

Motus

Sustainable development report

for the year ended 30 June 2020

Motus

Key company information

Motus Holdings Limited
Incorporated in the Republic of South Africa
Motus Limited registration number: 2017/451730/06
ISIN: ZAE000261913

JSE Main Board: Specialty retailers
Listing date: 22 November 2018
Share code: MTH
(Motus, the Group or the company)

Definition of COVID-19 in this report:

COVID-19 in the report refers to a new strain of the coronavirus that caused a global health crisis. This pandemic continues to impact most businesses negatively. The impact of COVID-19 continues to be felt across the world and in every country in which Motus operates. In most cases in the report we only refer to COVID-19 to capture the full extent of the crisis. Photographs of people without masks were either taken pre-COVID-19 or full health and safety protocols were followed as appropriate.

Information and reports available online:

- The integrated report 2020.
- The Group's King IV™* application register.
- The audited consolidated annual financial statements for the year ended 30 June 2020.

* *King IV Report on Corporate Governance for South Africa, also known as King IV. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

Detailed online information

Stakeholders can access the Group's interim and annual financial results announcements and presentations at
https://www.motus.co.za/investors/
or scan the QR code to be taken there directly.

How to navigate our reports

For easy navigation, icons are used to refer readers to information elsewhere in this report or in our other reports online.

Read more in this report

Read more online

IR

Motus integrated report at https://www.linkedin.com/company/motus-sa

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to you.

Please take the time to give us your feedback on this report.

Email: MotusIR@Motuscorp.co.za

Contents

Introduction

Motus at a glance 01
About our sustainable development report 06
Letter from the Chairman of the social, ethics and sustainability committee 09

Ethical, social and environmental governance

Manage the economic, social and environmental consequences of our activities 13
Demonstrate consistently ethical business conduct 15

Responsible performance

Be an employer of choice in the automotive industry 18
Provide a safe and healthy operating environment for our stakeholders 33
Contribute to our customers' wellbeing by responsibly providing high-quality products and services 44
Maintain strong relationships with broader communities 56
Operate in an environmentally conscious and responsible manner 72

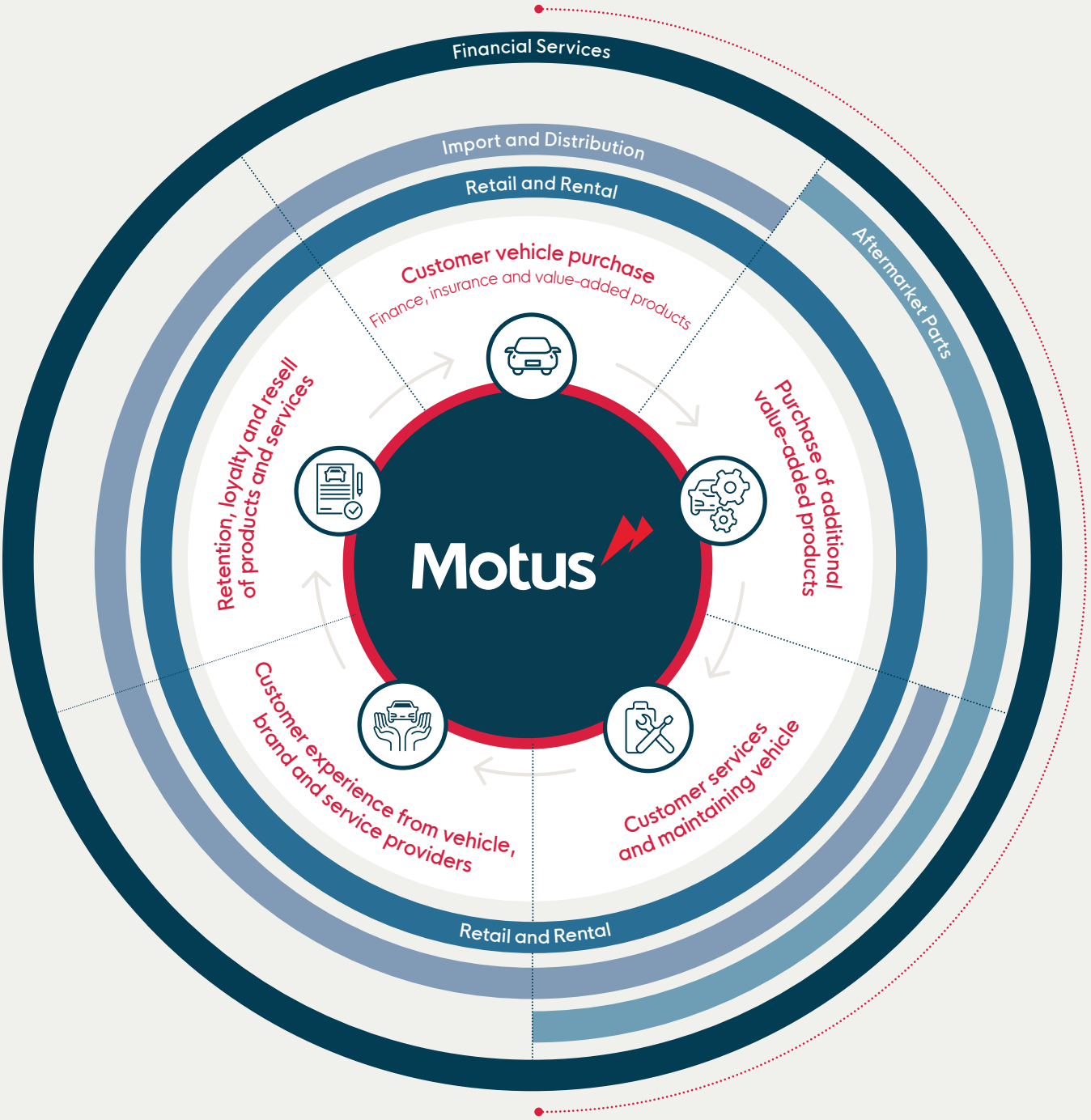
Additional information

Independent limited assurance report 86
FTSE4Good Index Series certificate 88

Motus at a glance

Motus is a competitive and profitable non-manufacturing automotive group in sub-Saharan Africa, with selected investments beyond the continent.

Motus is South Africa's leading automotive group, employing over 17 500 people. We are a diversified (non-manufacturing) business in the automotive sector with unrivalled scale and scope in South Africa, and a selected international presence primarily in the United Kingdom (UK) and Australia, as well as limited presence in South East Asia, and Southern and East Africa.



We participate in all aspects of the vehicle ownership cycle, which diversifies our revenue and profit streams and is cash generative. This enables us to cross sell, and leverage synergies and efficiencies across our business.

Motus at a glance (continued)

Import and Distribution



Importer and distributor of passenger, light commercial vehicles and parts to serve a network of dealerships, car rental companies, fleets and government institutions in South Africa.

- Exclusive South African importer of Hyundai, Kia, Renault and Mitsubishi.
- Operates in South Africa and neighbouring countries.
- Exclusive distribution rights for Nissan in four East African countries.
- >73 500 vehicles imported annually.
- ~16,3% controllable market share of passenger and light commercial vehicles in South Africa.
- Car parc ~ one million vehicles.

IR Import and Distribution in the integrated report: page 58.

Retail and Rental



Sells new and pre-owned passenger and commercial vehicles across all segments in South Africa and the UK, and passenger vehicles in Australia. Provides servicing and maintenance of vehicles and rents passenger and light commercial vehicles.

- Retail >110 000 new vehicles and >75 000 pre-owned vehicles annually.
- Car rental (Europcar and Tempest): 98 outlets in sub-Saharan Africa, after closing 19 outlets.

South Africa

- Represents 23 original equipment manufacturers (OEMs).
- 19 commercial vehicle dealerships.
- 239 passenger vehicle dealerships.
- ~20,2% vehicle retail market share.
- ~25% vehicle rental market share.
- 71 pre-owned vehicle dealerships.

United Kingdom

- 88 commercial vehicle dealerships.
- 32 passenger vehicle dealerships.

Australia

- 36 passenger vehicle dealerships.

IR Retail and Rental in the integrated report: page 64.

Note: for the purposes of this report, Hyundai Automotive South Africa is referred to as Hyundai, Kia Motors South Africa as Kia, Renault South Africa as Renault and Mitsubishi South Africa as Mitsubishi.

Financial Services



Manager and administrator of service, maintenance and warranty plans. Develops and sells value-added products and services. Performs fleet management services.

- Operates in South Africa.
- Developer and administrator of innovative vehicle-related financial products and services to >750 000 vehicle contracts.
- Operates a sales and service call centre.
- Manages an innovation hub for the Group.

IR Financial Services in the integrated report: page 70.

Aftermarket Parts



Distributor, wholesaler and retailer of accessories and parts for out-of-warranty vehicles through retail stores, franchised outlets and specialised workshops.

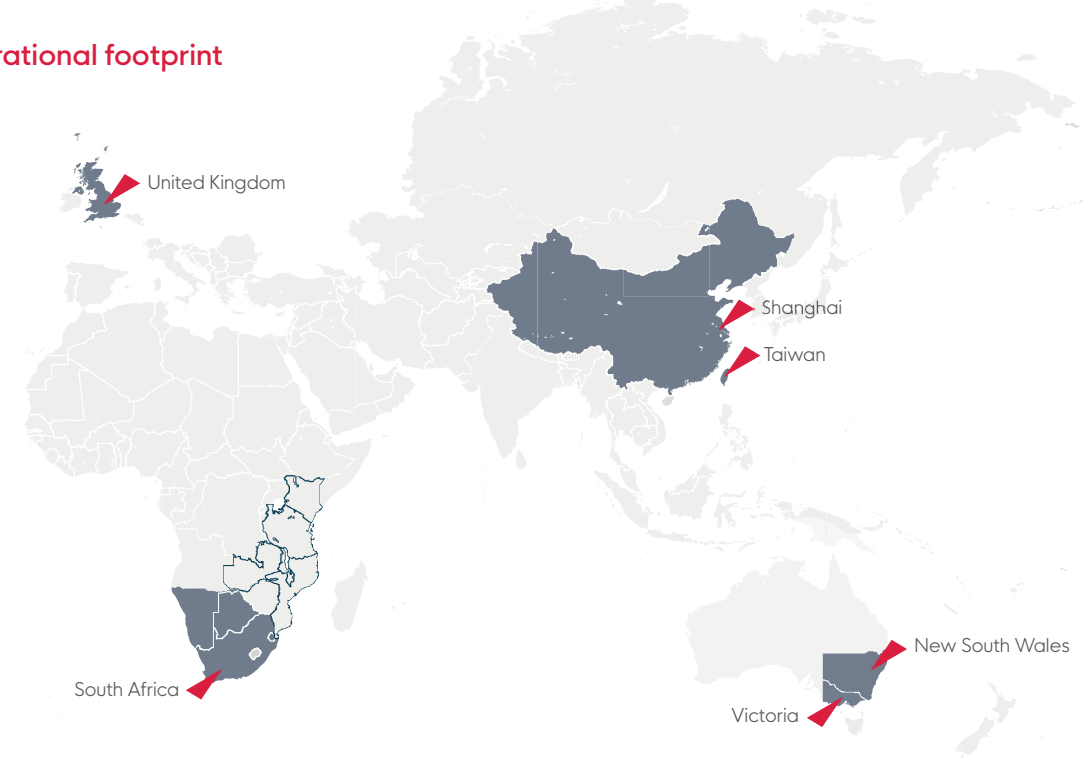
- Operates in Southern Africa and the Far East.
- 587 retail stores and distribution points, including 94 stores owned by Motus.
- Supported by distribution centres in South Africa, Taiwan and China.

Franchise base

- Resellers (namely Midas and Alert Engine Parts).
- Specialised workshops.

IR Aftermarket Parts in the integrated report: page 76.

Our operational footprint



Motus at a glance (continued)

We aim to penetrate the vehicle value chain with competitive products and services that maximise our share of the customer's vehicle investment and engender loyalty.

Our vision

To improve people's lives by envisioning, innovating and creating new avenues of access to leading-edge mobility solutions (products and services) at competitive prices through our strong relationships with suppliers and principals, while ensuring sustainable value creation for all stakeholders, as trusted partners to OEMs and business partners to customers in the geographies in which we operate.

Our mission

We create value for customers and build market share through relevant, innovative products and exceptional service at competitive prices. We deliver returns to shareholders through operational alignment, collaboration across the supply chain, and the reduction of complexity, duplication, expenses and capital employed, while mitigating currency risk.

Our progress and performance are delivered by a diverse complement of highly competent and experienced individuals and teams.

Our values

To be fair, accountable, driven and ensure that we operate in an environmentally friendly and responsible manner.

We comply with rules and regulations, operating at the highest levels of integrity and ethics, and ensuring our business practices are not discriminatory.

Our short-term focus is to ensure the resilience of the Group in the volatile and uncertain environment resulting predominantly from the impact of COVID-19. Our long-term strategic priorities remain unchanged and are focused on ensuring we are the leading automotive group in South Africa, with a selected international presence in the UK, Australia and limited presence in South East Asia, and Southern and East Africa.

IR For a full view of the Group, refer to the following sections in the Group's integrated report: who we are, Group strategy, what makes Motus unique and integrated business model.

Our medium-term value-creating priorities

MOBILITY FOR GOOD

We are defined by being:

Leaders ▸ **Innovators** ▸ **Customer champions**

Ensure market leadership
Grow market share and maintain competitiveness in our local and international markets.

Deliver shareholder value
Enhance financial performance and achieve our medium-term financial targets.

Drive innovation
Deliver innovative mobility solutions and services to customers. Ensure agility and entrepreneurial flair in response to disruption.

Improve technology solutions
Leverage existing and enter new strategic partnerships to deliver innovative value-added services, products and enhanced customer experiences.

Invest in human capital and change management
Develop and empower leaders, improve practices and processes and ensure a strong focus on transformation and succession.

Our strategic initiatives underpin the delivery of our aspirations

Import and Distribution
- Enhance customer experience throughout the vehicle ownership cycle.
- Improve our share of entry level vehicles, and small and medium sports utility vehicles (SUVs).
- Expand aftersales product offerings.
- Grow parts and service business.
- Manage costs and forward cover in line with the Group policy.
- Extend range of vehicle models.

Retail and Rental
- Grow pre-owned vehicle market share.
- Rationalise dealership footprint, aligned to OEM strategies, and refine multi-franchise model.
- Enhance retail strategy and customer experience throughout the vehicle ownership cycle.
- Invest in technology to drive digitisation and support customer service and experience.
- Manage costs.
- Selective bolt-on acquisitions to improve brand representation.
- Optimise passenger dealership model (UK and Australia).
- Enable rental de-fleets via Auto Pedigree dealerships.
- Optimise rental business to adapt to new market realities.
- Combine Europcar and Tempest outlets.

Financial Services
- Expand offerings and drive further integration into dealer networks.
- Continuously align with digital, automation trends and changing customer needs.
- Continue to focus on fintech developments and leverage relationships with financial institutions and joint ventures.
- Innovation hub:
  - develop innovative products and services;
  - drive Group-wide innovation; and
  - foster a culture of innovation.

Aftermarket Parts
- Grow retail footprint and optimise structure, supported by franchisees.
- Drive optimisation of the supply chain via Chinese operations.
- Strengthen the core business through improved efficiency and volume buying.
- Grow membership of buying groups.
- Invest in IT to drive digitisation and e-commerce expansion.
- Rationalise distribution centres in South Africa and China.

OUR PEOPLE
- Develop a skilled, diverse and motivated workforce.
- Strong focus on transformation, succession and empowering employees.
- Encourage a high-performance culture with tailored training and development opportunities for all levels of staff.

SOCIAL AND ENVIRONMENTAL IMPACT
- Manage the economic, social and environmental consequences of our activities and actively strive to uphold our commitments to all stakeholders.

To enhance stakeholder value

About our sustainable development report

Our sustainable development report provides an in-depth assessment of our economic, social and environmental (ESE) performance for the year ended 30 June 2020. It assesses our ability to create value for our people and other stakeholders and guard against value destruction. The report supplements our integrated report and is aimed at all stakeholders with an interest in how we manage our people, our contribution to socio-economic development and our efforts to operate in an environmentally friendly and responsible manner.

Scope and boundary

Our sustainable development disclosure covers the businesses over which the Group has operational control as well as our ESE risks and opportunities and the related issues that matter most to our stakeholders.

Our stakeholders

Our stakeholders include a wide range of groups and individuals who may be affected by our activities, products and services, and whose actions can be reasonably expected to affect our ability to successfully implement our strategic objectives. Our stakeholder groups have varying levels of involvement in the business, and diverse and sometimes conflicting interests and concerns that need to be balanced over time.

Business relationships: customers, OEMs, suppliers and business partners.
Our people: employees and organised labour.
Financial capital relationships: owners, investment community and debt providers.
Regulatory relationships: government departments, regulators and industry associations.
Societal relationships: civil society, communities and media.

IR Stakeholder engagement in the integrated report: page 40.

Frameworks and assurance

Consideration has been given to the six capitals of the International Integrated Reporting Council's (IIRC) International <IR> Framework, the principles of the King IV Report on Corporate Governance for South Africa (2016) and South Africa's national development priorities. The Global Reporting Initiative's Standards have guided the identification of the Group's key sustainable development indicators, however the standards have not been applied.

Deloitte & Touche has provided limited assurance over the 13 non-financial performance indicators listed below and accredited rating agency, AQRate verifies our broad-based black economic empowerment (B-BBEE) scorecard, available on our website[1].

Safety: kilometres travelled, road accidents and road accidents per million kilometres.

Social: training hours, training spend and corporate social investment (CSI) spend.

Environmental: diesel consumed, petrol consumed, electricity consumed, water purchased, Scope 1, 2 and 3 emissions.

Independent limited assurance report: page 86.

[1] *B-BBEE certificate:* ***www.motus.co.za***.

Materiality

Our material priorities are those factors most likely to influence the conclusions of our stakeholders when assessing our ability to create value over time. They are the factors within the control of Motus' leadership and which we have identified for close and careful management over the short, medium and longer term, to deepen the Group's resilience, relevance and responsibility in pursuit of sustainable value for our stakeholders. They reflect our plans to manage the risks and opportunities associated with the Group's strategy and meet the expectations of our stakeholders. Our material priorities inform the content included in our sustainable development report.

The diagram below sets out the areas where this report provides an in-depth review of Motus' material priorities.

Resilience

- Sustain capital management discipline
- Leverage competitive advantages to recover, replace and diversify earnings streams
- **Accelerate the implementation of new ways of working and deepen agility**

Provide a safe and healthy operating environment for our stakeholders

Page 33.

Be an employer of choice in the automotive industry

Page 18.

Protecting our information assets

Page 53.

Relevance

- **Deliver exceptional value to customers as their needs change**
- Remain the strategic partner of choice for OEMs and suppliers
- **Be an employer of choice in the automotive industry**
- Innovate practically and proactively

Contribute to our customers' wellbeing by responsibly providing high-quality products and services

Page 44.

Be an employer of choice in the automotive industry

Page 18.

Responsibility

- **Demonstrate best-in-class governance**
- **Manage the economic, social and environmental consequences of our activities**
- Consistently deliver on stakeholder expectations to protect our reputation

Demonstrate consistently ethical business conduct

Page 15.

Maintain strong relationships with broader communities

Page 56.

Operate in an environmentally conscious and responsible manner

Page 72.

IR How we determined our material priorities in the integrated report: page 50.

About our sustainable development report
(continued)

Materiality boundary

People management	Material for all Motus entities, with the transformation of the workforce being particularly material for the South African operation.
Safety management	Material for all Motus entities and particularly our servicing workshops and parts distribution centres where employees work with machinery.
Product responsibility	Quality control is material for our workshops, pre-owned vehicle businesses, vehicle rental businesses and the aftermarket parts businesses. Responsible financial services offerings and the protection of customer information is particularly material for our dealerships and Financial Services.
Transformation	B-BBEE is an integral part of any South African business and is material for all Motus entities operating in South Africa.
Environmental management	Material for all Motus entities, however, water consumption is not as material for Motus UK.

Response to COVID-19

Our response to COVID-19 is covered throughout our sustainable development report with key sections being the impact of COVID-19 on our workforce (page 19), the measures put in place to protect our stakeholders (page 35) and our support of the communities in which we operate (page 64). Some pictures used in this report were taken prior to the COVID-19 outbreak and do not portray people wearing masks.

Preparation of this report

Interviews with senior leadership, together with internal sources of information, particularly reports and presentations to the social, ethics and sustainability (SES) committee have been used to prepare this report.

Approval

Executive management and a sub-committee of the SES board committee reviewed and approved the report. The sub-committee recommended our sustainable development report to the board for approval. The board's approval statement can be found on page 1 of the integrated report.



Letter from the Chairman of the social, ethics and sustainability committee



An organisation's reputation is built on trust, which is underpinned by its behaviour and values and the ethics that it upholds. Motus' commitment to building long-standing relationships with stakeholders, empowering its people, developing and delivering agile structures and being led by leaders who are accessible and take accountability, has never been more critical than now in the midst of the COVID-19 pandemic.

In line with best practice governance, the SES committee oversees the Group's practices to embed an ethical culture, act as a responsible corporate citizen and build stakeholder relationships in the pursuit of sustainable value creation. The committee reviews issues pertaining to ethics management, transformation in South Africa, socio-economic development, people and environmental management, health, safety and stakeholder relationships.

During the COVID-19 crisis, Motus has operated true to its values, reflecting how deeply the Group's values and ethics are embedded in its DNA.

COVID-19

As the global impact of the COVID-19 crisis became evident at the beginning of March 2020, a COVID-19 crisis committee, led by the Group CEO and overseen by the Motus board, was established. The committee was tasked with ensuring the urgent implementation of action plans to manage the people and business during these unprecedented times. Leveraging the strengths of the Group's various operations, an overarching approach to mitigating the risks posed by the COVID-19 crisis was consistently applied, informed by best available practices and regulatory input. Employees have been kept up to date on developments, minimum guidelines and standards have been implemented Group-wide and the monitoring and reporting of incident management centralised.

Motus' values and culture provide the foundation of its strategy and the delivery of its strategic objectives, which can be judged by how the Group is able to adapt and respond to changing circumstances, whether a global crisis or the fast-changing business context driven by digital transformation.

Letter from the Chairman of the social, ethics and sustainability committee (continued)

Personal protective equipment was procured leveraging our strong relationships with our suppliers and distributed across the South African and African operations.

We are deeply saddened that five Motus people lost their lives to COVID-19 and we extend our condolences to their families and friends.

As a committee, we are grateful to the leadership team and the COVID-19 crisis committee, whose efforts have ensured that the Group played its role to protect its stakeholders, safeguard its sustainability and ensure that it meets the guidelines set by the health authorities in each country in which we operate. Until a vaccine is available for widespread use, the impact of this devastating pandemic will remain with us. We have ensured that our return to physical work environments in all our geographies is taking place in a phased, responsible and ethical manner.

