – JSE all share (Alsi) index										
– Alsi index (30 September)				**54 825**	55 708	55 580	51 950	50 089	49 336	44 032
– Gain/(loss) in Alsi index – year to 30 September		%		**(1.6)**	0.2	8.9	3.7	1.5	12.0	23.1
– Dividend yield		%		**4.2**	3.8	3.7	2.9	3.1	2.9	2.9
– Total shareholder return		%		**0.02**	3.3	12.6	5.7	4.6	15.0	26.0
Price: Earnings ratio	Closing market price per share	times		**10.5**	10.3	14.1	9.9	9.3	10.5	12.6
	Headline earnings per share									
Price: Earnings ratio – JSE Alsi index				**12.0**	13.6	20.2	23.4	26.7	16.9	19.8
Market capitalisation at 30 September	Closing market price per share X number of shares in issue at 30 September	Rm		**24 423**	26 004	26 223	17 570	15 995	19 664	22 043
Premium over/(under) interest of shareholders of Barloworld Limited	Market capitalisation – Interest of shareholders of Barloworld Limited	Rm		**799**	3 772	5 948	(1 372)	(3 431)	2 782	6 598

The number of shares in issue excludes shares issued in the respect of the B-BBEE transaction other than to the General staff trust
* Restated for continuing operations

Consolidated summary in other currencies# (unaudited)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	US Dollar 2019 $m	2018* $m	Pound Sterling 2019 £m	2018* £m	Euro 2019 €m	2018* €m
Income statement						
Continuing operations						
Revenue	**3 971**	4 620	3 111	3 427	3 522	3 881
Operating profit before items listed below	**359**	426	282	316	319	358
Impairment losses on financial assets and contract assets	**(9)**		(7)		(8)	
Depreciation	**(109)**	(126)	(85)	(93)	(97)	(106)
Amortisation of intangible assets	**(8)**	(11)	(7)	(8)	(7)	(9)
Operating profit before B-BBEE transaction charge	**234**	289	183	215	207	243
B-BBEE transaction charge	**(5)**		(4)		(5)	
Operating profit	**229**	289	179	215	202	243
Fair value adjustments on financial instruments	**2**	(9)	2	(7)	2	(8)
Finance costs	**(76)**	(88)	(59)	(65)	(67)	(74)
Income from investments	**13**	11	11	8	12	9
Profit before non-operating and capital items	**168**	203	133	150	149	170
Non-operating and capital items	**6**	(19)	5	(14)	5	(16)
Profit before taxation	**174**	183	138	135	154	154
Taxation	**(54)**	(68)	(43)	(51)	(49)	(51)
Profit after taxation	**120**	115	95	85	105	103
Income from associates and joint ventures	**15**	17	13	12	13	12
Net profit from continuing operations	**135**	132	108	99	118	115
Discontinued operations						
Profit from discontinued operations	**36**	167	28	124	32	140
Net profit	**171**	299	136	223	150	255
Attributable to:						
Owners of Barloworld Limited	**170**	187	133	138	150	157
Non-controlling interests in subsidiaries	**1**	112	3	85	0	98
Net profit	**171**	299	136	223	150	255
Headline earnings continuing operations	**128**	148	100	109	113	124
Earnings per share continuing operations (cents)	**63.4**	61.6	49.7	45.7	56.2	51.8
Ordinary dividends per share (cents)	**32.3**	35.5	25.3	26.3	28.6	29.8

