Barloworld - Climate Change 2021

C0. Introduction

C0.1

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

Barloworld is an industrial processing, distribution and service company which distributes leading international brands. In our Original Equipment Manufacturers (OEM) businesses we provide integrated sales, rental, fleet management and product support through offering flexible, value adding, and innovative business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Mercedes-Benz, Toyota, Volkswagen, Audi, BMW, Ford, Mazda, among others. The divisions of the Group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions), Logistics (transport management, supply chain optimisation and freight forwarding solutions) and Consumer Industries (Ingrain – starch and glucose).

Barloworld 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. As an organisation we are committed to sustainable development and playing a leading role in empowerment and transformation. The Company was founded in 1902 and currently has operations in 16 countries around the world.

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 strategy consists:

- Deliver top quartile shareholder returns

- Drive profitable growth

- Instil a high-performance culture

These are underpinned by our Sustainable Development framework.

Material issues that impact our strategic priorities, the risks for our goals and performance, and alignment of these issues to concerns identified by our stakeholders are:

1. Capital allocation (Focus on optimal capital deployment): Key Features: Cash release and distribution, Maximising returns, Active portfolio management, Performance monitoring and Opportunities for growth.

2. Operational performance (Driving our business to full potential): Key Features: Levers for operational efficiencies, Unlocking our full potential, Customer centricity and Future outlook.

3. High-performance culture (Instil a high-performance culture with execution ability): Key Features: Talent and performance management, Diversity and inclusion, Remuneration and reward, Organisational culture and Safety and health

4. Sustainable development (We embrace our role as a responsible corporate citizen, and strive to play an active and meaningful role in the societies where we operate): Our role in communities, Environmental stewardship and Transformation

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 sustainable development 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.

Aligned with our decrease in non-renewable energy consumption (20%), group emissions (scope 1 and 2) are 21% lower than 2019 levels (**193 546** tCO2e scope 1 & 2 FY20), 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), using revenue as a proxy for activity levels. Despite making good progress towards the aspirational target, we remained 15% behind the target at FYE2020. In absolute terms, the group's GHG emissions were 23% below that of FY2015.

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
Reporting year	October 1 2019	September 30 2020	Yes	2 years

C0.3

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

Angola
Australia
Botswana
Democratic Republic of the Congo
Eswatini
Ghana
Lesotho
Malawi
Mongolia
Mozambique
Namibia
Russian Federation
South Africa
United Kingdom of Great Britain and Northern Ireland
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 chosen approach for consolidating your GHG 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) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The board holds the highest level of responsibility for climate related issues within Barloworld and entrenches a common framework and approach to sustainability across the Group in line with the One Barloworld approach. In assisting the board to fulfil its responsibilities with respect to key aspects related to environmental sustainability: The social, ethics and transformation committee monitors: ○ the company's activities, having regard to legislation and codes of best practice relevant to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, products or services, labour and employment matters; the tone at the top and how management actively cultivates a culture of ethical conduct in accordance with the King IV report on corporate governance; applicable aspects of integrated reporting to ensure credibility, clarity, completeness and comparability; the company's progress towards achieving the energy, emission and water efficiency improvements as well as its responsible waste management activities; 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. Examples of decisions taken include approvals of the suite of environmental policies; efficiency improvement targets for energy, emissions and water; the assurance approach over selected non-financial indicators, including energy, emissions and water indicators. The risk and sustainability committee: Environmental sustainability related objectives of the committee in assisting the board include: ○ reviewing the adequacy and effectiveness of the risk management process, the significant risks facing the company and the mitigating controls and activities ○ addressing sustainable development in the company including climate change and environmental stewardship.

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	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Group Social, Ethics and Transformation 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 Group Risk and Sustainability 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 Social, Ethics and Transformation Committee and the Risk and Sustainability Committee report to the Board on a quarterly basis.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding business plans	<Not Applicable>	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.

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Group and Divisional CEOs)	<Not Applicable>	Other, please specify (Achievement of group strategy)	<Not Applicable>	Quarterly
Other, please specify (Divisional Risk and Sustainability Committees)	<Not Applicable>	Other, please specify (Directing, monitoring, assessing & managing environmental aspects and related risks)	<Not Applicable>	Quarterly
Environment/ Sustainability manager	<Not Applicable>	Other, please specify (Achievement of Sustainability strategy)	<Not Applicable>	Quarterly
Other, please specify (Divisional Sustainability champions)	<Not Applicable>	Other, please specify (Driving Sustainability strategy)	<Not Applicable>	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 (do not include the names of individuals).

Position: Group and Divisional CEOs

Responsibilities: These individuals are part of the group Executive Committee, which is the highest level of executive management within Barloworld (BAW).

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.

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.

Monitoring: 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 risk and sustainability meetings and at the Group Social, Ethics and Transformation Committee 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 non-financial metrics. Included in individual/personal scorecard metrics are other role-based non-financial elements. Sustainability related objectives 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 such targets contributes towards climate change mitigation.

Position: Divisional Risk and Sustainability Committee

Responsibilities: Divisional executive management committee which is chaired by the divisional CEOs. These CEOs sit on the Group Executive Committee, the highest level of executive management within BAW.

Directing, monitoring, assessing & managing divisional activities, including environmental aspects and related risks. The Chief Executive Officer in each division is ultimately responsible and accountable for climate change management. Climate change aspects are an integral part of management in the division and is recognised as a corporate priority.

Monitoring: Implemented processes ensure that the committee remains fully informed about all pertinent environmental issues, including those relating to climate change. For example a SHE report is presented at the divisional risk and sustainability meetings, which includes performance against set aspirational targets and pertinent issues including climate change.

The committee monitors progress against Sustainability related objectives including 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.

Position: Group Sustainability Manager

The Group Manager is part of the management team, who reports to the Group Executive: Governance , Compliance and Sustainability who attends the Group Executive Committee.

Responsibilities and Monitoring: This position is required to:

- Co-ordinate, compile and execute the overall group sustainability strategy which includes addressing climate change.

- Set sustainability objectives in the group, including climate change related targets e.g. GHG emission intensity reductions.

- 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, including measurement and monitoring of environmental impacts e.g. emissions generated.

- Appropriate engagement with relevant stakeholders on environmental related matters.

- Assess, monitor and consider climate change risks and opportunities across the group and ensure strategies are implemented addressing these aspects.

Position: Divisional Sustainability Champions

These are generally Divisional Executive level individuals.

Responsibilities: The Divisional Sustainability Champions are responsible for the achievement of and reporting on defined sustainability initiatives/objectives (including climate change), energy and emission efficiency improvement targets.

