Environmental impact management approach and TCFD report 2023

Environmental impact management approach and TCFD report

Our approach to caring for the environment is encapsulated in the Motus values, which require us to be conscious of our environmental impacts when making business decisions and investments. It is also integrated in our strategy, where one of our strategic priorities is to invest in environmental, social and governance (ESG) initiatives. While Motus is not a carbon- or water-intense business, we responsibly manage the environmental impacts within our control and implement initiatives to protect the Group from the losses and potential damages arising from climate change.

Our strategies for water and energy consumption are specific, measurable, achievable, relevant and time bound (SMART). Less mature, but now a key focus, is our strategy for waste management and recycling. We are developing and implementing a more consistent and managed approach to this aspect of our environmental performance.

We report against the Task Force on Climate-related Financial Disclosures (TCFD): page 4.

Our priorities

Investments in environmental improvement

We invest in energy-efficient technology, systems that harness cleaner energy (solar photovoltaic (PV) systems) and alternative sources of water (rainwater harvesting systems, boreholes and water recycling). Between 10% and 15% of our investment in new buildings and property upgrade projects in South Africa is directed towards addressing aging and inefficient infrastructure and implementing 'green' solutions. This applies to our owned buildings.

Sustainability-linked financing facilities

We have the following sustainability-linked financing facilities:

- A £120 million (R2,4 billion) facility co-ordinated by BNP Paribas and Sumitomo Mitsui Banking Corporation (raised in 2020 and valid to 2025) – linked to our Group water, electricity and vehicle fuel consumption targets.
- A R6 billion syndicated financing facility and R800 million working capital facility co-ordinated by Standard Bank – linked to our Group water, electricity and vehicle fuel consumption targets.

Our performance against each key performance indicator (KPI) will determine whether we gain a favourable interest rate or incur a penalty. Measurement against the loan targets began in 2023.

Process reviews

Our standard operating processes are regularly reviewed to understand how we are able to better use our resources and mature our systems to be more effective.

Behavioural change

Environmental training and awareness campaigns at either Group, brand or business level aim to influence employee behaviour and gain support in achieving our environmental targets.

Waste management

Over the past two years, we have increased our focus on waste management and recycling, achieving year-on-year improvements in embedding a managed approach and data quality.

Our management of waste covers the following aspects:

- Environmental protection (including improving employee awareness).
- Health and safety particularly in terms of handling, storing and disposing of hazardous waste.
- Waste reduction, reuse and recycling.
- Partnering with licenced waste management companies to dispose of non-recyclable and hazardous waste.
- Obtaining certificates from waste management companies and outsourced recycling service providers to confirm the safe disposal of waste.
- Consistent and complete reporting (in time subject to assurance processes).
- Compliance with relevant waste management regulations including obtaining permits and licences, where required, and reporting to regulators.

The Group's waste policy applies as a minimum, with each business segment and region implementing their own protocols depending on their waste impact, business activities and national waste legislation.

Stakeholder engagement

Through our original equipment manufacturer (OEM) partners and industry and business forum memberships, we keep abreast of and contribute to advancements towards a lower carbon economy, including policy development. As members of the National Business Initiative we gain insight on its Climate Pathways project, which aims to develop and manage a robust and well-researched plan and policy framework for a just transition for South Africa. Aftermarket Parts is a member of Nexus, the largest automotive global parts buying group, and the business segment's CEO is a member of the Nexus ESG committee. The committee participates in global plans to benchmark the aftermarket parts industry's ESG activities to worldwide standards.

In 2023, a desktop review was conducted on the environmental management and performance of the Importer division's OEM suppliers. This will form the basis of additional reviews for other material suppliers in 2024. In our discussions with these OEMs we also engaged on their ESG positioning, particularly in terms of products for the South African market.

Environmental impact management approach (continued)

Environmental compliance

We comply with all applicable environment-related legislation in all operating jurisdictions. In South Africa, this will include the Department of Mineral Resources and Energy's new Energy Performance Certificate regulations when they become effective. Certificates are to be submitted to the South African National Energy Development Institute[1]. Our tax compliance function incorporates carbon emissions tax that qualify under the regulations.

Accurate reporting

Improving the quality and completeness of our environmental data is always a priority; it aids our decision-making and target setting, and provides our stakeholders with information to accurately assess our environmental performance.