Consolidated summary in other currencies# (unaudited) continued

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	US Dollar 2019 $m	2018* $m	Pound Sterling 2019 £m	2018* £m	Euro 2019 €m	2018* €m
Statement of financial position						
Assets						
Property, plant and equipment	**520**	894	422	686	477	770
Goodwill and intangible assets	**194**	240	157	184	178	207
Investment in associates, joint ventures and other non-current assets	**196**	174	159	133	178	150
Deferred taxation assets	**50**	50	41	38	46	43
Non-current assets	**960**	1 358	779	1 041	879	1 170
Current assets	**1 772**	2 087	1 438	1 600	1 626	1 797
Assets classified as held for sale	**381**	35	309	27	350	30
Total assets	**3 113**	3 480	2 526	2 668	2 855	2 997
Equity and liabilities						
Capital and reserves						
Share capital and premium	**29**	31	24	24	27	27
Reserves and retained income	**1 231**	1 221	999	936	1 130	1 051
Non-distributable reserves – foreign currency translation	**298**	319	242	245	273	275
Interest of shareholders of Barloworld Limited	**1 558**	1 571	1 265	1 205	1 430	1 353
Non-controlling interest	**18**	37	15	28	16	31
Interest of all shareholders	**1 576**	1 608	1 280	1 233	1 446	1 384
Non-current liabilities	**484**	630	393	483	444	542
Deferred taxation liabilities	**24**	45	19	34	22	38
Non-current liabilities	**460**	585	374	449	422	504
Current liabilities	**906**	1 233	734	945	831	1 063
Liabilities directly associated with assets classified as held for sale	**147**	9	119	7	134	8
Total equity and liabilities	**3 113**	3 480	2 526	2 668	2 855	2 997
Statement of Cash Flows						
Cash inflow from operations	**248**	131	194	96	220	110
Dividends paid (including non-controlling interest)	**(74)**	(73)	(58)	(54)	(66)	(62)
Net cash retained from operating activities	**174**	58	136	42	154	48
Net cash (used)/generated in investing activities	**(34)**	145	(27)	108	(30)	122
Net cash (used in)/from financing activities	**(200)**	83	(156)	62	(177)	70
Net (decrease)/increase in cash and cash equivalents	**(60)**	286	(47)	212	(53)	240
Exchange rates used:						
Balance sheet – closing rate (rand)	**15.16**	14.15	18.68	18.45	16.53	16.44
Income statement and cash flow statement – average rate (rand)	**14.31**	13.01	18.27	17.53	16.14	15.48

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African rand

* Restated for continuing operations

Audit Committee report

The Audit Committee's primary role is to assist the board to discharge its corporate governance and oversight responsibilities by ensuring the integrity of the group's financial and corporate reporting, overseeing the execution of the groups combined assurance model, and ensuring that adequate systems of internal control are in place regarding financial risks and that these controls are operating effectively.

The Audit Committee conducted its work in accordance with the written terms of reference approved by the board (information on this is recorded in the Corporate Governance Report) and is pleased to present its report in terms of the King Code, the Companies Act and the Listings Requirements of the JSE (the Listing Requirements) for the financial year ended 30 September 2019.

MEMBERSHIP

During the year under review the Audit Committee consisted of:

- SS Ntsaluba (Chairman)
- N Dongwana (appointed 14 February 2019)
- FNO Edozien (resigned 1 February 2019)
- HH Hickey
- M Lynch-Bell
- NP Mnxasana.

Nine meetings were held in the year. Details of attendance are included in the integrated report available at www.barloworld.com.

The Group Chief Executive Officer, Group Finance Director, Group Executive: Human Capital, internal auditors, external auditors and finance executives also attend meetings of the Audit Committee as invitees. The internal and external auditors both have unrestricted access to the Audit Committee and regularly have confidential meetings without members of executive management being present.

EXTERNAL AUDIT

THE AUDIT COMMITTEE

- Nominated and recommended to shareholders that Deloitte & Touche (Deloitte) be appointed as independent external auditors for the company and its subsidiaries (excluding the Barloworld Logistics group) and the appointment of B Nyembe as the independent designated auditor for the company for the financial year ending 30 September 2019 in compliance with the Companies Act and the Listings Requirements of the JSE Limited. Following the 2019 audit Deloitte have been the external auditors of Barloworld for 101 years and B Nyembe has been the designated auditor for the past four years;
- Nominated and recommended to shareholders of Barloworld Logistics Africa Proprietary Limited, a subsidiary of Barloworld Limited, that SizweNtsalubaGobodo-Grant Thornton (SNG-GT) be appointed as independent external auditors of the Barloworld Logistics business for the financial year ending 30 September 2019. Following the 2019 audit SNG-GT have been the external auditors for the Barloworld Logistics business for two years;
- In line with the requirement for external audit firm rotation we conducted a formal process for the appointment of a new external auditor for the 2020 financial year onwards. At the February 2020 Annual General Meeting we will nominate and recommend to shareholders that Ernst and Young (EY) be appointed as independent auditors for the company, with the arrangement of a shared audit with SNG-GT on a 70% EY: 30% (SNG-GT) basis. We will also nominate and recommend the appointment of S Sithebe as the independent designated auditor for the company for the financial year ending 30 September 2020 in compliance with the Companies Act and the Listings Requirements of the JSE Limited. Further details on this process are provided within this report.
- Received confirmation from all external auditors that they are independent of the group;
- Concluded that the risk of familiarity between the external auditor and management was sufficiently mitigated;
- Considered the quality control processes of the external auditors and specifically audit quality reviews conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of their routine review process;
- Considered and confirmed the proposed external audit fees for each division and the group in consultation with group management and approved the external audit engagement letter;
- Reviewed and approved the policy for non-audit services that can be provided by external auditors and the pre-approval authorisation process for these services that the external auditors may provide; and
- Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors and ensured that the scope of their additional (non-audit) services provided were, individually and in aggregate, in compliance with the group's policies in this regard. Refer to note 3 of the financial statements where fees paid to Deloitte are disclosed.

