



Barloworld



Integrated report

For the 12 months ended
30 September 2023

**Well-positioned
to deliver
stakeholder value
by consistently
executing on our
strategy**

Introduction

Welcome to our 2023 integrated report. This report unpacks the group's execution of its strategy. It discloses the information we have identified as material as well as sustainability-related risks and opportunities. Our dependence on the resources and relationships throughout our value chain and our impact on those resources and relationships give rise to the risks included in this report.



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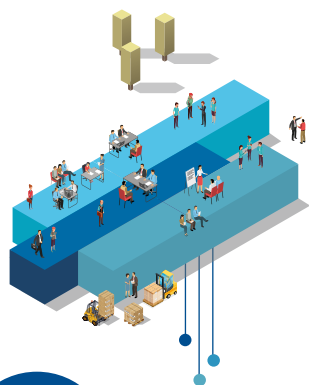
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Purpose

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

Vision

We create enduring economic and social value for our stakeholders by building businesses that serve industrial customers

Ambition

To achieve our ambition of sustainably doubling the intrinsic value created every four years, we need to be forward-looking in approaching our business. The group has pivoted its portfolio towards defensive, relatively asset-light and cash-generative industrial sectors based on a business-to-business operating model to achieve this.

About our report

This report details the activities of Barloworld and its subsidiaries, headquartered in Johannesburg, South Africa and listed on the Johannesburg Stock Exchange (JSE).



Scope and boundary

The Group's integrated reporting boundary covers the group's



Industrial Equipment and Services:

Barloworld Equipment offering earthmoving equipment, industrial services and power systems:

Equipment southern Africa with operations in Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Eswatini, Zambia, Zimbabwe and the Democratic Republic of Congo's (DRC) Katanga province through a joint venture with Bartrac.

Equipment Eurasia operates in Russia (Siberia) under the **Vostochnaya Technica (VT)** brand and in Mongolia under the **Equipment Mongolia** brand.

Consumer industries:

Ingrain, with operations in South Africa, provides large enterprises with ingredients essential to manufacturing a range of products, including food and beverages, paper, pharmaceuticals, building materials and adhesives.

Our integrated reporting process

The reporting process begins with an internal and external materiality identification process described on [page 25](#) of this report. It is overseen by our board, guided by our executive committee (exco), assured through our combined assurance model and prepared using group-wide collaboration.

During the drafting process, the heads of various functions and our exco reviewed content and provided the reporting team with feedback, which was included in the draft circulated to the audit committee. Audit committee members provided input to exco and senior management on the draft. A revised draft was then prepared and distributed to all board members, and further changes were made based on their feedback.

The reporting frameworks applied in the preparation of our report

Our integrated reporting is guided by the:

- Principles and requirements of the International Integrated Reporting Framework (2021)
- Global Reporting Initiative's (GRI) standards
- Sustainability Accounting Standards Board's (SASB) Agricultural Products and Industrial Machinery and Goods Sustainability Accounting Standards.

Adheres to the:

- Companies Act, 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements
- Principles of the King IV™ Report
- International Financial Reporting Standards (IFRS).

Applies the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard and has adopted the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In response to investor demands for improved disclosure, Barloworld welcomes the publication of the ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the IFRS S2 Climate-related Disclosures standards in June 2023.

Providing information required by the readers for whom this report has been prepared

Our reporting is intended to provide information on our sustainability-related risks and opportunities that the investor community and providers of debt require to make an informed assessment of our performance in terms of creating, sustaining or eroding value during the year under review, and what our performance in this regard is likely to be in the mid to long term. Our dependence on the resources and relationships throughout our value chain, and our impact on these resources and relationships give rise to the group's sustainability-related risks and opportunities.

We also intend providing information relevant to our other key stakeholders, including our employees, customers, government, regulators and society.

Our approach to materiality

We apply the principle of materiality and the concept of double materiality in assessing what information should be included in our integrated report. We define material matters as those most material to the group's ability to create, maintain or erode enterprise value in the short, medium and long term through our annual materiality determination process. We base our reporting on the results of this process. The process we followed is set out in the [Material matters and the risks and opportunities they create](#) section of this report.

Ensuring the integrity of our report

The publication and integrity of the financial and non-financial information listed companies provide are critical elements of a well-functioning market. We use a combined assurance model to ensure the information we provide and our underlying processes support the credibility and integrity of our reporting. Execution of our assurance plan includes assurance obtained from management and our internal and external assurance providers. Our joint auditors, Ernst & Young Inc. and SNG-Grant Thornton Inc., audited our consolidated annual financial statements. At the same time, PricewaterhouseCoopers Inc. provided limited assurance on selected sustainability information in our 2023 integrated report. The execution of our assurance plan and our reporting are monitored by the audit committee, which provides assurance to the board annually on their execution. The group's financial, operating, compliance and risk management controls are assessed by the group's internal audit function, which the audit committee oversees.

The audit committee has provided feedback on its progress in the integrated report this year. Its information can be found in our annual financial statements on our website at www.barloworld.com/investors/integrated-reports/

Reporting element	Assurance providers and assurance functions
Consolidated annual financial statements	Audited by Ernst & Young Inc. and SNG-Grant Thornton Inc.
Selected sustainability information	Limited assurance provided by PricewaterhouseCoopers Inc.
Financial, compliance and risk management controls	Internal audit function Group risk and compliance

We value your feedback to ensure we provide you with the information you require. Please e-mail your feedback to bawir@barloworld.com



Icons used to assist in navigating this report

LA	Limited assurance
	Reference to more information on our website
Six capital icons:	
	Financial,
	Manufactured,
	Intellectual,
	Human,
	Social and relationship,
	Natural
	Report on Corporate Governance for South Africa (King IV™*)

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Navigating our 2023 reports

Our reporting is intended to provide information that the investment community and providers of debt require to make an informed assessment of our performance in terms of creating, sustaining or eroding value during the year under review and what our performance in this regard is likely to be in the mid to long term. However, we also intend providing information relevant to our other key stakeholders, including our employees, customers, government, regulators and society.

Our integrated report is our primary report to stakeholders. It aims to provide a balanced, concise view of how Barloworld has applied its resources to create value in the year under review at www.barloworld.com/investors



Annual financial statements provide a comprehensive report on Barloworld's financial performance for the year at www.barloworld.com/investors



King IV application register provides a summary of our application of the principles of King IV at www.barloworld.com/investors/king-iv/



Our remuneration report accounts for the compensation paid to executives, directors and prescribed officers. It is published on our website at www.barloworld.com/investors/integrated-reports/



The social, ethics and transformation committee (SETC) report is also available on our website at www.barloworld.com/investors/integrated-reports/



Global Reporting Initiative

Our GRI index provides disclosure on key environmental, social and governance elements that could have a material impact on our business or on the external environment if not managed effectively. It is available on our website www.barloworld.com/investors/integrated-reports/

Forward-looking statements

In this report, we may make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our prospects, developments and business strategies. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of publication of this report so that they conform to changes in our expectations.

Board approval

Our integrated report for the year ended 30 September 2023 is one of our primary vehicles for communicating with our stakeholders. It has been prepared to provide a balanced, transparent, and integrated review of the group's financial performance and our material sustainability matters during the financial year.

The board of directors acknowledges its oversight of the integrity of the group's reporting. The audit committee oversees the preparation of this report and interrogates the content, process and assurance regarding its integrity. The other board committees also provided oversight of the content related to their respective mandates. The audit committee recommended the 2023 integrated report for approval by the board.

The board reviewed the 2023 integrated report to satisfy itself as to its veracity and the balance achieved in the report and to consider whether the report reflects the collective mind of the board.

The board considered materiality for the integrated report and the effect of the presence or absence of information on the accuracy or validity of a statement in the integrated report on a stakeholder decision.



The board satisfied itself with the authenticity of information used for internal decision-making by management, the board and its committees, as well as the integrity of the integrated report.

The board is of the view that, to the best of its knowledge and belief, the integrated report addresses matters material to stakeholder decision-making by explaining the impact of the group's value-creation process over time. It takes into consideration the group's impact on its stakeholders and the environment in which it operates.

The board approved the report on 8 December 2023.

Nolulamo Gwagwa Chairman

Dominic Sewela Group Chief Executive Officer

Nopasika Lila Group Finance Director

Neo Mokhesi Lead independent director

Nicola Chiaranda

Hester Hickey

Hugh Molotsi

Nomavuso Mnxasana

Vuyisa Nkonyeni

Bashirat Odunewu

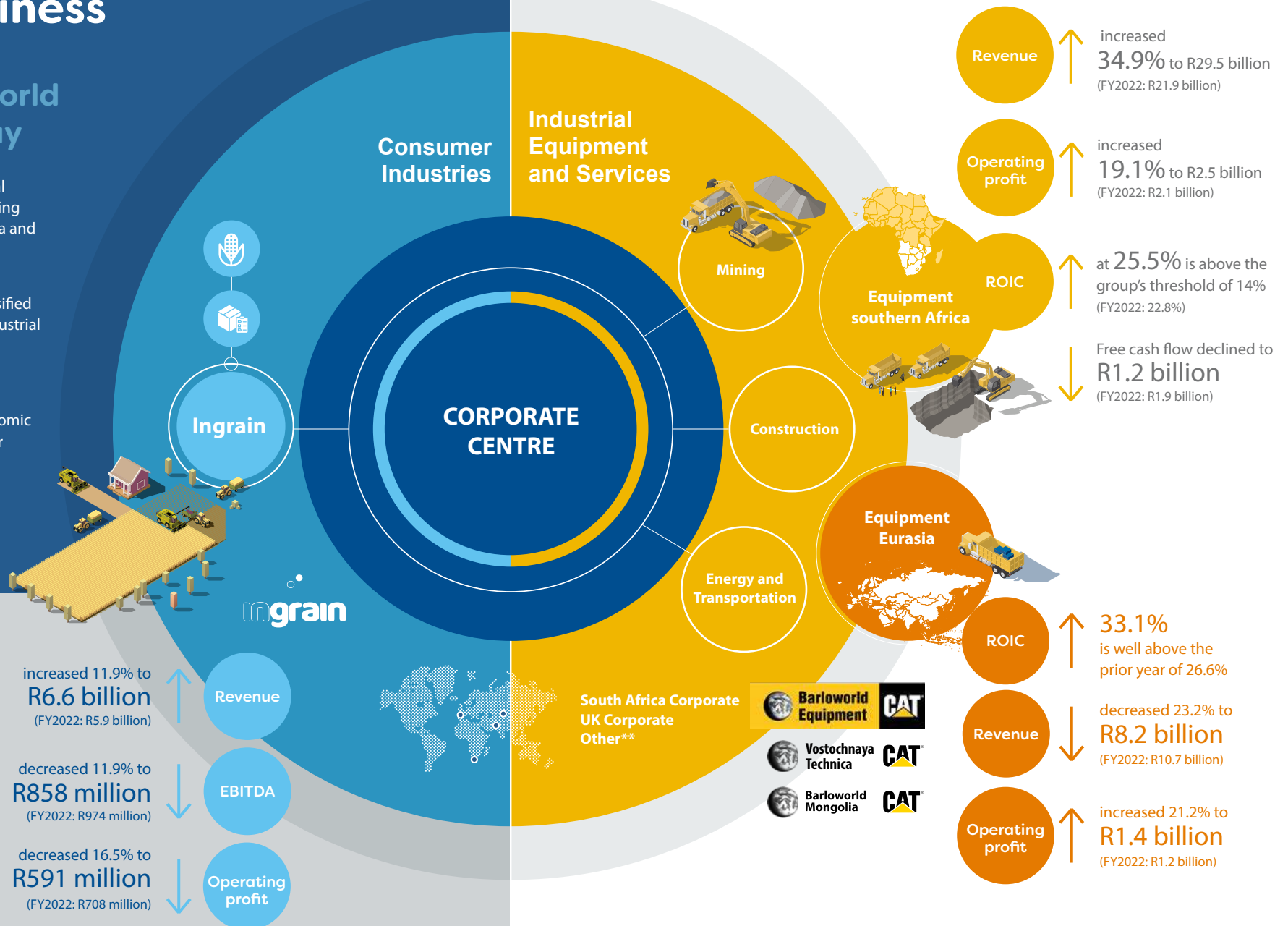
Peter Schmid

Our business

The Barloworld Group today

Barloworld is an industrial holding company operating mainly in Africa, Mongolia and Russia that:

- focuses on asset-light, cash-generative, diversified businesses serving industrial customers
- delivers value-creating returns
- creates enduring economic and social value for our stakeholders.



** Other includes Salvage Management and Disposals Proprietary Limited (SMD), Khula Sizwe, Handling and Corporate Office.

Our strategy for a sustainable future



Fix and Optimise

We continued to deliver on our strategic lever of fixing and optimising our existing business portfolio to ensure we extract its full potential. In line with our focus on optimally deploying capital within the group, we exited our investments in Logistics at the end of March 2023.

We also completed the unbundling of our car rental and leasing business, Zeda Limited, on 13 December 2022. Going forward, our focus will remain on reviewing businesses with low operating performance and implementing the various disposal and corporate actions intended to simplify the group's portfolio.

Active shareholder operating model

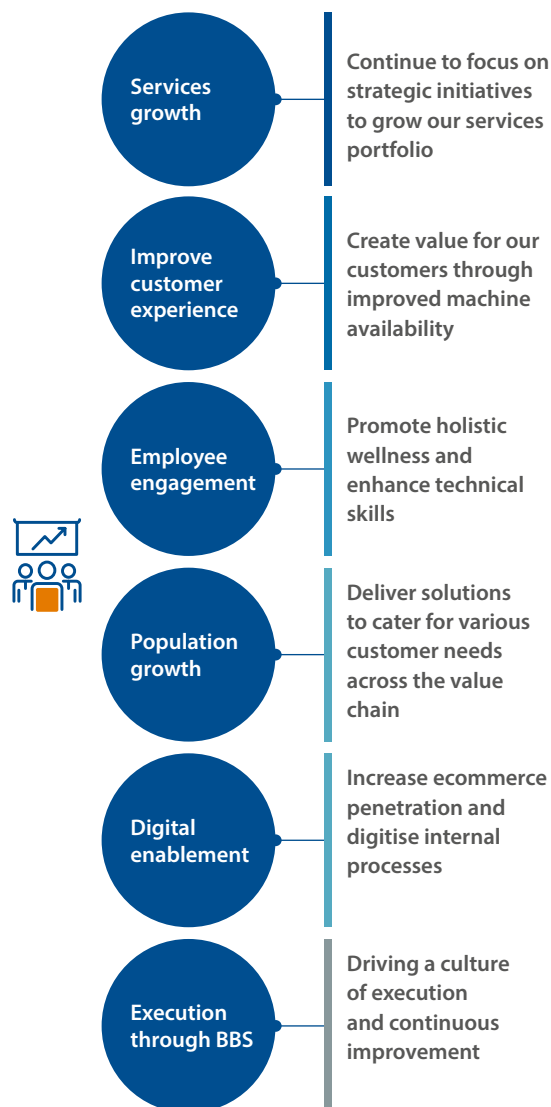
The role of our Corporate Centre remains one of an active shareholder operating model. This is a key component of our "managing for value model" and focuses on:

- setting strategy and driving transactions through a **centralised** (M&A) function
- a **centralised management** team and the deployment of leadership and talent to the best suited opportunities within the group
- monitoring, measuring and **rewarding performance** that contributes to the achievement of the group's strategic priorities allocating organisational resources to support performance and deliver on strategy, including responsibly allocating these in terms of our overall strategic objectives
- **responsible corporate citizenship** and ethical and effective leadership that ensure socio-economic and environmental outcomes that meet stakeholder expectations by creating future sustainable enterprise value.

Organic and inorganic growth

As we near the completion of our identified portfolio changes, future growth is being actively considered, in line with our identified strategic growth segments, investment guardrails and capital allocation framework.

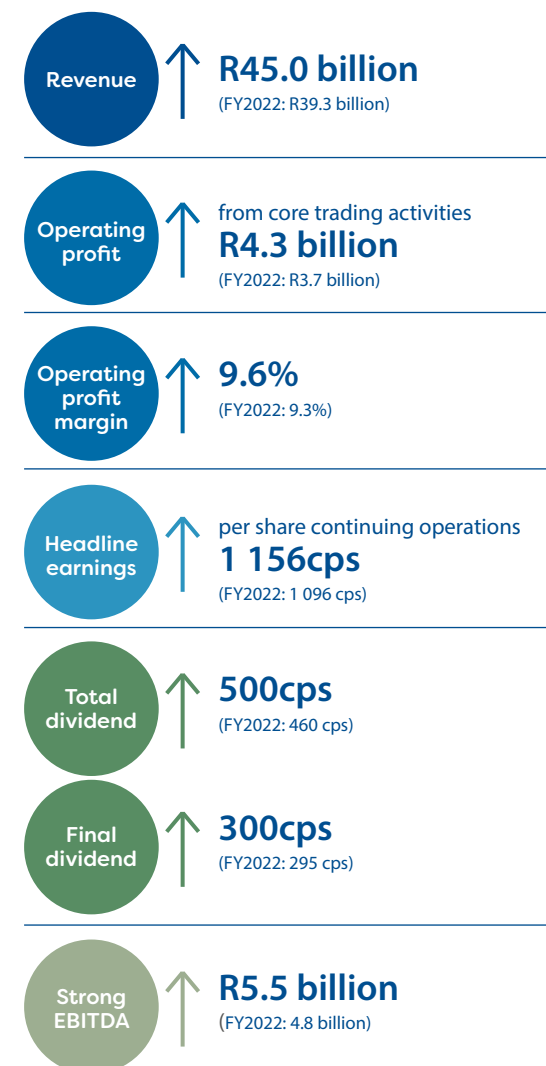
Delivering value to our stakeholders



Executing on our sustainability commitments

	Inclusion Gender-linked bond: R1.4 billion	Planet Sustainability-linked bond and loan: R2.1 billion
KPI#1	Gender diversity in leadership throughout the organisation	Solar photovoltaic (PV) consumption (MWh)
FY2021 Baseline	44.9%	1 396MWh
FY2023 Target	48.7%	≥1 680MWh
FY2023^{LA} Performance	52.6%^{LA}	2 136MWh^{LA}
Target	Target exceeded	Target exceeded
KPI#2	Growing the proportion of black women-owned businesses in our South African supply chain	Lost-time injury frequency rate (LTIFR)
FY2021 Baseline	13.8%	0.37
FY2023 Target	14.7%	≤0.35
FY2023^{LA} Performance	42.26%^{LA}	0.17^{LA}
Target	Target exceeded	Target exceeded

The financial outcomes of our strategy in action



Our commitment to sustainability and creating enterprise value

Barloworld aims to achieve excellence in all aspects of our commitment to purposeful **environmental stewardship**, our active role in **society** and our approach to leadership and **governance** (ESG), which we see as a business enabler. The capital we allocate to our environmental and social projects contributes to achieving our vision of **creating enduring economic and social value for our stakeholders**.

There is a growing demand from capital markets for better information on how companies manage sustainability-related matters that will allow investors to factor the risks and opportunities these matters present into their assessment of enterprise value. In response to this demand, the International Sustainability Standards Board (ISSB) published the ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the IFRS S2 Climate-related Disclosure Standards, while the JSE published the JSE Sustainability and Climate Disclosure Guidance initiative. The application of the IFRS S1 and S2 standards will enhance the value of information by making it comparable, verifiable, timely, relevant and understandable to those assessing organisations' enterprise value. Barloworld welcomes the opportunity this creates to enhance the value of the information we provide on sustainability-related matters in future.

Our response to the growing demand for better information

We continually seek to align with global sustainability disclosure framework requirements. Currently, Barloworld's FY2023 integrated reporting applies or is guided by the existing major international reporting frameworks and complies with the applicable legislation, listings requirements, principles and standards, which are set out in the introduction to this report.

The sustainability reporting in our integrated report is supported by the sustainability-related documents available on our website, which are our:

- **GRI Content Index and responses**
- **Response to the TCFD reporting requirements**
- **Voluntary CDP climate change and water security responses**
- **ESG update**

And our support of the United Nations (UN) Sustainable Development Goals (SDGs).



Our efforts to meet the requirements of sustainability disclosure frameworks have earned Barloworld:

ISS 1 ratings for Environment, Social and Governance



MSCI AA ESG rating







We have provided information on the **material matters** we identified, the **risks and opportunities** they create and how we have mitigated these risks and taken advantage of the opportunities they present. It provides stakeholders with decision-useful information on our sustainability-related risks and opportunities, which they need to assess enterprise value.

The **limited assurance** engagement conducted by independent practitioners, PricewaterhouseCoopers regarding selected sustainability information supports the credibility and integrity of our reporting.

Our commitment to sustainability and creating enterprise value (continued)

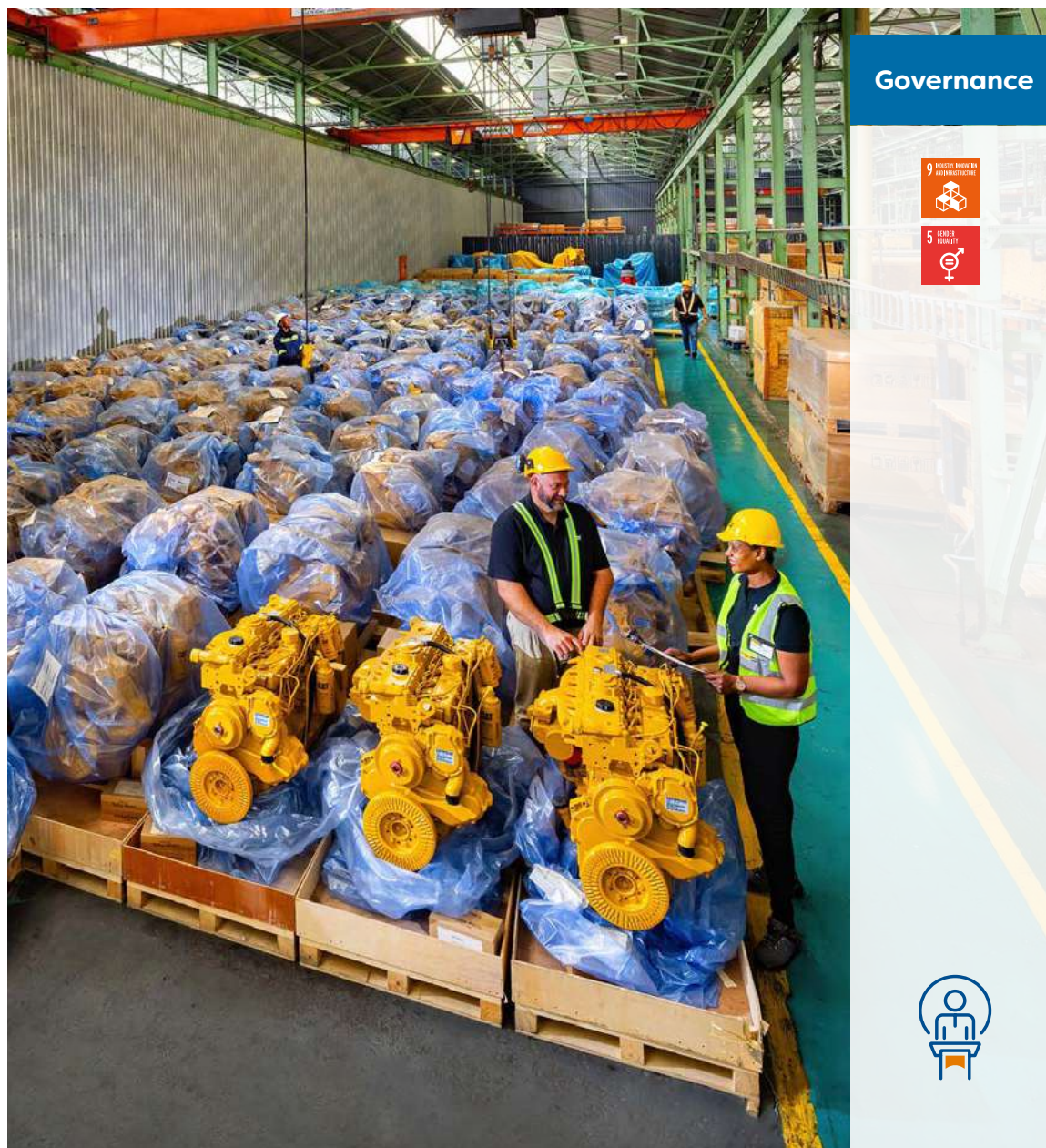
Our key ESG metrics

To assess the impact of our ESG focus, we measure or monitor, where applicable, the metrics set out in the table that follows.

Environment	Sustainability-related risk area	KPIs measured and monitored	Social	Sustainability-related risk area	KPIs measured and monitored
 	Climate change	Energy consumption – renewable and non-renewable*		Safety, health and wellness	Number of work-related fatalities
		Greenhouse gas emissions (GHG) (Scope 1 and 2 emissions) reduction			Number of lost-time injuries
		Intensity of our carbon emissions (Scope 1 and 2)			Lost-time injury frequency rate (LTIFR)
		Intensity of group's use of non-renewable energy			Response to the wellness support provided
		Intensity of our municipal water withdrawal against our 2021 baseline		Skills development	Enrolment in apprenticeships, internships and learnerships
		Tracking of water withdrawals (municipal sources)			Beneficiaries of our Young Talent Programme
		Water disposal by destination, including recycling			Awarding of external and internal bursaries
		Responsible disposal of waste			Training and development contributing to a just transition throughout the group
		Waste disposal by destination, including recycling		Transformation	Leadership transformation
					Gender-linked bond
Products and services	Shifts in consumer behaviour for lower carbon and energy products	Component manufacture and rebuild sales			Diversity and inclusion in our top, senior and middle management teams in South Africa
		Energy solutions, including biogas, solar PV, etc			Diversity and inclusion throughout the group
				Employee engagement	OneBarloworld Employee Engagement Survey
				Education focus	Improving science, technology, engineering and mathematics teaching through the Barloworld Foundation
				Disaster relief	Assisting communities severely impacted by extreme weather conditions
				Enabling social impact	Impact of providing financial and non-financial support to social enterprises (Mbewu)
				Economic transformation	Advancing economic transformation through the participation of black people in the mainstream economy (Khula Sizwe)
					Developing sustainable SMEs through our enterprise and supplier development (ESD) programme, Siyakhula
					Preferential procurement from Siyakhula participants

* See targets and KPIs to manage and reduce our impact on climate change for details of divisional intensity measures and targets.

Our commitment to sustainability and creating enterprise value (continued)



Governance



Sustainability-related risk area	KPIs measured and monitored
Effective control	Facilitate delegation of authority to the committees and verify that governance policies and processes are applied
	Promotes independent judgement and protects shareholder interests
	Promotes diversity and inclusion of diverse skills and experience as well as gender and racial diversity and inclusion at board level
Ethical culture	Takes responsibility for leading ethically and establishing an ethical culture
Good performance against strategy	Supports the achievement of a good performance against our strategic objectives
Legitimacy	Engages with our key stakeholders and takes into consideration their needs, interests and expectations
	Ensures that the group plays a key role in society as an employer, taxpayer, contributor to transformation and economic growth, and as a responsible corporate citizen
Risk management	The Barloworld board assumes responsibility for the governance of risk in the group





Our commitment to sustainability and creating enterprise value (continued)

The group supports the UN SDGs, the 17 global goals developed by the United Nations to be achieved by 2030. Barloworld has prioritised 12 of the SDGs based on what we believe our contribution to them can be. Our contribution to these SDGs is addressed throughout this report.

Our main focus

	End poverty in all its forms everywhere
	Good health and well-being
	Quality education
	Gender equality
	Decent work and economic growth
	Reduced inequalities
	Responsible consumption and production
	Climate action

Our direct contribution

	Zero hunger
	Affordable and clean energy
	Industry innovation and infrastructure
	Make cities and human settlements inclusive, safe, resilient and sustainable



**LULU
GWAGWA**
Chairman



Chairman's review

The group's results in FY2023, achieved against a challenging local and global macroeconomic environment, are to be commended. The **Group Chief Executive** will provide you with the details of Barloworld's performance against strategy in his review. I want to take this opportunity to congratulate our executive team on their commendable execution of the group's strategy since the strategic review in 2017.

While the group's revenue has decreased since we simplified and reduced the size of our portfolio, pivoting from low-margin businesses to high-margin businesses, focusing on two verticals: Industrial Equipment and Services and Consumer Industries, we have achieved substantial net positive growth on a cumulative basis in our headline earnings per share (HEPS). In FY2017, our HEPS was 883 cents per share (cps). In FY2023, the HEPS from continuing operations was 1 156 cps.



We simplified and reduced the size of our portfolio

It is also worth mentioning the role Barloworld Business Systems (BBS) play in driving execution in our businesses. Its implementation has made an essential contribution to our success, which includes its introduction to Ingrain and Mongolia. There is little room for mistakes in the current environment, and BBS is integral in helping our businesses execute systematically and effectively.

52.6%^{LA} Women in our leadership team (board and exco)



We have already exceeded our 2025 target of 50%

I'm also pleased to see our progress regarding diversity and inclusion reflected in our achievements against the key performance indicators (KPIs) of our gender-linked bond of R1.14 billion. In FY2023, we exceeded our target of women making up 48.7% of our leadership team when women made up 52.6%^{LA} of this team. This means we have already exceeded our 2025 target of 50%. We also exceeded our target for growing black women-owned businesses participating in our South African supply chain of 14.7% in FY2023, when we achieved 42.26%^{LA} growth.

Our diversity and inclusion focus in Eurasia is also on women. They represent 40.3% of the workforce, a 1.3% improvement year-on-year, and 37% of the people promoted were women.

We also exceeded the climate change-related KPI for our sustainability-linked bond and loan of R2.1 billion (solar photovoltaic power usage). The target for our consumption of solar photovoltaic power in FY2023 was $\geq 1\,680\text{MWh}$, and we achieved $2\,136\text{MWh}^{\text{LA}}$. The other KPI for this bond and loan was our lost-time injury frequency rate (LTIFR), which has a target of ≤ 0.35 for FY2023. We also outperformed this target by reducing our LTIFR to 0.17^{LA} .



**OUR USE
OF SOLAR
PHOTOVOLTAIC
POWER
EXCEEDED OUR
TARGET BY
27%**

Safety and wellness

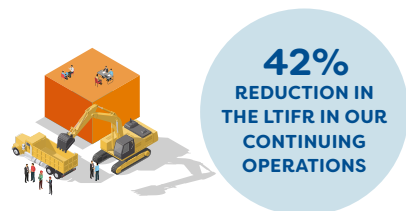
As I mentioned in my review in FY2022, the safety and wellness of all our employees are strategic issues for the board. Our business is a people business, and we see our people as a crucial component of our balance sheet. Their safety, wellness and transformation are essential contributors to our sustainability.

The group made several changes to its provision of wellness services in South Africa during the year under review. Since the new offering, which has a holistic wellness focus, became available, use of the employee assistance programme has increased by 305%.

Chairman's review (continued)

Mental wellness was the service most used by employees. Wellness services are also offered in Eurasia, and we are extending our wellness offering to Greater Africa.

Our safety performance continues to improve with a reduction in the LTIFR in our continuing operations, and there have been no work-related fatalities for the past three years. The group's LTIFR is the safety KPI we measure ourselves against.



A focus on skills and succession planning

We continually review the skills of our board members against those we have identified as crucial to Barloworld's performance. The board applies the recommended tenure periods to ensure our non-executive directors remain independent. In this regard, we introduced two new independent non-executive board members during FY2023. The membership of **board committees** was reconfigured to achieve a balance of skills within the various committees.

Our environment has become one of rapid change, which requires that Barloworld's leadership, at board and executive level, keep track of developments, their potential to present risks or opportunities and take action to address them. The flexibility of our exco means that its members can take rapid action to protect the business from these risks or take advantage of the opportunities they create.

All board members participated in a workshop on **cybersecurity** in FY2023 to increase our understanding of developments in this area of concern.

Through its nomination committee, the board monitors talent management, succession planning and the depth of skills available to fill executive level positions in the group. The board was reassured by the ability of Andronicca Masemola, previously Chief Operating Officer at Equipment southern Africa, to achieve a seamless takeover as its Chief Executive. We are pleased that our ongoing commitment to diversity resulted in a competent black woman becoming the Chief Executive of the group's most significant business.

Addressing the board's primary governance roles and responsibilities

During the year under review, the board's areas of focus included delivering on all the elements we committed to in our discussions with shareholders. We continue to focus on applying governance best practices, leading ethically and effectively, and ensuring Barloworld is a responsible corporate citizen. This includes overseeing the demanding task of complying with the regulations and sanctions imposed due to the Russia-Ukraine war.

We continually review policies and processes to strengthen our governance and ensure they are current. A policy we will be considering in FY2024 is one to address the challenge of hybrid working.

Barloworld remains a global business, and the board continues to engage at that level. Our stakeholder-inclusive approach has included board members strengthening their relationships with Caterpillar by visiting the group's key partners in FY2022 and FY2023. The aim was to understand Caterpillar's long-term strategy and how this might impact our business. They also visited other distributors to ensure the group remains at the cutting edge of our work around equipment. The board also visited several potential partners on the consumer side.

The way forward

This report's **External operating environment** section and our Group Chief Executive's review provide details on the local and global environments and how they might impact the group.

As we move into FY2024, economies globally remain affected by uncertainty and disappointing economic performance. Most are still struggling to shake off the impact of the Covid-19 pandemic, followed by the Russia-Ukraine war, which affected food supplies and impacted the energy supply globally and, recently, the outbreak of conflict in the Middle East. The Russia-Ukraine war resulted in inflation hitting global economies that hadn't experienced inflation for some time. In South Africa, in addition to the challenges of a poorly performing economy struggling under high levels of unemployment, load-shedding, inflation and the devaluation of the rand against the US dollar, we will be holding our fourth democratic general election in 2024. Run-ups to general elections, especially in a poorly performing economy, have a potential for instability.