Monitoring: 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. Appropriate engagement with relevant stakeholders on environmental related matters.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Other, please specify (Sustainability Manager and Champions)	Monetary reward	Efficiency target	Sustainability Manager: Generally responsibilities and outputs include: formulating the environmental strategy which includes climate change, analysis 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. Divisional Sustainability Champions: Generally responsibilities and outputs at a divisional level include: 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 2020FYE off a 2015 baseline (using revenue as a proxy for activity levels), and a renewable energy target of 2 000 MWh or more per annum. As at FYE2020, while the aspirational efficiency targets were not achieved, at a group level, the were improvements in absolute non-renewable energy (GJ) consumption, water withdrawals and greenhouse gas emissions (scope 1 and 2) over the 2015 baseline of 20%, 13% and 23% respectively.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	Identified risks in the short-term that are often of an operational nature.
Medium-term	3	5	Risks coincide with the strategic planning period that are often of a strategic nature given the group's business model.
Long-term	5	10	The group has long-term ambitions and these risks are assessed and addressed in the context of such ambitions.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

BAW has a robust and systematic risk management process in place which assesses risks on their probability, severity and quality of the control environment and gives each risk a residual risk score. On an annual basis the Risk and Sustainability Committee sets a risk appetite that is used in the risk assessment process. Definition of Substantive Risk: 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 BAW's risk assessment process together with related impacts and mitigation as reflected in response C2.3.a. Despite BAW not being a significant emitter of greenhouse gas emissions. (FY20: **193 546 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.

While the above is incorporated into our business strategy, we are currently considering the optimal manner in which to incorporate climate-related scenario analysis.

BAW strives to minimise the environmental impact of its direct operations and to manage emissions appropriately, including efficiency targets for non-renewable energy consumption and GHG emissions (scope 1 and 2). BAW has considered its direct operations, as well as supply chain and customers in its risk assessment.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
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.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
A specific climate-related risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
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 described above and has longer time perspectives.

C2.2a

(C2.2a) Which 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 include 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. In the case of Carbon Taxes, BAW complies with submission requirements to SARS. Additionally, Barloworld 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 of the current tax rates and rebates and those anticipated in phase 2 of the Carbon Tax. An example of a regulatory risk that BAW currently faces in South Africa is the uncertainties around pass through costs related to electricity and the impact this could also have on BAW's suppliers. This poses additional costs to BAW's current operating model and could pose a financial risk to BAW. 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 pricing and carbon budget in South Africa. 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 relevant specialists 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 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. An example could be the introduction on emission thresholds on equipment, plant and vehicles. Such impacts could negatively influence demand for BAW's products and services as well as influence decision-making of BAW's broader stakeholders.
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 principals, customers and organised business associations to better understand emerging requirements and technological trends, which inform 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 exposure, 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. An example of a legal risk which BAW faces is 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. An example of possible market risk that BAW faces is the 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. Another example is the inclusion of Environmental and Social criteria in customer due diligence processes, which influence the decision making process for the awarding of contracts.
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 considered in BAW's risk assessment process. Shareholders are becoming increasingly aware of climate change related matters and the inherent risks thereof not only related to companies, but also to their value chains. As such Barloworld continues to assess its physical, regulatory, reputational and financial risks associated with climate change and, where practicable, adapt its operations, processes and procedures accordingly. 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, responsible citizenship programme, and sustainable development framework, 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. Efforts are underway to review the group's supplier due diligence and risk assessment processes to remedy any identified gaps from an environmental perspective, including climate change. The frequency of such procedures are anticipated to be carried out at an on-boarding stage as well as on a regular basis.
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 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. Examples are the increase in average temperatures and changing rainfall patterns, 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.

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?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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, cross-border adjustments, 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 (reduced revenue) 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 (example: BAW completed three gas to power, including combined heat and power, installations at customers site totaling some 8 MW of capacity). 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. Backward integration by customers into their supply chain to close gaps in current product offerings also poses a risk. For example, some companies are assessing feasibility of hydrogen powered heavy plant and equipment in pursuit of reduced greenhouse gas emissions. If such products are not within the current offerings, this will result in reduced demand for BAW's products.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
115000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced revenue from decreased demand for goods/services, research and development (R&D) expenditures in new and alternative technologies, capital investments in technology development and costs to adopt/deploy new practices and processes. The estimated R115 million equates to less than 0.25% of BAW's FY2020 revenue (R49.7 billion).

Cost of response to risk
600000

Description of response and explanation of cost calculation
BAW is diversified across its customers, regions of operations and products including a number of energy efficient and low emission technologies. BAW represents leading global principals who are committed to developing technologies that meet customer requirements including emission standards, and optimising processes, distribution and supply chains aimed at emissions reduction. In total, Equipment southern African has Solar PV capacity in excess of 1 000 KW(peak) which could potentially avoid 1 000 MWh of grid electricity and in excess of 1 000 tCO2e annually. Actual generation and consumption during the financial period was some 550 MWh of renewable energy which translated into an avoidance of in excess of 550 tCO2e resulting in a monetary savings of R0.5m for the financial period. BAW's Logistics operates 83 Smart trucks which is some 30% of the units in South Africa. The new Smart trucks have greater stability at highway speed, improved manoeuvrability, can carry higher loads while decreasing the hazard potential and use on-board instrumentation to measure loading and detect road-related risks. They are safer and more economical to own and operate. The current fleet of Barloworld Transport 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. Over the reporting period, the following was achieved: Estimated Trips saved: 9 002 Estimated kilometres saved: in excess of 3 000 000 km, Estimated reduction in Diesel consumption: 1.5 Million Litres, Estimated emissions saved: in excess of 4 200 tCO2e. BAW's Logistics operate 5 Green Trailers which are superlink-tautliner trailer combinations that significantly reduces the amount of fuel it uses through aerodynamic innovation. 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 some 80 tons of carbon dioxide emissions over a twelve-month period. This translates into significant emission reductions. 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 R34 billion for FY2020.

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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 and sustainable development framework, result in reduced demand (reduced revenue) for its products and services, ability to attract investment and finance 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 growing increasingly concerned with whether or not these processes meet environmental standards when making a purchasing/ investment 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. A further example is the inclusion on sustainability aspects in customer RFP/ Tender documents and assessment and ESG aspects in funding and investment decision criteria.

Time horizon
Short-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
80000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced revenue from decreased demand for goods/services, reduced revenue from negative impacts on workforce management and planning, increased operating costs, research and development (R&D) expenditures in new and alternative technologies, capital investments in technology development, costs to adopt/deploy new practices and processes and the reduction in capital availability. The estimated R80 million equates to less than 0.2% of BAW's FY2020 revenue (R49.7 billion).

Cost of response to risk
2500000

Description of response and explanation of cost calculation
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. In 2016, BAW 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 Efficiency, Climate Change and Environmental Policies. 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 R2.5 million for FY2020.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

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

Primary potential financial impact
Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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 oversupply of products and/or services. An example includes the drought conditions experienced in the Western Cape in FY2018 or Cyclone Idai in Mozambique (in 2019). Within BAW water is predominantly used for washing vehicles, plant and equipment. In water stress territories, when drought conditions prevail, certain operations have in the past 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 or flood conditions which may result in a reduced demand for BAW's products and services, for example car hire.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
80000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced revenues from lower sales/output, increased operating costs, capital investments in technology development, costs to adopt/deploy new practices and processes, increased capital costs, reduction in capital availability, increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations, increased production costs due to changing input prices and output requirements, write-offs and early retirement of existing assets. The estimated R80 million equates to less than 0.2% of BAW's of BAW's FY2020 revenue (R49.7 billion).