COVID-19 has been our primary focus for the past four months and will continue to require a critical evaluation of stakeholder safety and responsible business operations. Beyond this immediate focus, the SES committee is pleased with the improvement being made in its areas of oversight while acknowledging the negative impact of the ongoing COVID-19 crisis on certain key focus areas, particularly skills development and the rate of delivery of certain CSI projects. Management is developing action plans to address these issues.

Ethical conduct

The strength of our relationships with our people, OEMs, providers of debt and capital, and suppliers rests on our ethical conduct and have long been an asset and sustainable competitive advantage. These long-standing relationships have enabled the Group to negotiate favourable measures to allow the strategic room needed to operate under extremely stressful and harsh economic conditions.

As the board, we have ensured and confirm that the necessary practices and procedures are in place to maintain the highest standards of accountability, transparency and integrity. The Motus code of ethics and policies against bribery and corruption and regarding conflicts of interest, guide our conduct – fostering a workplace that is fair and inclusive – as well as our regulatory compliance. Our code of ethics is based on uncompromising respect for human rights and the health and safety of our people. During the year, we expanded our ethics framework to include a supply chain code of conduct approved by the SES committee. Internal processes and



independent reviews measure our compliance with these guidelines, our internal controls and compliance with regulations.

While these frameworks and policies, and the oversight provided by the committee, cannot guarantee the prevention of unethical practices, we are committed to acting responsibly when a matter is brought to our attention.

Empowered people

During the reporting year, we updated our people strategy to ensure we are able to respond effectively to the fast-changing business context driven by digital transformation. Our focus will be on programmes that support the Group's innovation journey and the mobility of talent with the right skills across the organisation. Key highlights for the year include the establishment of a Talent for Growth Framework and the progress made in the performance development approach, which drives greater alignment between employees and business goals.

An inclusive and collaborative high-performance culture that empowers employees and provides Motus with the benefit of diverse thinking remains key. Our long-term employment equity targets applicable to our South African workforce are measured against annual targets, which are linked to executive performance incentives. Black and female representation within the workforce have been maintained at 73% and 30% respectively, and 39% of our Dealer Principals are black (2019: 40%). Despite our limited ability to recruit during the COVID-19 lockdown, we met our junior management target, marginally missed our targets for top and middle management by 1% and while the senior management target was missed by 4%, black representation in this employment band increased to 40% from 36% in 2019. Our succession plans earmark senior and middle management positions for black professionals and include the appointment of two black divisional CEOs in the short term.

While costs have been cut and we have found even deeper efficiencies, it is with regret that, due to the severe impact of the COVID-19 crisis, the workforce has had to be reduced. Altogether, 1 216 compulsory retrenchments were undertaken at the time of reporting and 1 181 employees had opted for voluntary retrenchments with a further 830 leaving the Group's employ.

The COVID-19 lockdown and social distancing requirements necessitated the cancellation of face-to-face classroom training, impacting our skills development plans. While vocational training has restarted in a newly developed blended approach (virtual and classroom), most of our leadership development programmes will only resume after January 2021. Despite these restrictions, we increased our annual training spend from R137 million in 2019 to R177 million and created a bursary fund for the dependants of our employees, setting aside R30 000 per beneficiary.

The health and safety of our employees, customers and partners is always top of mind. We have implemented an internal target to conduct an OHS audit in all South African sites annually. This target was not met in 2020 given the COVID-19 restrictions, however, compared to 2019, 97 additional sites were audited (88% of our site footprint), with the sites above our minimum level of compliance increasing from 88% to 91%.

We are saddened to report a fatal accident at one of our parts distribution centres in South Africa on 15 November 2019 and offer our sympathies to the family, friends and colleagues of the deceased. A full independent investigation was undertaken and has reinforced the need for continuous vigilance in enforcing a health and safety culture. We have prioritised our occupational health and safety (OHS) service provider network, the process to identify OHS risks and employee training and awareness as areas for improvement, with benchmarking exercises already started by year-end.



Letter from the Chairman of the social, ethics and sustainability committee (continued)

Transformation and community upliftment

The limitations placed on recruitment and training in the early part of the 2020 calendar year resulted in a drop to a Level 5 rating on our 2020 B-BBEE scorecard[1] – discounted to a Level 6 given our procurement constraints. We have however maintained full points on the scorecard for enterprise and supplier development and socio-economic development. The number of suppliers having valid B-BBEE scorecards has improved to over 70%.

Our four key transformation projects focus on developing sustainable working models for black-owned and managed businesses. Pleasingly, we have handed over one mechanical workshop in Alexandra, Gauteng, and an independent parts retail store in KwaMhlanga, Mpumalanga. Three additional mechanical workshops are due to open in the next financial year.

Our long-standing commitment to providing underprivileged schools with libraries and resource centres continues with an investment of R5,6 million to the Imperial and Motus Community Trust during the year. The 'Road Safety – Powered by Motus' initiative has now reached over 1,6 million learners (since 2011), delivering road safety education in a fun and interactive way. We also played our part to assist vulnerable households and communities in need during the COVID-19 pandemic. We contributed R4 million to the Solidarity Fund and donated Hyundai and Kia vehicles with Beekman canopies, worth R2,9 million in total, to various organisations involved in food relief efforts. Our CSI spend, delivering community support, was maintained at R28 million.

Environmental stewardship

Our strong commitment to environmental stewardship enabled us to secure a £120 million sustainability-linked loan in January 2020. The three-year facility links preferential interest rates with pre-agreed targets to reduce water and fuel consumption by a set range over three years starting from 2019. While we are on track to meet expectations, more work needs to be done to reduce our water consumption from municipalities. Our focus for next year will be to ensure more timely and accurate reporting on water usage from third parties.

Appreciation

Going forward, the SES committee will direct its focus to improving the Group's B-BBEE scorecard rating and the implementation of strategies to drive the achievement of our B-BBEE objectives. It will also oversee the implementation of both the updated people strategy and an integrated OHS framework and oversee future COVID-19 impacts and operational requirements. We will also consider the impact of the economic downturn and the resultant reduction of our workforce on our ESE plans for 2021.

Worldwide, the COVID-19 crisis has highlighted organisational vulnerabilities. Sustainable businesses are not only resilient to shocks, but are able to learn and grow, acknowledge their vulnerabilities and work in an integrated manner with the right stakeholders to find fair and balanced strategies that deliver new ways of working in a changing world. It is our investment in our people, supply chain and communities that creates lasting value for stakeholders.

The Motus team's conduct under pressure, at a time when financial distress could easily cloud judgement and tarnish integrity, has been inspirational to the SES committee. More than proud of our people, we are confident that they have built a corporate reputation and strengthened the foundation of trust on which this company was built and will, in the future, grow. To each member of the Motus family, thank you.



Johnson (JJ) Njeke
Chairman of the SES committee

[1] *Measured against the more stringent Department of Trade and Industry's amended B-BBEE Codes of Good Practice.*

Manage the economic, social and environmental consequences of our activities

Effectively managing the ESE consequences of our activities and actively striving to uphold our commitment to all stakeholders, secures stakeholder trust and our reputation as a good corporate citizen to invest in, do business with and work for.

In addition to its statutory duties, the SES board committee assists the Group in discharging its ethics and ESE responsibilities and implementing practices consistent with good corporate citizenship. The committee reviews issues pertaining to transformation, socio-economic development, people and environmental management as well as ethics management, health and safety and stakeholder relationships.

The SES committee met four times during the year and has six members. Three members are independent non-executive directors, including the Chairman. The remaining members are the Group CEO, Group CFO and the CEO of Financial Services. The Executive of Corporate Affairs, Risk and Sustainability and the Chief People Officer also attend the SES committee meetings. Motus UK and Motus Australia have their own formal committees to oversee, monitor and manage ethics and ESE issues. Material concerns are elevated to the SES committee.

Finance and risk review management committees within each business segment support the SES committee, overseeing risks relating to people, transformation, health and safety, regulatory compliance and stakeholder management.

During the reporting year, a COVID-19 crisis committee was established to provide leadership during this uncertain time. The committee monitors guidance from health authorities and ensures that decisions are taken quickly to contain the spread of the virus and protect our people and stakeholders.

Key activities of and decisions made by the SES committee in 2020

- Oversaw the disciplinary actions in key potential fraud allegations and monitored the incidents reported through the whistle-blowing hotline.
- Reviewed the Group's response to COVID-19. The committee monitors Group compliance to COVID-19-related regulatory requirements and receives reports on the number of infections and recoveries. It also assessed and reviewed the Group's current and potential future scenarios and action plans. The Group's response to COVID-19 is discussed on pages 19, 35 and 64.
- Following the approval of the Motus sexual harassment policy, the committee requested that employees are educated on these types of issues rather than merely being sensitised to a policy. The Group is investigating a generic compliance training programme that will deal with a wide range of matters.
- Reviewed the Group's performance against its five-year Employment Equity Plan. In response to the committee's request, our employment equity reports have been enhanced to enable a more critical analysis of our progress.
- Reviewed the talent management framework and the pilot of the employee performance development system. The committee was also kept updated on the Group's training spend and matters relating to employee relations and employee wellness.
- Critically evaluated the root causes of the fatalities reported for the year and the improvements in operating procedures and behaviours needed to prevent repeat occurrences. The committee requested a critical review of the Group's external OHS service providers to ensure applicable standards are consistently applied. A benchmarking exercise is underway in the parts distribution centres and recommendations are being implemented.
- Reviewed the Group's plans to improve its B-BBEE rating, including preferential procurement, enterprise and supplier development initiatives and the Group's flagship CSI projects.
- Reviewed progress against the Group's environmental targets.
- Approved the Group's supply chain code of conduct.

Manage the economic, social and environmental consequences of our activities (continued)

Benchmarking

The FTSE4Good Index Series provides an annual independent assessment and benchmark of the Group's governance standards and social and environmental performance.

Key outcomes for 2020

FTSE4Good Index Series

Overall score of **3,8** out of five (2019: 4,2)

- Environmental score: 3,3 (2019: 3,6)
- Social score: 3,3 (2019: 4,1)
- Governance score: 4,5 (2019: 5,0).

CDP[2] rating

We submitted our **first CDP disclosure** for benchmarking as the Motus Group in August 2020.

B-BBEE rating[1]

Achieved a **Level 5 rating** – discounted to a Level 6 – on our 2020 B-BBEE scorecard.

Sustainability-linked loan

Secured our second sustainability-linked loan of £120 million in January 2020.

Compliance

There were no material incidents of non-compliance with OHS and environmental legislation or with regulations that govern our products and services.

[1] *Around 80% of our procurement spend is with or linked to OEMs with whom we have stringent distribution and franchise agreements, leaving approximately 20% of our procurement spend that can be directed to preferential suppliers. Our procurement constraints result in our B-BBEE scorecard being discounted. The scorecard is available on our website.*

[2] *Formerly the Carbon Disclosure Project. Submission was extended to August 2020 due to COVID-19 with results pending.*

Key areas of focus for the SES committee in 2021

- Drive the improvement of the B-BBEE scorecard rating, particularly in the areas of procurement and support of small businesses within the motor sector.
- Oversee the implementation of an integrated OHS framework.
- Oversee the implementation of the updated people strategy.
- Oversee future COVID-19 impacts and operational requirements.

Demonstrate consistently ethical business conduct

Overview

For Motus, integrity means always acting with honesty, fairness and transparency and respecting each other, our customers and the communities in which we operate. We operate as a well-governed and ethical company. The trust that OEMs, customers and other stakeholders place in Motus is an outcome of reliability, which requires consistent integrity. This trust is also key to our ability to continue to grow.

It is the responsibility of the board to ensure that good corporate governance practices and principles are applied to maintain high standards of accountability, transparency and integrity. Our leaders are responsible for driving this ethical culture. Employees are responsible for exercising good judgement and obtaining guidance on appropriate business conduct, when needed. The Motus code of ethics guides them in this responsibility.

Maintaining a moral compass is critical in these challenging times where a poor economic climate, exacerbated by the impact of COVID-19, may lead to increased incidents of fraud, corruption and misconduct, including by employees. Unethical behaviour is not tolerated and all instances of alleged misconduct or discrimination reported to management or received through the whistle-blowing hotline are thoroughly investigated.

The return to work after the COVID-19 lockdown ended was undertaken fairly and with an understanding that increased levels of engagement were needed between managers, supervisors and employees. Our reopening was undertaken conservatively and in a staggered approach, ensuring that all businesses met Department of Health regulations and health and safety standards. Our decisions regarding the remuneration of our employees, particularly those who earn commission on sales, were guided by our code of ethics and values.

The impact of COVID-19 on our workforce: page 19.

Protecting our stakeholders during COVID-19: page 35.

Our ethical promises

1 Nothing but the truth

2 Everyone, everywhere

3 Higher standards for managers

Nothing but the truth

Create an environment where honesty and accountability flourish and compliance is a central focus.

A commitment across Motus to maintain the highest ethical standards in all business dealings.

Everyone, everywhere

Every employee representing or working for Motus is expected to follow the code of ethics at all times.

All persons, including service providers, sub-contractors and business partners, are required to act consistently with the code of ethics when acting on Motus' behalf.

Higher standards for managers

All managers have additional responsibilities to create an open environment in which employees feel comfortable to ask questions, raise concerns and report misconduct.

Leaders with behavioural integrity are valued and promoted.

Demonstrate consistently ethical business conduct (continued)

Approach

Management and governance structures

Ethics governance framework

Ethics is a standing agenda item for the SES committee. Our ethics governance framework includes the Motus code of ethics, our Group anti-bribery and corruption policy and conflict of interest policy. The ethics framework applies Group-wide with variations based on regional requirements.

We adhere to the principles embodied in the Universal Declaration of Human Rights, the South African Constitution and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Motus UK and Motus Australia have additional policies linked to Modern Day Slavery Acts. In the UK, we are required to annually provide an anti-modern day slavery statement on our website and Motus Australia is required to report annually against the requirements of Australia's Modern Day Slavery Act.

Our supplier code of conduct sets out our expectations of our suppliers, and we will not hesitate to terminate agreements and relationships that contravene international human rights standards.

Independent service providers manage our whistle-blowing hotline, which supports anonymous reporting by all stakeholders. Any stakeholder is able to report concerns, unlawful, dishonest, disrespectful and environmentally unfriendly behaviour.

Additional information

Hotline tel: 0800 666 005

Hotline email: **motus@tip-offs.com**

Our code of ethics, anti-bribery and corruption policy, conflict of interest policy and supply chain code of conduct are available at **https://www.motuscorp.co.za/responsibility/our-people/**.

Accountability

Business segment CEOs are responsible for ensuring that employees are aware of the Group's values and commitment to acting with integrity.

Stakeholder engagement

Internal engagement

Ethics awareness and training, customised for each business segment, ensure that our people understand the behaviours we expect of them and their ethical responsibilities. During the year, the Group CEO reinforced in all his messaging that we expect employees to maintain our moral compass. The need for ethical leadership and our zero tolerance for fraud was included in all financial presentations to employees.

External engagement

We are a member of the Gordon Institute of Business Science Ethics and Governance Think Tank, which gives us access to thought leadership on ethics management.



2020 performance

- 105 (2019: 127) tip-offs were registered on the whistle-blowing hotline, which remained active during COVID-19 lockdowns. All reports received were investigated by year-end. Only 16% of the fraud- and governance-related tip-offs were valid concerns where disciplinary or remedial action was required. Most of the tip-offs were human resources related. At June 2020, two tip-offs were received relating to employee safety and COVID-19, and were effectively closed.
- Sub-categorised the human resources-related tip-offs received through the whistle-blowing hotline to gain better insight into the nature of the material concerns. We are also revising certain whistle-blowing processes to ensure that the hotline is used to report valid concerns and to improve the tracking of reported incidents.
- Other than the valid concerns raised through the whistle-blowing hotline, there were no material breaches of the code of ethics. Internal audits did not identify any material concerns relating to bribery and corruption, unethical business practices or human rights risks.
- Started investigating new compliance training that covers a wide range of issues, including awareness training on the newly approved sexual harassment policy.
- No public legal cases regarding corruption were brought against Motus, any of its operations or its employees during the reporting period. There are no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.

Looking forward

- Update the code of ethics and continue to enforce ethical behaviour.
- Deliver training and awareness on internal financial controls, fraud prevention and ethics in 2021.

Key data

	2020	2019	2018
Whistle-blowing hotline (Group)			
Total number of tip-offs registered	**105**	127	110
By category:			
– Fraud	**11**	16	12
– Governance	**8**	11	16
– Human resources[1]	**73**	79	65
– Enquiry	**5**	5	1
– Other crime	**1**	0	2
– Corruption	**4**	4	5
– Theft	**3**	9	7
– Fleet management irregularities	**0**	2	1
– Procurement irregularities	**0**	1	1

[1] *Includes incidents of alleged discrimination. Sub-categories have been established and will be reported next year.*

Be an employer of choice in the automotive industry

Introduction

The people strategy implemented over the past two years has achieved a number of successes. It focused on maturing our people policies, practices and systems to establish enabling people practices and harness the collective contributions of a diverse and inclusive workforce to drive organisational growth post the unbundling from Imperial Holdings.

During the reporting year, the people strategy was updated to address our fast-changing business context driven by digital transformation, and to ensure that our human capital management continues to support the Group's business objective to be a customer-centric and innovative organisation. The formulation of the new strategy, once again, included robust engagement with the Group's business segments on their particular human capital needs to achieve their business strategies.

The review of the prior strategy indicated that, in addition to providing standard people policies and guidance, the central human capital function will add value as a centre of expertise on people trends in a changing world of work, and as a mechanism to develop programmes that support the Group's innovation journey and the mobility of talent with the right skills across the organisation.

Our human capital purpose has been redefined to – **provide business informed people practices and frameworks that accelerate innovation and organisation growth.**

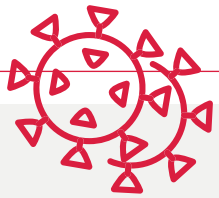
Our human capital imperatives are to:

- Understand, develop and facilitate mobility of critical skills for business and employee growth.
- Foster and leverage a diverse and inclusive work culture to enhance business performance.
- Develop employees and leaders who embody the Motus Way[1] to enable an adaptable and future ready organisation.

The human capital management team received training to enhance their understanding of key accounting concepts, such as profit and revenue, sales and factors that impact essential business metrics. The training has assisted the human resources team to become more aligned to business and will ensure that human resources solutions are better informed by business needs.

[1] *Key behavioural and critical success factors that reflect the Motus strategy, vision and operating model.*





The impact of COVID-19

The economic impact of COVID-19 and the interventions used to contain its spread have been widespread. Our inability to trade during the strict lockdown implemented in South Africa, required urgent measures to contain and reduce costs. Our first priority was to protect our people and stakeholders from infection, followed by measures to protect employee salaries and avoid retrenchments as far as reasonably possible. All advertising and marketing campaigns and capital expenditure were halted and executive salaries were cut. The fixed remuneration of the Group CEO and the CEO of Motus UK was reduced by 20%, and the non-executive and executive board directors and the executive committee members took a 15% cut for six months starting on 1 April 2020.

This meant that from 27 March 2020 to 30 April 2020, our employees in South Africa were paid in full by providing six days of special leave and the balance as 16 days of annual leave. We utilised the government's COVID-19 Temporary Employer-Employee Relief Scheme funding to remunerate eligible staff. In the United Kingdom (UK) and Australia, employees were paid the maximum allowable remuneration. In the UK, we made use of the government's furlough interventions, and in line with Australia's federal government 'job seeker' stimulus package, employees worked reduced hours.

However, these measures to preserve cash reserves and protect the commercial viability of certain of the Group's operations were not enough. As a result, we had to reduce salaries and working hours, implement early retirements, revise employee benefits and embark on voluntary and involuntary retrenchments, in terms of Section 189 (S189) of the Labour Relations Act, to reduce the workforce.

Remuneration for employees earning over R250 000 a year was reduced for six months starting 1 July 2020 – the reduction being between 5% and 10% depending on the salary bracket. There will be no inflationary increase in fixed remuneration for all employees for the 12 months to 30 June 2021.

IR Remuneration report in the integrated report: page 110.

The formal S189 retrenchment consultation processes with labour unions started in May 2020, and the retrenchment process will be completed by the end of September 2020. By mid-September, there were 1 181 voluntary retrenchments, 1 216 compulsory retrenchments and 830 people had left our employ due to resignations and early retirements etc.

We have made an effort to redeploy individuals into other positions within the Group. Going forward, we will consider the impact of the reduced workforce on our employment equity, succession and talent management plans for 2021.

Our contingency plans ensure business continuity in the event that our senior leaders and executives within the business are affected by the virus.

Protecting our stakeholders during COVID-19: page 35.

Be an employer of choice in the automotive industry (continued)

Our strategic priorities

Talent management and mobility

- Identify critical roles and key skills required today and in the future.
- Support the business in developing and sourcing mission-critical skills that will ensure sustained and incremental business growth.
- Create guidelines to govern internal mobility and deployment of people with critical skills.
- Re-establish the performance development system.

Diverse and inclusive work culture

- Provide practices that enable the attitudinal and skills shifts that will accelerate a diverse and inclusive culture, which can be leveraged to drive business growth.
- Support the business in measuring and monitoring the attitudinal shift.

Leadership and people capabilities

- Create a behavioural profile of what it means to 'live' the Motus Way.
- Support the development of leaders and employees to enact the Motus Way.
- Support employees in becoming digitally astute.

Our risks

Regulatory and compliance risk: non-compliance with human capital-related legislation, including skills development and employment equity, could undermine the Group's reputation and result in fines.

People risk: the scarcity of qualified skills and, in South Africa, an ageing skilled working population may challenge the Group's ability to access the talent needed to resource its growth strategies.

Reputation risk: lack of effective employee engagement and failure to inculcate a culture that drives corporate citizenship may undermine the Group's reputation.

Related content

Provide a safe and healthy operating environment for our stakeholders: page 33.

2020 performance overview

People strategy

Updated the people strategy to address our fast-changing business context driven by digital transformation.

Black representation (South Africa)

73% of overall workforce
(2019: 73%).

39% of Dealer Principals
(2019: 40%).

30% at top management level
(2019: 31%)
2020 target: **31%**.

40% at senior management level
(2019: 36%)
2020 target: **44%**.

45% at middle management level
(2019: 43%)
2020 target: **46%**.

Diversity training (South Africa)

233 managers and **1 881** employees attended diversity training
(2019: 296 and 1 713 respectively).

Talent management

Established the **Talent for Growth Framework**, an approach that focuses on strategic talent identification and succession planning.

Women representation (Group)

30% of the Group's workforce are women
(2019: 30%).

Training spend (South Africa)

R177 million equating to **4%** of payroll
(2019: R137 million).

Training hours (South Africa)

63 hours per employee
(2019: 78 hours).

Differently abled people (South Africa)

Of the **146** differently abled people in the South African workforce, **47%** are black and **54%** are women
(2019: 269 differently abled people).

Note: reasons for material variances between years are explained in the 2020 performance sections that follow. Training has been particularly impacted by COVID-19.

Be an employer of choice in the automotive industry (continued)

Approach

Management and governance structures

People governance framework

Matters relating to human capital management are reported quarterly to the social, ethics and sustainability committee. This includes employment equity, learning and development, talent management and employee relations. Any key issues are elevated to the quarterly board meetings.