The board believes Barloworld is well-positioned to achieve its growth ambitions in the future, despite the challenges we are likely to experience from our external operating environment. Our extensive experience in emerging markets, including Russia, positions us well to understand their complexities and the value of taking a long-term view, which paid off for us in the Democratic Republic of Congo (DRC). We are looking to achieve organic and inorganic growth. However, we will stay in the guardrails that ensure value creation for our shareholders.

Operating in different geographies and diverse industries contributes to Barloworld's resilience. When conditions are challenging in one country, usually, others are doing well. A good example of this is Mongolia's excellent performance in FY2023, while sanctions have hampered our performance in Russia.

In conclusion

My thanks to our shareholders, customers and partners for your support. I thank Dominic Sewala, the group's leadership team, and all our employees in Africa, Russia and Mongolia for demonstrating commitment and excellence in demanding circumstances.

Lulu Gwagwa
Chairman

DOMINIC SEWELA
Group Chief Executive Officer



Group CEO's review

Barloworld and its stakeholders have benefited from the relentless strategy execution that the group embarked on in 2017 to create enduring economic and social value. The group's board and management had embarked on its Fix, Optimise and Grow strategy, committed to prudent resource allocation. It sought to fix, exit or restructure businesses that did not meet the group's portfolio criteria and implement an active shareholder operating model.

The portfolio guardrails focused on asset-light, cash-generative, diversified businesses serving industrial customers. Good progress has been made in all areas of the strategy with the disposal of the Iberia business in 2018; the acquisition of Equipment Mongolia in September 2020, and Ingrain in October 2021 as the first vertical of Consumer Industries; the sale of 50% of the automotive business in June 2021; the exit out of car rental and leasing (Zeda Limited or Zeda) in December 2022; and the completion of the exit out of Logistics in March 2023, among other corporate actions. The active

shareholder model was also key to the reviewed operating model, which sought to drive certain elements centrally while employing a flexible resource model that used divisional resources more effectively.

In the 2023 financial year, the group produced pleasing and resilient results against this strategic backdrop. The businesses delivered a stellar performance for the period, although unforeseen maintenance cost pressures and efficiency challenges somewhat impacted Ingrain's margins. Revenue from continuing operations was up 14.3% to R45.0 billion, with Equipment southern Africa delivering record returns and an excellent performance in Mongolia, which reported a 59.2% revenue increase in rand terms. Notwithstanding its challenges, Ingrain increased its revenue by 11% to R6.6 billion for the period.

The group's performance is also supported by its geographic focus on emerging markets, enabling it to weather the tough macroeconomic conditions of geopolitical tension and unstable commodity prices.



Conservatively managing capital allocation for value creation

In line with our strategy, the group has managed its balance sheet conservatively. We reviewed the current facilities and headroom on the existing domestic medium-term note programme and remained satisfied with the positive state of the headroom, gearing and liquidity. Furthermore, the group reduced our net debt to R668 million from previous levels of R4.6 billion in the prior period due to R2.7 billion free cash inflow and the unbundling of Zeda.

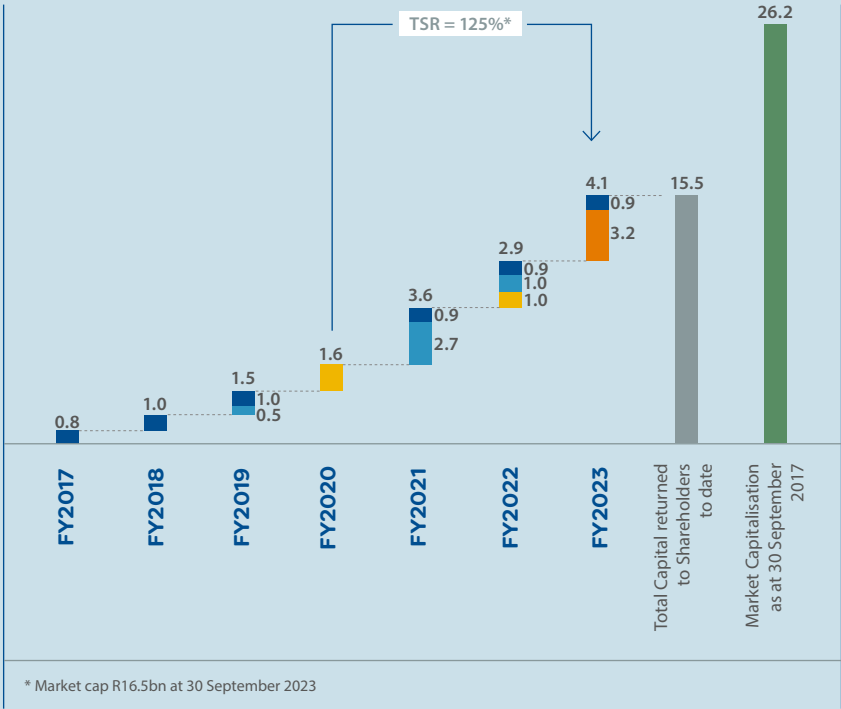
The group's key measure, return on invested capital (ROIC), improved to 17.7% compared to the 16.9% generated in the prior period. This is above the hurdle rate of 14%. Our goal remains the achievement of above-market growth and ROIC above our hurdle rate with positive economic profits, and we aim to deliver sustainable long-term economic and social value creation.



the group reduced our net debt to R668 million

Since we embarked on this strategy in 2017, around R15.5 billion has been returned to shareholders, representing 59% of the market capitalisation as of 30 September 2017, and we have delivered a total shareholder return of around 125%.

59% of 30 Sept 2017 market cap returned to shareholders



- Ordinary Dividend
- Special Dividend
- Share Buy-backs
- Dividend in Specie
- Market Capitalisation

The board approved a final dividend of 300 cents per share (cps), bringing the total dividend for the period to 500 cps, which aligns with the group's stated dividend cover of 2.5 to 3.0 times normalised headline earnings.

Inspiring a world of difference through shared value creation

As a purpose-led organisation, Barloworld appreciates that sustained economic performance is only achieved through responsibly addressing social, environmental, and governance issues. Our transparent reporting and accountability have been recognised through ESG assessment and ratings, including achievement of the highest ratings across environmental, social and governance for the ISS quality score. We are pleased to have exceeded the key performance indicators set out in our ESG-linked loan and sustainability bonds issued last year. These bonds leverage several of our material ESG priorities with accompanying targets, thus continuing to build a better world for all our stakeholders. We are a business focused on creating a sustainable future and continue to prioritise creating and delivering value to all our stakeholders.



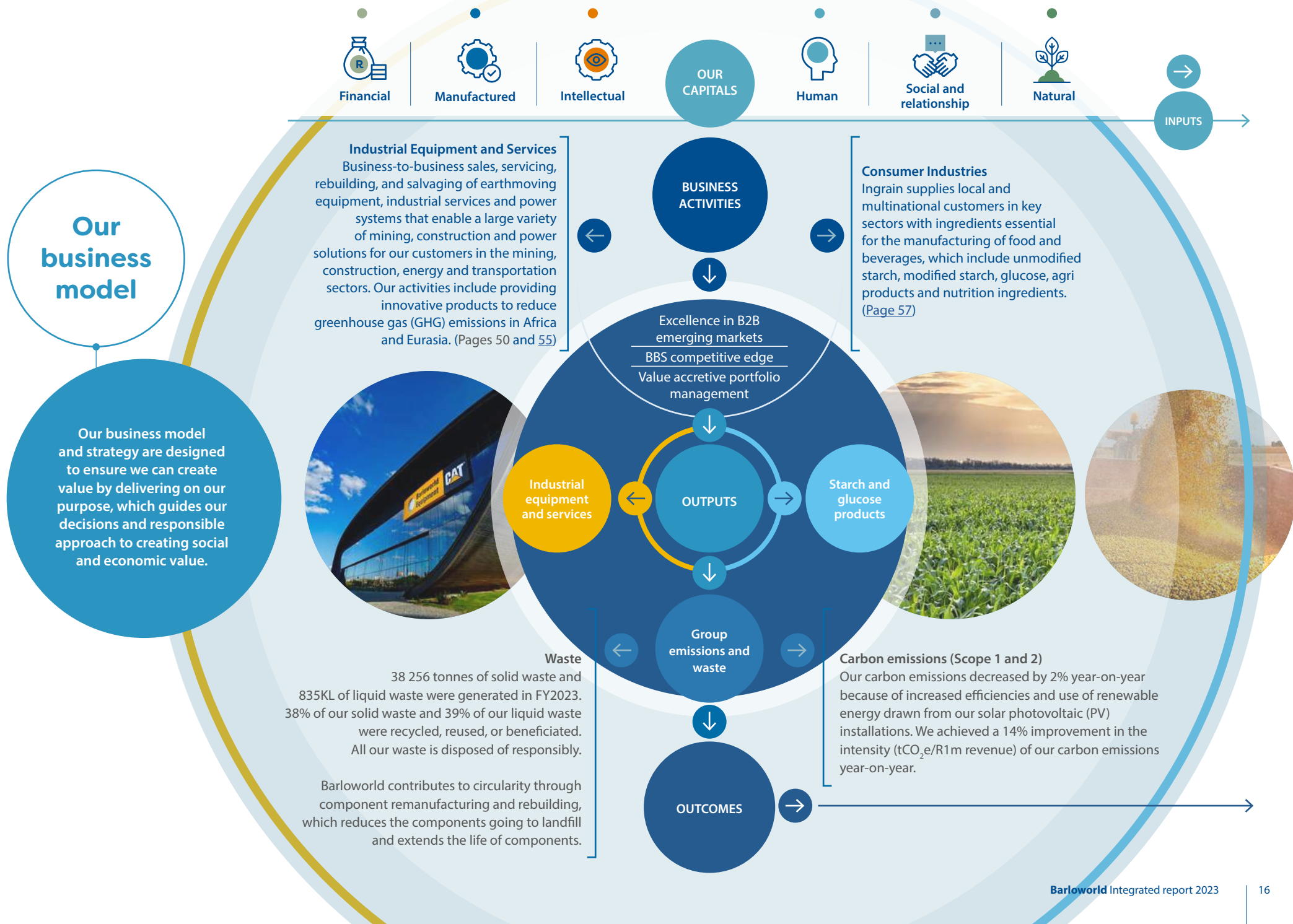
Our people

Succession planning is critical to us at Barloworld. This year, we used our plans by 'growing our own timber'. We demonstrated precise succession planning when we announced the appointment of Andronicca Masemola as CEO of Barloworld Equipment southern Africa. Emmy Leeka stepped into the role of CEO Equipment Eurasia.

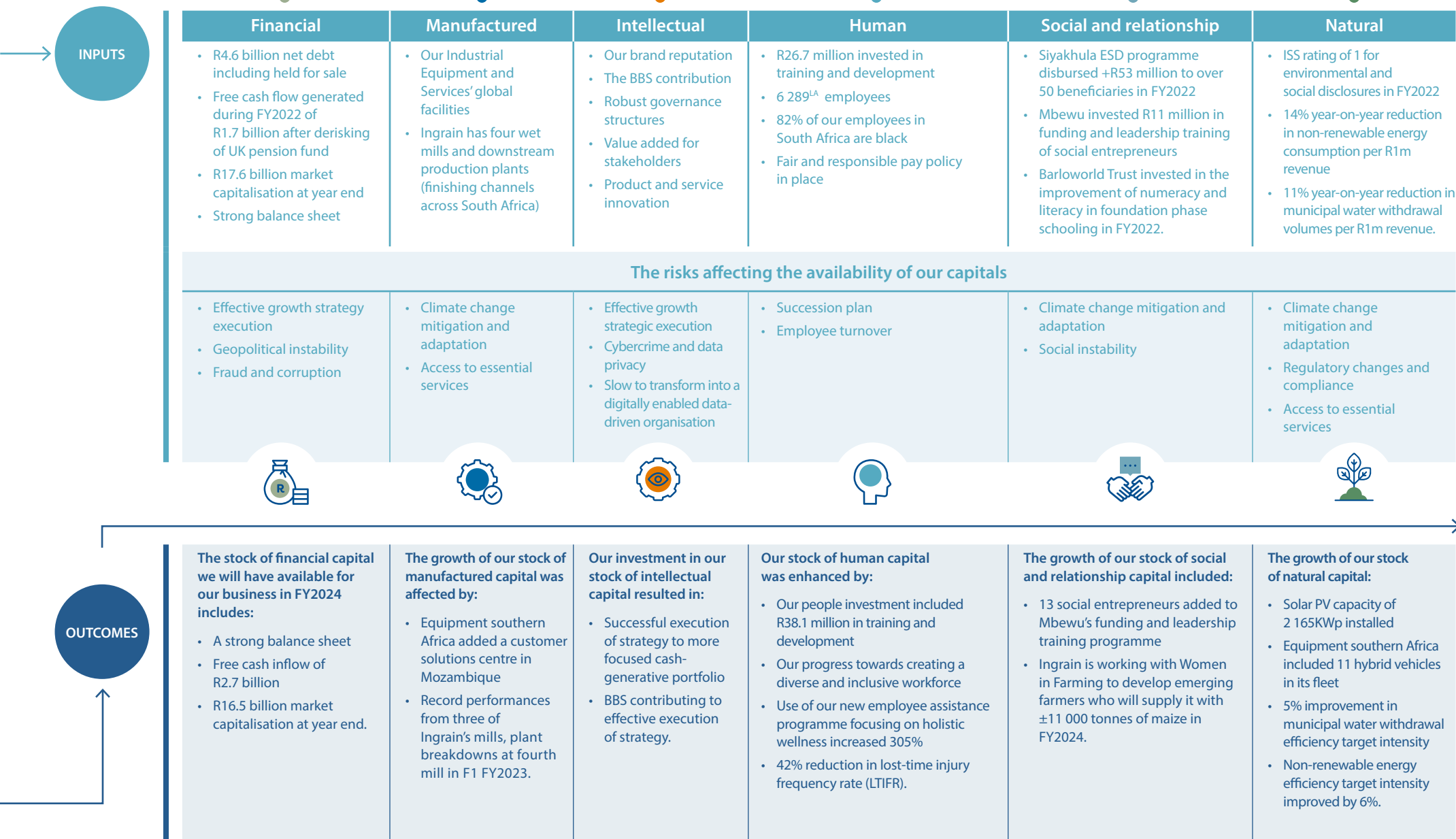
Appreciation

I want to thank all at Barloworld for maintaining focus and ensuring the organisation's continued success, and the board for its continued oversight and stewardship as we defy limits.

Dominic Sewela
Group Chief Executive Officer



Our business model (continued)



The role of the Barloworld Business System (BBS) in creating value

To facilitate the effective execution of our group strategy and our ability to create sustainable value for our stakeholders, we developed BBS. The purpose of BBS is to achieve a **leadership style and culture that speaks the same language, facilitates integrated thinking, is based on respect for people, society and the environment, and continuous improvement so that we deliver the value our customers require.**



Our external operating environment

During the year under review

The group has identified the impact of local and geopolitical instability, including currency fluctuation, on Barloworld's ability to execute its strategy as a material matter for the business. Global recovery from the Covid-19 pandemic remains subdued, with high levels of inflation, both locally and globally, continuing to slow down global economic growth. The Russia-Ukraine war, which grinds on without any signs of a resolution, is one of the contributors to high levels of inflation. However, there are encouraging signs of global supply chain disruptions unwinding and disruptions to energy and food markets due to the Russia-Ukraine war are receding.

China's economic recovery was weaker than expected and showed signs of slowing down despite abandoning its zero-Covid policy. The strain on China's property market continues. The decline in exports negatively impacted its manufacturing sector and contributed to higher levels of unemployment.

The BRICS (Brazil, Russia, China and South Africa) summit saw six new member countries joining the group in 2024, which could result in a new form of multilateral cooperation by the Global South. The discussions saw South Africa and China sign energy deals intended to help Eskom cut emissions and the possibility of assistance from other BRICS nations with South Africa's power crisis.

Despite these challenges, the group's core businesses delivered pleasing results, remaining resilient to the effects of the operating environment. A better trading performance across all our businesses resulted in a year-on-year growth of 15% in EBITDA to R5.5 billion and 19% in operating profit from core trading activities to R4.3 billion.

The year ahead

The IMF forecasts that global GDP growth will slow down slightly in 2024 to 2.9% from an already low base of 3%. In the emerging markets in which Barloworld operates, the IMF expects GDP growth to decline marginally to a flat 4.0% in 2023 and 2024 from 4.1% in 2022.

While the potential for increasing instability in the Middle East has not yet hampered markets, it has shaken equity markets, with investors exercising caution. It could have significant consequences for the oil-producing nations in the Middle East, possibly resulting in imported inflation for the United States, India and China. It could also have very negative impacts on the South African economy and the rest of the world.

Barloworld maintains its strict capital allocation and strategic guardrails to address the uncertain operating environment and preserve value. We will continue to treat the balance sheet and all other resources conservatively.

IMF EXPECTS
EMERGING MARKETS'
GDP GROWTH IN
2023 TO DECLINE
MARGINALLY TO A
FLAT
4.0%

GLOBAL GDP
GROWTH FORECAST
TO SLOW DOWN
SLIGHTLY IN 2024
TO
2.9%





South Africa

South Africa narrowly avoided a recession in the first quarter of 2023, during which the economy expanded by just 0.4%. The rand/US dollar exchange rate has been volatile, hitting a record low in May 2023. While the IMF revised South Africa's GDP growth upwards, the ongoing energy, water and logistics crises continue to pose a risk to growth, as do high unemployment figures. The outlook remains uncertain, impacted by ongoing load-shedding, logistical bottlenecks, crime, corruption, high interest rates and a volatile political landscape as we approach national government elections in 2024. Rail challenges pose a significant risk to the economy and its growth potential, as billions are lost daily because of inefficiencies.

South African consumers are experiencing significant economic pressure from high interest rates and

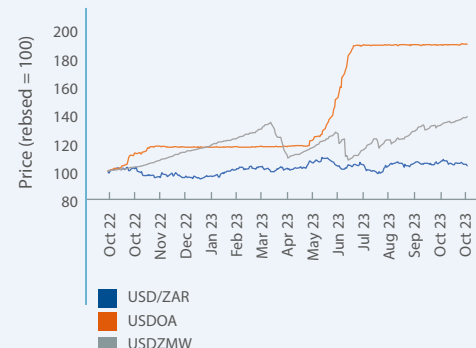
an inflationary environment, with food inflation putting pressure on household budgets and increasing food insecurity. Ingrain has noted a reduction in discretionary spend on items such as coffee creamer, which use Ingrain products.

The year ahead

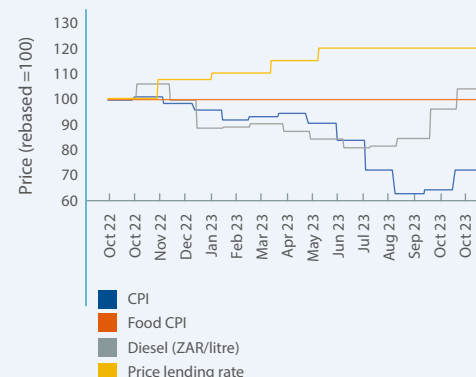
South African maize prices remain competitive relative to international prices, which remain high, driving increases in starch and glucose prices. There is the threat of a dry season due to El Nino in 2024, which could severely impact the local maize supply and push up prices. High fertiliser prices due to the Russia-Ukraine war and the predicted El Nino dry conditions may affect crop planting and yields in the future.

Despite certain mining industry sectors being in decline and badly affected by a fall in prices, the environment supported equipment businesses. The demand for critical minerals such as copper, lithium and cobalt is growing. It is expected to continue growing as miners take advantage of the need for these vital minerals as the world transitions to clean energy. There was a 1.3% growth in the mining and quarry industry in South Africa. The equipment business experienced strong demand for renewable and off-the-grid energy products during the year under review, which is expected to continue.

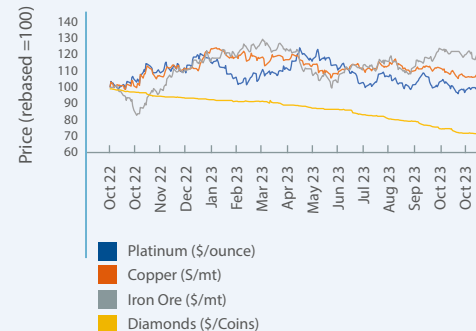
Impact of exchange rate movements



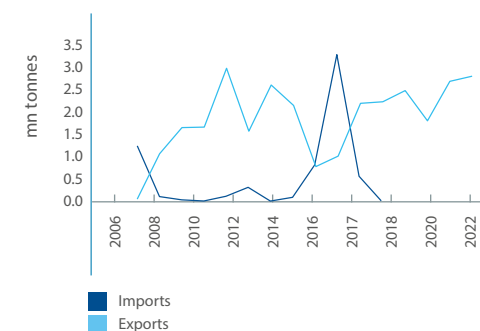
Inflationary factors



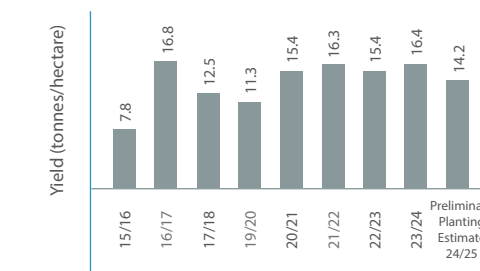
Changes in commodity prices



SA exports and imports of maize



SA maize production, mn tonnes



Key insights

- Input costs and fertilizer prices remain high on the back of Russia-Ukraine crisis – potential impact on crop planting and yields going forward
- SA maize prices continue to trade at export parity levels
- International prices remain high driving increases in starch and glucose prices
- The previous drought occurred in 2015/16 with severe impact on supply of maize locally (only 7.5 million tonnes produced) and resulted in 3 million tonnes of maize imports
- There is a threat of El Nino projected to occur in 2024, SA maize price could increase to import parity of R5 500 per tonne compared to current price at R3 800 per tonne
- Ingrain can make use of the SAFEX gap hedge to protect upside risk in case the predicted El Nino occurs in 2024.



Greater Africa

According to the World Bank, Angola's economy expanded 0.3% year-on-year in the first quarter of 2023, as growth in services (4.1%) was offset by a decline in oil production (-8.0%). Between mid-May and end-June 2023, the kwanza depreciated around 40% against the dollar due to lower government supply of foreign currency, resulting from lower oil revenues and larger external debt servicing as debt relief deals expired.

Botswana's growth is projected to slow to 3.8% in 2023 due to declining diamond production and prices impacted by weaker global demand.

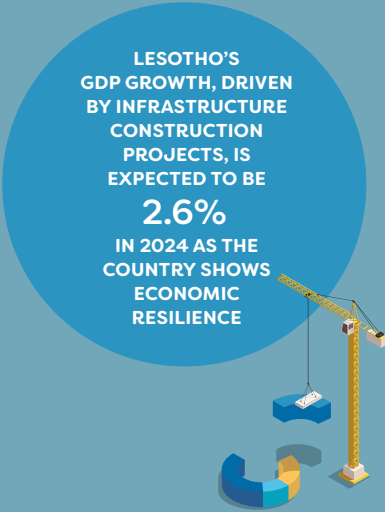
The Democratic Republic of Congo and Ethiopia were predicted to be growth leaders in 2023, with GDP expansions of 6% this year, supported by mining in the Congo and a recovery in investment in Ethiopia after a ceasefire between the government and Tigray forces.

Fitch Ratings and the IMF predicted that Lesotho's GDP will grow by 2.1% in 2023.

The year ahead

The World Bank estimates a 1.3% growth for Angola, as the oil and the non-oil sectors are expected to underperform. It predicts that the Zambian economy will grow around 4.5% annually from 2023– 2025 as copper demand from China increases and the start of fertiliser production in the country broadens the base of GDP growth.

Botswana's growth will slightly increase over the next two years, driven by the pickup in the global demand for diamonds.



Russia

The IMF projected Russia's growth to be 2.2% in 2023 and 1.3% in 2024, reflecting a substantial fiscal stimulus, strong investment, and resilient consumption despite a tight labour market. However, the IMF lowered its forecast to 1.1% for 2024, giving Russia the weakest projections in its list of major emerging markets and developing economies.

The ongoing Ukraine–Russia conflict impacted the rouble, leading to a 40% drop against the dollar since December 2022. To stabilise the currency, the Russian central bank held an emergency meeting in August, raising interest rates from 7.5% to 11%. Equipment Russia continues to be impacted by sanctions, resulting in reduced product lines and a constrained supply chain.

In August, Russia and South Africa discussed the prospect of joint projects in the energy sector, including constructing a gas power plant and supplies of Russian liquefied natural gas (LNG), to develop mutually beneficial cooperation in the energy sector.



Mongolia

According to the Asian Development Bank, Mongolia's economy is predicted to grow between 2023 and 2024 by 5.4% and 6.1%, respectively, as mining exports benefit from China's increased demand and upgrades to transport infrastructure.

Mongolia is on a positive recovery path following economic difficulties deepened by Covid-19, border restrictions and the Russian invasion of Ukraine. The Mongolian government's infrastructure programme includes investment in rail and coal infrastructure, and it is benefiting from being able to purchase inexpensive electricity from China.

Equipment Mongolia had an intense eleven months, as the opening of the Chinese borders improved the free flow of products and commodities in the region.

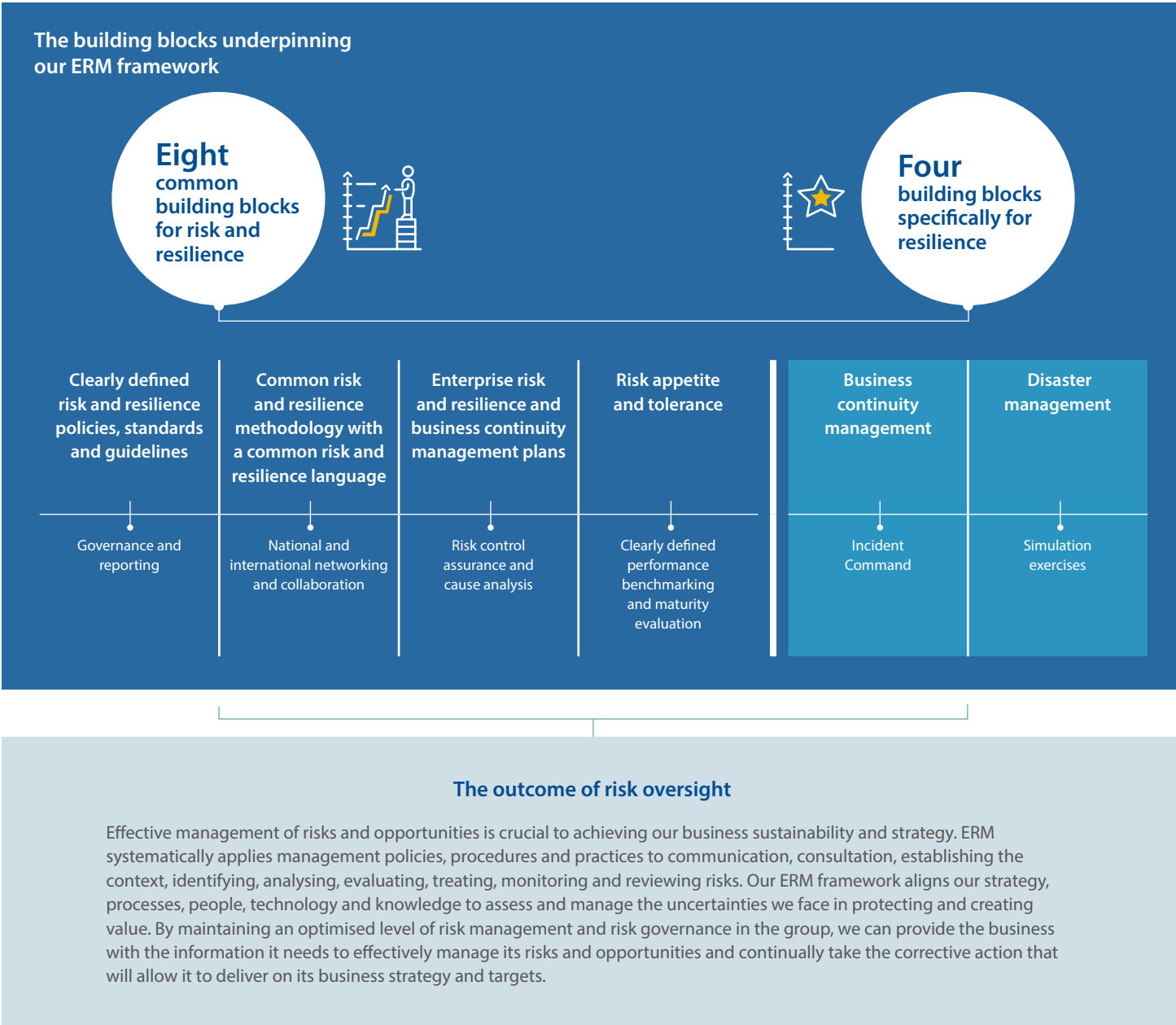
Our material matters and the risks and opportunities they create

The governance of risks and opportunities in Barloworld

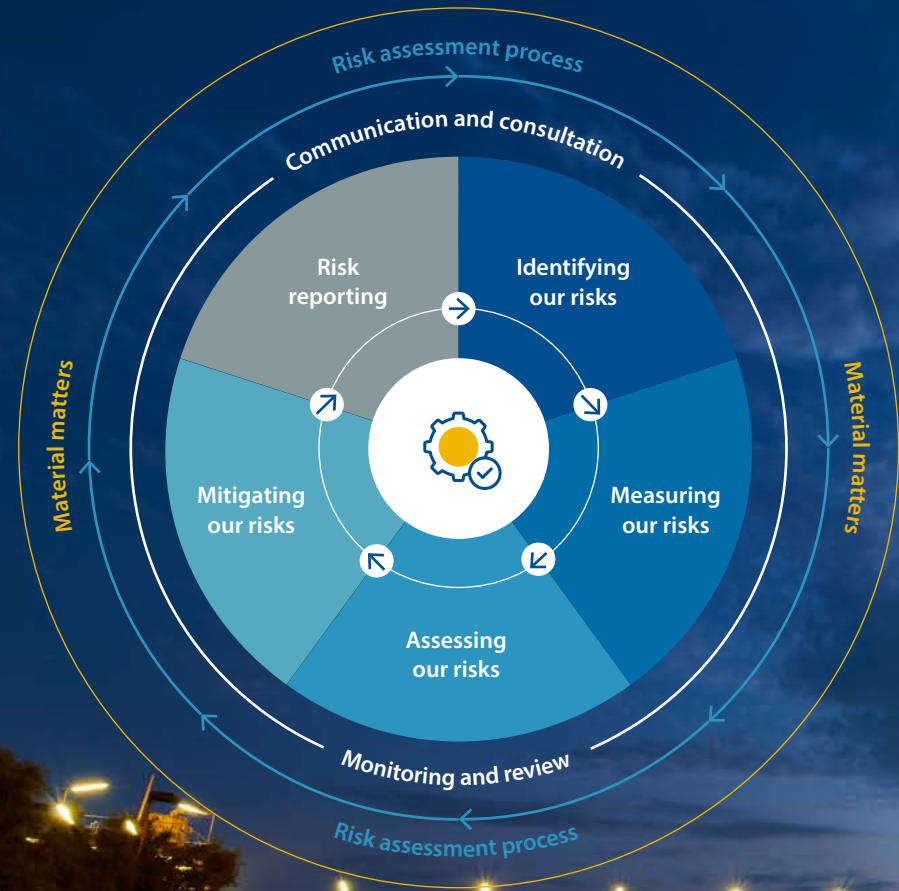
At Barloworld, we identify the matters material to our business and the risks and opportunities they create. Managing risks and opportunities is crucial to business sustainability and achieving our strategic objectives.

The board of Barloworld assumes responsibility for the governance of risks and opportunities. It sets the direction for how we approach and address risks and opportunities and mandates the risk committee to exercise ongoing oversight of the group's activities related to enterprise risk management (ERM).

The challenging and uncertain environment, both globally and locally, highlighted the need to build a risk-resilient organisation with the agility to anticipate the possible impacts of events and the resilience to protect the business. During FY2022, we reviewed and revised our ERM framework to align it with the risk and resilient culture the group had adopted from the ISO standards, focusing specifically on the eight common risk and resilience management components. During the year under review, we rolled out the four remaining building blocks that deal specifically with resilience throughout the group and focused on effectively delivering our ERM framework within a resilient landscape.



The key components of our risk resilient management framework



How we identify, measure, assess, mitigate and report on risk

Identify	At the start of each financial year we identify our divisional risks using the Barloworld risk resilient management framework blue sky approach.
Measure	We use a two-pronged approach. We calculate both our tolerance and risk-bearing capacity for each division. The result of this two-pronged approach is aggregated at group level.
Assess	Our risks are then assessed using our 10 x 5 matrix
Mitigate	Divisional and group control environments aligned with the business continuity continuum of time are used to mitigate the risks
Report	We use a bottom-up approach. The risks identified at divisional level are reported on at group level, providing the Barloworld board with oversight of the risks reported on at divisional level. Our board receives reports on the group's top strategic and operational risks every quarter. The risks our group faces are discussed, and where necessary a business continuity plan is presented.


Risk tolerance and risk-bearing capacity



While Barloworld must assume a certain amount of risk to thrive and achieve its strategic objectives, there are limits to how much risk we can accept in pursuing value creation for all our stakeholders. Our risk tolerance and risk-bearing capacity thresholds provide forward-looking risk management. They put risk at the centre of strategic decision-making, ensuring that the proposed course of action must align with our risk appetite and tolerance limits whenever Barloworld takes any strategic or tactical decision.