Cost of response to risk
930000

Description of response and explanation of cost calculation
The diversification of BAW's geographies (16 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 FY2020, BAW recycled 15.1% of its municipal water withdrawals. Various water recycling and harvesting initiatives were implemented across the group. The group recycled and reused 92.65 ML of water during the reporting period. Cumulative water saved from 2007 to 2020 in one of the business units is some 1 370 megalitres. The same business unit harvested some of 1.5 megalitres of water during FY2020. 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. BAW has invested significantly in water recycling and rainwater harvesting systems. For example, one of our divisions spent some R9.3m on water-related initiatives, including water-use efficiency, harvesting and re-use initiatives during the period 2010 to 2020. This equates to an average investment spend of R930 000 per annum.

Comment

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?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Shifts in consumer preferences could be impacted by 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 or alternate energy 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, for example solar PV, gas to power solutions (including CHP), fuel efficient rental fleets, electric drive earth moving equipment, etc.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
40000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced operating costs, increased production capacity, resulting in increased revenues, increased value of fixed assets, benefits to workforce management and planning, reduced exposure to future fossil fuel price increases, reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon, increased capital availability, reputational benefits resulting in increased demand for goods/services, better competitive position to reflect shifting consumer preferences, resulting in increased revenues, increased market valuation through resilience planning, increased reliability of supply chain and ability to operate under various conditions, and increased revenue through new products and services related to ensuring resilience. The estimated R40 million equates to less than 0.1% of BAW's FY2020 revenue (R49.7 billion).

Cost to realize opportunity
600000

Strategy to realize opportunity and explanation of cost calculation
BAW is diversified across its customers, regions of operations and products including a number of energy efficient and low emission technologies. BAW represents leading global principals who are committed to developing technologies that meet customer requirements including emission standards, and optimising processes, distribution and supply chains aimed at emissions reduction. In total, Equipment southern African has Solar PV capacity in excess of 1 000 KW(peak) which could potentially avoid 1 000 MWh of grid electricity and in excess of 1 000 tCO2e annually. Actual generation and consumption during the financial period was some 550 MWh of renewable energy which translated into an avoidance of in excess of 550 tCO2e resulting in a monetary savings of R0.5m for the financial period. BAW's Logistics operates 83 Smart trucks which is some 30% of the units in South Africa. The new Smart trucks have greater stability at highway speed, improved manoeuvrability, can carry higher loads while decreasing the hazard potential and use on-board instrumentation to measure loading and detect road-related risks. They are safer and more economical to own and operate. The current fleet of Barloworld Transport 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. Over the reporting period, the following was achieved: Estimated Trips saved: 9 002 Estimated kilometres saved: in excess of 3 000 000 km, Estimated reduction in Diesel consumption: 1.5 Million Litres, Estimated emissions saved: in excess of 4 200 tCO2e. BAW's Logistics operate 5 Green Trailers which are superlink-tautliner trailer combinations that significantly reduces the amount of fuel it uses through aerodynamic innovation. 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 some 80 tons of carbon dioxide emissions over a twelve-month period. This translates into significant emission reductions. 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 R34 billion for FY2020.

Comment

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

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Efforts to meet group's commitment in embedding energy efficiency and climate change in policy, strategies and operations remain ongoing. Energy conservation and efficiency initiatives are driven by the group's aspirational target of a 10% efficiency improvement in our non-renewable energy consumption by the end of our 2020 financial year, off a 2015 baseline and against a business-as-usual scenario. Despite not achieving the FYE2020 efficiency improvement target, improvements were recorded in absolute non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) of 20% and 23% respectively against the 2015 baseline. 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.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
15000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced operating costs, increased production capacity, resulting in increased revenues, increased value of fixed assets, benefits to workforce management and planning, reduced exposure to future fossil fuel price increases, reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon, increased capital availability, reputational benefits resulting in increased demand for goods/services, better competitive position to reflect shifting consumer preferences, resulting in increased revenues, increased market valuation through resilience planning, increased reliability of supply chain and ability to operate under various conditions, and increased revenue through new products and services related to ensuring resiliency. The estimated R15 million equates to less than 0.1% of BAW's FY2020 revenue (R49.7 billion).

Cost to realize opportunity
6700000

Strategy to realize opportunity and explanation of cost calculation
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. in 2016, 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. Within Barloworld Equipment, our renewable energy and energy efficient product offerings include solar photovoltaic (PV), gas to power, combined heat and power, electric drive earth moving equipment, etc. Equipment southern Africa has embarked renewable energy improvement projects. At FYE20, in excess of 1 000 kWp has been installed, resulting in a total year to date saving of more than R1.5 million. Benefits of such initiatives include reduced operating (energy) costs, enhanced resilience to grid tariff increases, carbon pricing, supply disruptions, all of which contribute positively to competitiveness. In FY16, the group's contributed R200 000 towards PSEE' Barloworld's initiative. To date (FY2013 to FY2020) one of our divisions spent some R35.6m in energy efficiency initiatives including, HVAC, Building Management System & sensor control, efficient lighting and improved insulation. Other 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. Investments into Solar PV in one division from 2016 to date totals in excess of R10 million, which amounts to an average annual spend of some R2 million per annum.

Comment

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

Primary potential financial impact
Other, please specify (Better competitive position to reflect shifting consumer preferences, resulting in increased revenues)

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.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
20000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated aggregated financial impact reflected above includes estimated impacts relating to reduced operating costs, reputational benefits resulting in increased demand for goods/services, better competitive position to reflect shifting consumer preferences, resulting in increased revenues and increased revenues through access to new and emerging markets. The estimated R20 million equates to less than 0.1% of BAW's FY2020revenue (R49.7 billion).

Cost to realize opportunity

400000000

Strategy to realize opportunity and explanation of cost calculation

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. Barloworld has invested USD11 million and R240 million in facilities in Russia and South Africa respectively. In 2020, some 79% of total component sales in Equipment southern Africa related to remanufactured and rebuilt components, of which 58% related 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, of which all (100%) related to Barloworld Equipment remanufactured parts. Additionally, within the Equipment Mongolia, remanufactured and rebuilt parts constitute 99% of total parts sales, of which 21% related to Barloworld remanufactured parts and 79% to Caterpillar remanufactured and rebuilt parts.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

Despite BAW not being a significant emitter of greenhouse gas emissions (FY20: **193 546** 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.

