

Around 97% of Motus' operational footprint is in South Africa where we operate over 500 sites, including dealerships, aftermarket parts branches and manufacturing plants. Our most material impacts on the environment are our consumption of water (in the manufacturing plants and to wash vehicles at dealerships and car rental depots), electricity consumption given supply concerns in South Africa and the responsible disposal of hazardous waste oil generated from the servicing of vehicles and equipment.

Our internationally accredited Motus sustainability management system collates and tracks environmental data from all business sites, covering owned, partially owned and leased sites. Data is collected monthly and validated by financial managers or executives. Further quality checks are undertaken by local administrators at head office level and data is audited by internal audit.

During the reporting year, South Africa experienced more frequent incidents of severe hailstorms and flooding. In three hailstorms alone damage to vehicles and property totalled around R18 million. In addition to repair costs, revenue is negatively impacted as vehicles in for repair cannot be rented. Long delays to repair can also occur due to increased demand for panel-beating services. Our assets policy, which covers our insurance practices, is aimed at protecting against these types of unforeseen events.

Dealerships and depots install carport nets, where feasible, to protect vehicles from hail damage and adverse weather warnings are communicated to businesses so that vehicles can be moved undercover timeously. Our engagement with insurers is a key factor in our ability to mitigate against extreme weather risks, which we expect to increase, and we work closely with them to ensure we have the most relevant cover and excess clauses available.

Our operations have also been impacted by the prolonged drought in the Western Cape, which has resulted in severe water shortages and tough demand management programmes implemented by the City of Cape Town. Restrictions include strict and metered use of borehole water and prohibited washing of vehicles with potable water. While recent rainfall in the region has raised dam levels to over 45%, residents and businesses are urged to continue their water saving efforts. Water restrictions are expected to continue, although the possibility exists of a stepped reduction in the level 6B restrictions and tariffs.

Link to material issues

› Demonstrate governance best practice.

Opportunity

Securing our reputation as a responsible corporate citizen.

Risks and challenges

- › Vehicle damage and risk of road accidents due to severe weather conditions, particularly for car rental businesses.
- › Water shortages and restrictions which impact immediate business needs.
- › The cost of energy sources, particularly given the introduction of a potential carbon tax in South Africa.

Boundary

All Motus entities.

Areas of focus

Reduce water consumption

Priorities

- › Set an annual target for water purchased from municipalities, based on prior year data and applicable to all Motus businesses, including Australia and the United Kingdom (UK). Head office tracks performance against targets quarterly.
- › Initiatives such as rainwater harvesting systems, wastewater recycling plants and waterless car washing. In certain dealerships in Cape Town, the outside of cars are no longer washed.
- › Environmental training and awareness campaigns to influence employee behaviour and support employee acceptance of environmental key performance indicators.
- › Use the water pledge launched in 2018 to encourage employees to use water wisely and report water wastage and leaks.

Performance measure

651 648 kilolitres of water purchased from municipalities.

2018 target: 627 833 kilolitres

Municipal billing issues at a dealership in Bloemfontein have resulted in the target not being met. Engagement with the municipality is being undertaken to understand the wide fluctuations in monthly billing amounts since September 2017.

Reduce carbon footprint, particularly electricity and fuel consumption

Priorities

- › Set annual targets for fuel and electricity consumption, based on prior year data and applicable to all Motus businesses, including Australia and the UK. Head office tracks performance against targets quarterly.
- › Initiatives such as energy-saving lighting systems and solar power and light sensor installations.
- › Electricity meters at certain sites monitor usage and identify spikes. This supports our ability to identify energy-saving initiatives and compare usage to municipal charges and move to cheaper tariff levels, where feasible.
- › Panel shops have been converted from diesel to faster and cleaner burning liquefied petroleum gas (LPG), improving productivity by approximately 20% and decreasing costs by between 40% and 50%.
- › Engage with local and imported vehicle suppliers on lower carbon vehicles.
- › Responsible procurement practices that consider fuel efficient vehicles for the car rental fleet. This will hold Car Rental in good stead in terms of future carbon tax requirements.
- › Provide customers with the option to rent vehicles that consume less fuel and emit fewer carbon emissions.

Performance measures

23 230 187 litres of road fuel consumed.

2018 target: 24 441 237 litres

Target achieved

77 846 megawatt hours of electricity purchased.

2018 target: 77 799 megawatt hours

Target narrowly missed

Manage waste

Priorities

- › Effective measures to prevent oil spills, including oil spill kits in workshops to ensure responsible clean-up and accurate reporting when spills occur.
- › Dispose of waste in accordance with the National Environmental Management: Waste Act and disposal certificates issued.
- › Use registered waste disposal companies to recycle oil, antifreeze, paper, plastic and steel waste generated in dealerships.
- › Automate processes to reduce paper usage.