Our material matters and the risks and opportunities they create (continued)

The group's top risks as of 30 September 2023

Severity						Residual risk movement	Risks
	Severe						
	Significant			3 4	1 2		
	Medium						
	Minor			6 7 8 9	5		
		Negligible/ Rare	Unlikely	Moderate	High (Likely)	Probable (almost certain)	
Likelihood							
						1	Effective growth strategy execution Inability to sustainably deliver accretive real earnings growth rates. Increased geopolitical issues. Increased inflationary pressures and declining economic outlook.
						2	Cybercrime and data privacy Increasing sophistication and frequency of cyberattacks highlight escalating security threats and insufficient local cybersecurity expertise. Insufficient local cybersecurity expertise.
						3	Geopolitical instability Uncertain and unpredictable socio-economic and political climate. Dislocation of global markets. Increasing inflationary and input costs. Widening wealth gaps.
						4	Slow to transform into a digitally enabled, data-driven organisation Rapidly changing digital landscape and the need for enhanced digital capability, including data analytics, e-commerce and automation to drive value.
						5	Succession plan Competition for talent. Employees pursuing entrepreneurial opportunities. Strong diverse talent pool attractive to other businesses.
						6	Regulatory changes and compliance Failure to comply with legal and regulatory requirements. Increasing and constantly changing regulation.
						7	Access to essential services Direct impact of unstable water and electricity supply on operations and supply chain. Safety and business continuity risks emanating from power cuts.
						8	Fraud and corruption Declining macro socio-economic conditions.
						9	Climate change mitigation and adaptation Chronic changes in weather patterns impacting operations and supply chain. Increased regulations (including cross-border trade tariffs, air quality, water, emissions, waste, etc.). Potential legal action.

 Minor
 Medium
 Significant

 No movement
 Increase in risk rating

Our material matters and the risks and opportunities they create (continued)

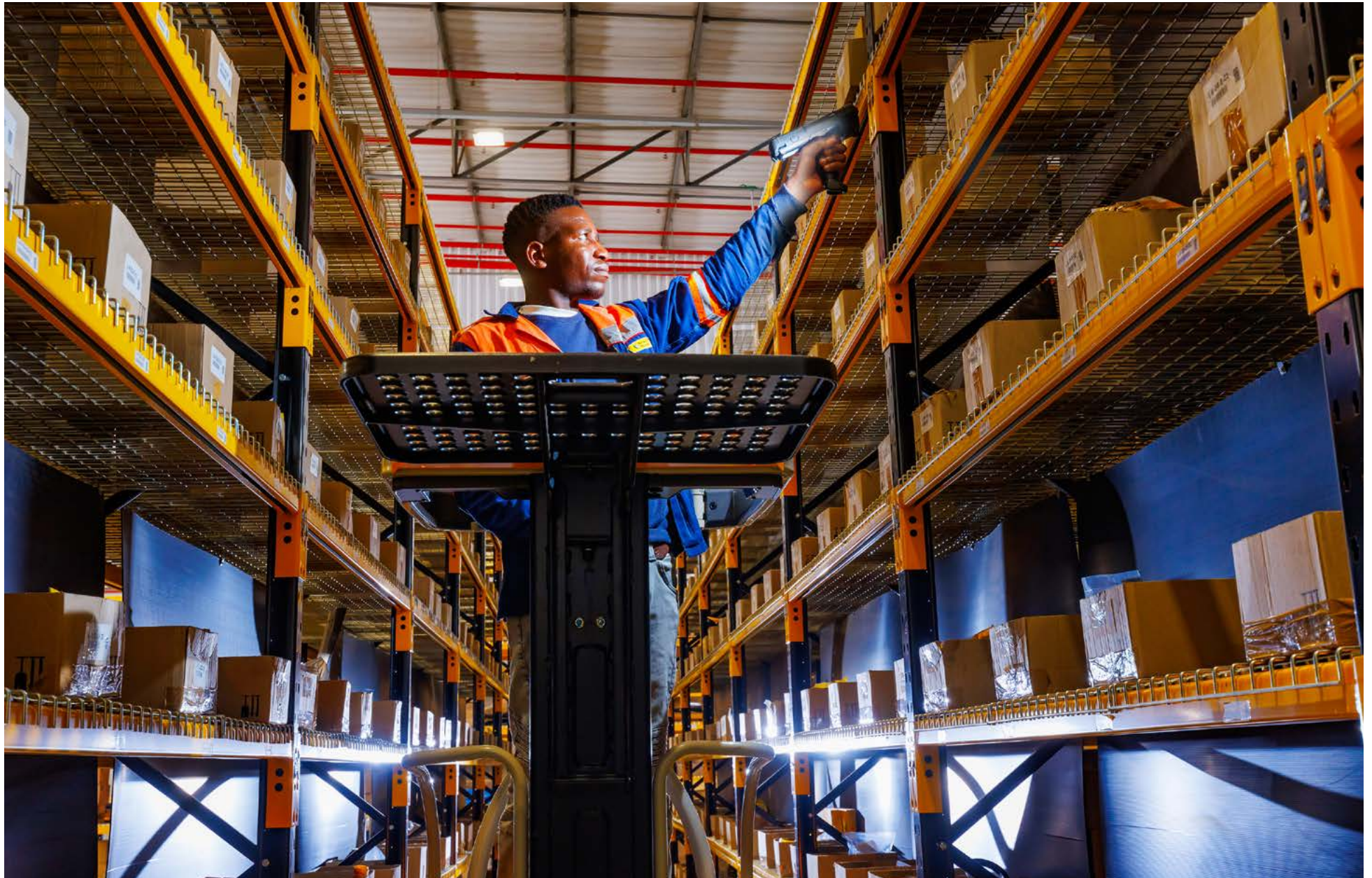
The purpose of our integrated report is to provide current and prospective providers of financial capital and other stakeholders with information about matters that substantively affect Barloworld's ability to create value over the short, medium and long term.

We recognise that materiality is a dynamic concept, and we consider this during our annual materiality review process.

Double materiality

We have adopted a double materiality approach to identify and prioritise information on the group's economic value creation for the benefit of the investor community (inward-focused financial materiality) and the group's impact on society, communities and the environment (outward-focused impact materiality).





	1. Our process	2. Assessing trends	3. Analysing and distilling	4. Agreeing on what is material	5. Outcome	6. Material matters		Risks
	We analysed and distilled the feedback we received from engaging with key stakeholders, which included:	<ul style="list-style-type: none"> In our operating environment Their possible impact on the resources we rely on in the form of the six capitals Other factors material to our short, medium and long term enterprise value 	We analyse and distil the material matters identified into those that can impact our business, and those that may result in our business impacting society and our external environment, and their role in creating, sustaining or eroding value	<ul style="list-style-type: none"> Presentation to exco for approval Presentation of exco-approved material matters to our board for approval 	The outcome of our materiality process informs our reporting	<ul style="list-style-type: none"> Impact on growth of strategy execution The impact of technology, digitisation and data analytics The impact of local and geopolitical instability including currency fluctuations on the ability of Barloworld to execute on its strategy The impact of our efforts to create value for our people and Barloworld The short, medium and long-term effect of climate change on our business The impact of our business on the environment and climate change in particular The loss of scarce technical and digital skills Cybersecurity risks associated with data theft and ransomware The continual increase in regulatory requirements The performance of our operations against the return on invested capital (ROIC) threshold set by the group A values-based ethical culture in our business 		
							1	Effective growth strategy execution
							2	Cybercrime and data privacy
							3	Geopolitical instability
							4	Slow to transform into digitally enabled, data-driven organisation
							5	Succession plan
							6	Regulatory changes and compliance
							7	Access to essential services
							8	Fraud and corruption
							9	Climate change mitigation and adaptation







Our material matters and the risks and opportunities they create (continued)





Through our analysis and distillation of the matters raised during our materiality determination process, we identified the issues below as material to Barloworld's ability to create, sustain or erode enterprise value.

	 Impact on growth of strategy execution	 The impact of technology, digitisation and data analytics	 The impact of local and geopolitical instability including currency fluctuations on the ability of Barloworld to execute on its strategy	 The impact of our efforts to create value for our people and Barloworld	
Materiality	Financial materiality	Financial materiality	Financial materiality		Financial materiality
Associated risks	1 Effective growth strategy execution	4 Slow to transform into digitally enabled, data-driven organisation	3 Geopolitical instability	7 Access to essential services	5 Succession plan
Residual risk rating	High	High	Medium	Medium	Medium
Capitals affected	Financial, manufactured, intellectual	Financial, intellectual, human	Financial, manufactured, social and relationship		Financial and human
Our response to the risks and opportunities	Organic growth <ul style="list-style-type: none">Articulated group and divisional strategies in placeBoard-approved group and divisional strategies executed Inorganic growth <ul style="list-style-type: none">Board-approved group and divisional strategies in placeActive M&A programme with clearly defined guardrailsOversight and approval of group investment strategy committee	<ul style="list-style-type: none">Board-approved divisional strategies in place and focus is on progressing implementationFocus on attraction and retention of requisite skillsLeveraging of Principals' innovation where appropriateUpskilling of executives regarding digital business strategyContinued investment in digital ready IT architecture	<ul style="list-style-type: none">Geographic diversificationDividend policyDiversification of customer base, promotion of local manufacturing, lean expense base, legal advice as required		<ul style="list-style-type: none">Barloworld's investment in developing its people and our commitment to transformation have resulted in a substantially transformed team with leadership potentialOur talent forum and wellness strategy are key elements in our succession planning and keeping our people safeBy offering our people the opportunity to develop skills that will equip them for the new world of work we provide the group with these skillsBarloworld rewards its people for the value they addThe group is rebuilding its talent bench in affected business units and procuring scarce skills, e.g. IT
Accountability	Group exco and Group Executive M&A	Group exco, Divisional chief executives, Group CIO	Group exco, Chief Executive Ingrain		Group exco, Divisional chief executives, human capital executives
Oversight	Board	Board	Board		Board

Our material matters and the risks and opportunities they create (continued)

	 The short, medium and long-term effect of climate change on our business	 The impact of our business on the environment and climate change in particular	 Cybersecurity risks associated with data theft and ransomware	 The continual increase in regulatory requirements
Materiality	Financial materiality		Financial materiality	Financial materiality
Associated risks	9 Climate change mitigation and adaptation	7 Access to essential services	9 Climate change mitigation and adaptation	2 Cybercrime and data privacy
Residual risk rating	Medium	Medium	Medium	High
Capitals affected	Financial, manufactured, human, intellectual, natural	Financial, social and relationship, intellectual, natural	Financial, human, intellectual	Financial, intellectual, social and relationship
Our response to the risks and opportunities	<ul style="list-style-type: none"> Barloworld's operations are in the process of assessing the possible physical and financial impacts of climate change on our business and identifying actions we can take to minimise the impact Assessing its possible impact on our ability to operate should climate change impact access to water and energy and the safety of our employees and devising plans to protect our business and its people Ingrain is investigating water, solar and possible alternative energy solutions Barloworld Equipment continues to invest in solar solutions 	<ul style="list-style-type: none"> Continued engagement with key stakeholders through governance roadshows, investor engagements and business engagements Active stakeholder management activities across the group The purpose of our environmental sustainability framework, which includes our climate change policy, is an integral part of our approach to doing business in a sustainable manner and reducing our impact on our external environment 	<ul style="list-style-type: none"> To continually strengthen our cybersecurity, Barloworld invests in technologies to prevent and detect cyber threats, robust strategic cyber incident response capabilities and guidance from cybersecurity experts To strengthen users understanding and awareness of cyber threats, our employees receive regular communication and training in this regard The group has also taken out insurance cover to protect it from possible cyber attacks Minimum group IT security standards are in place Local cybersecurity expertise acquired 	<ul style="list-style-type: none"> We continually monitor Barloworld's regulatory universe, obtain legal advice to ensure we meet legislation requirements and implemented a sanctions procedure manual to introduction of sanctions We proactively engage with regulators to keep updated on future changes Formally audited and managed privacy compliance programme Active M&A programme in place with clearly defined guardrails Increased focus on acquisition integration
Accountability	Group exco and Divisional chief executives	Group exco, Divisional chief executives, Group Executive: Risk, Ethics and Governance and Head: Group Sustainability	Group exco, Group CIO	Group exco, Group Legal Counsel, Group Company Secretary
Oversight	Social, ethics and transformation committee and the board	Social, ethics and transformation committee and the board	Board, audit and risk committees	Board, risk and social, ethics and transformation committees

Our material matters and the risks and opportunities they create (continued)

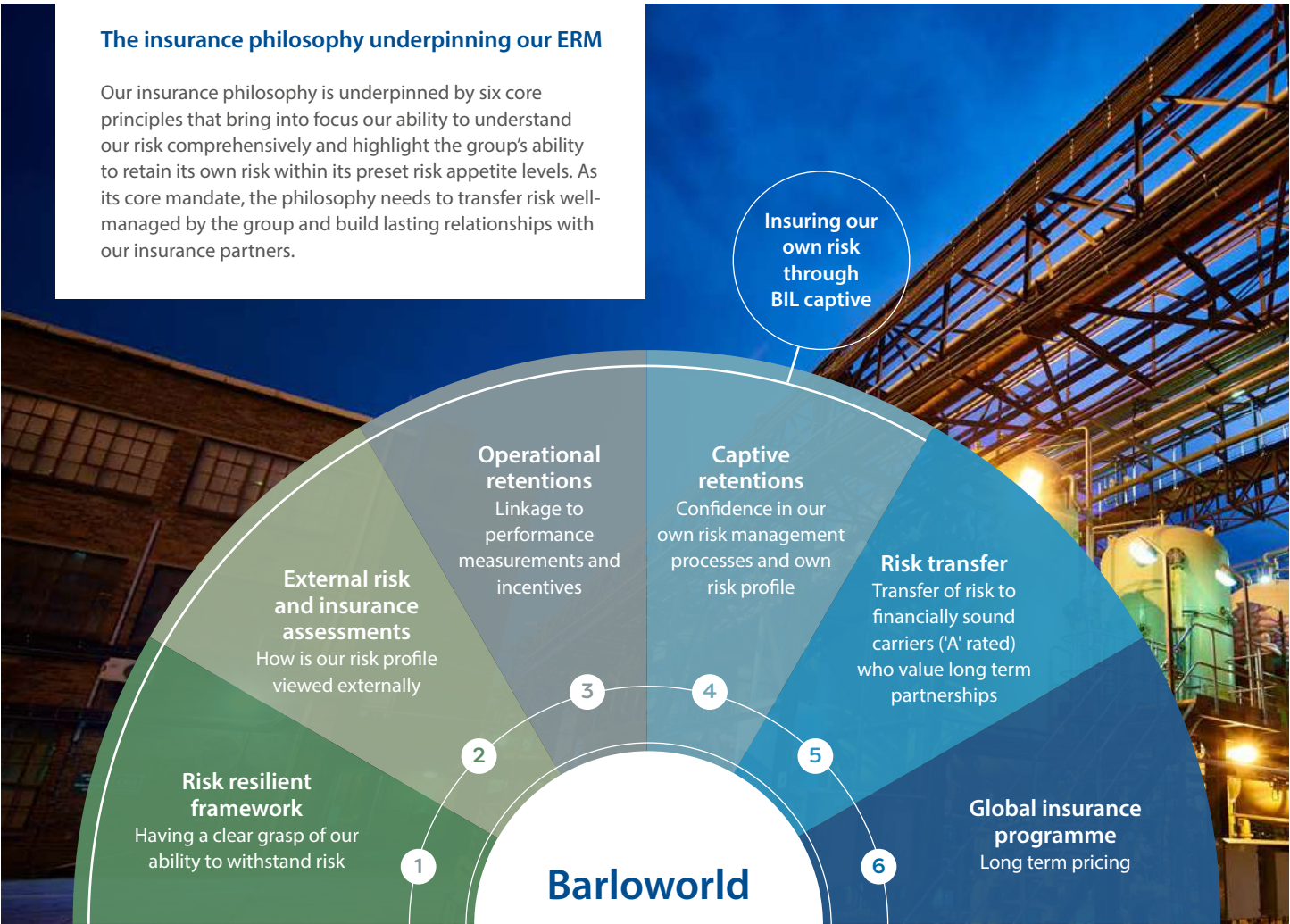
	 <p>The performance of our operations against the return on invested capital (ROIC) threshold set by the group</p>	 <p>A values-based ethical culture in our business</p>
Materiality	Financial materiality	Financial materiality
Associated risks	1 Effective growth strategy execution	8 Fraud and corruption
Residual risk rating	High	Medium
Capitals affected	Financial, intellectual	Financial, human, intellectual
Our response to the risks and opportunities	<ul style="list-style-type: none"> Group and divisional, the board and executives board-approved articulated strategies are in place to establish an appropriate portfolio mix and capital structure The group's Investment strategy committee provides oversight of performance against invested capital The group has a board-approved capital allocation strategy in place as well as divisional advisory boards 	<ul style="list-style-type: none"> Barloworld has financial controls in place to address fraud and corruption – Internal Audit has tested the effectiveness of these controls and found them to be effective Criminal cases are lodged with authorities for substantiated investigations and investigations are actively pursued Embedding ethical standards throughout the group is a key focus of the group
Accountability	Group exco, Group Executive M&A, Divisional chief executives	Group exco, Divisional chief executives, Group Executive, Ethics and Compliance
Oversight	Board	Board and Social, ethics and transformation committee



Our material matters and the risks and opportunities they create (continued)

The insurance philosophy underpinning our ERM

Our insurance philosophy is underpinned by six core principles that bring into focus our ability to understand our risk comprehensively and highlight the group's ability to retain its own risk within its preset risk appetite levels. As its core mandate, the philosophy needs to transfer risk well-managed by the group and build lasting relationships with our insurance partners.



The original mandate of Barloworld Insurance Limited (BIL), our captive insurance company in the Isle of Man, was to support the parent company only for niche lines of insurance business. It was viewed as a strategic lever for managing risk within the group and delivering our insurance philosophy. Its original mandate was revisited and expanded to include all lines of insurance business and position BIL to contribute to capacity deployment while moving our insurance partners away from attritional losses. BIL's board of directors members, in line with our commitment to good corporate governance, include three independent non-executive directors.

FY2023 insurance activities

During the year under review, Barloworld hosted its inaugural insurance market day, which gave insurers direct access to the group's chief executives and the opportunity to have meaningful discussions. These engagements allowed the insurance market to interrogate firsthand the risk engineering solutions in place at Barloworld to continuously enhance the group's risk profile.



During FY2023, our sites in Mongolia were surveyed by our insurance partners for the first time.

Our material matters and the risks and opportunities they create (continued)

Providing an effective control environment

Identifying the controls in place and their effectiveness remains a critical part of managing risk within Barloworld and ensuring our preparedness for risk eventualities.



Risk management framework



Risk governance framework

Risk philosophy statement

Management

Culture and reporting. Oversight. Tone at the top



BARLOWORLD BOARD

Ultimately accountable for risk

RISK COMMITTEE

Responsible for risk management process oversight. Makes recommendations on risk strategies, policies, appetite setting and governance

First line of defence	Second line of defence	Third line of defence	External assurance
Strategy and appetite Accountability management <ul style="list-style-type: none"> Operations People Process Products Services 	Operating model and governance Risk process (ISO and King IV)	Stakeholder analysis Provides independent internal assurance	Independent external assurance Accountability Annual financial statements Limited assurance of sustainability information
<ul style="list-style-type: none"> Divisional chief executive officers Divisional management committees Divisional risk managers 	<ul style="list-style-type: none"> Group executive committee Group head: risk and insurance 	Independent internal assurance providers Chief audit executive Combined assurance	Independent external assurance providers External auditors Sustainability and environmental auditors External ethics auditors Regulatory inspectors

Risk universe

As the third line of defence, the internal audit team conducted a group-wide risk control review to validate the existence, adequacy, and effectiveness of the controls in place for the top 10 risks for each division. The key focus of this review was to validate the existence of risk management controls in ensuring effective risk reduction. This included the:

- validation of the nature of controls i.e., a fair balance between preventative, detective, and corrective controls
- appropriateness of controls to address the business risks and reduce risk exposures
- effectiveness of controls implemented to reduce risk exposure based on management commitment
- identification of possible control breakdowns.

An assessment was carried out to determine whether internal controls (concerning governance and leading practices) are designed and implemented to meet the following key control objectives:

- › promote the achievement of the organisation's strategic objectives
- › support the reliability and integrity of financial and operational information
- › support the effectiveness and efficiency of operations and programmes
- › controls have been adopted to contribute to the safeguarding of assets
- › support compliance with laws, regulations, policies, procedures, and contracts
- › whether the associated controls to mitigate the risks have been implemented and considered appropriate to manage the risk to an acceptable level.

Management, being the first line of defence, and the Group Risk and Insurance team, as the second line of defence, were interviewed and assessed through this process, resulting in the third line of defence providing an acceptable rating for the group. The control environment remains a crucial area of focus for the year ahead.

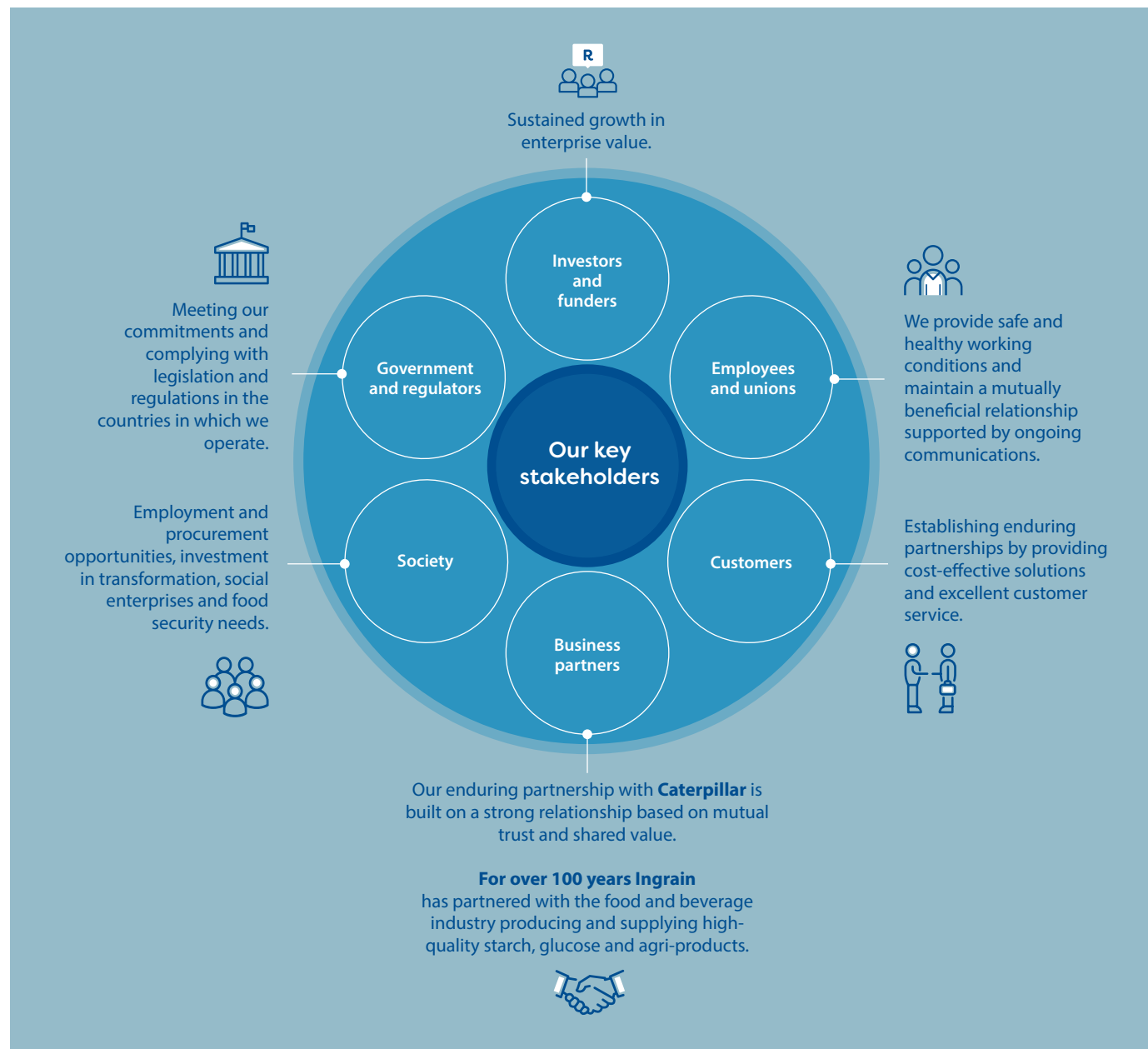
The role of our relationships in value creation

Enduring partnerships have played a crucial role in our business. The importance to Barloworld of strengthening our relationships is reflected in our purpose: **To inspire a world of difference, enabling growth and progress in society.** Our board-approved Group Stakeholder Engagement Policy is designed to consider the matters material to our stakeholders in our corporate decision-making processes. Our Group Stakeholder Forum, which consists of key champions nominated by the divisional chief executives, focuses on the group's strategic stakeholder priorities, critical trends and applying best practices appropriate to Barloworld.




How we define our relationships

Barloworld identifies its key stakeholders, what matters to them and what matters to Barloworld, and the risks and opportunities arising from these matters through surveys and our assessment of relationships based on the outcome of our engagements. We address any areas where our assessment identifies that there is room for improvement.




We design and implement engagement strategies and plans that will assist us in adding value to our business and stakeholders through our engagement.



The role of our relationships in value creation (continued)

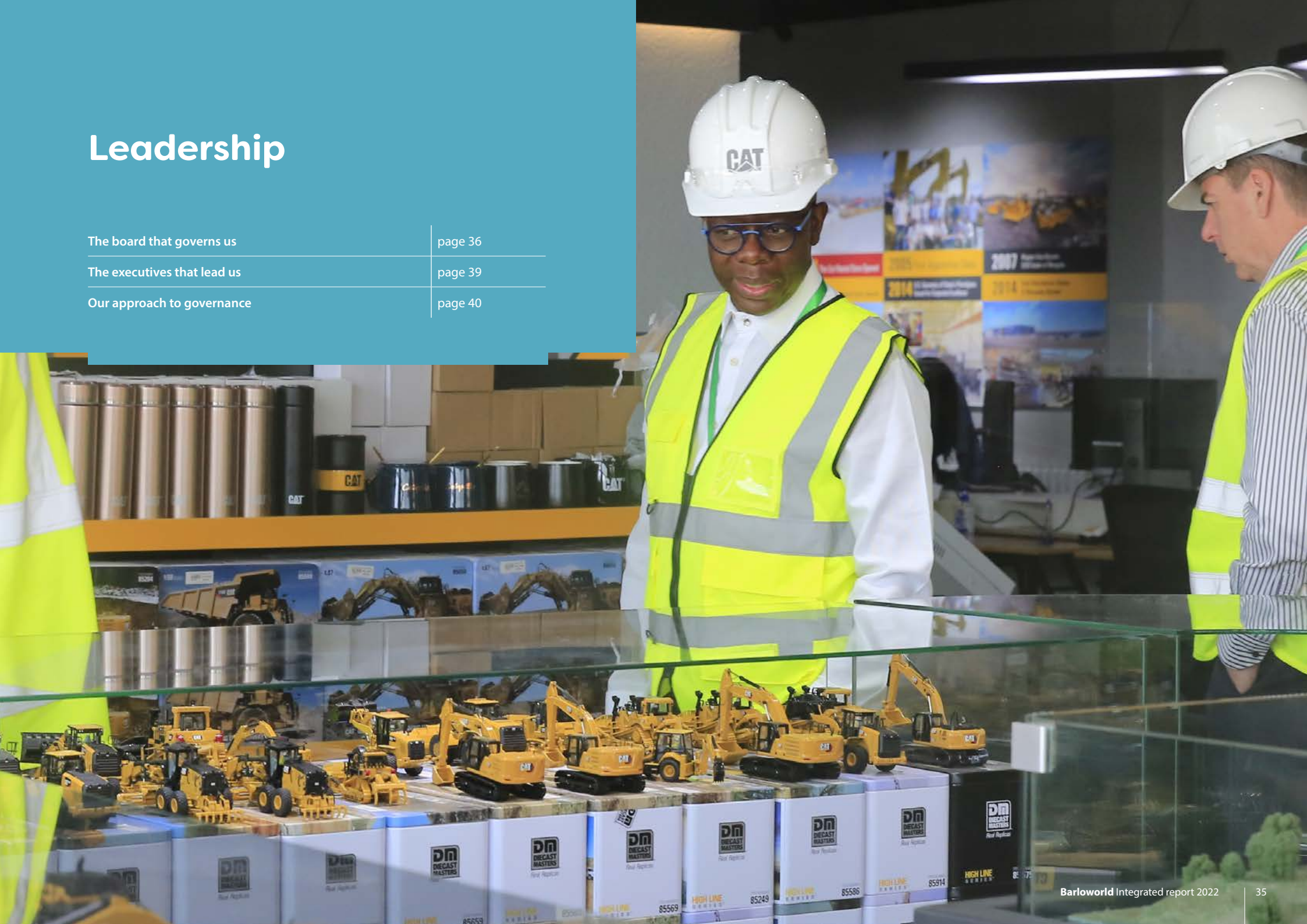
<div>Investors and funders</div> <div></div> <div><div></div></div>	<div>Our employees and unions</div> <div></div> <div><div></div></div>	<div>Customers</div> <div></div> <div><div></div></div>			
<div>Why we engage</div> <div><ul style="list-style-type: none">To understand and respond to the requirements of our investors and funders and their value creation expectationsTo achieve open and transparent communication and maintain trustTo provide information the investor community and providers of debt require to make informed assessments</div>	<div>How we engage</div> <div><ul style="list-style-type: none">SENS announcementsAnnual and interim results presentations and reportsBoard chairman meets with shareholders at least twice a yearOne-on-one meetings with members of our executive team and board members to address ESG, the board's approach to steering and overseeing strategy and its remuneration philosophyMedia channelsOur website</div>	<div>Why we engage</div> <div><ul style="list-style-type: none">To keep employees engaged and productiveTo understand and respond to their concerns and expectations we regularly engage with the unions and our employeesTo embed our Code of Ethics and encourage whistleblowingConduct surveys to assess levels of engagement, wellness and their ability to adapt to changes in working conditions</div>	<div>How we engage</div> <div><ul style="list-style-type: none">Digital platformsInternal communication including newslettersEmployee engagement surveysOngoing feedback through performance management</div>	<div>Why we engage</div> <div><ul style="list-style-type: none">To keep customers informedProvide after sales supportUnderstand our customers' requirements and challenges</div>	<div>How we engage</div> <div><ul style="list-style-type: none">Digital communicationOne-on-one customer meetings, both face-to-face and electronicallyPresentations</div>
<div>Key matters in 2023</div> <div><ul style="list-style-type: none">Value creation through beneficial capital allocationOur ESG performanceIngrain value creationMongolia value creationStrength of the balance sheet in a tough macroeconomic environmentImpact of ongoing Russia-Ukraine warDividend payments</div>		<div>Key matters in 2023</div> <div><ul style="list-style-type: none">Employee wellnessZero harm cultureSkills development for a just transitionEmployee engagementFair remunerationRetaining and attracting key skillsEmployee value propositionDiversity and inclusionCareer development and opportunitiesEmbedding an ethical culture</div>		<div>Key matters in 2023</div> <div><ul style="list-style-type: none">Legislative and regulatory complianceOur ability to attract, develop and retain the technical skills we need to serve our customersOur ability to leverage digital transformation to better serve our customersOur ability to manage supply chain disruptionsEnhancing service levelsESG performanceNew mining industry dynamics as a result of shift in commodity mix</div>	
<div>Our response</div> <div><ul style="list-style-type: none">Ongoing and transparent engagement with the investment communityRegular, transparent, and comprehensive financial, operational and ESG reporting.</div>		<div>Our response</div> <div><ul style="list-style-type: none">Introduction of new employee wellness programmeImprove employee engagementLearning and coaching initiative to provide career development and prepare employees for opportunitiesGood progress with diversity and inclusionDevelopment of a fair and responsible pay framework</div>		<div>Our response</div> <div><ul style="list-style-type: none">Focus on improving customer satisfaction and meeting customer requirementsProgress with digital transformationGood progress with developing and retaining technical skillsGovernance in place to meet all legislative and regulatory requirementsFocus on customers and meeting customers' requirementsImplementation of BBS to facilitate continuous improvementInnovative solutions to reduce our impact on the environment</div>	
<div>Legend</div> <div><ul style="list-style-type: none">Strong relationships that benefit both partiesGood quality relationshipsRelationships with room for improvement</div>					

The role of our relationships in value creation (continued)

<div>Business partners</div> <div></div> <div></div>		<div>Society</div> <div></div> <div><div></div><div></div></div>		<div>Government and regulators</div> <div></div> <div><div></div><div></div></div>	
<div>Why we engage</div> <div><ul style="list-style-type: none">To keep abreast of product developments and partner strategiesTo maintain relationshipsTo keep our partners informedContractual terms</div>	<div>How we engage</div> <div><ul style="list-style-type: none">Face-to-face and electronic meetingsDigital communication</div>	<div>Why we engage</div> <div><ul style="list-style-type: none">To understand and where possible address community needsTransformation and inclusionAchieve our purpose</div>	<div>How we engage</div> <div><ul style="list-style-type: none">We mainly engage through consultationFrequently, our service providers engage with our beneficiaries on our behalf</div>	<div>Why we engage</div> <div><ul style="list-style-type: none">To ensure we adhere to legislative and regulatory requirementsTo be able to have input into policymaking and the development of legislation and regulationsTo ensure we are clear on legislation and regulationsTo foster trust and maintain regulatory licences</div>	<div>How we engage</div> <div><ul style="list-style-type: none">Submission of statutory reportingAttendance at meetingsE-mail communicationParticipation in forums and engagement through industry bodiesB-BBEE reporting requirements</div>
<div>Key matters in 2023</div> <div><ul style="list-style-type: none">Maintaining relationshipsProgress with availability of product offerings that will reduce operating and life cycle costs and have a reduced environmental impact, including reducing GHG emissionsOngoing impact of Russia-Ukraine warGrow services and the aftermarket share of wallet</div>		<div>Key matters in 2023</div> <div><ul style="list-style-type: none">Food security impacted by rapidly rising food inflationEmploymentEconomic inclusionPreferential procurement opportunities for community businessesMaintaining our social licence to operateSkills development and education opportunities</div>			
<div>Our response</div> <div><ul style="list-style-type: none">Maintain regular contact with our partnersCollaborate with partners to solve supply chain challengesMake progress with growing services and the aftermarket share of walletKeep partners advised of the performance of our operations and their operating environment</div>		<div>Our response</div> <div><ul style="list-style-type: none">Provide community support in terms of food securityInvesting financial and non-financial support in social enterprises through MbewuFocusing on addressing education needsSkills development with a focus on preparing community members for a just transitionBuilding wealth through the Siyakhula enterprise and supplier development programme, which includes an SME academy launched in FY2023Increasing preferential procurement from community businessesProviding access to adequate, safe and affordable housing close to the Sandton business district through the Barlow Park mixed-used development</div>			
<div>Legend</div> <div><div><div></div></div>Strong relationships that benefit both parties</div> <div><div><div></div></div>Good quality relationships</div> <div><div><div></div></div>Relationships with room for improvement</div>					

Leadership

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The board that governs us


The nomination committee regularly reviews the board's composition to ensure its members have the expertise, knowledge and experience necessary to set, steer and oversee the company's strategic focus and its performance as a responsible corporate citizen in the workplace and the social and natural environments.