BAW is not a significant emitter and has integrated sustainable development considerations (including environmental aspects) into its strategic ambitions, thus BAW has not identified the need to conduct a separate climate-related scenario analysis at this stage. BAW supplements the climate change risks and opportunities through various means, including ongoing assessment of customer satisfaction, product and service demand and utilisation measures, engagements with customers and suppliers and keeping informed of changes to existing and emerging regulations. 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.

While the above is incorporated into our business strategy, we are currently considering the optimal manner in which to incorporate climate-related scenario analysis.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Sustainability, one of our core values includes 'We innovate to make our customers more efficient and productive'. Accordingly, this is regarded as being material and related risks and opportunities are incorporated into our risk management and strategic processes. BAW's strategy has been influenced by these aspects of climate change: i. 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. ii. 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 emission management. 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. iii. 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. Examples addressing the above include: BAW offers renewable and efficient energy solutions, including Solar Photovoltaic (PV) and gas-to-power; 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.
Supply chain and/or value chain	Yes	Barloworld's Supplier and Service Provider Code of Conduct sets out the required standards for doing business with Barloworld or a Barloworld group, subsidiary, division or business unit. Such standards include legal and ethical standards as well as health, safety and environment related standards. Further, 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 and related risks and opportunities are incorporated into our risk management and strategic processes. BAW's strategy has been influenced by these aspects of climate change i. 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: Smart Trucks and Green Trailers that reduces the amount of fuel used through increased payload and aerodynamic innovation with its Logistics operation. Barloworld Logistics is also an internal supplier of services within the Barloworld Group and forms part of its supply chain. ii. 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, gas-to-power energy, 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.
Investment in R&D	Yes	BAW and its worldclass principals develop new technologies, adapt existing technologies and offer new products and services that address customer demands. Examples of such innovative products is the highly fuel efficient new generation CAT 395 Excavator, and energy efficient configurations that use combined heat and power and gas-to-power to meet customer energy requirements. Barloworld provides feedback to principals through established engagement structures which then influence research and development. Risk management, including risks and opportunities related to climate change are incorporated into the strategic planning process across the group.
Operations	Yes	Sustainability, one of our core values includes 'We focus on environmental responsibility and preventing waste'. BAW's strategy has been influenced by these aspects of climate change: 1. Reputation and responsibility: BAW is committed to conducting its activities in an environmentally responsible manner. 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 to ensure that the group's reputation as a responsible corporate citizen is maintained. 2. Increased operational costs: In South Africa, carbon tax coupled with the increase in fuel and grid electricity prices has driven the need to improve energy efficiency, and consequently GHG emissions. 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. 3. Linking BAW's business strategy to targets: In line with its sustainable development framework, BAW has group aspirational targets that aim to improve efficiency by 10% by FYE20 off a 2015 baseline, for non-renewable energy, greenhouse gas emissions (scope 1&2) and water withdrawal (municipal sources), and renewable energy targets (≥2 000MWh). Climate change related issues are integrated into our business objectives and strategy through our sustainable development framework, and elements of Natural capital. 4. Substantial business decisions include investments into energy efficient and renewable energy initiatives in support of targets and will contribute to climate change mitigation. This includes solar photovoltaic (PV) in its product offerings. Installed solar PV capacity to date is some 1 000 kW (peak) within Equipment SA. Actual consumption during FY2020 was 550 MWh avoiding of c.550 tCO2e. 5. Short term strategy (5yrs): Climate change has influenced short term strategy through the introduction of aspirational targets. The group has adopted a MARSO approach to manage emissions. Initiatives include climate change data collection, reporting, communication, internal awareness, energy efficiency initiatives, new buildings incorporating environmentally beneficial aspects, recycling (including component rebuild and remanufacture), and waste disposal.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Acquisitions and divestments Access to capital Assets Liabilities	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: 1. Revenues: Example increased/decreased revenue impacted by demand, new markets, competitiveness, shifts in consumer preferences e.g. sales of solar PV solutions (e.g. the supply of efficient and renewable energy solutions) and increased demand for fuel efficiency plant and equipment, and logistics solutions; 2. Indirect Costs: Operating costs (e.g. increased/decreased compliance/administration costs, contingency measures and plans, 'pass-through' energy costs, energy tariff increases, changes to fuel levies/taxes, transitioning to lower emission sources of energy, changes to insurance premiums, etc.). Conversely decreases in operating costs could be realised from energy efficiency and switching to alternate renewable energy sources; 3. Capital expenditure: increases 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. which have been undertaken; 4. Acquisitions and divestment: 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. We consider the climate impact as it flows through in our own metrics and ESG tracking as part of the due diligence considerations. 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; 5. 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. Anticipated impacts relate to increased cost of capital and challenges accessing capital. Opportunities exist to leverage current environmental targets in accessing sustainability linked finance options; 6. 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 impacting customer's ability to service debt obligations. Potential areas of credit risk includes trade receivables. 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; 7. Liability: 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 resulting from non-compliance.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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

Year target was set
2016

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Intensity metric
Metric tons CO2e per unit revenue

Base year
2015

Intensity figure in base year (metric tons CO2e per unit of activity)
4.26

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure
100

Target year
2020

Targeted reduction from base year (%)
10

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]
3.834

% change anticipated in absolute Scope 1+2 emissions
10

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year (metric tons CO2e per unit of activity)
3.9

% of target achieved [auto-calculated]
84.5070422535211

Target status in reporting year
Expired

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

Target ambition
<Not Applicable>

Please explain (including target coverage)
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. The targets were applied at an aggregated group level.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2016

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Renewable fuel consumption	Other, please specify (Megawatt Hours of Solar Energy)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2015

Figure or percentage in base year
0

Target year
2020

Figure or percentage in target year
2000

Figure or percentage in reporting year
556

% of target achieved [auto-calculated]
27.8

Target status in reporting year
Underway

Is this target part of an emissions target?
While not included in the emissions targets, the adoption of renewable energy sources impacts on the emissions generated. The renewable energy target is aligned to Barloworld's MARSO (Measure, Avoid, Reduce and Switch) approach to energy consumption. Once efficiency has been achieved for non-renewable energy consumption, operations should assess the feasibility and practicability of switching from non-renewable to renewable energy sources, which also reduce emissions generated.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
The target for renewable energy will reduce emissions . The renewable energy target of 2000 MWh or more per annum is a group level target. The performance against this target is the aggregation of renewable energy consumption. It must be note that a number of solar PV installation have been planned and some completed during FY2020, however the commissioning of such installations have been impacted by lock-down and social distancing measures to curb the spread of the COVID-19 pandemic.

Target reference number
Oth 2

Year target was set
2016

Target coverage
Company-wide

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	GJ

Target denominator (intensity targets only)
unit revenue

Base year
2015

Figure or percentage in base year

48.3

Target year
2020

Figure or percentage in target year
43.4

Figure or percentage in reporting year
45.7

% of target achieved [auto-calculated]
53.0612244897958

Target status in reporting year
Underway

Is this target part of an emissions target?
Efficiency of non-renewable energy consumption will reduce emissions generated.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Improved efficiency of non-renewable energy will positively impact on GHG emissions generated. The target is a group level target.