An accredited sustainability management system (upgraded in July 2023) collates and tracks environmental and emissions data monthly from all business sites, covering owned, partially owned and leased sites in Africa, the United Kingdom (UK), Australia and Asia. Head office, operational management and external assurance providers perform data quality checks.

Training is also provided at operational, business segment and regional level to reinforce the importance of accurate and timely reporting of environmental data.

[1] The South African National Energy Development Institute maintains an EPC register on behalf of the Department of Mineral Resources and Energy. EPCs rate buildings on the amount of energy consumed per square metre.

Governance and management structures

Board oversight

- **Social, Ethics and Sustainability Committee:** environmental performance.
- **Audit and Risk Committee:** climate change risk.
- **Remuneration Committee:** environmental performance linked to incentives.

Management oversight

- Group Risk and Sustainability function.
- Executive Committee.
- Business segment and region FRRCs[1].
- Sustainability Committee.

Frameworks and policies

- Environmental guidelines and frameworks.
- Group waste policy.
- Energy and waste recycling policies in the UK.
- Supply chain code of conduct.

[1] Finance and Risk Review Committees (FRRCs).

How we measure our performance

Environmental performance	
Group: performance against environmental targets.	**Limited assurance:** annually
Group: carbon footprint using the Greenhouse Gas Protocol.	**Limited assurance:** annually
UK: ISO14001[1] certification of the commercial vehicles business.	**Independent ISO body audit:** every three years
South Africa: energy performance certificates.	**Accredited body:** every five years
Group: waste generated and recycled, spills and environmental compliance.	**Internal review:** quarterly

Environmental targets

Refer to metrics and targets in the TCFD report: page 14.

Link to remuneration

Refer to Remuneration Committee (page 6) and link to remuneration (page 13) in the TCFD report.

Review of 2023 performance

2023 ESG report

2023 integrated report

[1] *ISO14001 – the international standard for an effective environmental management system.*

TCFD report

Contents

Our approach

The Financial Stability Board's Task Force on Climate-related Financial Disclosures aim to improve and increase climate change reporting so that investors and funders have clear, comprehensive and high-quality information on the impacts, including the financial impacts, of climate change as well as climate-related risks and opportunities.

The Motus TCFD report sets out our response to each of the TCFD's recommended disclosures and cross references to additional information in our integrated report, ESG report and our CDP submission, all of which can be accessed from www.motus.co.za.

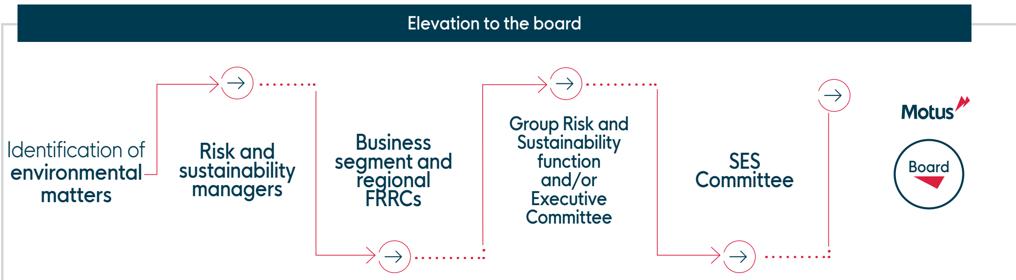
At the time of reporting, we had submitted our 2023 disclosure; however, the CDP had not as yet released the results.

We aim for continuous improvement in our climate change-related disclosure to address the information needs of our investors and funders when making decisions about Motus.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosures	Our response	References
1.1 **Board oversight** Describe the board's oversight of climate-related risks and opportunities.	The board is at the highest level of our governance structure and ensures that Motus operates as a responsible corporate citizen and adheres to the highest standard of accountability, fairness and ethics. It meets a minimum of four times a year. The board is responsible for ensuring that good governance practices and principles are applied to maintain high standards of accountability, transparency and integrity in the way Motus manages its sustainability-related impacts, risks and opportunities. The board is therefore ultimately responsible for ensuring that our climate-related impacts, risks and opportunities are identified, understood and effectively managed through formal processes, robust systems and visible policy compliance across the Group. The board considers material climate change-related risks and opportunities when reviewing the Group's strategy, risk management framework and financial planning. In this responsibility, the board is assisted predominantly by the Social, Ethics and Sustainability (SES) Committee and to a lesser extent the Audit and Risk Committee (ARC) and the Remuneration Committee (RemCo). The Chairman of the SES Committee and other non-executive directors have good insight on broader climate change-related issues gained from their experience as board members of mining and fuel organisations. Material climate change and environment-related matters and metrics are elevated through our governance and management structures to the board quarterly.	**Integrated report** Group leadership: page 36. Governance report: page 140. **ESG report** Governance of sustainability: page 12. **CDP** C1.1