Independent non-executive directors				
Lulu Gwagwa (64)	Neo Mokhesi (62)	Nicola Chiaranda (59)	Hester Hickey (69)	Hugh Molotsi (57)
Chairman: Board, Nomination, Strategy and Investment committees Committee memberships: Remuneration, Social, Ethics and Transformation	Lead independent director Chairman: Social, Ethics and Transformation Committee memberships: Nomination, Remuneration	Chairman: Risk committee Committee memberships: Audit, Strategy and Investment	Chairman: Audit committee Committee memberships: Strategy and Investment	Committee memberships: Risk, Strategy and Investment
Qualifications: BA (University of Fort Hare), MSc Social Policy and Planning (London School of Economics and Political Science), MPhil (St Augustine College), PhD in Development Planning (University College, London)	Qualifications: BCom, Advanced Management Programme	Qualifications: Master's Degree in Economics (University of Venice), Italian Chartered Accountant, executive training programmes at INSEAD, France, and Olin School of Business, USA	Qualifications: BCompt (Hons), CA(SA)	Qualifications: BSc Comp, MSc Comp
Date of appointment: 1 October 2021	Date of appointment: 1 February 2019	Date of appointment: 11 February 2022	Date of appointment: 1 April 2017	Date of appointment: 1 February 2019
Skills and experience: Lulu was appointed as chairman of the Barloworld board in 2021 having previously served as an independent non-executive director of FirstRand, Massmart, Sun International and Afrox Limited. She is a development planner with extensive experience gained in both the public and private sectors, as well as in academia.	Skills and experience: Neo's over 25 years' experience in marketing, corporate affairs, development finance, strategy and corporate governance, included being the senior executive responsible for market development in the rest of Africa for the Industrial Development Corporation. She currently serves on a number of unlisted companies including Mozai Aluminium SA, a subsidiary of South 32, and women-led and women-founded business, WDB Investment Holdings.	Skills and experience: Nicola's work experience has mainly been in the agribusiness and food sector where he has worked as a global CFO, vice-president responsible for strategy and business development and vice-president responsible for performance improvement for listed American, French and Italian multinational groups. His experience includes executing several mergers and acquisitions, large-scale investments and change management initiatives. Currently, he is Professor of Private Equity and Development Funding at the University of Venice (Italy) and heads up his own strategy and finance consulting company, Cropfield Consulting.	Skills and experience: Hester worked for several listed companies, including AngloGold Ashanti Limited, where she initially held the position of internal audit manager and, ultimately, head of risk. She also lectured at the University of Witwatersrand and was partner – internal audit consulting at EY.	Skills and experience: Hugh's extensive experience in information technology started out as a software engineer working for Hewlett Packard in the United States before moving to financial software and services firm, Intuit. During his 22-year tenure at Intuit he became an engineering fellow and in his role as vice-president led the Intuit Labs Incubator. He then founded Ulama, a community messaging platform, of which he is currently the CEO. He is also a board member of the Mozilla Corporation and Echoing Green.
Meeting attendance: Board: 6/6 Committees: Nomination: 4/4 Remuneration: 5/5 Social, Ethics and Transformation: 4/4 Strategy and Investment: 5/5	Meeting attendance: Board: 6/6 Committees: Nomination: 4/4 Remuneration: 5/5 Social, Ethics and Transformation: 4/4	Meeting attendance: Board: 6/6 Committees: Audit: 6/6 Risk: 5/5 Strategy and Investment: 5/5	Meeting attendance: Board: 6/6 Committees: Audit: 6/6 Strategy and Investment: 5/5	Meeting attendance: Board: 6/6 Committees: Risk: 5/5 Strategy and Investment: 5/5
Directorships in other listed entities: None	Directorships in other listed entities: None	Directorships in other listed entities: None	Directorships in other listed entities: Northam Platinum Limited (Lead independent director) Pepkor Limited	Directorships in other listed entities: None

Members of the executive committee attend board and committee meetings by invitation. From time to time members of management are invited to provide technical expertise.

The board that governs us (continued)

					
					
Independent non-executive directors				Executive directors	
Nomavuso Mnxasana (67)	Vuyisa Nkonyeni (54)	Bashirat Odunewu (61)	Peter Schmid (61)	Dominic Sewela (58)	Nopasika Lila (54)
Committee memberships: Audit, Nomination and Risk	Committee memberships: Audit, Risk and Strategy and Investments	Committee memberships: Audit, Remuneration and Social, Ethics and Transformation	Chairman: Remuneration Committee Committee memberships: Risk, Strategy and Investment	Group Chief Executive Officer Committee memberships: Risk, Social, Ethics and Transformation, and Strategy and Investment	Group Finance Director Committee memberships: Risk
Qualifications: BCompt (Hons), CA(SA)	Qualifications: BSc (Inf Proc), BSc (Hons) Computer Science, Accountants Conversion Course, Postgraduate Diploma in Accounting, CA(SA)	Qualifications: BSc (Chem), MSc (Chem Tech), FCA, MCI Arb, Certificate in Business Excellence (Columbia Business School)	Qualifications: BCom (Hons), CA(SA)	Qualifications: BSc Chemical Engineering	Qualifications: BCom Accounting Science, BCom (Hons), CA(SA)
Date of appointment: 1 October 2017	Date of appointment: 14 April 2023	Date of appointment: 14 April 2023	Date of appointment: 1 April 2017	Date of appointment: 19 March 2014	Date of appointment: 1 August 2019
Skills and experience: Nomavuso's experience in corporate governance includes being a former director of the Nedbank Group and the JSE Limited. She was a senior partner and member of the executive committee of SizweNtsaluba VSP before becoming group audit and risk executive at Imperial Holdings Limited.	Skills and experience: Vuyisa has over 25 years of experience in investment banking and private equity. He is a chartered accountant, having served his training contract with PricewaterhouseCoopers, which he completed in 1996. He has served as the financial director of Worldwide African Investment Holdings (Pty) Ltd and as chief executive officer of Kagiso Tiso Holdings (Pty) Ltd, a position he held from 1 January 2012 until 31 December 2017. He also holds the following non-executive responsibilities: Emira Property Fund Ltd (chairman of the audit and risk committee); group chairman of Guardrisk Group (Pty) Ltd; investment committee member of Old Mutual Private Equity Fund V and Old Mutual Hybrid Equity Fund I.	Skills and experience: Bashirat's experience includes audit/accounting, corporate and commercial banking, investment banking, and treasury and business development strategy, which she gained in various financial institutions over the past 30 years. This includes holding the position of executive head of corporate banking (energy, natural resources and infrastructure) at First Bank Nigeria (FBN) Ltd. She also supervised the CEOs of First Bank subsidiaries in six African countries and the bank's representative in China. Bashirat currently serves on several boards including Seplat Energy and Leadway Holdings. She is chairman of FBN Bank, Senegal.	Skills and experience: Peter has extensive experience in private equity and asset management. He was responsible for alternative investments at Investec and spent 11 years as a partner at Ethos Private Equity, where he led and originated several buyouts across southern Africa. Until recently, he was global head of private equity at ACTIS, responsible for its global private equity business.	Skills and experience: Dominic's experience in the business supplies and equipment industry includes being the founding managing director of Exel Petroleum, a successful wholly black-owned fuel retail company, director of support services at Eskom Enterprises and subsequently acting CEO before joining Afgri Limited as deputy managing director. Having previously been employed by Barloworld, he rejoined the company in 2007 as CEO of the Equipment Division in South Africa. In 2014 he became COO of Barloworld Equipment southern Africa. In March 2014 he joined the board of Barloworld, was appointed Deputy CEO in March 2016, Chief Executive designate of Barloworld in 2016 and Group Chief Executive of Barloworld Limited in February 2017.	Skills and experience: Nopasika previously served as CFO of the Eskom Pension and Provident Fund before being appointed CEO and principal officer. She has over 20 years of experience in finance, corporate governance and the financial industry. Her particular areas of expertise include funds administration, corporate governance and compliance management, risk management and reputation and stakeholder relations gained while leading major funds in a sustainable manner. She previously served on listed and unlisted boards, which included enX Group Limited, Nampak Limited and Basil Read, and chaired the audit committees of some of the companies.
Meeting attendance: Board: 6/6 Committees: Audit: 6/6 Nomination: 4/4 Risk: 5/5	Meeting attendance: Board: 3/3 Committees: Audit: 2/2 Risk: 2/2 Strategy and Investment: 2/2	Meeting attendance: Board: 3/3 Committees: Audit: 2/2 Remuneration: 2/2 Social, Ethics and Transformation: 2/2	Meeting attendance: Board: 6/6 Committees: Remuneration: 5/5 Risk: 5/5 Strategy and Investment: 5/5	Meeting attendance: Board: 6/6 Committees: Risk: 5/5 Social, Ethics and Transformation: 4/4 Strategy and Investment: 5/5	Meeting attendance: Board: 6/6 Committees: Risk: 5/5
Directorships in other listed entities: Blue Label Telecoms	Directorships in other listed entities: Emira Property Fund	Directorships in other listed entities: Seplat Energy Plc (quoted on the LSE and NGX)	Directorships in other listed entities: None	Directorships in other listed entities: None	Directorships in other listed entities: None

The board that governs us (continued)

Over the past two years, under the guidance of our chairman, we have added three independent non-executive directors to the Barloworld board. Their inclusion has further strengthened the expertise, knowledge and experience our board needs to oversee and guide our strategic focus on the optimisation and growth of an industrial holding company competing in the industrial equipment and services and consumer industries to a value-creating sustainable future.

A summary of the board’s expertise and knowledge is set out below. While the profiles of its members on the previous two pages provide insight into the experience our directors have gained during their careers.

Board skills and experience:

Areas of expertise and knowledge crucial to the sustainability of our business	Number of directors with expertise and knowledge in these areas										
Agribusiness and food	•										
Asset management	•	•	•	•	•	•					
Business development	•	•	•	•	•	•	•	•	•	•	
Change management	•	•	•	•	•	•	•				
Finance and auditing	•	•	•	•	•	•	•	•			
Governance, risk and compliance	•	•	•	•	•	•	•	•	•	•	•
Leadership	•	•	•	•	•	•	•	•	•	•	•
Mergers and acquisitions	•	•	•	•	•	•	•	•			
Social development	•	•	•	•	•	•					
Stakeholder relations	•	•	•	•	•	•	•	•	•	•	•
Strategy	•	•	•	•	•	•	•	•	•	•	•
Technology	•	•									

Election of directors

In line with Barloworld’s Memorandum of Incorporation (MOI) and the JSE Listings Requirements, one-third of our non-executive directors, who will have been longest in office at the date of our annual general meeting (AGM), must retire by rotation and can choose to offer themselves for re-election. Those retiring at our forthcoming AGM are Nicola Chiaranda, Neo Mokhesi and Hugh Molotsi. The two new members who joined the board on 14 April 2023, Vuyisa Nkonyeni and Bashirat Odunewu, will stand for election.

Unitary board structure

11 members

2/18% Executive directors

Independent non-executive directors 9/82%

45% Men

Women 55%

Diversity commitment

The board intends to ensure that a minimum of 50% of our board members are women and that a minimum of 50% of our board members are black South Africans.

FY2023: women make up **55%** of our board membership and **64%** of our board members are black South Africans.

Attendance

Average board attendance: 100%

Average committee attendance: 100%

Independent non-executive demographic

67% Black

White 33%

44% Men

Women 56%

Gender target of 50% women exceeded (FY2022: 55%)

South African Independent non-executive board members’ demographic

71% Black

White 29%

Target of 50% black South African members was exceeded by 21% in FY2023 (FY2022: 55%)

Gender of South African non-executive board members

43% Male

Female 57%

Target of 50% women was exceeded by 7% in FY2023 (FY2022: 5%)

Tenure and age

Tenure

0 to 3 years 4

4 to 7 years 5

Age

53 to 59 3

60 to 69 6

Nationality of our board members

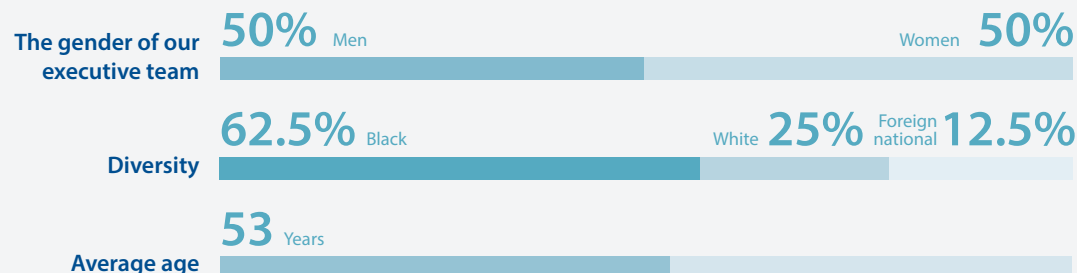
9 South Africans 81%

1 Nigerian

1 Italian

The executives that lead us

							
Dominic Sewela (58)	Nopasika Lila (54)	Emmy Leeka (54)	Gale Lemmert (58)	Andronicca Masemola (49)	Dr Nandkishore Menon (43)	Nomini Rapoo (60)	Chris Wierenga (48)
Group Chief Executive Officer	Group Finance Director	Chief Executive Officer: Barloworld Equipment Eurasia	Group Executive: Risk, Ethics and Governance	Chief Executive Officer: Barloworld Equipment southern Africa	Group Executive: Strategy, Mergers and Acquisitions	Group Executive: Corporate Secretariat	Chief Executive Officer: Consumer Industries
Qualifications: BSc Chemical Engineering	Qualifications: BCom Accounting Science, BCom (Hons), CA(SA)	Qualifications: BSc Eng – Metallurgy and Materials (Wits), Postgraduate Diploma in Business Administration	Qualifications: BA, LLB, MBA	Qualifications: BCompt (Hons), CTA, Postgraduate Diploma Economic and Management Science (strategy and integrated reporting), CA(SA)	Qualifications: PhD (Aeronautical Engineering)	Qualifications: BCom, LLB, UED, Admitted attorney of the High Court, Certificate in Corporate Governance	Qualifications: BCompt Accounting Sciences
Areas of responsibility: Chief Executive Officer	Areas of responsibility: Group finance, strategic finance including treasury; tax; company secretariat; legal, investor relations; and information technology	Areas of responsibility: Equipment Eurasia Vostochnaya Technica Barloworld Mongolia	Areas of responsibility: Enterprise risk management (ERM), Insurance, Retirement Benefits, Medical Aid, Ethics and Compliance, Sustainability	Areas of responsibility: Equipment southern Africa	Areas of responsibility: Strategy, mergers and acquisitions	Areas of responsibility: Providing professional corporate governance services to the governing body	Areas of responsibility: Consumer Industries, Ingrain



Full biographies are available on the group's website:

 www.barloworld.com

Our approach to governance

Barloworld's governance philosophy

We view good governance as a business enabler and are committed to the highest governance standards, ethics and integrity.

We acknowledge the interdependent relationship between the group and its stakeholders. We have adopted a stakeholder-inclusive approach that balances stakeholders' needs, interests and expectations with the group's best interests over time.

Our board's governance oversight is guided by its commitment to its responsibilities and governance objectives achieved through applying the principles and practices articulated in the King IV Code and compliance with the JSE Listings Requirements. We provide detailed disclosures in our application of the King IV Principles online.

The principles of corporate governance approved by the Barloworld board expect the board and management to contribute to achieving the following objectives:

Integrity: To act in good faith and the company's best interest

Transparency: Make the necessary disclosures. This process needs to be observable to outsiders.

Accountability: There is an obligation and responsibility to give an explanation or reason for the company's actions and conduct

Fairness: There needs to be equal treatment or fairness in the treatment of all stakeholders, including shareholders, employees and communities.

The purpose of our approach to governance

The good governance that we aim to achieve by applying the King IV Code is:

- effective control
- an ethical culture
- good performance against strategy
- legitimacy through stakeholder inclusivity and the group's role as a corporate citizen.

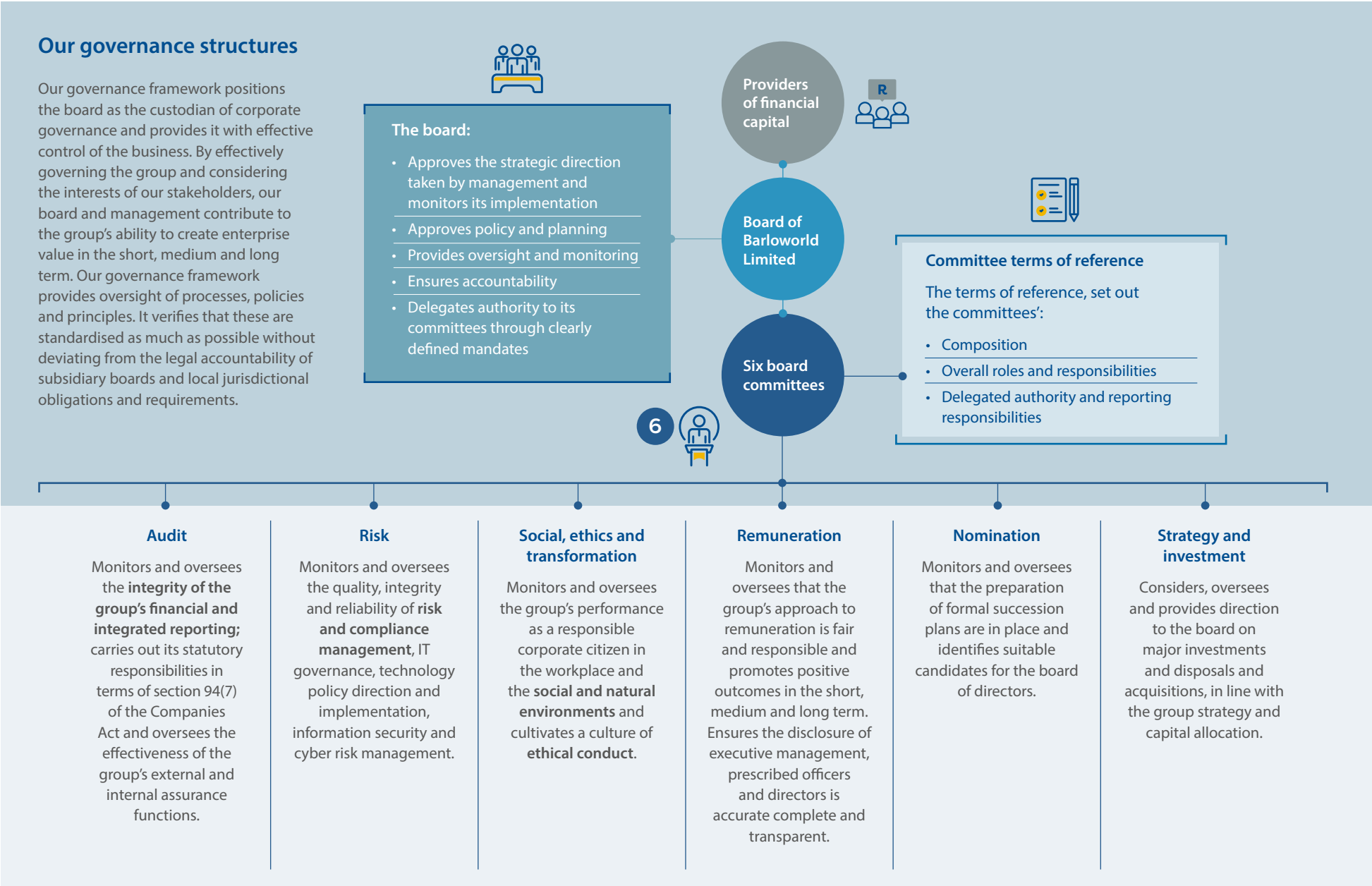
As the group's custodian of governance, our board uses its quarterly meetings to discharge its duties in terms of its charter, the Companies Act, the JSE Listings Requirements, King IV and legislation regulating the industries in which we operate. To embed an ethical culture in the group and combat fraud and corruption, the board considers quarterly reports on operating and financial performance; risk, opportunities and compliance; our social performance, including the safety, health and well-being of our employees and our customers; and our environmental performance, including climate change mitigation, and the results of our efforts. Our board also monitors the macro-environment and its potential impact on our business.

The board's leadership role

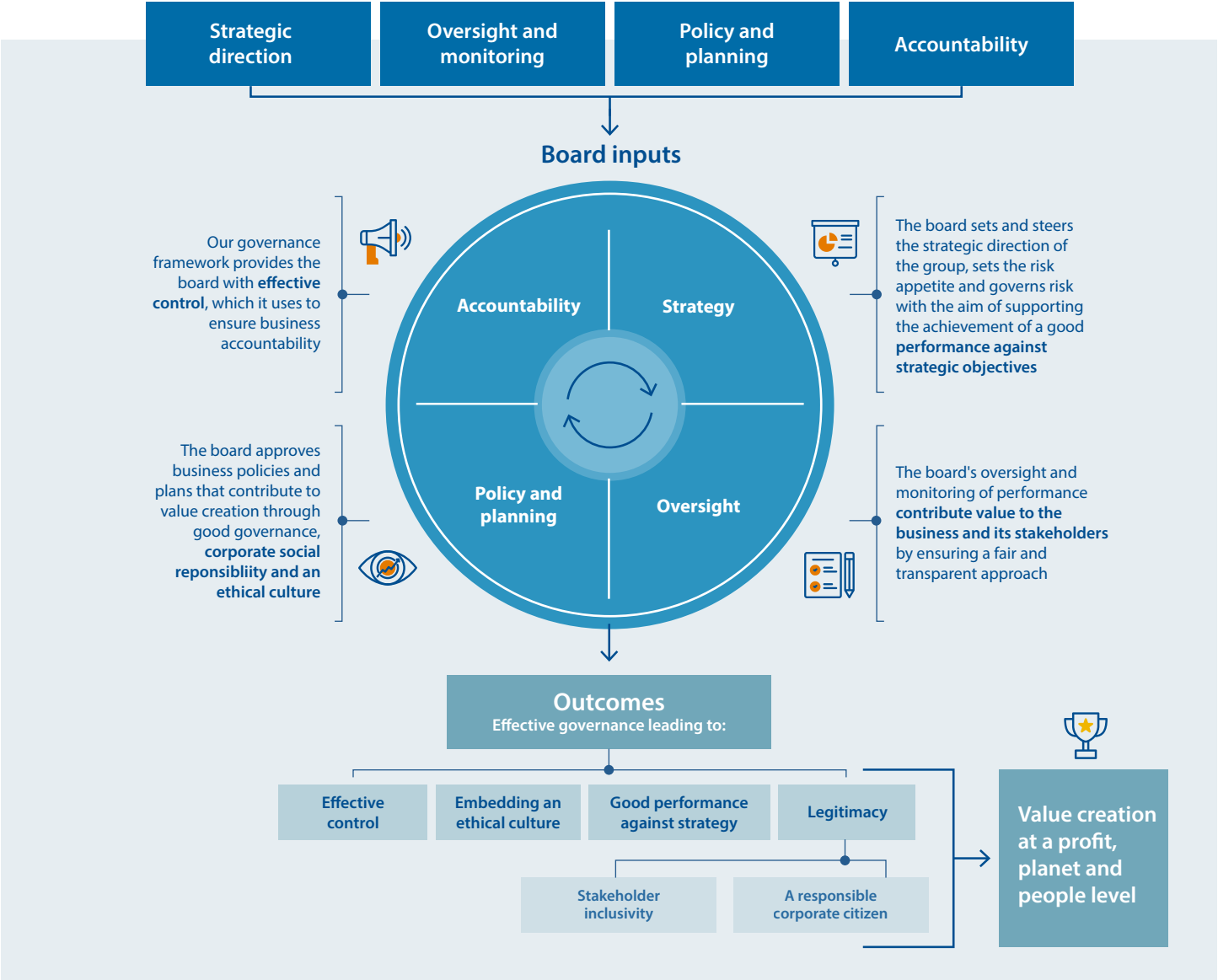
The board of Barloworld sets the tone and leads the group ethically, effectively and responsibly. When making decisions, individual board members ensure they are well-informed, act independently, with courage, awareness and insight, and manage conflicts of interest if any arise. The board works together with the executive team to deliver on our purpose. It steers the group's strategic direction to create economic value for all our stakeholders in the short, medium and long term. It retains its flexibility to adapt rapidly to changing market conditions and innovate. It guides and oversees the group's performance in terms of its role in society as an employer, taxpayer, and contributor to transformation and economic growth.

A clear balance of power and authority

The group has established a clear balance of power and authority at board level through the appointment of strong independent directors and the separation and a clear definition of the roles and responsibilities of the chairman and Chief Executive Officer.



The board’s collective responsibility for its primary governance roles



Effective control

The group’s **governance and delegation structures position** our board as the custodian of corporate governance and ensure Barloworld has adequate leadership structures in place. These provide a solid foundation for our application of King IV, focusing on achieving the four corporate governance outcomes of an ethical culture, good performance, effective control and legitimacy. Our governance practices facilitate the delegation of authority to the board committees through which the board provides guidance, monitors executive management functions, and verifies that its established governance policies and processes are applied.

The audit committee was able to ensure the integrity of both the annual financial statements and the integrated report and satisfy itself as to the expertise and experience of the Finance Director and the finance function. The audit committee is also satisfied with the competence, qualifications and experience of the debt officer of the company, Ms Relebohile Malahleha.

All our directors must declare their interests through any shareholding or contracts with the group and any personal or commercial interests that may relate to board matters. They recuse themselves from any relevant discussions and meetings in line with the requirements of the Companies Act.

The nomination committee assessed the competence of the Group Company Secretary and recommended to the board that she is sufficiently qualified to continue in this role. Our nomination committee monitors and provides oversight of our board diversity policy, which includes gender and racial targets.

Our approach to governance (continued)

The board's diversity policy also takes into account diversity attributes of culture, age, field of knowledge, skills and experience, in line with the JSE Listings Requirements.

Board performance

A formal board and committee assessment was conducted in FY2021 by an independent service provider. During FY2022, we addressed the recommendations arising from this evaluation, including forming separate audit and risk committees and providing board members with training focused on ESG matters and climate change. In line with the JSE's recommendation, we intend to conduct board and committee assessments every two years; however, because we introduced two new board members in the year under review, we have postponed the FY2023 assessment until FY2024.

Governance designed to embed an ethical culture

Our board is uncompromising regarding embedding and maintaining an ethical culture in our business. It mandates the social, ethics and transformation committee, supported by the executive committee, to monitor and oversee ethics management and the fight against fraud and corruption. The committee also monitors and oversees the implementation of our well-designed ethics management process. Relevant policies are embedded and revised where necessary, and, if deemed necessary, new board-approved policies are drafted, and governance around the policies is measured.

The group understands the power of ethical leadership to influence the actions of our employees and stakeholders and to support us in achieving our purpose. We have a zero-tolerance approach to corruption and unethical behaviour and will always act in good faith and as a responsible corporate citizen.

The group is governed by the Barloworld Worldwide Code of Conduct, which was reviewed and updated during the year under review, and its Code of Ethics. Our Supplier Code of Conduct was also reviewed and updated during FY2023. Our Code of Ethics requires Barloworld's directors, management and employees to obey the law, respect others, be fair and honest and protect the environment. Our employees are regularly reminded of these Codes, and our ethics and compliance programme is designed to further entrench and integrate good corporate governance throughout the group. Both Codes are shared with our suppliers and service providers.

As an additional safeguard, all executive directors are assessed for potential conflicts of interest and independence annually. There were no recorded conflicts of interest under the period under review.

During the year under review, based on the audit findings of our internal auditors, who conduct a formal review of the group's governance of ethics and risk every two years, we amended our group fraud policy and are amending the group ethics strategy with the assistance of lawyers who are specialists in this field. Amendments to the group fraud strategy are still in progress. Our group ethics and compliance framework is also undergoing review.

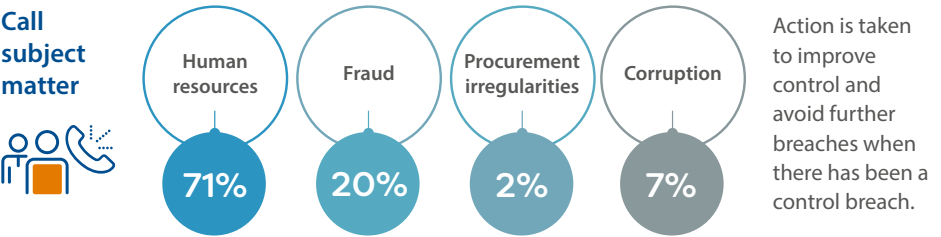
Embedding an ethical culture

During FY2023, we used face-to-face training in Ingrain for the first time since Covid-19. Ingrain joined the group shortly before the Covid-19 lockdowns started, which resulted in all training being online. This training allowed us to build on the online ethics training the people of Ingrain had already experienced to embed further an ethical culture aligned with the group's approach to ethics.

Strengthening our governance of ethics

Our ethics and compliance programme, designed to further entrench and integrate good corporate governance throughout the group, includes ongoing assessments of ethics risks and opportunities, which are integrated with our risk management processes.

In addition, the group's divisions have strengthened their governance structures and now hold divisional social, ethics and transformation, and risk meetings.



Our approach to governance (continued)

Compliance governance

Our board is committed to full compliance with all applicable laws and regulations and supports the application of certain non-binding codes and standards. A board-approved combined assurance framework is in place to address the need for an effective control environment. The audit committee is mandated to provide oversight of the internal controls to address compliance with new legislation or amendments to current legislation, which include a legal and compliance framework and processes.

During the year under review, we strengthened our compliance capacity by appointing a compliance manager.

Our combined assurance programme enables an effective control environment, prevents gaps or duplication of assurance efforts, and supports the integrity of information for internal decision-making and external reports. Our board-approved regulatory compliance framework has strengthened our compliance management, and the appointment of a Chief Audit Executive has strengthened oversight and ensured we are applying best practice combined assurance.

The directors confirm that the group has complied with the JSE Listings Requirements, the provisions of the Companies Act or laws of establishment specifically relating to its incorporation and is operating in conformity with its Memorandum of Incorporation and relevant constitutional documents.

The social, ethics and transformation committee confirmed no material non-compliance required disclosure in the year under review.

As a multifunctional group, Barloworld needs to adhere to a wide range of legislative requirements. The board has confirmed that sufficient management capacity and controls are in place to ensure compliance with all relevant laws and industry practices. Legal compliance at the divisional level is regularly reported to management and is also reported on every quarter to the risk committee. The administration of our legal compliance system is vested in a senior management member with the appropriate legal qualifications. Members of senior management are regularly informed of all relevant new legislation and amendments.

Technology and information governance that supports the achievement of our strategic objectives

The risk committee's mandate includes monitoring and oversight of the group's IT governance, information security and cyber risk. We are investing in appropriate systems and resources to protect digital information, increase efficiency and position our divisions to take advantage of their **investment in technology**.

Good performance against our strategic objectives

A key responsibility of the board is approving the strategic direction taken by management and monitoring its implementation. Good progress has been made with our strategic objectives. We have succeeded in pivoting our portfolio into more asset-light and defensive businesses and positioning our businesses for growth.

Legitimacy

Stakeholder inclusivity

To achieve stakeholder inclusivity and create value for both our business and its stakeholders, we identify our stakeholders and the matters material to them through engagement and take into consideration their interests, needs and expectations.

Responsible corporate citizenship

The mandated committees monitor the effectiveness of the policies and processes we have in place to support our performance as a responsible corporate citizen. They also monitor and provide insight into our performance as a responsible corporate citizen in the workplace regarding **economic transformation**, fraud and corruption, **our role in society**, our approach to **the natural environment** and our impact on it.

The **social, ethics and transformation committee** (SETC) plays a vital role in monitoring and guiding the group as a responsible corporate citizen. Its mandate is to assist the board in fulfilling its statutory and other oversight responsibilities regarding:

- transformation, focusing on broad-based black economic empowerment (B-BBEE) and employment equity legislation
- compliance with relevant social, ethical and legal requirements and best practice codes to promote and embed an ethical culture in the group
- diversity and inclusion
- environment sustainability
- corporate social investment
- good corporate citizenship.