Our five-year Employment Equity Plan, which covers employment equity and skills development, is submitted to the Department of Employment and Labour as well as annual reports on our progress and compliance. The Workplace Skills Plans and Annual Training Report are submitted to the relevant SETAs[1].

How performance is measured

In South Africa, targets for race, gender and disability at each occupational level are set across each business segment and consolidated at a Group level. Training spend and hours of training for South Africa are independently assured once a year. As part of the broad-based black economic empowerment (B-BBEE) scorecard, employment equity and skills development in South Africa are independently verified annually. Our performance development system tracks individual employee development plans and training.

Accountability

The development of the people practices, frameworks and broader strategy and their implementation are the responsibility of the Chief People Officer (CPO). Each business segment has a human resources executive who works closely with the CPO. Various human resources teams across business segments and geographies manage day-to-day human capital management practices.

All CEOs of businesses in South Africa are accountable for the B-BBEE performance of their areas of responsibility. 20% to 30% of their performance incentives are linked to achieving employment equity targets.

[1] *Sector Education and Training Authorities.*



Driving a high-performance culture

(Kia example)

Kia has identified improved learning initiatives and employee engagement as key factors of success in driving a culture of high performance and innovation. The brand's first round of employee assessments targeted customer-facing employees, with 130 sales consultants participating. The assessment identified the competencies this group of employees need to achieve success as well as developmental areas that must be addressed.

Further engagement with employees at all levels will be undertaken, providing them with a clear understanding of their contribution toward achieving the brand's vision. A component of this engagement is Kia's new induction programme, which uses a new approach to deliver training content in an interactive and fun way. Training that matches development needs will take a blended approach with a focus on e-learning. Kia Accelerate, the new learning management system launched in January 2020, tailors online content to specific employee groups and assists the human resources function to better manage training and development.

In the months ahead, Kia will identify mission-critical roles and using the Group's talent management framework will identify key talent with the potential to fill these roles. These individuals will be provided with the development and grooming needed to prepare them for the transition.

Stakeholder engagement

Internal engagement

Regular engagement and collaboration takes place between human capital teams across Motus to achieve common human capital objectives. We have also increased the frequency of our engagement with our employees and aligned our messaging across business segments and geographies.

During the year, we conducted a survey to gain insights on the Group's diversity training in South Africa. Encouragingly, 92% of the 417 respondents felt that the training was valuable and 95% indicated that they would recommend it to others.

554 disciplinary, 36 grievance and 165 poor work performance hearings were held in 2020. The majority of the disputes referred to the Dispute Resolution Centre or Commission for Conciliation, Mediation and Arbitration have been awarded in favour of Motus and its respective subsidiaries. Arbitration awards found in favour of Motus that are referred to the Labour Court may take two to three years to finalise under current circumstances.

External engagement

The motor industry successfully signed a wage agreement with the National Union of Metalworkers of South Africa (NUMSA) valid to August 2022. Collective bargaining agreements with NUMSA and the Motor Industry Staff Association cover 7 556 employees.

2020 performance

- Continued to standardise essential human capital-related policies to enhance the fair and consistent management of our people, enable talent mobility and reduce human capital costs in the workplace.
- Following an extensive evaluation and testing process, we decided to retain the existing payroll applications and we are integrating these into the new Sage X3 human resources database. Once completed, this will provide consolidated human resources reporting across all Motus businesses in South Africa.

Looking forward

- Test the relevance of the new people strategy following COVID-19, identify and develop the projects to drive the new people strategy and define the key performance indicators to measure progress.
- Manage the impact of COVID-19 on our workforce, addressing the knock-on effect on skillsets, capabilities and morale and ensure transparency, inclusivity and consistency in our processes.
- Review our human capital service offerings and consider new technologies to engage with and develop our people in a new remote working environment.
- Manage the impact of digitisation and automation on people as we accelerate our operations for simpler, faster ways of working.
- Integrate repetitive administrative human capital transactions into a single function to minimise duplication of effort and costs.

Be an employer of choice in the automotive industry (continued)

Talent management and mobility

To improve productivity and achieve our strategic objectives, we must have a clear idea of the new and critical skills needed now and into the future.

This must be supported by effective people practices able to identify talent within the Group, source it externally and manage performance development to ensure we grow skills in these areas. Key to attracting and retaining these skills is being able to move talent between our operations, not only as secondment opportunities offering an attractive and unique employee value proposition in our sector, but to also unlock organisational value by placing talent where it can make the most impact. Success will provide robust succession planning based on the depth of the talent pipeline.

Key challenge

- Fierce competition for top talent, particularly relating to IT, analysis- and data-related and financial services skills.



What we are doing

The Talent for Growth Framework, established in the reporting year, focuses on strategic talent identification and succession planning. The objective of the framework is to future proof our leadership through effectively assessing talent to identify successors, facilitate internal career growth and address any capability gaps. The process is premised on understanding the business context and the critical roles and leadership skills and talent needed to achieve current and future strategic business objectives. Once key talent for critical roles is identified, candidate successors are sourced from internal and external pipelines.

Our integrated talent management approach also covers performance management, ensuring that our development programmes are fit-for-purpose, and will align employee capabilities and expectations with business objectives and career opportunities.

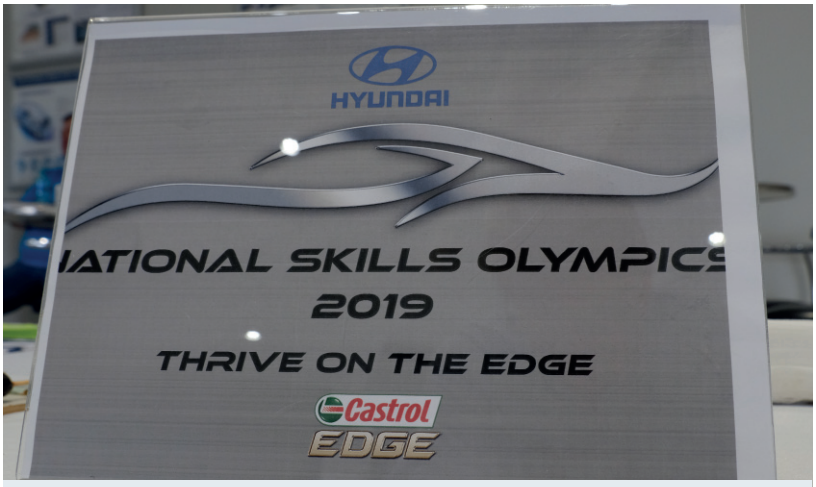
The revised performance development approach drives better engagement between employees and their line managers, and ensures that employees are assessed fairly, developed appropriately, and rewarded and recognised for exceptional performance. It also identifies corrective development or supportive actions to manage poor performance.

We are also building strong relationships with universities and tertiary institutions and introducing programmes that are attractive to graduates.

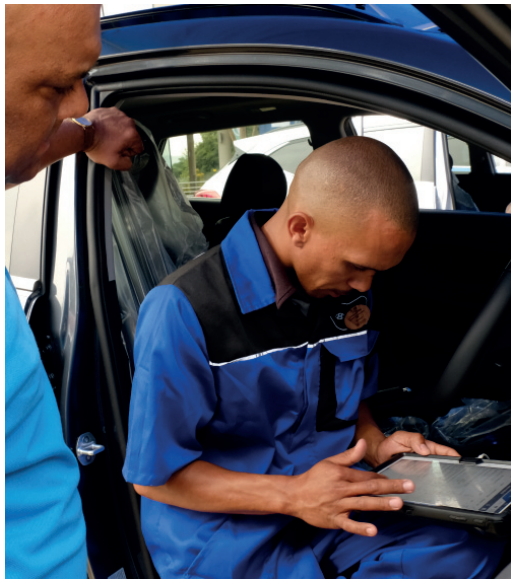
2020 performance

Group

- Started the second pilot of the performance development approach in September 2019, which incorporates the feedback received from the first pilot. As part of this pilot, expectations and standards of performance were agreed between participating line managers and employees in October 2019, and interim performance reviews were held in March 2020. Additional engagement has taken place with business leaders and human resources managers on the flexibility and customisation of the system for each business segment. The individual performance rating score is split between performance and values-based behaviour with the ratio depending on the unique nature of the business concerned. Guidelines and training are assisting the consistent determination of values-based behaviour.
- Effective career conversations continued despite the impact of COVID-19. Our managers have had to adapt to leading remote teams, taking new approaches to performance conversations, focusing on outcomes and communicating effectively in a virtual environment.
- Participated in three career fairs at the universities of Johannesburg, Witwatersrand and Cape Town to create awareness of the Motus brand as an employer of choice. Over 3 500 students were engaged and 874 curricula vitae sourced, providing a database of young talent from which our businesses can recruit.



A participant in Hyundai's 2019 National Skills Olympics.



Looking forward

- Continue to progress the performance development approach and system to drive greater alignment between employees and business goals, to measure the productivity of employees including those working remotely, and to identify critical roles and key skills.
- Improve human capital processes at business unit level to ensure there are sufficient candidates from designated groups (black people, women and differently abled people) within the senior and middle management levels to fill top management positions in the longer term.
- Develop guidelines to govern internal mobility and deployment of people with critical skills across the Group.

Be an employer of choice in the automotive industry (continued)

Diverse and inclusive work culture

We aim to drive an inclusive and collaborative high-performance culture that empowers employees to contribute to business growth, and provides Motus with diverse thinking that drives business results and improves engagement with our diverse customer base.

In South Africa, we continue to work towards transforming our workforce to reflect South Africa's demographics. Executive management recognises that this objective requires an accelerated approach to transformation and has tasked the business segments with pursuing more aggressive internal targets supported by effective plans.

Key challenges

- Transformation at top and senior management level given limited new management positions in a negative growth economic climate, exacerbated by COVID-19.
- Correcting the low representation of women in key leadership roles in the automotive industry.
- Attracting people with disabilities into our employ and advancing their careers.

20 employees participated in the 2019 Women in Leadership Programme, which aims to create a pipeline of influential women leaders.



What we are doing

A key focus for the Group is providing opportunities for all employees and delivering effective collaboration platforms across multiple workforce segments, providing individuals and teams with the opportunity to share new ideas and contribute to problem-solving.

In South Africa, clear, co-ordinated and targeted interventions are used to source, develop and promote candidates from designated groups to drive the achievement of our transformation targets at management level as well as other employment equity and skills development targets. We are using our talent pipeline programmes to create a pool of entry-level candidates from designated groups from which we can fill posts when they become available. We continue to maintain an appointment, promotion and training ratio of 70:30 in favour of employees from designated groups.

Our diversity training and people policies convey the behaviours we expect of our managers and employees to foster a healthy and inclusive working environment where everyone can perform to their full potential. Our Diversity Training Programme raises awareness on the value of diversity, empowers managers to lead diverse teams and educates employees on how to work in diverse teams.

2020 performance

Group

- Set ambitious internal employment equity targets to accelerate transformation, particularly at senior and middle management levels. We also enhanced the robustness of employment equity reporting to the board to enable a more critical analysis of our progress.
- Improved year-on-year black representation at senior, middle and junior management levels. We narrowly missed our internal stretch targets by 1% at top and middle management level, and were behind target by 4% at senior management level due to limited recruitment at this level during COVID-19. Measured against South Africa's economically active population, African men and women are under-represented. The number of differently abled people employed in South Africa dropped due to learnership contracts coming to an end.
- Earmarked senior and middle management positions for black professionals as part of succession planning, including the appointment of two black divisional CEOs in the short term.
- Of the 2 815 people hired in South Africa during the year, 74% are black.
- Developed a disability policy to support the reasonable accommodation of differently abled people and create an inclusive workplace environment. We have also developed a disability awareness campaign to encourage differently abled employees to declare their condition and ask for reasonable accommodation. The launch of the campaign is scheduled for October 2020.
- On track to meet our 2021 diversity training target with 2 114 people attending diversity training, a 5% increase compared to 2019.

Accommodating differently abled people

(Financial Services example)

Recognising that certain differently abled people are unable to leave their homes or places of care due to their special needs but are still able to contribute in the work environment, Financial Services introduced the Vumela initiative to provide these workers with flexible and remote working arrangements in a satellite office.

After an initial successful partnership with the Ann Harding home in Gauteng, from where five people were employed, a further four people have been brought onto the programme.



All nine employees participated in a 12-month business administration learnership (NQF4[1]), which concluded in June 2020. Three learners have been permanently employed and have participated in the Financial Services induction programme and are now well acclimated to their roles and the culture of our business.

Other learnerships for differently abled people: page 68.

[1] *South Africa's National Qualifications Framework (NQF) level 4.*

Looking forward

- Provide practices that enable the attitudinal and skills shifts that will accelerate a diverse and inclusive culture.
- Continue to drive robust internal transformation targets and initiatives. We will also engage with business segment CEOs and review our 2023 employment equity targets given the recent retrenchments and negative growth environment.
- Review the delivery of diversity training given social distancing requirements.

Be an employer of choice in the automotive industry (continued)

Leadership and people capabilities

Effective leadership mobilises and inspires teams, engages effectively with stakeholders and steers an organisation through the changes needed to address ever-increasing technologically driven industry advances and uncertain and challenging times.

We require our leaders to be experienced and agile, have the right skills to execute Motus' strategy, make effective decisions that impact our customers and processes, and be able to motivate our employees and attract and retain talented people. Our leadership development programmes help our leaders meet these expectations and equip them to motivate high-performance teams.

The fast, supportive and compassionate decision making in response to COVID-19 is testament to the strength, agility and skill of our leadership team. Within two weeks of the national lockdown announcement, the team had a blueprint in place to take the Group forward when restrictions were lifted. This included business segment management teams working together on ways to capture demand and achieve more attractive price points for customers.

Tailored training and development opportunities are delivered at all employee levels. A focused skills development and training approach enables the Group to achieve its strategic objectives, meet its transformation targets and ensure that a pipeline of skilled people are available for appointment to critical positions when required. For employees, training and development supports them in their roles and to fulfil their career aspirations.

While our training and development programmes were suspended due to COVID-19, we are committed to maintaining our investment in skills development, with a particular focus on expanding and repeating our learnerships for differently abled people.

Key challenges

- Availability of skills and expertise to drive strategic objectives, particularly digital expertise, to maintain our leadership position in the fast-changing automotive industry. In South Africa, this is made more difficult due to the emigration of skilled labour resources.
- Ensuring that leaders maintain the desired management style in a pressured business environment.

What we are doing

We use a blended approach to learning – 70% is on-the-job learning including job assignments, 20% is delivered through coaching and mentoring and 10% is classroom-based or delivered online. Training focuses on addressing functional and technical competency gaps at all employee levels. The performance development approach ensures that employees receive the right training to help them meet their responsibilities and advance their careers.

The Motus Leadership Academy provides our leaders with the skills needed to achieve the Group's strategic objectives. Development programmes target executives, women and employees identified as potential future leaders. Our key leadership programmes are:

- The three-month Executive Development Programme (a partnership with Henley Business School) to help leaders transition into strategic leadership roles.
- The seven-month Women in Leadership Programme (a partnership with the Gordon Institute of Business Science) to help women improve their efficacy as authentic and effective leaders in a male-dominated environment.
- The 12-month Dealer Principal and Portfolio Manager programmes, which focus on black employees with the potential to become dealer principals and portfolio managers.

The Motus Technical Academy – the largest training academy for motor artisans in South Africa – trains around 2 000 apprentices a year (for Motus and its peers).

2020 performance

Group

Management training (South Africa)[1]

211 employees participated in a managerial programme – **70%** of participants are black and **25%** are women
(2019: 654).

Technical training (South Africa)

Technical training accounted for **84%** of total training spend
(2019: 82%).

[1] *The 68% decrease is due to the impact of COVID-19 on face-to-face training.*

Motus Technical Academy (South Africa)

795 apprentices trained by the Academy were paid by Motus, **86%** of whom are black
(2019: 686).

95 qualified apprentices were hired and are part of the feeder pipeline for critical workshop positions
(2019: 93).

The Academy is supporting the National Skills Fund's largest project to train **600 apprentices**, who are trained for the broader motor industry.

- Introduced two new managerial development programmes. One is designed to upskill newly appointed line managers to manage people and business challenges effectively. The second is a refresher course for experienced middle managers, covering how to lead teams effectively and teaches interpersonal skills such as conflict management, communication and managing team dynamics. The programmes together reached 51 employees.
- The intakes for the Executive Development, Women in Leadership, Dealer Principal and Portfolio Manager programmes were suspended due to COVID-19 but will resume in January 2021.
- Continued to expose Motus executives and employees to innovation through the following initiatives:
  - Our membership with Plug and Play in Silicon Valley.
  - Innovation sprints in partnership with XU Exponential University in Berlin.
  - Collaboration across business segments and businesses on proof of concept projects.
  - The launch of the Motus Xponential (m^x) innovation digital platform (see page 30).
- Our training spend of R177 million (South Africa), exceeded the Skills Development Act's requirement that training spend equates to 1% of payroll. However, it was below the 6% required by the dti Codes[2] for the skills development of black employees, impacting our scorecard rating. 71% (2019: 70%) of this training spend was used to develop black people and 18% (2019: 14%) to develop black women.
- Introduced standard operating procedures applicable across the Group to enhance the accuracy of training data.

Business segments

- Kia and Renault implemented new learning and development systems, and Car Rental is investing in the upskilling of its IT resources.
- Financial Services continued to deliver training through two e-learning platforms. The first supports continuous professional development accredited courses ('fit and proper' training), full product training and cybersecurity courses. The second provides product training in a fun game format. Financial Services also launched an 18-month Trainee Manager Programme for high performers with the potential to grow into a managerial role. Candidates are awarded a full NQF5 qualification upon completion.
- Motus UK ran a management development programme for a selected number of leaders, which is expected to improve customer and employee satisfaction as well as financial performance. A series of virtual workshops were also launched to help leaders increase their legitimacy, trust, contribution and accountability during a crisis.

[2] *Department of Trade and Industry's amended Broad-based Black Economic Empowerment Codes of Good Practice.*

Be an employer of choice in the automotive industry (continued)

Driving employee innovation



Innovation is not new to Motus, standing us in good stead for the rapid technological advances being made in the motor industry today. In October 2019, we launched the Motus m^{x} digital platform to harness the talent and energy of our employees and to foster a culture of innovation in our business. The platform provides innovative thinkers, creative problem solvers and people interested in technology with the opportunity to learn and share information on new ideas and technologies, thought leadership, and innovation and automotive trends.

m^{x} drives collaboration between teams, departments or employees that would not normally engage with each other in their day-to-day business operations. It also showcases our innovation initiatives to employees and key stakeholders.

In addition, the platform is used to deliver relevant training and online courses, including the 'embracing entrepreneurship and start-up' masterclass and 'how to bring innovation into your job' workshop. Future courses will cover artificial intelligence, digital disruption, the future of work and Industry 4.0. m^{x} will help the Group to identify employees who are highly engaged in innovation and will enable an annual innovation audit to measure the perception around innovation within the business.

We held a one-week innovation sprint, challenging employees to develop testable prototypes to improve the way we sell vehicles to first-time car buyers by reducing the average vehicle sales transaction time. During October, two teams developed fresh, fun and engaging approaches targeting different audiences and needs. Both solutions are being tested – paperless deal files at Kia and Renault dealerships and, Moov, a web-based chat functionality that matches first-time buyers to a deal that meets their requirements.



The Motus Training Academy offers full apprenticeships and learnerships for motor, diesel and motorcycle mechanics, auto-electricians and spray painters. These programmes address youth unemployment, developing quality artisans and making them more employable in the automotive industry. A key focus is to target female apprentices.

Looking forward

Group

- Identify the key behavioural and critical success factors that reflect the Motus strategy, vision and operating model (the Motus Way) and develop training programmes to help leaders and employees live these behaviours.
- Continue to facilitate accelerated development programmes for identified succession pools and deliver programmes that help employees become digitally astute.
- Ramp up our efforts to deliver mobile digital learning platforms to enable greater remote access to training material and programmes, and reduce learning management costs.
- Continue to establish a culture of innovation and collaboration by exposing executives and employees to innovation.

Business segment

- Create and implement an IT skills readiness plan for Financial Services to identify skills gaps in terms of cloud technology and ensure that the business segment's IT employees are prepared for the associated changes.

Key data

	2020		2019	2018
Number of employees (Group)				
Total number of employees	**17 499**		18 628	18 306
Total number of employees in South Africa	**13 743**		15 028	15 163
Number of non-permanent employees in South Africa	**416**		965	596
Regional breakdown (Group)				
South Africa (%)	**79**		81	–
Australia (%)	**3**		3	–
UK (%)	**18**		16	–
Female representation (Group)				
Overall (%)	**30**	■	30	–
Top management (%)	**15**	■	15	–
Senior management (%)	**19**	▲	18	–
Employee representation (Group)				
Percentage of employees covered by collective bargaining agreements (%)	**43**		45	45
Executive development (Group)				
Number of participants in the Executive Development Programme	**Deferred[1]**		26	–
Percentage of participants in the Executive Development Programme that are women (%)	**Deferred[1]**		30	–
Number of participants in the Women in Leadership Programme	**Deferred[1]**		20	–
Managerial development programmes (Group)				
Number of participants[2]	**211**	▼	654	489
Percentage of participants that are black (%)	**70**	▲	59	55
Percentage of participants that are women (%)	**25**	▼	33	17
Motus Technical Academy[3] (South Africa)				
Number of apprentices enrolled	**795**	▲	686	875
Percentage of apprentices that are black (%)	**86**	▲	80	81
Number of apprentices that qualified as technicians	**95**	▲	93	104
Overall training statistics (South Africa)				
Training and development spend (Rm)	**176,6***	▲	137,4	132,4
Training and development spend per employee (R)	**12 850**	▲	9 143[5]	8 732[5]
Number of training hours	**864 014[4]***	▼	1 178 027	1 053 020
Training hours per employee	**63**	▼	78[5]	69[5]

[1] *Deferred due to COVID-19 and will resume in January 2021.*
[2] *The 68% decrease is due to the impact of COVID-19 on face-to-face training.*
[3] *Reflects the apprentices supported by Motus meaning that they are paid from our payroll but do not necessarily work in our operations. The Academy also trains apprentices from other businesses.*
[4] *Overall training hours decreased due to the impact of COVID-19 on face-to-face training, however, training spend increased as online training costs increased and learner stipends and training staff salaries continued to be paid despite restrictions.*
[5] *Scope changed to South Africa.*

■ Satisfied with performance.
■ Area for improvement.

* *Assured (see the independent limited assurance report).*

Be an employer of choice in the automotive industry (continued)

Employment equity (South Africa)

Occupational levels	Men (number)		Women (number)		Foreign nationals (number)	Black representation (%)		
	Black	White	Black	White		**2020 actual**	2020 target	2019 actual
Top management	1	6	2	1	0	**30**	31	31
Senior management	34	60	17	14	3	**40**	44	36
Middle management	537	642	221	258	15	**45**	46	43
Junior management	1 331	590	461	327	34	**65**	65	63
Semi-skilled	3 862	783	1 800	802	52	**78**		76
Unskilled	1 056	20	382	0	16	**98**		97
Non-permanent	253	27	114	15	7	**88**		89
Total employees	7 074	2 128	2 997	1 417	127	**73**		73
People with disabilities	37	29	32	47	1	**47**		64

Verification by AQRate.