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 initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	2	
Implemented*	5	3821.09
Not to be implemented		

C4.3b

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

Initiative category & Initiative type

Low-carbon energy consumption	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
550

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
500000

Investment required (unit currency – as specified in C0.4)
3600000

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
Barloworld Equipment Southern Africa; energy savings initiative savings initiatives in equipment Southern Africa included: Continue to drive the switch to renewable energy sources through solar photovoltaic installations. During 2019/20 financial year, BWE southern Africa installed an additional capacity in: Boksburg Remanufacture Centre (BRC) facility of 400kW Kathu 55 kW Bloemfontein 110 kW. The total year to date savings of more than R0.5 million was realised since the initial installation. Reductions were estimated using internal procedures of reporting and verifying data received from both internal and external sources. In total, Equipment southern African has Solar

PV capacity in excess of 1 000 KW(peak) which could potentially avoid 1 000 MWh of grid electricity and in excess of 1 000 tCO2e annually. Some of the installations will be commissioned during FY2021 due to COVID-19 related delays. Actual generation and consumption during the financial period was some 550 MWh of renewable energy which translated into an avoidance of in excess of 550 tCO2e resulting from grid-electricity and a monetary savings of some R0.5m for the financial period.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
148600

Investment required (unit currency – as specified in C0.4)
2963201

Payback period
1-3 years

Estimated lifetime of the initiative
3-5 years

Comment
Benefits of Wash-bay service / clean-up: (+- 60% saving in water) Reduction of disposal costs (transportation & disposal). Significant reduction of waste to landfill site. Hazardous sludge from BWE is either recycled, re-used as an alternative fuel resource by a cement manufacturing company or re-directed for Bioremediation. Additional benefits include water efficiency (recycling of grey water)

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)
Scope 3

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)
480000

Investment required (unit currency – as specified in C0.4)
50000

Payback period
<1 year

Estimated lifetime of the initiative
21-30 years

Comment
BWE Bioremediation Projects Benefits of Bio-remediation: • Treated sludge used for composting. • Reduction of disposal costs (transportation and disposal). • Prevention of air pollution during treatment. • Significant reduction of waste to landfill site • Vegetables donated to community 19% reduction of hazardous waste send to landfill in the 2019/20 financial year.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
3215

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
26256928

Investment required (unit currency – as specified in C0.4)
0

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
PBS Vehicles. Fuel / km travelled savings through abnormal fuel vehicles

---

Initiative category & Initiative type

Low-carbon energy generation	Other, please specify (In vehicle monitoring system (km travelled and fuel consumption))

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)
Scope 1

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
12397134

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
Other benefits from the same initiative include (safety, reduction in MVA etc).

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Motion sensors - Illovo GBD)

Estimated annual CO2e savings (metric tonnes CO2e)
35.68

Scope(s)
Scope 1

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)
67563

Investment required (unit currency – as specified in C0.4)

Payback period
1-3 years

Estimated lifetime of the initiative
21-30 years

Comment
Motion sensors installed at Illovo GBD.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
20.41

Scope(s)
Scope 1

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)
74148

Investment required (unit currency – as specified in C0.4)

Payback period
1-3 years

Estimated lifetime of the initiative
21-30 years

Comment
LED Lighting installed at Nike.

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 carbon pricing (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. BAW also engages with legal experts regarding compliance and regulatory related matters. Impacts stemming from regulatory requirements are considered for BAW's operations and considered throughout its value chain.
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 FY2020, BAW spent some R6.5m on energy efficiency projects, including HVAC, lighting and management systems. In addition, there have a number of solar installations, some of which have been commissioned and other in progress. An example of such expenditure was the 500kW (peak) installation at Barloworld Equipment's Isando campus at a cost of some R6.1m in FY2017. 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. Additionally, Barloworld Logistics partnered with CSIR to design innovative and aerodynamic truck and trailer configurations that result in greater fuel efficiency.
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 at the Switch and Offset stages. 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 R0.7m in FY2019.
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 divisional 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. 'Sustainability' is a Value in the group's Worldwide Code of Conduct, which is 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. The newly development Automotive and Logistics Head Office is a 5 Star, Green-Star South African certified building and the new Equipment facility in Isando while not certified was built to level 4 standards. 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 (Aspirational efficiency improvement targets)	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

Product

Description of product/Group of products

The division operates 83 Smart (Performance Based Standards) trucks which is some 30% of the units in South Africa. The new Smart trucks have greater stability at highway speed, improved manoeuvrability, can carry higher loads while decreasing the hazard potential and use on-board instrumentation to measure loading and detect road-related risks. They are safer and more economical to own and operate. These trucks are designed using sophisticated computer software which uses simulations to improve the vehicle's response to a range of situations and emergencies that can occur on the road. The current fleet of Barloworld Transport 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. Over the reporting period, the following was achieved: Trips saved: 9 002 Estimated kilometres saved: in excess of 3 000 000 kms Estimated reduction in Diesel consumption: 1.5 Million Litres Estimated emissions saved: in excess of 4 200 tCO2e Barloworld Transport are breaking new ground for a generation of Smart Trucks with innovative features that will improve the overall performance of the transport industry while ensuring safety and efficiency standards are continually improved. The design of the vehicle will focus on performance

aspects rather than the conventional dimensional restrictions governed by the Standard National Road Traffic Act (NRTA). The new Smart trucks have greater stability at highway speed, improved manoeuvrability, can carry higher loads while decreasing the hazard potential and use on-board instrumentation to measure loading and detect road-related risks. They are safer and more economical to own and operate. These trucks are designed using sophisticated computer software which uses simulations to improve the vehicle's response to a range of situations and emergencies that can occur on the road. The current fleet of Barloworld Transport 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. By operating Smart Trucks compared to standard vehicles they have moved 32% more payload by doing 10 231 (6.2%) less trips than FY2019

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 (Performance Based Standards)

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Level of aggregation
Group of products

Description of product/Group of products
We focus on ensuring optimal and efficient use of the products we sell, rent and lease, including extending their operating lifecycle or providing multiple lifecycles. Such practices contribute towards more efficient energy and materials consumption, reduce emissions and also reduce waste to landfill. For example, our Caterpillar Rebuild and Remanufacture facilities in South Africa and Russia extend the lifespan of machines and equipment. A relatively high percentage of Caterpillar components are rebuilt. In 2020, some 79% (2019: 84%) of total component sales in Equipment southern Africa related to remanufactured and rebuilt components, of which 58% (2019: 66%) related to Barloworld Equipment remanufactured parts and 42% (2019: 34%) related to Caterpillar remanufactured parts. Similarly, in Equipment Russia, some 11% (2019: 9%) of total component sales related to remanufactured and rebuilt components, of which all (2019: 62%) related to Barloworld Equipment remanufactured parts. Additionally, within the Equipment Mongolia, remanufactured and rebuilt parts constitute 99% of total parts sales, of which 21% related to Barloworld remanufactured parts and 79% to Caterpillar remanufactured and rebuilt parts. Less energy is used to remanufacture than to produce a completely new product and the process also generates less emissions and water consumption. Generally, these efficiencies contribute to the competitiveness of rebuilt components while having a lower impact on the environment and finite resources. Due to the nature of our business, we do not generate significant volumes of waste. Tyres and oil filters constitute the majority of our solid waste, while our liquid waste primarily consists of used lubricants. Our aspirational group target is for 100% of our waste to be disposed of through formal waste management service providers. Our waste management systems currently monitor waste by type, volume, disposal method and destination. We aim to continuously evolve and improve these systems.