The SETC's report covers its performance in terms of its mandate and the group's application of King IV.

Remuneration that is fair and promotes our strategic objectives

Our remuneration committee is charged with ensuring that our:

- executive directors and senior management are fairly rewarded for their contributions to the company's overall performance
- remuneration policies and practices are designed to align performance with reward and to attract and retain the right talent
- remuneration policies and practices consider the interests of stakeholders and the financial position of Barloworld
- See the implementation section of our remuneration review for FY2023, available on our website, for details of the outcome of the application of our remuneration philosophy and policy (www.barloworld.com/investors).

SUCCEEDED IN
PIVOTING OUR
PORTFOLIO INTO MORE
ASSET-LIGHT AND
DEFENSIVE BUSINESSES
AND POSITIONING
OUR BUSINESSES FOR
GROWTH



Tax governance

The King IV Code's fundamental concept regarding tax is that the board should be responsible for a tax policy compliant with the applicable laws but also congruent with responsible corporate citizenship, and that takes account of reputational repercussions.

Barloworld manages all its tax risks to ensure full compliance with all applicable tax legislation and reporting requirements and that stakeholder value is created and sustained.

Our policy stipulates key principles regarding the management of tax across our group:

- to observe all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities everywhere we operate
- to establish a guideline for effectively and continually managing and mitigating tax risks within the group
- to adequately provide transparency and clarity about internal policies, controls and procedures relating to tax functions
- to enable the achievement of clear objectives while executing our chosen strategy
- to continuously direct the behaviour of our people in the best and correct direction
- to proactively communicate with stakeholders that our taxes are appropriately managed.

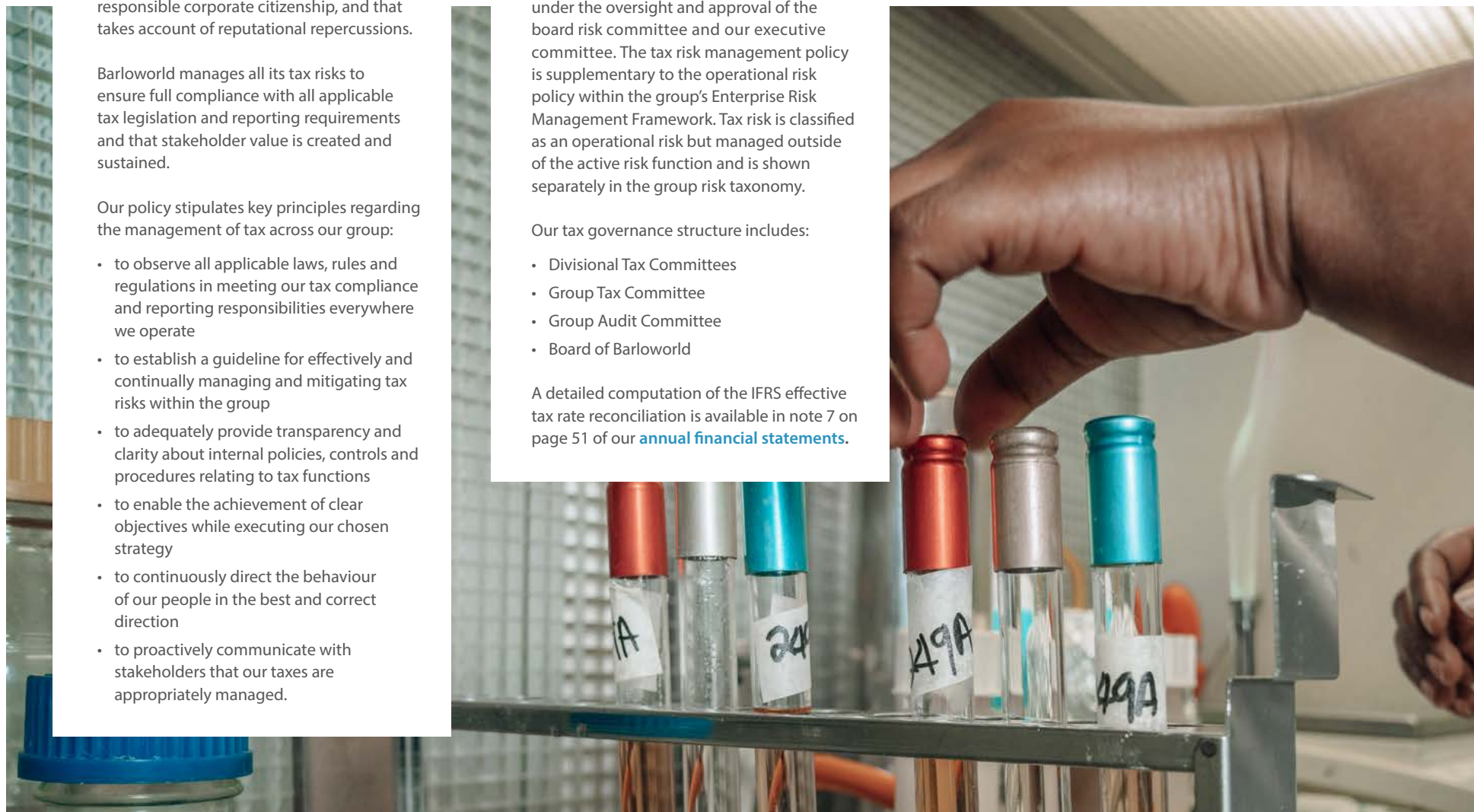
Governance structures in place to achieve and promote responsible and transparent tax

Our tax risk management policy derives its authority from the Barloworld board under the oversight and approval of the board risk committee and our executive committee. The tax risk management policy is supplementary to the operational risk policy within the group's Enterprise Risk Management Framework. Tax risk is classified as an operational risk but managed outside of the active risk function and is shown separately in the group risk taxonomy.

Our tax governance structure includes:

- Divisional Tax Committees
- Group Tax Committee
- Group Audit Committee
- Board of Barloworld

A detailed computation of the IFRS effective tax rate reconciliation is available in note 7 on page 51 of our [annual financial statements](#).



Board and committee focus areas for 2023

Board focus areas for 2023	Response regarding what was achieved
Oversee finalisation of the unbundling of Avis	<p>As part of the approved strategy, the board oversaw Barloworld's divestment from its remaining controlling interests in the automotive sector through its businesses related to the Avis brand. The divestment was consistent with Barloworld's stated strategy to pivot its portfolio into asset-light, cash-generative businesses within the Industrial Equipment and Services and Consumer Industries divisions.</p> <p>The divestment was implemented through a successful unbundling (to Barloworld shareholders) and the subsequent listing of the shares of Zeda Limited on the JSE, 13 December 2022.</p>
Continue to monitor how the Russia-Ukraine war is impacting the group	<p>The ongoing conflict in Ukraine and the concomitant impact on Barloworld remains an ongoing material risk, which is a standing agenda item in all board meetings.</p> <p>The board, in conjunction with the executive committee of Barloworld, continues to monitor the situation with enhanced emphasis on compliance in relation to the ongoing business activities undertaken by the group's Russian subsidiary in the region.</p>
Oversee the group's capital allocation strategy	<p>Barloworld has a well-developed capital allocation framework, and the board in conjunction with the executive committee follows a rigorous approach to capital deployment for organic and/or inorganic growth, maintaining a conservative capital structure, and also enabling the company to declare dividends, as and when appropriate.</p>
Organic and inorganic growth	<p>The board, along with the executive management of the company, continues to focus on value-accretive organic growth and the delivery of positive economic profit from the businesses in our portfolio. This is evident from the growth delivered by the businesses in a challenging global environment.</p> <p>In the last financial year several inorganic growth opportunities have been evaluated, however, none of them met the stringent guardrails for investment that are employed at Barloworld.</p>

Board focus areas for 2023	Response regarding what was achieved
Continue with oversight of strategy implementation	<p>The implementation of the group's strategy focused on the divestitures of the non-core businesses, value accretive organic growth and the delivery of positive economic profit in the core businesses of Barloworld, monitoring of the group's position in Russia, and evaluating opportunities for inorganic growth that meets the group's investment guardrails within the existing divisions.</p>
Ongoing board development	<p>The board invited a renowned expert on Wellness in the Workplace from the UK to address the board.</p> <p>Several board members visited Caterpillar in the USA as part of a process of deepening their knowledge of operational fundamentals. Other board members visited the Mongolian operations, also as part of a process of deepening their knowledge of operational fundamentals.</p>
Independent external board evaluation	<p>For the year under review the board and committee evaluations were internal and targeted deeper board cohesion because of the appointment of two new non-executive directors. No serious challenges were identified and improvements are being implemented in a few areas to bring better meeting efficiencies.</p>
Manage board succession and capacity	<p>A robust succession process has been implemented that not only focuses on executive level succession. The board, through the nomination committee, considered the talent pipeline for the senior management levels and other key positions to mitigate vacancies that arise through both promotions and unplanned attrition.</p>

Our approach to governance (continued)

Audit committee focus areas for 2023

Audit committee focus areas for 2023	Response regarding what was achieved
Continued focus on improving controls in the organisation	The overall control environment was found to be sound, and all areas requiring improvement have been identified. Management has committed appropriate action plans to remediate the improvement areas.
Further develop combined assurance	The group has implemented a combined assurance framework to ensure optimal coverage from various assurance providers from the three lines of assurance. The committee noted the ongoing coordination required from various assurance providers through the risk management processes.
Review the financial impact of climate change	This is an ongoing assessment, and there were no significant specific events that were identified that had significant financial impact in the year under review.
Focus areas in 2024	<ul style="list-style-type: none"> Continued improvement on the overall control environment focusing on areas identified for improvement Continuous improvement and continued efforts to achieve the digitisation of the finance functions Continue to monitor the strength of the balance sheet Continue to focus on the effectiveness of combined assurance providers addressing key risks identified through risk management processes

Risk committee focus areas for 2023

Risk committee focus areas for 2023	Response regarding what was achieved
Monitoring cybersecurity and increase in cyberattacks	Cybersecurity is a key focus area for Barloworld and the topic is discussed and monitored in various governance forums at divisional and group-level, e.g. IT steering committees and risk committees. To respond to the global increase in the number and sophistication of cyberattacks, Barloworld has developed a cybersecurity incident response plan aimed at providing direction and focus in the event of a cyber attack to allow the organisation to respond quickly and appropriately.
Monitor IT governance structure in response to King IV to ensure it addresses critical IT risks	Barloworld's response to the application of King IV Principle 12 is supported by ensuring all divisions have an IT governance framework in place, supported by an IT steering committee and executed with the assistance of an IT strategy driven through the leadership of a Chief Information Officer (CIO) or Head of IT. Internal audit performed a review of the divisional King IV self-assessment process and returned a favourable report.
Monitor significant IT projects and return on investment. Review IT programme management framework in alignment with the IT operating model	Barloworld has implemented a cohesive programme management framework, which was developed collaboratively with input from all divisions. The framework provides visibility of the status of strategic divisional and group projects at various organisational levels. It furthermore drives the management of projects potentially at risk through the implementation of countermeasures.

Our approach to governance (continued)

Risk committee focus areas for 2023 (continued)

Risk committee focus areas for 2023	Response regarding what was achieved
Assess the maturity of the IT operating model	The IT operating model was reviewed in conjunction with the Barloworld Group exco to align with changing business requirements. A formal assessment of the implementation of the IT operating model in the divisions has been scheduled for FY2024.
Review the role of technology in Barloworld's sustainability	Barloworld has embarked on a journey to entrench digital optimisation and transformational thinking into the organisational DNA. Divisions were guided and supported in developing digital business strategies to support the future sustainability of the various businesses.
Execution of group risk and resilience policy	Group Risk policies were overhauled to align with the advanced risk management process that exists within Barloworld. The Risk Audit that was performed in the third quarter of FY2023 tested the quality of the control environment across the top 20 risks in each division and returned an acceptable rating.
Roll-out of the regulatory compliance framework	Policy contract management system vendor appointed and rollout initiated.
Focus areas for 2024	<ul style="list-style-type: none"> • Continue to mature divisional risk processes • Review the role of technology in ERM • Progress our digital strategy • Cybersecurity • Sociopolitical instability • Cyber grid failure • Ongoing rollout of compliance framework • Focus on key strategic risks • Elections

Nomination committee focus areas for 2023

Nomination committee focus areas for 2023	Response regarding what was achieved
Continue with board succession planning	A robust succession process has been implemented that does not only focus on executive level. The board, through the Nomination Committee, considered the talent pipeline for the senior management levels and other vital positions to mitigate vacancies that arise through both promotions and unplanned attrition.
External board evaluation process	For the year under review the evaluation was internal and targeted at bringing deeper board cohesion because of the appointment of two new non-executive directors. No serious challenges were identified and improvements are being implemented in a few areas to bring better meeting efficiencies.
Director development	<p>To provide the board with a deeper understanding of wellness in the workplace a well-known international expert on Wellness in the Workplace addressed the board.</p> <p>A number of board members visited Caterpillar in the USA as part of a process of deepening their knowledge of operational fundamentals.</p> <p>Other board members visited our Mongolian operations to gain an understanding of this business.</p>
Areas that arose during the year that the committee focused on	<ul style="list-style-type: none"> • Succession planning for key skills in the group • Evaluation of the board and its committee
Focus areas in 2024	<ul style="list-style-type: none"> • Enhancing adequacy of board skills • Continuous development of the board • Efficient running of board committees

The remuneration review is available on our website at:
<https://www.barloworld.com/investors/integrated-reports/>

Our approach to governance (continued)

Strategic and investment committee focus areas for 2023

Strategic and investment committee focus areas for 2023	Response regarding what was achieved
Overseeing the group's implementation of its strategy	The implementation of the group's strategy focussed on the divestitures of the non-core businesses, value accretive organic growth and the delivery of positive economic profit in the core businesses of Barloworld, monitoring of the group's position in Russia, and evaluating opportunities for in-organic growth that meets the group's investment guardrails within the existing divisions.
Complete the disposal of non-core assets	<p>As part of the approved strategy, the board oversaw Barloworld's divestment from its remaining controlling interests in the automotive sector through its businesses related to the AVIS brand. The divestment was consistent with Barloworld's stated strategy to pivot its portfolio into asset light, cash generative businesses within the Industrial Equipment and Services and Consumer Industries divisions.</p> <p>The divestment was implemented through a successful unbundling (to Barloworld shareholders) and subsequent listing of the shares of Zeda Limited on the JSE 13 December 2022.</p> <p>Further to the divestment of the AVIS businesses, the group also completed the divestment of its remaining investment in the logistics and supply chain solutions businesses.</p>

Social, ethics and transformation committee focus areas for 2023

SETC focus areas for 2023	Response regarding what was achieved
Wellness renewed focus and strategy refresh	The refreshed wellness strategy that focuses on overall employee well-being was implemented during the year, with good progress being made. One of the key milestones achieved was the appointment of a new service provider, which resulted in an increase in utilisation of services.
Women and youth empowerment	We have made good progress on our gender mix, creating employment opportunities for youth, developing young talent, and ensuring readiness for critical roles by providing growth opportunities through an individual development plan. In South Africa, we also progressed with the percentage of black women in our management team in South Africa. Outside South Africa, the group focuses on limiting the number of expatriates in our teams and increasing the representation of women at all levels.
Sustainability goals linked to climate change	<p>We leveraged our targets for diversity and inclusion, inclusive procurement, employee safety and renewable energy consumption through gender linked and sustainability linked bonds.</p> <p>It was pleasing that all set targets were achieved or surpassed for FY2023.</p>
Employee engagement	Employee engagement surveys specific to each division were conducted. Targeted initiatives were developed and implemented to address areas of concern.
FY2024 focus areas	<ul style="list-style-type: none"> • Efforts to improve the ethical culture will remain ongoing • Continue to monitor the impact of the group's wellness programme and our efforts to empower women and youth • Monitoring of the Barloworld Empowerment Foundation (BWEF) progress regarding delivering on the group's B-BBEE commitments • Extend our climate change focus to include the financial impacts of climate change on the business and the associated risks and targets • The application of the Group Stakeholder Engagement Framework and policy • The Group Stakeholder Engagement Champions Forum will also be a focus area for the committee.

Performance review

Industrial Equipment and Services

Our Industrial Equipment and Services operations include:

Equipment southern Africa, which operates in 11 countries in Africa and

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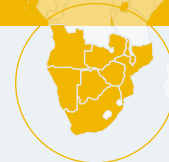
Equipment Eurasia operating in Mongolia and Russia

page 55



Equipment southern Africa

We operate in 11 African countries, including the DRC's Katanga province, through our Bartrac joint venture, selling, servicing and renting an unmatched range of Caterpillar equipment for surface and underground mining, construction, energy and transportation, which includes engines and power systems.



Our performance against our KPIs in FY2023

Revenue

Increased a record 34.9% to R29.5 billion

(FY2022: R21.9 billion)



Operating profit before fair value adjustments

Increased 19.1% to R2.5 billion

(FY2022: R2.1 billion)



EBITDA

15.6% growth to R3.2 billion

(FY2022: R2.8 billion)



ROIC

A record high of 25.5%, which is above the group's threshold of 14%

(FY2022: 22.8%)



Machine sales

57.2% growth in total machine sales

(FY2022: 34.4% growth) and
equipment rental 3.9%
(FY2022: 18.6% growth)



Parts sales

24.0% growth in parts sales

(FY2022: 11.5%)



Despite navigating tough macroeconomic conditions, the solid growth we achieved in new equipment and parts sales was strong across all segments. Energy and Transportation showed the most significant increase across South Africa with an increase of 82% year-on-year, however, this was off a low base. While total new machine sales increased by 69% driven by sales to the mining industry on the back of fleet replacement cycles. Our exposure to a range of segments and a diverse range of commodities serves as a defence against the cyclical nature of our business.

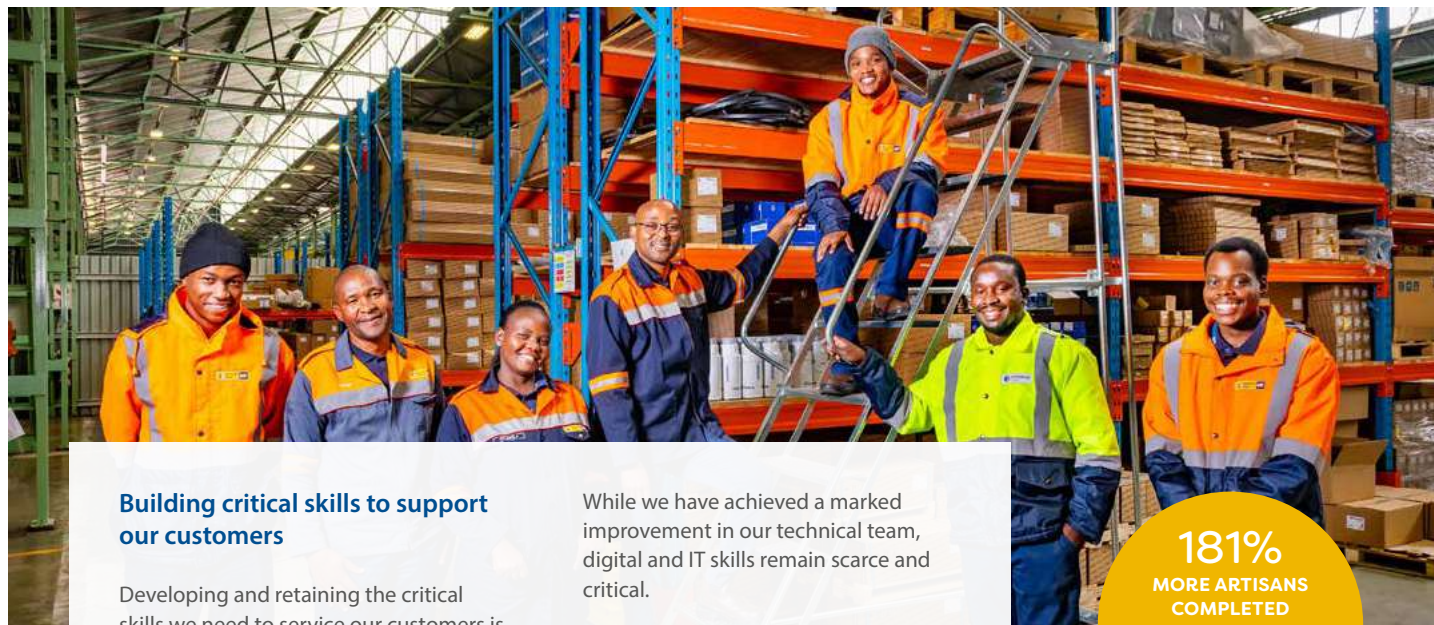
Performance review (continued)

Bartrac has continued to deliver steady growth following the implementation of the turnaround plan. Our share of profit of R223 million showed an increase of 37% in US\$ year-on-year.

In the year under review, due to the strong contribution made by machine sales, our operating margin before fair value adjustments was 9%, which is softer than it was in FY2022. At the same time, our operating profit after fair value adjustments was 8.5%. We expect these margins to improve as the mix changes to a more favourable aftersales contribution.

In FY2022, we reported that some of our key customers in southern Africa had planned major maintenance interventions. The interventions due to take place were postponed to 2024 as the equipment required to carry out these interventions is not available until FY2024. We are working with our customers to ensure they can maintain continuous production until they can reschedule the interventions.





Building critical skills to support our customers

Developing and retaining the critical skills we need to service our customers is crucial to the sustainability of our business and our ability to grow our aftersales revenue. The [safety and wellness](#) of all our employees are critical issues for Equipment southern Africa. We were able to improve our safety performance during the year under review. To ensure we provide our employees with the support and assistance they need to care for their mental health, the group introduced a new holistic employee assistance programme in FY2023. We are also re-assessing our employee value proposition.

Our customers told us they wanted to see an improvement in the skills of some of our technicians, which is an issue affecting most businesses in South Africa. We have lost technicians to offshore markets and needed to rebuild our skills base.

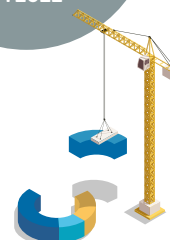
While we have achieved a marked improvement in our technical team, digital and IT skills remain scarce and critical.

During the year under review:

- we trained **7 235 internal and external people** (FY2022: 8 964) in our Learning Academy using Caterpillar-certified facilitators
- **120** of these were apprentices
- we **employed 29** of these apprentices (FY2022: 18)
- **249 artisans** completed the CAT Basic FS Troubleshooting course
- **62 artisans** completed their CAT Advanced Certification (FY2022: 22).

181%
MORE ARTISANS
COMPLETED
THEIR ADVANCED
CERTIFICATION
COMPARED WITH
FY2022

61%
WE HIRED
MORE OF THE
APPRENTICES WE
TRAINED THAN IN
FY2022



Localisation in Greater Africa

Our localisation efforts are focused on ensuring we develop a local and sustainable supply of the skills, knowledge and experience that will allow us to create value for all our stakeholders. We have made good progress and met our 2023 targets of 94% localisation in our Greater Africa operations.

Stakeholder engagement

Following our efforts to address our customers' feedback that they needed to see an improvement in the skills of our technicians, we achieved a 75% improvement in our customer Net Loyalty Score, a survey tracking customer satisfaction levels. We are continuing to build on what we have already achieved in building our technical capacity.

BBS initiatives

During the year under review, we undertook the following initiatives designed to achieve operational and cultural improvements through BBS:

- A new technician role-specific curriculum has been developed to improve technicians' skill levels. It is being rolled out to various regions.
- A customer solutions centre, which provides alternative channels through which customers can interact with us, went live in Mozambique in July 2023. The centre started realising financial benefits by September 2023.

Performance review (continued)

- During an improvement event, we developed a forecasting accuracy solution that is expected to reduce depreciation. This solution is being rolled out to our various regions.
- Managing for daily improvement resulted in an increase in problem-solving from 15 a week to 47 a week.
- Developing problem-solving skills and creating an army of problem-solvers was a focus in FY2023. We have seen a significant increase in problem-solving initiatives, with over 990 interventions logged (FY2022: 125).



A tracker was implemented, which has already saved an interest holding of R2.52 million

Leveraging digital transformation to serve our customers better and optimise efficiencies within our business

Equipment southern Africa deployed several digital transformation initiatives to improve customer service and optimise efficiencies. The progress we have made using digital solutions to improve our customer service and optimise efficiencies include:

- deploying a system to communicate the status of service jobs to customers within the business, which are discussed in the Digital mindset section of this report
- network upgrades that have improved connectivity
- improving customer experience by enhancing system availability, proactive monitoring of databases, networks and servers
- accurate planning and management of aftermarket sales
- a single view for accurate parts planning
- improved accuracy and efficiency of information through the automation of data capturing
- online sales through CAT's e-commerce platform, [Parts.Cat.Com](#) (PCC), increase convenience and reduce costs for our customers. The number of PCC customers has increased 32% from 1 030 in FY2022 to 1 358 in FY2023. The increase in customers using these online services has been facilitated by the assistance provided by our customer service centres and the increased efforts of our regions to introduce customers to this facility.

The Barloworld Group's approach to cybersecurity and data protection throughout the group is addressed in the [Digital mindset](#) section of this report.



Online sales through CAT's e-commerce platform

32%

The number of PCC customers has increased



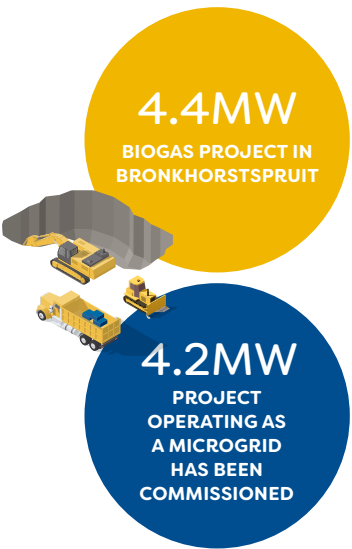
Online services has been facilitated by the assistance provided by our customer service centres

Adapting to changing customer requirements

The change in our mining customers' operating environment includes several mining assets changing hands from global owners to regional and local owners. As a result, we have had to evolve our business model to the needs of the market, which includes retail customers and medium-sized customers. We needed to embrace e-commerce and leverage technology to service our customers efficiently and effectively. Today, approximately 80% of our customers trade with us on the e-commerce platform.

Energy solutions that contribute to greener energy

Our power solutions include diesel, gas, battery storage and solar photovoltaic (PV) (mainly used in hybrid projects), which we tailor to meet different power needs. During the year under review, Barloworld Power completed a 4.4MW biogas project in Bronkhorstspuit. A 2.3MW natural gas project in Johannesburg was constructed and commissioned. A 4.2MW project operating as a microgrid has been commissioned, for which Barloworld provided and integrated a gas power solution with an existing solar plant. We are working on an additional 5.2MW biogas project for the same customer scheduled to be completed in 2024 and a 5.2MW natural gas project for which we have submitted a budgetary proposal.



Contributing to the achievement of a circular economy

The Barloworld Equipment Reman Centre (BRC) has made significant progress in augmenting its inventory of rebuilt components, accruing approximately R80 million worth of components during FY2023. This has enhanced access to rebuilt components for our customers.

The BRC increased its internal salvage capacity by 30% during the year under review and committed to invest in a salvage modernisation project that will enable the BRC to become our centre for salvage work. This project is expected to require an investment of over R40 million.

Reducing the impact of climate change and our impact on climate change

Equipment southern Africa has a five-year plan in place to address climate change. Its progress against the targets it has in this regard is covered in the [Environmental stewardship](#) section of this report, as are its efforts to reduce waste to landfill.

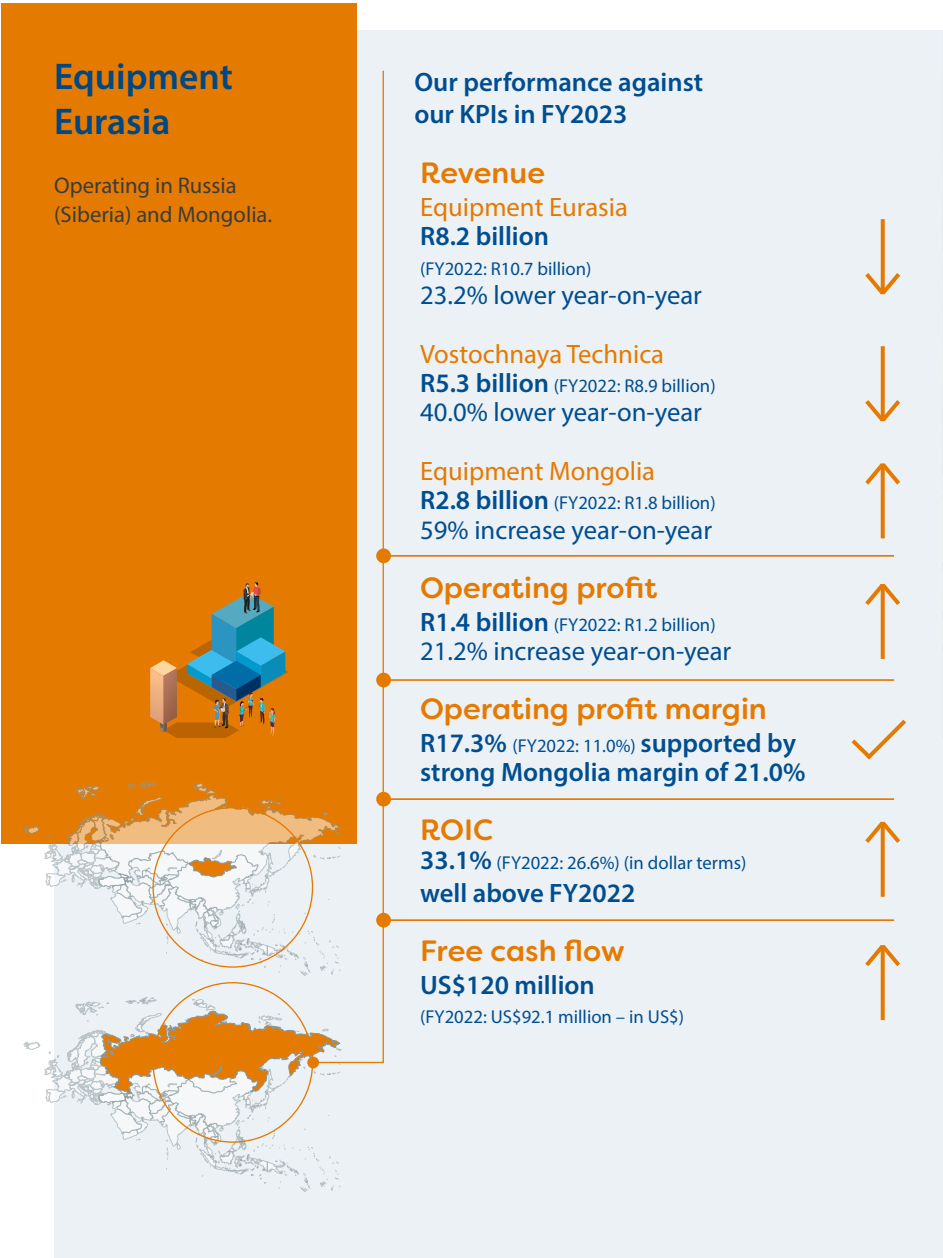


Outlook

The market for mining equipment is expected to slow down in 2024 due to the slowing in commodity demand and weak commodity prices. We are optimistic about the construction segment, which we expect to grow. However, this growth must still be reflected in our order book since we generally carry stock for this segment. Energy and transportation are key growth areas for us, where we are expanding our rental fleet of generators using gas generators with lower emissions. We have a strong pipeline of small energy solution projects that we are working on. The overall machine population we have installed over the years and contributed to in the year under review increases our aftersales opportunities.

We will continue to leverage our investment in technology to improve customer experience and drive services growth, focusing on digitising our processes and driving execution through the BBS culture of continuous improvement. Our order book is at R3.5 billion. While it is lower than the previous year, it is above the average order book before the mining replacement cycle began in 2021.

We will continue to drive our focus areas, which include growing the machine population and services, enhancing technical skills and continually improving our customer net loyalty score.



Stellar results from Mongolia and better-than-expected performance from Vostochnaya Technica (VT) based in Siberia contributed to Equipment Eurasia's strong performance in FY2023. While the R8.2 billion in revenue was 23% below revenue in FY2022, we generated favourable trading margins, driven by good margin realisation, cost containment and a high aftermarket mix. Mongolia's revenue increased 39.9% year-on-year, while, as expected, Russia's revenue lagged the previous year by 47.8% but was well ahead of budget due to good aftermarket performance. Our operating profit of R1.4 billion was a 21% improvement year-on-year. Mongolia improved its operating profit by 175.7%, while Russia's operating profit was 26.3% lower than the previous year.

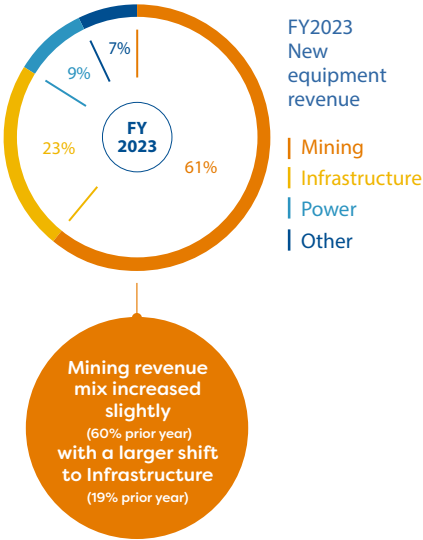
We generated a positive free cash flow of R2.2 billion. The hard work the Mongolian team has put into improving its working capital contributed to this level of free cash flow and increased profitability. The free cash flow to EBITDA conversion came out at 141%. VT has maintained strong profitability and significant cost containment.

