

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

BARLOWORLD (BAW) is a distributor of leading global brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions comprise Equipment (earthmoving equipment and power systems), Automotive and Logistics (car rental, motor retail, fleet services, used vehicles and disposal solutions, logistics management, supply chain optimisation and waste management). We offer flexible, value adding, innovative business solutions to customers backed by leading global brands. 115 years of heritage built on solid relationships with our principals and customers. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Audi, BMW, Ford, Jaguar, Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen and others.

BAW has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. We are committed to sustainable development and playing a leading role in diversity and inclusion. The company was founded in 1902 and at 30 September 2017 had operations in 15 countries around the world with approximately 83% of just over 18 000 employees in South Africa.

Our shared value approach is based on the understanding that sustainable value creation requires that the interests of all stakeholders are addressed and ultimately benefits society at large.

Central to our approach is:

- Broader conception of value creation
- Focusses on connections between economic and societal progress
- Aims to enhance competitiveness while simultaneously advancing economic and social conditions of communities
- Requires looking at business decisions and opportunities through the lens of shared value
- Leads to new approaches that generate greater innovation and growth.

We are committed to moving away from traditional stakeholder trade-offs to create shared value and meaningful relationships. We aim to enhance business competitiveness while simultaneously advancing social and environmental outcomes. The Barloworld Way of doing business focuses on developing and maintaining mutually beneficial, long-term relationships.

Our balanced ambition is to create shared value for all stakeholders, while recognising the primacy of shareholders as the owners of the company and the fact that value creation for all stakeholders is in turn predicated on our ability to create a profitable, thriving, resilient and durable organisation.

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

- Top quartile returns for our shareholders
- Attracting, developing, retaining and rewarding talented and diverse employees
- Achieving market leadership by delivering innovative solutions that help our customers succeed
- Strategically aligning with our principals and being recognised as a top performer. Treating our suppliers fairly and expecting them to

commit to our ethical principles

- Being respected members of society and communities where we operate
- Taking care of the environment through responsible and ethical business practices

We aim to create value, ethics, practices and attitudes that are shared with our stakeholders, and believe that sustainability is an interlinking and intricate web of these values, practices, attitudes and relationships.

Long-term value creation has always been central to our way of operating. The adoption of a Value Based philosophy in 1999 allowed us to formalise our approach which has evolved into our Shared Value approach that we are entrenching into the group's strategic framework, management structures and operational processes.

The interests of our stakeholders are factored into our business operations and the management of our economic, social and environmental issues. We believe in creating shared value and meaningful relationships through in-depth planning and rigorous relationship management programmes.

We are committed to responsible citizenship and long-term value creation for all our stakeholders, and we manage our business in an integrated manner, embraced by a strong governance environment which is underpinned by our BAW [Worldwide Code of Conduct](#)

Although BAW's GHG emissions are fairly limited (270 707 tCO2e scope 1 & 2 FY17), it has focused on limiting emissions. The group has set aspirational group targets of 10% efficiency improvements for its non-renewable energy consumption and GHG emissions (scope 1 & 2) by FYE20 against a business as usual scenario (2015 baseline), and an aspirational renewable energy target of 2 000 MWh or more per annum by FYE20.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	October 1 2016	September 30 2017	Yes	2 years
Row 2	October 1 2015	September 30 2016	<Not Applicable>	<Not Applicable>
Row 3	October 1 2014	September 30 2015	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Angola
- Botswana
- Democratic Republic of the Congo
- Ghana
- Lesotho
- Malawi
- Mozambique
- Namibia
- Russian Federation
- South Africa
- Swaziland
- United Arab Emirates
- United Republic of Tanzania
- Zambia
- Zimbabwe

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	The Group Risk and Sustainability Committee, one of six sub-board committees, holds the highest level of responsibility for Climate Change within Barloworld. This Committee was established to assist the board in ensuring sound corporate governance, improving internal controls and monitoring company performance. The Committee assists the board in recognising all substantive sustainability, climate change, environmental and health and safety risks to which the group is exposed and ensures that the requisite management culture, practices, policies and systems are implemented and function effectively. In giving consideration to Safety, Health and Environmental (SHE) aspects of the group, the committee receives SHE reports on a quarterly basis which includes water-related and climate change information such as water withdrawals, recycling and rain water harvesting, emissions and energy usage and related efficiency improvement initiatives, and progress towards set aspirational targets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<p>The Group Risk and Sustainability Committee, which is one of six sub-board committees, holds the highest level of responsibility for Sustainability aspects within Barloworld. This Committee was established to assist the board in ensuring sound corporate governance, improving internal controls and monitoring company performance. The Committee assists the board in recognising all substantive sustainability, climate change, environmental and health and safety risks to which the group is exposed and in ensuring that the requisite management culture, practices, policies and systems are implemented and function effectively within the group. In giving consideration to Safety, Health and Environmental (SHE) aspects of the group, the committee receives SHE reports on a quarterly basis which includes climate change information such as emissions and energy usage as well as related efficiency improvement initiatives, and progress towards aspirational non-renewable and emissions (scope 1 and 2) efficiency improvement and renewable energy targets. The committee has oversight of the risk management framework, identified risks and mitigation strategies/measures. Environmental risks, including climate change aspects are included in the group's identified risks. The Chairperson of each of the Board sub-committees, including the Risk and Sustainability Committee, report to the Board on a quarterly basis.</p>
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding business plans	<p>The group has a comprehensive strategic planning process that includes identified major risks and opportunities. These plans are presented at various levels within the organisation to ensure integration across the group and include an overall presentation to the Board. This process takes place on an annual basis.</p>

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Group and Divisional CEOs)	Other, please specify (Achievement of group strategy)	More frequently than quarterly
Other, please specify (Board of Directors)	Other, please specify (Oversight of group strategy)	More frequently than quarterly
Other, please specify (Risk and Sustainability Committees)	Other, please specify (Assessing & managing environmental risk)	Quarterly
Other C-Suite Officer, please specify (Executive: Sustainability)	Other, please specify (Achievement of Sustainability strategy)	More frequently than quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other, please specify (Divisional Sustainability champions)	Other, please specify (Driving Sustainability strategy)	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

A. Group and Divisional CEOs

- i. These individuals are part of the group Executive Committee, which is the highest level of executive management within Barloworld.
- ii. & iii. As the highest level/s of executive management, these individuals are responsible for driving the achievement of the approved group strategy within their respective operations, which include sustainability and environmental objectives and targets.

The Chief Executive Officer and Board of Directors in each division are ultimately responsible and accountable for climate change management. Climate change aspects are an integral part of management in the company and are recognised as a corporate priority. Implemented processes ensure that the Chief Executive Officer and Board of Directors remain fully informed about all pertinent environmental issues, including those relating to climate change. For example a SHE report is presented at divisional and group risk and sustainability meetings, which include performance against set aspirational targets and pertinent issues including climate change.

These individuals are responsible for the achievement of the group strategy, including Sustainability related objectives, which incorporate efficiency improvement targets for non-renewable energy, greenhouse gas emissions (scope 1 and 2), water withdrawals (municipal sources), and where relevant, achievement of the renewable energy targets.

The achievement of the group aspirational efficiency improvement targets contributes towards climate change mitigation.

B. Board of Directors and sub-committees, including the Risk and Sustainability Committee

- i. Highest Governance body within the organisation.
- ii. & iii. The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure and inform the company's strategic objectives.

The board steers and sets the direction of the group. Through these actions it brings independent judgement and leadership to material decisions, while ensuring strategy, risk, performance and sustainable development considerations are integrated into decision-making. Through its Risk and Sustainability committee, the board responsibilities include:

- Defining and guiding the group risk culture, risk appetite, risk framework, policies and strategy
- Ensuring that robust risk management processes are in place
- Addressing sustainable development in the company including climate change and environmental stewardship.

C. Executive: Sustainability

i. The executive is part of the senior management team, who reports to the Head: Group Corporate Communication and Investor Relations who attends the Group Executive Committee.

ii. & iii. This position is required to:

- Co-ordinate, compile and execute for the overall group sustainability strategy.
- Set sustainability objectives in the group.
- Drive the endorsed sustainability strategy across the group.
- Compile and roll-out environmental related policies, including climate related policies that have been appropriately endorsed by the relevant governance structures.
- Ensure day-to-day operational requirements, systems, reports, etc. are in place to ensure relevant, timely and accurate reporting to stakeholders on sustainability issues.

D. Environment/Sustainability manager

i. These are generally senior management level individuals. Generally Environmental/ Sustainability Managers report to the respective divisional Sustainability Executive. Progress on key deliverables and outputs are discussed at monthly meetings.

ii. & iii. Generally responsibilities and outputs at a divisional level include: formulating the environmental strategy which includes climate change, analysing and reporting of qualitative and quantitative data, ensuring compliance with SHE legislation, pursuing relevant standards (e.g. ISO), operational environmental risk management, environmental training, waste management, incidents and complaints management.

E. Divisional Sustainability Champions

i. These are generally Executive level individuals.

ii. & iii. Responsible for the achievement of and reporting on defined sustainability initiatives/objectives, energy and emission efficiency improvement targets. Included in their performance indicators are non-renewable and greenhouse gas emissions (scopes 1 and 2) efficiency improvements. Champions identify and drive initiatives in support of set objectives and targets. The achievement of the group aspirational efficiency improvement targets contributes towards climate change mitigation.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Director on board

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Achievement of group strategy)

Comment

A monetary reward is applicable to executive directors. These rewards relate to the achievement of defined group sustainability objectives which incorporate the group's aspirational targets for efficiency improvement of non-renewable energy consumption and greenhouse gas emissions (scopes 1 and 2). These are included in the personal scorecard objectives of the executive directors. Relevant activities and the achievement of the aspirational efficiency improvement targets will contribute towards climate change mitigation. The group implemented an aspirational target of a 10% efficiency improvement in non-renewable energy consumption and GHG emissions (scope 1 and 2) by 2020FYE off a 2015 baseline, and a renewable energy target of 2 000 MWh or more per annum.

Who is entitled to benefit from these incentives?

Chief Executive Officer (CEO)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Achievement of group strategy)

Comment

These rewards relate to the achievement of group strategy, including Sustainable development objectives which incorporate the group's aspirational efficiency improvement target for non-renewable energy consumption and greenhouse gas emissions (scopes 1 and 2). These are included in the personal scorecard objectives of the chief executive. Relevant activities and the achievement of the aspirational efficiency improvement targets will contribute towards climate change mitigation. The group implemented an aspirational target of a 10% efficiency improvement in non-renewable energy consumption and GHG emissions (scope 1 and 2) by 2020FYE off a 2015 baseline, and a renewable energy target of 2 000 MWh or more per annum.

Who is entitled to benefit from these incentives?

Other, please specify (Divisional CEOs)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Achievement of group strategy)

Comment

Achievement of divisional and group strategies, including Sustainable development objectives which incorporate the group's aspirational efficiency improvement target for non-renewable energy consumption and greenhouse gas emissions (scopes 1 and 2). These are included in the personal scorecard objectives of the chief executive. Relevant activities and the achievement of the aspirational efficiency improvement targets will contribute towards climate change mitigation. The group implemented an aspirational target of a 10% efficiency improvement in non-renewable energy consumption and GHG emissions (scope 1 and 2) by 2020FYE off a 2015 baseline, and a renewable energy target of 2 000 MWh or more per annum. The group target represents the aggregation of divisional targets, which are driven at an operational and divisional level.

Who is entitled to benefit from these incentives?