In the period 1 July 2019 to 30 June 2020, 2 815 employees were hired with 60% being at the semi-skilled level and 74% are black people. 4 049 employees exited the Group with 54% being at the semi-skilled level and 71% being black. Of these exits, 47% were resignations and 17% retrenchments.

Provide a safe and healthy operating environment for our stakeholders

Introduction

The health and safety of our employees, customers and partners is always top of mind, which during the year extended to ensuring that we prevent and minimise the potential spread of COVID-19.

As a business that relies heavily on people, the morale of our employees has a direct impact on our success in meeting our strategic objectives and customer expectations. This was particularly evident during the pandemic where we relied on the resilience of our people to ensure the successful continuity of our day-to-day business processes and the upkeep of our customer service standards under challenging circumstances.

Our strategic priorities

- Actively manage the current and long-term impact of COVID-19.
- Ensure occupational health and safety (OHS) procedures meet business requirements and comply with legislative requirements and guidelines.
- Embed the best safety practices and a safety mindset across the Group.
- Provide employees with access to services that support their wellbeing.

Our risks

COVID-19 risk: the spread of COVID-19 leading to illness, and potentially death, impacting productivity and resulting in high rates of absenteeism. Non-compliance with COVID-19 related OHS requirements could result in the closure of a business site.

Regulatory and compliance risk: non-compliance with OHS legislation and failure to protect employees, customers and other stakeholders from injury, could undermine the Group's reputation, result in fines and negatively impact productivity.

Provide a safe and healthy operating environment for our stakeholders (continued)

2020 performance overview

Motus Group

Of our **567** sites, including five in East Africa and 30 in Australia, we achieved an **83,6%** audit coverage with an average score of 90%.

South African business sites

88%[1] of our 459 businesses were audited with **91%** achieving the OHS compliance target score
(2019: 88% met the compliance target score).

Target score: **85% compliance (as a minimum) with the OHS checklist.**

UK business sites

81% of our 73 business sites achieved the OHS target score
(2019: 93% achieved the target score).

Target score: **internal stretch target of over 90%**.

Our OHS framework proved resilient during COVID-19, with all business segments successfully implementing the appropriate health and safety procedures.

Motus UK

17% reduction in on-site accidents and injuries
Target: **15% reduction**.

100% reduction in road accidents and injuries
Target: **15% reduction**.

Road accidents (Group)

0,100 road accidents per million kilometres
(2019: 0,152).

0,096 road injuries per million kilometres
(2019: 0,156).

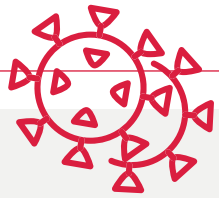
On-site injuries (Group)

216 injuries
(2019: 273).

Fatalities

One
(2019: two).

[1] *Not all sites were audited due to COVID-19 restrictions and social distancing requirements.*
Note: OHS metrics include employees and third parties, with the exception of fatalities which cover Motus' employees only.
Note: reasons for material variances between years are explained in the 2020 performance sections that follow.



Protecting our stakeholders during COVID-19

The need for limited physical contact during COVID-19 presents a fundamental shift in our operating model, necessitating increased dependence on digital strategies and the redesign of a number of key interaction points with customers, our people and other stakeholders.

Health and safety procedures have been implemented across the Group to respond to the pandemic, and are continually modified and enhanced as developments and expectations from governments and health authorities progress. A COVID-19 crisis committee, led by the Group CEO, is tasked with providing leadership during this uncertain time, including monitoring guidance from health authorities, and in turn, making decisions quickly to implement the necessary controls across the Group. The committee also oversaw the updating of business continuity and resumption plans for each business segment, by business site and covering people, technology and customer management.

New policies and procedures

Employees who are able to work from home have been set up with remote capability. Safe working environments are provided for employees who are critical to our customer relationships and needed on-site for critical business functions. All employees must wear face masks, and business sites and offices are sanitised and social distancing procedures enforced. The use of cards has replaced the biometric access system to our buildings and we check the temperatures of all people entering our premises.

During lockdown, we reviewed our medical aid, leave and staff commissions policies, restricted staff movement and business travel, and cancelled all social and face-to-face training events. By 8 June 2020, most of the workforce was back at work albeit under different working conditions. Our spacious dealerships with good natural ventilation worked to our advantage, enabling the quick implementation of new health and safety protocols. This, together with our strong leadership teams and digital platforms, meant we were rapidly able to start trading as soon as restrictions eased.

Additional measures include, among others:

- A COVID-19 policy and governance framework that sets minimum standards and ensures compliance with health authorities' guidelines.
- The appointment of COVID-19 compliance officers and site representatives.
- Workplace plans, identifying where there may be vulnerabilities or high-risk areas and the actions needed to adapt operating procedures and introduce social distancing measures.
- Track and trace capability and employee health disclosure mechanisms.

To ensure the Group's requirements were consistently met across all operations in South Africa, we leveraged our supplier relationships to procure and distribute 22 500 cloth masks, 34 700 disposable masks, 10 000 face shields, 580 thermometers and thousands of litres of sanitiser. Personal protective equipment was also distributed to our employees in other parts of Africa.

Our operations beyond South Africa implemented the measures required by their governments and health authorities. In the United Kingdom (UK), this includes conducting full site risk assessments.

At the end of August 2020, five of our employees had sadly succumbed to the virus and 538 (523 in South Africa, three in Malawi and 12 in the UK) had tested positive. Our procedures have ensured that the affected operations continue to meet required service levels safely.

Provide a safe and healthy operating environment for our stakeholders (continued)

Stakeholder engagement

Regular messages from the Group CEO, clear COVID-19 guidelines and procedures, and information delivered through multiple channels, have kept employees updated on developments within the Group and well informed on new ways of working and how to prevent infection. Guidance was also provided on the management of sick leave during the pandemic, on working from home, travelling to and from work, and employee assistance programmes. Feedback indicates that our people have appreciated this increased level of engagement. Listening to and empowering our people is just as important and some good ideas have been generated on how to manage challenges raised by the pandemic.

We engage with the independent dealer network, guiding these business owners on how to implement our required COVID-19 measures. We have also increased our engagement with our customers and suppliers on safety measures, and are enhancing our ability to engage remotely with our customers, including through online platforms and apps. In addition, vehicles are collected and delivered to and from a customer's home or workplace, where feasible. Changes have also been made to the way we conduct customer test drives, including sanitising all touch points in the vehicle once a test drive is completed.

New ways of engaging

(Renault example)



Customer engagement

Renault developed a series of short 'RENAULT DID YOU KNOW' webisodes for social media platforms. The webisodes address many topics and questions related to COVID-19 raised by Renault's stakeholders. The webisodes also serve to provide a more human touch at a time when distancing creates a barrier to providing personalised engagement.

Dealer support

Using its customer call centre cloud-based telephony system, 3CX, Renault successfully hosted a National Dealer Webinar with over 140 attendees. A question and answer facility allowed Regional Directors, business owners, Dealer Principals and Sales Managers to participate in the webinar. In addition, focused and concise online sales training has been designed to provide an engaging and interactive learning experience. The existing SHIFT mobile app, which supports the sharing of vital information with the dealer network and the payment of dealer incentives, was updated with user-friendly functionality that allows dealers to direct their questions to Renault's head office.

Employee engagement

To keep employees fully informed of all COVID-19 developments, an internal communications workstream was established via email and SMS, allowing for two-way communication with staff.

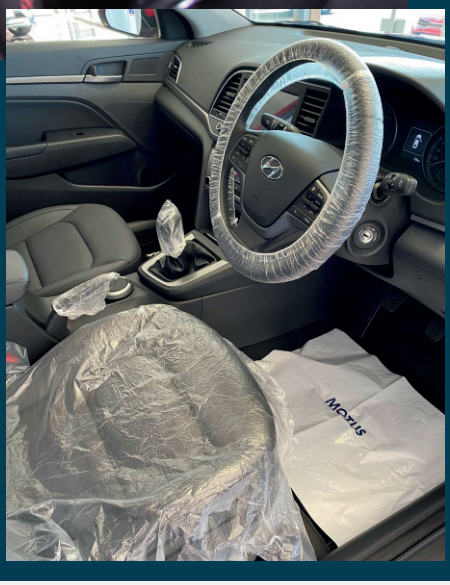
Motus also supported its communities in South Africa, Africa and the UK during the pandemic. Our contributions are covered on page 64.

Looking forward

Our executives remain committed to preventing the spread of COVID-19 and implementing the necessary procedures to ensure that when a possible infection is detected, we are able to respond quickly and effectively.







Provide a safe and healthy operating environment for our stakeholders (continued)

Approach

Management and governance structures

OHS governance framework

The social, ethics and sustainability (SES) board committee and the finance and risk review management committees oversee the management of health and safety at a Group and business segment level respectively, as well as compliance to relevant OHS legislation across all jurisdictions of operation. All fatalities are thoroughly investigated and reported to the SES committee.

In the UK, the operational and main boards monitor compliance to OHS policy, legal requirements and best practice. In addition, Motus UK is required to state annually on its website that it is in compliance with OHS legislation.

How performance is measured

All injuries are reported monthly on the Group-wide Motus sustainability management system. During the year, OHS reporting was standardised and streamlined across the Group to include on-site and COVID-19 safety metrics as well as those pertaining to road safety.

The underlying OHS system in the UK is a comprehensive solution that tracks and manages incident reporting, regulatory compliance, risk assessments, action plans and training, as well as contractor permits and equipment maintenance schedules, using a computer, tablet or phone. All employees have access to the system to ensure that all on-site incidents and near misses are reported.

In South Africa, all business sites are independently audited on their compliance to OHS requirements at least once a year with more frequent self-assessments in the interim. In the UK, the internal health and safety auditor audits sites twice a year. Sites that do not meet the compliance target are re-audited within three months. In Australia, formal audits take place once a year with frequent informal audits, particularly in the dealerships.

Accountability

Each employee is held accountable for working and operating in ways that adhere to our OHS policies and processes. This includes identifying and reporting potential risks or unsafe acts and conditions.

In South Africa, the Group Risk and Sustainability function develops and monitors the implementation of OHS procedures. A network of OHS committees and safety representatives across individual businesses, implement the business segment-specific OHS plans and manage day-to-day OHS matters.

The CEO of Motus UK holds ultimate responsibility for health and safety and is supported by a health and safety compliance manager, health and safety auditor and a network of regional health and safety officers.

In Australia, each site manager is responsible for ensuring effective implementation of OHS measures.

Stakeholder engagement

During the year, key health and safety conversations with stakeholders, particularly employees and regulators, naturally centred on COVID-19. Employees also frequently engage with us on injuries while on duty, safety equipment and OHS training. Our discussions with sub-contractors focus on our on-site health and safety procedures and engagement with external OHS auditors and regulators centre on compliance to emerging and new OHS regulations.

Internal engagement

The Group Risk and Sustainability function collaborates with businesses to ensure that OHS procedures and processes are correctly implemented.

OHS training and awareness assists employees to meet their OHS responsibilities and adhere to legislative requirements as well as ensure that equipment is operated safely and hazards are managed responsibly. In South Africa, a fatal accident at a parts distribution centre (PDC) has highlighted OHS training as an area for improvement.

In the UK and Australia, training is supplemented with method statements, toolbox talks and morning briefings to ensure that control measures for potentially harmful tasks are understood.

External engagement

In the UK, the Health and Safety Compliance Manager is a chartered member of the Institute of Occupational Safety and Health and Motus UK is a member of the British Safety Council, providing us with access to additional safety guidance.

Motus Australia is a member of the Victorian Automotive Chamber of Commerce and the Motor Traders' Association of New South Wales, providing access to the latest work health and safety advice. Membership also serves as a mechanism to lobby government for changes in OHS legislation.

Employee safety and wellbeing

A working environment that is safe and supports employee wellbeing ultimately results in improved productivity. Our most prevalent safety risks are in the mechanical workshops, particularly the commercial vehicle workshops, where our employees work with machinery. Racking and working at height are safety risks in our warehouses that require ongoing vigilance.

We are saddened to report a fatal accident at one of our PDCs in South Africa on 15 November 2019, where the employee concerned unfortunately did not follow required safety protocols. We have provided the Department of Employment and Labour with all the necessary documentation and will comply with any further directives that the department may require. A full independent investigation was also undertaken and, despite a robust and compliant OHS system, the incident reinforced the need for continuous vigilance in enforcing a health and safety culture. The following areas have therefore been prioritised:

- A review of external OHS service providers and consultants aligned to the risks being assured.
- A benchmarking exercise to identify the risks per site to enable customised checklists and assurance suitable for each operation.
- Increased employee training and awareness.
- Increased engagement with CEOs and Managing Directors of all businesses, reinforcing their accountability for OHS performance.

In the UK, our excellent occupational health and safety standards have given us a competitive advantage when tendering for business, particularly in the public sector where we are able to meet high safety and quality expectations. Counting in our favour, is our commitment to open and honest reporting of all health and safety events, the implementation of clear action plans when instances do occur and our willingness to work with customers to meet their OHS requirements when working at their sites.

Key challenges

- Embedding consistent safety measures that comply with legislation across operations.
- Lapses in compliance with the OHS checklist in South Africa due to employee attrition within businesses.
- Differing standards held by OHS service providers and auditors.
- Increasing number of referrals to wellness service providers, with the majority relating to the tough economic climate in South Africa, depression, anxiety and stress.

What we are doing

All sites in South Africa are expected to maintain gold status as a minimum OHS rating, which is a compliance score of 85% with the OHS checklist. Action plans are developed for sites with ratings below gold status and these sites are then re-audited within a set period of time. Compliance to the OHS checklist is reviewed quarterly. A similar approach is adopted in the UK where sites must meet a minimum OHS pass score. Daily vehicle roadworthy checks are undertaken and documented in Aftermarket Parts as an additional safety measure.

In Australia, all new employees complete online training on safe working procedures prior to starting work, followed by an assessment of their work practice within 30 days.

Our employees have had to contend with the impact of COVID-19 on their personal lives and at work where new ways of working were quickly implemented, as well as the uncertainty brought about by the Group's organisational restructures, which are necessary to ensure our resilience to the economic and financial impacts of the pandemic. These changes have added to the stress and financial pressures already felt by

Provide a safe and healthy operating environment for our stakeholders (continued)



many South Africans in a difficult economic environment. Our employee wellness services continued to be accessible Group-wide, and in South Africa, usage of these support structures increased during the year.

Our wellness initiatives include:

- In South Africa and East Africa, employees have access to counselling services. Some business segments and brands host wellness days, which typically provide employees with access to free eye tests, health screens and advice from various healthcare practitioners, dieticians, physical trainers and financial advisers. Where operations allow, some businesses support flexitime to reduce time spent commuting and enable employees to better balance work and family responsibilities.
- Motus UK's independent occupational health provider oversees health surveillance interventions, including legislated medical examinations, and assists employees who need counselling, help with stress and health issues and rehabilitation from workplace accidents. Motus UK's employee assistance programme provides employees and their immediate family members with confidential counselling services and professional financial advice. Advantageous saving and credit interest rates are available for those earning lower incomes.
- Motus Australia's employee assistance programme comprises four counselling services and access to government bodies, which assist with relationship issues, depression, suicide and self-harm tendencies and domestic violence.

2020 performance

Group

- The road accident and road injury rates decreased 34% and 38% respectively, mostly due to COVID-19 restrictions on business activity and the fewer kilometres travelled. On-site injuries decreased by 21% compared to last year, also due to lower business activity, but our ongoing efforts to improve our approach and gain better insight into OHS measures will also have played a part.
- Introduced an objective to audit all sites in South Africa annually as a standard practice, however, this was not possible during the reporting year due to the closure of dealerships between late March 2020 and May 2020 due to COVID-19. Furthermore, no assessments were undertaken until September 2020 to contain the risk of spreading the virus. Nevertheless

88% of sites were audited with 91% achieving above our minimum compliance target score.

- The number of sites in the UK that met the Motus UK internal target score dropped from 93% in 2019 to 81%, mainly due to acquisitions in the Commercials division. All acquisitions have since adopted our minimum OHS standards. The number of on-site accidents and injuries in the UK dropped 17% to 193, however, fewer people were working on-site during the months of April, May and June 2020 due to COVID-19, contributing to the decrease.
- Implemented the necessary changes to adhere to COVID-19 regulations and directives for the automotive industry in all countries of operation. Teams are split into alternating shifts, where possible, to limit the risk of COVID-19 transmission and business interruption in the event of a positive test result.
- Reviewed the health and safety standards and practices applied across South Africa to determine the level of consistency. We have also started to benchmark our external OHS audit service providers, with the exercise already underway in our PDCs.

Business segments

- The OHS online scoring system implemented last year in Hyundai's dealerships is assisting with auditability and improving dealership compliance with the OHS checklist. Hyundai expanded its OHS audits beyond Motus-owned dealerships to include independent dealerships. The brand continued to support a quarterly blood donation drive, provided its employees with flu vaccines and held an employee wellness day at its head office in Gauteng.
- Kia held its annual wellness day, allowing employees to test their body mass index, blood sugar, blood pressure and eyes, and also receive dietary advice.
- Renault conducted an in-depth risk assessment to identify new potential OHS risks and where additional safety processes and training are needed to improve overall workplace safety. Additional resources have also been allocated to drive a safe working culture and employees were reminded in writing of the importance of abiding by all safety regulations.
- Emerging Brands organised lift clubs for its employees who use public transport, minimising their exposure to COVID-19.



Provide a safe and healthy operating environment for our stakeholders (continued)

Emerging Brands also increased its efforts to raise health and safety awareness, including toolbox talks, increased training and awareness initiatives at all operational sites. PDC employees are able to take medical examinations and access counsellors. New OHS systems and safety representative appointments are also being implemented with the guidance of a specialised OHS consultant.

- Car Rental launched an online health and safety awareness training video.
- The dealerships in East Africa introduced an evacuation target of 60 seconds to vacate buildings during their quarterly fire drills. Pleasingly, evacuation times have improved.
- All Financial Services employees working at the Johannesburg campus, as well as all cleaning and gardening staff, completed a COVID-19 online training course. The business segment also improved wheelchair access at its Johannesburg campus and held employee wellness days and blood drives.
- Aftermarket Parts established an OHS committee at its head office to streamline OHS activities across the business segment. This included standardised nationwide training and consolidating all individual business OHS policies into a single policy for the business segment. Unfortunately, the wellness day planned for Aftermarket Parts' head office was cancelled due to the pandemic.
- Motus UK, in a specific initiative to raise safety awareness, has logged over 2 850 continuous professional development hours and issued 6 187 training certificates for various health, safety and environmental training courses, and delivered 4 273 safety toolbox talks since September 2019. It also updated its risk assessments, method statements and safety management system to enable better analysis of safety data and types of incidents.
- Motus Australia adopted a similar formal framework to the one used by KPMG and McKinsey & Company to support employees in the transition to the 'new normal' as a result of COVID-19. All managers have received guidance and training on wellness and are required to regularly engage with employees working from home to ensure that issues such as increasing stress levels, demotivation and resentment, cabin fever, burnout and unhealthy home workspaces are identified and employees receive the appropriate assistance. Motus Australia has also successfully piloted a paper-based system to certify the competency of employees to use key machinery within 30 days of their employment. Going forward, the process will be transitioned to an online platform.

Looking forward

Group

- Based on the results of our benchmarking exercise, ensure we maintain a smaller group of preferred OHS service providers in South Africa, capable of meeting our required OHS standards and training requirements.
- Continue to monitor and review the quality and practical fit of OHS training provided in South Africa.
- Improve the OHS audit process in South Africa, liaising with internal audit and performing random quality assurance checks in high-risk areas.
- Ensure that acquisitions and new sites align to our minimum OHS standards and monitor ongoing enhancements and improvements.
- Implement any new OHS requirements that may be brought about by COVID-19 and leverage the existing COVID-19 site work plans to optimise OHS strategies.

Business segments

- Emerging Brands will drive wellness campaigns to ensure its employees are medically fit.
- Aftermarket Parts will review its OHS responsibilities, obtain a better understanding of employee concerns regarding their wellbeing and include OHS as part of the business segment's induction programme.

Key data

	2020		2019	2018
OHS compliance[1]				
Business sites				
South Africa	**459**		–	–
United Kingdom	**73**		–	–
Australia	**30**		–	–
Other	**5**		–	–
Total number of business sites	**567**		–	–
Group average compliance score (%)[1]	**90**		–	–
Percentage of sites in South Africa that met the 85% compliance target score (%)[2]	**91**	▲	88	–
Percentage of sites in the UK that met the 90% target score (%)	**81**	▼	93	–
Percentage of sites in Australia that met the 85% audit pass score (%)[1]	**80**		–	–
Road accidents (Group)[3]				
Road kilometres travelled (million)	**209***		231	243
Road accidents	**21***	▼	35	74
Road accidents per million kilometres	**0,100***	▼	0,152	0,304
Road injuries	**20**	▼	36	52
Road injuries per million kilometres	**0,096**	▼	0,156	0,214
Road fatalities	**0**	■	0	1
Road fatalities per million kilometres	**0**	■	0	0,004
On-site injuries[3, 4] (Group)				
South Africa	**15**	▼	20	–
United Kingdom	**193**	▼	232	–
Australia	**8**	▼	21	–
Other	**0**	■	0	–
Total on-site injuries	**216**	▼	273	258
On-site fatalities	**1**	▼	2	–

Note: the Motus sustainability management system collates, processes, tracks and communicates road safety data from all business sites. Data is collected monthly and local administrators and internal audit perform regular data integrity checks. The system also collates lessons learnt, which are used to inform development plans.

[1] *Reported for the first time.*
[2] *403 sites audited in 2020 and 362 in 2019.*
[3] *OHS metrics include employees and third parties, with the exception of fatalities which cover Motus' employees only.*
[4] *The nature of most injuries are fractured fingers or cuts. The UK reports a higher number of on-site injuries as a result of far more stringent regulatory reporting requirements.*

■ Satisfied with performance.
■ Area for improvement.

* *Assured (see the independent limited assurance report).*

Contribute to our customers' wellbeing by responsibly providing high-quality products and services

Introduction

Supplying high-quality and relevant brands and products to the market depends on our ability to build strong relationships with our stakeholders, from our employees and original equipment manufacturer (OEM) partnerships to the regulators that regulate our products and services.

As an OEM dealer of choice, we are able to access better pricing on vehicles, which is critical to our customer proposition and competitiveness. To remain the OEM dealer of choice and maintain brand loyalty and trust among our customer base, it is critical that we maintain high-quality standards that meet OEM targets, both in terms of customer service and quality controls, adhere to legislative requirements and provide our customers with automotive and financial services offerings that are competitive, cost effective, fair and contribute to their safety on the road.

Our strategic priorities

- Apply stringent quality controls to ensure high-quality workshop services, vehicle rentals, pre-owned vehicles and parts supplies.
- Provide financial services offerings responsibly and in alignment with the financial services regulatory landscape.
- Ensure relevant employees meet the Financial Sector Conduct Authority's (FSCA) 'fit and proper' requirements.
- Ensure data security and proprietary systems are fit-for-purpose.

Our risks

Regulatory and compliance risk: the Group is exposed to a wide range of legislation, which impacts all our operations and relationships with various stakeholders, including banks, OEMs, suppliers, regulators and the public. Non-compliance and failure to meet product safety standards and legislation designed to protect consumers, could undermine the Group's reputation and result in fines.

Information security risk: cybercrime and unauthorised access to information systems and customer data, which is increasing globally, has the potential to cause financial loss, disrupt services and erode customer trust.

2020 performance overview

Financial Services (South Africa)

Partnered with Discovery to launch a new warranty product for Vitality Drive customers, rewarding them for good driving behaviour.

Service plans (South Africa)

Extended the service and maintenance plans for Hyundai, Kia, Renault and Mitsubishi vehicles to ensure customers did not lose these benefits during the nationwide COVID-19 lockdown.

Customer onboarding

Finance and Insurance Management Solutions (FAIMS) continued to pilot its new customer onboarding process, which significantly speeds up the verification of customer data.

Online engagement

Increased our ability to engage remotely with our customers, including through online platforms and apps.

Securing data

Made good progress in readying the Group for compliance with the Protection of Personal Information (PoPI) Act, including the publication of the Motus Promotion of Access to Information Manual on our websites.

Cyber resilience

Financial Services achieved the desired level of maturity in two out of five critical cybersecurity capability domains

Target: **reach a maturity level of between 80% and 90% for all five critical cybersecurity capability domains by March 2021.**



Contribute to our customers' wellbeing by responsibly providing high-quality products and services (continued)

Customer, vehicle and parts safety

OEMs are responsible for the safety aspects of the vehicles they produce and all imported vehicle models are subject to a homologation[1] process before they are introduced to the South African market.

Our quality control efforts are more focused on the later stages of the vehicle lifecycle – vehicle servicing and maintenance, the sale of pre-owned vehicles, vehicle rentals and the import, assembly or manufacture of parts. Key for the latter part of the reporting year, was working to help our customers ensure that their vehicles were well maintained and roadworthy when they returned to work after the COVID-19 lockdown restrictions were eased.

We assist OEMs to maintain their safety and brand standards. Our effective recall procedures ensure that we engage timeously with customers to ensure their vehicle parts are promptly replaced in the event of an OEM recall. We also conduct quality checks prior to delivery to the dealership and pre-delivery inspections prior to vehicles being handed over to customers.

Our warranty departments track component failure rates and trends, providing the importer brands with this data to inform their quality improvements. For example, Hyundai measures cost per warranty claim, new vehicle sold failures and early warning issues, Kia measures cost of claims and the frequency of failures, and Mitsubishi generates product quality reports for every warranty claim, enabling the identification of product issues and recurring problems.

The Consumer Protection Act and the Second-hand Goods Act are key legislations in South Africa that apply to the quality of our products and services.

Approach

Quality governance framework

Stringent quality and safety controls, policies and systems ensure we deliver high-quality workmanship. Quality standards and frameworks differ based on business segment requirements and products, for example, the standards required for safety critical parts differ to those pertaining to vehicle accessories.

Franchise standards are clearly defined in OEM dealer and dealer franchise agreements and supporting policies. Deviations are reported at quarterly business segment board meetings, and significant deviances can result in the termination of an agreement. As an example, Business Development managers at Kia regularly monitor compliance and areas of improvement are incorporated in the dealer incentive programme. We are also obliged to participate in Kia Motors Corporation's business development standard enhancement programmes.



[1] *Granting of approval by an official authority.*

In the United Kingdom (UK), quality control is reported at monthly regional management meetings and quality review meetings are held every six months with the Managing Director and senior site managers. Motus Commercials and all businesses in the Mackworth Vehicle Conversion Specialists division are ISO 9001 certified, an international standard for quality management systems.

How performance is measured

Customer satisfaction surveys are conducted on random samples of vehicle services to inform quality improvements in terms of workshop services and parts. The importer brands also conduct their own surveys on our customer service performance. In certain instances, customer satisfaction surveys are conducted on the sale of pre-owned vehicles.

Training hours and the competency level of each technician are tracked. OEMs regularly review our workshop technical competency levels. OEM inspections and our own internal technical audits ensure that OEM standards and targets are met and that the vehicles we service operate safely on the road.

To maintain the ISO 9001 certification in the UK, an annual audit is undertaken by an independent external auditor and a full audit by the awarding body every two years. Other external bodies including the Vehicle Certification Agency and Achilles, a supplier assurance organisation, also conduct quality inspections.

Our suppliers of parts are regularly audited to assess product quality and safety, and parts are regularly assessed against manufacturing standards and related regulatory requirements.

Stakeholder engagement

Customers are mostly concerned with the quality of vehicle services and clear communication around service completion times, and any OEM recall campaigns and how this may impact their safety. OEMs are concerned about the local production of accessories and regulators engage with us on regulatory compliance.

We are working towards a collaborative customer engagement model across all our business segments to enhance the customer experience. This extends to providing them with the products and information they need to maintain safe vehicles.

IR Responsible performance in the integrated report: page 58.

We engage with local producers of accessories and ensure that accessories are approved by OEMs and have the necessary National Regulator for Compulsory Specifications (NRCS) certificates and test reports.

We maintain robust relationships with all relevant stakeholders, including the NRCS, to ensure we understand what is required to meet and implement the homologation process standards for vehicles and safety critical parts.

Contribute to our customers' wellbeing by responsibly providing high-quality products and services (continued)

Key challenges

- Customer retention in our workshops once service plans and warranties have expired, and their use of aftermarket parts which may only comply with minimum NRCS safety standards and OEM requirements.
- Accident costs and car theft (fraudulent rentals and hijackings) associated with car rentals.

What we are doing

Vehicle servicing and maintenance

OEM-specified equipment and technology is used in our workshops and only OEM certified parts and aftermarket accessories are used in OEM dealership service departments. OEMs provide ongoing product and technical training for customer-facing employees, workshop technicians and quality controllers. This is supplemented with our own training programmes. Registers ensure that workshop tools and equipment are regularly maintained in line with OEM standards.

Pre-owned vehicle sales

All pre-owned vehicles, including ex-rental vehicles, are reconditioned by the dealership they are sold to and undergo a stringent 116-point quality assurance check. By on-selling the vehicles from our rental fleets, Auto Pedigree is able to sell quality pre-owned vehicles with up-to-date service histories i.e. services and maintenance undertaken in our own workshops and panel shops or the franchised dealerships.

Kia is enjoying success with its Kia Konfidence pre-owned offering now available at 20 dealerships. Kia Konfidence delivers high-quality reliable pre-owned vehicles with a mileage of less than 120 000 kilometres and that are no older than five years. Vehicles can only be advertised for sale once they have been reconditioned to a set standard and have undergone a 125-point check and are certified through an independent Dekra quality assurance inspection. All vehicles have a balance of factory warranty.

Hyundai's pre-owned vehicle offering is similarly structured and managed.

Mobility solutions

All rental vehicles undergo a 26-point check before every hire, covering minor dents, scratches and damages, applying the SAVRALA[1] standards. Car Rental is working towards a uniform quality control approach across the division that meets customer expectation and achieves ISO certification.

Aftermarket parts

Suppliers of parts must be ISO/TS16949 accredited, an International Automotive Task Force technical specification (the highest quality standard globally) and are held to strict service level agreements.

All imported and locally manufactured safety critical products, such as brake pads, must comply with the relevant ISO standards, SAE International's[2] technical standards and recommended practices and be NRCS approved before they can be sold in South Africa.

Measures are in place to closely monitor and manage parts return and failure rates. Where unintended health and safety risk are identified, parts are recalled.

[1] *SAVRALA (the Southern African Vehicle Rental and Leasing Association) is an independent industry body that sets acceptable industry norms for rental vehicles.*
[2] *SAE International (initially established as the Society of Automotive Engineers) is an engineering standards organisation.*

Helping our customers maintain safe vehicles

The majority of our new vehicles sold have competitive service and maintenance plans as well as standard complimentary roadside assistance to help stranded drivers and passengers. Service plans are also offered on entry-level vehicles and affordable pre-owned vehicles.

We provide service and parts packages that provide customers with best value offerings. For example, Hyundai offers service kits for out-of-warranty vehicles, discounting the labour cost. This includes clutch kits and kits for minor, major and cambelt services. Kia offers discounted prices on repair parts for out-of-warranty vehicles to promote the continued use of genuine parts in their vehicles. Our service campaigns communicate to customers the importance of genuine OEM parts in the continued safety and optimal performance of their vehicles.

As part of our strategic objective to drive innovation across the Group, we are introducing digital solutions that help customers maintain the safety of their vehicles and enhance the vehicle servicing experience.

Working with Discovery, Financial Services launched a world-first vehicle warranty offering for drivers on Discovery's Vitality Drive Programme. The product provides comprehensive and market-leading mechanical breakdown and electrical failure cover for 36 critical vehicle components with no cover limits. The tailormade premiums are determined using telematics data for each driver. Drivers are able to achieve discounts on their vehicle services as a reward for driving well.

Other examples of innovative solutions include:

- Kia's Customer Value Innovation System (CVIS) app, which is designed to capture quotes seamlessly, communicate with customers and store vehicle data to share between parts, workshop and service providers.
- Hyundai's customer experience platform, My Dash, which provides customers with information relating to their vehicles, including service history, roadside assistance and emergency contact numbers. It also reminds them when their vehicles become due for a service. Hyundai has recently added functionality to communicate more directly with customers on recalls, service specials and seasonal campaigns.
- The CitNOW app in the UK, which provides customers with 60-second videos so that they can quickly make decisions on any service work required. The CitNOW app also keeps customers updated on the status of their vehicle service.





Contribute to our customers' wellbeing by responsibly providing high-quality products and services (continued)

2020 performance

Group

- LiquidCapital, which manages service and maintenance plans for Hyundai, Kia, Renault and Mitsubishi, extended warranties and the service intervals under these plans during the COVID-19 lockdown, ensuring that our customers did not lose these benefits.
- Undertook maintenance of all our new and pre-owned vehicles in our fleet following the easing of lockdown restrictions given that they had been parked for an extended period of time.
- Automated the delivery of important information on service and maintenance plans to customers across Financial Services, Hyundai, Kia and Renault.
- There were no material incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services.

Business segments

- Hyundai introduced a three-year warranty on parts bought over the counter. In addition, during this difficult time of widespread financial uncertainty, the Hyundai Assurance Job Loss Protection Programme defers payments by up to six months for customers who have been retrenched.
- Kia launched a vehicle servicing special during lockdown, which allowed customers with out-of-warranty vehicles or no prepaid service plan to pay now, save, and service later. This was achieved through preferential pricing on service parts and consumables and a reduced, fixed labour rate.
- Emerging Brands started flagging OEM recall campaigns using its warranty system. This ensures that all vehicles at the quality control centre are modified to address the recall issue prior to being delivered to the dealership. Mitsubishi introduced an online portal on its website where customers can input their chassis number to find out if there are any OEM recall campaigns pertaining to their vehicles. The portal also lets them book their vehicle into their nearest dealer to have the service or recall attended to.
- Car Rental is implementing a process to apply telematic analysis to serious accidents and the driver behaviour that preceded these accidents. The analysis will identify the key risk factors in real time and proactively implement action plans, including real-time messaging, to alert drivers and reduce accidents. In addition, Car Rental has reviewed and updated a number of its quality processes, which are now being implemented uniformly across all the rental businesses. The stolen vehicle recovery rate is satisfactory.

Looking forward

Group

- Work with OEMs to ensure their connected car strategies (using telematics and camera systems) align with our ability to market these vehicles and meet customer expectations.

Business segments

- The Importer business segment will work to include service plans on all vehicles, including entry-level vehicles, where feasible.
- Car Rental aims to achieve ISO 9001:2015 (quality management system) and ISO 14001 (environmental management system) certification in 2021.
- Financial Services will launch a number of initiatives that will contribute to customer and road safety, which is a national concern in South Africa, including:
  - An app that rewards users for better driving behaviour.
  - A personal accident product for MotorHappy.
  - A mobile app for roadside assistance.

Responsible financial services offerings

Our financial services providers (FSPs) manage a complex range of financial services legislation aimed at making South Africa's financial system safer and better at protecting financial consumers.

These regulations provide our customers with accessible redress when problems occur. Our ability to effectively implement new controls quickly and ensure compliance in an increasingly complex regulatory environment, enhances our stakeholder relationships.

Approach

Compliance governance framework

Compliance reporting is a standing agenda item for the board audit and risk committee and business segment finance and risk review management committees. Non-compliance is escalated to senior management and reported to the relevant board and management committees. Employees who fail to adhere to compliance processes and controls face appropriate disciplinary processes.

Our Risk Management and Compliance Programme sets out customer due diligence processes, including anti-money laundering and anti-terrorist financing controls, for our businesses that operate as authorised FSPs.

A centralised specialist function oversees and monitors our FSPs where compliance risk is high and, if needed, external advisers are engaged to ensure all regulated products and services comply with applicable legislation. FSP products, processes and policies are regularly reviewed to ensure that commissions and disclosures are transparent in the sales process.

How performance is measured

The Quality Assurance Department in Financial Services audits adherence to the FSP sales script, which ensures that a motor plan's features are easy to understand and that sales agents ask the right questions to understand a customer's needs. Call centre agents are also monitored to ensure compliance to internal and regulatory procedures. FAIMS' team of nine compliance auditors and a compliance officer, monitor dealership compliance to financial and insurance regulatory requirements and regularly audit the sales transaction files across the Motus dealership network.

Accountability

Each business is held accountable for ensuring that it complies with all regulation applicable to its operation.

Key challenge

- Regulatory changes which create uncertainty and increase administration costs to comply.

What we are doing

In addition to our robust controls and governance structures, training is a critical enabler of meeting our compliance obligations. All employees subject to the FSCA's 'fit and proper' requirements receive the necessary training and continuous professional development (CPD) to achieve their accreditation to sell products. Training is also delivered to help employees keep abreast of emerging industry trends and upcoming legislation.

Contribute to our customers' wellbeing by responsibly providing high-quality products and services (continued)

Stakeholder engagement

Our memberships in the National Association of Automobile Manufacturers of South Africa (NAAMSA), the National Automobile Dealers Association (NADA) and other industry associations (see page 59), enable us to actively contribute to the shaping of automotive policy. Through the NAAMSA and NADA relationships we were able to communicate the concerns of the automotive industry to the Department of Transport and the Department of Trade, Industry and Competition during the national COVID-19 lockdown. The result of these engagements was the opening of the retail side of the automotive industry in level 4 subject to specific employee and customer safety criteria, which we helped to draft. In addition, working closely with SAVRALA, we were able to ensure that we acquired essential services status for Car Rental.

2020 performance

- Continued to deliver multiple training programmes using face-to-face learning and online training to regularly update and refresh knowledge and meet CPD requirements.
- Continued to pilot the new FAIMS customer onboarding process, both in dealerships and as a mobile and online self-service onboarding functionality. The new process significantly speeds up the verification of data, which is directly sourced from the Department of Home Affairs and other issuing institutions, removing the need for copies of Know Your Customer documentation, and significantly reducing the risk of identity fraud. In addition, banks receive pre-validated data. The system integrates with the financial and insurance transaction system. Learnings from the pilot are continually being incorporated into the production environment. Full roll out was delayed due to system complexity, however, the process was started in August 2020. The onboarding solution is fully functional for natural persons visiting dealerships. The onboarding of juristic persons and the self-service onboarding functionality (accessible from any internet connection) will be available in September 2020.
- Financial Services and FAIMS compliance audits have not identified any material concerns, and there were no incidents of non-compliance with regulations and/or voluntary codes during the reporting year.

Looking forward

- Continue to prepare for the PoPI Act as well as align our processes and procedures to the Conduct of Financial Institutions (COFI) Bill (medium term). COFI is upcoming legislation aimed at improving consumer protection and facilitating a higher degree of trust due to more transparent disclosures on products and processes.
- The FSCA's industry-wide investigation into vehicle value-added products has been delayed due to the complexity of the investigation, the FSCA's commitment to seeking consultation with as many parties as possible, COVID-19 and the prioritisation of other commitments. No revised dates have been provided.
- Other upcoming legislation that will impact our business includes:
  - Right to Repair, in which the draft guidelines give consumers the choice to have their vehicles serviced, maintained and repaired by non-OEM accredited workshops and requires the unbundling of service and maintenance plans from the vehicle purchase price and to be sold separately (discussed on page 59). Comments on the draft guidelines were due 30 June 2020 with no further updates provided.
  - The Administrative Adjudication of Road Traffic Offences (AARTO) Act, which includes a demerit system for drivers and vehicles. A task team will be established to ensure the right processes are in place to manage AARTO, covering our fleet, employees and, where applicable, key customers. The effective date for AARTO remains unannounced.
  - Changes to the Financial Intelligence Centre Act (FICA) will move dealerships from being reporting institutions to accountable institutions alongside banks and our FSPs. While the administration requirements will not be a material impact, dealerships will have to adapt to a stricter compliance regime. Training on the new FICA protocols was delivered during the year.

Protecting our information assets

We take appropriate measures to protect the confidentiality, integrity and availability of our information assets. This includes controlling access to information, ensuring that only those who have a genuine need and are authorised to use certain information do so. Our employees are subject to a duty of confidentiality.

In South Africa, the PoPI Act has been promulgated with an effective application date of 1 July 2021. The Act aims to ensure that all institutions act responsibly when collecting, processing, storing and sharing personal information. While this requires wide-scale changes across the Group, the upside is that our customers will have a high level of comfort that their personal information is managed securely and responsibly.

Approach

Cyber resilience and data governance framework

Our Group-wide cyber resilience and data framework comprises board-approved IT governance and information management policies, standards and procedures, and aligns with international standards and best practice, including salient PoPI Act requirements, the European Union's General Data Protection Regulation rules and the National Institute of Standards and Technology (NIST) Cybersecurity Framework[1].

The Chief Information Security Officer manages a central register of IT incidents and a consolidated Group IT governance report is distributed to the board audit and risk committee. Cyber risks and incidents are regularly reported to this board committee as well as business segment finance and risk review management committees.

How performance is measured

In Financial Services, where the protection of customer and financial information is most critical, we measure the maturity of our cybersecurity capabilities against five critical capability domains appropriate for the business segment's size and complexity. These include cyber risk management and oversight, threat intelligence, cybersecurity controls, cyber incident response and external dependency management. Capabilities in each domain are assessed quarterly and consider prevailing industry and regional conditions and threats. Additional operational security measures include continuous vulnerability assessments, periodic network and application security testing, event monitoring and incident tracking. Going forward, the Cybersecurity Programme will be rolled out Group-wide as part of our larger PoPI project.

[1] *The NIST Cybersecurity Framework is a globally accepted standard for cybersecurity (ISO 27001).*



Contribute to our customers' wellbeing by responsibly providing high-quality products and services (continued)

Accountability

The PoPI Act Working Group, established during the reporting year, and the Group Information Officer are responsible for the implementation and management of the Group's cyber resilience and data protection framework and are supported by an Information Officer in each business segment.

Key challenges

- As customer information touches every aspect of a vehicle transaction, compliance with the PoPI Act requires the wide-scale integration of our systems, personnel and resources across all areas of the business where information is collected; and is likely to be costly.
- Additional preventative measures and costs are needed to keep pace with the increasing prevalence and severity of cybercrime. This affects all aspects of our information management systems – from the basic documentation processes in dealerships and branches, through to all the devices used every day throughout the organisation, and to our core network and server infrastructure. As the digitisation of the automotive industry intensifies, cybercrime trends (targeted ransomware attacks, cloud-related attacks, compromised emails and online channel attacks) are expected to intensify. Our exposure to information security risk increased during the year due to the need for remote working to prevent the spread of COVID-19.



What we are doing

Addressing PoPI Act requirements requires an integrated and holistic approach; not only entailing how we collect, manage and secure personal information but also ensuring that our employees and representatives have the right level of access to the information they need to meet customer expectations.

The PoPI Act Working Group, comprising representatives from all business segments, identifies the business process changes required within the various businesses to meet the Act's requirements and determines the action plans needed to facilitate these changes. Lessons learnt are shared across businesses.

We work with technology and financial partners to develop integrated data security solutions and reduce cyber risk for our customers and businesses. In addition, our employees are provided with appropriate training and awareness on data privacy and information security policies, standards and practices and they have access to cybersecurity guidelines.

2020 performance

- Through multiple workstreams and leveraging the data protection experience of the UK and Australian operations, we made good progress readying the Group for the PoPI Act. Our efforts included the appointment of a Group Information Officer, the approval of several key enforceable policies and the drafting of the Promotion of Access to Information Manual, which is published on our websites. In addition, we have prioritised Group systems for PoPI Act assessment, starting with the key systems in the import, retail, rental, financial services and aftermarket parts businesses.
- Assisting our move to a business-as-usual mode of operation in terms of cyber resilience, significant achievements for the year include improved cyber-threat analysis, vulnerability assessment and end-point detection and response capabilities as well as enhanced user access management and integrated incident response procedures. We also developed strategies and business cases to enable data leak management (particularly customer personal data), web security and data backup and restore capabilities.
- Made major changes to some processes and the use of some of our application systems to support remote working. We also improved our communication with our employees to raise their awareness on computer and internet security practices, including how to manage sensitive information when working from home.
- There were no significant incidents of identified leaks, thefts or losses of customer data.

Looking forward

- Define a customised security framework per business unit based on the Group cyber resilience framework.
- Continue to ensure the cyber resilience and data protection framework remains relevant and updated through the use of comprehensive security solutions and tools. This includes:
  - Establishing enforceable policies to comply with regulations and best practice.
  - Fostering an environment where accountability for protecting information rests with the information owner and user.
  - The use of analytics to better prevent, detect, respond and predict threats to information systems and data.
- Financial Services aims to reach a maturity level of between 80% and 90% for all five critical cybersecurity capability domains by March 2021. To date, two domains have achieved the desired level. The rest of the Group will continue to conduct ongoing cybersecurity assessments in line with the priorities and requirements of each business.
- Invest in more security specialists and expertise.
- Formulate and deploy policy, governance and practices for remote working and a virtual workforce.

Maintain strong relationships with broader communities

Introduction

Motus understands that our social licence to operate depends on being a good corporate citizen and maintaining constructive relationships with our stakeholders and the broader communities in which we operate.

In South Africa, our involvement must include an active contribution to thought leadership and the sustainability of democracy. This means sharing our expertise and experience to contribute to broader national strategies and thinking, and investigating new ways within our own operations to contribute to society at large, over and above our current community initiatives. Despite the impact of COVID-19, we remain committed to enabling socio-economic growth, creating employment and making a difference in our communities.

Cost containment measures and social distancing requirements have, however, necessitated the need to revise our objectives relating to procurement, including the launch of our small, medium and micro enterprises (SMMEs) fund, and skills and socio-economic development projects, where applicable. Skills development has been the most impacted due to the cancellation of face-to-face training. While vocational programmes have now resumed, our senior management development programmes will only restart in January 2021.

Our strategic priorities

- Achieve a Level 4 broad-based black economic empowerment (B-BBEE) rating (without discounting).
- Increase the number of black people in management positions and develop the skills of black employees.
- Increase the number of black-owned franchised, Motus-aligned dealerships.
- Establish a network of second tier workshops and explore potential aftersales product offerings to ensure we successfully participate in the Competition Commission's Automotive Aftermarket Advocacy Programme (Right to Repair).
- Direct more spend to B-BBEE compliant businesses that fall within our controllable spend parameters (including exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs)).
- Continue to deliver supplier and enterprise development initiatives, including training, mentoring and financial assistance for black-owned SMMEs.
- Invest in corporate social investment (CSI) programmes that support education and road safety.
- Replace the Ukhamba Holdings structure (a B-BBEE equity scheme) post-2025.

Related content

Our progress in transforming our workforce and developing the skills of our black employees is reported in the 'Be an employer of choice in the automotive industry' section on page 18.

B-BBEE certificate: **www.motus.co.za**.

Our risks

Economic and socio-political risk: slow or negative growth in the geographies in which we operate, coupled with increasing unemployment following COVID-19, could lead to political instability, unemployment and social unrest.

Transformation risk: the B-BBEE status of our South African-based operations and failure to achieve transformation targets may impact the competitiveness and sustainability of the Group.

Reputation risk: lack of effective stakeholder management and failure to inculcate a culture that drives corporate citizenship, may undermine the Group's reputation.

2020 performance overview

Employment (Group)

17 499 people employed with 13 743 employed in South Africa, of whom **73%** are black.

Employee development (South Africa)

R177 million spent on developing our employees, with **71%** directed at black employees in South Africa (2019: R137 million).

Skills development (South Africa)

The Motus Technical Academy employs **27 trainers** and is supporting the National Skills Fund's largest project to train **600 apprentices**, trained for the broader motor industry.

CSI spend (Group)

R28 million invested in community upliftment initiatives (2019: R29 million).

Tax contribution (Group)

R571 million paid to governments and **R950 million** paid on behalf of employees in South Africa (PAYE[1]).

B-BBEE rating (South Africa)

Achieved a **Level 5** rating – discounted to a **Level 6** – on our 2020 B-BBEE scorecard[2]
Target: **Level 4 rating (without discounting) by 2021.**

Preferential procurement spend (South Africa)

R1,3 billion spent with 50% black-owned businesses
(2019: R1,5 billion)
Internal target[3]: **R1,1 billion.**

R498 million spent with 30% black women-owned businesses
(2019: R520 million)
Internal target[3]: **R550 million.**

R1,3 billion spent with EMEs and QSEs
(2019: R2,0 billion)
Internal target[3]: **R1,0 billion.**

Qualifying enterprise and supplier development spend (South Africa)

R26 million, 3,7% of NPAT[4]
Target: **3% of NPAT.**

Qualifying socio-economic development spend (South Africa)

R14 million, 2% of NPAT[4]
Target: **1% of NPAT.**

Solidarity Fund (South Africa)

Contributed **R4 million** to the Solidarity Fund to assist with food and medical supplies for vulnerable households and communities in need during COVID-19.

COVID-19 response (South Africa)

Donated **eight** Hyundai vehicles, **eight** Kia vehicles and Beekman canopies, worth **R2,9 million** in total, to various organisations involved in the delivery of food parcels and medical supplies to communities in need.

Recognition

Received recognition from the Gauteng Department of Education for the best public private partnership for the work done by the Imperial and Motus Community Trust.

[1] *Pay-as-you-earn tax.*
[2] *Available on the Motus website.*
[3] *Targets readjusted in March 2020 based on the impact of the COVID-19 lockdown on business activity.*
[4] *Net profit after tax (NPAT) of the Group's South African operation.*

Note: reasons for material variances between years are explained in the 2020 performance sections that follow.

Maintain strong relationships with broader communities (continued)

Approach

Management and governance structures

Transformation and CSI governance framework

B-BBEE performance, including employment equity and skills development, is reported quarterly to the social, ethics and sustainability (SES) board committee and the executive committee. As transformation is considered a top priority for the Group, the finance and risk review board committee also plays an oversight role.

The SES committee monitors CSI spend and ensures that large investments align to our two chosen pillars – education and road safety.

How performance is measured

Group-wide transformation strategies, projects and targets are developed, co-ordinated and monitored at head office and filtered into the business segments. Certain business segments and divisions have B-BBEE working groups to drive the achievement of Group objectives.

Our B-BBEE reporting system collates standardised B-BBEE data monthly from all business segments operating in South Africa and compiles monthly reports for their operational executives.

The Group measures its transformation progress against the Department of Trade and Industry's amended B-BBEE Codes of Good Practice (dti Codes). The consolidated Group scorecard is published at the end of September every year on the Motus website. Individual businesses also maintain scorecards where a B-BBEE rating is required to participate in their markets. All scorecards and the Group's CSI spend are independently verified and assured annually.

Our progress against our employment equity targets can be found on page 32 of the 'Be an employer of choice in the automotive industry' section.

Accountability

All CEOs and Managing Directors in South Africa are accountable for the B-BBEE performance of their areas of responsibility. 20% to 30% of their performance incentives are linked to achieving employment equity targets.



Stakeholder engagement

Customers, specifically government, often engage with the Group and its businesses on B-BBEE scores and, in turn, our engagement with suppliers mostly centres around B-BBEE compliance and the improvement of B-BBEE ratings within set timeframes. Smaller businesses are concerned about their inability to supply the Group's national, and even sometimes, provincial needs. Regulators and government want to know how Motus can contribute to South Africa's Automotive Masterplan, which sets out several objectives for the industry, including having a localisation rate of 60% and doubling employment in the sector by 2035. Other topics frequently discussed with stakeholders include Motus' procurement strategies, meaningful enterprise and supplier development and innovative socio-economic development projects.

Internal engagement

Engagement with CEOs, Managing Directors and Human Resources and B-BBEE managers across the South African operation, ensures the correct implementation of strategies to achieve the Group's B-BBEE objectives.

External engagement

We work with registered organisations where we can contribute our skills, insight and expertise to progress the industry and our markets. Our memberships allow us to participate in industry initiatives, build the Motus brand and provide us with access to the thoughts and perspectives of other industry leaders. They also help us identify opportunities to support localisation in South Africa.

During the year, R3 million was paid for subscriptions in non-governmental organisations (NGOs) and industry bodies.

We hold memberships in the following organisations:

- National Association of Automobile Manufacturers of South Africa (NAAMSA), acting as Vice President. We participate in the supply chain, electric vehicle, Automotive Production and Development Programme and black economic empowerment committees, among others.
- National Automobile Dealers Association (NADA), where we are an executive committee member. We participate in the labour forum, Right to Repair committee, Consumer Protection Act committee and the Right to Repair and the Financial Intelligence Centre working groups, among others.
- Southern African Vehicle Rental and Leasing Association (SAVRALA) – acting as Vice President in two positions.
- Other memberships include: Retail Motor Industry (RMI), Financial Intermediaries Association of South Africa, Direct Marketing Association of Southern Africa (we participate in the financial services provider committee), National Business Initiative, Institute of Risk Managers South Africa (acting as the institute's President), Business Leadership South Africa, Gordon Institute of Business Science Ethics and Governance Think Tank and Arrive Alive South Africa.

The Right to Repair draft guidelines, published on 14 February 2020, give consumers the right to have their vehicles serviced, maintained and repaired by non-original equipment manufacturer (OEM) accredited workshops, without affecting their warranties. The guidelines also propose the unbundling of manufacturer-instituted maintenance and service plans. The aim of the programme is to stimulate competition and make it easier for emerging workshops to enter the market as well as to reduce costs for consumers. The timelines for the implementation of Right to Repair remain unclear.

The impact on our businesses will be mixed and we are investigating how we can incorporate the opportunities into our operations given our expertise in both servicing of vehicles and procurement of parts. A multi-business task team is drafting a business model to establish a group of second tier workshops. A pilot non-OEM branded workshop was opened in March 2020 in a pre-owned car dealership in Polokwane. There are also opportunities to provide financial services offerings to this market and to develop a new channel to market for Aftermarket Parts.

However, there may be unintended consequences to Right to Repair, including increased costs for consumers as a result of sub-standard work at non-OEM accredited workshops and a negative impact on warranty programmes as well as increased risk of fraud. Through our memberships in NAAMSA and NADA we consult with our industry peers and the Competition Commission to achieve sound and pragmatic outcomes. We have also provided comment on the draft guidelines.

Maintain strong relationships with broader communities (continued)

Transformation in South Africa

Our transformation strategy is designed to maintain our commercially competitive position and ensure our sustainability and relevance through positive contribution to the development of the South African economy and society as a whole.

Ukhamba is an investment holding company created in 1998 by Imperial Holdings Limited to give effect to Imperial Holdings' B-BBEE strategy. Today, B-BBEE shareholders hold 53,1% of Ukhamba's 11% shareholding in Motus. We are investigating proposals to replace this structure post-2025.

To improve our spend with B-BBEE compliant suppliers, our focus over the past year has been on ensuring that most suppliers in South Africa have a valid B-BBEE scorecard, where feasible, and monitoring our procurement spend on a monthly basis.

Small businesses play a critical role in South Africa's socio-economic recovery, especially in creating desperately needed jobs. Leveraging our entrepreneurial spirit, we have started to develop sustainable working models for black-owned and managed businesses, which also give Motus access to new markets. In addition, despite the bulk of our purchasing being with OEMs, we continually review our supply chain to identify opportunities to buy from SMMEs with a turnover of less than R50 million per annum. Given the nature of our businesses, these opportunities are limited, however some do exist primarily within our dealership and car rental wash bays and for canteen services at various sites.

Key challenges

- The amended dti Codes (effective December 2019) set more stringent minimum requirements, including higher levels of black ownership in South African businesses.
- Finding equity partners with the right strategic alignment and blend of competencies and capital aligned to our ability to fund partnerships that yield longer-term returns.
- Around 80% of our procurement spend is with or linked to OEMs with whom we have stringent distribution and franchise agreements, leaving approximately 20% of our procurement spend that can be directed to B-BBEE compliant suppliers or EMEs and QSEs. This results in a discounted B-BBEE rating.
- Few small suppliers have the capacity to meet our product specifications and accreditation requirements, particularly for core and high-spend procurement categories, or to support our geographic dealership footprint.

What we are doing

Our four key transformation projects are set out below.



A new black-owned dealership within the Motus franchise network

In partnership with Toyota South Africa, we aim to open a majority black-owned satellite dealership in Tembisa, Gauteng, operating under the existing Toyota dealership code, with Motus providing operational support and training. Motus will have a minority share in the dealership. A high-level budget of around R25 million has been approved and building plans have commenced. The dealership is expected to be operational towards the end of the 2021 calendar year.

In the Importer business, there are 27 independent black-owned Hyundai, Kia and Renault dealerships out of a total of 176 dealerships.

Makhaya – informal sector mechanics project



More than 50% of vehicles on South Africa's roads are 10 years or older. These are primarily maintained by informal sector mechanics who face difficulties maintaining sustainable businesses. The Makhaya project aims to create a sustainable micro-network of informal sector mechanics by providing them with equipped workshops, technical support and SMME-linked business training. These semi-formal, second tier workshops will be housed in or adjacent to our owned or franchised network of aftermarket parts or pre-owned dealership sites, or as independent joint ventures. Aftermarket Parts will be a supplier to the network and provide credit to purchase stock. The businesses will be closely monitored and will be further supported through reasonable access to our value chain and customers. The initiative also contributes to the safety and reliability of the vehicles that many South Africans rely on.

The first site, located in Alexandra, Gauteng, opened in August 2019 and supports four automotive mechanics who previously operated on street pavements. In addition to a sustainable income, the mechanics have access to preferential pricing at the nearby Midas retail outlet and receive ongoing technical and business training. The first site provided us with the learnings to advance the concept and three additional sites, including one in KwaMhlanga, Mpumalanga, are under development and will be operational in the next financial year.

Department of Trade, Industry and Competition's MotoCity hubs

NAAMSA co-ordinates this project to create hubs of sustainable black-owned vehicle dealerships in rural areas and townships throughout South Africa. Primary funding will be made available by automotive companies, OEMs and insurance service providers. Our position as Vice President of NAAMSA and our participation in its various sub-committees allows us to contribute our experience and skills to the project.



Project Q

We partnered with the local taxi association in KwaMhlanga, Mpumalanga, to open an independent parts retail store, operational since March 2020. The store only serves association members. Motus provides guidance to taxi owners and operators on the suitability of products for each application with special emphasis on safety critical components. The combination of the supply of quality parts at affordable prices and technical skills training will contribute towards enhanced roadworthiness of taxis and passenger safety. The initiative will form the foundation for further partnerships with other taxi associations.

Maintain strong relationships with broader communities (continued)

2020 performance

Group

- Achieved a Level 4 rating on our 2019 B-BBEE scorecard, discounted to a Level 5 as a result of our procurement constraints. The impact of COVID-19 on skills development has resulted in a drop to a Level 5 rating – discounted to a Level 6 – on our 2020 B-BBEE scorecard.
- Pleasingly, efforts to improve compliance reporting in line with the Group's procurement policy is driving better procurement data received from our businesses. We have improved the level of compliance (suppliers having valid B-BBEE scorecards) from 49% to 77%. A minimum scorecard rating for suppliers will be implemented in 2021, including procurement from black women-owned businesses.
- 70% of our controllable procurement spend in South Africa was with preferential suppliers (2019: 59,2%).
- Spent R1,3 billion with 50% black-owned businesses (2019: R1,5 billion) and R1,3 billion with EMEs and QSEs (2019: R2 billion).
- Total enterprise and supplier development spend decreased 66% due to COVID-19 constraints and the postponement of the implementation of our SMME fund. Approximately R30 million has been earmarked for the fund in the 2021 financial year, however, new beneficiaries are yet to be shortlisted.
- Tasked business segments with ensuring that the sustainability of SMMEs in their supply chains was not compromised as a result of measures to respond to COVID-19. The procurement of personal protective equipment (PPE), approximately R3 million worth, was facilitated through SMMEs.

Business segments

- Hyundai made available enterprise and supplier development loans to the value of R13,2 million. The biggest beneficiary, Eruditio Skills Development Consultants, has used the loan and leveraged its relationship with Hyundai to grow its geographic footprint and operational capacity, and in turn, its customer base and turnover. The business employs 22 people, of whom 12 are permanent employees. The previously reported two-year Hyundai enterprise and supplier development programme ended in August 2019 and two of the beneficiaries have become listed vendors with the brand. One has provided Hyundai with occupational health services and the other has to date transferred approximately 3 000 vehicles between Hyundai's stockyards, customers and dealerships. Pleasingly, the programme's business coaching support has assisted many of the other beneficiaries to land contracts with other reputable corporates.
- Car Rental provides business development support to Favourite Brands, a majority black women-owned business that manufactures and distributes domestic, automotive and industrial cleaning products. Following a needs assessment, Europcar, Tempest, Auto Pedigree and Auto Auctions together purchased and branded a light delivery vehicle for the business. The vehicle has improved the business's ability to facilitate more orders and deliveries without impacting customer satisfaction, and provides an additional mechanism to showcase the business's products. In addition, Car Rental's business units purchase Favourite Brands' cost-effective cleaning products, further contributing to its sustainability.

Enterprise and supplier development

(Kia example)

During the year, Kia embarked on a project to upgrade its franchise dealerships to Kia Motors Corporation's latest corporate identity (CI) standards. This provided the brand with an opportunity to provide business development support to a Level 1 or Level 2 B-BBEE supplier. The selected service provider delivered a turnkey solution, including project management, furniture manufacture, sub-let management for storage and delivery and installation of CI branding elements, on a large scale.

A supplier development loan was provided to BluHorizon Sign Management, enabling the business to purchase materials and equipment and hire the services of tradesmen and furniture manufacturers, supporting business development at vendor level. To date, three dealerships out of 35 have been upgraded, meeting expectations and CI standards, and delivered within budget. Salvaged furniture valuing over R56 000 was donated to NGOs.

All Kia dealerships will need to be upgraded in time, however, the roll out schedule has been impacted by COVID-19.



Looking forward

Group

- Achieve a Level 4 B-BBEE rating[1] without being discounted for the 2021 B-BBEE scorecard. Key drivers to meeting this objective include identifying a suitable black partner for our fleet management business, 58Fleet, appointing African candidates in management positions, returning our skills development spend to prior levels, and driving our enterprise development strategy. Identifying a suitable partner for the fleet business has been delayed due to COVID-19 and will be revisited in 2021.
- Continue to develop the database of suppliers in South Africa to enable Group buying power from B-BBEE compliant suppliers.
- Increase our spend with EMEs and QSEs, particularly in workshops, and for post-delivery inspection and logistics supply services.
- Enterprise and supplier development spend is likely to be negatively impacted given the financial impact of COVID-19.
- Maintain and possibly improve the level of black ownership in Motus through a new B-BBEE equity share scheme to be implemented post-2025.

Business segments

- Kia will investigate the feasibility of creating an enterprise and supplier development programme for panel beaters.
- Financial Services will drive parts procurement deals with B-BBEE compliant suppliers, including for products such as tyres and gearboxes. It will also investigate the feasibility of providing business development funding to black-owned tow truck drivers.
- Aftermarket Parts will work to expand its retail footprint in urban areas through B-BBEE partnerships.

[1] *Due to a high level of procurement from OEM suppliers.*

Maintain strong relationships with broader communities (continued)

Community upliftment

The Motus Technical Academy comprises four accredited artisan training institutions, which delivered training to 1 435 motor artisans in the reporting year.

1 031 of these artisans were trained for the broader motor industry. 290 artisans qualified during the year with 70% being from other companies. In a joint programme with the Department of Higher Education and Training, the Academy is supporting the government's largest project under the National Skills Fund. The three-year project aims to train 600 artisans at a cost of around R97 million.

Motus also offers learnerships for unemployed learners, providing them with technical or business skills development and workplace experience while earning a monthly stipend.

Our CSI investment strategy is to identify long-term initiatives within our two chosen pillars – education and road safety. We aim to allocate 70% of Group CSI spend to these pillars. Individual businesses within the Group support additional projects that meet the specific needs of their local communities.

Leveraging 'mobility for good' during COVID-19

People living below the poverty line, informal traders and day-job seekers who earn a daily income have been particularly hard hit by COVID-19. Grounded in our belief of using 'mobility for good', we have contributed to government's efforts to assist vulnerable communities impacted by the pandemic and associated lockdown. Financial Services vetted all charities supported.

Hyundai donated eight vehicles – five H100 trucks, one H-1 bus and two Grand i10 cargo panel vans – to Gift of the Givers and FoodForward South Africa. Both organisations are using the vehicles to deliver food and urgent relief during COVID-19 to impoverished communities experiencing hunger and hardship. In addition to delivering food, Gift of the Givers is using the vehicles to ferry medical teams and transport essential medical supplies and protective wear to frontline healthcare workers, the South African Police Service and the general public in all nine provinces, including many remote rural areas.

Similarly, Kia donated three Kia K2700 light commercial vehicles and three Kia Picanto Starts to the South African National Zakah Fund (SANZAF) operating in Gauteng, KwaZulu-Natal and the Western Cape as well as a Kia K2700 to the Madrassah Ashraful Uloom, which supports the Alexandra community in Johannesburg. Both community-based organisations deliver food, essential items and other welfare support services to vulnerable communities.

SANZAF's welfare workers are using donated light commercial vehicles from Kia to assist with emergency situations around the country, delivering food parcels and vouchers, clothing and other services to communities.



A Kia K2700 was also donated to RADA, with whom Kia has a long-standing relationship, in the fight against rape, abuse and other alcohol- and drug-related crimes. The non-profit organisation (NPO) provides assistance to homes of safety for abused and abandoned children, people with disabilities, the elderly and the homeless, many of whom are at high risk with ongoing immune deficiencies. The Kia K2700 assisted the organisation to keep its 10 care homes in Gauteng stocked with food and other essential services during the COVID-19 lockdown.

The Hyundai H100 trucks and Kia K2700 light commercial vehicles are all fitted with lockable canopies donated by Beekman Canopies, a Motus subsidiary.



The value of these donations totalled R2,9 million.

Mitsubishi, together with SANZAAR Rugby and the Pebbles Project nutrition programme, delivered nutritious meals to the L'Avenir wine estate farmworker community during lockdown. The brand also assisted Rainbow Republic, SANZAAR referee Rasta Rasivhenge and the OK Mini Market in Hout Bay to deliver multiple loads of food parcels to many families in need.

Hyundai donated medical grade PPE (received from our principals) and sanitisers to the Helen Joseph hospital in South Africa. Motus Africa donated large volumes of PPE to various NGOs and government organisations in East Africa, and in the United Kingdom (UK), vans were made available to employees to assist with community support projects.



Maintain strong relationships with broader communities (continued)

Key challenge

- Measuring the impact and sustainability of our community projects.

What we are doing

As our projects are longer-term initiatives, we are able to build strong stakeholder relationships and set clear objectives, deliverables and expectations, which in some projects, are monitored against service level agreements.

Our two flagship CSI projects are discussed below.

Imperial and Motus Community Trust

(a partnership with the National Department of Basic Education)

Commitment to the Trust

A minimum contribution of **R5 million** per annum to 2025. Motus brands provide additional funding. Investment during 2020 was R5,6 million
(2019: R13,7 million).

Impact

45 school resource centres and libraries, reaching over **50 250 young learners** and assisting over **1 400 teachers**
(2019: 39 school libraries reaching over 43 000 learners and assisting over 1 300 teachers).

69 people employed full time
(2019: 82 people employed).

Our goal

Reach **100 000 learners** by 2025.



Since 2003, Motus has placed specific focus on developing literacy in underprivileged schools. The Imperial and Motus Community Trust invests in fully equipped libraries and resource centres at public schools primarily in the south of Johannesburg. During the year, six school libraries were funded, with libraries opened at Elsie Ngidi Primary School in Soweto and Tshitso Primary School in Sebokeng. Some openings were delayed due to COVID-19 with new libraries to be handed over in September 2020.

It is compulsory for children from Grades 1 to 3 to attend two reading periods every week. Reading levels are tested every two years and to date the results show better than average reading, comprehension and numeracy scores.

During the national lockdown, library staff were paid in full for March 2020 and April 2020 and Unemployment Insurance Fund claims were submitted for May.

Spin-off projects include upgrading school feeding stations and Grade R classrooms, Saturday sports and holiday programmes, Christmas celebrations for pre-school learners and awards ceremonies to recognise top performing learners and sports achievers.

Our employees are encouraged to get involved in these events and during the year they:

- Cleaned the Grade R classrooms and helped run the Grade R sports days at two primary schools.
- Participated in the Grade R fun day at an Orange Farm primary school.
- Read to learners at Elsie Ngidi Primary School (Soweto) and Tshitso Primary School (Sebokeng).
- Covered over 3 000 books for Mandela Day.

Motus has two trustees on the Trust's board and an operational oversight role. To position the Trust as a vehicle for companies to direct their CSI spend, we facilitated two proposals during the year and developed a funding and branding model.

Motus' investment in the Imperial and Motus Community Trust extends to renovating school premises into libraries, and stocking these libraries with books, interactive boards, computers and access to the internet and multimedia. The libraries are open Monday to Saturday.

Road Safety Programme

Investment during 2020

R1,2 million
(2019: R1,0 million).

Impact

Since 2011, over **1 689 100 learners** reached in over 1 820 schools
(2019: over 1,5 million learners reached in over 1 600 schools).

91 300 reflective sashes distributed to date
(2019: over 85 300 reflective sashes).

Highway Patrol Programme

Sponsored **eight** patrol vehicles during the 2019 December holidays.

Delivered road safety education and awareness to employees during transport month (October 2019), reminding them of the important role they play in our road safety messaging and tasking them to be leading examples by adhering to road safety policies and practices.

The 'Road Safety – Powered by Motus' initiative drives road safety education and awareness across South Africa, including among schoolchildren, parents and holidaymakers. To ensure the initiative is effective, we partner with leading road safety advocates to change the perceptions of road users towards more responsible road usage. The initiative comprises the programmes outlined below.

Safe Scholars Programme (supported by the Department of Basic Education and the Department of Transport)

Started in 2011, with an initial focus on equipping scholar patrols at various schools, this programme now delivers an active, fun and memorable approach to road safety messages for schoolchildren and their teachers. Primary school learners are introduced to the Department of Basic Education's 10 basic rules of road safety using fun-filled industrial theatre. Facilitators visit between 15 and 20 schools a month and children are given reflective sashes to wear while walking along roads.

Highway Patrol Programme

The Highway Patrol Programme assists Road Incident Management Services attend to and report on incidents along the N1/N4 toll routes, the busiest toll routes in South Africa during the Easter and December holiday seasons. We sponsor patrol vehicles to assist the concessionaire with 24-hour route surveillance and emergency support, including post-crash care and breakdown assistance, during these busy periods. No vehicles were supplied over the 2020 Easter period due to COVID-19.

Wheel Well

Wheel Well is an NPO in South Africa that focuses exclusively on road safety for children. It raises awareness, educates and effects changes and enforcement of legislation to meet this objective. It has a portfolio of projects geared towards keeping children safe in and around the vehicle. Renault is the NPO's drop-off point of choice for parents wanting to donate used baby car seats. Wheel Well then refurbishes the seats and donates them to people who cannot afford new child seats.

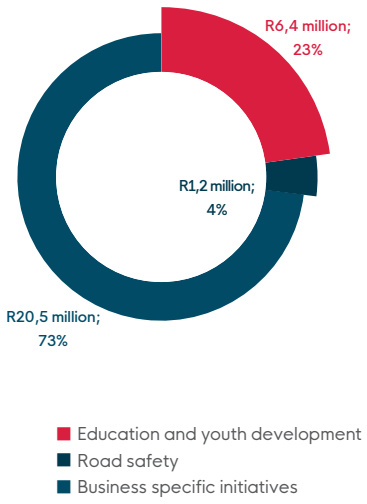




Maintain strong relationships with broader communities (continued)

2020 performance

CSI spend (Group)





Group

- The value of the salary reductions taken by the Group CEO, non-executive and executive board directors as well as the executive committee were used to contribute R4 million to the Solidarity Fund to assist vulnerable households and communities in South Africa during COVID-19.
- In January 2020, we launched the Motus Family Bursary Fund for the children of qualifying employees in South Africa. The fund assists employees with the costs to send their children to selected South African tertiary institutions from the second year of study onwards. R8 million will be disbursed through the fund over the next three years (2020 to 2022). R30 000 per beneficiary has been set aside for the 2020 academic year (nine beneficiaries).

Business segments

- Six differently abled learners participated in a Kia learnership, receiving hands-on experience within the dealership environment. Mentors were assigned to each learner to provide them with basic computer training. Learners gained confidence when interacting with Kia's employees, were exposed to various situations requiring critical thinking and learnt valuable life lessons such as accountability and discipline. Five of the learners successfully completed their training and received a qualification. The expansion of the project has been put on hold due to COVID-19. A Kia Picanto Start was donated to the Beeld Children's Fund.
- Hyundai ran a learnership programme for 36 differently abled African women. 26 participated in the business administration (NQF3[1]) and 10 in the new venture creation (NQF4) qualifications. The programme upskilled the unemployed women and helped them become work ready. Nine of the learners were provided with one year of work experience at Hyundai.
- Seven black women living with disabilities participated in a 12-month Renault business administration learnership, costing around R630 000.
- Emerging Brands sponsored vehicles to enable rugby coaching and refereeing in local communities, to support the WesBank SA Fuel Economy Tour (which allows vehicle manufacturers and importers

[1] *South Africa's National Qualifications Framework (NQF) level 3.*

to promote the fuel economy of their products) and for the Stillwater Sports events (which raise funds to fight breast cancer). It also provided over R53 000 to support six golf days held to raise funds for various charitable causes.

- Car Rental donated a second-hand Renault Sandero, refurbished by Auto Pedigree, to Nkosi's Haven – an NGO in Johannesburg that supports orphans as well as mothers and their children whose lives have been impacted by HIV/Aids. The vehicle has reduced the NGO's operating costs, freeing up funds for essential items.
- BMW in Bloemfontein donated sanitary products to Katleho Care Home, a registered Cansa institute that provides accommodation for cancer patients who live in remote areas while they are undergoing treatment. It also donated 300 pairs of school shoes to underprivileged learners in the Free State.
- Ford in George, Eastern Cape, provided the Born Free Education and Animal Rescue Centre at Shamwari Private Game Reserve with the use of a Land Rover Defender 130 double cab. The reserve provides a sanctuary for rescued felines from around the world and delivers education and awareness on wildlife conservation.
- Imperial Toyota provided the Leopard Conservation Project with the use of a vehicle to rescue seven leopards.
- Financial Services provided nine differently abled people with the opportunity to participate in a remote learnership programme (see page 27).
- Motus UK and Motus Australia contributed to projects within their own communities, with projects ranging from sports development to supporting organisations that help cancer patients and people with dementia.



For the past three years Car Rental has actively assisted a small informal community, south of Johannesburg. Support includes food, hygiene and household cleaning products as well as gas for cooking. Car Rental also sponsors the local school, Elethu Themba Combined School, and Europcar sponsors the school's excursions. Food relief for the community was increased during COVID-19.

Looking forward

- Our objective in terms of the Imperial and Motus Community Trust was to fund the opening of between four and five resource centres each calendar year to 2025. Cost containment measures and social distancing required to respond to COVID-19 may impact the rate at which libraries open. In addition, the investigation into expanding the library network beyond Gauteng has been halted for now. The road safety project will also be scaled back for the next financial year to accommodate social distancing and school schedules.

Maintain strong relationships with broader communities (continued)

Key data

	2020		2019	2018
Motus board composition (Group)				
Black women	**2**		2	1
Black men	**3**		3	2
White women	**1**		1	1
White men	**3**		3	3
Black representation (South Africa)				
Top management (%)	**30#**	▼	31	25
Senior management (%)	**40#**	▲	36	32
Preferential procurement (South Africa)				
Spend with 50% black–owned businesses (Rbn)	**1,3#**	▼	1,5	–
Spend with 30% black women–owned businesses (Rm)	**498#**	▼	520	–
Spent with EMEs and QSEs (Rbn)	**1,3#**	▼	2,0	–
Enterprise development (South Africa)				
Qualifying enterprise development spend on the B-BBEE scorecard (Rm)[1]	**26#**	▼	62	58
Total enterprise development spend (Rm)	**30[2]**	▼	89	72
Socio–economic development				
Qualifying socio–economic development spend on the B–BBEE scorecard (Rm)[3] (South Africa)	**14,3#**	▼	17,3	11,8
Total Group CSI spend (Rm)	**28,1[4]***	■	28,9	16,4
Breakdown of Group CSI spend (Rm)				
– Education and youth development	**6,4**	▼	15,0	–
– Road safety	**1,2**	▲	1,0	–
– Business specific initiatives	**20,5**	▲	12,9	–
Imperial and Motus Community Trust				
Spend (Rm)	**5,6[5]**	▼	13,7	7,0
Number of libraries	**45**	▲	39	32
Learners reached	**Over 50 250**	▲	Over 43 000	Over 34 000
Teachers reached	**Over 1 400**	▲	Over 1 300	Over 1 200
Jobs created	**69**	▼	82	78
Road Safety Programme				
Spend (Rm)	**1,2**	▲	1,0	–
Number of schools reached[6]	**158**	▼	240	240
Number of learners reached[6]	**163 783**	▼	193 955	201 252

[1] *Scored 15 out of 15 points on the 2020 B–BBEE scorecard (2019: 14,61).*
[2] *Includes qualifying enterprise development spend.*
[3] *Scored five out of five points on the 2020 B–BBEE scorecard (2019: 4,58).*
[4] *Includes qualifying socio–economic development spend.*
[5] *Includes operating costs and specific projects relating to the libraries, Grade R classroom upgrades and special events. Individual business contributions are also included.*
[6] *Number of schools reached impacted by the COVID–19 lockdown. 22 school visits have been completed since schools reopened in July 2020.*

■ Satisfied with performance.
■ Area for improvement.

* *Assured (see the independent limited assurance report).*
\# *Verification by AQRate.*

Highway Patrol Programme (N1/N4 toll routes in South Africa)

	Easter 2019	**Dec/Jan 2019/20**	Dec/Jan 2018/19
Distance travelled	62 362	**61 472**	62 488
Motor incidences	40	**150**	115
Motorists assisted	78	**116**	59
Vehicles inspected	4 853	**5 548**	6 007
Arrests	110	**14**	149
Fatalities	2	**6**	8

Note: no vehicles were supplied over the 2020 Easter period due to COVID-19.

Operate in an environmentally conscious and responsible manner



At the signing of Motus' second sustainability-linked loan.

Introduction

In the execution of its business strategy, Motus aims to operate in an environmentally conscious and responsible manner and adopt practices that support the growth of the economies in which it operates. This is clearly articulated in our set of values.

Our biggest impact on the environment is the water used in our parts manufacturing plants and to wash vehicles in our dealership and rental depots. Other areas of focus are electricity consumption, given the supply concerns facing South Africa, the responsible disposal of hazardous waste oil generated from the servicing of vehicles and equipment, and the fuel needed to support our operating model, for example customer test drives and the delivery of aftermarket parts. We measure our environmental performance and the effectiveness of our projects to maximise operational efficiency against clear resource consumption targets.

Climate change risk

Higher temperatures and a reduction in rainfall due to climate change factors will constrain water resources in the southern and eastern parts of Africa, increasing the frequency and intensity of droughts. Australia has recently experienced the rapid spread of fires across all states, with some being the most devastating on record. During the reporting year, summer bushfires burnt more than one-fifth of the country's forest, and early in 2020, floods in eastern parts of Australia left thousands of people without power. While Motus dealerships were not directly impacted, the fires together with the continuing drought in some areas and floods in other areas of the country, impacted the economy in general.

Our strategic priorities

- Continue to improve our sustainability reporting to remain eligible for the FTSE4Good Index Series and achieve an acceptable CDP[1] rating.
- Continue to strengthen engagement between head office and the business segments to ensure accurate reporting on sustainability projects.
- Develop specific water usage strategies.
- Understand where solar power installations are feasible.

Our risks

Operational risk: vehicle and property damage, and higher risk of road accidents and injury to people due to severe weather conditions. This can lead to increased costs and lost time. In addition, water shortages and restrictions due to drought impact immediate business needs.

Regulatory and compliance risk: non-compliance with environmental legislation, including carbon tax, and an adverse impact on the environment due to poor management of effluents, waste and resources, could undermine the Group's reputation and result in fines.

[1] *Formerly the Carbon Disclosure Project.*

2020 performance overview

Secured our second sustainability-linked loan of £120 million in January 2020.

FTSE4Good Index Series

Achieved an environmental score of **3,3** out of five
(2019: 3,6 out of five).

Environmental compliance

No environmental-related fines or penalties incurred.

Installed solar photovoltaic (PV) systems at an Autoworx depot and the Hyundai parts distribution centre (PDC), both located in Gauteng. Hyundai's PDC now operates off the grid around 70% of the time.

[1] *Scope 1 and Scope 2 emissions: tonnes of carbon dioxide. Scope 3 is reported for the first time.*
Note: reasons for material variances between years are explained in the 2020 performance sections that follow.

Water purchased from municipalities (Group)

603 509 kilolitres
(2019: 611 223 kilolitres)

Internal stretch target: **553 901 kilolitres by 2021.**

Electricity purchased (Group)

75 713 megawatt hours
(2019: 80 146 megawatt hours)

Internal stretch target: **66 170 megawatt hours by 2021.**

Road fuel consumption (Group)

19 186 337 litres
(2019: 22 250 296 litres)

Internal stretch target: **19 720 419 litres by 2021.**

Carbon footprint[1] (Group)

116 667 tCO_2 Scope 1 and Scope 2 emissions
(2019: 128 270 tCO_2).

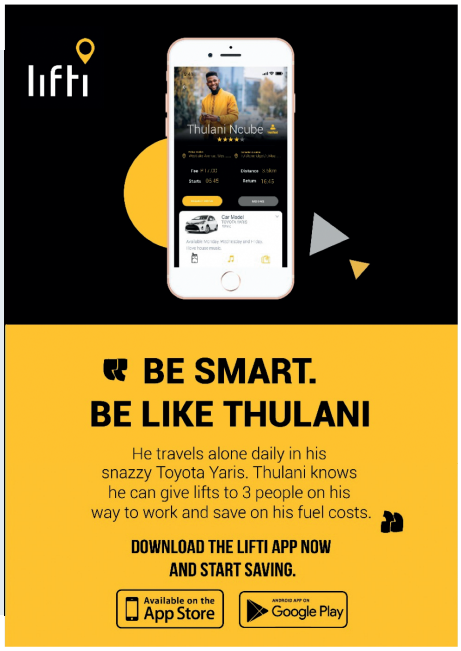
1 625 tCO_2 Scope 3 emissions.

Introducing Lifti – a ride-sharing app

As part of our commitment to promoting 'mobility for good', Motus partnered with Lifti, a new ride-sharing app that offers a more affordable and convenient way to travel. The app connects drivers with passengers travelling in the same direction at similar times. It helps users to save money on their transportation costs, while also reducing carbon emissions, easing traffic congestion and relieving pressure on high-density parking by reducing the number of single occupant vehicles.

Payment is facilitated through a secure automated digital payment service. Fares are set and users are subject to a background check with government authorities. The app enables passengers and drivers to rate each other.

At the time of reporting, the app had been downloaded over 17 000 times with scheduled trip requests of over 48 000. However, COVID-19 and social distancing requirements have impacted the project's success in terms of trips completed.



Operate in an environmentally conscious and responsible manner (continued)

Approach

Management and governance structures

Environmental governance framework

Environmental performance is reported quarterly to the social, ethics and sustainability board committee.

Motus UK's aspects and impacts register tracks environmental risk and is reviewed annually in line with ISO 14001 – the international standard for an effective environmental management system. Energy and waste recycling policies are also in place.

How performance is measured

An internationally accredited sustainability management system collates and tracks environmental data monthly, including emissions data, from all business sites, covering owned, partially owned and leased sites in Africa, the United Kingdom (UK) and Australia. Quality checks take place at head office level as well as by external assurance providers. Internal stretch targets, applicable to all Motus businesses, aim to reduce water purchased from municipalities and fuel and electricity consumption by 15% over three years using 2018 as the base year. A different set of targets are set for the sustainability-linked loan. We work to continually improve the quality of our data to support transparent reporting and enable more robust target setting. The Greenhouse Gas Protocol is used to calculate our carbon footprint, using the operational control boundary.

Accountability

The Group Risk and Sustainability function at head office oversees the Group's environmental management practices. Risk and sustainability managers as well as company CEOs and CFOs are responsible for environmental management within business segments and individual businesses. Environmental progress and capital adequacy (which covers the sustainability-linked loan) are linked to the key performance indicators of certain managers.

Stakeholder engagement

Employees and environmentally conscious customers want to know how Motus is addressing climate change risk and government and regulators in South Africa are focused on the carbon emissions of imported vehicles and carbon tax. In the UK, waste management is a key concern for environmental agencies.

Internal engagement

Head office continually engages with the business segments to ensure accurate reporting on sustainability projects and the achievement of internal targets. We use training and awareness campaigns to influence employee behaviour and gain support for key environmental performance indicators. For example, in the UK alone, over 400 environmental courses have been completed since September 2019, in addition to toolbox talks on recycling and waste management.

External engagement

Hybrid and electric vehicles (EVs) are available in the product portfolios of many original equipment manufacturers (OEMs). In markets beyond Africa, there is increasing demand for these types of vehicles. In South Africa, however, government has yet to introduce policy to encourage the adoption of 'greener' vehicles. With Europe being the primary market for South Africa's automotive manufacturing sector, we believe a change in policy is inevitable and needed for the country to maintain its export sales volumes.

We are a member of the National Association of Automobile Manufacturers of South Africa (NAAMSA) and participate in the organisation's fuel committee. The committee is engaging with the Department of Trade, Industry and Competition on the development of medium-term policy that supports a lower emissions footprint for produced and sold vehicles. Our green mobility working committee at Kia monitors global trends and local developments so that when policy changes are implemented, we will be able to quickly adopt the brand's global EV growth strategy.

2020 performance

- Achieved our internal targets for fuel and water consumption (10% reduction over three years using 2018 as the base year) under the first BNP Paribas sustainability-linked loan[1].
- Secured a £120 million financing facility in January 2020 – our second sustainability-linked loan – co-ordinated by BNP Paribas and Sumitomo Mitsui Banking Corporation, among others. The three-year facility links preferential interest rates with pre-agreed targets to reduce water and fuel consumption (flat range reduction relative to 2019 consumption). This loan replaces the first BNP Paribas facility.

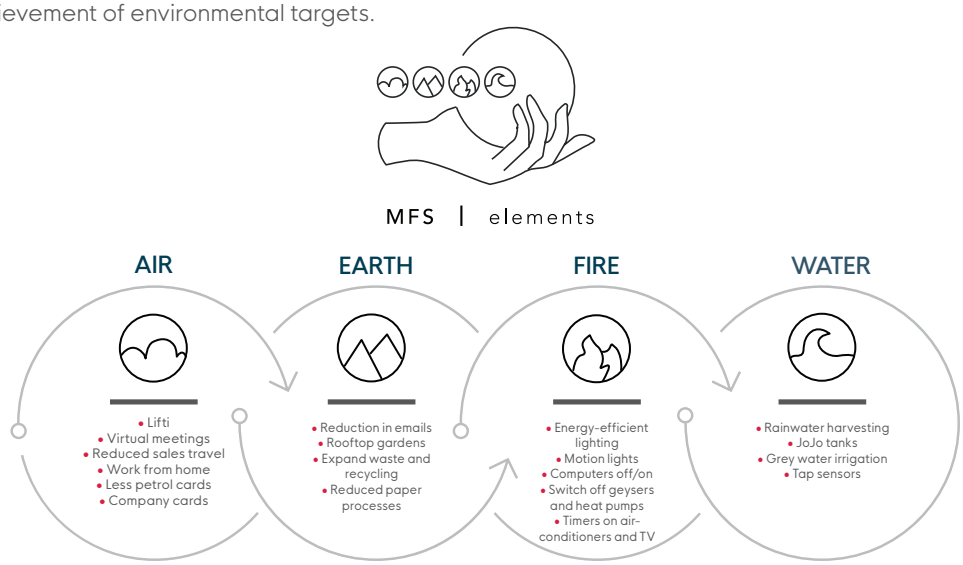
[1] *Excluding acquisitions.*

- Submitted our first CDP disclosure as the Motus Group. The CDP submission date was extended to August 2020 due to COVID-19 and the results are pending.
- Motus Commercials in the UK (one of the largest DAF truck dealers globally) successfully completed its ISO 14001 audits, maintaining its accreditation for eight consecutive years. Mackworth Vehicle Conversion Specialists (MVCS), whose customers comprise local councils and utility companies, is in the process of obtaining ISO 14001 accreditation. This will assist MVCS to competitively tender for business with government and local authorities who require specific environmental and waste controls when providing public services and equipment.

Driving sustainability

(Financial Services example)

Financial Services launched its Elements sustainability campaign to raise employee awareness and communicate the business segment's environmental objectives and projects. The campaign aims to change employee behaviour and drive the achievement of environmental targets.



Looking forward

Group

- Reduce municipal water consumption and the carbon footprint by 15% over three years to 2021 (base year: 2018). While we are on track to meet the carbon footprint target, more work needs to be done to reduce water consumption. Our focus going forward is to ensure more accurate reporting on water usage and reduce our reliance on municipal estimates.
- Deliver refresher training on the Motus sustainability management system and the importance of accurate reporting.
- Continue to improve employee awareness of environmental matters, including in our East African dealerships.
- Work to ensure that automotive policy in South Africa includes a target and stimulus package that drive increased penetration of hybrid and alternative energy vehicles in the market. In tandem with this objective, we will also ensure that our OEM partners provide the products needed to compete in this new reality.
- COVID-19 and the need to work remotely is expected to reduce our environmental footprint going forward and may present an opportunity to reduce or use existing office space more efficiently in the short and medium term.

Business segments

- Financial Services aims to design relevant products to support lower carbon vehicles and to make meaningful contributions to 'mobility as a service' through initiatives like Lifti.
- In the UK, where 50% of the vehicle parc is expected to comprise EVs by 2040, we are reviewing our infrastructure at our dealerships to ensure we meet OEM expectations in terms of charging these vehicles. In addition, we will develop our EV policy and invest in skills development in this area.

Operate in an environmentally conscious and responsible manner (continued)

Water

By lowering our demand on municipal water sources, we free up water for surrounding communities, reduce our operational costs and enable our businesses to continue operating despite water restrictions or drought conditions. The import, retail and vehicle rental businesses are the largest consumers of water in the Group.

We acknowledge the need to mature and formalise our approach to water management and have prioritised the development of specific water usage strategies for our next round of targets, effective in 2022. As a start, we are developing benchmarks based on the size of a site and the nature of activities to inform and align targets and to account for changes in footprints and external factors, such as COVID-19 or municipal dependencies.

Key challenges

- Poor municipal and national infrastructure in South Africa resulting in water supply interruptions.
- The cost of implementing water-efficient solutions in a tough economic climate.
- Absence of accurate and timely municipal readings in South Africa, which hampers our ability to accurately assess progress against the water target.

What we are doing

We use wastewater recycling systems in some dealership and car rental depots in South Africa and Australia. In South Africa specifically, rainwater harvesting systems are also implemented.

Some of our bigger water-related projects in South Africa include:

- Rainwater harvesting systems at 10 of Hyundai's 45 dealerships, able to store between 60 000 and 80 000 litres of water each.
- A water recycling plant, rainwater harvesting system (30 000 litre capacity) and a borehole at the BMW dealership in Bloemfontein, which together have reduced the dealership's demand on municipal water by around 60%. The brand has also installed a 30 000 litre water recycling plant in its Vereeniging dealership.
- Rainwater harvesting tanks at the Ford dealership in Cape Town. The collected water is used to wash vehicles. The dealership's average water consumption is 5 000 litres a week, which during the winter months is entirely sourced from the harvesting tanks. During summer months, borehole water is purchased from an outlying farm.
- Of our commercial vehicle businesses, three of eight Cargo Motors dealerships operate water recycling plants in their wash bays, saving around R25 000 a month, and Magnis UD Trucks operates water recycling plants at three of its four dealerships. Maemo Motors Commercial Vehicles in Rustenburg only uses borehole water.
- 21 of our 28 multi-franchise dealerships have rainwater harvesting and recycling systems.

We continue to engage with our people in South Africa on the Motus Water Awareness pledge, which encourages them to conserve water, report water wastage and leaks, and educate others on using water sparingly. Motus Australia's induction programme for new employees includes water conservation awareness.



Rainwater harvesting system at our Jet Park car rental depot.

2020 performance

Group

- While water consumption decreased 1,3% compared to 2019, prior to business closures due to the COVID-19 lockdown, our water usage was above our internal stretch target. Contributors to the increase included municipal-related issues in South Africa, for example burst pipes and estimated council meter readings, water leakages which have now been repaired, a number of building renovations and new business sites opened in the UK and Australia.

Looking forward

Group

- Increase the roll out of rainwater harvesting systems to as many sites in South Africa as feasible.

Business segments

- Renault will install a water recycling plant when it moves to a new dealership in the East Rand, Gauteng, within the next two years.
- Financial Services will expand its current water recycling system at its campus in Johannesburg to include rainwater harvesting. It will also install tap aerators.
- Motus Africa will install rainwater harvesting systems in the Tanzania and Zambia distributorships. A rainwater harvesting system is already operational in Malawi.

Operate in an environmentally conscious and responsible manner (continued)

Energy

Our efforts to reduce our carbon footprint focus on electricity and fuel consumption, aiming to reduce our operational costs, ensure business continuity during power outages and comply with South Africa's Carbon Tax Act.

The biggest use of fuel is in company vehicles, which is part of the Group's business model to generate pre-owned vehicle sales, and to a lesser extent, the fuel used in test drives with potential customers as well as the delivery of aftermarket parts to customers. Financial Services' use of technological resources makes it a fairly high consumer of electricity.

Key challenges

- Poor municipal and national infrastructure in South Africa resulting in load shedding (intentional power cuts). This requires the use of generators at a higher cost to ensure business continuity.
- The cost of implementing energy-efficient solutions in a tough economic climate.
- Certain franchise agreements require lights to be left on in dealership showrooms after hours.
- The quality of fuel in South Africa does not match that of grades sold in Europe and other first world markets and is not suitable for the most modern lower carbon emitting engines.
- The delivery of aftermarket parts to customers is often at short notice and at frequent intervals.

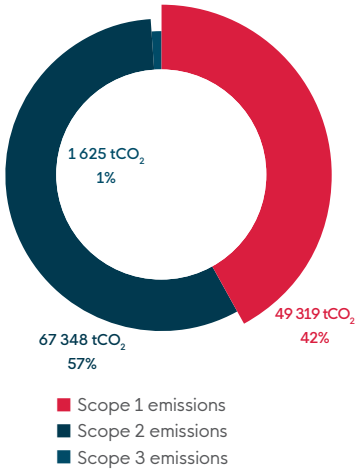
What we are doing

Our initiatives to reduce our electricity consumption include:

- Installing energy-efficient lighting and air-conditioning systems and replacing energy intensive lights with light emitting diodes (LEDs).
- Installing light sensors to switch lights off in unoccupied areas and timers on air-conditioning and heating systems. In the UK, heating controls are installed on workshop doors switching the heating systems off when doors are open.
- Implementing energy-efficient interventions in building upgrades and renovations.
- Monitoring employee fuel use and, in Aftermarket Parts, continually revising delivery routes and schedules so that they are as efficient as possible. The trend towards online purchasing will enable us to further optimise delivery routes.
- Engaging with local and imported vehicle suppliers on lower carbon vehicles.
- In South Africa specifically, installing electricity meters to monitor consumption, identify spikes and energy-saving opportunities, and compare actual consumption to municipal charges. In addition, we install solar PV systems, where feasible.

2020 performance

Carbon footprint (Group)



Group

- Decreased activity due to COVID-19 is the main reason for the 9% decrease in Scope 1 and Scope 2 emissions, however, a number of fuel cost initiatives were implemented in many businesses also contributing to lower fuel consumption. In addition, the use of digital platforms for remote meetings has significantly reduced business travel, particularly to international destinations.
- Completed the assessment of the carbon emissions tax legislation in South Africa and the required registrations are being undertaken.
- Reviewed our contingencies to deal with electricity outages in South Africa, including the maintenance and capacity of the generator network. We are comfortable that our operations have adequate access to alternative power supply however our focus going forward will be to use greener alternatives where we can.

Business segments

- Solar power installations were undertaken at the Motus Autoworx depot in Jet Park, achieving a 40% energy saving, and in Hyundai's PDC in Germiston, Gauteng. Hyundai's PDC now operates off the grid around 70% of the time. The installation of solar panels for a major Europcar depot (reported last year) was deemed unfeasible due to cost considerations. The BMW dealership in Bloemfontein also operates a solar plant (operational since May 2018), achieving a 30% energy saving.
- As part of its head office renovations in Gauteng, Renault installed energy-efficient lighting in the offices and basement as well as motion sensors.
- Emerging Brands started a project to replace all old light fittings with LEDs and is fitting timers to reduce electricity consumption in its head office and warehouse when they are unoccupied.
- Aftermarket Parts achieved a 9% reduction in its electricity usage, driven solely through heightened employee awareness.



Hyundai's recent solar PV installation at its PDC in Gauteng.

Operate in an environmentally conscious and responsible manner (continued)

Solar energy system implementation

Saving around 220 tCO_2 per annum.

=

Planting 3 500 seedlings annually.

(Hyundai example)

Hyundai's PDC in Germiston, Gauteng, handles over 450 shipping containers of vehicle parts a year and holds stock worth around R100 million in its warehouse. The facility's hybrid solar PV installation, commissioned in March 2020, cost just over R3 million and comprises 561 roof-mounted panels. The 185kWp (kilowatt peak) PV system and battery bank are assisting the PDC to reduce its drawdown from the grid during peak times, thereby lowering maximum demand tariff charges and relieving pressure on the grid. During the day, solar energy powers the PDC and battery power is used during the peak times of sunrise and late afternoon. Batteries are charged by excess solar power during the day and at night from the grid at the cheapest rate.

The PV system also reduces the PDC's dependence on generators during load shedding. During these times, the PDC was consuming around 58 litres of diesel per hour, emitting 150 kilograms of CO_2 per hour into the atmosphere.

With estimated savings of around R450 000 a year, payback is calculated to be around six to seven years.

The PV system will serve as a pilot study to determine the feasibility of solar installations at other Group sites and Hyundai dealerships in South Africa.

Looking forward

Group

- Analyse the feasibility of installing solar energy at certain sites, however, the cost containment measures to respond to COVID-19 are likely to impact future installations in the short term.
- Improve the accuracy of our stationary combustion emissions from generators.

Business segments

- Kia will install a solar power back-up solution in its East Rand dealership and is reviewing the potential renewal of solar batteries at the Weltevreden Park dealership.
- Renault will continue to downscale the company vehicle fleet to smaller vehicles to achieve fuel savings. However, as a result of COVID-19, test drives from customers' homes may offset some of these gains as distances travelled will increase. Renault will investigate the feasibility of installing a PV system at its PDC.
- Financial Services will investigate the feasibility of installing a PV system to supply 25% of the electricity required by its Johannesburg campus. The business segment also aims to increase its efforts to promote virtual business activities.
- Over the next three years, Motus UK will increase its use of energy-efficient measures in new services and in the products, buildings and equipment within its control. For example, some of Mercedes Commercials' initiatives will include a move to digital internal meetings, ensuring that company vehicles are the most fuel-efficient models and using air-fed as opposed to electricity dependent equipment in the workshop.

Paper

Traditionally, purchasing a vehicle is a paper-intensive exercise. Advances in technology are making it possible for us to accelerate paperless and online processes while still meeting regulatory requirements and customer needs.

Key challenge

- Streamlining our processes while meeting ever-changing and more onerous regulatory requirements.

What we are doing

Paper management is an ongoing focus area. We encourage our people to print on a 'needs only' basis and implement electronic storage capability, where feasible. The automation of some finance and insurance processes, including emailing customer statements and storing them electronically, positively impacts paper consumption and reduces the need for physical document storage.

The advent of remote working as a result of COVID-19 has meant the introduction of tools like Microsoft Teams to support internal engagement and centralised folders for critical documents and reports. These implementations facilitate online document sharing, which has reduced paper use and freed up storage space.



Operate in an environmentally conscious and responsible manner (continued)

2020 performance

Business segments

- Renault has launched Renault Virtual, which aims to deliver a complete online flow of processes from marketing and customer interaction to the transfer of documents digitally between stakeholders as well as digital signatures in the finance and insurance process. In its PDC, Renault has introduced digital scanners to receive, unpack, shelve and pick stock.
- Emerging Brands reduced the number of printers at its head office and the PDC and implemented password-protected printing to monitor paper usage.
- F&I Management Solutions (FAIMS) piloted digital customer onboarding at certain sites, significantly speeding up the onboarding process and reducing the volume of Know Your Customer documentation, while remaining compliant with financial intelligence-related legislation. The solution also creates a digital customer ID. By the end of September 2020, the solution will be fully operational, including a self-service onboarding functionality accessible from any internet connection.
- The introduction of electronic signatures across the Aftermarket Parts business segment was delayed due to more pressing projects, however the project remains a strategic priority.
- In East Africa, our dealerships have embarked on a project to store documents electronically, where possible, and going forward a user ID system will be installed on all dealership printers to monitor usage per person.

Looking forward

Business segments

- Some of the Group's digital innovation initiatives planned for the next two years will help to reduce paper consumption. Projects include:
  - Paperless deal file systems for Kia and Renault.
  - A solution for Hyundai, Kia and Renault service technicians, enabling them to use tablets to book vehicle services instead of paper forms.
  - The automation of the application process (front and back office) for pre-owned vehicles in Retail and Rental.
  - The digitisation of catalogues and an online trading platform in Aftermarket Parts.
- Financial Services will grow paperless value-added products and services and explore opportunities in artificial intelligence and machine learning to streamline manual processes.
- Aftermarket Parts will prioritise the organisational transition to online workflows in the authorisation process and improved document controls. The COVID-19 lockdown has highlighted the need for a streamlined process, which will also deliver efficiencies and remove paper from the process.
- Mercedes Commercials in the UK will increase the use of digital solutions, for example, digital job cards, electronic vehicle health checks and electronic signatures during the sales process.

Waste

We manage hazardous and non-hazardous waste responsibly and in compliance with applicable national waste management laws and ensure relevant disposal certificates are issued. Particular focus is placed on managing paper, plastic, batteries and oil waste.

Key challenge

- Appropriate and safe disposal of items such as cleaning aprons, gloves and masks to ensure the spread of COVID-19 is contained.

What we are doing

Oil spill kits in workshops and oil leakage tests ensure oil spills are responsibly cleaned up and accurately reported in line with regulations. Filter and oil separator systems in certain workshops and larger wash bays trap silt, sludge and hydrocarbons.

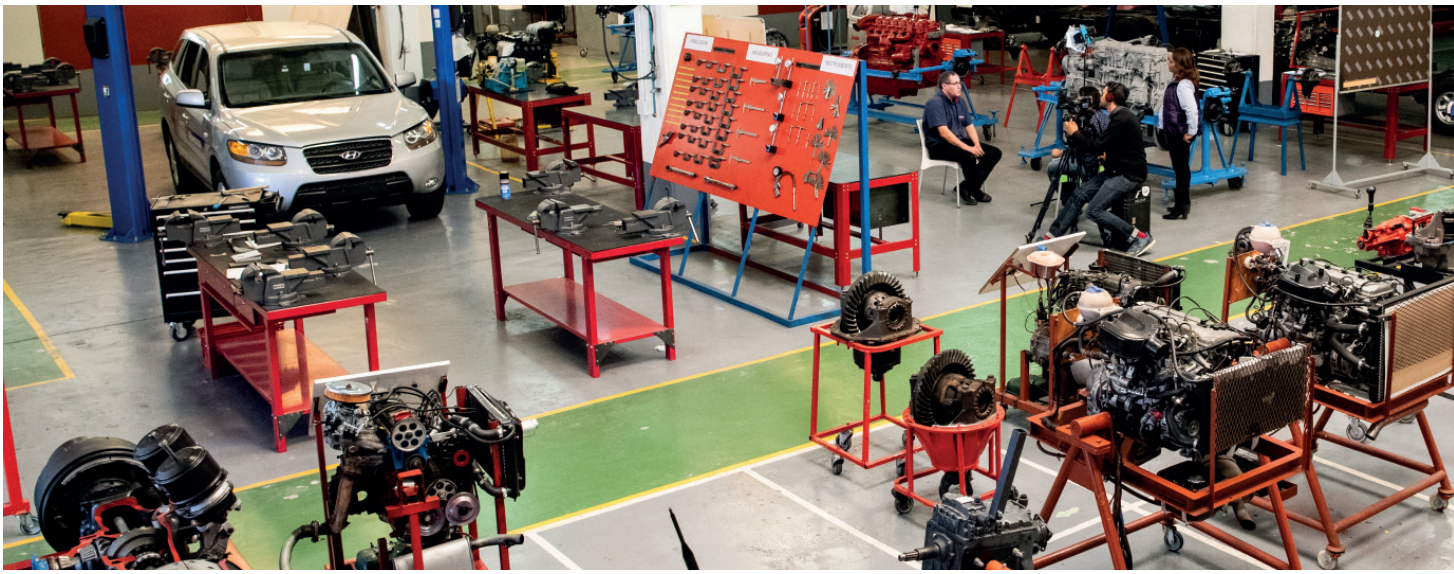
We have a waste policy that all operations must adhere to as a minimum, however, each business segment sets its own protocols depending on waste impact and business activities. Various businesses partner with registered waste disposal companies to recycle waste.

Most of our deep cleaning and waste treatment in relation to COVID-19 control has been outsourced to existing contract services in South Africa with disposal measures confirmed in line with health guidelines. We are investigating potential recycling options to enable our employees to dispose of personal protective equipment safely and hygienically at our facilities.

Motus UK disposes of all e-waste in line with Europe's Waste Electrical and Electronic Equipment Directive. The operation's recycling policy targets the reduction of waste sent to landfill and covers oils, oil filters, tins, cans, bulbs, plastics, metals, batteries, rags, granules, mixed fuels, cardboard and paper.

Unfortunately, the waste management programme planned for Motus Australia that was reported last year has not materialised due to employee attrition and cost cutting measures within the business.

There were no significant spills during the reporting year (2019: 0).



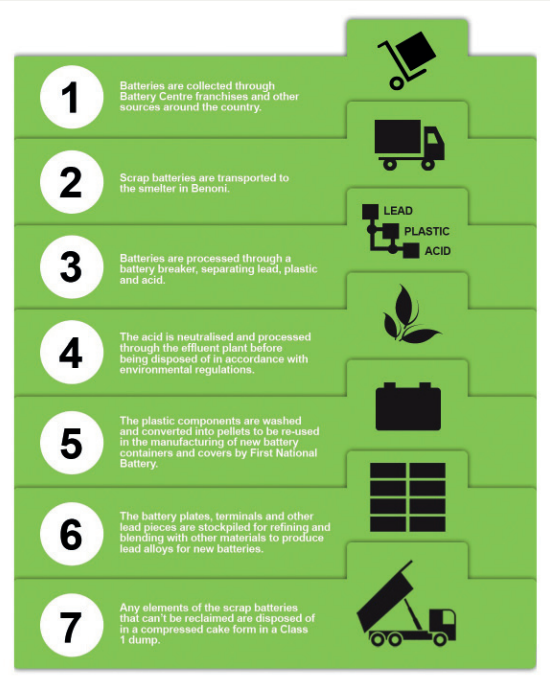
Operate in an environmentally conscious and responsible manner (continued)

Waste programme

(Renault example)

Renault has implemented a number of initiatives to improve its waste management, including:

- Partnering with First National Battery, who deliver batteries directly to dealerships across the country so that Renault's PDC does not have to manage stock on its premises. First National Battery also collects used car battery components from dealerships and the PDC for recycling, in exchange for import credits.
- The disposal of vehicle parts in an eco-friendly manner, using the services of Pandae Green Solutions and DSV, our outsourced transport and logistics company, to recycle steel, plastic, glass, cardboard and miscellaneous waste. During the reporting year, a specific initiative was undertaken to destroy old unsaleable stock valued at R19,6 million.
- The reduction in the number of carriers and flatbeds as well as the frequency of trips needed to transport vehicles, stock and loads between the port at Durban and the PDC in Johannesburg without compromising customer experience. Not only does this reduce Renault's costs and carbon footprint, but it also means less trucks on the road.
- Reviewing the damage claims process in the PDC to reduce unnecessary paperwork.



Looking forward

Group

- Given our focus on maturing our carbon footprint and water reporting, waste measurement will not be prioritised before 2022. However, we do intend to develop waste strategies to reduce our waste to landfill and enhance our current e-waste management processes in South Africa.

Business segments

- Emerging Brands has set a target to obtain disposal certificates for all waste by 2022.
- Aftermarket Parts aims to implement sustainable recycling programmes for all its sites working with non-governmental organisations. This will include a solution to manage e-waste. A central committee has been established to oversee these implementations as well as initiatives to achieve paper saving.
- Motus UK will continue its work to reduce waste to landfill, with businesses focusing on various initiatives, including improving waste segregation, meeting waste targets and engaging in industry leading recycling initiatives. In addition, over the next three years, Motus UK will encourage its operations to purchase products made from recycled materials.

Key data
(Group data)

	2020		2019	2018
Energy consumption				
Road fuel usage (litres)	**19 186 337***	▼	22 250 296	23 200 492
Electricity purchased (megawatt hours)	**75 713***	▼	80 146	77 846
Emissions				
Scope 1 emissions (tCO_2)[1]	**49 319***	▼	56 426	58 731
Scope 2 emissions (tCO_2)	**67 348***	▼	71 844	72 337
Scope 3 emissions (tCO_2)[2]	**1 625***		–	–
Total emissions (tCO_2)	**118 292***	▼	128 270	131 068
Water				
Water purchased from municipalities (kilolitres)	**603 509***	▼	611 223	651 648
Spills				
Environmental incidents	**0**	■	0	1
Recycled				
Oil recycled (litres)	**1 952 693**	▼	2 009 394	2 431 068
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.*

[2] *Reported for the first time.*

■ Satisfied with performance.

■ Area for improvement.

* *Assured (see the independent limited assurance report).*

Independent limited assurance report

We have performed our limited assurance engagement in respect of the key performance indicators for the year ended 30 June 2020.

The subject matter comprises the selected key performance indicators conducted in accordance with management's basis of preparation, as supported by the Global Reporting Initiative Standards (GRI Standards), as prepared by the responsible party, during the year ended 30 June 2020.

The terms of management's basis of preparation comprise the criteria by which the company's compliance is to be evaluated for purposes of our limited assurance engagement. The key performance indicators are as follows:

No	Key performance indicator	Metric
	Safety	
1	Kilometres travelled	Kilometres
2	Road accidents	Absolute
3	Accidents per million kilometres	Ratio
	Environmental	
4	Diesel consumed	Litres
5	Petrol consumed	Litres
6	Electricity consumed	kWh
7	Municipal water consumed	Litres
8	Scope 1 emissions	Carbon emission tonnes (tCO_2e)
9	Scope 2 emissions	Carbon emission tonnes (tCO_2e)
10	Scope 3 emissions – Air travel	Carbon emission tonnes (tCO_2e)
	Social	
11	Training hours	Hours
12	Training spend	Rands
13	Corporate Social Responsibility spend	Rands

Directors' responsibility

The directors being the responsible party, and where appropriate, those charged with governance are responsible for the key performance indicator information, in accordance with management's basis of preparation.

The responsible party is responsible for:

- ensuring that the key performance indicator information is properly prepared and presented in accordance with management's basis of preparation;
- confirming the measurement or evaluation of the underlying key performance indicators against the applicable criteria, including that all relevant matters are reflected in the key performance indicator information and;
- designing, establishing and maintaining internal controls to ensure that the key performance indicator information is properly prepared and presented in accordance with management's basis of preparation.

Assurance Practitioner's responsibility

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the key performance indicators of the engagement.

We shall not be responsible for reporting on any key performance indicator events and transactions beyond the period covered by our limited assurance engagement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We have performed our procedures on the key performance indicator transactions of the Company, as prepared by management in accordance with management's basis of preparation for the year ended 30 June 2020.

Our evaluation included performing such procedures as we considered necessary which included:

- interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
- testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Integrated Report,
- inspected supporting documentation and performed analytical review procedures; and
- evaluated whether the selected key performance indicator disclosures are consistent with our overall knowledge and experience of sustainability processes at Motus Holdings Limited.

Our assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

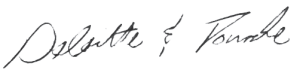
In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the key performance indicator information has been properly prepared and presented, in all material respects, in accordance with management's basis of preparation.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the key performance indicators are not prepared, in all material respects, in accordance with management's basis of preparation.

Other matters

Our report includes the provision of limited assurance on "Scope 3 emissions – Air travel" for the year ended 30 June 2020. We were previously not required to provide assurance on this indicator.



Deloitte & Touche

Registered Auditors
Per Mark Victor
Partner

15 September 2020

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052
South Africa

FTSE4Good certificate

FTSE Russell

CERTIFICATE OF MEMBERSHIP

This is to certify that

Motus Holdings

is a constituent company in the FTSE4Good Index Series

FTSE4Good

June 2020

The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

Corporate information

Directors

GW Dempster (Chairman)*
A Tugendhaft (Deputy Chairman)**
OS Arbee (CEO)#
OJ Janse van Rensburg (CFO)#
KA Cassel#
P Langeni*
S Mayet*
KR Moloko*
MJN Njeke*

* Independent non-executive
** Non-executive
# Executive

Company Secretary

JK Jefferies

Group Investor Relations Manager

J Oosthuizen

Business address and registered office

1 Van Buuren Road
Corner Geldenhuis and Van Dort Streets
Bedfordview, 2008
(PO Box 1719, Edenvale, 1610)

Share transfer secretaries

Computershare Investor Services Proprietary Limited
1st Floor Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Midrand
2066

Sponsor

The Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg
2196

This report is available on the Motus website at:
www.motus.co.za

Business address
1 Van Buuren Road
Cnr Van Dort and Geldenhuis Streets
Bedfordview
2008
South Africa

www.motus.co.za