Returns remained well above 20%, with ROIC at 33.1%. Our strong aftermarket performance delivered a 62% increase

year-on-year. This was mainly due to VT's reduction in prime product sales. VT's aftermarket performance improved to 67%, with Mongolia achieving 56%.

New equipment sales to the mining sector were sustained above 60%, while sales in the infrastructure sector achieved a 4% increase year-on-year to 23%. Gold continued to be the main contributor to our revenue from commodities, followed closely by coal, which increased to 29% and copper-nickel at 12%. The construction sector remained at 12%. The diversity of commodities we are exposed to protects us from the cyclical nature of mining. However, to increase the resilience of our Mongolia operation, we are looking at ways to diversify our customer base. The expansion and exploration in the mining industry present new opportunities. Currently, the trucking of coal into China is a bottleneck. However, there is significant progress with improving the infrastructure around supply into China. A rail line, which is currently under construction, will undoubtedly ease the current constraints. Equipment Mongolia is supplying approximately 20 locomotives for this project, which will be delivered towards the end of 2023. The Mongolian economy has access to inexpensive power purchased from China.

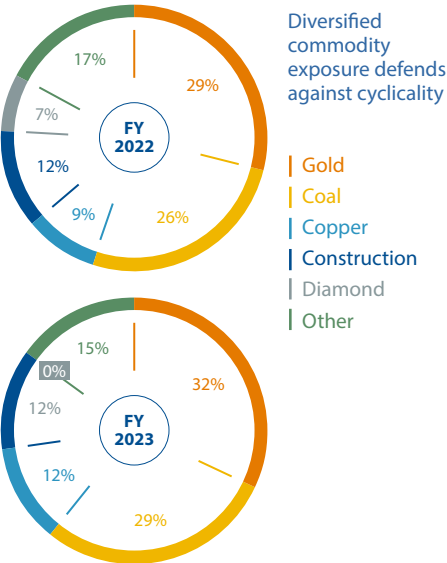
Performance review (continued)



Continuous development of skills for service excellence

During the year under review, 308 training courses were conducted, and 1 447 people received training. The training was both online and offline. The training focused on developing safety and technical skills, which are core to the business (for more information, see the section **A value-creating workforce** in this report). The apprentice programme in Mongolia is a crucial contributor to our talent pipeline. Seventeen apprentices graduated during FY2023.

Equipment Eurasia focused on employee well-being during the year under review. In Mongolia, 80% of the employees have completed well-being awareness training. In Russia, the VT employee assistance programme also focused on mental health.



Outlook

In FY2024, our focus areas will be on:

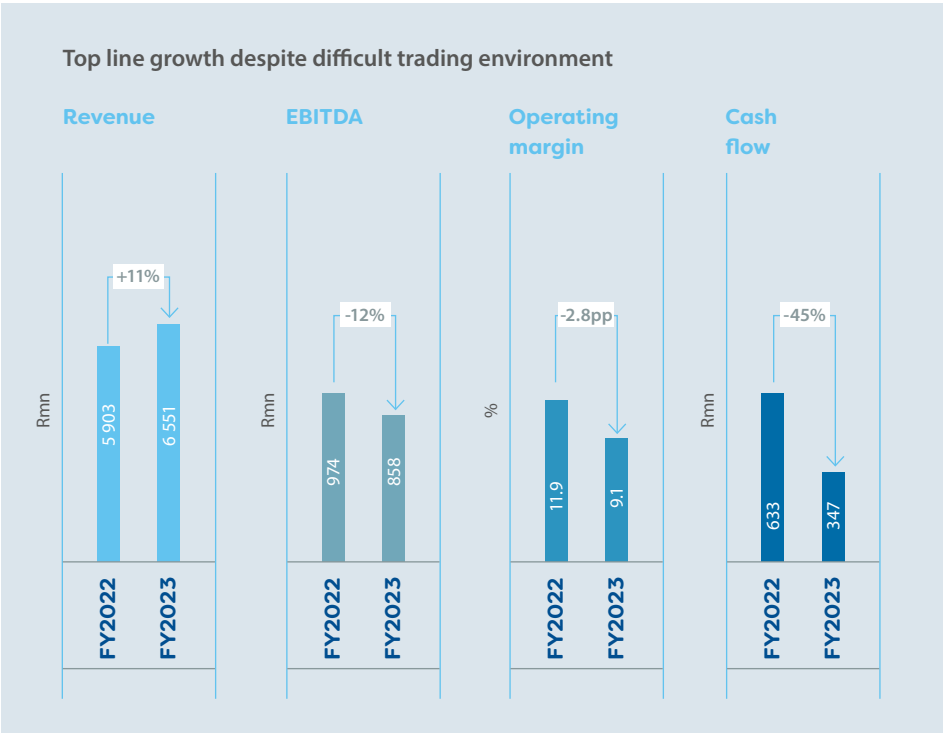
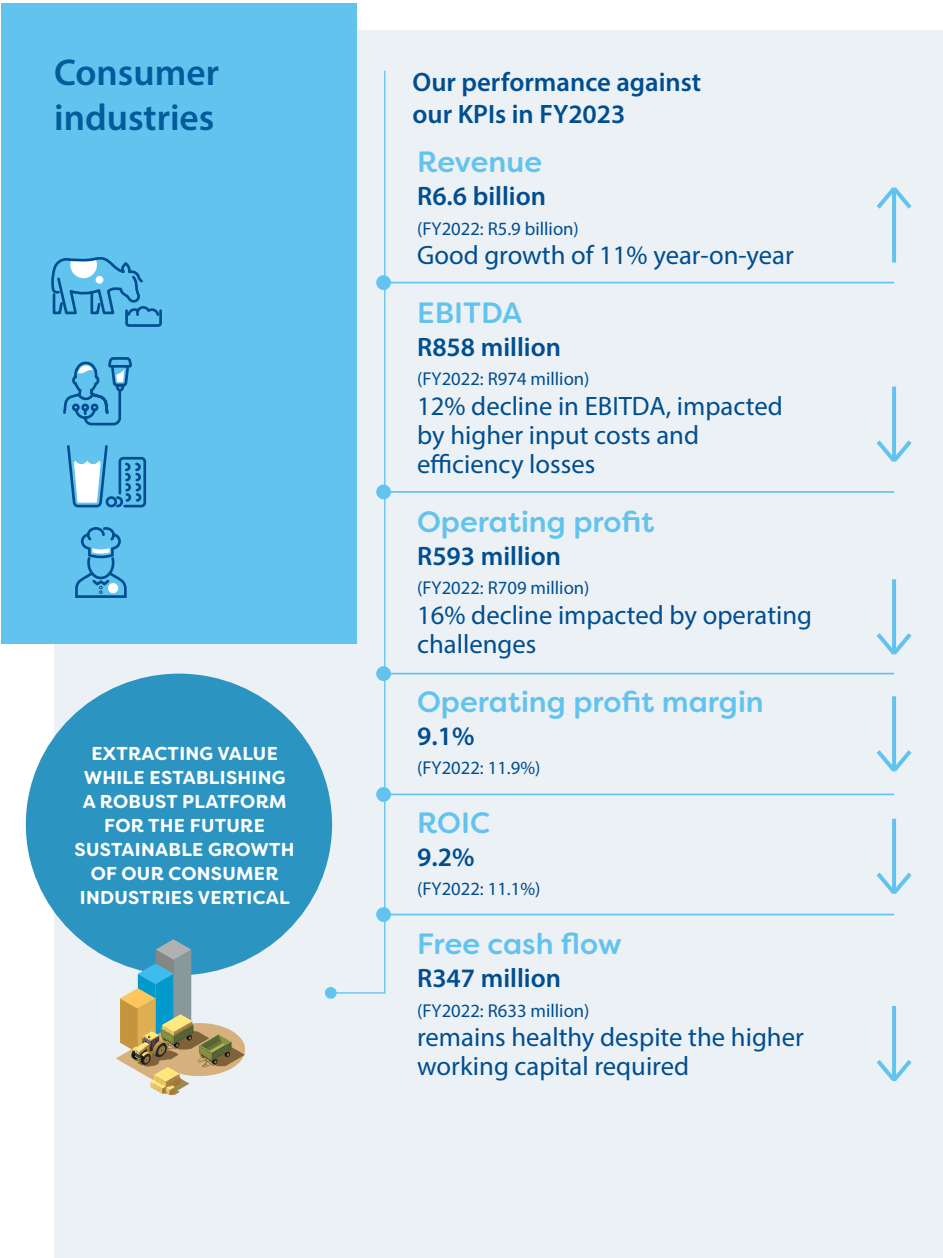
Customer diversification. Customer diversification and capturing all the opportunities in the very competitive Mongolian market are vital to Equipment Eurasia achieving profitable growth, as is delivering on our services growth plans in both territories.

Cost containment. Cost containment is key throughout our operations, but it is essential for VT, which is expected to remain self-sufficient based on the cash flows it generates. During FY2023 Equipment Eurasia reduced its employee numbers by 13.5% (215 full-time employees), most of these reductions were in Russia. BBS's business continuous improvement methodology is key to improving our cost to self, reducing our turnaround time, and enhancing our customer and employee experience while sustaining our returns

Compliance. In Russia, top of mind is ensuring we remain compliant with the third round of sanctions recently imposed on Russia, which will further constrain our ability to sell machines and parts, impacting revenue and our ability to maintain strong margins. Growing our aftermarket sales will be crucial.

Profitable growth. We have an unmatched footprint in both regions, which we will use to enhance our product support and continue focusing on operational excellence and e-commerce. As a countermeasure to what is happening with VT in Siberia, where we expect to achieve break-even, we will capitalise on growth opportunities in Mongolia.

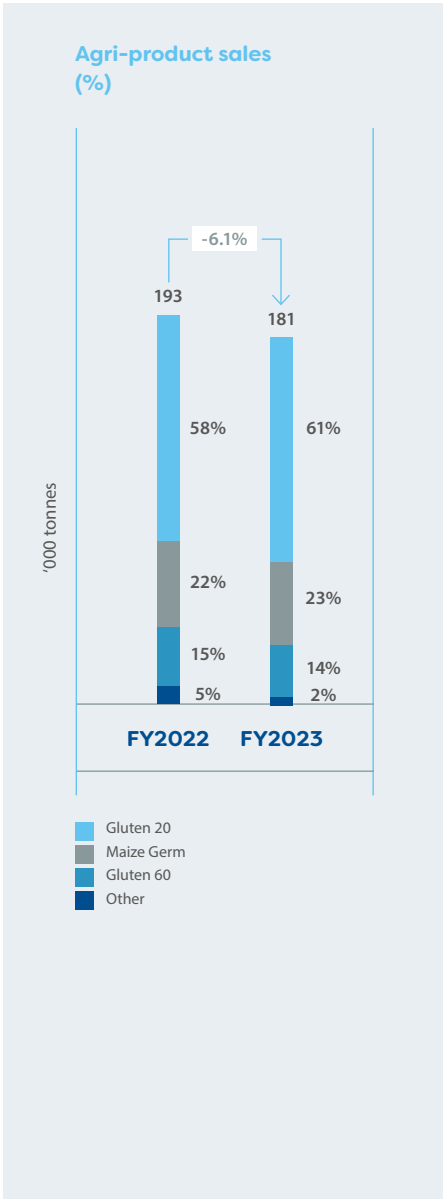
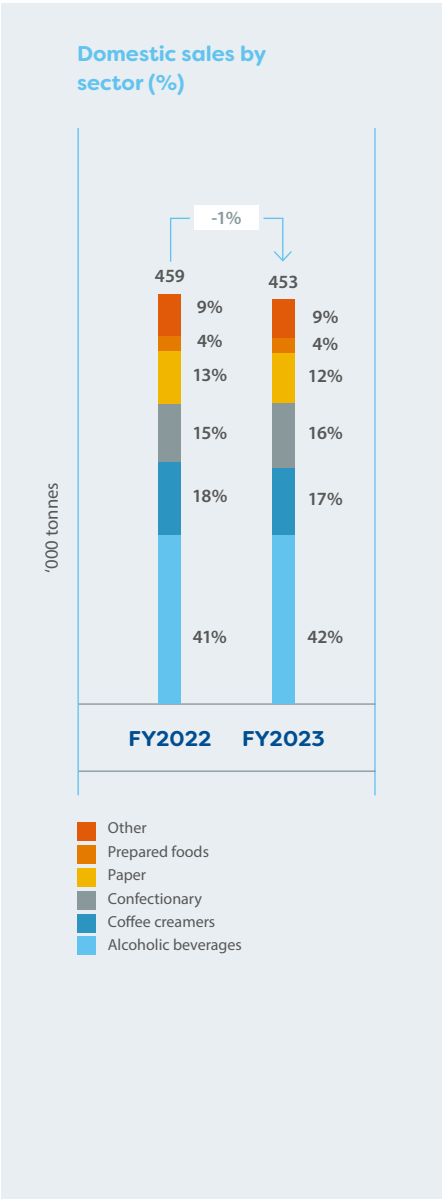




The year under review has been a challenging period for Ingrain operationally. While our revenue is pleasingly up by 11% year-on-year to R6.6 billion, our EBITDA decreased 12% to R858 million. Our operating profit margin also declined, with efficiency losses pulling down our margins in the second half. Our cash generation remains healthy despite the higher working capital requirement because of increasing prices, local interest rate increases and our ongoing investment in plant, property, and equipment (PP&E) to support our plants' current and future growth and performance.

There has been good demand for our products in the domestic and export markets, which we could meet despite our production challenges. Our export revenue was in line with that of FY2022. However, our agri revenues were impacted by lower edible oil prices and the lower volumes we produced because of the operational challenges at our Germiston mill.

Domestic market conditions



We are pleased with our progress in the alcoholic beverages and confectionary sectors, where sales were up. The slight decline in our domestic sales can be attributed to the coffee creamer sector's continued marginal decline since 2021, likely due to pressure on consumers' discretionary spend. The paper and packaging sector was down, slightly affected by lower volumes of fruit exports out of the Western Cape province in the second half of the financial year. The effects of a bearish edible oil market and production efficiency challenges resulting in lower volumes and mixes that were not optimal can be seen on the agri-product side.

Our supply chain has been impacted by the effect of load curtailment on our customers and the impact of load-shedding on the availability of water and water quality. Some customers have occasionally shut down their plants because running them was not economically viable.

Plant performance

The Kliprivier mill, built in 1998, achieved its highest grind ever, exceeding 300 000 tonnes in the year under review. Our Bellville plant in the Western Cape also achieved a record grind, enabled by our investment in capital projects. This bodes well for the mill's future performance and ability to serve regional and export customers. The Meyerton plant also saw good grind performance in the wet mill environment.

In the first six months of FY2023, the Germiston plant's production, impacted by plant breakdowns, was 20 000 tonnes less than its production in the first half of FY2022. The performance recovered in the second half, albeit not at the levels we saw in FY2022.



Performance review (continued)

Business transformation

The areas we continue to focus on to unlock capacity and support growth include:

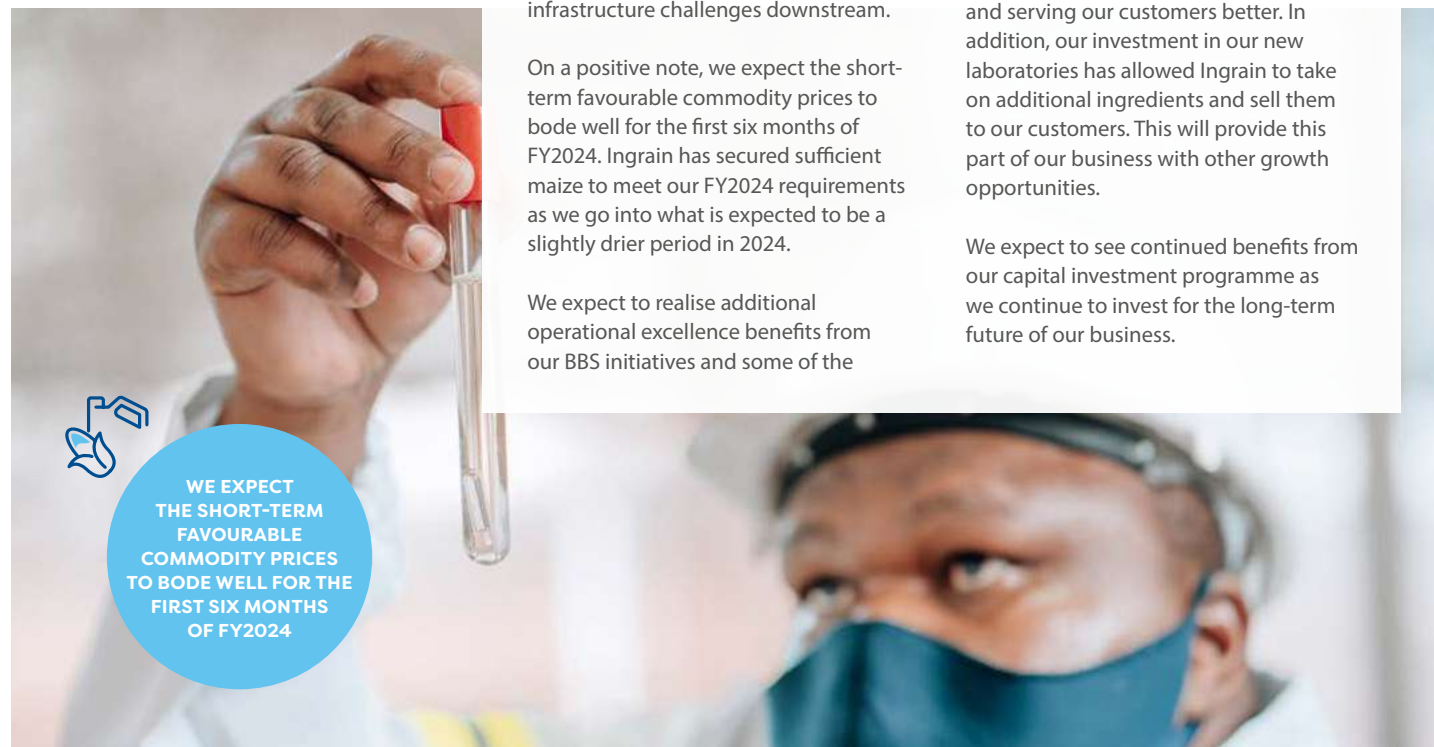
Improving safety and well-being. The good news is that we had no lost-time injuries for the second half of FY2023, and we continue to work on our overall safety and **well-being programme**. The value-creating workforce section of this report provides more information on this programme.

Driving efficiency improvements through BBS and digital tools. Improvements in efficiency through both BBS and the deployment of digital tools and digitisation to assist in driving efficiencies are critical to the ongoing sustainability of our business. We also employ BBS to develop engineering skills, problem solvers and transformational leaders, ensure knowledge transfer by training and accrediting people and deliver projects faster and at reduced risk.

Focus on sustainable development. Ingrain uses significant volumes of coal and water in our operations (see the Environmental stewardship section for information). We will continue looking at reducing our usage in the short to medium term. We have made progress with improving our water use efficiency by introducing closed-loop process water systems, and other initiatives we have introduced aim to reduce the coal burn in our boilers and enhance the efficiency of these boilers. We expect these to start yielding benefits for the business.

Invest in operating and capital expenditure to support plant performance. We remain committed to a comprehensive capital investment programme, spending our depreciation and amortisation on new capital expenditure in the business. We also continue to invest in planned maintenance programmes.

Manage cash and commodity price exposure. We continue to maintain our focus on cash in our business. We also manage our commodity price exposure through a comprehensive hedging programme.



WE EXPECT
THE SHORT-TERM
FAVOURABLE
COMMODITY PRICES
TO BODE WELL FOR THE
FIRST SIX MONTHS
OF FY2024

Outlook

We expect the macroeconomic environment in South Africa to continue exerting inflationary pressures on the consumer; high interest rates will continue to impact the end-user markets of many of our customers. We also expect our utility costs to remain well above inflation. Currently, we can pass these costs on to our customers. However, we will continue looking at ways to optimise these cost increases to avoid inputting additional inflation into the supply chain. Our customers are still experiencing load curtailment and intermittent water shortages because of infrastructure challenges downstream.

On a positive note, we expect the short-term favourable commodity prices to bode well for the first six months of FY2024. Ingrain has secured sufficient maize to meet our FY2024 requirements as we go into what is expected to be a slightly drier period in 2024.

We expect to realise additional operational excellence benefits from our BBS initiatives and some of the

digital transformation initiatives we have under way. A key focus area for us will be reducing efficiency losses in the business to resolve some of the challenges we faced in FY2023. We have these in hand now, but we will continue to monitor them closely in the year ahead.

During the second half of FY2023, we developed a comprehensive import programme looking at specific lines we manufacture where there is demand over our production capacity and our ability to leverage our supply chain network to facilitate growing our volumes and serving our customers better. In addition, our investment in our new laboratories has allowed Ingrain to take on additional ingredients and sell them to our customers. This will provide this part of our business with other growth opportunities.

We expect to see continued benefits from our capital investment programme as we continue to invest for the long-term future of our business.

Enablers of sustainable enterprise value

A value-creating approach to sustainability and enterprise value



Value creation and preservation

- A responsible corporate delivering products, services and solutions that generate sustainable outcomes
- Through Siyakhula we focus on developing sustainable SMEs
- Through preferential procurement we contribute to sustainable SMEs
- The application of technology and digitalisation to achieve operational excellence

Protecting our planet

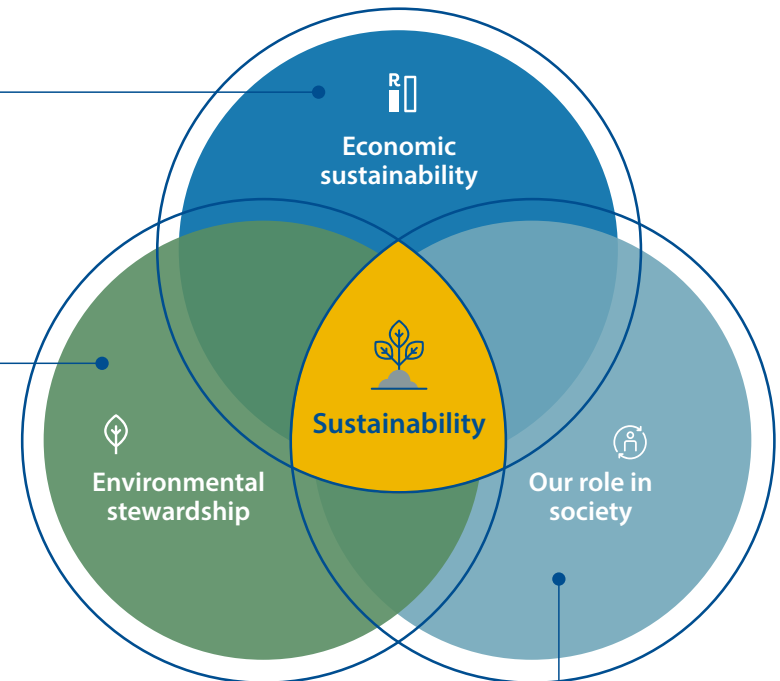
- Addressing the short, medium and long-term effects of climate change
- Striving to achieve zero harm, and reduce our emissions and waste
- Adviser to miners through Equipment southern Africa's technology advisory unit where miners are advised on efficient mining and capabilities for efficient maintenance of machinery

A value-creating workforce

- Providing cost-effective solutions and excellent customer service
- A workforce of skilled, high performers rewarded for the value they add
- Focus on diversity and inclusion
- Learning, coaching and development

Enabling growth and progress in society

- Through our active role in society we enable growth and progress in the communities in which we operate



Economic sustainability

A digital mindset

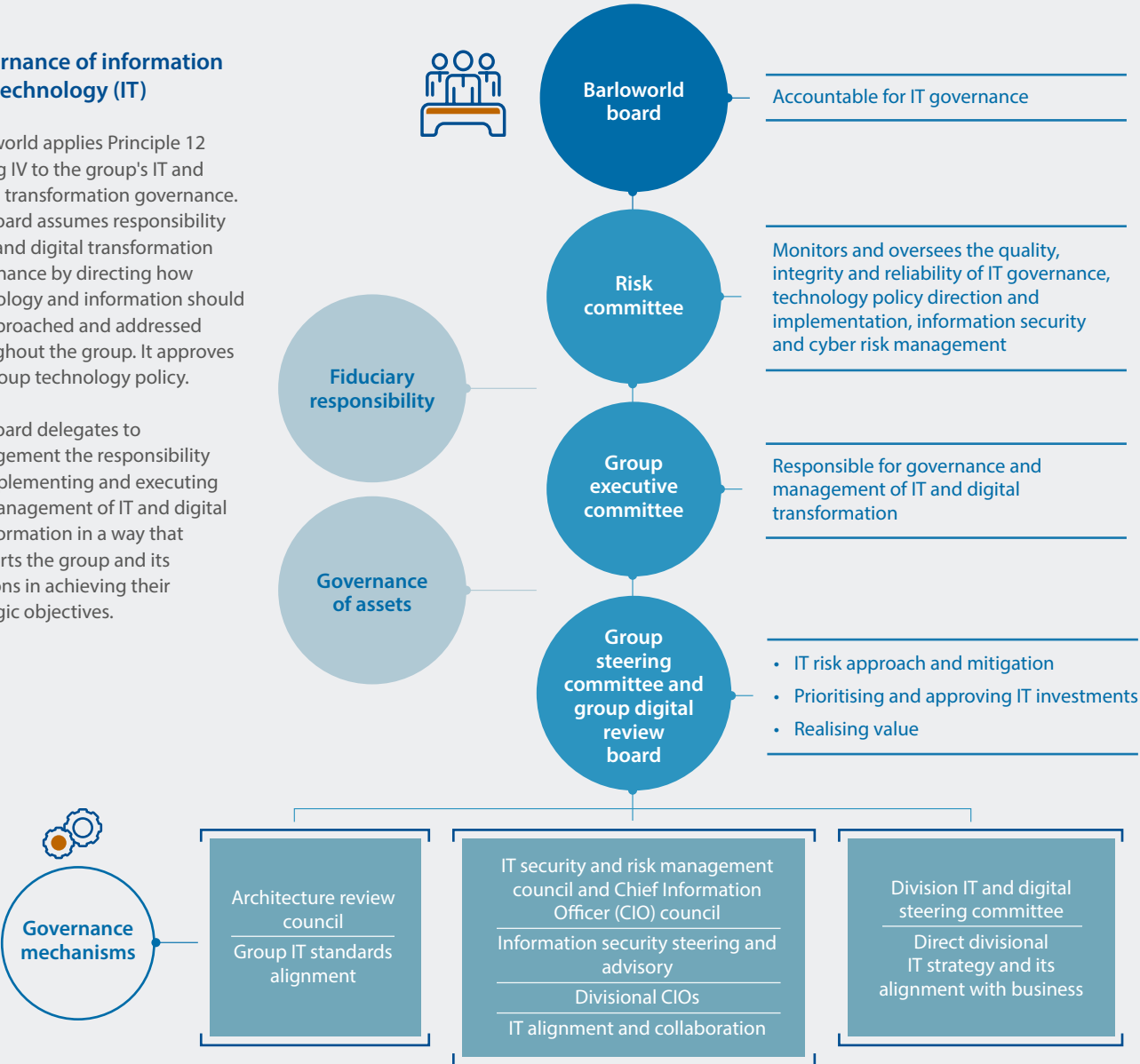
Leveraging digital transformation to serve customers better and optimise efficiencies within our business

Barloworld’s digital journey is all about value. We wanted to ensure we have a holistic business-aligned digital strategy based on integrated thinking that will mitigate both internal and external risks and drive real value from our investment in technology and digital solutions.

Governance of information and technology (IT)

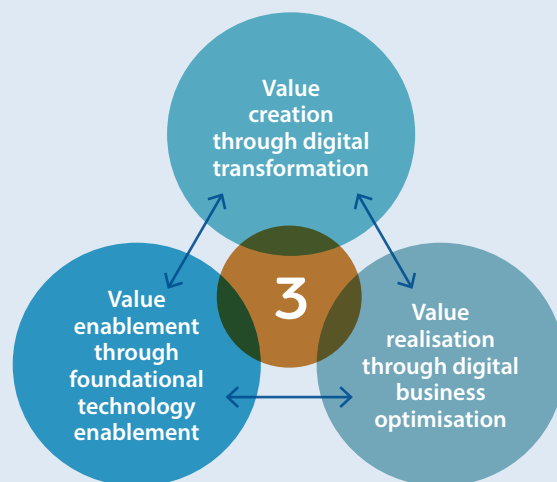
Barloworld applies Principle 12 of King IV to the group's IT and digital transformation governance. The board assumes responsibility for IT and digital transformation governance by directing how technology and information should be approached and addressed throughout the group. It approves the group technology policy.

The board delegates to management the responsibility for implementing and executing the management of IT and digital transformation in a way that supports the group and its divisions in achieving their strategic objectives.





The three pillars driving our digital strategy



The Barloworld Group digital strategy is the framework applied across our federated business model. It has three pillars:

- 1 **Pillar One**
Digital technology enablement
- 2 **Pillar Two**
Digital transformation
- 3 **Pillar Three**
Digital business optimisation

Our divisions build their own digital strategies and plans based on these three pillars and put budgets in place to fund these.

1	2	3
Pillar One	Pillar Two	Pillar Three
<p>In Pillar One, we invest in establishing the foundational technology capabilities for our digital journey. These include upgrading enterprise resource planning (ERP) systems with new functionality, increasing our data capabilities, and enhancing digital marketing and sales enablement.</p>	<p>The digital business transformation that takes place in Pillar Two leads to new business revenue and business models. Two critical focus areas are the ability to service customers better and optimise efficiencies in the business.</p>	<p>Our strategy is to add significant value without changing our business model through digital business optimisation.</p>
<p>The impact of Pillar One</p> <p>Through the automation of processes, operational efficiency and productivity are improved. The capabilities established in Pillar One positively impact our ability to deliver to customers, improve plant performance and continuity, perform critical business transactions and deliver automated human resource services. It also enables innovation.</p>	<p>The impact of Pillar Two</p> <p>Applying digital solutions improves communication with customers on the status of jobs, customer experiences through enhanced system availability achieved through monitoring of databases, networks and servers, improved accuracy of customer invoices through the automation of capturing into the customer system and an increase in online sales.</p> <p>The optimisation of efficiencies in the business includes improved accuracy of forecasting because of the increased accuracy of data, more accurate planning and management of aftermarket sales, achieving a single view for accurate parts planning through automation, the automation of internal processes such as electronic documents and warehouse management systems and order management. Plant optimisation through enhanced technology deployment will improve productivity, efficiencies and profitability.</p>	<p>The impact of Pillar Three</p> <p>Digital business optimisation will enable:</p> <ul style="list-style-type: none"> • automated reporting • interactive live dashboards • digitisation of manual entry information • data integration into an accurate single source of information and improve overall effectiveness and enhance customers' experience, resulting in sales growth through digital customer relationship management. <p>A digital marketplace will offer e-commerce with online sales, integrated procurement, and direct delivery. Optimising the order to proof of the delivery process and the equipment local report increases efficiencies, improves employee productivity, and enhances customer experience. It also optimises financial assets and cash through improved services and parts growth.</p> <p>These improvements also achieve better inventory management and efficient equipment allocation.</p> <p>Paperless people management providing digital onboarding of employees, automated approval processes and e-learning will enhance the employee experience, reduce costs and improve employee productivity, and digitalisation will enable an intelligent recruitment process.</p>

Economic sustainability (continued)

Ongoing efforts to reduce the group's exposure to cyber risk

The group steering committee and digital review board are responsible for the group's IT risk and mitigation approach. It monitors and oversees the IT security and risk management council, the Chief Information Officer (CIO) council, and the Information Security Steering and Advisory Body, comprising the divisional CIOs.

We continually invest in technology and skills to strengthen our information and cybersecurity and engage external expertise to assess our approach and recommend how we can further improve our security.



Our role in society

A value-creating workforce

A breakdown of the employees in our business units

The number of employees in Barloworld's continuing operations increased by **3.0%** in FY2023

(FY2022: 7.0% reduction)

Industrial Equipment and Services

Equipment southern Africa

Equipment Eurasia

Consumer Industries

Ingrain

Corporate Centre + UK Corporate

Corporate

Europe

SMD

Total number of employees in continuing operations

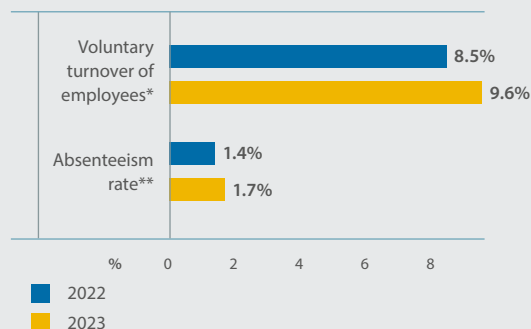
	2023	2022
Industrial Equipment and Services	5 147	4 739
Equipment southern Africa	3 775	3 172
Equipment Eurasia	1 372	1 567
Consumer Industries		
Ingrain	912	904
Corporate Centre + UK Corporate	66	79
Corporate	49	66
Europe	17	13
SMD	164	401
Total number of employees in continuing operations	6 289 ^{LA}	6 436

The value we have added for our people and Barloworld



- Investing in the development of our people, which helps provide Barloworld with the skills it needs
- Building a brand that attracts the scarce and critical skills
- Creating rewarding employment opportunities
- Supporting a just transition by offering our people the opportunity to develop skills that will equip them for the new world of work

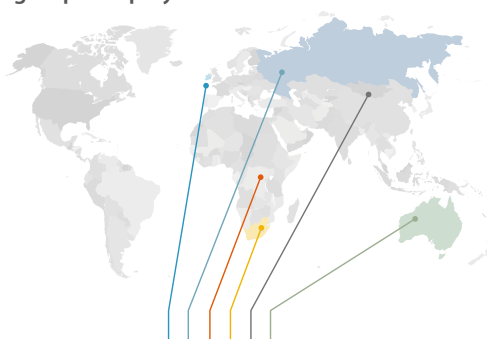
Turnover rate and absenteeism



*Resignations are deemed to be voluntary exits
** Includes absent without permission and sick leave



Geographic breakdown of the group's employees



	% 2023	2022
South Africa	56.9	71.1
Greater Africa	20.9	10.5
United Kingdom	0.20	0.15
Russia	13.6	6.42
Mongolia	8.2	11.8
Australia	0.1	0.03

Our priorities in FY2023

- The wellness of our people
- Recognising and rewarding winning behaviours and exceptional short and long-term results
- Employee skills development and preparing our employees for a just transition
- The retention and development of scarce and critical skills
- Technical/artisan-related training focus
- Enhancing talent and diversity
- Continuing with the BBS leadership transformation
- Re-examine our reward strategy for non-managerial employees to ensure short-term incentives are achieving their purpose.