Other, please specify (Sustainability Manager and Champions)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Achievement of group strategy)

Comment

Sustainability manager: Generally responsibilities and outputs at a divisional level include: formulating the environmental strategy which includes climate change, analysing and reporting of qualitative and quantitative data, ensuring compliance with SHE legislation, pursuing relevant standards, ensuring adequate and effective control environment, operational environmental risk management, environmental training, waste management, incidents and complaints management and achievement of applicable targets. Sustainability Champions: Achievement of and reporting on defined sustainability initiatives/objectives, energy and emission efficiency improvement targets. Included in the performance indicators are the group's aspirational efficiency improvement target for non-renewable energy and greenhouse gas emissions (scopes 1 and 2). The achievement of the aspirational efficiency improvement targets will contribute towards climate change mitigation. The group implemented an aspirational target of a 10% efficiency improvement in non-renewable energy consumption and GHG emissions (scope 1 and 2) by

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	3	Identified risks in the short-term.
Medium-term	3	5	Risks coincide with the strategic planning period.
Long-term	5		The group has long-term ambitions and these risks will be assessed in the context of such ambitions.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Risks are identified through robust risk assessment and systematic strategic management procedures. A biannual High Level Risk Assessments (HLRA) engages various levels (BU, divisional and group) of the organisation and involves ongoing review and reporting at management, executive and board levels. Identification and assessment of risks, including climate change, begins with divisional management at asset level. The risks are assessed in terms of timeframe, likelihood, impact and quality of controls. In addition, an annual climate change risk assessment is conducted at a Group (company) level which focuses on the identification, assessment and response to climate change related risks. Due to the longer-term nature of climate change risks, these feature lower on the HLRA. However, BAW recognised the strategic importance of climate change and as such a specific climate change risk assessment is undertaken. This complements the broader risk assessment.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Risks are identified through robust risk assessment and systematic strategic management procedures. A biannual High Level Risk Assessments (HLRA) engages various levels of the organisation and involves ongoing review and reporting at management, executive and board levels. Identification and assessment of risks, including climate change, begins with divisional management at asset level. Divisional management is responsible for ongoing monitoring and management of their operations risks. A company level risk assessment is also performed at a Group level attended by group executives. Risks at a divisional (asset) level and group (company) level are reported to the group Risk and Sustainability Committee (RSC). The RSC assists the board in recognising material risks and in ensuring that the requisite risk management culture, practices, policies and systems are implemented and functioning effectively. Through this robust process, initiatives are identified to address the material risks. In addition, an annual climate change risk assessment is conducted at a Group (company) level which focuses on the identification, assessment and response to climate change related risks. Due to the longer-term nature of climate change risks, these feature lower on the HLRA. However, BAW recognised the strategic importance of climate change and as such a specific climate change risk assessment is undertaken. This complements the broader assessment as climate change risks are considered at an aggregated level which provide a different perspective. This assessment is also reviewed by the group operations and the group risk department.

The identified risks, including those of climate change, are recorded in divisional (asset) and group (company) risk registers, comprehensively assessed and given residual risk scores. This process results in a prioritisation of risks, based on inherent and residual scores to allow for the allocation of resources required to address the risks and to monitor performance in terms of risk management. Risks are then responded to through acceptance, transfer, avoidance or reduction strategies, taking risk appetites and tolerance levels into consideration. The risk assessment process culminates in risk registers.

On an annual basis the Risk and Sustainability Committee sets a risk appetite that is used in the risk assessment process. Definition of substantive financial impact: risks with a Residual (opposed to Inherent) score of critical or high relative to the set Risk Appetite (defined in financial terms) may have the ability to substantively change BAW's business model or business operations, revenue or expenditure. Such risks are identified in BAW's risk assessment process together with related impacts and mitigation.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. BAW considers current regulations in its risk assessments, including those related to climate change. Examples of current climate change related regulations, includes mandatory emissions reporting, carbon pricing and budget regulations. Impacts of national commitments in the various regions BAW operates are also taken into consideration to better understand challenges that may be faced not only directly by BAW but also in its value chain. BAW does consult with legal specialist on current and emerging regulations to ensure the impacts of these are understood and appropriately responded to. BAW also engages with organised business to better understand the impacts of current regulations within its own operations and throughout its value chain. Changes to existing regulations and/or emergence of new regulations influence customer behaviour and can lead to uncertainty in the purchase/investment decision. Such impacts could negatively influence demand for BAW's products and services.
Emerging regulation	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. BAW considers emerging regulations in its risk assessments, including those related to climate change. Examples of emerging climate change related regulations, include carbon tax regulations in South Africa and South Africa's proposed Climate Change Bill. Impacts of national commitments in the various regions BAW operates are also taken into consideration to better understand current and emerging challenges that may be faced not only directly by BAW but also in its value chain. BAW does consult with legal specialist on current and emerging regulations to ensure the impacts of these are understood and appropriately responded to. In the case of Carbon Taxes, BAW performs calculations to understand the related financial impacts of both the direct tax liability and where relevant the financial impacts of anticipated 'pass through' costs. BAW also engages with organised business to better understand the impacts of emerging regulations within its own operations and throughout its value chain. Changes to existing regulations and/or emergence of new regulations influence customer behaviour and can lead to uncertainty in the purchase/investment decision. Such impacts could negatively influence demand for BAW's products and services.

	Relevance & inclusion	Please explain
Technology	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Adaptation of processes, products and technologies are required to meet shifts in customer preferences and expectations, including a transition to a lower carbon economy. An inability or slow response to adapting current and innovating future technologies to support such a transition may result in a loss in competitive advantage and reduced demand for BAW's products and services. Risks related to products and services, including the technologies these incorporate are factored into risk assessments. BAW engages with organised business associations to better understand emerging technological trends, which informs its risk assessments and mitigation where relevant. Changes to current climate change related regulations and/or emergence of new regulations in this regard could also influence technological preferences and are considered under technology related risks. An example is the transition in energy solutions from fossil-fuel based to renewable energy. BAW product offerings include: solar PV solutions and microgrids, energy efficient plant and equipment, fuel efficient as well as hybrid and electric vehicles.
Legal	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Possible legal claims and litigation form part of the risk assessment process. Claims made are directed to Group and Divisional legal departments. Past claims and the validity of these will inform the risk assessments and management process. The transition to a low-carbon economy and the imposition of new or amendments to existing regulations may impact the inherent likelihood and/or the severity of litigation risks.
Market	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Market risks are considered in BAW's risk assessment process. This risk is impacted by possible shifts in consumer behaviour and preferences, possibly driven by amendments to existing and/or emergence of new regulations, which may impact cost of ownership of BAW products and services e.g. Carbon pricing. Global consumer shifts towards lower carbon products and services necessitate greater customer engagement and improved understanding of customers' sustainability related approaches and targets. Also, customer requirements may evolve more rapidly in certain of BAW's markets than others, impacting which products/technologies are offered in each of the markets, i.e. market differentiation e.g. ICE vs Electric drive vehicles, plant and equipment.
Reputation	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Reputational risks are always considered in BAW's risk assessment process. BAW actively manages such risks through ongoing stakeholder engagement to better understand stakeholder concerns and formulate appropriate responses to meet expectations, manage perceptions and enhance the position of the group. Such engagement informs reputational risks including those stemming from climate change in a global context where companies are increasingly under pressure to recognise and take action on climate change. Stakeholder engagement includes relevant disclosures and reporting on BAW's commitments, strategies and responsible citizenship programme, all of which assist in managing BAW's reputation. Reputational risks could also stem from an organisation's supply chain. In this regard, BAW represents globally leading principals who have in place risk management frameworks that allow them to manage their climate change related risks accordingly.
Acute physical	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Physical risks are considered in BAW's risk assessment process. By way of example, extreme weather events, like flooding, hail, snow and ice could result in damage to BAW assets including buildings, vehicles, plant and equipment as well as those of suppliers and/or customers. Such impacts may result in disruptions to BAW, its suppliers and/or customers operations impacting on demand, operating costs and availability of capital due to repair costs. Depending on the severity of damage, such instances may also impact on BAW's ability to service and supply its customers' with goods and services. Such risks also pose health and safety risk to employees. Business continuity and contingency plans as well as relevant insurance coverage are in place in this regard.
Chronic physical	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Chronic physical risks are considered in the above process. An example is the increase in average temperatures, which may impact on agricultural and human settlements and possible relocation of these. These could impact demand for BAW's products and services if such relocation is outside BAW's distribution geographies. This may also impact on the health and safety of BAW staff and its ability to attract and retain key talent. In the longer term, BAW may have to increase capital expenditure to ensure employees operate in a safe and healthy work environment.
Upstream	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks and opportunities in BAW's value chain are considered during the risk assessment process. Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. We offer flexible, value adding, innovative business solutions to our customers backed by leading global brands. 115 years of heritage built on solid relationships with our principals and customers. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Audi, BMW, Ford, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen and others. BAW represents globally leading principals who manage climate related risks in their respective operations and in the context of competitiveness of their product and service offerings.

	Relevance & inclusion	Please explain
Downstream	Relevant, always included	Identification of risks follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Downstream risks, for example those impacting BAW's customers', are considered in the risk assessments. Transition and physical risks of climate change and transitioning to a lower carbon economy would have a downstream impact albeit to varying degrees. Close engagement with customers and other key stakeholders assist BAW in understanding customer challenges and allows for collaboration in overcoming these where relevant.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Risks are identified through detailed, robust systematic strategic planning and risk assessment procedures. A biannual High Level Risk Assessments (HLRA) engages various levels of the organisation and involves ongoing review and reporting at management, executive and board levels. Identification and assessment of risks, including climate change, begins with divisional management at asset level. Divisional management is responsible for ongoing monitoring and management of their operations risks. A company level risk assessment is also performed at a Group level attended by group executives. Risks at a divisional (asset) level and group (company) level are reported to the group Risk and Sustainability Committee (RSC). The RSC assists the board in recognising material risks and in ensuring that the requisite risk management culture, practices, policies and systems are implemented and functioning effectively. Through this robust process, initiatives are identified to address the material risks. In addition, an annual climate change risk assessment is conducted at a Group (company) level which focuses on the identification, assessment and response to climate change related risks. Given the limited materiality and the long-term nature of climate change risk impacts, climate change risks feature relatively lower down on the HLRA process described above, hence the specific climate change risk assessment. This complements the broader assessment as such risks are considered at the aggregated level which may provide different perspectives. This assessment is also reviewed by the group operations and the group risk department.

The identified risks, including those of climate change, are recorded in divisional (asset) and group (company) risk registers, comprehensively assessed and given residual risk scores. This process results in a prioritisation of risks, based on inherent and residual scores to allow for the allocation of resources required to address the risks and to monitor performance in terms of risk management. Risks are then responded to through acceptance, transfer, avoidance or reduction strategies, taking risk appetites and tolerance levels into consideration. The risk assessment process culminates in risk registers.

On an annual basis the Risk and Sustainability Committee sets a risk appetite that is used in the risk assessment process. Definition of Substantive impact: risks with a Residual (opposed to Inherent) score of critical or high relative to the set Risk Appetite may have the ability to substantively change BAW's business model or business operations, revenue or expenditure. Such risks are identified in our risk assessment process together with related impacts and mitigation.

Transfer and reduction response strategies have been identified and applied for transition risks related to changing customer behaviour. For example product offerings have been expanded to include renewable energy solutions.

The response strategy adopted for physical damage to vehicles, plant, equipment and operations stemming from extreme weather events like floods, hail, etc. for which BAW has opted to reduce its risks through appropriate insurance. In addition, business continuity and disaster recovery plans are in place to mitigate against impacts of such risks.

Where relevant identified opportunities are incorporated into the group strategic planning process.

Resources are allocated to act on prioritised opportunities to capture value for the group. Progress in terms of realising the opportunities is monitored.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact driver

Market: Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

Changes in customer behaviour could stem from shifts in consumer preferences leading to a substitution of existing products and services with lower emission options. Consumer preferences could be influenced by increased pricing of emissions, enhanced emission reporting obligations, mandates on and regulation of existing products and services and exposure to litigation. Examples of such changes include customers shifts towards products and services that: are locally sourced; more efficient; have a reduced carbon footprint; limit regulatory exposure and stakeholder negativity. If BAW and its principals are unable to adapt and innovate to provide their customers with such products and services that meet standards and/or customer expectations, this could result in customers switching to competitor products, which would reduce demand for BAW's products and services. Changes in customer behaviour include the shift towards renewable energy solutions such as solar PV. BAW has expanded its offerings to meet such shifts in customer behaviour as reflected in its recent appointment by B2Gold to supply a seven megawatt solar power plant in Namibia. In addition, there are competitive risks from suppliers who may enter the market with technologies, products and services that are more competitive with respect to the above. The following potential financial impacts were identified: 1. Reduced demand for goods and services due to shift in consumer preferences 2. Research and development (R&D) expenditures in new and alternative technologies 3. Capital investments in technology development 4. Costs to adopt/deploy new practices and processes The most significant of these impacts was assessed as "Reduced demand for goods and services due to shift in consumer preferences".

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-high

Potential financial impact

240000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-4 below: 1. Reduced demand for goods and services due to shift in consumer preferences 2. Research and development (R&D) expenditures in new and alternative technologies 3. Capital investments in technology development 4. Costs to adopt/deploy new practices and processes The estimated R240 million equates to less than 1% of BAW's FY2017 revenue (R62 billion).