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 (Component Remanufacture and Rebuild)

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Level of aggregation
Group of products

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

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
The Bronkhorspruit 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, Bronkhorstspruit. Approximately 40 000 tonnes 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. The project has attracted significant co-funding from the Industrial Development Corporation and other foreign and domestic investors. An industrial manufacturer in Pretoria will be the end-user of the electricity via a power purchasing agreement (PPA). Given South Africa's power crisis, engine-based technology for power plants has been selected with various fuel gas applications for export to the national grid as part of renewable and clean energy alternatives. Barloworld Power will supply four 1MW Cat CG170-12 generator sets to be sourced from Caterpillar Energy Solutions in Mannheim, as well as site supervision for the relevant scoping and commissioning. This contract was finalised after 18 months of focused

teamwork within Barloworld Power's Electric Power division.

Level of aggregation
Group of products

Description of product/Group of products
Barloworld Power offers renewable energy solutions through Solar PV.

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
Energy efficient vehicles, low emission plants and equipment, best supply chain-management, responsible waste management and water conservation are just a few of the processes integral to Barloworld's operations – and sustainability is core to all of them. This commitment to environmental sustainability was proven when Barloworld recently launched a high performance photovoltaic (PV) solar energy solution at its Barloworld Equipment premises in Isando. This solution is anticipated to reduce Barloworld's impact on the environment, and improve the group's efficiency and consumption patterns. A 300 kWp rooftop solar panel installation was fitted on the roof of the Barloworld Equipment building in Isando. The installation will produce 47 237kWh of renewable power per month, providing an estimated R793 590 saving on the energy bill annually. It will also reduce carbon emissions by 594 tonnes, every year.

Level of aggregation
Product

Description of product/Group of products
Limited electric vehicles on Avis Luxury Fleet (BMW i8, i3).

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

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

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
BMW i8 eDrive Coupé available on Avis Rental Fleet: The beautifully designed BMW i8 looks and drives like a sports car but boasts low fuel consumption and emissions allowing you an extraordinary, yet responsible, driving experience.

Level of aggregation
Group of products

Description of product/Group of products
We operate 5 Green Trailers which are superlink-tautliner trailer combinations that significantly reduces the amount of fuel it uses through aerodynamic innovation. 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 some 80 tons of carbon dioxide emissions over a twelve-month period.

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
Our patented Volumax Trailers provide us with 72-pallet tautliners with configurable stacking and racking mechanisms improve loading and unloading, packing and transportation efficiencies across industries and products. Two products traditionally requiring different packing configurations and therefore two vehicles and trips, can now be accommodated on one trailer completing one trip.

Level of aggregation
Company-wide

Description of product/Group of products
Fuel consumption: For a company travelling approximately 82 million kms during this financial year it is essential that the utmost importance is given to fuel consumption. This incorporates a number of core processes within the business : Selection, induction and training of drivers – we have a stringent application and induction programme through our accredited Barloworld Training Centre and of the licenced truck drivers who apply to us for positions, 92% - 94% do not meet our minimum requirements.

Ongoing real time monitoring and training of drivers to develop proactive and defensive drivers, who are measured on defensive driving techniques and benchmarked fuel consumptions. We continually recognise safe driving together with economical driving and are busy developing our in-house SHEQ 360 programme. Our Fuel Management team with input from our MAX system produce real time, weekly and monthly fuel consumption data which is used to optimise routes, driver behaviour, vehicle specification choices. Our fleet of vehicles are further tracked through our on-line fleet exchange programme which tracks the total cost of ownership of each vehicle through its life within Barloworld Transport. This enables our Fleet Management team to optimise vehicle usage considering operational requirements across our business, as well as timing and accurate specification when replacing vehicles

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Level of aggregation
Product

Description of product/Group of products
The Barloworld Transport Group has been fully certified by the Road Transport Management System (RTMS). RTMS is an industry-led, voluntary self-regulation scheme that encourages all stakeholders in the road logistics value chain to implement strategies that protect the road network, improve road safety and increase productivity in the transport industry. By setting voluntary regulation standards for the heavy vehicle industry, RTMS has: Reduced vehicle overloading Prevented road damage Enhanced the safety of heavy vehicles on our roads Promoted truck drivers' health through wellness initiatives Improved efficiencies in various industry supply chains Promoted a road safety mind-set within road transport companies A further benefit of RTMS certification is that it allows us to participate in the Smart Truck demonstration project. Smart Trucks are designed on performance characteristics and not on prescriptive limits as per the current road traffic act. Smart trucks provide improved stability, reduce the number of vehicle trips, require fewer trucks on the road, improve transport productivity, reduce carbon emissions and significantly reduce road wear. These vehicles are typically longer and carry heavier loads than other trucks (however, still within the allowable axle mass limits), and may therefore be limited to travelling on dedicated approved routes. The underlying Performance Based Standards on which these trucks are based allows vehicle designers to use the latest innovative design techniques

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

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

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Level of aggregation
Product

Description of product/Group of products
Reducing engine capacity of vehicles (Switching from 2.4l engine capacity vehicles to 1.0l engine capacity)

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

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

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Level of aggregation
Product

Description of product/Group of products
Car rental introduced Avis Safe Drive, a downloadable app to track and monitor driver behaviour. Customers are rewarded for good driving and rewards are determined by drivers' behaviour.

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

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)
178625

Comment
Used as the base for the intensity calculation. Restated for discontinued operations at FYE2020.

Scope 2 (location-based)

Base year start
October 1 2014

Base year end
September 30 2015

Base year emissions (metric tons CO2e)
72337

Comment
Used as the base for the intensity calculation. Restated for discontinued operations at FYE2020.

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 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?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
144906

Start date
October 1 2019

End date
September 30 2020

Comment
Continuing operations.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
181717

Start date
October 1 2018

End date
September 30 2019

Comment
Continuing operations. Restated at FYE2020 for discontinued operations. Target baseline (FYE2015) adjusted accordingly.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
186754

Start date
October 1 2017

End date
September 30 2018

Comment
Continuing operations. Restated at FYE2020 for discontinued operations. Target baseline (FYE2015) adjusted accordingly.