Our role in society (continued)



Governance, which by protecting our people protects value

The Barloworld Group is believed to be the first South African company to introduce a Code of Employment Practice around the same time the Barloworld Foundation was formed in 1974 to support its commitment to recognising each employee for their contribution to the business.

- The UN Global Compact's (UNGC) principles on human rights and labour (i.e. principles 1, 2, 3, 4, 5 and 6) have been incorporated into our policies and procedures
- The UN Universal Declaration of Human Rights
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- Our board's social, ethics and transformation committee ensures Barloworld is a responsible corporate citizen. It monitors governance through the application of board-approved policies for safety, health and wellness, ethics, human rights and the development of our employees
- Our policies are available on our website (<https://www.barloworld.com/sustainability/policies-and-disclosures/>): Barloworld Human Rights Policy, Anti-bribery and Corruption Policy, Group Anti-fraud Management Policy.

The outcome of our learning and skills development investment in FY2023



R38.1 million was invested in training and development at all levels of the group during FY2023 (FY2022: R24.2 million)



187 people were enrolled in apprenticeships, internships and learnerships at Barloworld during FY2023 (FY2022: 86)



204 young people were beneficiaries of our Young Talent Programme in South Africa (FY2022: 54)



12 external bursaries were awarded (FY2022: 24)



27 internal bursaries were awarded (FY2022: 60)



Training and development that enables value creation



Leadership initiatives were a key focus of learning and development in Barloworld during FY2023. Among these initiatives is the ESG leadership development programme, which includes ethics and governance modules. The PJB Learning Academy successfully launched a programme known as SEED (Sustainable Evolution Executive Development Programme) in partnership with GIBS Business School, in which 54 senior leaders are participating. Equipment southern Africa will launch a co-created first-line management leadership development programme early in FY2024 at the PJB Learning Academy. Over one thousand of Equipment Eurasia's leaders participated in leadership development.

Equipment southern Africa launched an accelerated boot camp programme in which 447 sales brand champions participated to bolster their sales competencies. It also targeted technical skills, with 62 of its artisans completing the Caterpillar Advanced certificate and the number of artisans completing the Basic Field Service Troubleshooting course by the end of calendar year 2023 exceeding the target of 320 participants.

To support our brand champions and empower them to be able to say no, when behaviour is unacceptable to them and unwelcome, sexual harassment awareness training has been provided

The PJB Learning Academy, which provides training for our employees and the employees of our customers, trained 7 235 people in FY2023 and generated R62 million in revenue, a 23.5% increase in revenue year-on-year. Equipment Eurasia focused on developing safety and technical skills, which are core to the business, during FY2023. In FY2024, the skills development focus will be on mentorship, personal financial management and mental wellness awareness training for all employees in Mongolia. In Russia, they will focus on succession planning and further development of the human capital portal.

During the year under review, Ingrain's learning and development interventions included job-specific training and policy and functional leadership training. In FY2024, its focus will be on addressing skills gaps, which will promote individual growth and improve business performance.



Building a talent pipeline

Participants in the Barloworld Young Talent Pipeline include apprentices, interns, those on our graduate programme, Chartered Accountant trainees, bursars and artisans who are prior learning (ARPL) candidates. 12 candidates were offered external bursaries to further their education. During the year under review, 204 people participated in our talent pipeline programme.

The Equipment Eurasia talent pipeline includes an apprentice programme in Mongolia from which 17 apprentices graduated during the year under review. There were new intakes into the apprentice programme in November 2023. The efforts to maintain the future talent pipeline in Russia included having 27 young people working in the business for four months during FY2023.



Diversity and inclusion

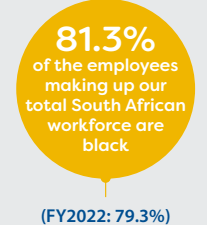
We have group-wide diversity and inclusion targets in our employment equity plans. To continue progressing with increasing the diversity and inclusion of our workforce in South Africa, our focus has been on career development, appointments, promotions, retentions, and meeting and exceeding the targets set in our employment equity plans. We want our workforce to be as diverse as the economically active population (EAP) of South Africa in the long term. Through the progress members of our workforce are making as valuable contributors to Barloworld's successful delivery of its strategic objectives, they will achieve financial inclusion.

Our gender-linked bond

In FY2022, our commitment to gender diversity included issuing a gender-linked bond.

Progress against the targets for our gender-linked bond

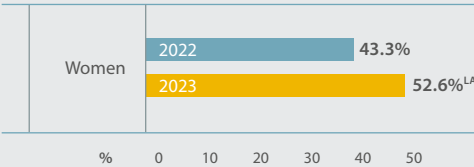
Gender equality	We have made good progress with the percentage of black women in our South African management team	We have also made good progress with the percentage of black employees who are members of our South African management team
Top management team	88% (FY2022: 80%)	76% (FY2022: 74%)
Senior management team	70% (FY2022: 67%)	65% FY2022: 62%)
Middle management team	81% (FY2022: 79%)	71% (FY2022: 66%)



A measurement required for our gender-linked bond

Our profile of our leadership team (board and exco) has improved as a result of increased female representation in South Africa in FY2023.

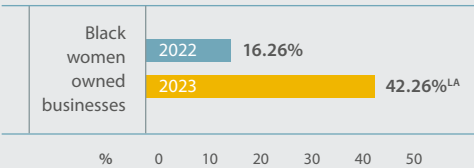
Barloworld Group



The improved score is a result of opportunities that came about during the year for promotion and recruitment of women in leadership. The leadership structures are fully constituted.

Growing the proportion of black women-owned businesses in supply chain

On the percentage of spend with 30% Black Women Owned entities from 16.26% recorded in FY2022 to 42.26% in FY2023, this is mainly due to the spend with Barloworld Logistics being recognized as a third party service provider.





The differently abled



Our group-wide target for the differently abled is set above the legislated target of 2%. In FY2023, the group employed 60 differently abled people (FY2022: 62), 24 of whom are women (FY2022: 62), and 36 are men (FY2022: 75). Our middle management team comprises nine differently abled people (FY2022: 8).



Diversity outside South Africa

In Greater Africa, Russia and Mongolia, our diversity and inclusion strategy includes increasing localisation by limiting the number of expatriates in our teams. It also includes increasing the number of women at all organisational levels. In Eurasia, women represent 40.3% of the management team, which is a 1.3% improvement year-on-year and 37% of the people promoted were women.



In Eurasia women make up 40.3% of the management team

Employee benefits and remuneration

The benefits provided for full-time employees include:

- Medical aid
- Life and disability insurance
- Wellness support
- Paid maternity leave
- Fair and responsible remuneration (see details in the remuneration review).



Engaging with our employees

The OneBarloworld Employee Engagement Survey gauge employees' responses to factors such as culture, leadership, talent and human experience.

During the year under review Barloworld Equipment conducted its fourth employee engagement survey. The response rate improved from 71.6% in FY2022 to 82% in FY2023, and the engagement score improved from 52.1% to 61%.

Culture received the most positive responses (66%), and leadership increased from the lowest scoring driver to the second highest scoring driver, with 60.3% of employees responding positively towards leadership. This is a pleasing result as leadership behaviours influence an employee's connection with the organisation. The talent driver, which speaks to aspects around pay and benefits, equal opportunity and performance management, came in third with a 59.3% favourability score. Human experience was the lowest scoring. However, its favourability increased 8.1% year-on-year to 58.1%.

Employees raised the following issues through the survey:

- Hybrid/flexible work arrangements
- More social events to promote team collaboration
- Perceptions of favouritism/nepotism.

Other divisions conducted pulse surveys to test the effectiveness of improvements implemented in response to employee feedback received from previous surveys. The results of these surveys showed some significant improvements in employees' responses.



Wage negotiations



During FY2023, the National Union of Metal Workers of South Africa (NUMSA) demanded an 8% increase for a two-year wage agreement, for which the company offers 6% and 7%, respectively. The matter has since been referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) for arbitration. In 2023 a two-year wage agreement was reached with NUMSA in Middelburg. The parties agreed to a 6% increase in the first year (2023-2024) and a 7% wage increase in the second year (2024-2025). The union withdrew the dispute from the CCMA. In Greater Africa, wage negotiations, which took place in Namibia, Botswana, and Zambia, have all been finalised. In Malawi, the union's membership had fallen below the required minimum threshold, so they could not negotiate on behalf of employees.



A focus on wellness

Since Covid-19's impact, companies have experienced a marked increase in employees with mental health challenges worldwide. To ensure we provide our employees with the support and assistance they need to care for their mental health, the social, ethics and transformation committee (SETC) increased its focus on wellness during FY2023 and refreshed our strategy to meet employees' needs better.

A new service provider was chosen to meet the group's requirements of an increased focus on mental wellness, including on-site services in South Africa. Since the new offering, which has a holistic wellness focus, became available, use of the employee assistance programme has increased by 305%. Mental wellness was the service most used by employees, accounting for 89%, while physical well-being, fitness, and nutrition were the least used services at 1%. Most of the mental wellness challenges for which employees needed support were stress-related (26%) or connected to relationships (25%). Most of the issues were personal (70%), with the balance being work-related. Employees have substantially increased their use of on-site specialist wellness services. The availability of an on-site facility has made it easier for our employees to access wellness services, resulting in early detection and intervention and helping to save lives.



Mental wellness was the service most used by employees accounting for 89%

Our employees' use of the employee assistance programme in South Africa is significantly above the benchmark in South Africa.

Our male employees need encouragement to use the wellness services on offer. In FY2023, only 39% of them used the services on offer against a South African male benchmark of 44%. One of the steps we are taking to try and improve the male uptake of these services is to increase the number of male counsellors available on site. Our operations have held physical and mental wellness days to support the programme, and Equipment southern Africa held a companywide netball and soccer tournament. Equipment Eurasia also focused on employee well-being during the year under review.

Only 39% of men used the wellness services on offer against a South African male benchmark of 44%

In Russia, the Vostochnaya Technica (VT) employee assistance programme also focused on mental health. The programme's maturity was assessed this year, scoring 33.4 out of 100. On average, similar mental health programmes in Russia scored 44.5. The VT promotion of its wellness programme included monthly newsletters prepared by the service provider, webinars on mental health and healthy eating habits, The Table is Big Enough, and Count Me in events. Employees were also offered flu vaccinations. A general well-being awareness course is under development and will be presented in FY2024. An online training course on personal well-being strategy development is now available. In FY2024, VT will address areas identified for improvement, including the involvement and education of management and middle management and focusing on a preventive approach to mental health.

In Mongolia, 80% of employees have completed well-being awareness training, and management has encouraged employees to use the well-being programme during town hall meetings. In addition, weekly financial management tips are circulated on social media and Sharepoint. Flu vaccines were available for all employees and their families.



In Mongolia, 80% of employees have completed well-being awareness training

Safety and occupational health

Workplace safety remains a priority for Barloworld as we strive to achieve zero harm and have every employee return home safely.

Safety governance

Accountability for safety

Ultimate responsibility for safety in the group rests with our board, its subcommittees and every enrolled employee and contractor working at our operations.

Oversight and monitoring

The board's social, ethics and transformation committee is mandated to oversee and monitor safety performance against agreed targets every quarter.

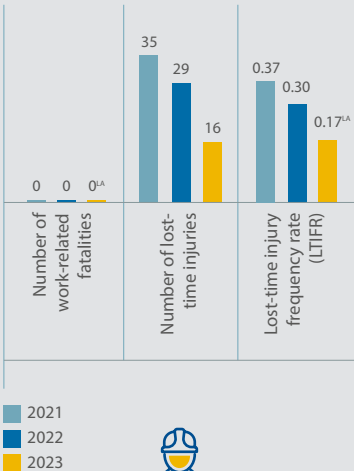
Operational accountability

This lies with the group executive committee members. Divisional chief executives are accountable for safety performance in their operations. The divisional executive committees track key safety performance indicators and improvement targets monthly. Divisional risk and sustainability committees, chaired by chief executives, receive quarterly safety reports.



Material safety key performance indicators (KPIs)

Continuing operations



42%
reduction in LTIFR
year-on-year
of continuing
operations

No
work-related
fatalities for the
past three years
in operations

Safety protocols

The safety reporting protocols we have in place ensure consistency and comparability of safety data within the group and alignment with global best practices.

Assurance of the integrity of safety KPIs

Limited assurance has been obtained on the number of work-related fatalities and the LTIFR using the International Standard on Assurance (ISAE 3000).

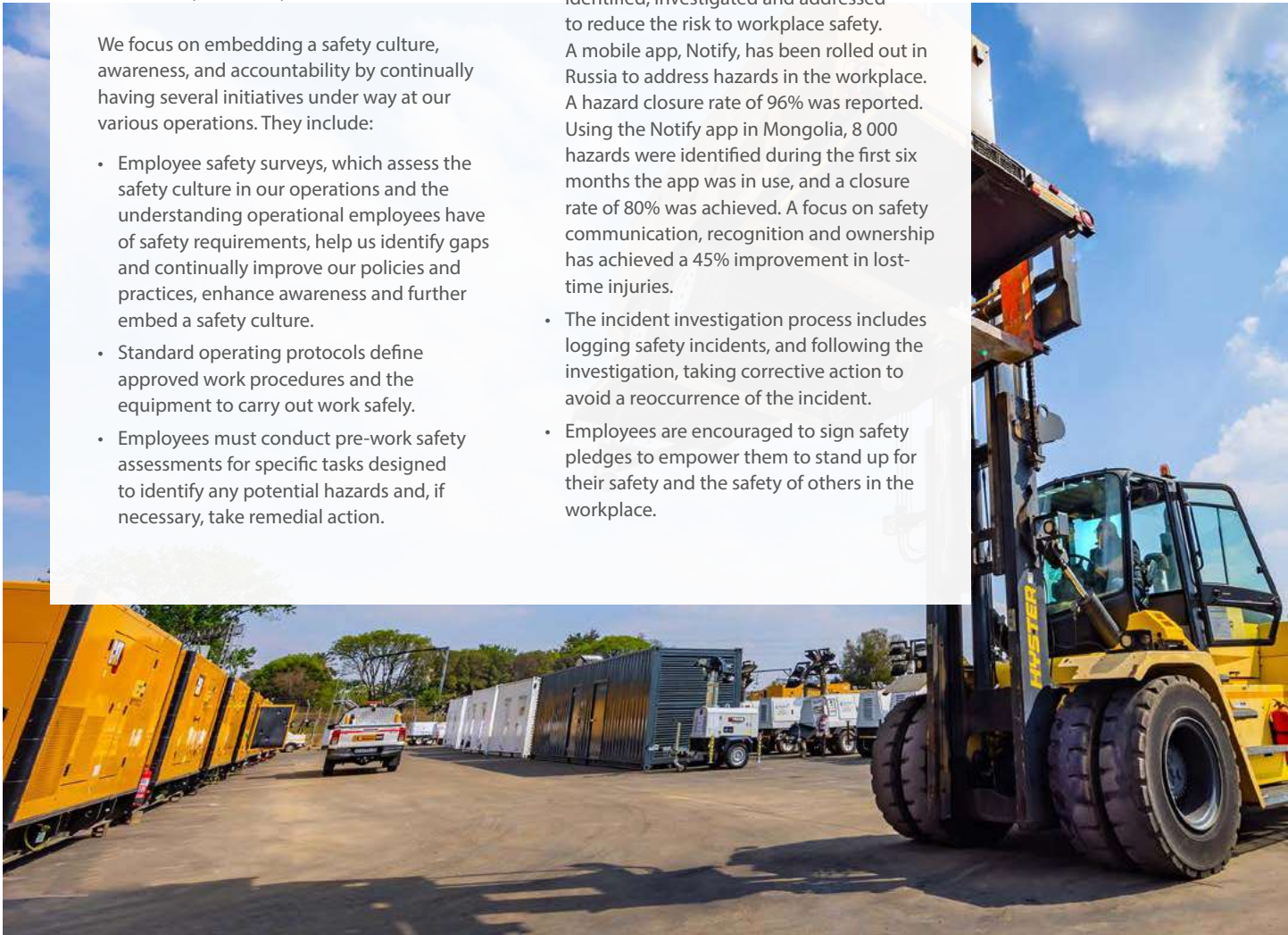
We focus on embedding a safety culture, awareness, and accountability by continually having several initiatives under way at our various operations. They include:

- Employee safety surveys, which assess the safety culture in our operations and the understanding operational employees have of safety requirements, help us identify gaps and continually improve our policies and practices, enhance awareness and further embed a safety culture.
- Standard operating protocols define approved work procedures and the equipment to carry out work safely.
- Employees must conduct pre-work safety assessments for specific tasks designed to identify any potential hazards and, if necessary, take remedial action.

- Driving is monitored using drive/cab cameras and tracking technology. Information from these devices is used to identify unsafe driving and take action to address it.
- Hazards in the workplace are proactively identified, investigated and addressed to reduce the risk to workplace safety. A mobile app, Notify, has been rolled out in Russia to address hazards in the workplace. A hazard closure rate of 96% was reported. Using the Notify app in Mongolia, 8 000 hazards were identified during the first six months the app was in use, and a closure rate of 80% was achieved. A focus on safety communication, recognition and ownership has achieved a 45% improvement in lost-time injuries.
- The incident investigation process includes logging safety incidents, and following the investigation, taking corrective action to avoid a reoccurrence of the incident.
- Employees are encouraged to sign safety pledges to empower them to stand up for their safety and the safety of others in the workplace.



We focus on embedding a safety culture



Our role in society (continued)



Our performance against the safety and sustainability-linked funding KPIs

Employee wellness and safety remain paramount in the group. Barloworld tracks its safety performance against set targeted levels.

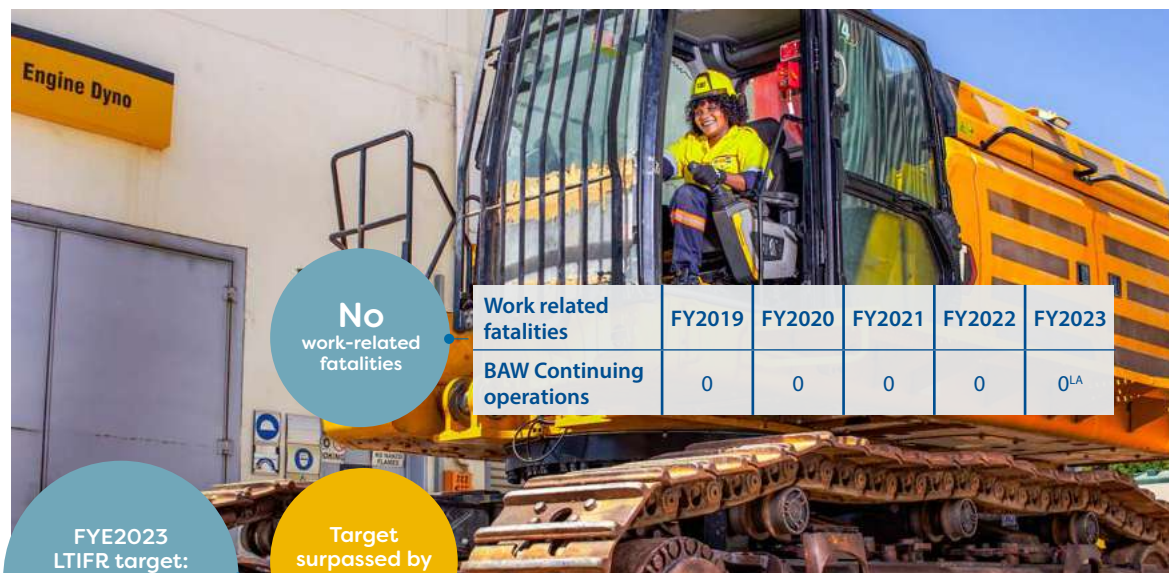
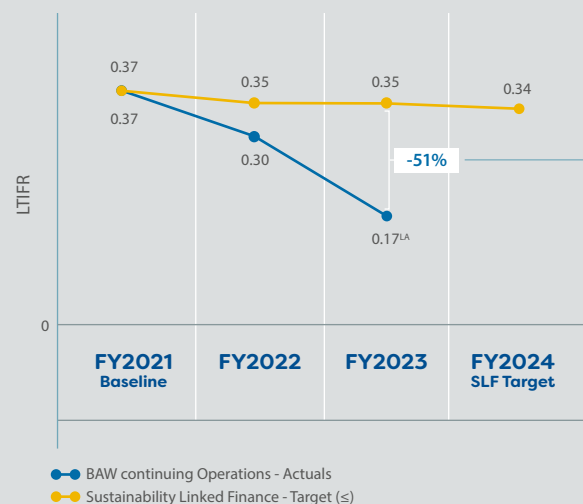
Leveraging its safety targets, Barloworld had linked its LTIFR to issued Sustainability-linked bonds BAW37 and BAW38. We surpassed the FYE2023 target in this regard.

FY2023
LTIFR target
≤0.35

Achieved with LTIFR of 0.17^{LA}, the reduction we achieved in our LTIFR was 51% ahead of the target set for the reduction of our LTIFR target in FY2023

Safety and sustainability-linked funding safety target

SLF: Lost-time Injury frequency rate (per 200 000 hours)




No
work-related
fatalities


Work related fatalities	FY2019	FY2020	FY2021	FY2022	FY2023
BAW Continuing operations	0	0	0	0	0 ^{LA}

FYE2023
LTIFR target:
≤0.35:
Achieved

Target
surpassed by
51%

Sustainability-linked bond

BAW37	KPI	Metric	Baseline FYE2021	Year 1 Target (FYE2023)		Applicable UN SDGs
Lost-time injury frequency rate		LTIFR	0.37	≤0.35 (6% improvement from baseline)		

BAW38	KPI	Metric	Baseline FYE2021	Year 1 target (FYE2023)	Year 2 target (FYE2024)	Applicable UN SDG
Lost-time injury frequency rate		LTIFR	0.37	≤0.35 (6% improvement from baseline)	≤0.34 (7% improvement from baseline)	



Enabling growth and progress in society

Focused on:
Enabling social
impact
and building
wealth by building
sustainable
businesses



Creating meaningful positive change

During the year under review, Barloworld decided to amalgamate the various entities responsible for the group's social investment, which were previously housed within Barloworld. They will now fall under the **Barloworld Empowerment Foundation (BWEF)**. This independent body has previously focused on social development and social innovation programmes to support establishing sustainable, resilient communities and meet the group's B-BBEE requirements. The BWEF structure will focus on **Social development**, which the Barloworld Trust and BWEF focus on, and **Entrepreneurship** through the Mbewu social entrepreneurship programme and the Siyakhula enterprise and supplier development (ESD) programme, which focuses on the development of sustainable SMEs that are either already operating within the Barloworld value chain in South Africa or seeking to do so, and preferential procurement spend with Siyakhula beneficiaries.

Integrating the various elements of our efforts to enable growth and progress in society will create an ecosystem that allows us to integrate our social development investments with our focus on entrepreneurship to facilitate the development of resilient, sustainable, vibrant communities that are homes to local businesses and social enterprises with the capacity and skills to achieve financial inclusion.

Barloworld empowerment foundation

Driving strategy and providing oversight

Service level agreement with Barloworld

Programmes operating independently and fulfilling their mandates

In addition to the group's investment in enabling growth and progress in society through these various entities to which the group's divisions contribute, each division has its socio-economic programme of projects based on the strategy applied to the group's programmes.



A financial inclusion focus

The impact of Mbewu on the sustainability of social enterprises

Mbewu, dedicated to empowering entrepreneurs and promoting social impact, drives economic sustainability, transformation, and growth with a focus on women-owned businesses by providing seed funding, access to finance, and incubation to social enterprises for three years. The incubation entails training and mentorship, giving social entrepreneurs the much-needed support to grow and scale their businesses for more significant social impact. Through Barloworld Mbewu, we can make a substantial and lasting impact on social enterprises doing excellent work in our communities.

Currently, Mbewu has 13 beneficiaries in its second cohort of social entrepreneurs. Eight of these are in the agriculture and agri-processing sectors. Two are in recycling and water conservation, one is in agri-tech, and two are in chemistry laboratories.

TNK Greenhouse Technology, which joined Mbewu's three-year programme this year, sees itself as contributing to combating climate change and providing those who can't afford electricity access to affordable, reliable, sustainable energy by producing charcoal briquettes from agricultural biomass waste. It also employs 33 people. Previously, the business was using a manual briquette press machine, which, through the support of Mbewu, has been replaced with a professional briquette machine. They have also been able to construct a solar drying area for the briquettes, complete their building and get an office laptop and generator.

Triple P, a non-profit company, aims to transform communities and improve public and environmental health through holistic waste management solutions. Their skills include waste management, aquatic management, drinking water solutions and school ecological education.

Nelson Ngcobo Holdings manufactures drinks from local beneficial plants to promote gut health.



Mbewu

13 beneficiaries

8 of these are in the agriculture and agri-processing sectors

2 are in recycling and water conservation

1 is in agri-tech, and

2 are in chemistry laboratories

Our role in society (continued)



Our role in society (continued)

TNJ Firesolutions is working hard to improve community fire safety by providing training and equipment.

Iziko Connect bridges the digital divide in low-income communities in the Eastern Cape by providing free internet access and digital literacy training.

Black Empire Farms is a cotton and crop farm committed to sustainable and ethical practices that empower and uplift the community.

Mbewu's collaboration with the **SAB Foundation's Social Innovation Fund**, which assists people living with disabilities to access funding for social innovation, is making scalable funding available for skills development programmes, mentorship and coaching for those living with disabilities.



84
businesses
that support
approximately
1 964
jobs

The impact of Siyakhula on SMEs

Siyakhula is an enterprise and supplier development programme (ESD) focusing on developing sustainable SMEs that are either already operating within the Barloworld value chain in South Africa or seeking to do so. It also promotes preferential procurement spend with Siyakhula beneficiaries.

Businesses participating in Siyakhula must be registered and operate in South Africa, have an annual turnover below R50 million, and have black ownership of 51% and above. Preference is given to businesses in which black women own 30% and above, which are customers or suppliers of Barloworld, based in areas in which we operate and have the potential to create sustainable employment opportunities.

During FY2023, the group spent R102 million (FY2022: R147 million) with SMEs who are beneficiaries of Siyakhula. In FY2023, 84 businesses that support approximately 1 964 jobs participated in Siyakhula and benefited from its ESD programme, which offers:

- interest-free loans with six-month payment holidays
- working capital and asset acquisition, including ICT
- grants
- non-financial support (bookkeeping and accounting services, incubation, strategy development, mentorship, marketing (e.g. website development) and ICT.

Supporting emerging farmers

To facilitate its emerging farmer programme, Ingrain appointed Women in Farming South Africa (WOFSA) to identify and develop emerging farmers who will supply Ingrain with approximately 11 000 tonnes of maize in FY2024.

During FY2023, four emerging farmers were supported with over R10 million in grants, interest-free loans and non-financial support.

Discretionary procurement from black women-owned companies

Equipment southern Africa spent R480 million with >50.1% black women-owned companies in FY2023, 9% of the total discretionary spend.



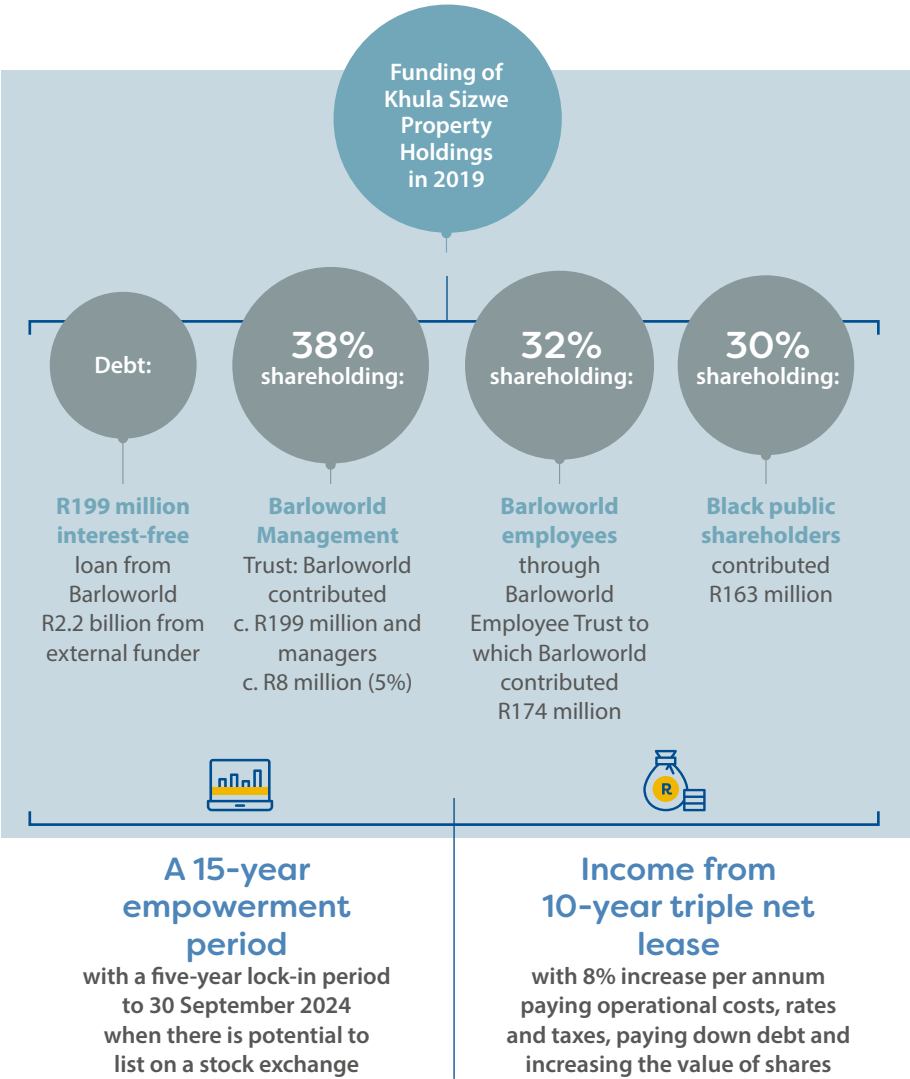
Develop
emerging farmers
who will supply
Ingrain with ±
11 000
tonnes of
maize

Four emerging
farmers were
supported with
over
R10m
in grants



Building wealth through economic transformation

Khula Sizwe Property Holdings was established in 2019 when it purchased a portfolio of 57 commercial properties from Barloworld valued at R2.9 billion, which was at a 5% discount.



Barloworld’s contribution to making cities and human settlements inclusive, safe, resilient and sustainable



Barlow Park becomes a reality

In January 2024, the Curro Barlow Park High School will open its doors to Grade 8 learners, with Grade 9 learners starting in 2025. Then, in February 2024, the residential units in the first of the two residential buildings will be ready for occupation, with the units in the second residential building becoming available from 2 May 2024. Marketing of the 749 residential units at rentals geared to middle and lower-income tenants has already begun (see the website at www.barlowpark.co.za). The units vary in size from 21m² to 80m².

The residents of Barlow Park won’t have far to go to do their shopping as the 5 800m² of retail space will also open in February 2024. The retail stores will include Checkers as the anchor store, Clicks, Princess Hair, Levingers, Spec Savers, Pick n pay Clothing, Mr Price Clothing, Vida E, PostNet, Allfix and the Crazy Store. There will be a Capitec ATM and two well-known brand restaurants.

To make Barlow Park load-shedding free, the intention is to install approximately 3 000 solar panels and batteries that will generate 1.5MW of electricity. The buildings are all green, and an application has been launched with the Edge Green Building Council to have all our buildings certified with the Council once they are completed.

Barlow Park has been able to adopt neighbouring Innisfree Park through an agreement signed with the City of Johannesburg. Preparing the park to provide soccer fields, walking trails, etc, for the residents of Barlow Park has begun.

Phase two

The project team has permission to proceed with Phase Two of Barlow Park, which includes two additional restaurants on the podium level above the Checkers store and an additional approximately 860 residential units and 4 000m² of office space planned for flexible office accommodation. Completion dates for the Phase Two residential buildings are March 2025 for the third and July 2025 for the fourth building. The commercial space is planned to be available between March and July 2025. Once the building plans have been approved, work will start on Phase Two.



Curro Barlow Park High School

Grade 8 learners
Grade 9 learners starting in 2025

Residential buildings

Feb 2024
first of the two residential buildings will be ready

Marketing of the 749 residential units at rentals geared to middle and lower-income tenants has already begun



Environmental stewardship

Addressing the short, medium and long-term effects of climate change

Environmental management

The precautionary approach we have adopted to environmental management, which aligns with UNGC Principle 7, is based on best practice, legal compliance and maintaining our environmental and social licence to operate.

By undertaking initiatives to promote greater environmental responsibility, we also apply UNGC Principle 8. This includes mitigating our impact on climate change.