Management method

BAW is diversified across its customers, regions of operations and products including a number of energy efficient and low emission technologies. BAW represents world-class principals who are committed to developing technologies that meet customer requirements including emission standards, and optimising processes, distribution and supply chains aimed at emission reduction. BAW engages with customers and offers products which include high efficiency gas generators that can utilise natural gas, biogas (landfill and sewerage) or coal bed methane and can provide even higher energy efficiency if incorporated with Combined Heat and

Power (CHP) technology. Renewable energy offerings include solar photovoltaic (PV) solutions, an example includes the appointment of BAW by B2Gold to supply a seven megawatt (MW) solar power plant at its Otjikoto mine - one of the largest solar installations in Namibia. Additionally BAW's Logistics business worked with the CSIR and others in designing a more energy efficient and ergonomic vehicle which can carry a higher payload, while reducing the fuel consumption and ultimately the emissions. Smart Trucks generate on average 31% less road damage per ton of payload transported and have seen fuel savings as high as 25% per ton of payload transported; and Green Trailers included in the fleet which significantly reduce fuel consumption through aerodynamic innovation. This translates into significant amounts of emission reductions.

Cost of management

600000

Comment

Costs associated with providing a wide product range and developing new products are incorporated into the ongoing operational activities and cost base of the group. In some cases, the costs associated with developing new products may be covered in the group's 'cost of sales' which was some R48 billion for FY2017. 'Green trailers' (Truck and trailer) and Smart Trucks were designed with improved aerodynamics at a cost of some R600 000. This cost was incorporated into the operating costs of the business.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver

Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description

Risks associated with increased stakeholder concern and negative stakeholder feedback arising from climate change issues may result in financial and reputational risks for companies that fall foul of regulations or public opinion. Public perception is influenced by the growing awareness of climate change issues and company practices impacting these; the disclosure of which is often regulated. Reputational damage could negatively affect commercial standing and activity of the group as well as its ability to attract and retain capital and key talent. Additionally, increased stakeholder concern and prolonged negative feedback could undermine BAW's responsible citizenship programme, result in reduced demand for its products and services and jeopardise its social license to operate. Prolonged adverse public perception could lead to stigmatization of certain sectors which may have an impact on strategic decisions such as business models, disposals and operational locations. Growing public outcry could result in the introduction of/amendments to legislation and regulations. In recent years the impact of supply chain and logistics processes on the environment has come into question with consumers becoming more and more concerned with whether or not these processes meet environmental standards when making a purchasing decision. A relevant example in addressing stakeholder feedback and driven by its objective to deliver smart transport solutions, BAW Logistics introduced smart trucks with innovative features that will improve overall performance of the transport industry while ensuring safety and efficiency standards are continually improved. The following potential financial impacts were identified: 1. Reduced revenue from decreased demand for goods/services 2. Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) 3. Increased operating costs 4. Research and development (R&D) expenditures in new and alternative technologies 5. Capital investments in technology development 6. Costs to adopt/deploy new practices and processes 7. Reduction in capital availability The most significant of these impacts was assessed as "Reduced revenue from decreased demand for goods/services."

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

160000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-7 below: 1. Reduced revenue from decreased demand for goods/services 2. Reduced revenue from negative impacts on workforce management and

planning 3. Increased operating costs 4. Research and development (R&D) expenditures in new and alternative technologies 5. Capital investments in technology development 6. Costs to adopt/deploy new practices and processes 7. Reduction in capital availability The estimated R160 million equates to less than 0.5% of BAW's FY2017 revenue (R62 billion).

Management method

BAW manages this risk through geographic, product, customer and industry diversification. Ongoing stakeholder engagement assists BAW to manage its reputation and address stakeholder expectations and public perceptions. Stakeholder perception is influenced through transparent public reporting, including climate change data, for which BAW has reporting systems and obtains assurance on relevant aspects by the group external auditors to enhance credibility. BAW reports its GHG emissions and management of climate change risks and opportunities to stakeholders, as well as its efforts in terms of climate change including energy efficient products and services. Staying aware of developments in the market and representing international leading brands allows BAW to uphold its reputation as a responsible corporate citizen. BAW also positively positions itself by participating in a number of environmental related business and industry forums including Business Unity South Africa, National Business Initiative, WWF and each of BAW's business units belong to and participate in their respective industry bodies/associations. BAW has adopted a Measure, Avoid, Reduce, Switch and Offset (MARSO) methodology to manage energy/emissions. BAW has set a group aspirational target of 10% efficiency improvement in non-renewable energy and emissions (scope 1 & 2) intensity by 2020FYE (2015 baseline), further supported by BAW's Energy, Climate Change and Environmental Policies.

Cost of management

2000000

Comment

There are no additional costs associated with geographic, industry and customer diversification which are part of the group's overall risk management approach. Actual costs associated with integrated reporting, reporting systems and external assurance was some R2 million for FY17.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver

Reduced revenues from lower sales/output

Company- specific description

Climate change can result in: variability in weather patterns; storms; flash floods; droughts; rising mean temperatures; rising sea levels and other extreme weather events (example: cyclones) which are expected to become more prevalent. Flooding and extreme weather events could damage company infrastructure, stock and negatively affect operations including field servicing, operation of plant, equipment and vehicles. Droughts would also negatively affect operations through water shortages, water price increases and operational disruptions. Adaptation and mitigation of the above consequences may require expenditure on infrastructure to overcome related challenges. If the consequences are severe it could result in changes to the existing business model or relocation, possible increases in insurance premiums and could impact safety levels. Variability and extremities in weather patterns could impact on BAW's customers, including mining operations, impacting on the demand for products/services. If such changes are not anticipated this could lead to BAW's misalignment between supply and demand, resulting in an inability to meet customers demand or an over supply of products and/or services. An example includes the drought conditions experienced in the Western Cape. Within BAW water is predominantly used for washing vehicles, plant and equipment. Certain operations have taken a decision to only wash excessively dirty vehicles, plant and equipment. Such decisions and practices may negatively impact on customer satisfaction levels. Tourism volumes could also be negatively impacted by the drought conditions which may result in a reduced demand for BAW's products and services, example car hire. The following potential financial impacts were identified: 1. Reduced revenues from lower sales/output 2. Increased operating costs 3. Capital investments in technology development 4. Costs to adopt/deploy new practices and processes 5. Increased capital costs 6. Reduction in capital availability 7. Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations 8. Increased production costs due to changing input prices and output requirements 9. Write-offs and early retirement of existing assets The most significant of these impacts was assessed as "Reduced revenues from lower sales/output".

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

80000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-9 below: 1. Reduced revenues from lower sales/output 2. Increased operating costs 3. Capital investments in technology development 4. Costs to adopt/deploy new practices and processes 5. Increased capital costs 6. Reduction in capital availability 7. Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations 8. Increased production costs due to changing input prices and output requirements 9. Write-offs and early retirement of existing assets The estimated R80 million equates to less than 0.2% of BAW's FY2017 revenue (R62 billion).

Management method

The diversification of BAW's geographies (15 countries), industry segments, products, its supply chains and manufacturing footprint, and customers minimises this risk and related impacts, as it is typically confined to specific regions at a given time. BAW engages with stakeholders including principals and customers to understand and meet demand requirements. BAW insures for any physical and consequential damages. All BAW facilities maintain business plans that incorporate emergency response actions and business continuity. The group continues to implement water efficiency initiatives to curb the impact of water shortages and potential price increases. In FY2017, BAW recycled 24.8% of its municipal water withdrawals. Various water recycling and harvesting initiatives were implemented across the group, in one business unit these have resulted in an annual saving of some 150 million litres (estimated saving of R4.3m based on regional tariffs) of water that would have otherwise been withdrawn from municipal water systems. Cumulative water saved from 2007 to 2017 in the same business unit is some 1 005 million litres and water harvested is some 23 million litres over the same period.

Cost of management

2800000

Comment

There are no additional costs associated with BAW's geographic, industry, product, supply chain and customer diversification which are part of the group's overall risk management approach. BAW insurances include physical damage associated with changes in precipitation and extreme weather patterns, for example floods and droughts. The actual cost of this insurance was marginally above R33 million for the reporting period. BAW has invested significantly in water recycling and rainwater harvesting systems. For example, a Motor Retail dealership spent some R2.8M during FY2017 in improving water-use efficiency through installation of a water recycling plant to reduce water withdrawals from the municipal water supply.

C2.4**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Shifts in consumer preferences could be impacted by physical evidence of climate change leading to increased demand for more energy and emission efficient products and services. BAW has the opportunity to capitalise on this by continuing to supply required products to existing markets and through the development and/or expansion of low emission products and services. The expansion of such products and services provide BAW with a competitive advantage and may allow for further diversification of business activities and possibly access to new markets. BAW represents world-class principals who anticipate changes in consumer preferences and through R&D and innovation are able to meet these by providing more energy efficient and lower emission products and services as well as renewable energy offerings, example solar PV. The following potential impacts were identified for this opportunity: 1. Increased revenue through demand for lower emissions products and services 2. Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services) 3. Increased revenues through access to new and emerging markets 4. Increased revenue through new products and services related to ensuring resiliency 5. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 6. Reputational benefits resulting in increased demand for goods/services The most significant of these impacts was assessed as "Increased revenue through demand for lower emissions products and services".

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

Medium-high

Potential financial impact

40000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-5 below: 1. Increased revenue through demand for lower emissions products and services 2. Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services) 3. Increased revenues through access to new and emerging markets 4. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 5. Reputational benefits resulting in increased demand for goods/services The estimated R40 million equates to less than 0.1% of BAW's FY2017 revenue (R62 billion).

Strategy to realize opportunity

BAW is diversified across its customers, regions of operations and products including a number of energy efficient and low emission technologies. BAW represents world-class principals who are committed to developing technologies that meet customer requirements including emission standards, and optimising processes, distribution and supply chains aimed at emission reduction. BAW engages with customers and offers products which include high efficiency gas generators that can utilise natural gas, biogas (landfill and sewerage) or coal bed methane and can provide even higher energy efficiency if incorporated with Combined Heat and Power (CHP) technology. Renewable energy offerings include solar photovoltaic (PV) solutions, an example includes the appointment of BAW by B2Gold to supply a seven megawatt (MW) solar power plant at its Otjikoto mine - one of the largest solar installations in Namibia. Additionally BAW's Logistics business worked with the CSIR and others in designing a more energy efficient and ergonomic vehicle which can carry a higher payload and while reducing the fuel consumption and ultimately the emissions. Smart Trucks generate on average 31% less road damage per ton of payload transported and have seen fuel savings as high as 25% per ton of payload transported; and Green Trailers included in the fleet which significantly reduce fuel consumption through aerodynamic innovation. This translates into significant amounts of emission reductions.

Cost to realize opportunity

600000

Comment

The costs associated with developing the opportunities form part of the ongoing costs of the business or are part of the product offering and form part of the normal actual 'cost of sales' which was R48 billion in the reporting period. For example, 'Green trailers' (Truck and trailer) and Smart Trucks were designed with improved aerodynamics at an actual cost of some R600 000. This cost was incorporated into the operating costs of the business.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact driver

Reduced operational costs (e.g., through use of lowest cost abatement)

Company- specific description

Efforts to meet group's commitments in terms of Energy Efficiency Leadership Network Pledge have benefitted BAW in embedding energy efficiency and climate change in policy, strategies and operations. In 2016, BAW set a group aspirational target of 10% efficiency improvement in non-renewable energy and greenhouse gas emissions (scope 1 and 2) by 2020FYE off a 2015 baseline year, and a renewable energy target of 2 000 MWh or more per annum. Anticipated benefits of such targets include: costs savings through efficiency of use and price increases/carbon pricing; enhanced competitive advantage and operational resilience through minimising supply interruptions and forced shut downs; and a lower impact on the environment. Where practicable, initiatives have been implemented within the group which include: the use of more efficient production and distribution processes, and modes of transport; and the use of new technologies, including high efficiency and renewable energy solutions. Further, BAW has the opportunity to gain more market share as a result of protecting their reputation by managing climate change risks and opportunities effectively. The following potential impacts were identified for this opportunity: 1. Reduced operating costs 2. Increased production capacity, resulting in increased revenues 3. Increased value of fixed assets 4. Benefits to workforce management and planning 5. Reduced exposure to future fossil fuel price increases 6. Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon 7. Increased capital availability 8. Reputational benefits resulting in increased demand for goods/services 9. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 10. Increased market valuation through resilience planning 11. Increased reliability of supply chain and ability to operate under various conditions 12. Increased revenue through new products and services related to ensuring resiliency The most significant of these impacts was assessed as "Reduced operating costs".

