

# 05

## Minimising the environmental footprint



### WHY THIS IS A PRIORITY

Our most material impact on the environment is our water consumption. We consume water in our manufacturing plants and to wash cars at our dealerships and car rental depots. Europcar and Tempest alone wash on average 70 000 vehicles a month which, using traditional methods, can use up to 200 litres per car. Reducing our demand on municipal water sources, particularly given the recent drought experienced in South Africa, enables our businesses to continue operating despite water restrictions, reduces operational cost and also frees up water supply for our surrounding communities.

Our operational footprint comprises manufacturing plants and over 500 sites, making us a fairly large consumer of electricity. And the nature of our industry, means that we also consume fuel, mostly petrol and diesel, which is a material cost for the division.

### RISKS AND CHALLENGES

- > **Water shortages and restrictions** due to drought and scarcity of water which impacts immediate business needs.
- > **Costs** associated with energy consumption, particularly given the introduction of a potential carbon tax in South Africa.

## Water consumption and recycling

In our wash bays, we use one of two specially-designed systems:

- > **Eco Wash:** a virtually waterless car washing system that uses one litre of water.
- > **Wastewater recycling plants:** where wash bays collect used car wash water in tanks installed under the wash bay. The water is treated with non-hazardous chemicals and then pumped back into water tanks for future use.

We have been implementing these types of projects since 2012 and our objective is to use the cost savings achieved to reinvest in additional installations. However, while the conversion projects are realising cost savings, a wash bay conversion costs on average between R250 000 and R300 000 which in the current economic climate has constrained the rate at which we can undertake these projects, delaying our conversion timelines.

*To limit the amount of municipal water we consume, we invest in water recycling plants at our manufacturing sites and the conversion of wash bays at our dealerships and car rental depots.*

## Using water recycling plants to reduce our dependence on municipal water

Early in 2017, we started piloting a new water recycling plant at the Toyota Kempton Park dealership which is expected to provide more sustainable results, particularly in terms of sludge and oil build up which can block outlets. A water meter will be installed as part of the project to measure how much recycled water is used. The success of the pilot will determine the further roll out of this recycling system across the dealership network.

Similarly, we have continued to pilot the waterless car wash system at OR Tambo International Airport and this will determine the feasibility of rolling this initiative out in all rental depots at major airports, including in Swaziland. Over the medium term our objective is to convert wash bays at all our medium-sized airports and branch locations.

## Electricity consumption and emissions efficiency

Our energy efficient measures include a project to retrofit all our sites to energy saving light bulbs, solar power and light sensors to switch off lights if an area remains unoccupied for a length of time. Reduction in fuel usage is also a focus from both an energy consumption and cost perspective.

In car rental, we focus on reducing the carbon emissions of our fleet through responsible procurement practices that consider the principles of Euro 5 vehicle specifications and the technological improvements achieved by vehicle manufacturers to increase fuel efficiency. This will hold the car rental business in good stead in terms of future carbon tax requirements. We also provide customers with the option to rent vehicles that consume less fuel and emit fewer carbon emissions.

Our investment in a methane gas-powered Mercedes-Benz is a new pilot study that may offer a future opportunity for the car retail and rental businesses.

*To monitor and measure environmental performance, as well as support management's drive to reduce operational costs, we have introduced annual targets for fuel and electricity usage in certain parts of the division.*

## Converting to cleaner liquefied petroleum gas (LPG)

In May 2016, the panels shops embarked on a project to convert their operations from diesel to LPG. The move to this faster and cleaner burning fuel will improve productivity and reduce costs and CO<sub>2</sub> emissions. All branches have made the shift barring one which is scheduled for conversion in August 2017. Fire department approval was received for all sites prior to the installation of new gas burners and gas piping, and health and safety requirements were enhanced. Pleasingly, productivity has improved by approximately 20%, positively impacting customer satisfaction, and costs have decreased between 40% to 50%. The reduction in CO<sub>2</sub> is yet to be evaluated.

## 2017 PERFORMANCE

**19% reduction in water consumed**

FROM MUNICIPAL SOURCES COMPARED TO PRIOR YEAR.

While our water initiatives have contributed in part to this decrease, the bigger impact is due to the closure of 15 dealerships during the year, a smaller vehicle fleet and less cars having been serviced in workshops.

**11% reduction in electricity purchased**

COMPARED TO PRIOR YEAR, DUE TO THE CLOSURE OF DEALERSHIPS AND THE RETROFITTING OF OUR LIGHTING SYSTEMS.

Another contributor to this result is the action taken in response to the findings of the infrared audit undertaken at some of our owned sites in 2016 and which highlighted causes of high electrical surges.

ENVIRONMENTAL FOOTPRINT	2017	% change	2016 <sup>1</sup>	2015 <sup>1</sup>
Scope 1 emissions (tonnes of CO <sub>2</sub> )	66 691✓	(3%)	68 998	78 612
Scope 2 emissions (tonnes of CO <sub>2</sub> )	81 002✓	(13%)	92 994	93 169
Total Scope 1 and Scope 2 emissions (tonnes of CO <sub>2</sub> )	147 693✓	(9%)	161 992	171 781
Road fuel usage (kilolitres)	26 169✓	(2%)	26 703	30 412
Non-road fuel usage (kilolitres)	67#	16%	58	na
Number of environmental incidents	0	(100%)	6	0
Fines or penalties for environmental incidents	0	0	0	0

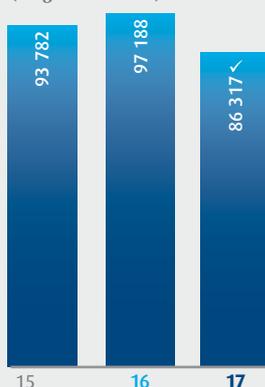
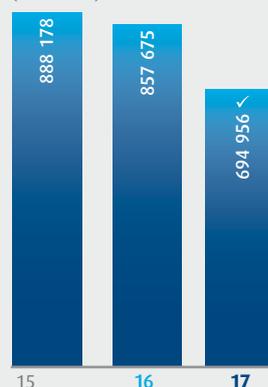
✓ Satisfied with performance.

# Area for improvement.

1. 2015 and 2016 numbers have been restated to reflect the consolidation of the division.

na: not available.

Note: the closure of 15 dealerships has contributed to a reduced environmental footprint.

**Purchased electricity**  
(megawatt hours)**Municipal water consumption**  
(kilolitres)

SDW: strengthening legitimacy; more information on Imperial group's environmental performance.



CDP; more information on how Imperial is managing its environmental impact.