Our material environmental aspects are:

- Energy consumption
- Greenhouse gas emissions
- Water stewardship
- Waste management.



Responsibility and accountability

Ultimate responsibility	The board of directors and Group Chief Executive Officer are ultimately responsible for environmental management and climate change mitigation and adaptation. They are assisted by the social, ethics and transformation committee, which monitors and provides oversight of the governance of environmental management in the group.
Responsibility	Head: Group Sustainability, who reports to the Group Executive: Risk, Ethics and Governance, is responsible for developing and implementing sustainability strategies, policies and plans.
Operational accountability	Operational accountability lies with the divisional Chief Executives supported by the sustainability executives and champions.
Compliance and control	<p>Head: Group Sustainability is responsible for compliance with relevant legislation and regulations. He achieves this by driving the implementation of the environmental sustainability framework and compliance with environmental policies, standards and procedures throughout the group.</p> <p>Limited assurance was obtained from external independent assurers using the International Standard on Assurance ISAE 3000 (revised) and ISAE 3410 (emissions). Internal Audit conducts review of environmental and safety management and reporting during the financial year. No material control failings were noted during these reviews.</p>



Environmental and climate change governance

Our environmental sustainability framework, which is an integral part of our approach to doing business sustainably, is designed to guide managing our environmental matters and impacts.

The framework defines the principles, approach, and minimum expectations for our management of two matters material to the group: **The short, medium and long-term effect of climate change on our business and the impact of our business on the environment and climate change in particular.**

Its purpose is to ensure robust governance processes are in place, that the associated risks are mitigated through their application, and that the requisite levels of assurance are achieved.

Underpinning the framework are the policies that govern our environmental approach and practices, which include the following:

- **Environmental and biodiversity policy**
- **Energy efficiency policy**
- **Climate change policy**
- **Water use and management policy**
- **Waste management policy.**

To enhance the value and integrity of our material environmental disclosures, the environmental KPIs included in the scope of the Limited Assurance review included:

- › Non-renewable energy by primary source (petrol, diesel, coal, gas, electricity, etc)
- › Solar photovoltaic (PV)
- › GHG emissions (scope 1 and 2)
- › Municipal water withdrawals.

Our voluntary participation in the Carbon Disclosure Project (CDP) for Water Security and Climate Change allows Barloworld to measure its progress towards environmental stewardship and benchmark and compare progress against our peers. It also enhances the integrity of our information on GHG emissions and our contribution to water security. Our 2023 scores will only be available in 2024. In 2022, we achieved a C for participating in water security and climate change.



Our approach to environmental management

Our approach is based on international best practices, legal compliance and maintaining our environmental and social licence to operate.

We review our environmental impacts, risks and opportunities annually as part of our environmental management and set our objectives for our significant environmental impacts.

We measure and monitor our water usage and efficiencies, energy consumption and efficiencies, and noise levels.

Where required, we submit monitoring results to the authorities in line with legal and regulatory requirements.



Pleasing performance against FY2023 efficiency improvement KPIs



The contribution to the SDGs of our approach to the environment

Two SDGs we have identified as part of the main focus of our commitment to contributing to the achievement of the SDGs, **SDG 12: Responsible consumption and production** and **SDG 13: Climate action**, are also an integral part of our efforts to reduce our environmental impact. We have identified two SDGs as part of our direct contribution to the SDGs: **SDG 7: Affordable and clean energy** and **SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable**.



Targets and KPIs to manage and reduce our impact on climate change

When we set the group targets for the five years, 2023 to 2027, we needed to find ways to make meaningful reductions to our impact on climate change and the consequent financial impact on our business. This required finding affordable ways to replace non-renewable energy with renewable energy and use energy more efficiently. The five-year target we set is to improve the efficiency by 15% by year end FY2027 (using FY2021 as a baseline) of:

- Non-renewable energy consumption
- Greenhouse gas emissions (Scope 1 and 2)
- Municipal water withdrawals.

We have also set annual targets to monitor our progress year by year. The target for FY2023 was a 3% efficiency improvement against the FY2021 baseline. Our divisions have each developed their own five-year plans using KPIs relevant to their operations. Progress is continually monitored at the division and group level to ensure our progress will allow us to achieve our 2027 goals Gigajoules (GJ). As at the end of FY2023 the group was on track against its annualised targets.

Energy consumption and GHG emissions



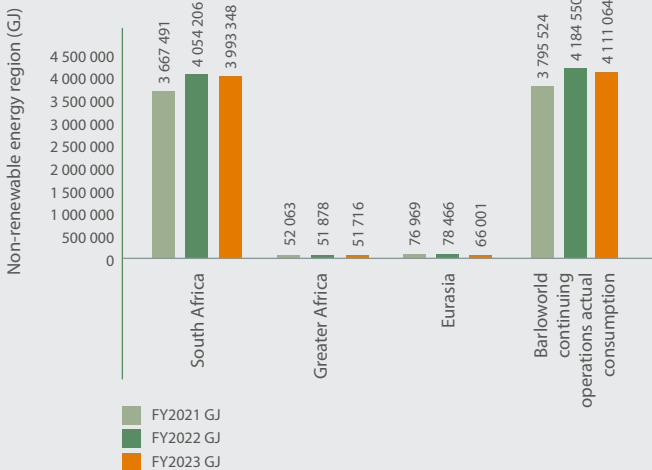
Committed to energy efficiency

- Barloworld has adopted the Measure, Avoid, Reduce, Switch and Offset (MARSO) methodology to manage our emissions. This includes:
 - › Inclusion of hybrid vehicles in pool fleets
 - › Increased renewable energy capacity via solar PV installations.
- Efficiency targets in place
- CDP participant for over ten years

Group non-renewable efficiency target for FY2023: **-3%**
Actual efficiency achieved in FY2023: **-6%**



Group non-renewable energy consumption by region

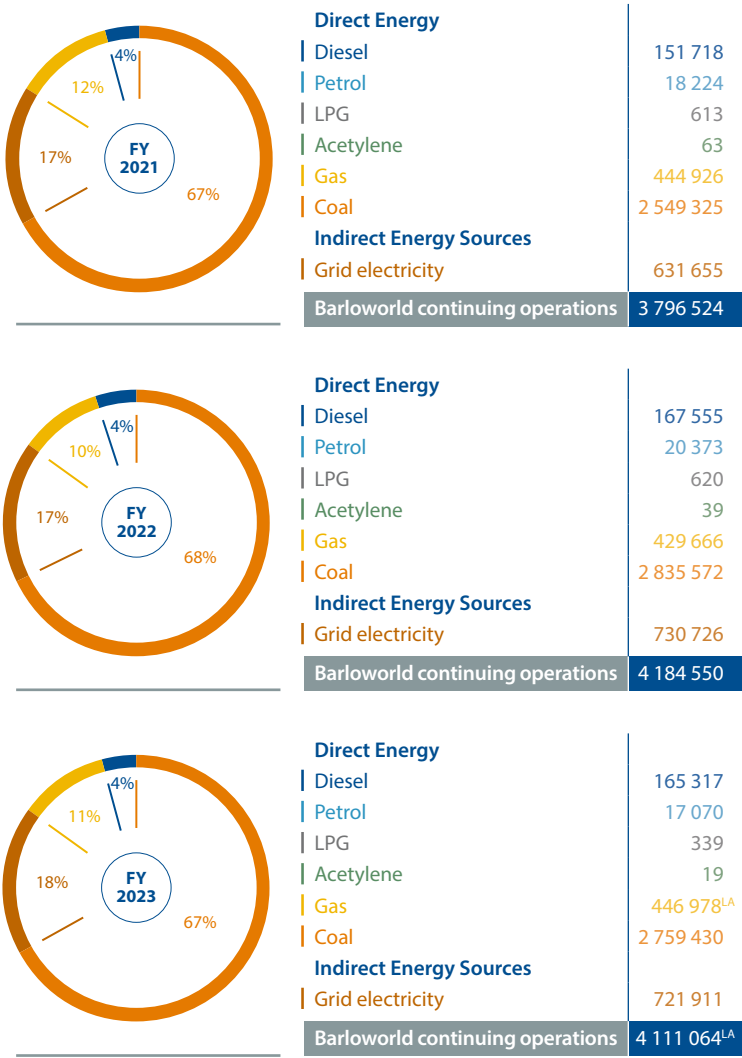




Breakdown of non-renewable energy consumption by type

The group reduced its consumption of petrol, liquid petroleum gas, acetylene and coal

Non-renewable energy (GJ) by Energy Source





Climate change management

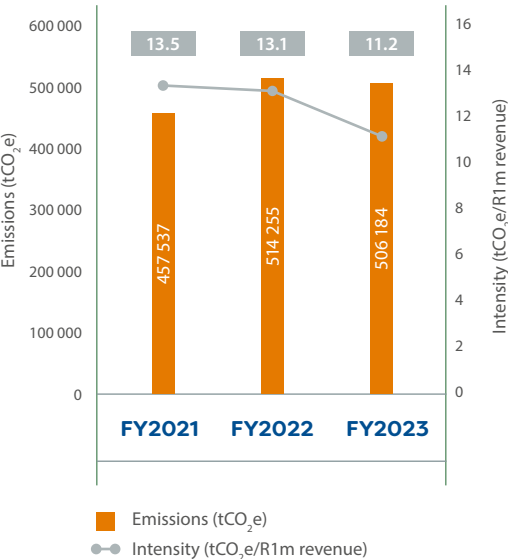
Climate change is one of the critical global challenges of our time. We are committed to being part of the solution and acknowledge that it requires an urgent global response.

Barloworld recognises that climate change poses a significant threat to our operations and our customers on a physical level, and identifying climate-related risks, which is part of our strategic risk process, and ensuring we have a strategy in place to address these risks for Barloworld and assist our customers, is an integral part of achieving sustainability and protecting enterprise value.

Carbon emissions

Scope 1 and 2

FY2022/FY21 Intensity¹
(Continuing operations)



Equipment southern Africa has committed to carbon offsetting and will be achieving its goal of sequestering more than 4 000 carbon emissions by planting trees. It has already planted 200 trees in Mpumalanga. It has established partnerships with various municipalities and schools. It plans to green 45 schools, provide environmental education for the youth in these schools and arboriculture skills for local women and youth.



Reducing the GHG emissions using renewable energy

During the year under review, Equipment southern Africa increased its installed solar PV capacity by 652KWp to bring the total installed capacity as at FYE2023 to 2 165KWp. This included an installation at its KwaZulu-Natal operation and the completion of a solar PV installation at its Isando offices. The division plans to install an additional 1 400KWp (KWp is the kilowatt 'peak' power output of a solar PV system), which will include installations in Namibia and Mozambique. Equipment southern Africa regularly maintains its solar installations to ensure it achieves the best possible output from its facilities.



Meeting the renewable energy target of our sustainability-linked bond

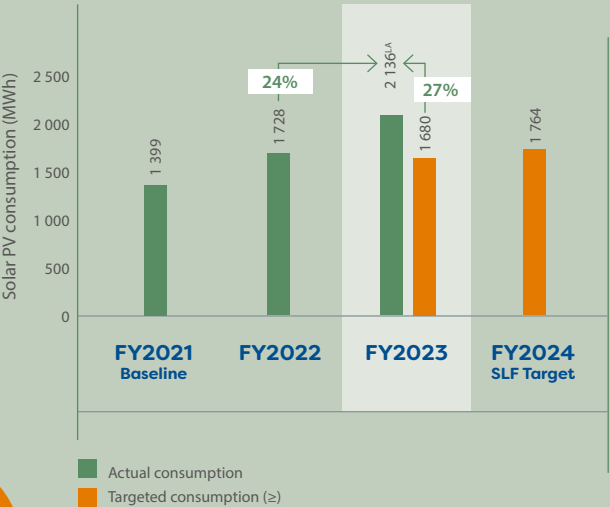
In FY2023, we consumed 2 136MWh^{LA} of renewable energy from solar PV. This was a year-on-year increase of 24% against FY2022, which resulted in the group surpassing its FYE2023 targeted solar PV consumption of ≥1 680MWh by 27%.



Solar PV Consumption
- Continuing Operations

Barloworld aims to reduce its environmental impact and its contribution to GHG emissions performance against set targeted levels.





Leveraging its renewable energy consumption targets, Barloworld had linked its Solar PV consumption to the issued Sustainability-linked bonds BAW37 and BAW38. We surpassed the FYE2023 target in this regard.



FYE2023 Solar target (target ≥1 680MWh): **Achieved**

Target surpassed by **27%**

Sustainability-linked bond

BAW37	KPI	Metric	Baseline FYE2021	Year 1 Target (FYE2023)		Applicable UN SDGs
Solar-powered PV energy consumption		MWh	1 396	≥1 680 (20% improvement from baseline)		 
BAW38	KPI	Metric	Baseline FYE2021	Year 1 target (FYE2023)	Year 2 target (FYE2024)	Applicable UN SDG
Solar-powered PV energy consumption		MWh	1 396	≥1 680 (20% improvement from baseline)	≥1 764 (26% improvement from baseline)	 

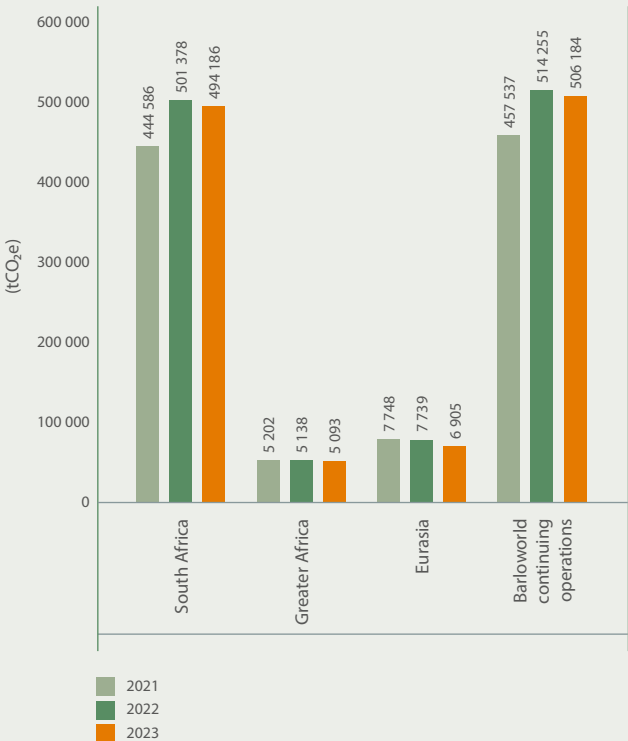
Scope 1 and 2 emissions

All our operations reduced their Scope 1 and 2 emissions during the year under review, resulting in a 2% reduction in emissions. The group's Scope 1 and 2 GHG emissions efficiency surpassed the targeted efficiency against business as usual by 1%. This was despite the use of diesel in generators during load-shedding. Equipment southern Africa's use of generators to address load-shedding increased its stationary fuel consumption by 68%.



The group's Scope 1 and 2 GHG emissions efficiency surpassed its targeted efficiency

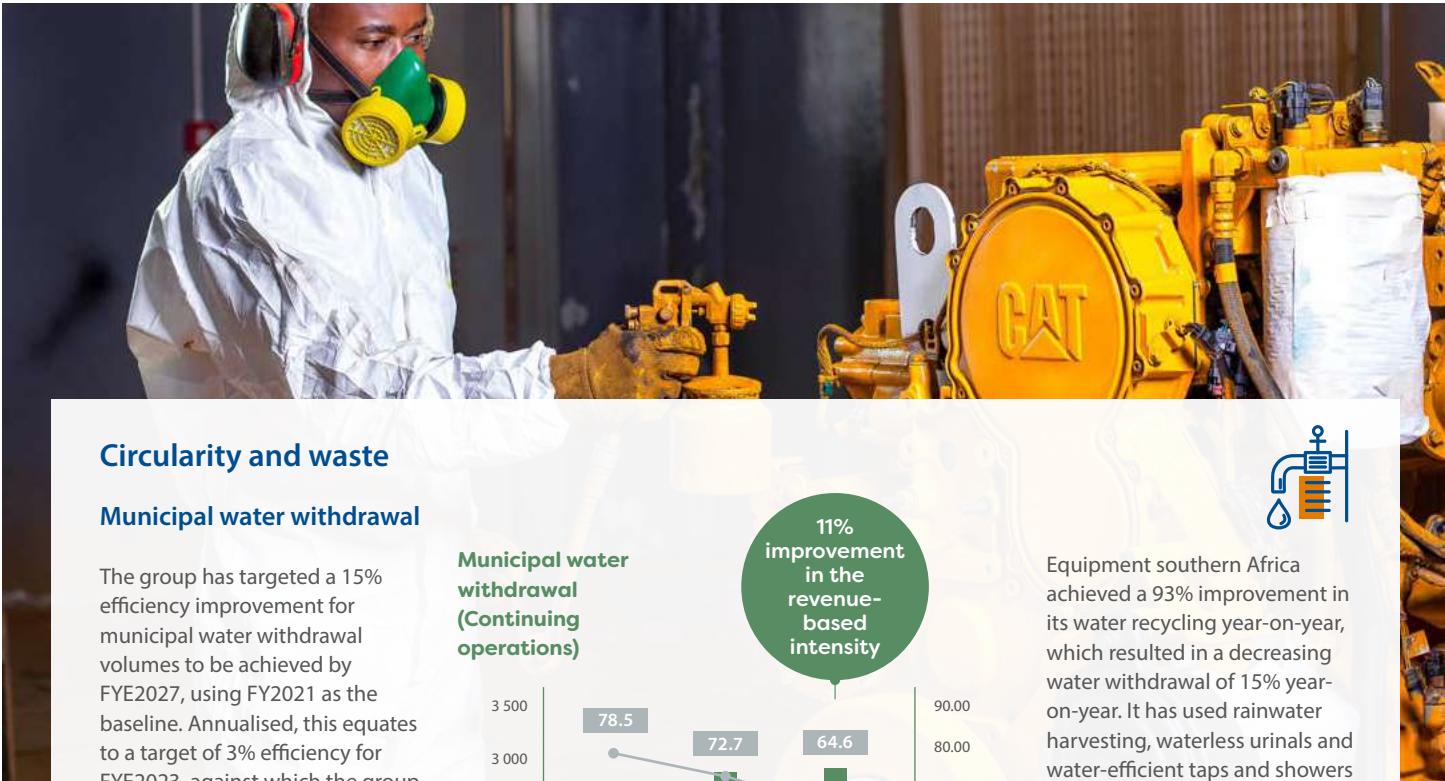
Emissions (tCO₂e) by scope





Going hybrid

Equipment southern Africa has included 11 hybrid vehicles in its fleet, which use a combination of petrol or diesel and electricity to power them. The engine capacity of these vehicles is also lower than the capacity of previous fleet vehicles. Both the use of hybrid vehicles and smaller engines will reduce the division's fuel consumption and its GHGs. These vehicles also recapture energy by means of regenerative braking. They are fitted with drive-cams and the data they collect will be analysed quarterly to assess the effect on fuel consumption and GHGs. The process of transforming Equipment southern Africa's fleet is in line with our commitment to reduce our Scope 1 GHGs and reduce costs.

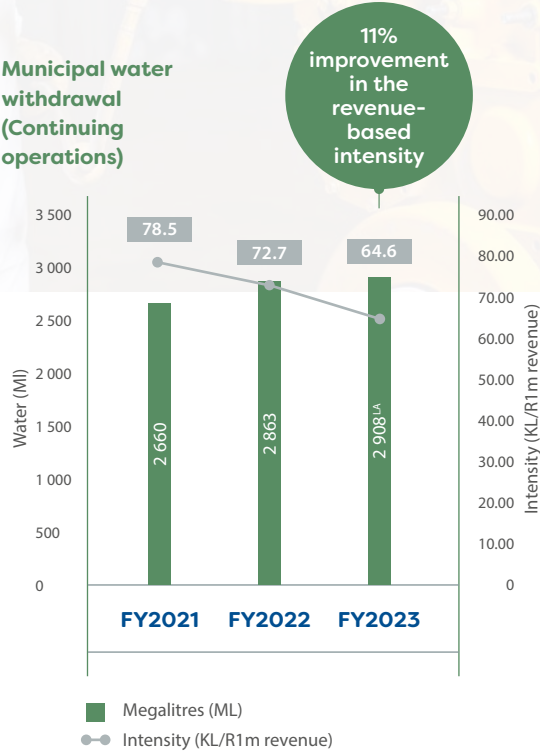


Circularity and waste

Municipal water withdrawal

The group has targeted a 15% efficiency improvement for municipal water withdrawal volumes to be achieved by FYE2027, using FY2021 as the baseline. Annualised, this equates to a target of 3% efficiency for FYE2023, against which the group achieved a 5% efficiency against the business as usual consumption (using FY2021 as a baseline).

In consumption terms, water withdrawal volumes increased by 2% year-on-year against FY2022.



Equipment southern Africa achieved a 93% improvement in its water recycling year-on-year, which resulted in a decreasing water withdrawal of 15% year-on-year. It has used rainwater harvesting, waterless urinals and water-efficient taps and showers to reduce its municipal water use. Through installing closed loop system wash bays Equipment southern Africa recycled 2 019kl of potable water withdrawn during FY2023.

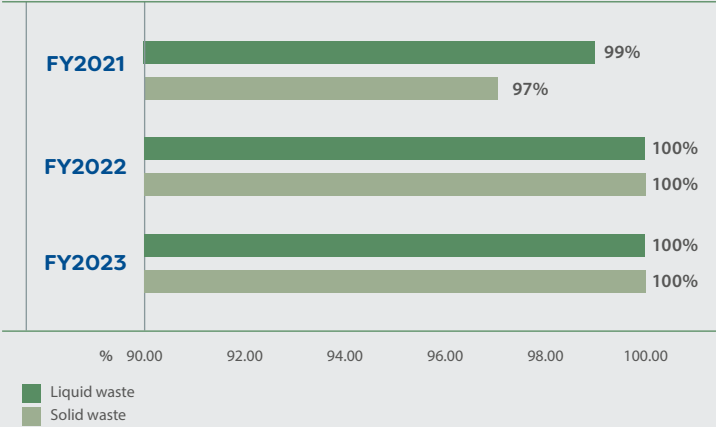


Waste management



Waste disposed of through formal waste management service providers.

Waste disposed of through formal waste management service providers



The group strives to avoid waste by reducing waste generation. All the waste we generated in FY2023 was disposed of responsibly, using appropriately accredited waste management companies. Our waste is monitored by waste stream and disposal method. Solid waste includes paper, batteries, tyres and electronic waste. Our liquid waste is mainly lubricants and solvents.

Disposing of hazardous liquid waste, of which sludge constitutes a portion, and reducing the amount of waste it sends to landfill has long been a focus of Equipment southern Africa. The introduction of bioremediation using locally sourced bacteria at its Middelburg and Isando campuses has significantly reduced its liquid waste to landfills. The end-product of bioremediation is clean soil used on campus gardens, significantly reducing hazardous waste to landfill and the associated costs. The acquisition of an oily rag-washing facility is reducing solid waste to landfill. In Zambia, the focus of waste reduction is currently on recycling.

Towards zero waste to landfill

Equipment southern Africa will replicate the waste reduction initiatives in Greater Africa that it has successfully trialled and implemented. Their goal is to achieve zero waste to landfill.



Assurance



Independent Practitioner's Limited Assurance Report on the Selected Sustainability Information in Barloworld Limited's Integrated Report 2023

To the Directors of Barloworld Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2023 Integrated Report of Barloworld Limited (the 'Company', 'Barloworld' or 'you') for the year ended 30 September 2023 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected sustainability information, marked with a 'LA' on the relevant pages in the Report. The selected sustainability information described below has been prepared in accordance with the Company's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying reporting criteria).

Selected sustainability information	Unit of measurement	Boundary	Page
Total number of employees	Number	Barloworld Continuing Operations	17 , 64 , 84
Employee breakdown by race (RSA only) and gender	Number	Barloworld Continuing Operations	84
% Female representation in Leadership	Percentage (%)	Barloworld Continuing Operations	7 , 12 , 66 , 84
Discretionary Spend procurement from ≥30% black women-owned suppliers as a % of total measured discretionary procurement spend	Percentage (%)	Barloworld Continuing Operations	7 , 12 , 84
Number of work-related fatalities	Number	Barloworld Continuing Operations	69 , 70 , 84
Lost-time injury frequency rate	Rate	Barloworld Continuing Operations	7 , 12 , 69 , 70 , 84
Fuel consumption – petrol and diesel	Megalitre (ML)	Barloworld Continuing Operations	84
Solar PV consumption	Megawatt Hours (MWh)	Barloworld Continuing Operations	7 , 12 , 77 , 78 , 84
Grid electricity consumption	Megawatt Hours (MWh)	Barloworld Continuing Operations	84
Total Coal	Tonnes	Barloworld Continuing Operations	84
Gas	Gigajoule (GJ)	Barloworld Continuing Operations	76 , 84
Non-renewable energy consumption, including consumption by primary energy source	Gigajoule (GJ)	Barloworld Continuing Operations	75 , 76 , 84
Water withdrawals (municipal sources)	Megalitre (ML)	Barloworld Continuing Operations	79 , 84
Scope 1 emissions, including emissions by primary energy source	Tonne CO ₂ equivalent (tCO ₂ e)	Barloworld Continuing Operations	84
Scope 2 emissions	Tonne CO ₂ equivalent (tCO ₂ e)	Barloworld Continuing Operations	84

We refer to this information as the "selected sustainability information".

Your responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on Barloworld Limited's corporate website (www.Barloworld.com) referred to as "**Barloworld Non-Financial Reporting Criteria**."

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised), and ISAE 3410, involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information.

Assurance (continued)

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walkthrough of identified key controls;

- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at the Company.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information have been prepared, in all material respects, in accordance with the accompanying the Company's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out in the Subject Matter paragraph above for the year ended 30 September 2023 is not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

Our report includes the provision of limited assurance on % Female representation in Leadership, Discretionary Spend procurement from black women-owned suppliers as a % of total measured discretionary procurement spend and Total Coal and Gas. We were previously not required to provide assurance on these selected sustainability information.

The maintenance and integrity of Barloworld Limited's website is the responsibility of Barloworld Limited's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Barloworld Limited's website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.






The logo for PricewaterhouseCoopers Inc. is displayed in a stylized, handwritten font.

PricewaterhouseCoopers Inc.

Director: Oswald Wentworth
Registered Auditor
Johannesburg, South Africa
12 December 2023

Assurance (continued)

Assured ESG KPIs

Aspects	Sustainability Key Performance Indicators	Unit of Measure	Boundary	FY2023 ¹	FY2022
Headcount (Permanent + Contractors >12 months) 	Total number of employees	Number	Barloworld Continuing Operations	6 289 ^{LA}	6 436
	Male	Number	Barloworld Continuing Operations	4 406 ^{LA}	4 481
	Female	Number	Barloworld Continuing Operations	1 883 ^{LA}	1 955
Diversity and Inclusion 	African, Indian and Coloured	Number	South Africa	2 909 ^{LA}	2 902
	White	Number	South Africa	623 ^{LA}	686
	Foreign Nationals	Number	South Africa	48 ^{LA}	56
	Female representation in Leadership (Board and EXCO)	Percentage	South Africa	52.6% ^{LA}	43.3%
Socio-economic inclusion 	Discretionary Spend procurement from ≥30% black women-owned suppliers	Percentage of total measured discretionary procurement spend	Barloworld Continuing Operations	42.26% ^{LA}	16.3%
Safety 	Number of Work-related Fatalities	Number	Barloworld Continuing Operations	0 ^{LA}	0
	Lost-time injury frequency rate (LTIFR)	Frequency Rate per 200 000 hours worked	Barloworld Continuing Operations	0.17 ^{LA}	0.30
Environmental 	Fuel (Petrol and Diesel)	Megalitre	Barloworld Continuing Operations	5.00 ^{LA}	5.18
	Solar PV consumption	Megawatt Hours (MWh)	Barloworld Continuing Operations	2 136 ^{LA}	1 728
	Grid Electricity consumption	Megawatt Hours (MWh)	Barloworld Continuing Operations	200 531 ^{LA}	202 979
	Total Coal	Tonnes	Barloworld Continuing Operations	113 557 ^{LA}	116 690
	Gas	Gigajoules (GJ)	Barloworld Continuing Operations	446 978 ^{LA}	429 666
	Non-renewable energy consumption, including consumption by primary energy source	Gigajoules (GJ)	Barloworld Continuing Operations	4 111 064 ^{LA}	4 184 550
	Scope 1 and 2 emissions	Tonne CO ₂ equivalent (tCO ₂ e)	Barloworld Continuing Operations	506 184	514 255
	Scope 1 emissions, including emissions by primary source	Tonne CO ₂ equivalent (tCO ₂ e)	Barloworld Continuing Operations	301 698 ^{LA}	308 351
	Scope 2 emissions	Tonne CO ₂ equivalent (tCO ₂ e)	Barloworld Continuing Operations	204 486 ^{LA}	205 905
	Water withdrawals (municipal sources)	Megalitres (ML)	Barloworld Continuing Operations	2 908 ^{LA}	2 863

¹ LA – Indicators subject to independent Limited Assurance review by PWC. Refer Assurance report [page 81](#)

Accountability and shareholder information



Issued share capital 29 September 2023:	189 641 787
Number of shareholders:	10 554

Public and non-public shareholding of ordinary shares

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	15	0.14	10 564 988	5.57
– Directors, prescribed officers and associates	9	0.09	663 764	0.35
– Company related and subsidiaries	3	0.03	3 180 511	1.68
– Empowerment	1	0.01	6 578 121	3.47
– Share Plan	1	0.01	108 651	0.06
– Employee and educational trusts	1	0.01	33 941	0.02
Public shareholders	10 539	99.86	179 076 799	94.43
Total	10 554	100	189 641 787	100.00

Registered shareholder spread

Registered	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 - 1 000 shares	8 636	81.83	1 628 129	0.86
1 001 - 10 000 shares	1 346	12.75	4 441 053	2.34
10 001 - 100 000 shares	411	3.89	13 271 518	7.00
100 001 - 1 000 000 shares	137	1.30	40 654 799	21.44
1 000 001 shares and above	24	0.23	129 646 288	68.36
Total	10 554	100	189 641 787	100.00

Beneficial shareholdings 5% or more

Shareholder name	Total shareholding	% of issued capital
Zahid Tractor & Heavy Machinery Co Limited	35 834 624	18.90
Government Employees Pension Fund	33 062 885	17.43
Silchester International Investors International Value Equity Trust	17 466 377	9.21
Total	86 363 886	45.54

Accountability and shareholder information (continued)

Investment managers holding 5% or more

Shareholder name	Total shareholding	% of issued capital
Silchester International Investors, L.L.P.	33 506 537	17.67
Public Investment Corporation (SOC) Limited	26 672 199	14.06
Total	60 178 736	31.73

Breakdown of non-public shareholders

Non-public shareholders	Total shareholding	% of issued capital
Directors, prescribed officers and associates	663 764	0.35
The Katlego Le Masego Trust (Sewela, D)	334 706	0.18
Sewela, D	93 695	0.05
Leeka, E	55 359	0.03
Lila, N	57 431	0.03
Wierenga, C	36 964	0.02
McGeer, Q	31 382	0.02
Masemola, MMA	30 308	0.02
Menon, N	22 419	0.01
Lemmert, GA	1 500	0.00
Company related and subsidiaries	3 180 511	1.68
Barloworld South Africa (Pty) Ltd	3 162 201	1.67
Barloworld South Africa (Pty) Ltd	12 529	0.01
Barloworld Investments (Pty) Ltd	5 781	0.00
Empowerment	6 578 121	3.47
Barloworld Empowerment Foundation	6 578 121	3.47
Share plan	108 651	0.06
Barloworld Limited FSP	108 651	0.06
Employee and educational trusts	33 941	0.02
Barloworld Education Trust	33 941	0.02

Breakdown of beneficial holdings

Government Employees Pension Fund	Total shareholding	% of issued capital
Government Employees Pension Fund	33 062 885	17.43
Government Employees Pension Fund – Public Investment Corporation (SOC)	25 340 566	13.36
Limited Government Employees Pension Fund – Coronation Fund Managers	4 092 952	2.16
Limited Government Employees Pension Fund – Mazi Capital (Pty) Ltd	1 495 903	0.79
Government Employees Pension Fund – Aeon Investment Management (Pty) Ltd	1 116 697	0.59
Government Employees Pension Fund – All Weather Capital (Pty) Ltd	993 759	0.52
Government Employees Pension Fund – Differential Capital (Pty) Ltd	23 008	0.01

Corporate information



Barloworld Limited

Incorporated in the Republic of South Africa
Registration number: 1918/000095/06
Income Tax Registration number: 9000/051/71/5
JSE Share code: BAW
JSE ISIN: ZAE000026639
Share code: BAWP
A2X code: BAW
JSE ISIN: ZAE000026647
Bond issuer code: BIBAW
(Barloworld or “the company” or “the group”)

Registered office and business address

Barloworld Limited
61 Katherine Street, Sandton 2196
PO Box 782248, Sandton 2146, South Africa
T +27 11 445 1000
E bawir@barloworld.com

Directors

Non-executive

NN Gwagwa (Chairman), N Chiaranda[^], HH Hickey, NP Mnxasana, NV Mokhesi,
H Molotsi, V Nkonyeni, B Odunewu*, P Schmid

Executive directors

DM Sewela (Group Chief Executive Officer), N Lila (Group Finance Director)

[^]Italy, *Nigeria

Group Company Secretary

Nomini Rapoo

Group Investor Relations

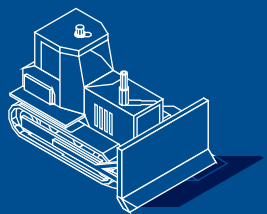
Nwabisa Piki

Enquiries

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Sponsor

Nedbank Corporate and Investment Banking
(a division of Nedbank Limited)



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