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

15000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-12 below: 1. Reduced operating costs 2. Increased production capacity, resulting in increased revenues 3. Increased value of fixed assets 4. Benefits to workforce management and planning 5. Reduced exposure to future fossil fuel price increases 6. Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon 7. Increased capital availability 8. Reputational benefits resulting in increased demand for goods/services 9. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 10. Increased market valuation through resilience planning 11. Increased reliability of supply chain and ability to operate under various conditions 12. Increased revenue through new products and services related to ensuring resiliency The estimated R15 million equates to less than 0.1% of BAW's FY2017 revenue (R62 billion).

Strategy to realize opportunity

Being an early signatory to Energy Efficiency Leadership Network Pledge and adopting standards/legislation and by participating in the Private Sector Energy Efficiency initiative, assists BAW in preparing for any climate change related regulations including mitigation & pricing mechanisms. BAW has adopted a Measure, Avoid, Reduce, Switch and Offset (MARSO) methodology to manage energy/emissions. BAW has set a group aspirational target of 10% efficiency improvement in non-renewable energy and emissions (scope 1 & 2) intensity by 2020FYE (2015 baseline), further supported by BAW's Energy, Climate Change and Environmental Policies. The group has invested in a number of energy reduction initiatives that would facilitate a smoother transition to lower/zero emission energy sources, and will continue to implement such initiatives. One of BAW's principals, Caterpillar, has expanded its renewable energy product offerings to include solar photovoltaic (PV). Leveraging this, a 300kWp solar PV installation was completed at BAW Equipment's Isando site. Annually this generates some 560 MWh of renewable energy and saves some 590tCO₂e. Converting road to rail transportation are among solutions offered by BAW Logistics. Anticipated benefits include enhanced service delivery, reduced time to market and reduced emissions and road congestion. Such solutions are also available to the group.

Cost to realize opportunity

6700000

Comment

The group's actual contribution towards the PSEE initiative was R200 000 for FY2016. The actual investment costs associated with the implementation of energy efficiency improvement projects including installation of the solar PV, the installation of efficient HVAC and hydroboil systems and lighting and motion sensors was some R6.7m for FY2016, with anticipated electricity savings from the solar PV installation of some R0.8m per annum .

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of recycling

Type of financial impact driver

Other, please specify (Better competitive position)

Company- specific description

The adaptation and mitigation against climate change necessitates efficient material usage, consumption and reduced wastage. Circular economy principles and practices, including extending or multiple product lifecycle/s and recycling can contribute towards more efficient material and resource usage, energy consumption and reduced waste, all of which impact positively on climate change, support BAW's responsible citizenship programme, its shared value approach and provides a competitive advantage. The following potential impacts were identified for this opportunity: 1. Reduced operating costs 2. Reputational benefits resulting in increased demand for goods/services 3. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 4. Increased revenues through access to new and emerging markets The most significant of these impacts was assessed as "Better competitive position to reflect shifting consumer preferences, resulting in increased revenues".

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium-low

Potential financial impact

20000000

Explanation of financial impact

The estimated aggregated financial impact reflected above include estimated impacts relating to points 1-4 below: 1. Reduced operating costs 2. Reputational benefits resulting in increased demand for goods/services 3. Better competitive position to reflect shifting consumer preferences, resulting in increased revenues 4. Increased revenues through access to new and emerging markets The estimated R20 million equates to less than 0.1% of BAW's FY2017 revenue (R62 billion).

Strategy to realize opportunity

BAW understands the lifecycle implications of its products and solutions. We focus on ensuring maximum and efficient use of the products we sell, rent and lease, including extending their operating life cycle or providing multiple life cycles. Such practices contribute towards more efficient energy and materials consumption and reduce waste to landfill. For example, BAW has Caterpillar Rebuild and Remanufacture facilities in South Africa and Russia which extend the lifespan of machines and equipment. Less energy is used to remanufacture than to produce a completely new product. A relatively high percentage of Caterpillar components are rebuilt. Generally, such efficiencies contribute to the competitiveness of rebuilt components while having a lower impact on the environment and finite resources.

Cost to realize opportunity

400000000

Comment

Prior to the reporting period, BAW invested R240m and USD11m in rebuild and remanufacture facilities in South Africa and Russia, respectively which aims to extend the lifespan of machinery and equipment, thus minimising waste and reducing energy consumption and emissions.

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	Where relevant, opportunities are incorporated into the group strategic planning process. Customers are increasingly requesting products and solutions which assist them in achieving their energy and emission efficiency/reduction targets. Supported by its principals, BAW is committed to providing leading products and solutions that enable customers to meet their sustainable development objectives, including transitioning to a lower-carbon economy. The increased need for low emitting and energy efficient products could result in increased demand for BAW's products. To manage this BAW is constantly evaluating the market and liaising with customers to understand their needs. Driven by the need to meet customer requirements within the context of climate change and increasing low carbon requirements, BAW engages with principals to develop new products and adjust existing offerings to be more efficient. Examples include: BAW Power focuses on providing customers with solutions to their energy security and energy efficiency challenges; One of BAW's principals, Caterpillar, has expanded its renewable energy product offerings to include solar photovoltaic (PV). BAW's Logistics business worked with the CSIR and other partners in designing a more energy efficient and ergonomic vehicle which can carry a higher payload and be streamlined enough in its design to reduce the fuel consumption and ultimately the emissions. The financial impact of such an opportunity is estimated at R40m (as per opportunity 1 above). The inability to leverage opportunities including the examples detailed above will give rise to competitiveness and market related risks. Such risks are identified through the risk management process.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Where relevant, opportunities are incorporated into the group strategic planning process. BAW is continually engaging with customers in order to understand their needs and requirements. In order to meet these needs, BAW partners with principals in the development of new products or the modification of existing products. BAW represents leading brands and engages with world-class principals that are involved in providing solutions that produce energy or use less energy than alternatives on the market. An example is Barloworld Power which assists customers in managing their transition to a lower-carbon operation, including more efficient energy consumption and in ensuring energy security. For example, Barloworld Power offers high efficiency technology gas generators. The gas generator offerings can utilise natural gas, biogas (landfill and sewerage) or coal bed methane. Together with these solutions, Combined Heat and Power (CHP) technology can be incorporated to offer even higher energy efficiency, where the heat generated can be utilised further for heating or cooling requirements by incorporating heat exchangers or chillers into the overall solutions. This investment assists customers' transition to a lower-carbon economy. Caterpillar has also expanded its renewable energy product offerings into Solar PV and micro grids. The financial impact of such an opportunity is estimated at R40m as per opportunity 1 above). Further, BAW engages with world-class global principals, who have robust risk management processes and contingency plans should any of the risk drivers materialise. While these would normally result in disruption in supply chains, the geographical and product offering diversification of BAW's supply chain should allow for continuity of supply allowing BAW to leverage its existing products and services in the market. The financial impact of such risk is estimated at R80m (as per risk 3 above).
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Adaptation and mitigation measures are covered in risk assessments. With regards to adaptation and mitigation of products and services, refer above ("Product and Services") and for internal BAW operations refer below ("Operations"). The financial impact of such an opportunity is estimated at R40m as per opportunity 1 above). Where relevant, opportunities are incorporated into the group strategic planning process.
Investment in R&D	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. BAW's world-class principals invest in research and development to ensure that product offerings incorporate latest technologies and improved efficiencies. These costs are included in product offerings available from principals. Where relevant, opportunities are incorporated into the group strategic planning process. In providing leading logistics solutions, BAW Logistics worked with the CSIR and other partners in designing a more energy efficient and ergonomic vehicle which can carry a higher payload and be streamlined enough in its design to reduce the fuel consumption and ultimately the emissions. Smart Trucks and Green Trailers significantly reduces the amount of fuel it uses through aerodynamic innovation have been included in the fleet, translating into significant amounts of emission reductions. 'Green trailers' (Truck and trailer) and Smart Trucks were designed with improved aerodynamics at a cost of some R600 000. This cost was incorporated into the operating costs of the business.
Operations	Impacted for some suppliers, facilities, or product lines	Identification of risks and opportunities follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Efforts to meet group's commitments in terms of Energy Efficiency Leadership Network Pledge have benefited BAW in embedding energy efficiency and climate change in policy, strategies and operations. BAW has adopted a Measure, Avoid, Reduce, Switch and Offset (MARSO) methodology to manage energy/emissions. BAW has set a group aspirational target of 10% efficiency improvement in non-renewable energy and emissions (scope 1 & 2) intensity by 2020FYE (2015 baseline), and a renewable energy target of 2 000 MWh or more per annum. This is further supported by BAW's Energy, Climate Change and Environmental Policies. Anticipated benefits of such targets include: costs savings through efficiency of use and price increases/carbon pricing; enhanced competitive advantage and operational resilience through minimising supply interruptions and forced shut downs; and a lower impact on the environment. Where practicable, initiatives have been implemented within the group which include: the use of more efficient production and distribution processes, and modes of transport; and the use of new technologies, including high efficiency and renewable energy solutions. Internal efficiency initiatives implemented as indicated in opportunity 2 above are estimated to benefit the group by R15m per annum in cost savings. Further, BAW has the opportunity to gain more market share as a result of protecting their reputation by managing climate change risks and opportunities effectively. Where relevant, opportunities are incorporated into the group strategic planning process.
Other, please specify	Please select	

(C.2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. Such financial values could impact BAW through its revenue (e.g. increased/decreased revenue impacted by demand, new markets, competitiveness, shifts in consumer preferences), its operating costs (e.g. increased/decreased compliance/administration costs, contingency measures and plans, 'pass-through' energy costs, changes to fuel levies/taxes, transitioning to lower emission sources of energy, changes to insurance premiums, etc.), its capital expenditures (e.g. increases/decreases stemming from infrastructure development or repair due to damage, investment required to adapt product and service offerings e.g. BAW Remanufacture and Rebuild facilities, investment in alternate/renewable energy sources and water recycling and rainwater harvesting facilities, etc.).
Operating costs	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. Such financial values could impact BAW through its revenue (e.g. increased/decreased revenue impacted by demand, new markets, competitiveness, shifts in consumer preferences), its operating costs (e.g. increased/decreased compliance/administration costs, contingency measures and plans, 'pass-through' energy costs, changes to fuel levies/taxes, transitioning to lower emission sources of energy, changes to insurance premiums, etc.), its capital expenditures (e.g. increases/decreases stemming from infrastructure development or repair due to damage, investment required to adapt product and service offerings e.g. BAW Remanufacture and Rebuild facilities, investment in alternate/renewable energy sources and water recycling and rainwater harvesting facilities, etc.).
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. Such financial values could impact BAW through its revenue (e.g. increased/decreased revenue impacted by demand, new markets, competitiveness, shifts in consumer preferences), its operating costs (e.g. increased/decreased compliance/administration costs, contingency measures and plans, 'pass-through' energy costs, changes to fuel levies/taxes, transitioning to lower emission sources of energy, changes to insurance premiums, etc.), its capital expenditures (e.g. increases/decreases stemming from infrastructure development or repair due to damage, investment required to adapt product and service offerings e.g. BAW Remanufacture and Rebuild facilities, investment in alternate/renewable energy sources and water recycling and rainwater harvesting facilities, etc.).
Acquisitions and divestments	Impacted	Identification of risks and opportunities follows a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions and/or joint ventures are being made or entered into. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria for both strategic and financial aspects, and the quantification of risk-adjusted value creation potential for the respective business unit and the group. The acquisition phase includes legal, financial, tax, human capital, transformation, information systems and technology, technical, risk, governance and responsible corporate citizenship and environmental due diligence processes to verify and validate assumptions and future projections. Following acquisitions and/or the formation of joint ventures, planning and task teams are established to focus on the realisation and management of identified value creation opportunities, including synergies.
Access to capital	Impacted	BAW is not a significant emitter of emissions (FY17: 270 707 tCO ₂ e). Access to capital and any related risks are managed centrally by the Group Treasury function. Ongoing engagement with key stakeholders, including investors/shareholders assist the group in managing this risk, and reducing any impact/s.