ACCOUNTING PRACTICES AND KEY AUDIT MATTERS

The Audit Committee reviewed the accounting policies and the annual financial statements of the company and of the group for the year ended 30 September 2019, for compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements, together with consideration of the findings from the JSE proactive monitoring of financial statements in 2018 and the preliminary findings of the JSE's thematic review of IFRS 15: Revenue from Contracts with Customers (IFRS 15) and IFRS 9: Financial Instruments (IFRS 9).

THE AUDIT COMMITTEE HAS CONSIDERED THE FOLLOWING KEY AUDIT MATTERS DURING THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019:

- **Goodwill and indefinite life intangible assets: Botswana, Zambia, Angola, Mozambique and Malawi (BZAMM)**

The Audit Committee spent time understanding the significant estimates and judgements applied in management's valuation and impairment assessments and challenged these where necessary. The Audit Committee assessed management's value-in-use calculations by considering, amongst others, the following:

- The reasonableness of management's assumptions used in determining future cash flows;
- The terminal value and discount rates applied in management's value-in-use calculations and the sensitivity of these assumptions to reasonably possible changes;
- The work of management's independent expert who assisted with the determination of the discount rates applied by management in their value-in-use calculations;
- The sensitivity analysis performed by management over the value-in-use calculation;
- The adequacy of the disclosures made in notes 11 and 12 to the financial statements; and
- Considered the work and assurance of the external auditor.

On this basis the Audit Committee was satisfied that the goodwill and indefinite life intangibles allocated to the BZAMM CGU have sufficient headroom to support their carrying value and that the disclosures presented in the financial statements are fairly presented in compliance with International Financial Reporting Standards (IFRS).

- **Presentation of Avis Fleet as held for sale and discontinued operations**

As at 30 September 2019, management took a firm decision to dilute the group's interest in Avis Fleet to a 50% shareholding, with the aim to form a joint venture ownership structure in this business. In terms of International Financial Reporting Standards (IFRS) 5 Non-current assets held for sale and discontinued operations, the group has reported the results of the Avis Fleet business separately as a discontinued operation and assets and liabilities held for sale.

In assessing this position the Audit Committee considered the following:

- The level of commitment demonstrated by management to the transaction together with the support of the board;
- The reasonableness of management's assertion that the dilution is highly probable within 12 months;
- Whether the actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn;
- The adequacy of the disclosures made within note 20 to the financial statements and the classification of the Avis Fleet business as a discontinued operation; and
- The work and assurance of the external auditor.

On this basis the Audit Committee was satisfied that the Avis Fleet business is correctly classified as assets and liabilities held for sale and a discontinued operation and that the disclosures presented in the financial statements are fairly presented and compliant with IFRS.

KEY AREAS OF FOCUS

In addition to executing on its statutory duties and the considering key audit matters, the Audit Committee also addressed the following key areas of focus during the year ended 30 September 2019.

- **Combined assurance: External and internal auditor rotation**

The company undertook a formal process for the appointment of a new external auditor for the 2020 financial year onwards. This process consisted of the following key steps:

- inviting a number of audit firms to confirm their willingness to participate in the audit request for proposal;
- determining selection criteria for the evaluation of the audit firms;
- interviewing and selecting potential lead audit partners from all tendering firms; and
- receiving written and oral presentations from the tendering audit firms.

EY were determined the successful firm in this process and have been appointed as the lead audit firm of the company and the group for 2020 and beyond. The audit will be a shared audit with SNG-GT on a 70%:30% basis in 2020, with SNG-GT's participation increasing over time in the anticipation of ultimately a joint external audit from 2023 onwards.

A similar process is currently underway for the appointment of a new co-sourcing internal audit firm to support the existing Barloworld internal audit team. We expect this appointment to be concluded by March of 2020.