Governance (continued)

Recommended disclosures	Our response	References
1.1 **Board oversight** (continued)	**Social, Ethics and Sustainability Committee** The SES Committee guides and oversees our ESG-related strategies and their implementation. It monitors the Group's ESG performance, including our progress against our environmental targets and compliance with various environment-related regulations. The committee's agenda includes climate change risk, our environmental strategy, our investment in 'green' projects, and OEM plans to supply new energy vehicles (NEVs) to our markets. The SES Committee met four times during the year. In the future, the SES Committee will oversee the development of a net zero strategy for the Group. **Audit and Risk Committee** ARC is responsible for ensuring that Motus has a robust and effective risk management framework that is embedded throughout the Group. The committee reviews the impact of ESG-related risks on the Group's risk profile, and oversees the funding for non-insurable climate-related events. Climate change is included in the Group's top 10 risks. ARC assists the board in overseeing the quality and integrity of our sustainability reporting. ARC met four times during the year. **Remuneration Committee** RemCo advises and guides the board on executive director, prescribed officer and senior manager remuneration, and sets and implements the remuneration policy to ensure fair and responsible remuneration. This includes setting the criteria for short-term and long-term incentives. For 2023, the criteria included the achievement of water, electricity and vehicle fuel targets, and investing in environmental improvement projects. The committee met four times in 2022.	
1.2 **Role of management** Describe management's role in assessing and managing climate-related risks and opportunities.	The Group CEO is the highest decision-making authority in the Group and therefore holds ultimate responsibility for the management of climate change-related risks and opportunities. The Group CEO is assisted in this responsibility by the Executive Committee, which meets at least seven times a year. ESG is a standing agenda item at Executive Committee meetings. The CEOs of each business segment and regional operation are Executive Committee members. Each of the Group's business segments and regions have their own management structures and boards at which material ESG matters are reported. Both the Group CEO and Group CFO attend the business segment and regional board meetings. The setting of Group guidelines, frameworks and initiatives, as well as the co-ordination of Group environmental data, is the responsibility of the Executive of Corporate Affairs, Risk and Sustainability, who is an Executive Committee member and reports directly to the Group CEO and the board through ARC and the SES Committee. Risk and sustainability executives or managers within business segments and regions as well as CEOs and CFOs of business segments and individual businesses, are responsible for day-to-day environmental management. This includes monitoring and measuring climate change-related issues and metrics, and compliance with environmental legislation. The FRRCs are management committees that support the SES Committee and ARC. Each business segment has its own FRRC, which meets quarterly. In the UK and Australia, the FRRCs meet every six months. The Asia operation is included in the Aftermarket Parts FRRC. These committees oversee operational risks and environmental performance, among other matters. The Group CFO and Executive of Corporate Affairs, Risk and Sustainability attend all FRRCs as invitees. A standard agenda guided by Group reporting requirements applies across all FRRC meetings.	**Integrated report** Group leadership: page 36. **ESG report** Governance of sustainability: page 12. **CDP** C1.1

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.

Recommended disclosures	Our response		References
2.1 **Identify risks and opportunities** Describe the climate-related risks and opportunities over the short, medium and long term.	**Risk exposure movement:** ▶ **Inherent risk** High **Residual risk** Low **Short term** Within the next one to two years **Medium term** Three to five years **Long term** Five years and beyond	**Physical risks (short term):** extreme weather events may: • Disrupt the functioning of the economy, our business operations, the supply chain and vehicle and parts production. • Cause damage to infrastructure, vehicles, property and other assets. • Increase road accidents and injury to people due to bad conditions. Higher temperatures and lower rainfall will impact the length and severity of droughts, also potentially weakening economic growth as well as negatively impacting the availability of materials and resources, food supply, cost of electricity and the resilience of our supply chain, particularly given the geographic concentration from which our products are sourced. As more extreme weather events occur, insurance and facilities costs will increase to mitigate and cover these events. **Transition risks (short to long term):** the transition to a low-carbon economy poses the following short-term risks: • Ability to access finance that is increasingly linked to an organisation's climate-related risks. • Higher prices for goods and services. • Increasing costs to meet regulatory and legal requirements developed to reduce greenhouse gas (GHG) emissions. Over the medium to long term, climate-related risks include: • Customer preference for products that have a lower negative impact on the environment may impact demand for our products. • Aggressive adoption targets for plug-in EVs in the European Union. • A change in our portfolio of products (the timing dependent on country regulations). • The impact of NEVs on workshop profitability. **Reputation risks (medium term):** insufficient action to curb GHG emissions and minimise environmental impacts could tarnish our reputation, particularly as public perceptions and expectations change and new requirements for enhanced emissions reporting are introduced.	**Integrated report** Managing risks and opportunities: page 51. **ESG report** Our ESG risks and opportunities: page 19. **CDP** C2

