

30 Climate change and strategy

The global transition to a carbon-free economy will pose significant risks for current business paradigms, and holds opportunities for those companies that proactively prepare for resilience under different climate change scenarios. To guide us in planning for this future, our process for identifying, assessing and managing climate-related risks is integrated into our overall risk management approach, which is covered in full on page 5 of the online corporate governance report. Our enterprise risk model identifies and assesses the risks facing the group at strategic, business and operational levels, and is based on ISO 31000:2009 (risk management principles and guidelines). We identify and assess both current and emerging risks to our direct operations, our suppliers and the rest of our value chain over the short, medium and long term.

Climate-related risks and opportunities have impacted our business strategy, our services, our investment in research and development, and our operations. Our focus is to:

- Embed training, awareness and oversight to influence behaviour change that supports the integration of climate change considerations into all key business decisions and on-the-ground activity.
- Continually improve data gathering and reporting systems to better inform decision making.
- Prioritise the development, piloting and commercialisation of low-carbon solutions to demonstrate leadership in the sector.
- Direct research and development investment to developing solutions that reduce our GHG emissions, as well as the GHG emissions of our clients (ie new fuels, new technologies, digitisation).
- Invest in businesses that have the ability to reduce our own and our clients' GHG emissions.
- Engage in sectoral processes that inform sound climate change policy development.

In terms of climate-related risks impacting on our financial performance, carbon pricing such as the South African carbon tax has introduced and raised our operating costs, and we have had an experience of an extreme weather event that impacted our ability to move goods by barges, affecting revenue. From a capital budgeting perspective, capital must be allocated for various competing priorities, including to projects that increase fuel efficiency, energy efficiency and renewable energy generation.

It is our intention to play our part in keeping the increase in global average temperature to well below 2°C above pre-industrial levels, in line with the Paris Agreement. The 2°C scenario informs our business strategy, ensuring that we have the agility required to respond to a zero-carbon future across all areas of our business. At this stage, the 2°C scenario is considered qualitatively, but we intend to transition to more quantitative planning in the future.

Our strategy is designed to deliver sustainable growth and targeted returns, to deepen competitiveness and relevance, and retain market and industry legitimacy. We recognise that this could be impacted by rising energy, fuel and water costs, exposure to emissions taxes, increased occurrence and severity of extreme weather events and changing client preferences. If we do not effectively manage these risks, our ability to deliver on the strategy is compromised. Conversely, climate change presents opportunities to be the service provider of choice as we improve our fuel efficiency and move from conventional to low-carbon fuels. We consider these risks and opportunities in the development and delivery of our strategy.