- **New accounting standards**

In addition to IFRS 15 and 9, the Audit Committee considered all new standards applicable for the 2020 financial year, in particular IFRS 16: Leasing and IFRIC 23: Uncertainty over income tax treatments as well as interpretations and amendments to standards in issue that are not yet adopted but are likely to affect the financial reporting in future years. The Audit Committee also reviewed the related disclosure thereof in the annual financial statements.

INTERNAL AUDIT

THE AUDIT COMMITTEE

- Reviewed the appropriateness of the internal audit charter and recommended the approval of the charter by the board;
- Approved the one-year operational internal audit work plan as well as the capacity and resources within the internal audit function to execute its work plan and monitored adherence of internal audit to its annual plan;
- Monitored and supervised the functioning and performance of internal audit, compliance with its charter and reviewed and approved the annual risk-based audit plans, resources and budgets;
- Reviewed the appropriateness of the group's combined assurance model to ensure that the significant risks identified in the high-level risk assessments are adequately addressed;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes as well as their concerns arising out of their audits and requested appropriate responses from management;
- Reviewed the results of the financial control management self-assessments as contained in the Barloworld internal control matrix which is completed in respect of all business units and operations in the group;
- Reviewed and evaluated the nature and extent of the documented review of internal financial controls performed by internal audit and evaluated whether any weaknesses identified in such financial controls were considered sufficiently material to be reported to the board and the stakeholders;
- Reviewed the report prepared by internal audit regarding the risk management process in the group and the level of embeddedness of such processes within each operating division;
- Reviewed the group information security policy and the results of the internal self-assessments of the levels of control in place across the group;
- Reviewed the results of divisional and business unit disaster recovery self-assessments, the testing of such plans and the internal audit review of such disaster recovery plans;
- Reviewed the performance and confirmed the suitability and expertise of the group head of internal audit G Dimitriadis; and considered the appropriateness of the expertise and adequacy of the resources of the group's internal audit function; and
- Nominated and recommended the appointment of MASA as a co-sourcing partner to Barloworld's existing internal audit function for the 2019 financial year.

INTERNAL CONTROL

Based on the results of the formal documented review of the group's system of internal controls and risk management conducted by internal audit function during the 2019 financial year and having given due consideration to the results of assurance activities of various assurance providers including considering information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the Audit Committee that caused it to believe that the group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

COMBINED ASSURANCE

The Audit Committee has reviewed the company's combined assurance model and has satisfied itself with its completeness. Whilst the Risk and Sustainability Committee of the Board has the primary responsibility to assist the Board with discharging its duties in relation to the risk management, the Audit Committee takes a keen interest in risk management line with its responsibility for internal controls as they relate to financial matters.

The Audit Committee has satisfied itself that the company has sufficient coverage obtained from management, external and internal assurance providers to manage financial risks and the control environment.

EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND THE FINANCE FUNCTION

THE AUDIT COMMITTEE

- Reviewed the performance and confirmed the suitability and expertise of the Group Finance Director, N Lila and DG Wilson (DG Wilson was the Group Finance Director until his retirement from the Board on 14 February 2019, after which he was in the role of Acting Chief Financial Officer of the group until the appointment of N Lila on 1 August 2019).
- Considered the appropriateness of the expertise, diversity and adequacy of resources of the group's financial function and the effectiveness of the senior members of management responsible for the finance function.
- Was involved in the appointment of N Lila who was appointed as the Group Finance Director on 1 August 2019 and who will be recommended for approval at the next annual general meeting of the company planned for February 2020.

FINANCIAL STATEMENTS

THE AUDIT COMMITTEE

- Considered accounting treatments, significant or unusual transactions and accounting judgements;
- Considered the appropriateness of accounting policies and any changes made;
- Met separately with management, external audit and internal audit and the chairman attended the risk & sustainability committee meetings;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the group's financial statements, internal controls of the group and any related matters. The Audit Committee can confirm that there were no such complaints during the year under review;
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - The interim results for the six months ended 31 March 2019;
  - The audited annual results for the year ended 30 September 2019; and
- Reviewed the working capital packs prepared by management to support the board's going concern statement at reporting dates as well as the solvency and liquidity tests required in terms of the Companies Act.

FINANCIAL STATEMENTS AND INTEGRATED REPORTING

The Audit Committee considered the Barloworld Limited consolidated and company financial statements, and the summarised consolidated financial statements, (together the financial statements) for the year ended 30 September 2019. The Audit Committee, in conjunction with other Board sub-committees has also considered the non-financial information as disclosed in the integrated report and has assessed its consistency with operational and other information known to Audit Committee members. The Audit Committee has also considered the assurance provider's report and is satisfied that the information is reliable and consistent with the financial results. The financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

At their meeting held on 12 November 2019 the Audit Committee recommended the financial statements for the year ended 30 September 2019 for approval to the board.