Performance measures

One environmental spill of 140 litres of used and new oil contaminated a workshop’s entire oil store. The root cause could not be determined despite all points of potential leakage having been thoroughly inspected (2017: none).

2 431 068 litres of oil recycled.

(2017: 2 679 396 litres)

Ensure environmental compliance

Priorities

- › Contribute to policy development on climate change through memberships in industry associations. This helps us to anticipate and assess the potential impact of upcoming changes to environmental legislation and allows for seamless workflow once the requirements take effect. Our focus is mostly on the draft Carbon Tax Bill, which could increase new passenger vehicle prices and result in consumers favouring second-hand cars or cheaper brands, impacting our revenue mix.
- › Board member of the Southern African Vehicle Renting and Leasing Association, which works with public and private entities on road transportation issues such as taxation, finance-related concerns and climate change-related risks and opportunities for the vehicle rental, leasing and fleet management sector.

Performance measure

No fines or penalties incurred for environmental incidents during the reporting period (2017: none).

The Motus Water Pledge

The Motus Water Pledge is a declaration that compels each employee across South Africa to conserve water, report water wastage and leaks and motivate their family, friends and co-workers to use water wisely. At head office, chief executive officer, Osman Arbee, was the first person to sign the pledge. Head office and all corporate offices, importers and dealership and non-dealership sites are required to sign and display the pledge by the end of November 2018. In January 2019, we will measure the litres of water consumed per business to determine the impact of the project.



Why should all Motus employees sign the pledge?



The responsibility to save water rests with each and every one of us. As Motus employees, we must continuously strive to help save the environment.

Focusing on water usage

Europcar and Tempest alone wash on average 70 000 vehicles a month, and together with the washing of vehicles at our dealerships, this makes Motus a fairly heavy consumer of water. Our initiatives aim to lower our demand on municipal water sources and free up water for surrounding communities, reduce our operational costs and assist our businesses to continue operating despite water restrictions or drought conditions.

We face a number of challenges in our efforts to make our wash bays more water efficient. Firstly, the costs to convert a wash bay into a wastewater recycling plant are high and secondly, the sludge and oil build up tends to block outlets and requires increased maintenance. Waterless car wash options are time consuming, do not work optimally for heavily soiled vehicles and present the risk of non-environmentally friendly chemicals being used. In addition, complaints have been received from customers on the quality of the engine wash and wheel cleanliness. Finally, a lack of stakeholder buy-in has hampered our objective to convert wash bays at our medium-sized airport operations into waterless car wash systems. These challenges and the current economic climate have constrained the rate at which we are able to undertake water efficiency projects across the dealership and car rental network.

While wastewater recycling will continue to be a solution, where feasible, we are now also considering greater use of rainwater harvesting systems as part of our commitment to becoming more water efficient and self-sufficient. This is not only key for our operations in the Cape region but also in other provinces as we expect water supply interruptions to increase due to high demand and poor water infrastructure.

For example, Imperial Autobody has installed eight tanks with the capacity to hold 10 000 litres of water each at its Jet Park branch. Both rainwater collected from the workshop's roof and wastewater from the wash bay are stored in the tanks, which are fitted with the necessary filters and aeration pumps to eliminate contaminants. An effluent management system and an oil separator system remove silt, sludge and hydrocarbons from the wash bay water before it enters the municipal water system or the holding tanks. The water from the holding tanks is used to flush toilets and recycled back into the wash bays. Around 60% of the operation's daily water usage is now recycled. The hydrocarbons are safely disposed of by an accredited waste handler.

Associated Motor Holdings in Namibia is using a similar system which saves around 15 000 litres of water a month.

Imperial Autobody Jet Park

Average water usage has reduced from 437 kilolitres a month in 2015 to

284 kilolitres a month in 2017,

despite the average repair volumes having increased 47% over the same time period.

Assisting to alleviate water pressures in the Cape

Hyundai

At the beginning of 2018, four of Hyundai's larger dealerships in Cape Town installed water tanks and stopped washing the outside of vehicles in response to the increasing threat of 'day zero' where taps are expected to run dry. Tanks were installed in the Bellville, Paarden Eiland, Milnerton and Somerset West dealerships. As vehicles are not being washed, water is only being harvested from rainfall and not much rain is needed to fill the tanks. The system is providing each dealership with a storage capacity of between 60 000 and 80 000 litres of water, which is sufficient to sustain their operations for two to three months. Municipal water consumption at all four operations has reduced significantly and at current water rates, savings of around R10 000 a month are being achieved. Hyundai is exploring similar solutions for its dealerships in the Gauteng and KwaZulu-Natal regions.

Hyundai Milnerton

20 000 litres of water consumed

in April 2018 compared to 696 000 litres in November 2017.

Hyundai Somerset West

11 000 litres of water consumed

in April 2018 compared to 305 000 litres in November 2017.

Auto Pedigree

14 220 litres of water saved over six months.

Auto Pedigree

Auto Pedigree has started using a product in its Cape Town operation which uses no water, other than the water in the compound, and no harmful surfactants (detergents, wetting agents, emulsifiers, foaming agents and dispersants) are dispersed down drains into the water system. The product is quick and easy to use and more cost effective than traditional car cleaning products.

Car Rental

In February 2017, Car Rental implemented a water crisis policy setting out the contingency plans to be followed should 'day zero' materialise. The policy covers the washing of vehicles, ablution facility management, drinking water measures and business continuity in the event that employees are unable to get to work due to long queues when collecting their daily water ration at municipal collection points.

Car Rental now purchases grey water from municipal services to reduce its use of potable water to wash vehicles. Other measures taken to ensure business continuity included increased potable water storage capacity, plans to transport water from nearby areas and rent portable toilets, additional water fountains and installation of waterless hand sanitisers. Posters were displayed in all Cape Town branches and departments to help employees understand how to use their 50 litres of water a day and all branch employees will receive three golf shirts which are easier to wash. They will also be allowed to use the washing machine at the depot to clean their uniforms. The washing machine uses grey water.

Striving for less paper intensive processes

Motor-Related Financial Services and dealerships

To comply with regulations, a large number of documents must be completed and signed during the purchase of a vehicle. As a result, paper is a large waste stream for our dealerships. The merger of our two largest customer-facing financial service provider businesses into a single operation on 2 July 2018 (see [aligning to the new financial services regulatory regime](#)), will require dealerships to shift to the merged operation's electronic system. This change will reduce the need to print as many documents and will achieve savings on the cost of paper, printing and waste management.

Motus Bond Stores

In January 2018, Motus Bond Stores changed the way it inspects vehicles by introducing tablets to record the evaluation details previously undertaken using paper forms. The initiative has resulted in productivity increasing due to a quicker inspection turnaround time, less space needed to store inspection sheets and at June 2018 over 23 000 sheets of paper had been saved.

Associated Motor Holdings in Namibia

Associated Motor Holdings in Namibia is driving a 'paperless' office by promoting the scanning of documents and most printers now default to double-sided printing. Cost savings include lower storage costs as fewer paper files are needed. Another initiative is to use shredded paper to package parts for distribution instead of bubble wrap, which is costly and more harmful to the environment.

Key data

| | 2018 | | % change | 2017 | 2016 |
|---|--------------------|---|----------|------------|------------|
| Fuel consumption | | | | | |
| Road fuel usage (litres) | 23 230 187✓ | * | (11,2) | 26 169 238 | 26 702 998 |
| Non-road fuel usage (litres) | 90 942° | * | 35,5 | 67 127 | 58 278 |
| Total fuel consumption (litres) | 23 321 129✓ | * | (11,1) | 26 236 365 | 26 761 276 |
| Electricity | | | | | |
| Electricity purchased (megawatt hours) | 77 846✓ | * | (9,8) | 86 317 | 97 188 |
| Emissions | | | | | |
| Scope 1 emissions (tCO ₂) | 58 731✓ | * | (11,9) | 66 691 | 68 998 |
| Scope 2 emissions (tCO ₂) | 72 337✓ | * | (10,7) | 81 002 | 92 994 |
| Total Scope 1 and Scope 2 emissions (tCO ₂) | 131 068✓ | * | (11,3) | 147 693 | 161 992 |
| Scope 3 emissions (tCO ₂) | 1 520 | * | | | |
| Total emissions (tCO₂) | 132 588✓ | * | (10,2) | 147 693 | 161 992 |
| Water | | | | | |
| Water purchased from municipalities (kilolitres) | 651 648✓ | * | (6,2) | 694 956 | 857 675 |
| Spills | | | | | |
| Environmental incidents | 1° | | 100 | 0 | 6 |
| Recycled | | | | | |
| Oil recycled (litres) | 2 431 068✓ | | (9,3) | 2 679 396 | 2 643 516 |
| Environmental compliance | | | | | |
| Fines or penalties for environmental incidents | 0✓ | | | 0 | 0 |

Methodology used: the Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard (Revised Edition). The boundary used is operational control.

¹ Tonnes of carbon dioxide.

✓ Satisfied with performance.

° Area for improvement.

* Assured (see the independent limited assurance report in the 2018 Integrated Annual Report).

The reduction in fuel consumed, electricity purchased and water consumed is attributable to the numerous management initiatives undertaken during the year to meet the annual environmental targets. Particularly pleasing is the 11,2% reduction in road fuel given that the number of kilometres travelled during the reporting year increased 8,0%. The magnitude of the oil spill in KwaZulu-Natal was 140 litres of used and new oil. The root cause could not be determined despite a thorough inspection of all potential points of leakage.