

# 14 Our ESG operating context, risks and opportunities

## Environment

The Intergovernmental Panel on Climate Change released its Working Group I report 'Climate Change 2021: the Physical Science Basis' in August 2021, confirming unprecedented and in some cases irreversible climate changes in every global region. Without rapid and large-scale reductions in greenhouse gas (GHG) emissions, limiting global average warming to 1.5 to 2°C becomes ever less attainable. Extreme heat waves, wildfires and catastrophic flooding events have been witnessed on multiple continents during the past year.

In Africa, agriculture accounts for the majority of livelihoods and most of the continent depends on rain-fed agriculture. With rainfall fluctuating from drought conditions to heavy

floods, food and job security are impacted with the poor being the most affected by these extreme weather events. Projections point to a likely decrease of rainfall in many parts of Southern Africa.

Within our operating environment, certain automotive original equipment manufacturers are moving to electric vehicle production as stricter environmental and climate change regulations drive the switch to more sustainable, emission-free transportation. In Europe, electric vehicles and vehicle restrictions in city centres are being implemented to limit pollution and traffic congestion. At the same time, with the growth in online shopping and e-commerce, consumers expect express deliveries, which impacts city logistics.

### Our risks

#### A changing market

Our clients are increasingly demanding environmentally friendly goods and services as awareness around the impacts of climate change increases. If we are unable to meet these demands, we may lose clients or not be able to gain new business.

#### Technology developments

Technological advances can change the nature of the logistics industry, particularly in ways that can address climate change. If we are unable to keep abreast of these developments and capitalise on them, we risk the loss of our client base and investor support.

#### Extreme weather events

Increased frequency and severity of extreme weather events (floods, droughts, cyclones etc.) have the potential to interrupt day-to-day operations due to damage to property and assets, and detrimental traffic patterns that increase the risk of road accidents and delays in the supply chain.

#### Reputation

Failure to comply with environmental legislation across multiple jurisdictions, to pay carbon taxes or to respond timeously to new environmental regulatory requirements could negatively impact our reputation and incur penalties or fines, as can road accidents that occur while transporting hazardous substances that result in environmental pollution or spills. Subcontractors who do not abide by our environmental guidelines could also negatively impact our reputation.

### Our opportunities

#### Competitive advantage

Developing low-carbon products and services, and being recognised as a leader in ESG could give us the edge over our competitors, increasing demand for our services, particularly among clients who want to improve the environmental performance of their supply chains.

#### New technology and partnerships

Digitising our business to ensure it is future fit with access to analytics and data, will give us the information we need to make decisions that support cost saving and efficient resource use.

Partnering with specialised technology providers, enables us to develop sustainable solutions. We also work with clients and other stakeholders to identify innovative initiatives that contribute to environmental improvement, including alternative greener fuels, and fuel and water savings opportunities.

#### Improved processes

Reducing our use of fuel, energy and water and managing our waste optimally reduces our operating costs and carbon footprint. To improve environmental processes we must leverage the pockets of excellence in the group, share best practice knowledge, and deliver environmental awareness and training to influence behaviour change.

### Our response

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 Ensure high supply chain standards are upheld | Page 112.