SS Ntsaluba
Audit Committee Chairman

For and on behalf of the Barloworld Limited Audit Committee

15 November 2019

Assurance

Assurance report for selected non-financial indicators

MANDATE

The role of internal audit as defined by the Institute of Internal Auditors (IIA) is "Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Barloworld Group Internal Audit Services (BGIAS) is authorised to:

- Decide on the nature, scope and timing of audits in conjunction with management
- Enter all premises of the companies within the group and have access to and inspect all documents and records
- Require any officer of the group or any company in the group to supply such information and explanations as may be needed
- Hold discussions with line managers and employees of the group at any reasonable time.

Management requested BGIAS to perform agreed upon procedures on selected non-financial indicators (Sustainability and Human Capital) for the 2019 financial period for Barloworld Limited.

OBJECTIVE AND SCOPE OF THE REVIEW

The main objectives of the review was to determine the accuracy, completeness and validity of data with regards to key sustainability and human capital indicators as reported including:

- Sustainability indicators are reported on Credit360 and then uploaded to Hyperion Financial Management (HFM) on a quarterly basis
- Human capital indicators are captured on an offline Excel HR pack which is uploaded to HFM bi-annually.

SCOPE OF THE REVIEW:

The **scope of the review** included the verification of the reported non-financial indicators against supporting documentation to determine the numbers reported are accurate, valid and complete.

The following selected non-financial indicators were in scope:

- **Human capital**
  - **People:**
    - Total number of employees
    - Employee breakdown by race (RSA only) and gender
  - **Safety:**
    - Number of work-related fatalities
    - Lost-time injury frequency rate
- **Natural capital**
  - **Energy:**
    - Fuel consumption – petrol and diesel (ML)
    - Grid electricity consumption (MWh)
    - Non-renewable energy consumption (GJ); including consumption by primary energy source
  - **Carbon emissions (tCO_2e):**
    - Scope 1 including emissions by primary energy source;
    - Scope 2 emissions;
    - Scope 3 rental fleet emissions – Avis Budget South Africa
  - **Water:**
    - Water withdrawals (municipal sources) (ML)

Selected transactions and activities for the period 1 October 2018 to 30 September 2019 were reviewed.

A discussion was held with the executive: sustainability and group sustainability manager to discuss the scope and timing of the agreed upon procedures. There were no incidents of theft/fraud which took place in the last six months. No specific areas of relatively high risk or concern were highlighted by management that required inclusion in the scope of the agreed upon procedures.

No limitations were placed on the scope of the review or the work performed.

MANAGEMENT RESPONSIBILITY

It is the responsibility of management to develop and implement controls to prevent and/or detect errors, misstatements or fraud. Although the probability of fraud will be considered during the development of the review objectives due to the inherent limitations of our internal audit approach for the review, namely discussions, sample testing and observations, our review should not be relied upon to disclose all internal control deficiencies, irregularities and fraudulent activities which may exist. Internal audit can, at the request of management, specifically address fraud issues in separate fraud investigations.

SUMMARY OF WORK PERFORMED

Our agreed upon procedures included the following:

- Obtaining a business understanding and knowledge by reviewing background information including system descriptions and interviewing relevant personnel
- Identifying and obtaining data relevant to achievement of the in-scope non-financial indicators and ensure completeness thereof
- Verification of the reported non-financial indicators against supporting documentation to determine that the numbers reported are accurate, valid and complete
- Report on the results of the work to the relevant stakeholders.

Our review was guided by the International Standards for the Professional Practice of Internal Auditing, as issued by the Institute of Internal Auditors and by the IIA International Standards for the Professional Practice of Internal Auditing Code of Ethics.

SCOPE EXCLUSION

As this was not an audit, a review of the adequacy and effectiveness of internal controls over selected non-financial indicators was not performed.

OVERALL CONCLUSION

Based on the agreed upon procedures conducted on selected non-financial indicators for the period 1 October 2018 to 30 September 2019, and based on the inherent limitations of sampling, BGIAS confirms that nothing has come to our attention which leads us to believe that the selected non-financial indicators are not accurate, valid and complete.