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
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

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

Reporting year

Scope 2, location-based
48640

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
October 1 2019

End date
September 30 2020

Comment
Continuing operations. Restated at FYE2020 for discontinued operations. Target baseline (FYE2015) adjusted accordingly.

Past year 1

Scope 2, location-based
64164

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
October 1 2018

End date
September 30 2019

Comment
Continuing operations. Restated at FYE2020 for discontinued operations. Target baseline (FYE2015) adjusted accordingly.

Past year 2

Scope 2, location-based
70895

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
October 1 2017

End date
September 30 2018

Comment
Continuing operations. Restated at FYE2020 for discontinued operations. Target baseline (FYE2015) adjusted accordingly.

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 gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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 continues considering 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. As Principals and Original Equipment Manufacturers are mainly leading global companies, their respective emissions footprint for their facilities are reported in the public domain.

Capital goods

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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 services and leasing products. 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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This relates to the emissions generated in the group's waste disposal activities. The group recycled 84 109 kg's of paper and 112 076 kg's of tyres in FY2020. For indicative purposes; recycling of 1000 kg 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. A group aspirational target has been set to have 100% of waste (solid and liquid) disposed of through formal waste disposal service providers by FYE2020. Liquid waste disposal was at targeted levels (100%) and solid waste volumes fell marginally short (-0.4%) of this target at FYE2020.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
4907

Emissions calculation methodology
The methodology followed to estimate the emissions involve multiplying activity data for mode of transport (e.g. kms 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

Please explain
Emissions from business air travel is calculated based on the average distance per long, medium and short haul flights multiplied by an emissions factor.

Employee commuting

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

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

Use of sold products

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Car Rental (Avis Budget) South Africa's customer rental emissions generated are classified as scope 3 emissions and have been disclosed from our 2010 financial year. Car Rental South Africa's scope 3 emissions have been included in the scope for the limited assurance review conducted by an external independent assurance provider. Certain control weaknesses in the Avis Budget South African scope 3 customer rental fleet emissions were noted during the FYE2020 review. The control weaknesses were considered material and as such a qualification was issued in their Assurance statement over selected non-financial indicators. Management have taken a decision not to disclose the emissions figure until the issue is resolved.

End of life treatment of sold products

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not undertaken at present. Barloworld 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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
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
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic 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
45.7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
193546

Metric denominator
unit total revenue

Metric denominator: Unit total
49683000000

Scope 2 figure used
Location-based

% change from previous year
21

Direction of change
Decreased

Reason for change
The decrease was a result of a combination of factors including but not limited to the efficiency gains from initiatives implemented to date, as well as reduced activity levels impacted by the CVOID-19 pandemic and related lock-down measures. Despite the reduced activity levels, represented by revenue in the intensity calculation, the emissions (scope 1 & 2) intensity (tCO2e/Rm Revenue) improved by 5% year-on-year, indicating efficiency gains.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

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 CO2e)	GWP Reference
N2O	1070	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	51	IPCC Fourth Assessment Report (AR4 - 100 year)
CO2	144906	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)
South Africa	138275
Other, please specify (Eurasia (Russia, UK, Dubai and Mongolia))	2481
Other, please specify (Other Africa)	4150

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 & Handling	11887
Automotive	13642
Corporate	19
Logistics	119359

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 for in Scope 2 market-based approach (MWh)
South Africa	44557			
Other, please specify (Eurasia (Russia, UK, Dubai and Mongolia))	1828			
Other, please specify (Other Africa)	2255			

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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Equipment & Handling	14265	
Automotive	24843	
Corporate	359	
Logistics	9173	

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?

Decreased

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	42	Decreased	0.07	Decrease in renewable energy consumption in FYE2020.
Other emissions reduction activities	42977	Decreased	21	This is the balancing figure of absolute decrease in emissions FY20 (193 546 tCO2e) - FY19 (245 881)= 52 335 tCO2e less change in output emissions (9 358 toC2e - see calculation below). In absolute emissions (tCO2e - scope 1 and 2), group decreased by 21% against 2019 and by 23% against FY2015.
Divestment		<Not Applicable>		Comparatives and target baselines have been appropriately restated to account for discontinued operations and those held for sale. This ensure comparability in trends.
Acquisitions	198	Increased	100	The acquisition of the Equipment business in Mongolia was finalised in September 2020. The emissions data for the newly acquired business has been included in the consolidated and reported emissions figures.
Mergers		<Not Applicable>		
Change in output	9358	Decreased		Using revenue as a proxy for activity levels, revenue decreased by 17% in FY20 against FY19. Applying the intensity of 2019 (4.1) to the FY20 revenue (R49 483m) = 202904 tCO2e, less FY20 emissions of 193 546 tCO2e = 9 358 tCO2e.
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
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 undertook this energy-related activity in the reporting year
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	578180	578180
Consumption of purchased or acquired electricity	<Not Applicable>		51982	51982
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>	556	<Not Applicable>	556
Total energy consumption	<Not Applicable>	556	630162	630718

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 heat	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
531291.11

MWh fuel consumed for self-generation of electricity
31752.77

MWh fuel consumed for self-generation of heat
0

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>

Emission factor
0.06987

Unit

metric tons CO2e per GJ

Emissions factor source
DEFRA 2015; Eskom 2015

Comment

Fuels (excluding feedstocks)
Petrol

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
46674.44

MWh fuel consumed for self-generation of electricity
108.05

MWh fuel consumed for self-generation of heat
0

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>

Emission factor
0.06673

Unit
metric tons CO2e per GJ

Emissions factor source
DEFRA 2015; Eskom 2015

Comment

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
215

MWh fuel consumed for self-generation of electricity
0

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>

Emission factor
0.05963

Unit
metric tons CO2e per GJ

Emissions factor source
DEFRA 2015; Eskom 2015

Comment

C8.2d

(C8.2d) 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	51982	51982	556	556
Heat				
Steam				
Cooling				

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
45.7

Metric numerator
Non-renewable energy (GJ)

Metric denominator (intensity metric only)
Revenue (ZAR millions)

% change from previous year
3.6

Direction of change
Decreased

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 table below is a function of non-renewable energy consumption (GJ) and activity (using R million revenue as a proxy). The decreased intensity in 2020 against 2019 indicates less (-4%) energy was consumed in generating R1 million revenue than in 2019. in absolute terms, non-renewable energy consumption (GJ) decreased by 20% year--on-year FYE20 against FYE2019.

Description
Other, please specify (Energy: Renewable Energy (Solar))

Metric value
2000

Metric numerator
MWh

Metric denominator (intensity metric only)

% change from previous year
7

Direction of change
Decreased

Please explain
Aspirational Target: 2000 MWh or more per annum sourced from renewable energy sources. Some of the installations will be commissioned during FY2021 due to COVID-19 related delays. The decrease year-on-year relates to decommissioning of some PV installations during construction.