Strategy (continued)

Recommended disclosures	Our response		References
2.1 **Identify risks and opportunities** (continued)	**What we can control** • Operating in an environmentally conscious and responsible manner: – Robust targets for water, electricity and vehicle fuel consumption. – Environmental improvement projects. • Providing appropriate and transparent disclosure on our environmental impacts and mitigation actions: – Improved measurement and reporting of our climate-related and environmental impact, including waste management. • Understanding and planning around the medium to long-term availability of NEVs from OEMs. • For suppliers, mandatory compliance with the environmental aspects of our supply chain code of conduct.	**Not fully within our control but we can play an influencing role** • Availability of automotive products that contribute to environmental improvement and risk mitigation. • National policy and the infrastructure needed in South Africa to support plug-in EVs. • Environmental performance and climate-related risk mitigation within the supply chain.	
	Opportunities	• Enhanced reputation as an organisation that considers environmental aspects in its decision-making (short term). • Procure lower emissions vehicles for our fleets (Vehicle Rental and company vehicle fleet etc.). • Battery charging infrastructure at dealerships as a part of our customer value proposition (short term). • Grow our sourcing of renewable energy to reduce our environmental impact and counteract business disruptions from load shedding.	
2.2 **Impact on investment strategy** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	One of our strategic pillars is to invest in ESG initiatives, including the management of our environmental impacts. Climate change is included in the review of our strategy, key plans of action, risk management controls and policies, annual budgets and business plans, and major capital expenditures, acquisitions and divestitures. Performance against our environmental targets and environmental improvement projects are considered when setting executive performance objectives linked to remuneration. As part of the Group's strategic planning, the SES Committee ensures that budgets and resources are available for our environmental improvement projects.		**Integrated report** Strategic priorities: page 62. Managing risks and opportunities: page 51.

Strategy (continued)

Recommended disclosures	Our response				References
2.2 Impact on investment strategy (continued)	**Financial impact: risks**				**ESG report** Our ESG risks and opportunities: page 19. Our approach to ESG: page 28. Transitioning to a lower carbon economy: page 36. Reduce our environmental impact: page 48. **CDP** C3.2
	Risk	Extreme weather events (droughts, hail, floods, wildfires etc.).	Mandates and regulation pertaining to products and services.	Changes in air temperature, fresh water and marine water impacting product supply.	
	Type of financial impact	Increased direct costs.	Increased direct costs.	Increased indirect operating costs.	
	Description	Destruction caused by large-scale flooding has meant that employees were unable to come to work and some had no access to clean water. One OEM had to suspend production for four months following the 2022 floods in KwaZulu-Natal, impacting the availability of vehicles and parts. Certain areas of the Eastern Cape, South Africa, are at risk of running out of water, potentially causing market disruption and adversely impacting our employees and the OEMs that have factories in the area. For South Africa, the ability to mitigate widespread disaster is constrained; sometimes requiring weeks for municipal utilities to resume. Our operations in Australia are also at risk for drought and floods.	Foreign regulations impacting exports.	Changes in temperature may affect the availability of raw materials. Challenges in acquiring and processing raw materials and water shortages could impact the pace of vehicle and parts production, and are likely to increase the costs related to production as well as costs within the supply chain and in our day-to-day operations. In addition, countries relying on carbon intensive industries may lose competitive advantage due to higher carbon costs, reduced resilience, failure to keep up with technological innovation, and limited leverage in trade agreements.	
	Time horizon		Medium		
	Likelihood	Very likely	Virtually certain	Likely	
	Magnitude of impact		Medium to low		
	Potential financial impact over the medium term	R50 million	R1 million	R120 million	
	Cost of response to risk	R24 million	R720 000	R72 million	
	Comments on our financial calculations	Includes the additional investment needed to respond to acute physical risks (see page 7), including increased insurance costs and business disruption (lost time).	Includes the cost to implement changes to meet new climate-related regulation across all jurisdictions of operation, including carbon taxes and the cost to supply plug-in EVs and hybrid vehicles to meet aggressive country adoption targets. The latter however depends on the availability of these vehicle types from OEMs.	Includes an estimated product price increase of 20% calculated on historic procurement spend.	

TCFD report (continued)

Strategy (continued)

Recommended disclosures	Our response				References
2.2 **Impact on investment strategy** (continued)	**Financial impact: opportunities**				
	Opportunity	Lower emissions energy sources.	Shift in consumer preferences.	More efficient production and distribution processes.	
	Type of financial impact	Reduced direct costs.	Increased revenues.	Increased revenues .	
	Description	We implement initiatives to reduce GHG emissions and improve energy efficiency. A key focus is our investment in renewable energy across multiple sites in South Africa. In addition to addressing climate change risk, renewable energy installations are needed in South Africa to mitigate the negative impact of the current electricity crisis on business operations.	Customers are demanding new types of mobility solutions, ranging from lower emissions vehicles to cheaper shared ownership models. A deeper understanding and new engagements are required to adapt our business model and participate in the new markets brought about by shifts in mobility patterns. We must therefore invest in new products and services that meet customer demand and maintain or increase our market share in each country of operation.	We are investing in customised solutions and experiences, and new engagement models to build deeper connections with our customers and provide them with the information they need – when they need it and on the platform of their choice. In tandem, we are developing our employees in new technologies and digital solutions.	
	Time horizon	Medium		Short term	
	Likelihood	Very likely	Virtually certain	Likely	
	Magnitude of impact	Medium to low			
	Potential financial impact over the medium term	R300 million	R210 million	R90 million	
	Cost of response to risk	R180 million	R126 million	R54 million	
	Comments on our financial calculations	Includes increased investment in new energy-efficient and/or renewable infrastructure and battery technology. A cost analysis has informed our decision-making on which business areas to select for renewable energy projects.	Includes our investment in new products and services and an increase in procurement and skills spend to meet market demand.	Includes our investment in innovative mobility and improved engagement solutions and an increase in procurement and skills spend to meet market demand.	
2.3 **Resilience of investment strategy** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Motus conducts limited climate change scenario analyses as part of disaster recovery and business continuity planning, particularly for high value sites in line with insurance requirements, and to identify supply chain vulnerabilities given the geographic concentration from which our products are sourced.				Not reported as different climate-related scenarios.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosures	Our response	References
3.1 **Processes for identifying and assessing risks and opportunities** Describe the processes for identifying and assessing climate-related risks.	The board defines the manner in which risk management is approached in the Group, approves the integrated risk management framework annually and oversees management's effective implementation and execution of the framework in day-to-day operations. ARC assists the board in these responsibilities. The board receives regular reports and periodic assurance on the Group's risk management. The FRRCs review risks quarterly and elevate these to the Corporate Affairs, Risk and Sustainability function. All risk registers (business segment, regional and Group) are reported to ARC, and the board's sub-committees receive regular reports and periodic assurance on the risks that pertain to their respective areas of oversight. For the SES Committee this includes quarterly climate change-related risk assessments, including their potential impacts, our responses and KPIs. The Group risk register facilitates oversight of the Group's most material risks and is reported to the board quarterly. Our integrated risk management framework covers the risks and opportunities (both current and emerging) associated with our strategy and present in our internal and external operating environment, which includes climate-related risks and opportunities. Climate change-related risks are identified for our operations, our suppliers and the rest of the value chain. Our risk assessment process considers risks that could occur as far as 10 years into the future. We also monitor emerging risks – risks whose extent, nature and timing are uncertain.	**Integrated report** Managing our risks and: page 51. **CDP** C1.1

Governance and structure

Risk management framework	The board and its sub-committees	Executive Committee and the business segment and regional FRRCs
Provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management.	Responsible for the governance of risk and ensuring that formal processes are implemented to effectively manage the risks facing the Group.	Responsible for managing all risks and implementing relevant risk governance processes, standards, policies and frameworks.

Each operation identifies and assesses the risks to its business and quantifies the potential impact. The Corporate Affairs, Risk and Sustainability function oversees the Group's environmental management practices, collates data from business segments and regions to calculate the Group's carbon footprint, and consolidates the climate change-related risks and opportunities faced by business segments and regions for inclusion in the Group risk register.

Risk management (continued)

Recommended disclosures	Our response	References

3.2 Processes for managing risks and opportunities

Describe the processes for managing climate-related risks

Our integrated risk management framework promotes responsible risk-taking (within approved tolerance levels), aids better understanding of the potential impacts of risks and opportunities on our strategic priorities and the likelihood of these risks materialising. It also identifies effective action plans to mitigate risks and realise opportunities. This approach includes climate change-related risks and opportunities.

Risk management processes

Risk culture | Risk appetite and tolerance | Risk taxonomy

Communication and consultation | Risk assessment | Risk response | Monitoring and review

The board-approved risk appetite sets out the amount and type of risk that the Group is prepared to pursue, retain or take in pursuit of its objectives and the creation of value. Our risk management policies, procedures and practices are systematically applied to the above activities.

Risk controls

Additional measures to enhance the effectiveness of risk management include internal controls, control self-assessments (CSAs), head office monitoring and oversight, and the business segment and region FRRCs.

Our internal control hierarchy

Monitoring
Documented monitoring of processes, routines and controls.

Implementing policies and procedures
Management controlled activities, including development of strategies, action plans and budgets as well as principles, rules and procedures.

Ensuring sound governing principles
This includes our values, ethics guidelines, Code of Ethics, delegation of roles and responsibilities and oversight committees. Our leaders are expected to lead by example.

Three lines of defence

Our combined assurance framework provides a co-ordinated and effective Group-wide approach to risk management. All three lines of defence report to the board, either directly or through ARC and the SES Committee.

FIRST LINE OF DEFENCE – management
Responsible for the identification and management of risks in line with agreed risk policies, procedures, appetite and tolerance levels, and controls at an operational level.

SECOND LINE OF DEFENCE – risk management, compliance, legal and quality control functions
Responsible for overseeing and monitoring various risks and developing appropriate tools to effectively manage these risks.

THIRD LINE OF DEFENCE – internal audit and other independent assurance providers
Assurance providers offer oversight and assurance to the board and management on the adequacy and effectiveness of the controls implemented. Assurance is provided within a specific scope as agreed by management and/or oversight committees and can be governed by regulatory and legislative requirements e.g. JSE and Companies Act.

References

Integrated report
Managing risks and opportunities: page 51.
Remuneration report: page 162.

CDP
C1.1

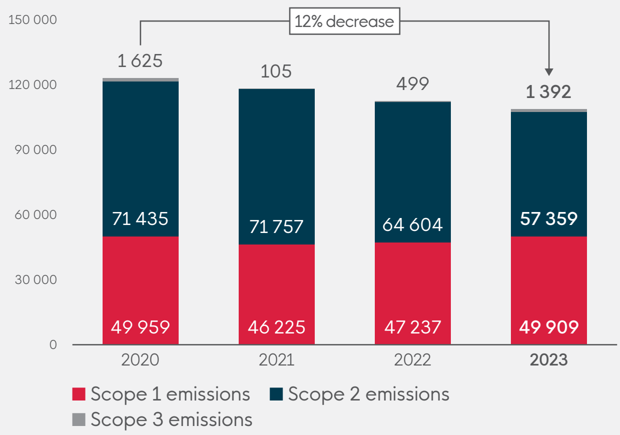
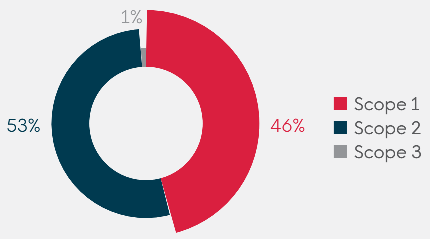
Risk management (continued)

Recommended disclosures	Our response	References
3.2 **Processes for managing risks and opportunities** (continued)	**Control self-assessment** Our Group-wide CSA Programme provides an additional layer of control where employees and supervisors use the business processes documented for their business segment or region to assess the adequacy of the risk, financial and operational controls within their operation and to identify gaps. Over 2 500 employees are involved in the monthly CSA. The programme cultivates a stronger risk awareness, reinforces our governance framework and supports the early detection of key concerns so that they are quickly addressed. Oversight takes place at operational management level for all business areas with additional monitoring for larger operations. This is then collated into business segment and regional reporting. The programme is in place across the Group, including for Group functions, other than Australia where a different monitoring and reporting process has been implemented. **Environmental management** Our environmental guidelines and frameworks as well as the Corporate Affairs, Risk and Sustainability function ensure that all business segments and regions are aware of their environmental obligations and reporting responsibilities. The office works with business segments and regions to develop and implement plans to mitigate climate change-related risks and capitalise on opportunities. Refer to our environmental priorities under our environmental management approach on page 1. Our supply chain code of conduct makes provision for environmental considerations in the award of business both for new and existing suppliers. We expect our suppliers to prevent or mitigate environmental impacts that their business activities may cause or contribute to, or which may be directly linked to their operations, products or services by their business relationships. The assessment of our suppliers' ESG performance is currently limited. **Link to remuneration** The short-term incentives of the Group CEO, Group CFO, executive director, prescribed officers and Company Secretary are all linked to environmental criteria and KPIs (see Remuneration Committee on page 6). The link between performance and remuneration also applies to selected divisional Executive Committee members.	
3.3 **Integration into risk management processes** Describe how the processes above are integrated into existing risk management processes.	See 3.1 and 3.2 above.	

TCFD report (continued)

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosures	Our response	References
4.1 **Disclose the metrics** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Motus measures the following metrics to assess climate-related risks and opportunities: **Water** • Water purchased from municipalities. • Water intensity ratio. • Water consumed from alternative sources. **Energy** • Electricity purchased. • Vehicle fuel. • Natural gas used. **Waste** • Waste recycled (batteries, used oil, paper and tyres). **Carbon footprint** • Scope 1, 2 and 3 emissions. • Carbon intensity ratio. • Carbon tax. **New energy vehicle sales** • Motus' new NEV sales. We also keep track of: • Global NEV sales. • NEV sales in our markets of operation. • Availability of NEV models. • Competitor activity in NEV sales.	**ESG report** Transitioning to a lower carbon economy: page 36. Reduce our environmental impact: page 48. **ESG indicator report** Environment: page 2. **CDP** C4.1
4.2 **Disclose emissions** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, GHG emissions, and the related risks.	**Carbon footprint** (tCO_2e)  **Carbon footprint breakdown** (%) 	**ESG report** Our carbon footprint: page 43. **ESG indicator report** Environment: page 2. **CDP** C4.1

Metrics and targets (continued)

Recommended disclosures	Our response	References
4.3 **Disclose targets** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	See below	**ESG report** Transitioning to a lower carbon economy: page 36. Reduce our environmental impact: page 48. **CDP** C4.1

Our environmental targets to 2024 for water, electricity and vehicle fuel are based on four years of normalised trading activity prior to COVID-19. Targets are agreed for each business site, consolidated into business segment and regional targets and then rolled up into the Group targets. To ensure that our operational targets are fair and realistic, they are reviewed annually and adjusted when needed for footprint (acquisitions, disposals and movement between business segments) and changes in site activity, for example an office environment versus a workshop or parts distribution centre where the quantum and type of resources consumed differ.

The following five measurement principles apply:

1. Every physical location must have one unique site registered on the sustainability management system.
2. If a building site fundamentally changes its operations, such as adding or closing a franchise on-site, the change must be formally logged on the system and metrics must still be reported. A new target will be set.
3. Where a business moves in terms of its reporting lines, the move must be formally logged on the system and targets still apply.
4. Metrics are to be reported for acquisitions; however, the measurement of change will only start from the following financial year after adjustments have been made to accommodate new targets.
5. Business segments and regions are allowed to change targets for their various sites; however, the total target for the business segment or region remains the same.

Environmental targets

	2019 base year	Objective from base year to 2024	2023 stretch target	2024 stretch target
Water (kilolitres)	611 233[1]	Water: decrease by 9%	538 349✗	522 199
Electricity (MWh)	80 146	Electricity: decrease by 11%	67 621✓	65 593
Vehicle fuel (litres)	22 250 296	Fuel: contain increase to 6%	18 336 683✓	17 786 582

[1] *Amended for changes in site footprint.*

✓ Achieved. ✗ Missed.

We aim to set targets for paper, tyres, batteries and used oil by 2025. Waste KPIs have been included in the 2024 short-term incentive criteria for directors and prescribed officers.