G Dimitriadis

GEORGIA DIMITRIADIS
Head of Barloworld Group Internal Audit Services

Assurance matrix 2019

	REPORTING ASPECT ASSURED	INDEPENDENT ASSURANCE PROVIDERS	SCOPE OF REVIEW	FRAMEWORK/ STANDARD	OUTPUT	FREQUENCY
1.	Annual financial statements	External audit	Annual financial statements audit	IFRS Companies Act International Standards on Auditing (ISA)	External audit opinion	Annual
2.	Interim financial results	External audit	Review of interim financial results	International Standard on Assurance Engagements (ISAE 2410) Companies Act International Standards on Auditing (ISA)	Assurance statement	Annual
3.	Internal controls and risk management process	Group internal audit	Review of risk management, operational and non-financial reporting processes	Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing Barloworld group internal audit methodology	Internal audit opinion on the adequacy and effectiveness of controls and risk management processes	Annual
4.	Internal financial controls	Group internal audit	Assurance on the adequacy and effectiveness of financial controls	Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing Barloworld group internal audit methodology Barloworld Internal Financial Control Framework	Internal audit opinion on financial controls	Annual
		External audit	Assurance on the adequacy and effectiveness of financial controls	International Standards on Auditing (ISA) International Standard on Assurance Engagements (ISAE 2410)	External audit reports	
5.	Key non-financial indicators	Group internal audit	Agreed upon procedures performed on selected key non-financial performance indicators	Guided by the International Standards for the Professional Practice of Internal Auditing, as issued by the Institute of Internal Auditors and by the IIA International Standards for the Professional Practice of Internal Auditing Code of Ethics	Internal audit review result	Annual
6.	Black economic empowerment rating	Siyandisa Verification Solutions	Verification of empowerment status	Department of Trade and Industry (dti) Broad-Based Black Economic Empowerment (B-BBEE) scorecard	Empowerment rating certificate	Annual

Glossary

ABG	Avis Budget Group
BAW	Barloworld
B-BBEE	Broad-Based Black Economic Empowerment
BBS	Barloworld Business System
BCO	Barloworld Corporate Office
CATfin	Caterpillar Finance
CHP	Combined Heat and Power
CNG	Compressed natural gas
COJ	City of Johannesburg
CO_2	Carbon dioxide
CSI	Corporate Social Investment
D&I	Diversity and inclusion
DRC	Democratic Republic of Congo
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ESG	Environmental, social and governance
EMPR	Extended mining product range
ETR	Effective tax rate
ESD	Enterprise and supplier
EVP	Employee value proposition
EWT	Endangered Wildlife Trust
Genset	Generator set
GHG	Greenhouse gas
GJ	Gigajoule
GMP	Guaranteed minimum pension
GRI	Global Reporting Initiative
HC	Human capital
HCD	Human-centred design
HEPS	Headline earnings per share
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMF	International Monetary Fund
JV	Joint venture
KL	Kilolitres
kWh	Kilowatt hour
LCF	Leadership Competency Framework
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LTIFR	Lost-time injury frequency rate (Number of lost-time injuries multiplied by 200 000, divided by total hours worked)
M&A	Mergers and acquisitions
MAR	Measure, Avoid and Reduce
MARSO	Measure, Avoid, Reduce, Switch and Offset
MDI	Managing for Daily Improvement
ML	Megalitre
MWh	Megawatts per hour
NAAMSA	National Association of Automobile Manufacturers of South Africa
NDoT	National Department of Transport
NOPAT	Net operating profit after tax
OEMs	Original Equipment Manufacturers
PBS	Performance-based standards
PV	Photovoltaic
PQDCG	People Development, Quality, Delivery, Cost, and Growth
R&D	Research and development
RIE	Rapid improvement event
RoA	Rest of Africa
ROE	Return on equity
ROIC	Return on invested capital
RoU	Right of use
RPA	Robotic process automation
RTGS dollar	Real-time gross settlement dollar
SDGs	Sustainable Development Goals
SHE	Safety, Health and Environment
SMMEs	Small, medium and micro-enterprises
tCO_2e	Tons of carbon dioxide equivalent
TED Dialogues	Transformation Empowerment Dialogues
TPS	Toyota Production System
T4A	Technicians for Africa
US	United States of America
VSA	Value stream analysis

Corporate information

BARLOWORLD LIMITED

(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN codes: ZAE000026639 and ZAE000026647

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NP Dongwana

FNO Edozien*

HH Hickey

MD Lynch-Bell**

NP Mnxasana

SS Ntsaluba

P Schmid

HN Molotsi

NV Mokhesi

DM Sewela

NV Lila

* *Nigerian*
** *British*

COMPANY SECRETARY

A Ndoni

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