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	No third-party verification or assurance

C10.1a

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

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
Barloworld 2020 Integrated Report.pdf

Page/ section reference
Please refer pages 150 to 152 for the Assurance report over selected non-financial indicators in the 2020 Barloworld Integrated Report.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Please select

Type of verification or assurance
Limited assurance

Attach the statement
Barloworld 2020 Integrated Report.pdf

Page/ section reference
Please refer pages 150 to 152 for the Assurance report over selected non-financial indicators in the 2020 Barloworld Integrated Report.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

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
C8. Energy	Energy consumption	ISAE3000 (Revised)	Energy consumption by source, diesel, petrol, electricity, etc. as well as the conversion to units of energy (Gigajoules) are assured. Assurance is at a Limited Assurance level using a ISAE3000 (Revised) assurance standard. Refer pages 150 to 152 for the assurance statement,

Barloworld 2020 Integrated Report.pdf

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)?
Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.
South Africa carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

South Africa carbon tax

Period start date
June 1 2019

Period end date
December 31 2020

% of total Scope 1 emissions covered by tax
100

Total cost of tax paid
0

Comment
Aligned with Barloworld's FY2020 emissions footprint and energy sources no carbon tax was payable for the period ending December 2020 . Acquisitions affective November 2020 did attract a carbon tax which falls within Barloworld's 2021 financial period and disclosure will be considered in Barloworld's 2022 CDP submission.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

BAW's South African operations is impacted by the Carbon Tax which was introduced in South Africa in June 2019.

Strategy for compliance:

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 Act 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 calculate the financial impact of the Carbon Tax on its operations.

Additionally, 'pass-through' costs have also been quantified.

Emissions-related data is assured to ensure credibility of reported data.

Examples of strategic application:

Such engagement, reporting and assurance practices ensure that BAW complies with the Carbon Tax regulations and the mandatory GHG reporting regulations in South Africa.

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?
No

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 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

The effective carbon price of R120/tonne was utilised up to an including FY2020.

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 any additional costs that could arise and impact BAW from the carbon tax which has now been introduced 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 (Ongoing engagement with original equipment manufacturers and principals)

Details of engagement
Please select

% of suppliers by number

% total procurement spend (direct and indirect)
62

% of supplier-related Scope 3 emissions as reported in C6.5
0

Rationale for the coverage of your engagement
No new OEMs were included in the period. The existing OEMs from prior periods were again assessed during the current period. None of these principals were assessed as high risk on environmental criteria. These suppliers account for some 62% of our procurement spend in the group for the 2020 financial period. The Barloworld Group due diligence policy for doing business with third party service providers and suppliers (TPSP&S) includes a mandated requirement to assess all TPSP&S that are rated as high risk, including new suppliers. Identified TPSP&S are expected to sign a Supplier Code of Conduct to commit to ethical dealing and to prevent bribery and corruption. One of several provisions in this voluntary undertaking is stated as follows: “Health, safety and environment: The supplier or service provider must comply with applicable health, safety and environmental laws, regulations and standards and provide a healthy and safe working environment to prevent accidents and injury and promote safety throughout the supply chain. The supplier or service provider recognises its responsibility towards the environment and maintains proper systems to prevent and/or minimise potential hazards As a means to monitor this requirement, each division maintains statistics of the number of TPSP&S that have signed this undertaking, including the number of new suppliers At Sept 2020 (FYE2020), some 5 370 out of around 12 747 active suppliers (32 %) TPSP&S have signed the Supplier Code of Conduct. Efforts are underway to have more suppliers sign the Supplier Code of Conduct.

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

Details of engagement
Other, please specify (Engagement and awareness on product efficiency, maintenance schedules, operating procedures)

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5
100

Portfolio coverage (total or outstanding)
<Not Applicable>

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
All Automotive’s dealerships participate in external independent customer satisfaction surveys. These are normally conducted by OEMs. In addition, some individual motor dealerships conduct their own surveys, particularly for their service departments. Many Barloworld dealerships received awards from their respective principals in recognition of their achievements. Our dealerships strive to meet the targets set by the OEMs as well as remain in the top quartile within the South African dealership environment for the brands that we serve. At Avis Budget, independent customer surveys are entrenched in our car rental operations with independent interviews conducted monthly with scores that are generally close to or at 90% and peaks of up to 90.23% in South Africa. Scores above 90% are considered excellent. Similarly, Avis Fleet monitors customer satisfaction with national average scores at around 93%. While these vary from division to division, aspects covered in customer satisfaction surveys include: Customer Experience standards, Machine delivery standards, Field service standards, Bundle solutions (services) at the point of sales, Digital Welcome Pack, Customer transactional survey for machines, parts and service 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. 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 is supportive of the drive to reduce emissions. However, BAW is equally mindful of the risks posed by 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 the carbon tax in South Africa in June 2019. 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?

No

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.

Business Unity South Africa's Environmental sub-committee:

- Method of engagement (individual or through a group): Standing monthly meetings, webinars. Ad-hoc bilateral discussions with subject matter experts, national government departments (South Africa) eg, Department of Environmental Affairs, South African Revenue Services, etc.
- Topic of engagement (e.g., a piece of legislation or a tax): Environmental related legislation including but not limited to Emissions Reporting, Carbon Tax, Carbon Budget, Pollution Prevention Plans, Water and Waste related regulations, etc.
- Nature of the engagement (i.e. what your activities were): Discuss status and implications of anticipated legislation and related regulations, take a view as a collective and engage with relevant authorities and government departments.
- Actions that you are advocating as part of that engagement: Responsible environmental practices, influence climate and environmental policies and regulations, anticipate and respond to impacts stemming from the transition to a low carbon economy and comply with environmental legislation.

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. 'Sustainability' is one of the Values in the BAW Worldwide Code of Conduct and is 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
Integrated report 2020.pdf

Page/Section reference
Refer Barloworld 2020 Integrated Report, pages 18, 27, 47, 48, 66, 81, 87, 97, 106, 135, 136, 137, 138, 139, 142, 147.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports

Status
Complete

Attach the document

Page/Section reference
Web version: Refer GRI Risk, Governance and Environmental responses: https://www.barloworld-reports.co.za/integrated-reports/ir-2020/gri-index/index.php

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
barloworld-climate-change-policy.pdf

Page/Section reference
Refer Barloworld Climate Change Policy.

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
barloworld-energy-efficiency-policy.pdf

Page/Section reference
Refer Barloworld Energy Efficiency Policy.

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
barloworld-policy-environmental-policy.pdf

Page/Section reference
Refer Barloworld Environmental Policy.

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
barloworld-waste-management-policy.pdf

Page/Section reference
Refer Barloworld Waste Management policy.

Content elements
Governance
Strategy
Risks & opportunities

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
worldwide-code-of-conduct-2020.pdf

Page/Section reference
Refer Barloworld Code of Conduct: Pages 22-25

Content elements
Governance
Strategy
Risks & opportunities

Comment

C15. 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.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairperson: Social, Ethics and Transformation Committee	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms