



**Barloworld**  
*Leading brands*

**BARLOWORLD LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1918/000095/06)*

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**INFORMATION STATEMENT**  
**in respect of the**  
**ZAR15,000,000,000**  
**DOMESTIC MEDIUM TERM NOTE PROGRAMME**

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Barloworld Limited (**Barloworld**, or the **Issuer**) intends from time to time to issue notes (the **Notes**) under the ZAR15,000,000,000 Domestic Medium Term Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 21 December 2020, as amended and restated from time to time (the **Programme Memorandum**). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed “Summary of Programme” under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement** and this **Information Statement**).

**Availability of Information**

This Information Statement and the Programme Memorandum are also available on the Issuer’s website at <https://www.barloworld.com/investors/debt-instruments/>.

Information on the Issuer’s website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed “*Documents Incorporated by Reference*” in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors, until a new information statement is issued.

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Information Statement dated 21 December 2020.

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## GENERAL

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*Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

In addition, the Issuer, having made all reasonable enquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealers, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any

Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealers has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

**The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealers. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

**Copies of this Information Statement are available by request from the registered offices of the Issuer.**

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## INVESTOR CONSIDERATIONS/RISK FACTORS

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*Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Programme Date, or which it may not be able to anticipate at the Programme Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.*

*References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of the Programme Memorandum headed “Terms and Conditions of the Notes”.*

### **Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme**

#### **Risks Relating to the Notes**

##### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

##### ***There may not be an active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for

which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

***Recourse to the JSE Debt Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

***Credit Rating***

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes

issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

### ***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index-Linked and Dual Currency Notes*

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Variable Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes where denominations involve integral multiples: Individual Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **Modification and waivers and substitution**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### **Change of law**

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.



### ***Risks relating to the Issuer's Business***

## **BARLOWORLD'S MATERIAL RISKS, OPPORTUNITIES AND RESPONSES**

### **Responsibility for Risk**

In line with the King Code of Corporate Governance for South Africa 2016, the board is responsible for overall risk management in the group. This is exercised through various organs including the risk and sustainability committee, the audit committee, and the strategy and investment , all of which report to the board, as well as through the group executive committee.

### **Integrating Risk and Materiality**

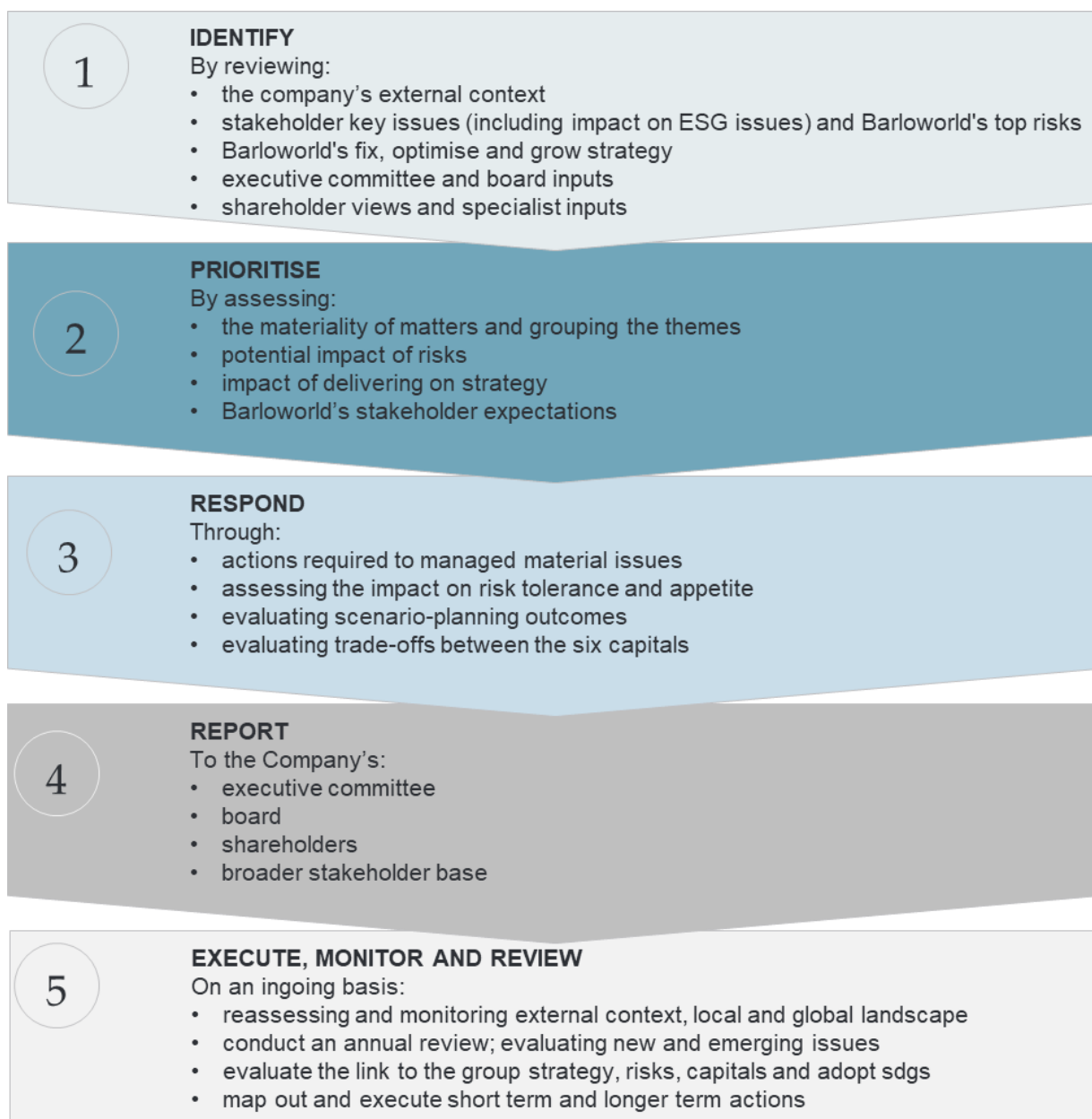
As Barloworld continues to operate in various existing territories, develops new businesses and expands into new markets and territories, the company is faced with increasingly complex and changing environments. Integrating the risk management process with the company's material issues, enhances understanding of the organisation's operating environment, thereby optimising the company's risk-return trade-off and shared value approach. This improves Barloworld's longevity, competitiveness, growth and deployment of capital.

## Determining Risk and Materiality

A biannual high-level risk assessment engages various levels of the organisation and involves ongoing review and reporting at management, executive and board levels. Through this process, Barloworld also determines the material matters for the Group.



Barloworld uses the following process to manage material matters:



## Risk and Opportunity Management

**In line with the company's Risk Philosophy Statement, the company remains cognisant of the assumption that risk is inherent in businesses. Specifically for Barloworld, the company embraces that risk represents both threats and opportunities which may have an impact on it achieving its objectives.**

These objectives may relate to a variety of the organisation's activities, ranging from strategic initiatives to its operations, processes and projects, and might be reflected in terms of societal, environmental, safety and security outcomes. This may furthermore be reflected by way of commercial, financial and economic measures, as well as social, cultural, geopolitical, technological and reputation impacts.

It is for that reason that Barloworld believes that all the activities of the organisation involve risks that ought to be managed. The company's Risk Management Framework aids decision making by taking account uncertainty and the possibility of future events or circumstances (intended or unintended) and their effects on agreed objectives. This is done by applying a robust risk management process,

supported by a risk management plan and policy that involves applying logical and systematic methods for:

- communicating and consulting throughout this process;
- establishing the organisation's context for identifying, analysing, evaluating, treating and monitoring risk associated with any activity, product, function or process;
- reporting the results appropriately; and
- ensuring applicability enterprise wide.

The company doesn't intend to eliminate risk, rather it seeks to identify and manage the risks involved in Barloworld's activities to maximise opportunities and minimise adversity. As such, for the company's Risk Management to be effective, it requires:

- a strategic focus;
- forward thinking and active approaches to risk management;
- a balance between the cost of managing risk and the anticipated benefits; and
- contingency planning in the event that critical threats are realised.

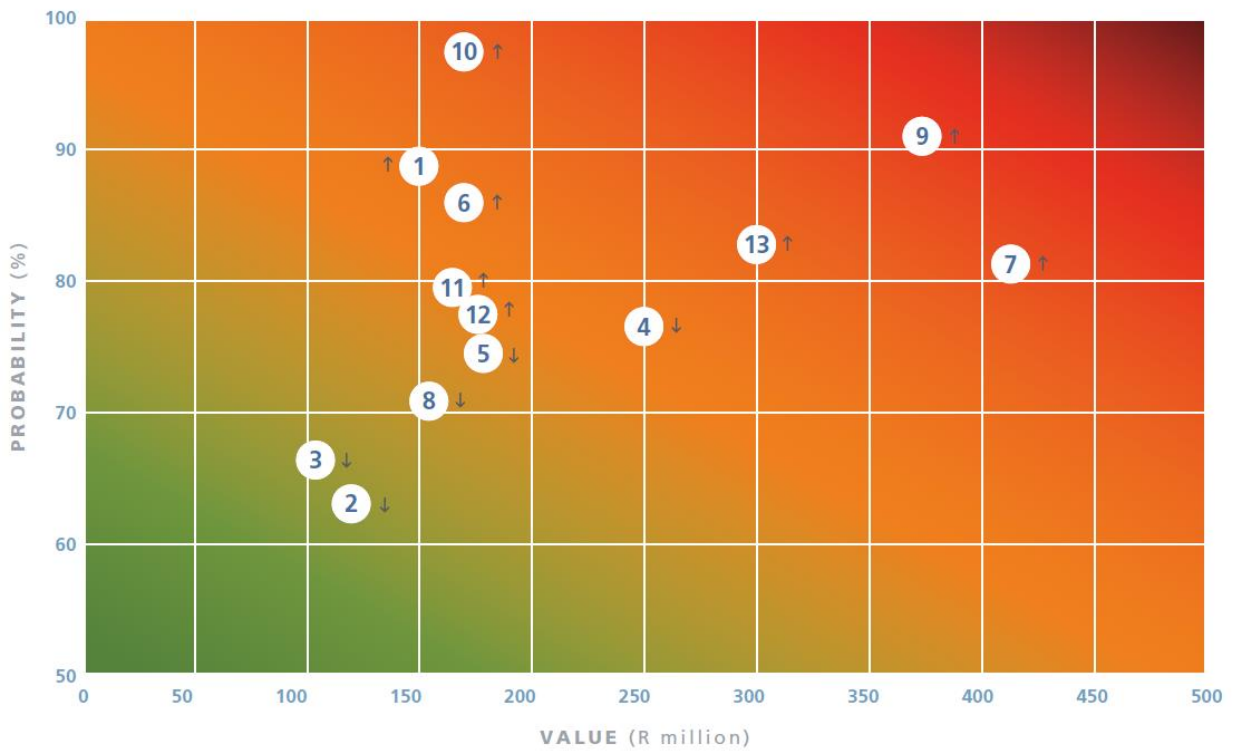
Barloworld thus relies on risk management to also provide a system for the setting of priorities when there are competing demands on limited resources. The company's risk management, in line with King IVTM and, where appropriate, international codes of best practice, is aimed at enhancing value for Barloworld's stakeholders and ensuring the efficient application of the company's six capitals.

At Barloworld, the organisation:

- uses appropriate procedures in risk management to support and enhance its strategic objectives;
- ensures that risk management is an integral part of the organisation's decision-making processes;
- uses a structured risk management programme to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property;
- sets limits regarding the company's risk appetite;
- identifies and takes advantage of opportunities while minimising adverse effects;
- trains its people to implement risk management effectively; and
- strives to continually improve its risk management practices.

The Risk and Sustainability committee, established and empowered by the board, operates with Terms of Reference established by the board. This committee assists the board in reviewing the Risk Management Framework and the significant risks facing the company.

Below is Barloworld's risk profile (heatmap) as at 30 September 2020. It provides an overview of the assessment of the company's top 13 Key Risks, with the strategic risk considered from a residual risk perspective and their movement year-on-year.



KEY RISKS	
1	ACQUISITION UNDERPERFORMANCE
2	CLIMATE AND ENVIRONMENTAL
3	COMPETITOR ACTIONS
4	CURRENCY AND LIQUIDITY VOLATILITY
5	DEFINED BENEFIT SCHEME EXPOSURE
6	PRINCIPALS AND SUPPLIERS
7	POLITICAL RISKS, SANCTIONS, TERRORISM AND CRIME
8	SIGNIFICANT CUSTOMERS AND CHANNELS TO MARKET
9	INFORMATION SECURITY RISK AND DIGITAL DISRUPTION
10	OCCUPATIONAL HEALTH AND SAFETY RISKS
11	REGULATORY ENVIRONMENT
12	TALENT
13	VOLATILE COMMODITY PRICES

## Barloworld Group Top Risks – 2020

### Key risks and opportunities

The table below details Barloworld's key risks and opportunities, responses/mitigations, links to strategy/strategic initiatives these have an impact on.

<p><b>1.</b></p> <p><b>ACQUISITION UNDERPERFORMANCE</b></p> <p>The risk of future net cash flows from acquisitions and/or joint ventures failing to realise expected projections may lead to value destruction for shareholders and a need to impair the related goodwill or assets.</p>	<p><b>Category of risk and management response</b></p> <p><b>ACQUISITION RISK</b></p> <ul style="list-style-type: none"> <li>○ A business acquisition policy and procedure sets a structured approach and framework to be used for acquisitions and/or joint ventures. Includes a pre-acquisition phase with requirements to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria for strategic and financial aspects, and the quantification of risk-adjusted value creation potential for the business and Group.</li> <li>○ The acquisition phase includes robust due diligence processes to verify and validate assumptions and future projections.</li> <li>○ Integration of the acquired business using a systemic approach including rolling out the BBS.</li> <li>○ Following acquisitions and/or the formation of joint ventures, planning and focus on realisation and management of identified value creation growth opportunities, including synergies.</li> </ul>
<p><b>LINK TO STRATEGY</b></p> <p>Growth</p> <p>Market positioning and portfolio themes</p>	
<p><b>2.</b></p> <p><b>CLIMATE AND ENVIRONMENTAL</b></p> <p>Barloworld considers a number of environment-related risks within its strategy including climate change and related risks due to changing weather patterns; regulatory risks including greenhouse gas emissions; financial risks and carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water and identifies the predominant use of fossil fuel-based energy in its supply chain.</p>	<p><b>Category of risk and management response</b></p> <p><b>ENVIRONMENTAL/OPERATIONAL/ STRATEGIC/FINANCIAL /REGULATORY RISK</b></p> <p>Minimise exposure through in-depth risk assessments and strategic responses. Ensure organisational resilience through aligned and integrated management activities and policies. These include:</p> <ul style="list-style-type: none"> <li>○ Implementation of aspirational efficiency improvement targets in non-renewable energy consumption; greenhouse gas emissions (scope 1 and 2) and water withdrawals; and renewable energy consumption.</li> <li>○ Responsible waste management, including recycling, component remanufacture and rebuild activities, and waste disposal targets.</li> <li>○ Adoption of alternative waste minimisation and disposal methods (e.g. bioremediation etc).</li> <li>○ Provision of products and solutions with reduced environmental footprint which assist customers to achieve their sustainable development objectives.</li> <li>○ Geographic, industry and product diversification.</li> </ul>
<p><b>LINK TO STRATEGY</b></p> <p>Responsible corporate – value delivery in a sustainable manner</p> <p>Sustainable development</p>	

	<ul style="list-style-type: none"> <li>○ Business continuity management that develops responses to severe weather incidents in order to provide operational resilience.</li> </ul>
<b>3.</b> <b>COMPETITOR ACTIONS</b> Competitors' actions will erode the Group's competitive position and have a significant impact on the value created for shareholders.	<b>Category of risk and management response</b> <b>COMPETITOR RISK</b> <ul style="list-style-type: none"> <li>○ Continually reduce controllable costs by focusing on improving operational efficiencies to achieve sustainable and optimised operating models across our businesses.</li> <li>○ Implementation of BBS to drive efficiencies and build a culture of continuous improvement in the Group.</li> <li>○ Continually improve service levels and provision of innovative solutions to customers that differentiate us.</li> <li>○ Developing key customer plans with information and strategies to ensure value creation.</li> <li>○ Robust strategic planning process to identify industry trends, uncertainties and developing appropriate strategic responses to change, risks and opportunities.</li> </ul>
<b>LINK TO STRATEGY</b> Active shareholder model  Market positioning and portfolio themes	
<b>4.</b> <b>CURRENCY AND LIQUIDITY VOLATILITY</b> The movement of other currencies against the Rand creates risks relative to the translation of non-Rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa. There are also constraints on the repatriation of funds due to shortages of hard currencies in certain countries in which the Group operates leading to possible losses as a result of local currency devaluations.	<b>Category of risk and management response</b> <b>FINANCIAL RISK</b> <ul style="list-style-type: none"> <li>○ Monitoring and managing these risks is undertaken by divisional finance and treasury teams under the guidance and support of Group Treasury. Controls include forward cover in divisions exposed to foreign exchange fluctuations, particularly to cover inventory.</li> <li>○ A Group treasury policy that clearly sets out the philosophy of hedging and guideline parameters within which to operate, and permissible financial instruments to be used.</li> <li>○ Preventive measures are implemented in respect of determination of pricing mechanisms and structuring of commercial contracts to reduce impacts of adverse currency fluctuations.</li> <li>○ Geographic, industry and product diversification.</li> <li>○ Strict capital allocations and management including Group dividend policies, diverse funding sources and availability of committed facilities within an overall balanced debt maturity profile.</li> </ul>
<b>LINK TO STRATEGY</b> Resilience  Funding and resource allocation	
<b>5.</b> <b>DEFINED BENEFIT SCHEME EXPOSURE</b> One of the key risks that has been seen in relation to the United Kingdom's defined benefit scheme over the past few years has been the reduced real yields on AA rated corporate bonds	<b>Category of risk and management response</b> <b>MARKET &amp; FINANCIAL RISK</b> <ul style="list-style-type: none"> <li>○ A suitably qualified representative board of trustees, includes a professional independent trustee, manages the scheme, responsible for regularly evaluating the</li> </ul>

<p>which are used to value the balance sheet liabilities. This has resulted in an increased value being placed on the liabilities. In addition, future increases in inflation expectations or in the assumed life expectancies of scheme members may have an adverse impact on the scheme's funding position.</p>	<p>effectiveness of investment decisions, setting of actuarial factors for the liabilities and managing administration.</p> <ul style="list-style-type: none"> <li>○ ○○ Professional investment advisers are used to assist management of the investment portfolios to generate positive investment performance within an acceptable level of investment risk. Detailed investment risk models are run by the investment advisers and actuaries to assess optimum risk balance.</li> </ul>
<p>The next triennial valuation has an effective date of 1 April 2020, and is subject to the economic market conditions in place at that date. This valuation is currently in progress, and is expected to be completed in 2021.</p>	<ul style="list-style-type: none"> <li>○ The scheme conducts a formal triennial valuation on which the Group's contributions to the scheme are based.</li> </ul>
<p><b>LINK TO STRATEGY</b> Shareholder value</p>	<ul style="list-style-type: none"> <li>○ The actuary can provide updated funding level estimates on a real-time basis when needed.</li> </ul>
<p>Funding and resource allocation</p>	<ul style="list-style-type: none"> <li>○ Independent advice provided by a specialist pensions and investment consultancy to support the managing of the risks from the Group's perspective.</li> <li>○ Funding level shortfalls are planned to be made up within reasonable time frames via positive returns on investments and additional contributions from the Group.</li> <li>○ The investment strategy includes liability-driven Investment (LDI) that aims to reduce the volatility of the funding level of the scheme by investing in bonds and other financial instruments which operate as interest rate and inflation hedges.</li> <li>○ The accounting deficit is reflected on the Group's balance sheet as a liability per International Accounting Standards.</li> </ul>

<p><b>6.</b></p>	<p><b>Category of risk and management response</b></p>
<p><b>PRINCIPALS AND SUPPLIERS</b> Dependency on the reputation, good standing, financial stability, competitiveness, quality of products and services and availability of equipment of a small number of principals and/or suppliers to meet customers' evolving needs could impact sustainable value creation.</p>	<p><b>STRATEGIC RISK</b></p> <ul style="list-style-type: none"> <li>○ Provide ongoing feedback to the principals on customer requirements and expectations, market movements and product competitiveness.</li> <li>○ A growth strategy and plans are actively pursued to position the business and find suitable acquisitions aligned to the Group's clear guardrails.</li> </ul>
<p><b>LINK TO STRATEGY</b> Resilience</p>	<ul style="list-style-type: none"> <li>○ Continually improve/build relationships with principals and major suppliers - strive to be a preferred dealer/customer.</li> </ul>
<p>Integrated capabilities</p>	<ul style="list-style-type: none"> <li>○ Provide excellent customer service and lead in our markets.</li> <li>○ Build long-term partnerships with customers.</li> <li>○ Perform supplier due diligence assessments.</li> <li>○ Build good relationships with local authorities.</li> <li>○ Align strategies and targets with those of the major principals as far as possible.</li> </ul>



	<ul style="list-style-type: none"> <li>○ Implement initiatives to reduce dependency on infrastructural deficiencies and increase organisational resilience.</li> <li>○ Geographic diversification.</li> </ul>
<p><b>7.</b></p> <p><b>POLITICAL RISKS, SANCTIONS, TERRORISM AND CRIME</b></p> <p>Political risks and level of political stability is inherent to varying degrees within various countries in which Barloworld operates, which could impact the Group's people and assets, and the viability of the businesses. This could lead to exposure of sanctions, acts of terrorism, political turmoil or crime in some of the regions in which the Group operates, as well as in those that may be identified for expansion, negatively affecting business growth.</p> <p><b>LINK TO STRATEGY</b></p> <p>Market positioning and portfolio themes</p> <p>Resilience</p>	<p><b>Category of risk and management response</b></p> <p><b>OPERATIONAL RISK</b></p> <ul style="list-style-type: none"> <li>○ Minimising exposure in high-risk countries through in-depth risk assessments; preventive and corrective risk management activities.</li> <li>○ Monitoring compliance with international sanctions.</li> <li>○ Maintaining flexible business models.</li> <li>○ Maintaining business continuity plans with emergency response actions, crisis management and business recovery plans specific to each business and the respective territories in which the businesses operate.</li> <li>○ Optimising the geographic spread of operations.</li> <li>○ Reinforcing the Group's Ethics and Compliance Programme in all territories to instil the values of the company.</li> <li>○ Proactively monitor political developments in the various countries in which we operate to enable timely and appropriate response.</li> <li>○ Board approval is required for all material and strategic acquisitions and disposals of businesses.</li> </ul>
<p><b>8.</b></p> <p><b>SIGNIFICANT CUSTOMERS AND CHANNELS TO MARKET</b></p> <p>Barloworld is exposed to certain large customers and/or industries and well-established distribution and support channels that may change or consolidate which could impact financial stability.</p> <p><b>LINK TO STRATEGY</b></p> <p>Resilience</p> <p>Integrated capabilities</p>	<p><b>Category of risk and management response</b></p> <p><b>MARKET RISK</b></p> <ul style="list-style-type: none"> <li>○ Build long-term partnerships with customers.</li> <li>○ Develop customer solutions which differentiate and expand the Group's offering from product-based businesses to service and solutions focused.</li> <li>○ Diversify customer base.</li> <li>○ Develop new channels.</li> <li>○ Monitor and anticipate competitor activity.</li> <li>○ A growth strategy is in place and plans are being actively pursued to diversify the business and find suitable acquisitions in line with the Group's clear guardrails.</li> </ul>
<p><b>9.</b></p>	<p><b>Category of risk and management response</b></p>

<p><b>INFORMATION SECURITY RISKS AND DIGITAL DISRUPTION</b></p> <p>The growing threat landscape posed by cyber-attacks from both cybercrime and cyber-warfare poses an increasing information security risk to the business which could lead to operational disruption, service delivery, information theft and damage to the Group's reputation.</p>	<p><b>EMPLOYEE/OPERATIONAL /STRATEGIC RISK</b></p> <p>Continued maturation of our information security approach in line with the evolving threat landscape. A risk-based approach underscores the response to the cyber threat landscape to ensure practicality, affordability and necessity of mitigations and controls. The objectives of the cyber strategy is to protect:</p> <ul style="list-style-type: none"> <li>○ The organisation's information assets from intentional or accidental internal leakage, interception or disclosure to unauthorised parties;</li> <li>○ Reputation, by ensuring integrity of information assets;</li> <li>○ Information and technology dependent business processes that are vulnerable to attack;</li> <li>○ Availability of sensitive information assets that have a substantial impact on day-to-day operations and service delivery to stakeholders;</li> <li>○ Networked information assets by ensuring communication with trusted and verified parties; and</li> <li>○ The security, trustworthiness and enforceable exchange of information assets.</li> </ul> <p>Our approach includes people, process and technology mechanisms aligned to regulatory and legal requirements and continuously tested robust business continuity plans.</p> <p>Insurance cover has been affected to offset potential losses that may arise from cyber-risk.</p>
<p><b>DIGITAL DISRUPTION</b></p> <p>Competitors continuously evolve by applying new digital technologies and business models that affect the value proposition of existing goods and services, requiring Barloworld to respond to the digital disruption to remain relevant.</p>	<p><b>STRATEGIC RISK</b></p> <ul style="list-style-type: none"> <li>○ Investment in digital transformation initiatives to address: employee experience; customer experience; business operations and new business models.</li> <li>○ Where digital initiatives are explored by various principals, we actively participate to ensure relevance and competitiveness remains.</li> <li>○ To ensure risk mitigation while adding agility, we have a digital governance framework which endorses a lean start-up approach and as such allows for a discovery of digital opportunities and quick experimenting at low cost which allows for failure. A full scale up is only approved after successfully demonstrating the technical feasibility and customer demand.</li> </ul>
<p><b>LINK TO STRATEGY</b></p> <p>Growth</p> <p>Market positioning and portfolio themes</p>	
<p><b>10. OCCUPATIONAL HEALTH AND SAFETY</b></p>	<p><b>Category of risk and management response</b></p> <p><b>EMPLOYEE/OPERATIONAL /STRATEGIC</b></p>

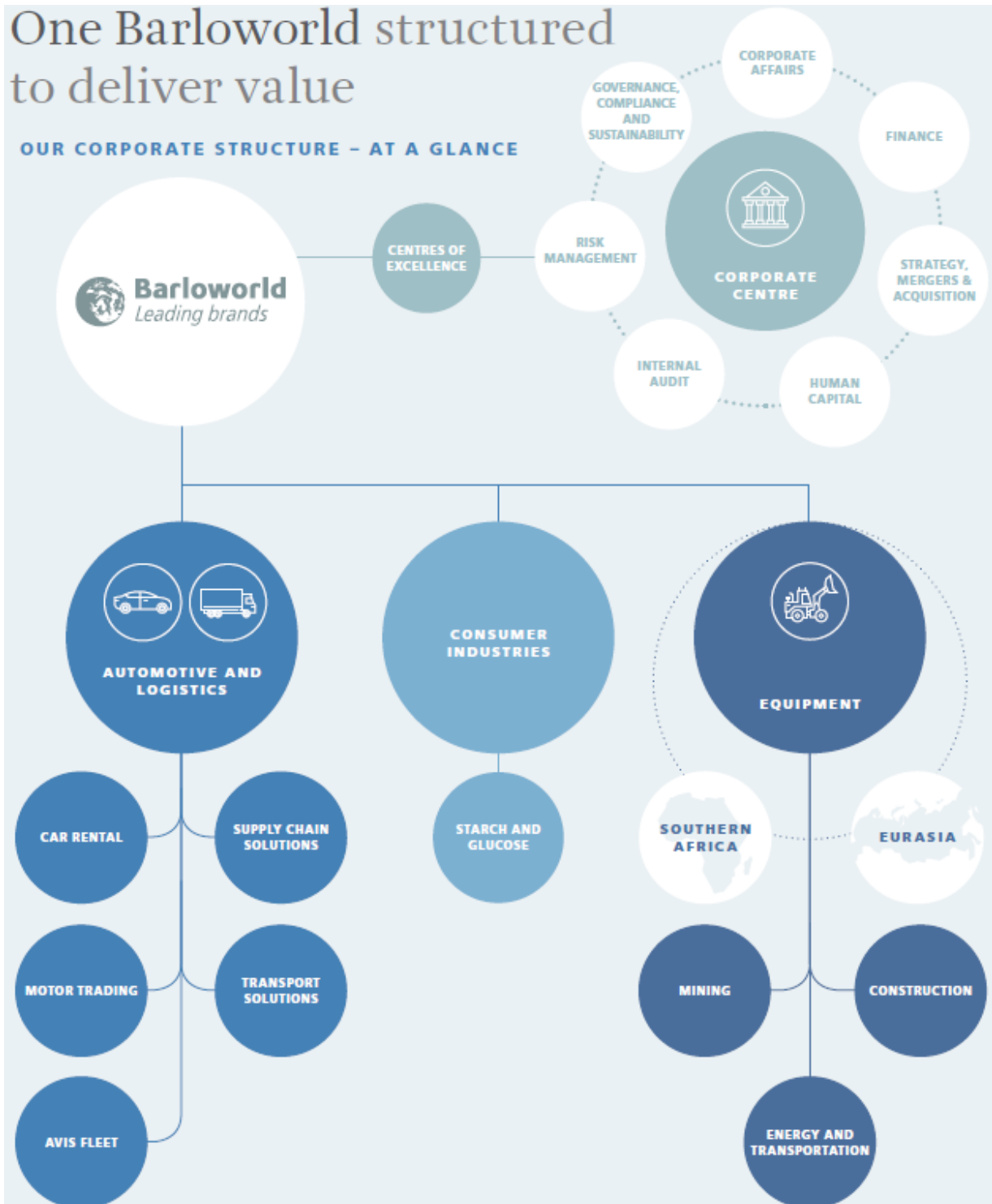
<p><b>RISKS</b> The occupational health and safety risk is the likelihood of a person being harmed or suffering adverse health effects if exposed to a hazard in the workplace impacting Barloworld's key asset; its employees.</p> <p>Occupational health and safety risks are integral to the way we deliver value. This risk is significantly heightened in the COVID-19 environment.</p>	<p><b>RISK</b></p> <ul style="list-style-type: none"> <li>○ Detailed divisional Health and Safety Improvement plans address workplace hazards and stipulate health and safety measures.</li> <li>○ A detailed operational risk management programme and system to manage critical controls.</li> <li>○ An integrated Occupational Health Management programme including medical surveillance, hearing conservation and hazardous chemical substances plans.</li> <li>○ A Group wide employee wellness programme that addresses the key elements of workplace wellness.</li> <li>○ Minimise exposure through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities and policies.</li> <li>○ Extensive communication and safety awareness and training programmes in accident prevention, safe work procedures, accident response, emergency preparedness and the use of protective clothing and equipment.</li> <li>○ Monitoring, reporting and review of safety data to promote on-time learning from incidents and prevention of repeat incidents.</li> <li>○ Measures to limit the risk of COVID-19 infections at the workplace.</li> </ul>
<p><b>LINK TO STRATEGY</b> Resilience</p>	
<p><b>11.</b></p>	
<p><b>REGULATORY ENVIRONMENT</b> An ever-changing statutory universe across all divisions and geographies, could cause challenges to achieve full compliance with regulatory requirements, exposing the Group to potential regulatory breaches.</p>	<p><b>Category of risk and management response</b> <b>REGULATORY RISK</b></p> <ul style="list-style-type: none"> <li>○ Management is responsible for the ongoing monitoring of all pending and actual changes to the Group's regulatory environment. Due to both the large number of and new jurisdictions in which the Group operates, this monitoring is an ongoing process.</li> <li>○ A risk-based approach that prioritises high risk laws is followed to ensure compliance.</li> <li>○ Group wide projects are initiated to address compliance requirements on new legislations which have a Group-wide impact when necessary (e.g. Privacy).</li> </ul>
<p><b>LINK TO STRATEGY</b> Resilience</p>	
<p><b>12.</b></p>	
<p><b>TALENT</b> An ever-increasing war for top talent may impact the ability to attract, develop and retain the diverse talent and demographics required to sustainably deliver on our strategy, negatively impacting our competitiveness and legitimacy with the potential to lose our licence to trade in the respective regions.</p>	<p><b>Category of risk and management response</b></p> <ul style="list-style-type: none"> <li>○ STRATEGIC/EMPLOYEE RISK</li> <li>○ An integrated talent management strategy is in place and being reviewed through BBS for any improvements.</li> <li>○ Key focus on D&amp;I targets including percentage of women in the Group set at Group executive and Social, Ethics and Transformation Committee levels. 2020</li> </ul>

<p><b>LINK TO STRATEGY</b> Integrated capabilities</p>	<p>targets retained to 2021 – important when implementing retrenchment/restructuring.</p> <ul style="list-style-type: none"> <li>○ PEOPLE1st introduced to ensure exciting work; repetitive work digitized and that workloads are manageable by available people.</li> <li>○ Healing sessions in the form of emotional impact/debriefing sessions.</li> <li>○ In order to ensure the wellbeing of staff during the COVID-19 pandemic, staff support was incorporated within existing employee wellbeing programmes and additional measures were introduced to engage employees.</li> </ul>
<p><b>13.</b> <b>VOLATILE COMMODITY PRICES</b> The effect of volatile commodity prices has contributed to the slower than anticipated recovery of the Group’s businesses, customers, suppliers and funders and to the continued risk that funding constraints within the supply chains could result in a recurring recession and/or impede growth. This, in turn, has negatively impacted many company investments.</p>	<p><b>Category of risk and management response</b> <b>FINANCIAL RISK</b></p> <ul style="list-style-type: none"> <li>○ Inflationary pressures monitored and managed, as appropriate, in each business.</li> <li>○ BBS roll out to drive continuous improvement and improve efficiencies with a focus on both us and our customers.</li> <li>○ Regularly monitor customers’ ability to spend, access credit, and settle debt.</li> <li>○ Reduce working capital, limit capital expenditure and improve cash flow.</li> <li>○ Engage OEMs and other funders to provide cost effective funding solutions for the Group and its customers.</li> <li>○ Monitoring customer concentration risk and establishing diversification strategies across customers and the commodities to which they are exposed.</li> </ul>
<p><b>LINK TO STRATEGY</b> Resilience</p>	

**BUSINESS DESCRIPTION OF BARLOWORLD LIMITED**

Capitalised terms used in this section headed "Description of Barloworld Limited" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

**Barloworld's Corporate Structure**



## 1. DESCRIPTION OF THE BUSINESS

### 1.1. DESCRIPTION

#### **Background**

Barloworld is an industrial processing, distribution and service company which distributes of leading international brands with corporate offices in Johannesburg (South Africa) and Maidenhead (United Kingdom), providing integrated rental, fleet management, product support and logistics solutions. The company was established in 1902 in South Africa, making it one of the country's oldest companies. Inspiring leadership, a reputation for ethical conduct, innovation and a commitment to giving back has ensured Barloworld's longevity over the past 118 years.

The core divisions of the group comprise equipment (earthmoving and power systems) (**Equipment**), automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions) (**Automotive**), logistics (transport management and supply chain optimisation) (**Logistics**) and consumer industries (Ingrain – starch and glucose) (**Consumer Industries**). Barloworld offers flexible, value adding, integrated business solutions to its customers backed by leading global brands.

Barloworld has a proven track record of long-term relationships with global principals and customers. The company has an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. The company currently has operations in 16 countries around the world with approximately 74% of the 12 825 employees in South Africa.

#### **Core Business Description of Business**

##### **Equipment**

Barloworld Equipment has partnered with Caterpillar for over 90 years and is currently the Caterpillar dealer for earthmoving and power generation equipment in 11 southern African countries, Siberia and the Russian Far East and Mongolia. The Bucyrus equipment distribution business acquired from Caterpillar Global Mining in southern Africa and Russia is now fully integrated into Barloworld Equipment's Caterpillar solutions offering and the Equipment business sells and supports the most comprehensive opencast and underground mining equipment product line in these territories. The Equipment division also represents MaK and Perkins engines.

##### **Automotive**

Barloworld Automotive comprises of the following world-class business units; Car Rental, Motor Trading and Avis Fleet.

By leveraging core competencies, systems, best practices and collective wisdom within and across all business units, Barloworld Automotive delivers a wide range of highly integrated and customised vehicle usage solutions that create shared value for our customers, company and all stakeholders involved. It has an exemplary track record of building long-term relationships with local and global customers and principals.

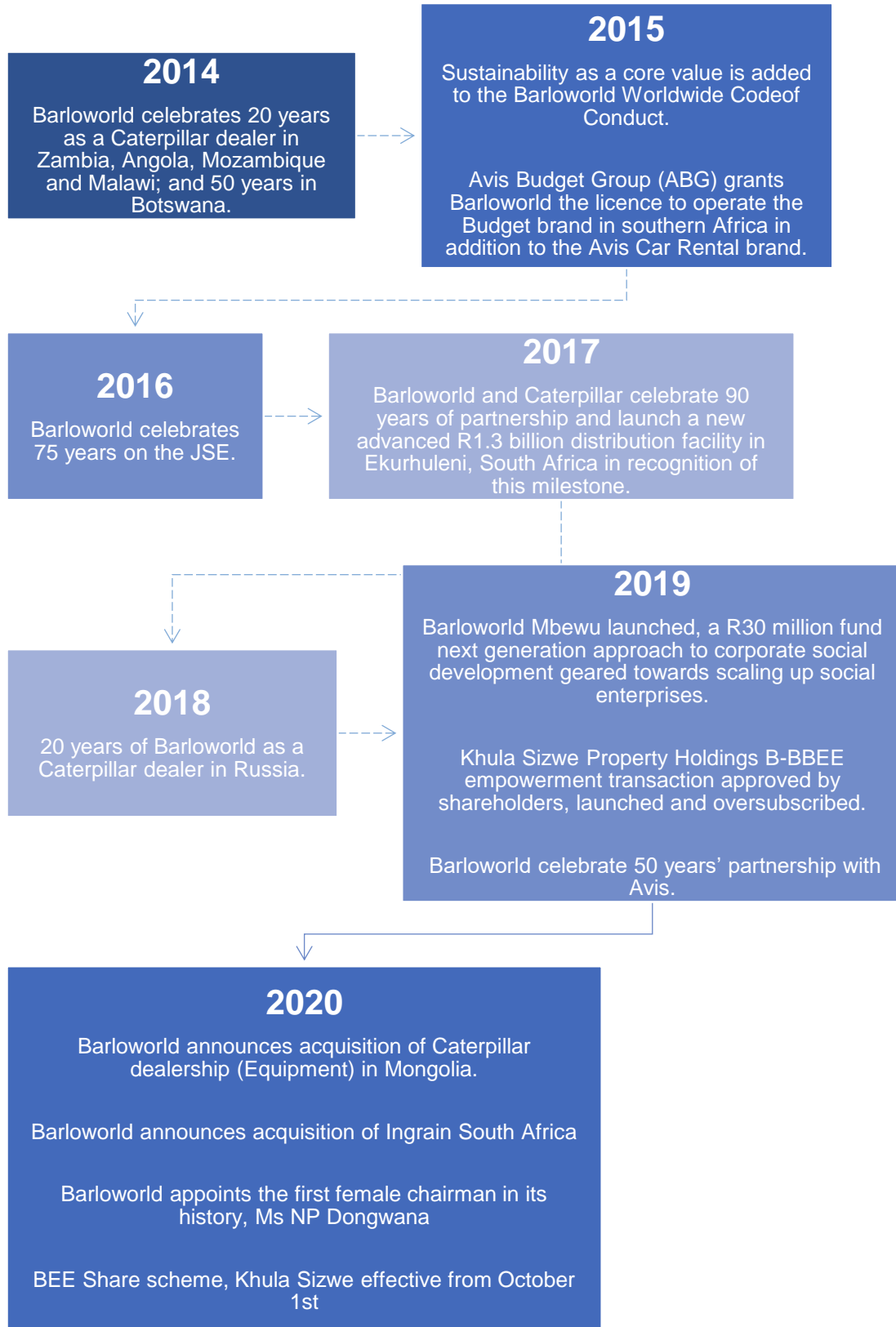
##### **Logistics**

Barloworld Logistics has grown into a significant supply chain solution business in southern Africa. Long-term partnerships with blue chip clients, not only highlights our capabilities, but also our commitment to delivering successful supply chain solutions that work well into the future.

##### **Consumer Industries**

In order to further generate more value for stakeholders through a more balanced portfolio, Barloworld completed the acquisition of Tongaat Hulett Starch (Ingrain) in South Africa, giving the company access to the less cyclical consumer sector. The acquisition became effective on 31 October 2020.

## Barloworld's Recent Milestones



### 1.2. BOARD OF DIRECTORS

The directors of the board of the Issuer (the **Board of Directors**), as at the Programme Date, are listed in the table below.

Executive Directors	
Name	Background
<p><b>Ms. Neo Phakama Dongwana (48)</b> <i>Chairwoman</i></p> <p><b>Qualifications:</b> BCom Postgraduate Diploma in Accounting, BCom (Hons) CA (SA), MCom</p>	<p>Neo was appointed to the Barloworld board in May 2012. After qualifying as a CA(SA), Neo worked as an equity analyst at Gensec Asset Management. She currently serves as a non-executive director of Mpact Limited and Nedbank Limited. Prior to these appointments, she was an audit partner at Deloitte for almost ten years. Neo is also a member of the Financial Sector Conduct Authority (FSCA) Tribunal. Neo is passionate about the growth and transformation of the chartered accountancy profession and in particular the development of women CAs. She is a committed member of the African Women Chartered Accountants (AWCA) and until recently served as a director of its investment arm.</p> <p>She's also a director at Nulane Investments 384, Nedbank, Safika Holdings and Mpact Foundation (Rf)</p>
<p><b>Mr. Dominic Malentsha Sewela (55)</b> <i>Group Chief Executive Officer</i></p> <p><b>Qualifications:</b> BSc Engineering</p>	<p>Dominic rejoined Barloworld in 2007 as chief executive officer of the Equipment division South Africa. In 2014 he was promoted to chief operating officer of Barloworld Equipment southern Africa and thereafter chief executive officer of Barloworld Equipment southern Africa. He joined the board on 19 March 2014 and was subsequently appointed Deputy Chief Executive effective 1 March 2016. From 1 October 2016, Dominic became the chief executive designate of Barloworld. Prior to joining Barloworld, Dominic was Deputy Managing Director of Afgri Limited. On 8 February 2017 Dominic was appointed group chief executive of Barloworld Ltd. In addition to Barloworld, he serves as a director at Soshanguve Shopping Centre, Centuria 27, Mangethe Foods and Naledi Oil Holdings.</p>
<p><b>Ms. Nopasika Vuyelwa Lila (51)</b> <i>Group Finance Director</i></p> <p><b>Qualifications:</b> BCom (Hons), CA(SA), BCom Accounting Science, Post Graduate Certificate in Corporate Governance, Women in Insurance Management Development Programme, Higher Certificate in Financial Markets and Instruments</p>	<p>Nopasika Lila was appointed as the group finance director of Barloworld Limited with effect from 1 August 2019. She previously served as the CEO and principal officer preceded by being the CFO of the Eskom Pension and Provident Fund. She is a chartered accountant with more than 20 years of experience in finance, corporate governance and the financial industry. She possesses advanced proficiencies in Funds Administration, Corporate Governance and Compliance Management, with demonstrated skills in leading major funds sustainably with astute control over risk management, reputation and stakeholder relations. She previously served on various boards both listed and unlisted, namely enX Group Limited, Nampak Limited and Basil Read and chaired some of the Audit Committees.</p>
Executive Directors	
Name	Background
<p><b>Mr. Sango Siviwe Ntsaluba (60)</b></p>	<p>Sango was appointed to the Barloworld board in July 2008. He is the Chief Executive Officer and founding member of Aurelian Capital, an investment holding company. He also co-</p>



<p><i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BCom, BCompt (Hons), HDip Tax Law, CA (SA), MCom</p>	<p>founded SizweNtsalubaGobodo, one of South Africa’s leading auditing and accounting firms now known as SNG-Grant Thornton. Sango has spent over 20 years in leadership positions in operations, investment and finance. He offers a wealth of knowledge in a variety of industries including financial services, transport &amp; logistics, mining and food production acquired over his 30 year span in public practice, operations and board memberships. He currently holds directorship on various boards across various sectors, namely Ap Lion Residential, Ap Lion Investments, Deal Commerce Capital, Group Five Ap Investments, Melody Farm, Corpclo 1934, Monetization Services, Delivax, Goldplat Recovery, ELCB Information Services, National Housing Finance Corporation, Pioneer Food Group and Tsogo Sun Emonti.</p>
<p><b>Ms. Neo Mokhesi (59)</b></p> <p><i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BCom, AMP</p>	<p>Neo was appointed to the Barloworld board on 1 February 2019. She has over 25 years’ experience in marketing, corporate affairs, development finance, strategy and corporate governance. Neo held a number of positions at the Industrial Development Corporation including as the executive responsible for market development into rest of Africa, as well as executive and chairman of the innovation department unit. She currently serves on the boards of WDB Investment Holdings, Tsebo Solution Group and Mozal Aluminium S.A and Cast Products S.A. She previously served the boards of Clover SA and Scaw Metals.</p>
<p><b>Mr. Hugh Molotsi (54)</b></p> <p><i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BScComp, MScComp</p>	<p>Hugh was appointed to the Barloworld board on 1 February 2019. He began his early career at Hewlett Packard in the US, as a software engineer and then moved on to spend 22 years at Intuit, a financial software and services firm based in the US where he remained until 2015. Here he became an engineering fellow and vice president leading the Intuit Labs Incubator. Hugh is the CEO and founder of Ujama, a messaging platform designed for communities. Hugh served on numerous boards in the US, including the Miller Centre for Social Entrepreneurship, Africa Diaspora Network, Linqto and All Star Code.</p>
<p><b>Ms. Hester Hickey (67)</b></p> <p><i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BCompt (Hons), CA (SA)</p>	<p>Hester was appointed to the Barloworld board in April 2017. She has held a number of positions including that of lecturer at the University of Witwatersrand and partner at Ernest &amp; Young. Hester previously served as the chairperson of SAICA and has worked for a number of listed companies including AngloGold Ashanti Limited where she held the position of internal audit manager and finally head of Risk. She is a non-executive director of Pan African Resources plc, Cashbuild Limited and Northam Platinum Limited.</p>
<p><b>Mr. Peter Schmid (58)</b></p> <p><i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BCom (Hons), CA (SA)</p>	<p>Peter was appointed to the Barloworld board in April 2017. Until recently, Peter was global head of Private Equity (PE) at ACTIS and he was responsible for the Global PE business. He spent 11 years in Ethos Private Equity as a partner where he led and originated many buyouts across southern Africa. Peter has served on numerous boards across emerging markets, including Alexander Forbes, currently serving as director at Set point Technology. Peter joined Investec Asset Management as ‘Head of Alternatives’ with effect from 1 October 2018.</p>

Executive Directors		
Name	Background	
<p><b>Ms. Ngozi Frances Oluwatoyin Edozien (55)</b> <i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BSocSci, MBA</p>	<p>Ngozi was appointed to the Barloworld board in March 2014. She is currently the Chief Executive officer and Managing Director of InVivo Partners Limited and a non-executive director of Stanbic IBTC Plc and Guinness Nigeria Plc (Diageo). Ngozi has held previous positions as; chief executive officer of Actis West Africa; Founding Chief Executive Officer of Equity Vehicle for Health in Africa (EVHA); Vice president Strategic Planning &amp; Business Development and regional director, Anglophone East, West and Central Africa at Pfizer Inc; and associate partner Mckinsey &amp; Company. She has had investment banking experience at JP Morgan Inc New York. She also holds directorship at Physio Centers of Africa and Invivo Holdings Ltd, Mauritius. She is a member of the Young President's Organisation, African Leadership Network Advisory Council and Institute of Directors Nigeria (IOD), among other professional organisations.</p>	
<p><b>Mr. Michael Lynch-Bell (67)</b> <i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BA Hons, FCA of the ICAEW</p>	<p>Michael was appointed to the Barloworld board in April 2017. His early Ernst &amp; Young career was focused on auditing clients within the oil and gas sectors. He later added mining to his portfolio. Michael led Ernst &amp; Young's UK IPO and Global Natural Resources transaction teams in the Transaction Advisory practice. He has been involved with the CIS since 1991 and has advised many CIS companies on fundraising, re-organisation, transactions, corporate governance and IPOs. Michael is a former chair of the bureau and current member of UNECE's Expert Group on Resource Classification and a non-executive director of Gem Diamonds, Little Green Pharma, Lenta and Kaz Minerals.</p>	
<p><b>Ms. Nomavuso Patience Nxasana (64)</b> <i>Independent non-executive director</i></p> <p><b>Qualifications:</b> BCompt (Hons), CA (SA)</p>	<p>Nomavuso was appointed to the Barloworld board in October 2017. She was a senior partner and member of the executive committee of SizweNtsaluba VSP before serving as group audit and risk executive at Imperial Holdings Limited. She is a former director of Nedbank Group and the JSE and currently holds directorships at Wescoal, HBZ Bank, Arcelor Mittal SA Limited, Argon Asset Management, AWCA Investment Holdings, Net Uniforms and the Industrial Development Corporation of South Africa Limited.</p>	
Company Secretary		
Name	Qualifications	Address
<p><b>Andiswa Thandeka Ndoni</b></p>	<p>BProc, LLB, Global Executive Development Programme, Certificate in Corporate Governance</p>	<p>Barloworld Limited 61 Katherine Street, PO Box 782248, Sandton 2146, South Africa</p>

<b>Debt Officer</b>		
<b>Name</b>	<b>Contact Details</b>	<b>Address</b>
<b>Relebohile Malahleha</b>	RelebohileM@barloworld.com 011 445 1229	Barloworld Limited 61 Katherine Street, PO Box 782248, Sandton 2146, South Africa

1.2.1. Directors' Declarations

In relation to each of the above directors, the Issuer confirms that none of them have:

- (i) ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- (ii) ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;
- (iii) at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;
- (iv) ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);
- (v) ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;
- (vi) ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);
- (vii) ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- (viii) ever been barred from entry into a profession or occupation;
- (ix) ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- (x) ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or
- (xi) ever been declared delinquent or placed under probation in terms of section 162 of the Companies Act or disqualified from taking part in the management of a corporation in terms of section 47 of the Close Corporations Act, or disqualified to act as a director in terms of section 219 of the 1973 Companies Act or section 69 of the Companies Act.

### 1.3. CORPORATE GOVERNANCE, KING IV AND ETHICS APPLICATION AND COMPLIANCE

#### Corporate Governance

Barloworld is committed to the highest standards of governance to ensure value delivery to stakeholders, build trust and enhance the organisation's reputation.

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

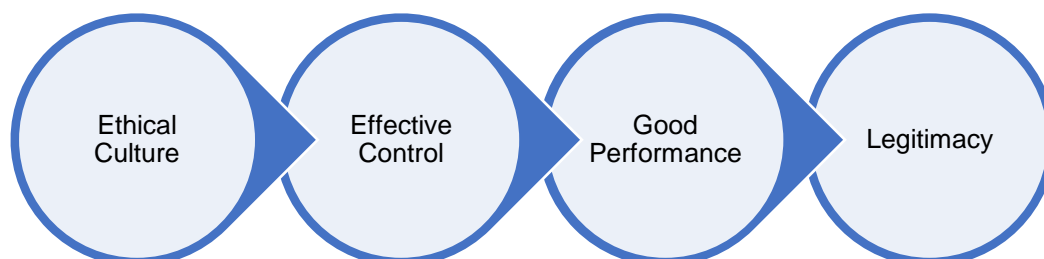
#### King Report on Corporate Governance for South Africa 2016 (King IV™)

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

As required by the JSE Listing Requirements, Barloworld has materially complied with King IV™, and a statement of our application of the principles is available on

<https://www.theglobalplatform.co.za/gi/Reports/Public/King4ApplicationRegisterReview.aspx?LicenceKey=cc015bd3-fbde-4890-96db-b0263abd3c1c&PortalAliasID=25>

The main outcomes of the King IV application for Barloworld are:



#### CREATING VALUE FOR STAKEHOLDERS ON A FOUNDATION OF ETHICAL LEADERSHIP

##### Barloworld's Commitment

Barloworld is committed to conducting business ethically while building a sustainable company that recognises the short- and long-term impact of business activities on the economy, society, and the environment. Barloworld is an ethically-led organisation based on values and the belief that ethical leadership is the foundation that guides decisions upon which stakeholder value is created.

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

##### Governance Framework

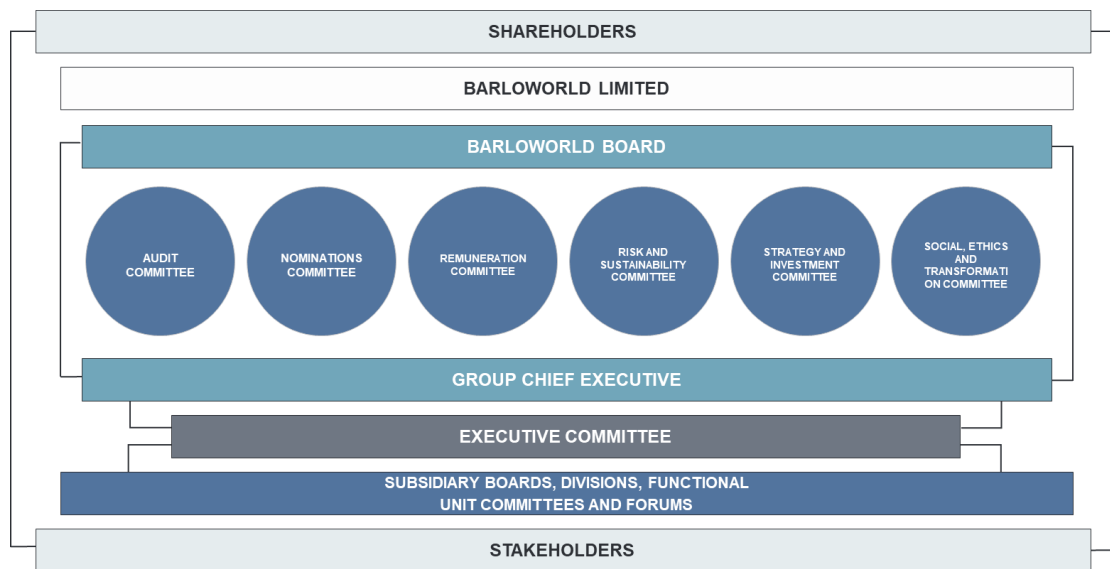
Barloworld's governance framework supports its value creation process and enables the delivery of the organisation's vision. The framework enables the board to oversee strategic direction, financial goals, resource allocation and risk appetite and to hold executive management accountable for execution. The board also ensures that executive management

sets the tone for good governance, based on the group's values, and that it is integrated throughout the group.

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

### Governance Framework Diagram

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



### BOARD OF DIRECTORS

#### Board Skills and Experience

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

- Accounting, auditing
- Asset management
- Business development
- Corporate affairs
- Digital and IT
- Finance, mergers and acquisitions
- Governance, risk, compliance
- Investment banking
- Strategy
- Social development

#### Maintaining Effective Control

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

The board functions in accordance with the requirements of King IV™ and within the context of the Companies Act, the Listing Requirements of the JSE Limited and other applicable laws, rules and codes of governance.

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

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

**Composition and Diversity of the Board**

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

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

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

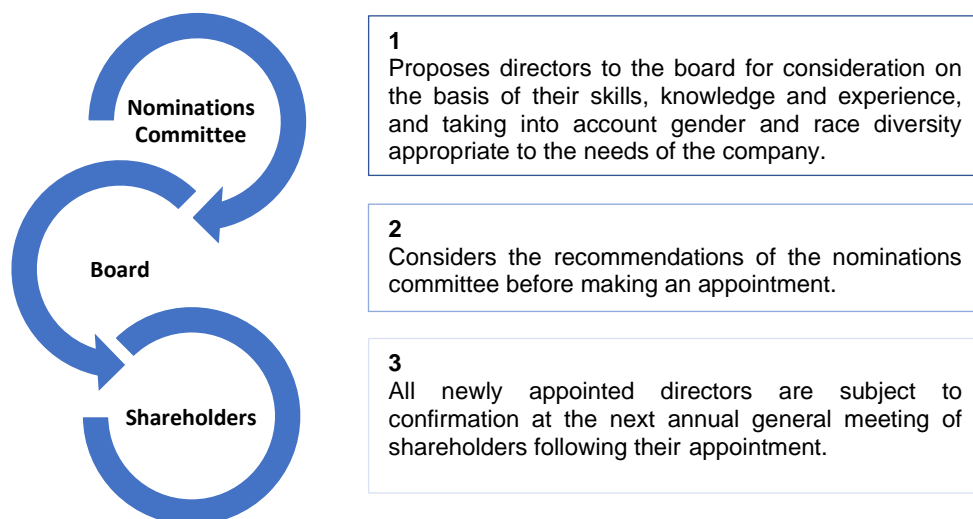
The board is diverse in terms of race and gender, comprising 55% women and 72% black people. The company also appointed its first female chairman in the history of the company.

**Chairman and Chief Executive**

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

**Board Appointment Process**

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



**Board and Board Committee Key Focus Areas**

The key focus areas of the board and the board committees are summarised below. For more details on the responsibilities, powers, policies, practices and processes of the board, directors and committees, refer to the board charter and committee terms of reference, as well as the company’s memorandum of incorporation, on our website, [www.barloworld.com](http://www.barloworld.com).

**Board and Committees’ Responsibilities**

<b>BOARD</b>	<ul style="list-style-type: none"> <li>• Exercised independent, informed and effective judgement relating to material decisions of the company and Group companies</li> <li>• Provided oversight of the two acquisitions relating to the Mongolia business and Ingrain business</li> <li>• Embarked on a shareholders' governance roadshow led by the Chairman</li> <li>• Reviewed and approved a refreshed Group strategy in September 2020 and related strategy activities in 2020</li> </ul>
<b>AUDIT</b>	<ul style="list-style-type: none"> <li>• Assisted the board in its responsibilities, including the internal and external audit processes for the Group, considering the significant risks, the adequacy and functioning of the Group's internal controls and the integrity of financial reporting</li> <li>• Assisted the board in its responsibility of ensuring that a tax policy is compliant with the applicable laws but is also congruent with responsible corporate citizenship and that takes account of reputational repercussion.</li> <li>• Looking ahead the committee will: a) continue to monitor the Group's IT governance structure to ensure it addresses critical IT risk and IT investments; b) monitor a potential credit-ratings downgrade in South Africa and the implication on revolving credit facilities; and c) continue to monitor cyber-security controls and cyberattack risks</li> <li>• Oversaw the onboarding of the new external auditors and appointed outsourced internal auditors</li> </ul>
<b>RISK AND SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>• Set the group risk culture, appetite, framework, policies and strategy and ensured that resilient risk management processes were in place.</li> <li>• Reviewed the Group's directors' and officers' liability insurance</li> </ul>
<b>NOMINATIONS</b>	<ul style="list-style-type: none"> <li>• Provided advice and guidance on succession planning, director appointments and director induction and training.</li> <li>• Appointed Michael Lynch-Bell as chairman of the remuneration committee</li> <li>• Ensured that directors are not over-boarded</li> <li>• Looking ahead the committee will: a) conduct a robust assessment to assess the skills, experience and composition requirement of the board; b) monitor the Group's voluntary race and gender diversity targets; and c) will implement the wider diversity requirements in accordance with the JSE Listing Requirements.</li> </ul>
<b>REMUNERATION</b>	<ul style="list-style-type: none"> <li>• Advised and provided guidance to the board on director remuneration, setting and implementing of Remuneration policy, approval of general composition of remuneration packages</li> <li>• Engaged shareholders on the remuneration report and remuneration issues</li> <li>• Looking ahead the committee will: a) continue to improve annual disclosure in relation to</li> </ul>

	remuneration policies; b) continue dialogue with shareholders regarding remuneration practices and policies; and c) monitor implementation of a new long-term incentive conditional share plan. For more details on the responsibilities of the remuneration committee
<b>SOCIAL, ETHICS AND TRANSFORMATION</b>	<ul style="list-style-type: none"> <li>Assisted the group in discharging its social, ethics and transformation responsibilities and implementing practices consistent with good corporate citizenship.</li> <li>Addressed sustainable development in the company including climate change and environmental stewardship</li> <li>Looking ahead the committee will: a) continue to monitor the Group's social, transformation, economic and environmental performance; b) ensure transparent and proactive engagement with communities where we operate; and c) monitor the Group's progress against the prioritised sustainable development goals</li> </ul>
<b>STRATEGY AND INVESTMENT</b>	<ul style="list-style-type: none"> <li>Reviewed significant transactions and legal matters, including matters of a strategic nature</li> <li>Recommended the acquisition of Ingrain business to the board, and continued to monitor risks associated with the two acquisitions, Mongolia and Ingrain business in particular, the calling of the material adverse change event</li> <li>Looking ahead the committee will: a) monitor integration of the two acquisitions into the business; and b) oversee the implementation of the refreshed strategy</li> </ul>

## SHAREHOLDER PROFILE

### Public and non-public shareholding or ordinary shares

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	11	0.13	8,987,102	4.47
• Directors, prescribed officers and associates	6	0.07	235,425	0.12
• Company Subsidiaries	2	0.02	2,018,732	1.00
• Empowerment	1	0.01	6,578,121	3.27
• Share Plan	1	0.01	120,883	0.06
• Employee and educational trusts	1	0.01	33,941	0.02
Public shareholders	8,653	99.87	192,038,544	95.53
Total	8,664	100	201,025,646	100

### Registered Shareholder Spread



Registered	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 - 1,000 shares	6,587	76.03	1845354	0.92
• 1,001 - 10,000 shares			4606439	
• 10,001 - 100,000 shares			13913303	
• 100,001 - 1,000,000 shares	14 7	1.70	38373263	19.09
1,000,001 shares and above	26	0.30	142287287	70.78
Total	8, 66 4	100	201,025,64 6	100

#### Beneficial shareholdings 5% or more

Shareholder Name	Total shareholding	%
Government Employees Pension Fund	32,054,712	15.95
Zahid Tractor & Heavy Machinery Co. Limited	31,736,992	15.79
Silchester International Investment Value Equity Trust	16,805,963	8.36
<b>Total</b>	<b>80,597,667</b>	<b>40.09</b>

#### Investment managers holding 5% or more

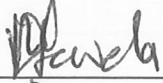
Shareholder Name	Total shareholding	%
Silchester International Investors, L.L.P.	39,968,801	19.88
Public Investment Corporation (SOC)	31,209,298	15.53
Westwood Global Investments, L.L.C.	13,390,327	6.66
<b>Total</b>	<b>84,568,426</b>	<b>42.07</b>

#### Geographic split of beneficial shareholders

Region	Total Shareholding	% of issued capital
South Africa	62,391,778	31.04
United Kingdom	47,531,695	23.64
United States of America and Canada	46,743,971	23.25
Rest of Europe	6,589,357	3.28
Rest of World	37,768,845	18.79
<b>Total</b>	<b>201,025,646</b>	<b>100.00</b>

SIGNED at SANDTON on this the 21st day of December 2020.

For and on behalf of  
BARLOWORLD LIMITED



Name: D. SEWELA  
Capacity: Director GROUP CEO  
Who warrants his/her authority hereto



Name: N. LILA  
Capacity: Director  
Who warrants his/her authority hereto

## CORPORATE INFORMATION

### ISSUER

#### **Barloworld Limited**

(Registration Number 1918/000095/06)  
Barloworld Corporate Office  
61 Katherine Street  
Sandton, 2196  
South Africa  
Contact: Ms A Ndoni  
Tel no: 011 445 1000

### ARRANGER

#### **Absa Corporate and Investment Bank, a division of Absa Bank Limited**

(Registration Number 1986/004794/06)  
15 Alice Lane  
Sandton, 2196  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 011 895 6999

### DEALERS

#### **Absa Corporate and Investment Bank, a division of Absa Bank Limited**

(Registration Number 1986/004794/06)  
15 Alice Lane  
Sandton, 2196  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 011 895 6999

#### **Investec Bank Limited, acting through its Corporate and Institutional Banking division**

(Registration Number 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton, 2196  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 011 286 7000

#### **Nedbank Limited, acting through its Corporate and Investment Banking division**

(Registration Number 1951/000009/06)  
135 Rivonia Road  
Sandown  
Sandton, 2196  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 0860 555 111

#### **Rand Merchant Bank, a division of FirstRand Bank Limited**

(Registration Number 2000/001225/06)  
1 Merchant Place  
Corner Rivonia Road and Fredman Drive  
Sandton, 2146  
South Africa  
Contact: Head – Debt Finance Group  
Tel: 011 282 8000

#### **The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division**

(Registration Number 1962/000738/06)  
3 Simmonds Street  
Johannesburg, 2001  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 0860 123 000

## **TRANSFER AGENT, ISSUER AGENT AND CALCULATION AGENT**

### **Barloworld Limited**

(Registration Number 1918/000095/06)  
Barloworld Corporate Office  
61 Katherine Street  
Sandton, 2196  
South Africa  
Contact: Ms A Ndoni  
Tel: 011 445 1000

## **PAYING AGENT AND SETTLEMENT AGENT**

### **The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division**

(Registration Number 1962/000738/06)  
3 Simmonds Street  
Johannesburg, 2001  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 0860 123 000

## **JSE DEBT SPONSOR**

### **Nedbank Limited, acting through its Nedbank Corporate and Investment Banking division**

(Registration Number 1951/000009/06)  
135 Rivonia Road  
Sandown  
Sandton, 2196  
South Africa  
Contact: Head – Debt Capital Markets  
Tel: 0860 555 111

## **LEGAL ADVISERS TO THE ISSUER, ARRANGER AND DEALERS**

### **Bowman Gilfillan Incorporated**

(Registration Number 1998/021409/21)  
11 Alice Lane  
Sandhurst  
Sandton, 2196  
South Africa  
P O Box 785812  
Sandton, 2146  
South Africa  
Contact: Mr C van Heerden  
Tel: 011 669 9354

## **AUDITORS TO THE ISSUER**

### **Ernst & Young**

102 Rivonia Road  
Dennehof  
Sandton, 2196  
South Africa  
Private Bag X 14, Sandton  
South Africa  
Contact: S Sithebe  
Tel: 011 772 3000