	Relevance	Description
Assets	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. Asset classes possibly impacted include inventory, fixed assets, working capital and rental fleet and equipment. Shifts in customer preferences and demand patterns may impact on assets. For example, preference may be given to more energy efficient fleet/equipment with lower carbon emissions which could have a negative impact on demand for BAW's products and if sustained could render current inventory obsolete. Climate related events may disrupt customer operations which in turn may impact demand for BAW's products and services affecting inventory levels and debtors books. Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables consist mainly of a large and widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for bad debts and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a bad debt provision. It is group policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.
Liabilities	Impacted for some suppliers, facilities, or product lines	Identification of risks follow a robust and systematic process. A comprehensive risk management policy is in operation throughout the group, complemented by the Barloworld Limited risk management philosophy. Enhancing and entrenching a risk culture in the group includes dedicated divisional risk assessment interventions at which internal audit and group risk management services are present. Risk management is incorporated into the group's strategic planning process. Risks are quantified in financial terms considering the likelihood and severity of the risk and the control effectiveness (to derive the residual risk value). Where relevant, opportunities are incorporated into the group strategic planning process. This may be impacted by possible legal claims and litigation. The transition to a low-carbon economy and the imposition of new or amendments to existing regulations may impact the prevalence of such claims/litigation.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, and we do not anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i. Sustainability, one of our core values includes 'We focus on environmental responsibility and preventing waste'; and 'We innovate to make our customers more efficient and productive'. Accordingly this is regarded as being material. BAW's strategy has been influenced by these aspects of climate change:

- **International Agreements:** Coinciding with the Paris Agreement on Climate Change and South Africa's commitment to a significant emissions reduction target of 34% by 2020 and 42% by 2025, BAW has set aspirational targets to drive energy and emission efficiency improvements and renewable energy targets.

- **Reputation and responsibility:** BAW is committed to conducting its activities in an environmentally responsible manner and being a responsible corporate citizen. Integration of climate change into the business strategy comes from the need to act responsibly and to conduct business in a transparent and ethical manner. BAW strives to manage the impacts (risks and opportunities) to ensure that the group's reputation as a responsible corporate citizen is not negatively impacted.

- **Increased operational costs:** In South Africa, the proposed introduction of a carbon tax coupled with the increase in electricity and fuel prices has driven the need to improve energy efficiency, resulting in reduced GHG emissions against a business as usual scenario. BAW's aspirational targets drive non-renewable energy and emission efficiency improvements, and renewable energy consumption which will limit its contribution to climate change and reduce anticipated negative impacts of carbon taxes.
- **Changes in customer expectations:** The group's customers may require environmentally sound products that assist them in achieving their emission reduction targets. BAW and its world-class principals develop new technologies, adapt existing technologies and offer new products and services that address customer demands. Examples include: BAW, through Caterpillar, offers Solar Photovoltaic (PV) solutions; and the deployment of Smart Trucks and Green Trailers that reduces the amount of fuel used through increased payload and aerodynamic innovation with its Logistics operation.
- **Opportunities:** Climate change presents a number of opportunities, also influencing BAW's strategy. These include the development of new products and opportunities to differentiate the group's offering in light of the transition to a lower carbon economy.

Considering the above, BAW is committed to the ongoing creation of shared value for all its stakeholders through the purposeful stewardship of the six capitals, including the natural capital, and balancing our stakeholders' interests.

Value creation for stakeholders is impacted by the group's Purpose: Inspiring a world of difference, enabling growth and progress in society, its three strategic pillars (Deliver top quartile shareholder returns; Drive profitable growth; Instil a high-performance culture) and its responsible citizenship programme.

Climate change related issues are integrated into our business objectives and strategy through our responsible citizenship programme, and elements of Natural capital.

ii. Linking BAW's business strategy to targets: In line with its responsible citizenship programme, BAW has group aspirational targets that aim to improve efficiency by 10% by FYE20 against a business as usual scenario (2015 baseline) for non-renewable energy, greenhouse gas emissions (scope 1 and 2) and water withdrawal (municipal sources), and renewable energy targets (2 000MWh or more).

iii. Substantial business decisions include investments into energy efficient and renewable energy initiatives. An example of a renewable energy initiative includes a 300kWp Solar PV installation in BAW Equipment's Isando site, which prevents some 590 tCO₂e from being emitted. Such initiatives are in support of BAW's aspirational targets and will contribute to climate change mitigation.

iv – viii:

Short term strategy (5yrs) impact: Climate change has influenced short term strategy through the introduction of aspirational targets (refer ii). The group has adopted a MARSO approach to manage emissions. Initiatives in this regard include enhanced climate change data collection, reporting and communication processes and systems. Other important initiatives are internal environmental awareness and communication initiatives, the implementation of energy efficiency initiatives which positively impact the group's emissions, new buildings incorporating environmentally beneficial aspects, recycling (including component rebuild and remanufacture), waste disposal, and an enhanced Integrated Employee Value Model incorporating environmental stewardship and responsible corporate citizenship.

Long term strategy (>5yrs) impact: BAW has placed long term strategic focus on offering products and solutions that assist customers in achieving their ambitions and environmental objectives, including GHG emissions. These solutions, such as Solar PV Solutions and component rebuild and remanufacture facilities will also assist customers in terms of operational resilience and long term sustainability. Climate change has influenced BAW's long term strategy by increasing focus on development of more environmentally friendly products and service offerings and internal environmental stewardship initiatives. BAW is focused on product development to retain existing markets and to enter new markets. Embedded in the existing, short term and long term strategy is continued association with leading international brands and principals and diversification in terms of geographies, products and customers. These aspects of BAW's strategy allows the group to mitigate many of the risks associated with climate change.

Strategic advantage over competitors: BAW strives to reduce its operational costs through implementation of non-renewable energy and emissions efficiency improvement projects in pursuit of its aspirational targets. Not only are the implemented projects aimed at improving emissions efficiency, but they have also positively impacted on electricity and fuel consumption and related operational costs, and have improved organisational resilience. BAW has Caterpillar Rebuild and Remanufacture facilities which extend the lifespan of machines and equipment. Less energy and emissions are used to remanufacture than to produce a completely new product. Integrating climate change into the strategy has provided BAW with a competitive advantage in terms of product offering. In addition, through Caterpillar, BAW has expanded its offerings to include Solar PV solutions. BAW engages with world-class principals that address the risks and opportunities presented by climate change.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Despite BAW not being a significant emitter of greenhouse gas emissions. (FY17: 270 707 tCO₂e - scope 1 and 2 emissions), it considers a number of environmental-related risks to its operations and value chain. These include climate change and related physical risks due to changing weather patterns; regulatory risks associated with greenhouse gas emissions; financial risks resulting from carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water. The group identifies the predominant use of fossil fuel-based energy in its supply chain, operations, products and solutions as a risk to itself and its value chain. This is built into the group's strategic planning process.

In considering such risks and related opportunities, a number of variables are considered, some of which may overlap with the various climate related scenarios.

Ongoing engagement assists BAW in understanding challenges currently being faced or anticipated by its customers as well as its suppliers.

Customer satisfaction is primarily gauged through a range of informal and formal surveying tools, including regular direct engagement with customers. This, in addition to market surveys and analysis, allow the various BAW business units to track customer demand, satisfaction and anticipate demand trends.

This allows BAW to assess risks and opportunities in its value chain which will inform business strategy and risk management as appropriate.

BAW engages with organised business to remain aware of climate-related trends which may influence its management of risks and opportunities and its business strategy.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

% reduction from baseline year

0

Metric

Metric tons CO2e per unit revenue

Base year

2015

Start year

2016

Normalized baseline year emissions covered by target (metric tons CO2e)

250889

Target year

2020

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

% achieved (emissions)

0

Target status

Underway

Please explain

BAW has set aspirational group targets of 10% improvement in non-renewable energy and emissions (scope 1 and 2) intensity by 2020FYE of a 2015 baseline, and is based on a "business as usual" scenario which tracks turnover as a proxy for business activity. The intention is to focus attention and drive commitment to improving energy and emission efficiency with concomitant benefits of positively contributing to the mitigation of climate change and realising cost savings.

% change anticipated in absolute Scope 1+2 emissions

-8

% change anticipated in absolute Scope 3 emissions

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable energy consumption

KPI – Metric numerator

An aspirational renewable energy target of 2 000 MWh or more per annum is set for the end of the 2020 financial year.

KPI – Metric denominator (intensity targets only)

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

0

KPI in target year

2000

% achieved in reporting year

25.5

Target Status

Underway

Please explain

An aspirational renewable energy target of 2 000 MWh or more per annum is set for the end of the 2020 financial year. The intention is to focus attention and drive commitment to introducing and improving renewable energy consumption with concomitant benefits of positively contributing towards the mitigation of climate change, improving operational resilience and realising cost savings.

Part of emissions target

Is this target part of an overarching initiative?

Other, please specify (Compliment intensity improvement targets)

Target

Energy productivity

KPI – Metric numerator

Gigajoules (GJ) of energy from non-renewable energy sources.

KPI – Metric denominator (intensity targets only)

Revenue in ZAR million, which serves as a proxy for business activity.

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

48.2

KPI in target year

43.4

% achieved in reporting year

0

Target Status

Underway

Please explain

BAW has set aspirational group targets of 10% improvement in non-renewable energy and emissions (scope 1 and 2) intensity by 2020FYE of a 2015 baseline, and is based on a “business as usual” scenario which tracks turnover as a proxy for business activity. The intention is to focus attention and drive commitment to improving energy and emission efficiency with concomitant benefits of positively contributing to the mitigation of climate change and realising cost savings.

Part of emissions target

Is this target part of an overarching initiative?

Other, please specify (Compliments emissions improvement target)

Target

Waste

KPI – Metric numerator

BAW has set a group aspirational target to have 100% of waste (solid and liquid) disposed of through formal waste disposal service providers by 2020.

KPI – Metric denominator (intensity targets only)

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

94

KPI in target year

100

% achieved in reporting year

97

Target Status

Underway

Please explain

BAW has set a group aspirational target to have 100% of waste (solid and liquid) disposed of through formal waste disposal service providers by 2020.

Part of emissions target

Is this target part of an overarching initiative?

Other, please specify (Responsible waste disposal)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	3	1265
Implementation commenced*	1	389
Implemented*	44	4114
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Energy efficiency: Building services

Description of activity

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

688

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

800000

Investment required (unit currency – as specified in CC0.4)

2300000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

To protect competitive advantage and given the possible sensitivity of initiatives, monetary savings and investment costs reported are indicative. Estimated tCO2e savings based on GHG conversion factor used by Barloworld in South Africa for electricity. Estimated monetary savings is based on the average electricity price in South Africa of R1.25kWh.

Activity type

Energy efficiency: Building services

Description of activity

Other, please specify (Motion sensors and control)

Estimated annual CO2e savings (metric tonnes CO2e)

176

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

500000

Investment required (unit currency – as specified in CC0.4)

1400000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

To protect competitive advantage and given the possible sensitivity of initiatives, monetary savings and investment costs reported are indicative. Estimated tCO2e savings based on GHG conversion factor used by Barloworld in South Africa for electricity. Estimated monetary savings is based on the average electricity price in South Africa of R1.25kWh.

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

1351

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

1600000

Investment required (unit currency – as specified in CC0.4)

2300000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

To protect competitive advantage and given the possible sensitivity of initiatives, monetary savings and investment costs reported are indicative. Estimated tCO₂e savings based on GHG conversion factor used by Barloworld in South Africa for electricity. Estimated monetary savings is based on the average electricity price in South Africa of R1.25kWh.

Activity type

Energy efficiency: Building services

Description of activity

Other, please specify (Efficient water heating)

Estimated annual CO₂e savings (metric tonnes CO₂e)

58

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

70000

Investment required (unit currency – as specified in CC0.4)

45000

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

To protect competitive advantage and given the possible sensitivity of initiatives, monetary savings and investment costs reported are indicative. Estimated tCO₂e savings based on GHG conversion factor used by Barloworld in South Africa for electricity. Estimated monetary savings is based on the average electricity price in South Africa of R1.25kWh.

Activity type

Other, please specify (Road transportation)

Description of activity

<Not Applicable>

Estimated annual CO₂e savings (metric tonnes CO₂e)

1841

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

10000000

Investment required (unit currency – as specified in CC0.4)

20000000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

To protect competitive advantage and given the possible sensitivity of initiatives, monetary savings and investment costs reported are indicative. Estimated tCO₂e savings based on fuel savings multiplied by conversion factor used by Barloworld in South Africa for diesel. Estimated monetary savings is based on the average diesel price in South Africa for 2017 of R14.40 /litre.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Compliance drives investment in emission reduction activities. BAW ensures compliance with regulatory requirements/standards and has established processes in support of these. BAW has an aspirational target to improve emissions efficiency and is actively implementing emission reduction projects to reduce the impact of a carbon price (current and in the future) and related indirect impacts on tariff pricing. BAW was an early signatory to South Africa's Energy Efficiency Accord (EEA) with the South African Department of Minerals and Energy, and subsequently a signatory of the South African National Business Initiative's (NBI) Energy Efficiency Leadership Network's (EELN) Energy Efficiency Pledge. The company also participates in Business Unity South Africa (BUSA)'s Environment committee which assists in keeping the company informed of leading practice, policies and regulatory changes.
Dedicated budget for energy efficiency	Costs of energy efficiency initiatives are incorporated into standard budgets and the on-going cost base of BAW divisions. However, BAW has implemented and is considering implementing a number of energy efficiency projects including renewable energy installations. In FY2016, BAW spent some R6.7m on energy efficiency projects, including the cost of the solar photovoltaic installation. BAW participated in the NBI's Private Sector Energy Efficiency programme which assisted company's identify opportunities for energy efficiency. The cost to BAW for participation was R200 000 (FY16).
Dedicated budget for low-carbon product R&D	BAW's divisions and principals are engaged in the development of new products and offerings that reduce emissions. An example is the Solar Photovoltaic offerings.
Dedicated budget for other emissions reduction activities	Costs of emission reduction activities are incorporated into standard budgets and on-going cost base of BAW divisions. Currently BAW uses the MARSO approach: Measure, Avoid, Reduce, Switch and, finally, Offset. Dedicated budgets for offsetting, if and when appropriate, are likely to be a consideration. Most divisions are within the MAR processes, with some investigating the Switch and Offset options. During FY17 BAW has also implemented a number of emission reduction projects at an actual cost of some R6.1m. In addition, the costs associated with the purchase of carbon offsets were some R0.6m in FY2017.
Employee engagement	Internal and external communication strategies have been developed. Employee engagement is used as a means to drive behaviour change that will result in greater awareness and energy savings. Specific employees are appointed as sustainability champions in order to communicate and liaise at division level, monitor, measure and report usage/emissions. Communication on initiatives and progress, as well as pertinent information is through management meetings, publications, intranet sites, screen savers, posters, exhibitions, email banners and newsletters. Communication initiatives share information on energy consumption/ emissions/ costs by branch or division and legally and appropriately disseminate information on best practice. An aspect of BAW's Integrated Employee Value Model is environmental stewardship. BAW is committed to training and upskilling. BAW has a human resources practice which is constantly engaged in ensuring that it manages, retains and recruits required skills and key talent. 'Protect the environment' is included in the Barloworld Code of Ethics and 'Sustainability' is a Value in the group's Worldwide Code of Conduct. These codes are widely communicated and all employees are expected to uphold them.
Financial optimization calculations	Incorporated into feasibility studies and capital vote applications. Financial optimisation drives investment in emission reduction projects as it considers the capital cost of projects against the energy cost savings achieved over the project life. All new property developments incorporate sustainable "green building" principles which incorporate financial considerations. Operations have switched to more environmentally friendly practices with improved financial returns such as retrofitted lighting, renewable energy and recycling. As a Logistics division business offering, operational efficiency is linked to network optimisation which in turn results in increased revenue and reduced costs.
Internal price on carbon	The cost of carbon is used in the decision-making process for emission reduction initiatives. The proposed carbon tax in South Africa is considered when evaluating the feasibility of various emission reduction projects, including renewable energy such as solar photovoltaic installations. The basic drivers to improve efficiencies for energy consumption and carbon emissions include increasing energy costs and the introduction of carbon pricing including carbon tax.
Internal incentives/recognition programs	Relevant and appropriate group, division, team and individual aligned key performance indicators, scorecards and awards are used to drive investment in improving efficiency in energy and greenhouse gas emission reduction activities.
Other	BAW has set aspirational group targets of 10% efficiency improvement in non-renewable energy and greenhouse gas emissions (scope 1 and 2) by 2020FYE against a business as usual scenario (2015 baseline year), and a renewable energy target of 2 000 MWh or more per annum. While some of our operations have reduced their non-renewable energy intensity against the prior year, our overall group target is to the end of FY2020 and progress against the targets will continue to be monitored and reported on. Targets play a major role in focusing our efforts on energy efficiency with significant benefits for the organisation. Functional responsibilities are managed through a group-wide, integrated performance scorecard system which includes defined climate change related objectives.
Partnering with governments on technology development	SA government is involved in bringing about a 'green economy'. BAW is a signatory of the Energy Efficiency Leadership Network's Energy Efficiency Pledge, together with the Department of Energy. BAW also contributes where possible to assist with the development of new technologies, including related policy development. For example, in 2009 Logistics working with a local science and research institute designed a more energy efficient and ergonomic vehicle which can carry a higher payload and be streamlined enough in its design to reduce the fuel consumption and ultimately emissions. Approximate reduction in fuel consumption is 11% per trip, Johannesburg to Durban.
Marginal abatement cost curve	BAW does consider the least cost option in terms of reducing emissions. However, it is not only about least cost, but also about operational requirements. Other factors, apart from cost, are considered in the business case when considering investment in emission reduction projects. Emissions trading, credits and/or offsets could reduce the group's or group companies' overall cost of compliance with emission constraints by taking advantage of differences in marginal abatement costs across different emission sources. For example, Avis Budget purchases carbon offsets for its internal carbon emissions. It could drive investment in emission reduction projects. This is dependent on the state of the carbon market and the success of market mechanisms created.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

61 Smart trucks have been deployed within Barloworld Logistics across three provinces that are capable of transporting sugar, timber and platinum.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Avoided emissions - see comment)

Avoided emissions calculated based on fuel savings against baseline consumption using appropriate emission conversion factors.

% revenue from low carbon product(s) in the reporting year

Comment

These vehicles have transported the same payload while doing some 5 062 less trips during FY17. This saving equates to an estimated reduction of 1 296 815 kms and a saving of some 691 452 litres of diesel and 1 841 tons of emissions. This initiative has cumulatively from September 2012 to June 2017, Barloworld Transport has reduced the number of trips by 12 500 trips, resulting in an estimated saving of 2 000 000 litres of diesel and a reduction of approximately 5 700 tons of emissions (this equates to an average saving of 950 tons per annum).

Level of aggregation

Company-wide

Description of product/Group of products

Since 2009, five Green Trailers which are superlink tautliner trailer combinations that significantly reduces the amount of fuel it uses through aerodynamic innovation have been included in the fleet.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Evaluating the carbon-reducing impacts of ICT

Avoided emissions calculated based on fuel savings against baseline consumption using appropriate emission conversion factors.

% revenue from low carbon product(s) in the reporting year

Comment

A research exercise conducted on the N3 between Johannesburg and Durban showed that when the Green Trailer travelled at a constant speed of between 70 and 80 km/h almost 11% of fuel was saved. This translates into a reduction of 66,8 tCO₂e over a ten-month period (extrapolated annualised savings estimated at 80.1 tCO₂e)

Level of aggregation

Group of products

Description of product/Group of products

Barloworld understands the lifecycle implications of its products and solutions. We focus on ensuring maximum and efficient use of the products we sell, rent and lease, including extending their operating lifetime. A relatively high percentage of Caterpillar components are rebuilt, prolonging their life, reducing energy, materials and waste. Such efficiencies impact positively on the mitigation of climate change.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year

Comment

A relatively high percentage of Caterpillar components are rebuilt, prolonging their life and reducing waste. In 2017, some 85% of total component sales in Equipment southern Africa related to remanufactured and rebuilt components, with 58% relating to Barloworld Equipment remanufactured parts and 42% related to Caterpillar remanufactured parts. Similarly in Equipment Russia, some 11% of total component sales related to remanufactured and rebuilt components, with 10% relating to Barloworld Equipment remanufactured parts and 1% related to Caterpillar remanufactured parts.

Level of aggregation

Group of products

Description of product/Group of products

Barloworld Power supplied equipment for a 4MW biogas-to-power project that is being built near Bronkhorstspuit, 78km north-east of Boksburg.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Avoided emissions)

% revenue from low carbon product(s) in the reporting year

Comment

The Bronkhorstspuit Biogas Power Plant is an independent power producer (IPP) being developed by Bio2Watt, which has a contract for the purchase of waste from Beefcor, a cattle feedlot in Boschkop, Bronkhorstspuit. Approximately 40 000 tons per annum of cattle manure will be the primary waste stream, feeding two anaerobic digesters that will produce the biogas for a combined heat and power application, using Cat internal combustion gas generator sets.

Level of aggregation

Group of products

Description of product/Group of products

Barloworld Power offers renewable energy solutions through Solar PV, Cat® Thin Film technology.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Avoided emissions - refer to comment.)

Avoided emission calculations are calculated based on renewable energy consumption (MWh) and the emissions that would have been generated using the alternate non-renewable energy source eg. diesel or grid electricity and the applicable emission conversion factor.

% revenue from low carbon product(s) in the reporting year

Comment

Barloworld was appointed by B2Gold to supply a seven megawatt (MW) solar power plant at its Otjikoto mine in Namibia. Barloworld is supplying engineering, procurement and construction services for the project. The project constitutes one of the largest solar installations in Namibia and will reduce reliance on the heavy fuel oil power plant currently used, while improving the quality of life for nearby communities.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

October 1 2014

Base year end

September 30 2015

Base year emissions (metric tons CO2e)

178572

Comment

Used as the base for the intensity calculation.

Scope 2 (location-based)

Base year start

October 1 2014

Base year end

September 30 2015

Base year emissions (metric tons CO2e)

72317

Comment

Used as the base for the intensity calculation.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

195298

End-year of reporting period

<Not Applicable>

Comment

This includes continuing operations only.

Row 2

Gross global Scope 1 emissions (metric tons CO2e)

191571

End-year of reporting period

2016

Comment

Scope 1 emissions reflected have been restated in FY17 for continuing operations. Entities held for sale at the end of our 2017 financial period have been disclosed as discontinued operations and do not form part of the data above.

Row 3

Gross global Scope 1 emissions (metric tons CO2e)

178572

End-year of reporting period

2015

Comment

Scope 1 emissions reflected have been restated in FY17 for continuing operations. Entities held for sale at the end of our 2017 financial period have been disclosed as discontinued operations and do not form part of the data above.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

75409

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

This includes continuing operations only.

Row 2

Scope 2, location-based

75198

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

2016

Comment

Scope 2 emissions reflected have been restated in FY17 for continuing operations. Entities held for sale at the end of our 2017 financial period have been disclosed as discontinued operations and do not form part of the data above.

Row 3

Scope 2, location-based

72317

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

2015

Comment

Scope 2 emissions reflected have been restated in FY17 for continuing operations. Entities held for sale at the end of our 2017 financial period have been disclosed as discontinued operations and do not form part of the data above.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

These emissions principally include those resulting from the combustion of fossil fuels (consumption of energy) by suppliers in the manufacturing process of products purchased by BAW. The group has not yet formally quantified emissions from its supply chain, but it appreciates that these could be significant and is starting to consider carbon reporting and management in the supply chain. BAW would work closely with principals to appropriately evolve this over time. These are not currently being included in reporting.

Capital goods

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This refers to emissions associated with the manufacturing of the capital equipment (e.g. rental fleets, trucks) of which BAW divisions use to provide logistical service. This equipment has an extended life so that it is regarded as fixed assets. Emissions from this source have not yet been quantified, but could be significant. BAW will consider carbon reporting and management in upstream and downstream activities in due course. Given the diversified nature of the group, this reporting is relatively complex and would commence with significant suppliers with entrenched sustainability practices and reporting.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This refers to emissions associated with the production of electricity and fuels consumed by BAW. This includes emissions such as those associated with the mining of coal to produce electricity that is used by BAW and the refining of liquid fuel used (petrol and diesel). These emissions are not being quantified currently, but it is anticipated that these may be significant.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This includes emissions from the transportation of goods purchased/acquired by BAW, e.g. the transportation of equipment and vehicles from the supplier to BAW's sites. These emissions are not being quantified currently, but it is anticipated that they may be significant. BAW will consider carbon reporting and management in upstream and downstream activities in due course. Given the diversified nature of the group, this reporting is relatively complex and would commence with significant suppliers with entrenched sustainability practices and reporting.

Waste generated in operations

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This relates to the emissions generated in the group's waste disposal activities. The group recycled 122 124 kgs of paper and 140 855 kgs of tyres in FY2017. For indicative purposes; recycling of 1 tonne of paper results in the avoidance of 0.75 tCO2e. Certain waste service providers servicing operations within the group quantify emissions avoided from not disposing of waste via landfills.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6764

Emissions calculation methodology

The methodology followed to estimate the emissions involve multiplying activity data for mode of transport (e.g. km travelled) by an applicable emission factor for that mode of transport (e.g. tCO2e/km). The mode of transport included in the reported figure is limited to business travel using aircraft. The GHG Protocol Corporate Value Chain Accounting and Reporting Standard is used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

The emissions reported above are limited to business air travel.

Employee commuting

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Employee commuting emissions include those associated with the travel of employees between their homes and work from employee-owned vehicles and public transport. These have not been estimated to date.

Upstream leased assets

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The group will, in due course, consider its approach and reporting in this regard.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This includes emissions from the transportation of goods sold by BAW, e.g. the transportation of equipment and vehicles to customers' sites. These emissions are not being quantified currently, but it is anticipated that they may be significant. BAW will consider carbon reporting and management in upstream and downstream activities. Given the diversified nature of the group, this reporting is relatively complex and would commence with significant suppliers with entrenched sustainability practices and reporting.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

BAW is mainly a distributor of leading global brands. Accordingly, there is no processing of sold goods.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

113689

Emissions calculation methodology

The emissions currently being reported are for sale of Avis Budget Rent a Car's products, namely, vehicle rentals. The reported figure relates to Avis Budget Rent a Car South Africa only. These emissions are from the combustion of fossil fuels in the use phase of the BAW product. The emissions would be estimated by multiplying an activity data (e.g. either consumption of fuel or km travelled) by an appropriate emission factor. The GHG Protocol Corporate Value Chain Accounting and Reporting Standard is used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

It is in accordance with the concept of product stewardship to report on the emissions of the product use phase. The emissions currently being reported are for sale of Avis Budget Rent a Car's products, namely, vehicle rentals. The reported figure relates to Avis Budget Rent a Car South Africa only.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Not undertaken at present. Component Remanufacture and Rebuild facilities extend the life of plant and equipment. This mitigates emissions associated with building new equipment and machinery.

Downstream leased assets

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

This includes emissions from assets leased by BAW to customers, e.g. leased fleet vehicles, equipment and machinery. These emissions are not quantified currently by BAW as the fuel is purchased and used by the client. However, BAW understands that these emissions may be significant and is engaging with suppliers to develop less emissions-intensive technologies. BAW may consider quantifying these emissions at a later stage.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The group has a limited number of franchisees through its Avis operations. The emissions from these operations are considered to be negligible against BAW's total group emissions.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

BAW has a number of joint ventures. Data from joint venture operations are not consolidated into financial and non-financial reporting since these are not companies over which BAW exercises financial control. The emissions from these operations are not considered to be significant when compared to BAW's total group emissions.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000044

Metric numerator (Gross global combined Scope 1 and 2 emissions)

270707

Metric denominator

unit total revenue

Metric denominator: Unit total

61959000000

Scope 2 figure used

Location-based

% change from previous year

2

Direction of change

Increased

Reason for change

Scope 1 and 2 emissions are primarily from the consumption of non-renewable fuel energy and emissions from the purchase of grid electricity. Non-renewable energy consumption increased by 2% during 2017, largely due to increased activity within Logistics' road transportation businesses. Logistics accounted for 75% of the group's total non-renewable energy consumption in the reporting period.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CH ₄	145	IPCC Fourth Assessment Report (AR4 - 100 year)
N ₂ O	2191	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Europe	14
Asia Middle East (AME)	108
Russian Federation	2131
Other, please specify (southern Africa)	193045
South Africa	186215

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Equipment	16054
Automotive	22633
Corporate	9
Handling	929
Logistics	155673

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Europe	53		115	
Asia Middle East (AME)	1248		1865	
Russian Federation	1179		3363	
Other, please specify (southern Africa)	72929		72287	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Equipment	16979	
Automotive	37780	
Corporate	569	
Handling	202	
Logistics	19879	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	525	Decreased	0.2	The installation of a 300kWp solar PV resulted in a decrease of the gross global emissions for FY 2017 by 0.2% $((525/266\ 769)*100)$
Other emissions reduction activities	4114	Decreased	1.5	Energy and emission efficiency initiatives reported in section C4.3a accounted for 2273 tCO2e in FY2017. This has decreased the gross global emissions for FY 2017 by 1.5% $((4\ 114/266\ 769)*100)$
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	494	Decreased	0.2	Using a revenue based 'business as usual' calculation, it is estimated that decreased activity levels would have resulted in a decrease of approximately 0.2% in scope 1 and 2 emissions. Emissions were expected to decrease by 494 in FY 2017 over FY2016 levels. $((494/266\ 769\ [2017\ S1\&S2])*100)$
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	9071	Increased	3.4	Revenue is used as a proxy for activity levels across the group and enable intensity calculations. The relationship however between emissions and revenue may not be linear nor direct. Therefore, there will be changes in absolute emissions that do not correlate to changes in revenue. This is impacted by the varying emissions intensity of the various business units/activities within the group some of which are more emissions intensive than others. The emissions reflected under 'Unidentified' is the difference between the FY17 and FY16 absolute emissions less the reductions from initiatives implemented, including the switching to renewable energy, and the change in output/activity (using revenue as a proxy).
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	779946	779946
Consumption of purchased or acquired electricity	<Not Applicable>	0	77630	77630
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	510	<Not Applicable>	510
Total energy consumption	<Not Applicable>	510	857576	858086

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

701741

MWh fuel consumed for the self-generation of electricity

5057

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

77965

MWh fuel consumed for the self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

162

MWh fuel consumed for the self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Liquefied Natural Gas (LNG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

78

MWh fuel consumed for the self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

0.06987

Unit

metric tons CO₂e per GJ

Emission factor source

Europe/Russia, Middle East & Africa, North America, Rest of Africa, Southern Africa, United Kingdom (DEFRA 2015)

Comment

Liquefied Natural Gas (LNG)

Emission factor

0.05123

Unit

metric tons CO₂e per GJ

Emission factor source

Europe/Russia, Middle East & Africa, North America, Rest of Africa, Southern Africa, United Kingdom (DEFRA 2015)

Comment

Liquefied Petroleum Gas (LPG)

Emission factor

0.05963

Unit

metric tons CO₂e per GJ

Emission factor source

Europe/Russia, Middle East & Africa, North America, Rest of Africa, Southern Africa, United Kingdom (DEFRA 2015)

Comment

Petrol

Emission factor

0.06673

Unit

metric tons CO₂e per GJ

Emission factor source

Europe/Russia, Middle East & Africa, North America, Rest of Africa, Southern Africa, United Kingdom (DEFRA 2015)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	5567	5567	510	510
Heat				
Steam				
Cooling				

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling

<Not Applicable>

Emission factor (in units of metric tons CO₂e per MWh)

<Not Applicable>

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Energy: Non-renewable (GJ) intensity)

Metric value

49.8

Metric numerator

Non-renewable energy (GJ)

Metric denominator (intensity metric only)

Revenue (ZAR millions)

% change from previous year

1.8

Direction of change

Increased

Please explain

It may not always be possible or practical to reduce absolute energy consumption year-on-year given the correlation between business activity and energy consumption. To mitigate this, Barloworld measures energy consumption against activity levels (using revenue as a proxy for activity), resulting in an intensity indicator. Despite the adoption of an intensity metric for energy, operations within the group have varying energy intensity levels dependent on the nature of their respective activities. The intensity figure is a function of non-renewable energy consumption and activity (using revenue as a proxy). The increased intensity in 2017 against 2016 indicates more energy was consumed in generating R1 million revenue than in 2016.

Description

Other, please specify (Energy: Renewable)

Metric value

510

Metric numerator

MWh

Metric denominator (intensity metric only)

% change from previous year

467

Direction of change

Increased

Please explain

Progressing towards our target, a 300 kW (peak) solar PV application was installed at the end of FY16. This has produced some 510 MWh of renewable energy for FY17, compared to 90 MWh during FY16.

Description

Waste

Metric value

97

Metric numerator

% waste disposed via formal waste providers.

Metric denominator (intensity metric only)

% change from previous year

3

Direction of change

Increased

Please explain

A group aspirational target has been set to have 100% of waste (solid and liquid) disposed of through formal waste disposal service providers by 2020.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2017 Integrated Report Independent auditors report.pdf

Page/ section reference

133-134

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2017 Integrated Report Independent auditors report.pdf

Page/ section reference

133-134

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

2017 Integrated Report Independent auditors report.pdf

Page/section reference

133-134

Relevant standard

ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Other, please specify (Emissions by primary energy source)	ISAE 3000 (Revised)	For the reporting period, the following was also verified: Fuel consumption (ML) (petrol and diesel) (scope 1 emissions), Electricity consumption (MWh) (Scope 2 emissions), rental fleet emissions (scope 3 - Avis Budget South Africa), Energy consumption (GJ), including Energy consumption by primary source

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

BAW's South African operations may be impacted by the Carbon Tax which is anticipated to be introduced in South Africa in 2019.

BAW engages externally with organised business e.g. National Business Initiative and Business Unity South Africa to keep informed of developments regarding the national climate change strategy which includes the Carbon Tax and internally with technical experts e.g. Tax department to better understand the impacts of the carbon tax.

Reporting systems are in place across the group for the collation, consolidation and reporting of data for relevant emission indicators. Using the reported data, BAW has been able to estimate the financial impact of the Carbon Tax on its operations. Additionally, 'pass-through' costs have also been quantified.

Emissions related data is externally assured to ensure credibility of reported data. This enables BAW to calculate the possible impact of the proposed Carbon Tax on the group using accurate emissions data.

Such engagement, reporting and assurance practices ensure that BAW is well positioned to comply with the Carbon Tax regulations once effective.

Attempting to minimise its environmental impact, improve operational resilience and to realise cost savings, BAW undertook a number of initiatives which will also help it reduce the impacts of a Carbon Tax:

- BAW is a signatory of the Energy Efficiency Leadership Network's Energy Efficiency Pledge, together with the Department of Energy;
- Adopted a Measure, Avoid, Reduced, Switch and Offset (MARSO) approach with regarding to greenhouse gas emissions
- Implemented group aspirational efficiency improvement targets of 10% for non-renewable energy and greenhouse gas emissions (scope 1 and 2), to be achieved by the end of its 2020 financial period
- Implemented a group aspirational target of 2 000 MWh (or more) per annum of renewable energy by end of its 2020 financial period.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Landfill gas

Project identification

Joburg Landfill Gas to Energy Project

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

14095

Number of credits (metric tonnes CO2e): Risk adjusted volume

14095

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Drive energy efficiency
Drive low-carbon investment

GHG Scope

Scope 2

Application

Carbon pricing is factored into business case calculations for energy efficiency and renewable energy within South Africa, for example the nett carbon price anticipated was factored into the costing and payback periods for the solar PV installation.

Actual price(s) used (Currency /metric ton)

120

Variance of price(s) used

0

Type of internal carbon price

Shadow price

Impact & implication

Where shadow pricing is included in the business case for renewable energy and energy efficiency projects, these generally increase estimated cost savings and reduce payback periods and consequently impact the investment decision. The internal pricing is indicative of the additional costs that would arise and impact BAW from the carbon tax once effective in South Africa.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Other, please specify (Engagement with principals)

Details of engagement

Other, please specify (Ongoing engagement - see comment)

Customer relationship management portals Visits and feedback by appointed representatives Principal conferences and forums (https://www.youtube.com/watch?v=_BbB6rLugKw) Supplier forums Telephonic and email communication

% of suppliers by number

% total procurement spend (direct and indirect)

57

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

BAW represents and engages with leading international Original Equipment Manufacturers (OEMs) and brands such as Caterpillar, Avis, Budget, Audi, BMW, Ford, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen and others. These suppliers account for the majority (some 57% in FY17) of our procurement spend in the group. Relationships throughout the supply chain are guided and prioritised by BAW's governance framework that includes its Code of Ethics, Worldwide Code of Conduct, related policies and commitment to legal compliance. Interactions are also informed and prioritised by the group's strategic framework, including the commitment to being a leader in sustainable development and the identification of competitive advantage through offering customer solutions that assist them in achieving their sustainable development objectives, facilitate a transition to lower carbon economies and expanding into related opportunities.

Impact of engagement, including measures of success

BAW engages with all principals on an ongoing basis. The material issues raised during engagements include product issues and innovation; market positioning; financial and other performance review; customer issues and satisfaction; sustainable development and climate change matters (energy efficiency, use of fossil fuels and related emissions); market information and supply chain empowerment.

Comment

Methods of engagement include dealer, dealer council and licensee meetings; principals' conferences; formal reporting and appropriate information sharing; ongoing informal contact and product launches.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Other, please specify (Ongoing engagement)

Details of engagement

<Not Applicable>

Size of engagement

% Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

Customers are engaged on an ongoing basis which informs the basis of the group's customer value proposition and integrated solutions. Such engagement includes extensive surveys, personal contact and engagement, site visits and open communication platforms. BAW strives to provide customer solutions that assist customers achieve their own sustainable development objectives including energy and emission efficiency improvements. Success is measured by the outcomes of these engagements. Positive outcomes resulting from engagements include successful relationships with mutual value maximised; leading products, services and customer solutions; retained distribution rights; mitigation of any identified key risks, supply chain optimisation and expanded preferential procurement and empowerment. Stakeholder requirements, commercial sensibility, practicability, organisational sustainability and responsible corporate citizenship are some of the aspects considered in prioritizing engagements.

Impact of engagement, including measures of success

At Avis RAC, independent customer surveys are entrenched in our car rental operations with independent interviews conducted monthly with scores that are generally above 90% and peaks of up to 92% in South Africa. Scores and targets have been improving steadily in recent years. Scores above 90% are considered excellent. For the 14th consecutive year, Avis was once again awarded with the Business to Business award in the Car Hire Category at the 19th Sunday Times Top Brand Awards. Avis Rent a car operations in South Africa, Namibia, Lesotho, Swaziland and Botswana have an ISO 9001/2008 accreditation which covers aspects the car rental process and addresses customer satisfaction and feedback processes, emphasising the focus on customer satisfaction. Quality and customer satisfaction are elements of the ISO 9001 quality management system certification which is in place in a number of operations. Importantly, the operations use this information to improve performance and improve customer experience and loyalty; performance is also formally reported in management and executive and divisional board meetings.

Type of engagement

Other, please specify (Ongoing engagement)

Details of engagement

<Not Applicable>

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Customers are engaged on an ongoing basis which informs the basis of the group's customer value proposition and integrated solutions. Such engagement includes extensive surveys, personal contact and engagement, site visits and open communication platforms. BAW strives to provide customer solutions that assist customers achieve their own sustainable development objectives including energy and emission efficiency improvements. Success is measured by the outcomes of these engagements. Positive outcomes resulting from engagements include successful relationships with mutual value maximised; leading products, services and customer solutions; retained distribution rights; mitigation of any identified key risks, supply chain optimisation and expanded preferential procurement and empowerment. Stakeholder requirements, commercial sensibility, practicability, organisational sustainability and responsible corporate citizenship are some of the aspects considered in prioritizing engagements.

Impact of engagement, including measures of success

Equipment southern Africa has adopted a three year Customer Experience Strategy focused on improving the Net Loyalty Score (NLS) and Customer and Employee Satisfaction Indices and keeping us as the most advanced CEM dealer in the EAME region. The NLS and Customer Satisfaction scores achieved in the current period were both in excess of 85% and marginally below scorecard targets. Avis Fleet Services monitor customer satisfaction with national average scores at around 93%. Logistics' engagement with industry allows for key insights of their clients supply chain. This is then used to ensure alignment of its clients' strategic business objectives with its clients' supply chain. Logistics' marketing team, client services teams and external service providers conduct regular client satisfaction surveys and client feedback sessions with the relevant parties. These assessments utilise client surveys and market perception surveys to evaluate customer satisfaction levels. Quality and customer satisfaction are elements of the ISO 9001 quality management system certification which is in place in a number of operations. Importantly, the operations use this information to improve performance and improve customer experience and loyalty; performance is also formally reported in management and executive and divisional board meetings.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	How BAW is engaging: BAW is concerned about climate change and appreciates the causal link between greenhouse gas emissions and global warming. BAW believes that improving energy efficiency, particularly non-renewable fossil fuels, benefits climate change and related policies. Accordingly, BAW was an early signatory to South Africa's Energy Efficiency Accord (EEA) with the South African Department of Minerals and Energy, and subsequently a signatory of the South African National Business Initiative's (NBI) Energy Efficiency Leadership Network's (EELN) Energy Efficiency Pledge. Other pledge signatories include Business Unity South Africa (BUSA) and the Department of Energy. Name of Legislation: Various energy efficiency related initiatives and legislation that include the National Energy Efficiency Strategy, and Mandatory emissions reporting. Geographies applicable: Predominately South Africa, but also in other geographies where BAW operates.	Through signing the EELN Pledge, BAW commits to: - Developing a Road map/ plan for improving energy efficiency in its operations, supported by the implementation of an appropriate energy management system. - Developing internal energy efficiency targets that are appropriate to its operations and activities and which respond proactively to, and are aligned with appropriate Government policies and strategies. - Reporting appropriately on efforts to promote energy efficiency and progress made towards set energy improvement targets in its operations within the parameters of national legislation. - Working with stakeholders on energy efficiency related issues to build capacity and develop the required skills to implement energy efficiency programmes and drive the required behavioural changes. These activities are preparing BAW for compliance with anticipated legislation. In 2015, BAW participated in the Private Sector Energy Efficiency (PSEE) initiative coordinated by the NBI. The NBI consists of companies that provide leadership and peer support in achieving energy efficiencies and reducing emissions. The association also provides a platform for shared learning and best practice for example through its Thought Leadership Series workshops.
Carbon tax	Support with minor exceptions	How BAW is engaging: BAW understands that South Africa is planning the implementation of a carbon tax in 2019. BAW is supportive of the drive to reduce emissions. However, BAW is equally mindful of the risks posed by the introduction of a carbon price and BAW seeks to engage constructively with government on this issue through Business Unity South Africa's Environment committee. Similarly BAW also engages through this forum on the alignment of the various proposed carbon management mechanisms, namely the Carbon Tax, Carbon Budgets, Pollution Prevention Plans and Mandatory GHG Reporting. BAW participates in this committee that presents the consolidated views of business to government. Name of Legislation: Carbon Tax, Geographies applicable: South Africa.	The introduction of a carbon tax in South Africa is anticipated in 2019. As mentioned, BAW is supportive of the need to drive emission reductions in South Africa, but believes that the design of the carbon tax needs to be carefully considered to avoid adverse impacts on competitiveness, growth and jobs. Consideration must be given to the alignment between the proposed Carbon Tax and other carbon management strategies e.g. Carbon Budgets and Pollution Prevention Plans.
Mandatory carbon reporting	Support	How BAW has engaged: BAW is aware that the national Greenhouse Gas Emission Reporting Regulations were published in April 2017. Barloworld is supportive of the introduction of a single national reporting system for greenhouse gas emissions. BAW has been engaging constructively with DEA and through BUSA's Environment committee. Name of Legislation: National Greenhouse Gas Emission Reporting Regulation, Geographies applicable: South Africa.	The National Greenhouse Gas Emission Reporting Regulation was introduced in April 2017. BAW is supportive of the need for a single national reporting system for greenhouse gas emissions.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Tourism Business Council South Africa (TBCSA), Association of Southern African Travel Agents (ASATA), Southern African Vehicle Rental and Leasing Association (SAVRALA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Through its various operations Barloworld has representation on a number of trade associations, including TBCSA, ASATA and SAVRALA. 1. The TBCSA represents South African tourism business interests and seeks to ensure that the country offers both its domestic and international visitors a world-class experience. Sustainable tourism is a key strategic focus area. 2. Representing over 95% of the travel industry in terms of market share, ASATA's membership is voluntary and includes South African retail travel agents, travel management companies, wholesalers and suppliers of travel-related products and services. The industry continues to support the development and promotion of sustainable tourism products. 3. Southern African Vehicle Rental and Leasing Association (SAVRALA) is the representative voice of Southern Africa's vehicle rental, leasing and fleet management industries. SAVRALA has a combined membership base of over 15 of South Africa's top rental companies. Sustainability is a strategic imperative for the industry but it relies on its members, many of whom are already part of major corporate organisations, to manage their carbon reduction programs and meet any legislative requirements. These associations engage their members and formulate position on aspects that impact their membership. This may include Climate Change policy development.

How have you, or are you attempting to, influence the position?

1. BAW is represented on the board of TBCSA through Rent a Car and provides input on all key issues facing the tourism industry, including giving guidance on policy development, which would cover sustainable tourism. A Rent a Car Executive is a member of the TBCSA Board. 2. BAW is represented on the board of ASATA by a Rent a Car Executive who provides input on all key issues facing the tourism industry, including giving guidance on policy development, which would include sustainable tourism practices. 3. BAW is represented on the National Executive Committee of SAVRALA by a Rent a Car Executive. Rent a Car is a longstanding member of SAVRALA and provides input on all key issues facing the industry, including giving guidance on policy development.

Trade association

Road Freight Association (RFA) (Board member)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Road Freight Association (RFA) is a facilitating body which influences the state of the industry, rates, upkeep of the road infrastructure, road safety, freight security, driver interests, cross-border transport, development funding for emerging operators, education, health, the fuel price, law enforcement, labour relations and many other issues related to road freight transport. One of the core values is sustainability and sustainable transport practices of which climate change forms a component thereof. The RFA acknowledges the need to reduce emissions and curb climate change. However, it is also mindful of the fact that the transportation industry in South Africa would be negatively impacted by the introduction of a carbon tax and cannot afford any additional taxes.

How have you, or are you attempting to, influence the position?

BAW is represented on the board as well as in the carbon tax committee of this association. BAW's engagement at these levels include input on sustainable transport and carbon reduction initiatives for the industry to consider. BAW is supportive of the position adopted by the RFA and contributes by engaging in discussions, commentary and debates on carbon reduction initiatives and sustainable transport. BAW is increasingly moving beyond merely climate change compliance towards identifying and extracting commercial and non-commercial value for all its stakeholders.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

NBI: In 2015, BAW participated in the Private Sector Energy Efficiency (PSEE) initiative coordinated by the NBI.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

BAW ensures that all engagements are consistent with its overall climate change strategy through ensuring that all relevant employees within the group understand and are aligned with BAW's position on climate change. BAW representatives on the various committees are appropriately mandated prior to engagement to ensure consistency. Internal meetings with these representatives are held on a regular basis (including individual discussions, monthly sustainability champion meetings, executive and management meetings). These meetings provide an opportunity for the representatives to provide feedback and to be informed on any changes to the group's position (if new regulation is released etc.). In this way, the representatives participate in structured feedback processes, are kept informed of the group's approach, and are able to communicate the group's position and strategy on climate change. Also, the BAW Climate Change Policy has been widely distributed across the group and is publicly available. 'Protect the environment' is an element of the BAW Code of Ethics and, 'Sustainability', one of the Values in the BAW Worldwide Code of Conduct. These codes are widely communicated and all employees are expected to uphold them. Additionally, climate change related issues are integrated into our business objectives and strategy through our responsible citizenship programme, and elements of Natural capital.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Barloworld Integrated report 2017.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

barloworld_climate_change_policy.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Publication

In voluntary communications

Status

Complete

Attach the document

BAW 2017 GRI response.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Publication

In voluntary communications

Status

Complete

Attach the document

barloworld_energy_efficiency_policy.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures

Publication

In voluntary communications

Status

Complete

Attach the document

barloworld_environmental_policy.pdf

Content elements

Governance
Strategy
Risks & opportunities

Publication

In voluntary communications

Status

Complete

Attach the document

worldwide_code_of_conduct.pdf

Content elements

Governance
Strategy
Risks & opportunities

Publication

In voluntary communications

Status

Complete

Attach the document

barloworld_code_of_ethics.pdf

Content elements

Governance

Strategy

Risks & opportunities

Publication

In voluntary communications

<http://www.closingtheloopfilm.com/circular-economy-case-studies/circular-economy-case-study-barloworld/>

Status

Complete

Attach the document

Content elements

Strategy

Risks & opportunities

Publication

In voluntary communications

Barloworld's Sustainability initiatives (Youtube): <https://www.youtube.com/watch?v=wt7JAaMT2L4>

Status

Complete

Attach the document

Content elements

Governance

Strategy

Risks & opportunities

Emission targets

Publication

In voluntary communications

Barloworld Logistics (Youtube): <https://youtu.be/49cPsC4bdAU>

Status

Complete

Attach the document

Content elements

Strategy

Risks & opportunities

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive: Sustainability	Other, please specify (Group Executive)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms