



# Motus

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## Environmental, social and governance report

for the year ended 30 June 2021

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### Feedback

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them. Please take the time to give us your feedback on this report.

Email: [MotusIR@motus.co.za](mailto:MotusIR@motus.co.za).

## 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 or the Group)

## Reporting suite

### The 2021 Motus integrated report

#### Online as PDF and HTML

The Motus integrated report provides a holistic assessment of our ability to create and preserve value for our stakeholders and guard against value destruction. It assesses our management of strategy, the risks we face, and our financial, operational, and sustainability performance against our material priorities. The report is prepared according to Johannesburg Stock Exchange (JSE) Listings Requirements (JSE Listings Requirements) and the South African Companies Act 71 of 2008, as amended (Companies Act).

#### Reporting frameworks applied

- King Report on Corporate Governance for South Africa™ (2016) (King IV™). The King IV application register can be found online.
- The principles of the Value Reporting Foundation's (formerly the International Integrated Reporting Council) International <IR> Framework (December 2019) (the Framework).

### The 2021 Motus environmental, social and governance report

#### Online as PDF and HTML

Provides an in-depth assessment of our environmental, social and governance (ESG) performance for the year, including the letter from the Chairman of the social, ethics and sustainability (SES) committee.

#### Reporting frameworks applied

- King IV.
- The Global Reporting Initiative's (GRI) Standards (applied as a guide).

### Audited consolidated and separate annual financial statements

The audited consolidated and separate annual financial statements for the year ended 30 June 2021, including the report of the audit and risk committee, are prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides issued by the Accounting Practices Committee, and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council (FRSC), unless otherwise specified.



#### 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.

\* 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 Southern Africa NPC and all of its rights are reserved.

## How to navigate our reports

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



Read more in this report



Read more online



<https://www.linkedin.com/company/motus-sa>



Motus integrated report

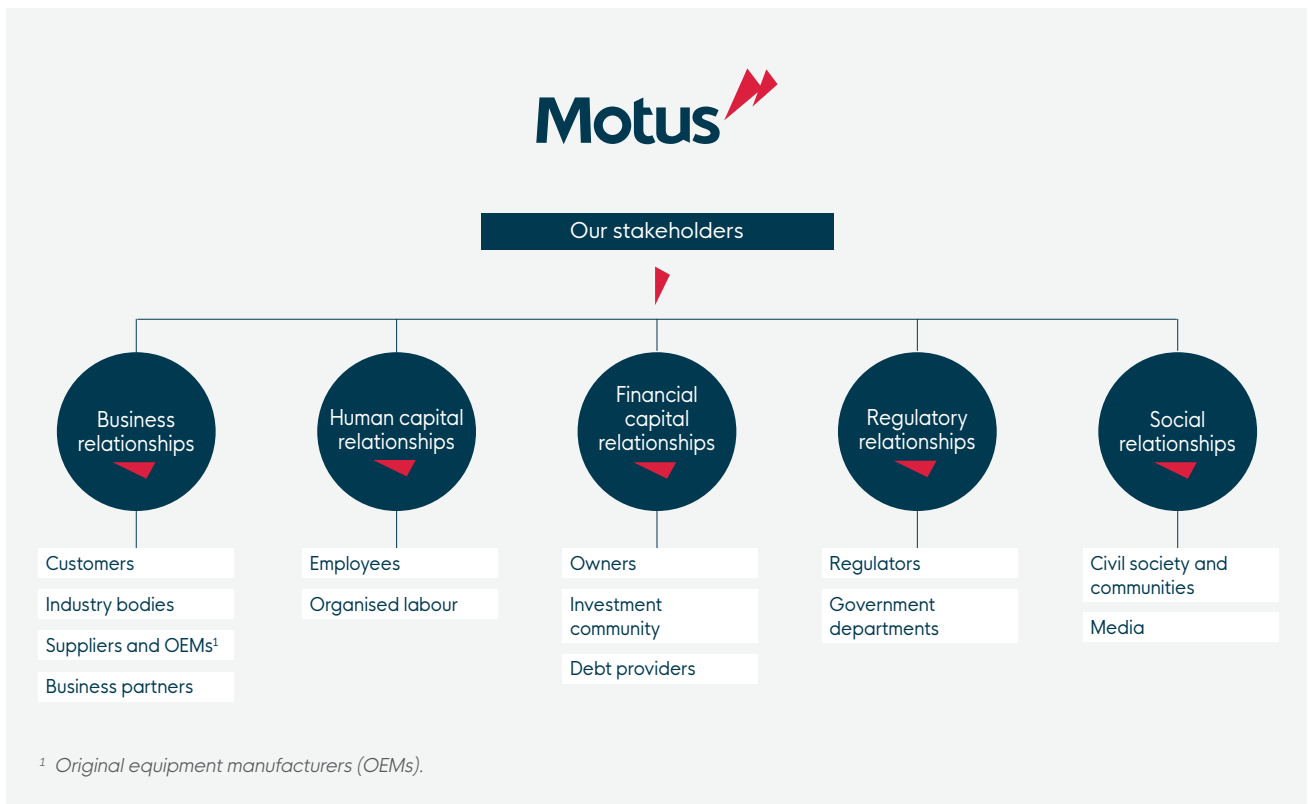
Photographs of people without masks were either taken pre-COVID-19 or full health and safety protocols were followed as appropriate.

# About our report

Our ESG report provides an in-depth assessment of our environmental, social and governance performance for the reporting year 1 July 2020 to 30 June 2021. It assesses our ability to manage our ESG impacts to create or preserve value for our people and other stakeholders and guard against value destruction. The report is aimed at all stakeholders with an interest in how we manage our direct and indirect environmental impact, how we manage our people and ensure the health, safety and wellbeing of our employees and customers, how we contribute to community upliftment and how we govern our ESG impacts and ensure ethical business conduct.

## Scope and boundary

The ESG report covers the businesses over which the Group had operational control during the reporting period, as well as our ESG risks and opportunities and the related issues that matter most to our stakeholders.



## Frameworks

The ESG report has been prepared with consideration given to the principles of the Value Reporting Foundation's (formerly the International Integrated Reporting Council) International <IR> Framework (December 2019), the principles of King IV and South Africa's national development priorities. The GRI's Standards have guided the identification of the Group's key ESG indicators. In 2022, we will align our ESG activities to the United Nations Sustainable Development Goals, and their universal call to action to end poverty, protect the planet, and ensure prosperity for all by 2030.

Note: for the purposes of this report, Hyundai Automotive South Africa is referred to as Hyundai, KIA Motors South Africa as Kia, Motus Vehicles Distributor previously named Renault South Africa as Renault and Brietta Trading as Mitsubishi.

# About our report (continued)

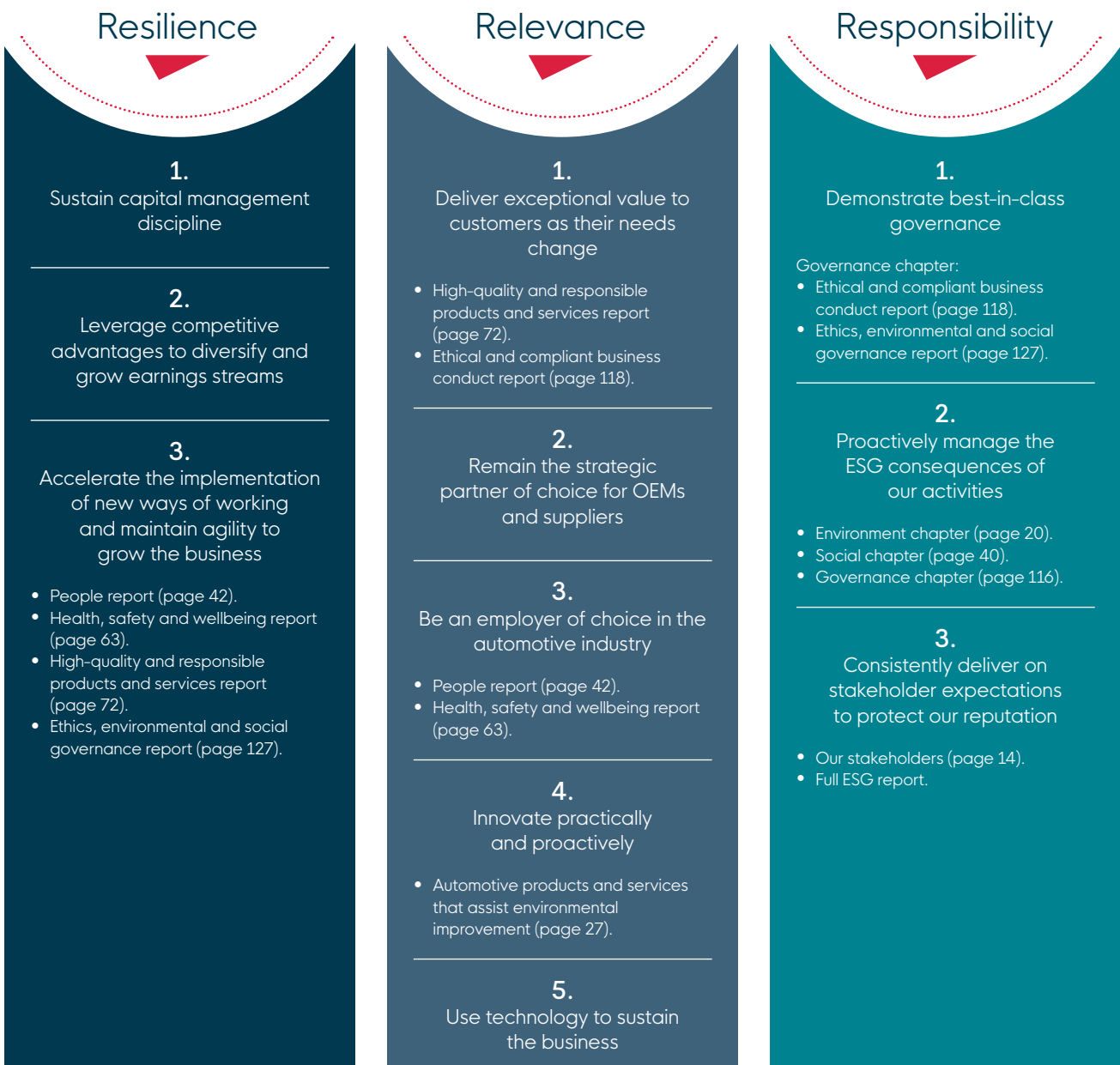
## Materiality determination

Our material priorities are those factors most likely to influence the conclusions of our stakeholders when assessing how we create, preserve or may erode value over time within our operating context. They are the factors considered to be 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 pursuing 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. How effectively we manage our material priorities is likely to influence the conclusions of our stakeholders in relation to the capital inputs they provide, and the outcomes they expect in return.

Our material priorities inform the content included in this year's integrated and ESG reports.

 How our material priorities were determined: page 62.

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



## Materiality boundary


Environment report	Managing our environmental impact is material for all Motus entities.
People report, health, safety and wellbeing report, and ethical and compliant business conduct report	People management and embedding an ethical culture are material for all Motus entities, as is occupational health and safety (OHS). OHS is particularly material in our workshops and parts distribution centres where employees work with machinery.
High-quality and responsible products and services report	Quality control is material for our workshops, vehicle businesses, car rental business and the aftermarket parts business. Responsible financial services offerings and the protection of customer information are particularly material for our dealerships, car rental business and the Financial Services business segment.
Transformation report	Broad-based black economic empowerment (B-BBEE) is an integral part of any South African business, which includes the transformation of the workforce, inclusive procurement, and support of socio-economic development, and is material for all Motus entities operating in South Africa.

### Statement of responsibility and approval

Interviews with senior leadership, together with internal sources of information, particularly board and management reports, and presentations to the audit and risk committee and the SES committee have been used to prepare this report. Relevant external research reports have also been used. The Executive of Corporate Affairs, Risk and Sustainability is responsible for the preparation and presentation of the report and the controls in place to gather information.

The independent controls to ensure the integrity of the ESG report include:

- Limited assurance by Deloitte & Touche over the following non-financial performance indicators:
  - **Safety:** kilometres travelled, road accidents and road accidents per million kilometres.
  - **Social:** training hours, training spend and corporate social investment (CSI) spend.
  - **Environment:** diesel, petrol and electricity consumed, water purchased, and Scope 1, 2 and 3 emissions.
- Verification of our B-BBEE scorecard by accredited rating agency, AQRate.

 Independent limited assurance report: page 140.

 B-BBEE certificate: <https://www.motus.co.za/environmental-social-governance/our-people/>.

The Group Chief Executive Officer, the Group Chief Financial Officer and other relevant executive committee members reviewed the report before it was submitted to the SES committee for approval.

Executive management and the SES committee have reviewed and approved the report. In the SES committee's opinion, the ESG report addresses all material priorities and matters relating to ESG, and provides a balanced and appropriate review of Motus' ESG performance.

On behalf of the committee



**Johnson Njeke**  
Chairman of the SES committee



**Osman Arbee**  
Group Chief Executive Officer

20 September 2021

# Motus at a glance

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

Motus is South Africa's leading automotive group, employing over 16 700 people globally. Motus has grown over more than 70 years from humble beginnings as a small dealership in downtown Johannesburg into a Group that offers diverse products and services. Today, Motus is the largest, diversified (non-manufacturing) automotive group in sub-Saharan Africa, with unrivalled scale and scope in South Africa, and a select presence in international markets, primarily in the United Kingdom (UK) and Australia, and a limited presence in South East Asia, and Southern and East Africa.

## Our differentiated offering

We have long-standing importer and retail partnerships with leading OEMs, representing some of the world's most recognised brands. We offer a highly effective route-to-market and, through quality marketing, high levels of customer satisfaction and strategically located multi-franchise dealerships, facilitate a vital link between the OEM's products and the customer throughout the vehicle ownership cycle.

Our deep understanding of OEM strategies, consumer preferences, and mobility-related technologies enables us to develop and offer innovative mobility solutions and products to our customers as we continuously align ourselves to emerging digital, mobility, and automation trends.

## Our fully integrated business model

Our business model in South Africa is diverse and fully integrated across the automotive value chain, and is delivered through the four key business segments shown on page 5. It provides us with access to cash generation and annuity income streams that are not directly dependent on the sale of new vehicles. Our unrivalled scale and integration in South Africa underpin our differentiated value proposition to OEMs, suppliers, customers, and business partners, providing multiple customer touch points and engenders loyalty across the vehicle ownership cycle.

**IR** Integrated business model: page 10.

## Our strong financial position

Our high free cash flow generation and access to annuity income streams, with returns on invested capital (ROIC) exceeding the weighted average cost of capital (WACC), provides a platform for an attractive dividend yield over the medium to long term.

Clear organic growth supports our shareholder return profile, achieved through ongoing portfolio optimisation, innovation-driven improvement, and selective acquisitions to expand the dealership and retail footprint and increase our participation in the vehicle value chain. We leverage best-in-class expertise to diversify and enhance our earnings for the long term.

## Our people

Our highly experienced, agile, and entrepreneurial management teams have deep knowledge of regional and global automotive markets, a proven track record, and years of collective experience. A strong and diverse board guides and complements our management team. We endeavour to create a safe working environment and provide equal and fair opportunities for all our people.

## Our commitment to stakeholders

The trust that our stakeholders place in the Group is an outcome of reliability. It demands unfailing integrity built on high standards of accountability and transparency, and is the foundation on which Motus is built. Dependability is embedded in our organisational culture and underpins our efforts to nurture strong relationships with all our stakeholders. We operate in an environmentally conscious and responsible manner and adopt practices that support the growth of the economies and communities in which we operate.

We are committed to making a real difference in our communities. We support road safety awareness programmes through the Safe Scholar Programme, we promote literacy and reading skills in partnership with the Imperial and Motus Community Trust and, together with Imperial Logistics Limited (Imperial), have developed and support the Unjani Clinics network.

# Business segment overview

## Import and Distribution

**20%** of Group revenue | **22%** of Group operating profit | **4,6%** Operating margin

**Importer and distributor of passenger, light commercial vehicles (LCVs) 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.
- ~16,1% controllable market share<sup>1</sup> in South Africa.
- Car parc >1 million vehicles.

IR Page 70.

## Retail and Rental

**71%** of Group revenue | **42%** of Group operating profit | **2,5%** Operating margin

**Retailer of new and pre-owned passenger and commercial vehicles** across all segments.

**Selling** of parts and accessories.  
**Servicing and maintenance** of vehicles.  
**Rental** of passenger and LCVs.

- Retail >115 000 new vehicles and >105 000 pre-owned vehicles annually.

### South Africa

- Represents 24 OEMs ~340 dealerships.
- ~20,2% retail market share.
- Car rental (Europcar and Tempest): 100 branches in Southern Africa.
  - ~25% rental market share.

### United Kingdom

- 86 commercial dealerships.
- 33 passenger dealerships.

### Australia

- 36 passenger dealerships.

IR Page 76.

A diversified business in the automotive industry

## Financial Services

**Manager and administrator of service, maintenance and warranty plans.**

Develop and sell **value-added products and services** (VAPS).

Provider of **fleet management services** and **business process outsourcing** through sophisticated technology and call centre capabilities.

Leading the Group's **innovation centre**.

- Developer and administrator of innovative vehicle-related financial products and services to >760 000 vehicles including third-party products under administration.

IR Page 84.

## Aftermarket Parts

**Distributor, wholesaler, and retailer of parts and accessories**

for mainly out-of-warranty vehicles through retail and franchised stores, and specialised workshops, supported by distribution centres in South Africa, Taiwan and China.

- Operates in Southern Africa and South East Asia.
- 577 retail stores (100 owned stores).
- Franchise base comprises:
  - Resellers (Midas and Alert Engine Parts).
  - Specialised workshops (CBS, Ferobrake, Motolek, ADCO).

IR Page 90.

**2%** of Group revenue | **22%** of Group operating profit | **44,8%#** Operating margin

**7%** of Group revenue | **14%** of Group operating profit | **7,7%** Operating margin

\* Percentage of passenger and LCVs market.

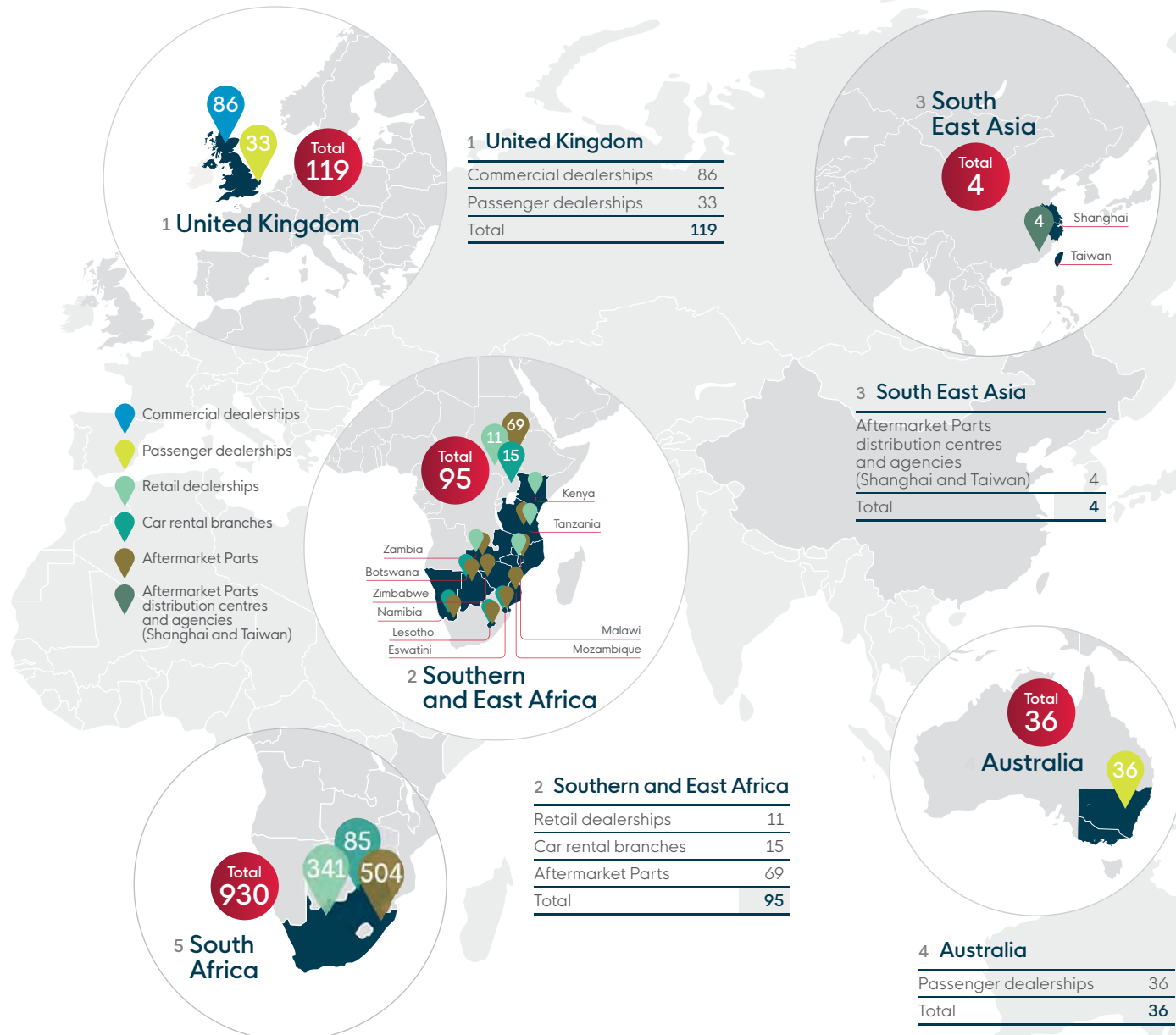
# Operating margin includes profit streams without associated revenue.

The above financial measures exclude head office and eliminations.

# Motus at a glance (continued)

## Operational footprint

The Group's networks in the economic hubs of South Africa and selected international presence provides Motus with opportunities to replicate aspects of our integrated business model.



5 South Africa	Total	Gauteng	Western Cape	KwaZulu-Natal	Northern and Eastern Cape	Limpopo	Free State	Mpumalanga	North West	
Retail dealerships	341	159	58	32	11	31	24	12	14	
Commercial dealerships	35	18	1	3	1	6	2	1	3	
Passenger dealerships	215	108	40	19	3	14	17	6	8	
Auto Pedigree	69	21	12	8	7	10	4	4	3	
Motus Select	22	12	5	2	-	1	1	1	-	
Car rental branches	85	25	14	13	16	4	3	7	3	
Aftermarket Parts (owned and franchised)	504	137	90	66	67	42	33	49	20	
Financial Services	Distribute innovative vehicle-related financial products and services through importers and distributors, dealers, finance houses, call centres and digital channels in South Africa.									



# Our strategy

We grow and expand our participation in all aspects of the vehicle value chain with competitive products and services that maximise our share of the customer’s vehicle investment and engender loyalty.



## Our Vision

- We will improve people’s lives by envisioning, innovating and creating new access to leading-edge mobility solutions – both products and services.
- We will rely on strong relationships with suppliers and principals to offer these solutions at competitive prices in the geographical areas where we operate.
- We will ensure sustainable value creation for all stakeholders, including OEMs and business partners.



## 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 innovation-driven growth and optimisation that allows us to increase our participation in all aspects of the automotive value chain to enhance our earnings while proactively managing risk and capital allocation.
- We have a diverse complement of highly competent and experienced individuals and teams to deliver our progress and performance.



## Our Values

- We are fair, accountable, driven, and ensure that we operate in an environmentally friendly and responsible manner.
- We comply with rules and regulations, operate at the highest levels of integrity and ethics, and ensure we have non-discriminatory business practices.

Our long-term strategic priorities remain unchanged and are focused on ensuring that we are the leading automotive group in South Africa, with a select international presence in the UK and Australia and a limited presence in South East Asia, and Southern and East Africa.

We remain focused on deepening our competitiveness and relevance across the automotive value chain, driving organic

growth through optimisation, innovation, and selective bolt-on and complementary acquisitions.

In executing our business strategy as a responsible corporate citizen, Motus is led in a manner that is environmentally conscious to ensure its sustainability, and adopts policies and practices that enhance the growth of the economies in which it operates.

 Integrated business model: page 10.

# Our strategy (continued)

## Our medium-term value-creating priorities

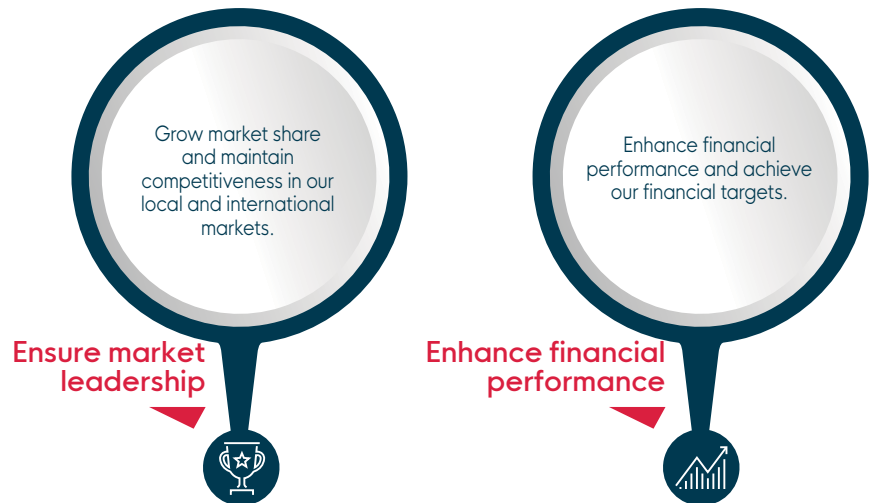
### Mobility for good

We are defined by being:



## Our strategic pillars

Our strategic initiatives underpin the delivery of our aspirations



### Import and Distribution

- Enhance the retail strategy and customer experience throughout the vehicle ownership cycle.
- Grow market share for entry level, 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 the range of vehicle models.

### Retail and Rental

- Maintain targeted pre-owned vehicle market share.
- Rationalise the dealership footprint, aligned to OEM strategies, and refine the multi-franchise model.
- Improve brand representation through select bolt-on acquisitions in South Africa, the UK, and Australia.
- Optimise the car rental business to adapt to new market realities.
- Sell electric and hybrid vehicles in markets where charging infrastructure and government support are available (UK and Australia) and in South Africa when the infrastructure and government support become available.
- Invest in technology to drive digitisation and to support customer service and experience.

## Our people

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

## To enhance shareholder value we aim to

- Deliver strong profit margins and cash flows.
- Maintain a strong balance sheet and liquidity to fund working capital, invest in diversified growth through selective bolt-on and complementary acquisitions, leverage vertical integration strategies and support share buy-backs.
- Maintain a reliable dividend policy.

Leaders Innovators Customer champions Leaders Innovators Customer champions



**Financial Services**

- Expand offerings and drive further integration into dealer networks.
- Develop new and innovative channels to the market.
- Continuously align with digital and automation trends, as well as changing customer needs.
- Continue to focus on fintech developments and leverage relationships with financial institutions and joint ventures.
- Through the innovation centre:
  - Develop innovative products and services.
  - Drive Group-wide innovation.
  - Foster a culture of innovation.

**Aftermarket Parts**

- Grow retail footprint and optimise operating structure, with the support of franchisees.
- Drive optimisation of the supply chain via Chinese operations.
- Strengthen the core business through improved efficiency and volume buying.
- Grow number of buying groups of which we are members.
- Invest in IT to drive digitisation and e-commerce expansion.
- Rationalise distribution centres in South Africa and China.
- Manage inventory availability.
- Expand our entry-level product range.
- Extend distributor footprint internationally.

**ESG impact**

- Manage our activities that impact ESG and actively strive to uphold our commitments to all stakeholders.
- Remain committed to socio-economic growth, creating employment, and contributing to our communities.
- Continue to deepen the maturity of our governance practices and processes.

**Our key competitive advantages**

- Our business model is fully integrated across the vehicle value chain.
- We are well positioned to maintain our leading retail market share in South Africa.
- Our unrivalled scale underpins a differentiated value proposition.

# Our ESG risks and opportunities

## The ESG operating environment

Globally, the recovery path from the damage brought about by COVID-19 is likely to be varied across industries and countries; with resource-restricted nations falling behind in vaccination roll out, mainly as a result of inequity in global vaccine availability.

In South Africa, the COVID-19 crisis deepened the inequities and injustices in our society, and the civil unrest that erupted in July 2021 dampened tentative economic recovery. We hope that structural economic and political reforms through the introduction of enhanced capacity of law enforcement agencies, the restructuring of state-owned enterprises, the launch of an infrastructure investment programme together with the private sector, and freeing up the electricity supply network, brings positive economic impact which lowers the high unemployment rate. The impact of these initiatives is only expected in the medium to longer term.

The focus on ESG performance has increased, particularly as COVID-19 has highlighted health, safety and job protection across industries. There is also increased investor pressure to disclose more robust board and workforce demographic data, and proposed action on climate change, with requests to report against the Task Force on Climate-related Financial Disclosures. It is expected that ESG issues such as environmental supply chain risk, cybersecurity and mandated ESG disclosure will garner increased attention as well. Globally, collective assets under management represented by the United Nations Principles for Responsible Investments (UN PRI) signatories increased by 17%, from US\$103,4 trillion to US\$121,3 trillion at March 2021. In June 2021, the UN PRI announced a new milestone – its 4 000th signatory<sup>1</sup>. In addition, the appetite for sustainable debt instruments has never been stronger.

As the COP26 summit in Glasgow approaches in November 2021, it will bring parties together to accelerate action towards securing global net zero by 2050. In line with this goal, vehicle manufacturers are working on electric and hybrid vehicle concepts in their product portfolios to meet stringent emissions targets, particularly in the UK, Europe, and China (see page 27).

<sup>1</sup> UN PRI Update Q3: <https://www.unpri.org/download?ac=14223>

## Environment

### Risks

**Operational risk:** extreme weather events can disrupt business and weaken an economy, impacting our ability to operate. These events can also cause vehicle and property damage, and there is higher risk of road accidents and injury to people due to bad weather conditions, leading to increased costs and lost time. Higher temperatures and lower rainfall brought about by climate change will impact the length and severity of droughts and, in turn, the communities we operate in.

**Regulatory risk:** increased regulations to achieve carbon neutrality, including carbon taxes and aggressive electric vehicle (EV) and hybrid vehicle adoption targets, will require a change in our portfolio of products (the timing dependent on each country's regulations).

**Reputational risk:** consumers are becoming increasingly aware of, and invested in, the impact that they and the organisations they support have on the natural environment. It is becoming increasingly important for organisations to take action to curb greenhouse gas emissions and minimise environmental impacts, and in so doing, preserve their brand reputations.

### What we can control

- Operating in an environmentally conscious and responsible manner.
- Providing appropriate and transparent disclosure of our environmental impacts and the steps we are taking to minimise this.

### Not fully within our control but we can play an influencing role

- Availability of automotive products and services that contribute to environmental improvement.

### Our response

 Environment report: page 20.

### Opportunities

- Identify and implement environmental improvement solutions to position Motus as an organisation that operates in a way that mitigates pollution, aligns with country-specific priorities and meets its environmental compliance obligations.
- Procure lower emissions vehicles for the car rental fleet to protect the environment and achieve cost savings.



## Social

### People risks

**People risk:** the scarcity of qualified and skilled managers and technical and customer-facing skills, as well as an ageing skilled working population, challenge the Group's ability to access the talent it needs to remain competitive and successfully deliver on its strategy.

**COVID-19 risk:** higher levels of COVID-19 fatigue and increasing workloads may result in employees feeling under-supported or overwhelmed, which can adversely impact their productivity.

**Reputation risk:** failure to engage effectively with employees, transform the workforce timeously or properly plan senior management succession, and failure to inculcate a culture that drives good corporate citizenship, may undermine the Group's reputation.

#### What we can control

- Providing business informed people practices and frameworks and an attractive employee value proposition that motivates and engages employees.
- Providing additional health and wellbeing support to employees and embracing hybrid work practices.
- Driving a co-ordinated transformation programme to develop and promote employees to achieve our internal employment equity targets.
- Increasing our investment in formal training programmes to build a diverse talent pool of young leaders and specialists.

#### Not fully within our control but we can play an influencing role

- Scarcity of qualified skills.

#### Our response



People report: page 42.



Health, safety and wellbeing report: page 63.

### OHS risks

**COVID-19 risk:** the spread of COVID-19 leading to illness, and potentially death, impacting productivity and resulting in high rates of absenteeism or business site closures.

**Regulatory and compliance risk:** non-compliance with OHS legislation, including COVID-19 related OHS requirements, and failure to protect employees, customers and other stakeholders from injury, could undermine the Group's reputation, result in penalties and fines, and negatively impact productivity.

#### What we can control

- Providing a healthy and safe operating environment.
- Providing our employees with programmes and initiatives that support their wellbeing.

#### Not fully within our control but we can play an influencing role

- OHS within the supply chain.
- The exposure of our employees to COVID-19 beyond the workplace.
- The slow uptake of vaccines in South Africa, and COVID-19 variants which impact the efficacy of vaccines, increasing the possibility of further lockdowns.

#### Our response



Health, safety and wellbeing report: page 63.

# Our ESG risks and opportunities (continued)



## Social

### Quality and product risks

**Regulatory and compliance risk:** non-compliance and failure to meet product safety standards and legislation designed to protect consumers, could undermine the Group's reputation, result in fines and loss of commercial licences. This risk was heightened during the year with three high-impact legislations coming into effect on 1 July 2021.

**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. COVID-19 has also resulted in heightened cyber risks due to employees working from home. Legislation relating to personal data requires that this information is afforded adequate levels of protection and instances of negligence carry large fines.

#### What we can control

- Providing excellent customer service.
- Providing responsible financial services offerings.
- Protecting our information.
- Implementing tighter controls and policies for employees working from home.

#### Not fully within our control but we can play an influencing role

- Safety features of vehicles.
- Regulatory developments.
- Consumer awareness in relation to regulatory changes.

#### Our response

-  High-quality and responsible services report: page 72.

### Broader country and community related risks

**Economic and socio-political risk:** weak growth in South Africa, coupled with increasing unemployment following COVID-19 as well as growing inequality, can lead to political instability and social unrest. The social unrest in South Africa in July 2021 indicates that this risk is increasing, particularly due to high levels of youth unemployment.

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

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


#### What we can control

- Implementing a robust transformation strategy.
- Driving employment equity.
- Supporting inclusive procurement and enterprise development.
- Contributing to community upliftment.

#### Not fully within our control but we can play an influencing role

- Achieving full points on the B-BBEE scorecard for preferential procurement.

#### Our response

-  Transformation and community reports: pages 87 and 98, respectively.

### Opportunities

- Become an employer of choice in the automotive industry.
- A diverse workforce is a competitive advantage, for example, attracting and retaining millennials and Generation Z provides cognitive diversity, which promotes collaboration and innovation.
- Ensure a working environment that is safe for employees and customers and supports employee wellbeing to improve productivity and competitive advantage.
- Build strong customer relationships and brand loyalty based on high-quality and responsible products and services.
- Develop compliant and effective methods enabling customers to complete an end-to-end buying process across multiple interconnected channels.
- Enhance our competitiveness and access to private sector and government business by achieving a B-BBEE scorecard rating that gives us preferred supplier and employer status.

# Governance

## Risks

**Unethical conduct risk:** a difficult economic climate, where people are suffering economic hardship, can lead to increased incidents of fraud, corruption and misconduct, including by employees and stakeholders in our supply chain.

**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 with environmental legislation, labour-related legislation (including skills development and employment equity legislation), OHS and product legislation could undermine the Group's reputation and result in penalties and fines.

**Supply chain risk:** we rely on ongoing commercial relationships with key suppliers to deliver superior service to our customers. The loss of any significant supplier could impact operations and financial performance. Shortages of vehicles and parts due to supply chain issues and disruptions could result in loss of sales and missed OEM targets, which would place additional pressure on margins and profitability.





## What we can control

- Maintaining strong relationships with OEMs and suppliers, proactively managing inventory levels and monitoring the effectiveness of our supply chains to understand inherent risks.
- Implementing the appropriate internal controls and employee training to maintain a high level of ethical and compliant business conduct.

## Not fully within our control but we can play an influencing role


- Regulatory developments.

## Our response

-  Ethical and compliant business conduct report: page 118.
-  High-quality and responsible services report: page 72.
-  Transformation report: page 87.
-  Governance chapter: page 116.

## Opportunities

- Maintain our reputation as an organisation that effectively implements new controls quickly and ensures compliance in an increasingly complex regulatory environment.
- The Competition Commission's Automotive Aftermarket Guidelines (Right to Repair) provides various opportunities to expand and effectively execute on our business strategies.
- The ability to swiftly adapt to changes in regulations can provide first mover advantage.

 Managing our risks and opportunities: page 53.



# 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 are diverse and have varying levels of involvement in the business and sometimes conflicting interests and concerns that need to be balanced over time. We are committed to nurturing strong relationships with all our stakeholders.

## 1 Business relationships

Customers, industry bodies, OEMs, suppliers (including small and medium enterprise beneficiaries) and business partners

### Customers



- How Motus is addressing climate change risk.

Page 26.



- High-quality and safe products and services.
- The safety of our customer-facing environments and management of COVID-19 in rental, test driving and vehicle handover processes.
- Digital channels to replace traditional engagement methods, particularly for vehicle information.

Page 72.

- Good communication around the servicing of their vehicles.
- Recall campaigns and how their safety is impacted.
- Ensuring customer data privacy and safety of information, especially for Financial Services.
- Improving our B-BBEE scores.

Page 91.



- Ethical, transparent and fair treatment in terms of the products and services offered.

Pages 82, 118

### OEMs



- The impact of customer concern as it relates to COVID-19 on trading performance.
- Meeting OEM targets for quality and customer service.
- Local production of accessories.

Page 72.

### Suppliers



- Their B-BBEE compliance and improvement of their B-BBEE ratings within set timeframes to meet our selection criteria.
- Procurement strategies that improve transformation.
- Meaningful supplier development programmes.
- Small and medium enterprises: their ability to supply the Group's national, and even sometimes, provincial needs.

Page 96.

### Other



- External auditors: compliance with COVID-19 regulation.

Page 63.



Environment



Social



Governance




## 2 Human capital relationships

Employees and organised labour

### Employees




	• How Motus is addressing climate change risk.	Page 26.
	• A diverse and inclusive work culture.	Pages 42, 52.
	• Job losses due to improved systems and digitisation.	
	• Work-life balance and mental wellbeing.	Page 63.
	• The safety of the workplace and on-site health and safety procedures.	Page 94.
	• South Africa: performance against employment equity targets.	Page 98.
	• Staff involvement in our social projects.	Page 118.
	• Fair and respectful treatment.	Page 118.

### Unions

	• Retrenchments.	Page 43.
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## 3 Financial capital

Owners, investment community and debt providers

	• The role Motus' OEM network plays in introducing EVs and hybrid vehicles to the market.	Pages 20, 27.
	• Alternative low emissions vehicles manufactured by OEMs.	
	• Our investment and operational response to climate change.	
	• Further layoffs as the pandemic continues.	Pages 42, 50.
	• Guidance on staff cost structures and government support for employees.	
	• Group CEO and senior leadership succession.	Page 63.
	• The risk of a COVID-19 outbreak in a Motus facility impacting business continuity.	
	• The reputational impact of poor health and safety protocols.	
	• Our ESG targets and strategies.	This report
	• The impact of the Protection of Personal Information Act in South Africa.	Pages 76, 86, 90, 124.
	• The impact of Right to Repair on Motus' businesses.	

# Our stakeholders (continued)

4

## Regulatory relationships

Regulators and government departments

### Regulators and government



- The carbon emissions of imported vehicles and carbon tax.
- Minimising environmental impact, including ground pollution.

Page 20.

### Government



- How Motus can contribute to South Africa's Automotive Masterplan.
- Improving our B-BBEE scores.
- Sector targets for employment equity.
- Support in dealing with national issues such as youth unemployment, road safety and education.

Page 87.

Page 98.

### Regulators



- Response to cybersecurity risks.

Page 84.



- Regulatory compliance.
- Requests for information to better understand VAPS sold in dealerships and dealer introductory commission.
- The quality of customer outcomes and oversight controls on regulated products and services.

Pages 82, 124.

5

## Social relationships

Civil society, communities and media

### Civil society



- Vehicles that contribute to environmental protection.
- Local environmental concerns.

Pages 27, 30.



- Comfort that companies with high health and safety risks manage these to prevent broader impacts on society.

Page 63.

### Communities



- Meaningful enterprise development projects.
- Our socio-economic development projects and job creation.
- Measuring the impact our CSI initiatives have on communities.

Pages 87, 98.



- Preventing unethical conduct, which costs opportunities for stakeholders.

Page 118.

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

I am pleased to present Motus' first ESG report. While we have been reporting our sustainability performance for a number of years, this year, we have responded to the escalating stakeholder expectations of business – which in essence is to harmonise the interests of all relevant stakeholders in the pursuit of profit-making. Purpose-led and values-driven organisations which can demonstrate such inclusivity have been shown to be more resilient and relevant. In a world grappling with global sustainability risks and finding the most equitable ways to embrace associated opportunities – key global challenges – Motus is one of the organisations that is embracing ESG opportunities.



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

FTSE4Good Index Series  
(overall score)

**3,8 out of five**

(2020: 3,8 out of five)

Carbon footprint  
(Group)

**109 892 tCO<sub>2</sub><sup>1</sup>**

Scope 1 and Scope 2  
(F2020: 116 667 tCO<sub>2</sub>)

Black representation  
(South Africa)

**62%**

of management in South Africa  
(F2020: 56%)

Reporting within ESG-aligned frameworks better reflects our longstanding commitment to measured accountability to our stakeholders and society at every level and across all activities of the Group. It also provides readers with a deeper view of our governance structures to ensure we maintain high levels of ethics and good business conduct, and manage our environmental and social impacts responsibly. We are now applying Motus' core business principles to our ESG disclosure and reporting. This consistency aims to maintain stakeholder trust, which is the underpin of sustainable profit-making.

As we align to global standards, we need to highlight that numbers without context can skew perceptions. No analyst could, for example, accurately interpret South Africa's wage gaps without an appreciation of historical inequity and current socio-economic challenges. International stakeholders might also not fully appreciate the complexity of local trade-offs between employment creation, socio-economic recovery and growth, versus its likely environmental impact.

These are not excuses for inaction but rather alerts for readers of this report to be circumspect about the context in which we operate; and the factors that are within our control and those we can only influence by being a credible voice around the table in relevant business and sector forums and associations.

It would also be misleading to consider our ESG reporting without appreciating the foundation on which we are building these improvements. Our sustainability investments over many years underpin our current ESG progress. Motus' internal functions and systems relating to the SES committee's mandate are well established and our commitment to an inclusive conception of value is culturally entrenched. Significantly, elements of executive remuneration are now linked to the achievement of selected and relevant ESG targets. Our ESG-related achievements reflect this commitment. Not only did we meet all our material targets, we continue to show increasing support and contributions to broader societal stakeholders.

Motus' values are central to our commitment to equitable shared value creation. As much as our entrepreneurial hardwiring compels us to provide our customers with solutions that are contextually relevant, innovative and engender loyalty, the mobility we help our customers achieve unlocks socio-economic opportunities for them and benefits for South Africa's economic progress. Internal good governance not

only protects Motus against risks, but its corporate citizenship aspect also ripples through society, with benefits that multiply.

Our **ethical and compliant business conduct report** on page 118 describes our commitment and activities on this front. In our home market, the headlines relating to endemic corruption are inescapable and engender unfavourable perceptions about the ethical environment in which we conduct the majority of our business. Requiring a more robust focus in ensuring that we maintain our ethical tone, we have introduced a formal ethics declaration framework and reporting tool. All senior managers have completed their annual declarations using the updated tool and we are now extending the tool to business segments. The committee monitors ethics and governance closely and has not found any grounds for concern about corruption within Motus or in our dealings with stakeholders. Unethical behaviour is not tolerated, and we have the systems in place to ensure this is understood. Any contraventions are swiftly brought to book. In addition, increased focus has been placed on compliance training and reporting, with over 16 000 training modules completed in preparation for new regulations.

As discussed in our **environment report** from page 20, we have benefitted from institutional investors' insights and are implementing measures to reduce our impact on the environment. Pleasingly, we were able to reduce our overall carbon footprint, including Scope 3 emissions, by 7% and our investments in alternative power supply and alternative water sources continue to reduce our use of these resources. Our ability to make a more meaningful impact is constrained by reliance on the availability of OEM products which support environmental improvement in our markets. While we were able to increase our ability to offer these technologies in the UK and Australian markets, unfortunately South Africa's infrastructure is not in place to support the large-scale introduction of lower-emission vehicles, and must at this time take a back seat to more pressing requirements to grow the economy, put many more people in decent jobs, redress the persistent imbalances of our history, and attend to social cohesion.

The committee is comfortable that measures are in place to help Motus anticipate ESG-related risks. Those risks, as well as our responses are summarised in the **ESG risks and opportunities** section starting on page 10.

<sup>1</sup> Tonnes of carbon dioxide.

**Women representation  
(Group)**

**31%**

of the Group's workforce  
(F2020: 30%)

**Training hours  
(South Africa)**

**99**

hours of training per employee  
(F2020: 63 hours)

**Enterprise development  
spend (South Africa)**

**R76 million**

(F2020: R30 million)

As outlined in our **health, safety and wellbeing report**, found on page 63, health and safety is a well-managed priority. Management, aligned to relevant government guidelines, has inculcated current COVID-19 prevention measures. Given our responsibility to ensure safe environments for our people and customers alike, we are also actively encouraging staff who are medically able to vaccinate, offering opportunities for on-site vaccinations. Like other companies, Motus is growing to accept that COVID-19 will remain a health risk for the long term, although the impact of government lockdowns on our operations is abating.

As an employer of 16 708 individuals, people remain the core of Motus's ability to operate. Our people report from page 42, reflects our investments in ensuring we attract, grow and maintain the right skillsets for the environment. In South Africa, adapting to hybrid training reduced the absolute cost of training from R177 million to R144 million, but enabled us to make training more accessible and increased training hours from 63 to 99 hours per employee. In the UK and Australia, we invested R127 million on the training and development of our employees.

Our commitment to gender equity, the support and development of people living with disabilities and opportunities for youth employment not only expands our recruitment pool, and the diverse perspectives that keep us relevant and innovative to our customer base, but also uplifts the marginalised people in our society and unlocks opportunities for those that depend on them. Meeting our 2021 employment equity targets and increasing our representation of woman in senior positions from 25% to 36%, reinforces our commitment to broader inclusion at management levels in South Africa. We proudly support the national Youth Employment Service (YES) Programme, providing opportunities for over 400 unemployed youth across the country.

Like the rest of South Africa, the SES committee witnessed the socio-political unrest in July 2021 with deep concern. We were encouraged to see management adopt the same safety-first approach that has been a hallmark of its COVID-19 action plans. Anticipating unrest is challenging. And while measures can be put in place to protect people and facilities against it, political strife is largely out of Motus' control. Poverty and inequality undeniably fuelled protesters' frustration. In addition to supporting our staff during this time, we also contributed R5 million to food security and

health-linked NGOs. We know that only by working together with legitimate civil society organisations can companies contribute to stability and the creation of sustainable socio-economic outcomes. Our contributions are outlined in the **transformation and community reports** on pages 87 and 98 respectively.

While South Africa and the world deal with a pandemic, socio-economic upheaval and political strife, the growing demand for ESG accountability offers some grounds for hope for a more just society. Even as our ESG report highlights the extent of the systemic challenges we face; it also demonstrates our willingness to be held accountable as a force for social good and a company with a strong moral compass.

Perhaps the greatest value Motus has created over the past few years has been exactly that – to offer reason to be hopeful. The group's remarkable recovery after the initial stages of the pandemic allowed us to return to a growth path more quickly than expected. With that came employment opportunities for people, particularly the youth. Their excitement about their futures could never be measured or captured in an ESG report but is palpable. Their hope, the opportunities we create through providing mobility, and our empowerment of people and of small businesses, should be the light in which one should read this report.

I thank my colleagues who serve on the SES committee, the executive management team and the people of Motus for their commitment to our values and for the value they strive to create for all our stakeholders, every day in many different ways no matter how big or small. They exemplify that people, when working together within organisations like Motus, create lasting value as their collective contribution exceeds what they as individuals expect to get in return. For me, that is the nub of sustainability, which adds up to hope for a better tomorrow.



**Johnson (JJ) Njeke**  
Chairman of the SES committee

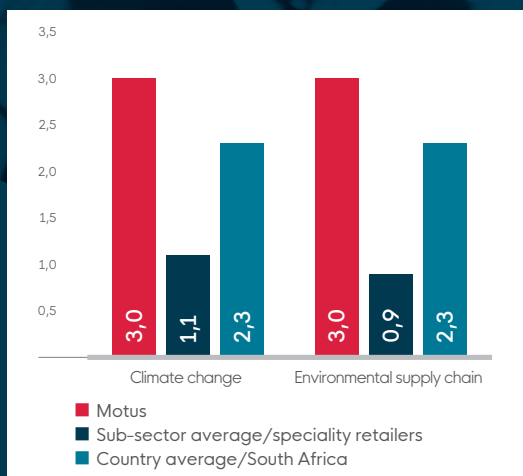
<sup>1</sup> Donation made after year-end.

# Environment

## 2021 performance overview

### FTSE4Good Index Series – environmental score

**3,0 out of five**  
(2020: 3,3 out of five)



Page 116.

### Environmental compliance

No environmental-related fines or penalties incurred.

Page 24.

### Secured our second sustainability-linked loan

**£120 million in January 2020**

Motus achieved all of the loan's key performance indicators, and received a cost reduction on margin of 5 basis points (0,05%).

Page 24.

### Climate change CDP

Submitted our first climate change<sup>2</sup> CDP as the Motus group, with results expected in October 2021.

<sup>2</sup> The CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Electricity purchased  
(Group)

**73 317 megawatt hours**

(F2020: 75 713 megawatt hours)

Annual target for F2021:  
81 937 megawatt hours

Page 32.

Road fuel consumption  
(Group)

**16 114 297 litres**

(F2020: 19 186 337 litres)

Annual target for F2021:  
21 868 936 litres

Page 32.

Carbon footprint<sup>1</sup>  
(Group)

**109 892 tCO<sub>2</sub>**

Scope 1 and Scope 2  
(F2020: 116 667 tCO<sub>2</sub>)

**105 tCO<sub>2</sub>**

Scope 3  
(F2020: 1 625 tCO<sub>2</sub>)

Page 32.

Water purchased from municipalities  
(Group)

**570 089 kilolitres**

(F2020: 603 509 kilolitres)

Annual target for F2021:  
590 219 kilolitres

Page 30.

<sup>1</sup> tCO<sub>2</sub>: tonnes of carbon dioxide.

Note: reasons for material variances between years can be found in the performance sections at the given page references.



# Environment report




# Operating in an environmentally conscious and responsible manner

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 values.

## Overview

Electric vehicles (EVs) and hybrid vehicles are the future, with well-established vehicle manufacturers and new entrants introducing these offerings to their product portfolios. As an importer and dealer representative of original equipment manufacturer (OEMs) products, we have limited influence on EV and hybrid vehicle production. We also have limited influence in terms of changing national policy and infrastructure (charging stations and a stable supply of power) needed in South Africa to support these offerings; however, Motus acknowledges that its business of selling vehicles that produce emissions has a major impact on the environment, and we engage with our stakeholders to find solutions.

 Automotive products and services that assist environmental improvement: page 27.

Our business model is not a direct carbon or water-intense business. We do use a fair amount of water to wash vehicles in our dealerships and rental branches. Customer test drives, vehicle rentals and the delivery of aftermarket parts are key activities in our operating model that consume fuel, and we focus on our electricity consumption given the supply concerns facing South Africa. The responsible disposal of hazardous waste oil generated from the servicing of vehicles and equipment is also a key part of our environmental management. We measure our environmental performance and the effectiveness of our projects to maximise operational efficiency against clear resource consumption targets.

## Strategic priorities

Our values require us to be conscious of environmental impacts when making business decisions and investments. Our environmental priorities are to:

- 1 Drive behavioural change in areas we can control.  Page 25.
- 2 Enhance target setting to ensure effective reduction in consumption.  Page 24.
- 3 Ethically harness cleaner energy and water sources (solar panels and batteries, rainwater harvesting systems) and ensure an adequate investment in green-linked installations or products (between 5% and 10% of new build and property upgrade projects).  Pages 30, 32.
- 4 Find responsible recycling opportunities, working with small businesses and reputable business partners.  Page 37.
- 5 Work with industry bodies to contribute to policy development that supports electromobility in South Africa.  Page 28.

# Operating in an environmentally conscious and responsible manner (continued)

## How we measure our performance

An accredited sustainability management system 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) and Australia. The Greenhouse Gas Protocol is used to calculate our carbon footprint, using the operational control boundary.

Data quality checks take place at head office level as well as by external assurance providers. Ongoing refresher training is delivered for users of the sustainability management system to reinforce the importance of accurate and timely reporting.

As our previous environmental targets set in F2019 came to an end in June 2021; this year we set new targets for the next three years to F2024 based on F2019 activity. These targets are more robust and relevant than our prior targets, which aimed to reduce the overall reduction of resource consumption.

In 2020, we secured a £120 million financing facility co-ordinated by BNP Paribas and Sumitomo Mitsui Banking Corporation, among others. The three-year facility, recently extended for an additional year, links preferential interest rates with pre-agreed targets to reduce water and fuel consumption (a flat range reduction relative to prior year consumption). The loan was successfully secured due to the many years of measuring our environmental performance and our ability to meet targets. Our loan-related targets are set annually.

We work to continually improve the quality of our data to support transparent reporting and better decision making, and to enable more robust target setting. Our guidelines and frameworks ensure that all businesses are aware of

their responsibilities in terms of environmental reporting. Guidance is also provided by the Group risk and sustainability function. We are focused on improving the usefulness and accessibility of our environmental reporting to provide our stakeholders with the information they need to make an accurate assessment of our environmental performance.

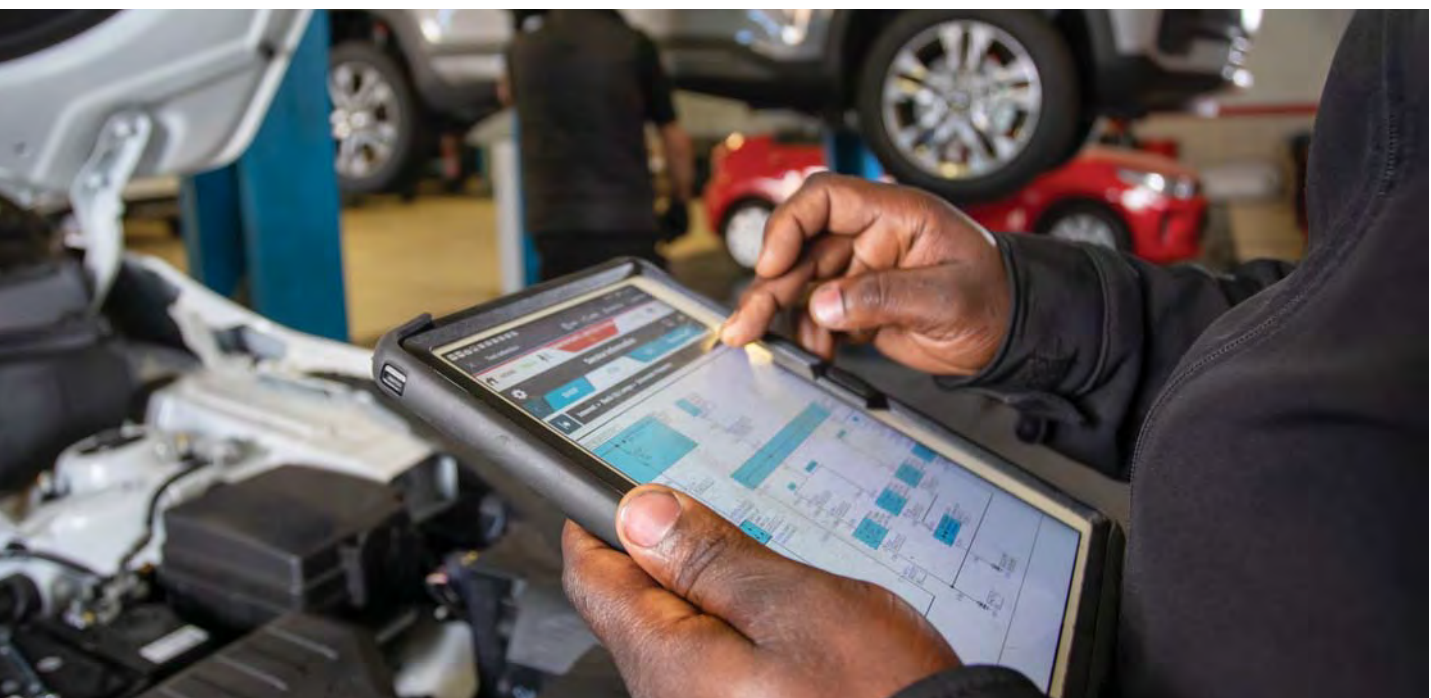
In the UK, our commercial vehicle business is one of the largest DAF truck dealers globally, and is International Organization for Standardization (ISO)14001 certified<sup>1</sup> – the international standard for an effective environmental management system. To maintain certification, our practices, policies and processes are reviewed annually and audited every three years.

As we realise our strategic objective to rationalise the dealership footprint in line with OEM strategies and a contracting vehicle market, as well as the increasing use of online platforms to search for and research vehicles, the multi-franchise model will reduce our physical footprint in the vehicle import and retail businesses. We are accelerating our multi-franchise strategy and now have over 40 sites. We recently extended our footprint to dealerships located in Bedfordview, Edenvale, Klerksdorp Polokwane, Rustenburg, and Tzaneen. Our biggest multi-franchise business yet will open in Menlyn (Pretoria) early in 2022.

There were no incidents of non-compliance with environmental regulations and/or voluntary codes within the reporting year (F2020: none). One environmental incident was recorded as disclosed on page 38.

 Governance of environmental impact: page 138.

<sup>1</sup> Mackworth Vehicle Conversion Specialists is located at the same premises and covered by the ISO certification.





## Stakeholder engagement

During the year, discussions were held with all business segments to drive a consolidated approach to resource consumption, with a commitment made to investing in projects that address ageing and inefficient infrastructure, or decreasing reliance on the electricity grid and municipal water in South Africa.

We use training and awareness campaigns to influence employee behaviour and gain support for key environmental performance indicators. As an example, in South Africa the Motus Water Awareness pledge encourages employees to conserve water, report water wastage and leaks, and educate others on using water sparingly. In Financial Services, the installation of tap flow restrictors (aerators) was supported with an employee communication campaign to raise awareness around how to save water in the office. In the UK, 1 266 employees (42% of the workforce) completed environmental awareness training during the year.

From F2022, Kia plans to include training on environmental aspects in its induction programme for new employees, Car Rental intends to include environmental issues in its quarterly newsletters, and towards the end of 2021, we will roll out a climate conservation awareness campaign across our dealerships in the rest of Africa.



## Key challenges

- Poor municipal and national infrastructure in South Africa resulting in water supply interruptions, burst pipes and water leaks, and in East Africa, inconsistent water supply.
- Absence of accurate and timely municipal water readings in South Africa and East African operations, which hampers our ability to accurately assess progress against the water target.
- 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 quality of fuel in South Africa does not match that of grades sold in first world markets, limiting our ability to build a fleet of vehicles or sell vehicles with the most modern engines and lowest possible emissions.
- Ensuring that waste is segregated correctly and removed from sites timeously in line with government's strict new gazetted rules to increase recycling and reduce the amount of waste that enters landfill sites.
- Setting targets during COVID-19 given the uncertain business activity levels.

# Our approach to managing climate-related risks

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. Over the past couple of years, Australia has experienced the spread of fires across all states, with some being the most devastating on record. While these extreme weather conditions have the potential to damage our assets and disrupt business operations, they also impact the economy in general, and weak economic growth impacts the number of vehicles we are able to sell.

We consider our climate-related risks in alignment with the recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), and have identified the following key climate change-related risks.



## Physical risks

Linked directly to climate change impacts such as extreme weather events.

## Transition risks

Linked to expected policy changes in moving towards a low-carbon economy.

## Reputational risks

Linked to insufficient action in curbing greenhouse gas (GHG) emissions.

### Our climate change-related risks

- Changing weather patterns and the associated damage to property and assets, and business disruption.
- Access to finance is increasingly linked to a company's climate-related risks.
- Capital to invest in long-term solutions that optimise resource consumption.
- Emissions taxes.
- Foreign regulations impacting exports.
- Changing demand for goods.
- Increased prices for goods and services.
- Changing public perceptions and expectations.

### Actions taken to mitigate our climate-related risks

- Updated our Group risk framework to specifically highlight climate-related risks.
- Expanded the mandate of the social, ethics and sustainability (SES) committee to include oversight of ESG-related matters.
- Incorporated climate-related key performance indicators (KPIs) in management incentives for F2022.
- Increased our investment in projects to reduce our environmental footprint.
- Incorporated carbon taxes and compliance into our tax compliance function.
- Identified opportunities to expand our ESG reporting to include TCFD in addition to reporting against the requirements of the FTSE4GOOD and CDP.
- Started to monitor shifts in OEM manufacturing to lower internal combustion engines, EVs and hybrid vehicles.

Aligned to the TCFD recommendations, we will submit a formal risk assessment of the risks noted above to the SES committee on a quarterly basis. The submission will include risk impacts, our responses and relevant KPIs.

# Automotive products and services that assist environmental improvement

## Electric and hybrid vehicles

In markets beyond Africa, there is increasing demand for EVs<sup>1</sup> and hybrid vehicles<sup>2</sup>. A strategic initiative for the Retail and Rental business segments, is the sale of EVs and hybrid vehicles in the UK where there are government subsidies and better charging infrastructure; although it is still unclear how an increasing number of these vehicles will be charged. In the UK, around 10% of new vehicle purchases are now EVs and hybrid vehicles, which by 2040 is expected to grow to around 50% of the vehicle parc. In the UK, we estimate that around 5% of our vehicle sales are electric and hybrid vehicles.

In the UK, we sell electric vans and a number of hybrids. The number of pure hybrid EV and hybrid passenger vehicle models from OEMs represented by Motus in the UK is limited; however, the transition is expected to be rapid once it starts. As an example, Kia already has plans to distribute the Kia Sorento EV. The tax perks in the UK, together with the savings gained from less petrol purchases, balance the higher price of an EV and hybrid vehicle, making it economically viable for consumers. When new EVs and hybrid vehicles are launched, technicians working on these vehicles receive the relevant training from OEMs. EVs and hybrid vehicles have differing servicing needs. EVs require less servicing than combustion engines, and hybrid engines require both traditional and EV technicians. This means that our business in the UK will, in time, have to develop strategies to counter the variable workshop volumes and skills requirements.

In Australia, EV and hybrid vehicle sales are marginal; however sales are expected to pick up from 1 September 2021 if the Electric Vehicles Bill is passed (delayed due to COVID-19). The Bill will support the New South Wales (NSW) Government's \$490 million Electric Vehicle Strategy, which comes into effect in September and which introduces rebates of AU\$3 000 on purchases of new EVs and hybrid vehicles (the first 25 000 eligible vehicle purchases) and refunds on stamp duty for past purchases. The government aims to increase EV and hybrid vehicle sales to more than 50% of new cars sold in NSW by 2030.

In South Africa, almost all vehicles in parc and in the current sales landscape have either petrol or diesel internal combustion engines. Apart from affordability, there is no formal government policy position or adoption target for the production or sale of EVs and hybrid vehicles. Additional challenges faced include an unstable electricity supply and no infrastructure to support charging ports.

Car Rental has tested EVs and hybrid vehicles; however, cannot support these offerings until the challenges reported above are addressed.

naamsa | The Automotive Business Council (naamsa) indicates that while 23% of consumers would be prepared to consider an EV or hybrid vehicle for their next vehicle purchase, only 60% of this group of consumers were prepared to pay up to R500 000. Today, the average cost of a premium brand EV or hybrid vehicle is between 40% to 60% higher than a traditional internal combustion engine counterpart, making affordability the biggest challenge for financially strapped South Africans. The price gap is driven by the current cost of the batteries. While the cost of ownership remains high together with the uncertainty of the residual values on batteries and the vehicles themselves, no meaningful uptake is expected in the short term, with these vehicles likely to comprise less than 1% of our total sales in South Africa in the near future. We estimate that to generate a robust domestic market for alternative vehicles will require a 15 to 20-year implementation plan, with all stakeholders working together.

### Future EV market in the UK and Europe



In 2030, around **40%** of all new vehicle sales in Europe are forecast to be EVs and hybrid vehicles.

By 2040, this is expected to increase to around **80%**.

Source: naamsa.

<sup>1</sup> Includes battery EV and alternate green source vehicles such as hydrogen fuel cell.

<sup>2</sup> Includes hybrid EVs and plug-in hybrid EVs.

# Automotive products and services that assist environmental improvement (continued)

The impetus to accelerate EV and hybrid vehicle adoption comes from the South African Automotive Masterplan (2021 to 2035) implemented on 1 July 2021 – government policy to stimulate and protect the local auto manufacturing base for export. In 2020, three out of every four vehicles manufactured in South Africa were exported to Europe and the UK, and as of the first half of 2021, four out of five are being exported. These territories are setting aggressive EV and hybrid vehicle adoption targets and the discontinuance of internal combustion engines. In nine to 15 years, the vehicles currently produced in South Africa will not be viable for this market. A change in policy is inevitable and needed for South Africa to maintain its export sales volumes. In addition, as a signatory to the Paris Climate Agreement, South Africa has set a 45% green energy target by 2030. The introduction of EVs and hybrid vehicles would significantly contribute to meeting this target.

naamsa is engaging with the Department of Trade, Industry and Competition (dtic) on an early review of the Automotive Masterplan. The aim will be to incorporate the latest global EV and hybrid vehicle developments, which have been accelerated by COVID-19, so that the automotive industry can achieve the masterplan's targets. The Minister of the dtic confirmed in April 2021 that, as a start, work has commenced to accelerate the development of capabilities to manufacture hybrid vehicles.

naamsa members have agreed (based on global experience) that to develop a manufacturing base oriented towards EV and hybrid vehicles, South Africa must first create domestic demand through imports. However, there are conflicting opinions on this approach; with some fearing that an unintended consequence of stimulating EV and hybrid vehicle demand will drive up demand for imported product rather than fostering local manufacturing. In addition, employee representatives want evidence that switching to manufacturing these types of vehicles will preserve or create jobs, which at this stage is unclear.



## Stakeholder engagement

In May 2021, the South African Government issued a draft New Energy Vehicle Green Paper. The paper is the first step towards establishing a clear policy foundation to co-ordinate a long-term strategy to enhance South Africa's competitiveness in the global transition from the internal combustion engine into electromobility solutions and technologies. naamsa was an active participant in the drafting of the paper.

Going forward, through naamsa and our participation in the industry body's fuel committee, we will provide feedback to the dtic on the paper. One of the policy's goals is to support a positive environmental impact by:

- Continuing the transition towards cleaner fuel technologies.
- Adopting new and sustainable manufacturing processes to reduce GHG emissions.

The challenge for South Africa in its tough economic position, is the political will and the affordability of investing in the infrastructure needed to supply cleaner fuels required by modern engines that are more fuel efficient and have lower carbon emissions. Pleasingly, government has requested bilateral meetings with each local OEM to better understand their individual EV strategies and investment plans.

## What consumers are concerned about in terms of EVs and hybrid vehicles

Concern	Australia %	United States %	Germany %	Japan %	Republic of Korea %	China %	India %
Driving range	19	28	28	22	11	25	13
Lack of charging infrastructure	22	25	22	29	32	20	26
Cost/price premium	28	20	16	23	17	9	16
Time required to charge	12	13	13	15	18	13	14
Safety concerns	14	8	12	10	19	29	25
Lack of choice	4	4	5	1	3	4	6
Other	1	2	4	0	0	0	0

■ Top concern

Source: Deloitte 2021 Global Automotive Consumer Study

Q47: What is your greatest concern regarding all battery-powered electric vehicles?

Sample size: Australia=767; Germany=779; US=879; China=886; India=880; Japan=597; Republic of Korea=906

## OEM initiatives

While the change to EVs and hybrid vehicles in South Africa will largely depend on government's will to support the affordability of these vehicles and stimulate consumer demand, our transition will also in part be dictated by our partner OEMs. OEMs are making headway in the production of battery, hydrogen fuel cell, liquefied petroleum gas (LPG) and hybrid vehicles. It is certain that traditional EV and hybrid technology will be preferred for passenger and light commercial vehicles, and fuel cell technology for heavy commercial vehicles that travel longer distances. We monitor global trends and OEM developments so that when policy changes are implemented in a country where we operate, we will be able to quickly adopt EVs and hybrid vehicles into our portfolio. Some OEM initiatives are briefly discussed below.

Toyota, the world leader in EVs and hybrid vehicles, is already bringing this technology to South Africa, investing almost R3 billion in the production of the new Corolla Cross – a hybrid sport utility vehicle (SUV) – at its manufacturing plant in Prospecton in Durban. Toyota has also partnered with Sasol to pilot a local 'hydrogen' freight corridor for hydrogen powered heavy-duty long-haul trucks.

BMW introduced two models in its i brand to the South African market in 2015, with growing numbers. From 2021 into early 2022, the brand plans to launch the BMW iX, BMW iX3 and BMW i4.

Mitsubishi Motor Corporation has a target to have 50% of its vehicle production being EVs by 2030, and to reduce the average CO<sub>2</sub> emissions from new vehicles by 40% against its 2010 average. Plans are underway to launch the new Eclipse Cross and all-New Outlander – plug-in hybrid EVs – to export markets in 2022.

Kia's 'Plan S' to 2030, includes new targets for EV sales, both passenger and purpose-built vehicles. Kia estimates that by 2030, EVs will account for 40% of its total sales, with an annual sales target of 1,6 million units. More than half of these, 880 000 units, are to be purely electric. Seven models are offered on the standalone electric platform and four on combustion platforms. All 11 models will come to market by 2026<sup>1</sup>.

From a base of 100 000 vehicles sold in global markets in 2020 (four models), Hyundai aims to grow its EVs to five times this base by 2025 (560 000 sales across 12 models). This will likely be a combination of fully electric and plug-in hybrid. In 2023, Hyundai will release its fourth generation of battery systems, and is preparing for the mass production of solid-state battery technology around 2027. It is aiming to lead in high-speed ultra-rapid charging, and plans to roll out its E-Pit charging stations across South Korea<sup>2</sup>.

The Renault Group plans to have EVs comprising 65% of European sales by 2025 and 90% in 2030.

In addition to manufacturing alternative drive systems, some OEMs have made a commitment to greening their supply chains. For example, Ford Motor Company has set a target to use 100% locally sourced renewable energy for all its manufacturing plants globally by 2035 and to achieve carbon neutrality by 2060. The Renault Group has a clear action plan to achieve carbon neutrality in Europe by 2040 and worldwide by 2050. Toyota Motor has moved up its target year for attaining net zero carbon emissions among group factories to 2035 from the previous deadline of 2050.

## Looking forward

Once started, and if driven by policy, the growth in EV sales could be relatively quick in South Africa. To remain competitive, we must ensure that we have the agility required to take advantage of opportunities as they arise.

This will require that we:

- Continue to engage with our OEMs on EV products and assess their relevance for the markets we operate in.
- Maintain EV and hybrid vehicle brand positioning.
- Continue to contribute to developing automotive policy through our representation on industry bodies.

## Other products and services

As part of our aim to design products that support lower carbon vehicles and to make meaningful contributions to 'mobility as a service', Financial Services piloted a ride-sharing initiative prior to the advent of COVID-19. Unfortunately, public interest in ride-sharing has reduced given the increased need for social distancing. We have gained valuable insight, which we will use to continue our exploration of new and innovative ways to support 'mobility as a service'.

Nexus is the largest automotive global parts buying group with annual buying power of €27 billion. It is represented in 137 countries and has buying agreements with 76 global component manufacturers and 12 emerging suppliers. Aftermarket Parts joined Nexus in 1 January 2021 and the business segment's Chief Executive Officer is a member of the Nexus ESG committee, which aims to benchmark the collective's ESG activities to worldwide standards, and transform the industry starting with 'clean, green' workshops. Right now, data is being mined across the industry to facilitate and guide these goals.

<sup>1</sup> Source - <https://www.electrive.com/2021/02/09/kia-expands-ev-business-strategy-and-targets/>.

<sup>2</sup> <https://evbrief.com/ev-news-brief1/hyundai-confirms-mid-to-long-term-ev-strategy-highlights-future-model-line-up>.



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

COVID-19-related lockdowns and peak infection levels during 2020 and 2021 negatively impacted our objective to establish standardised activity levels at our sites, for example, office occupation at Financial Services fluctuated between 10% and 60% during these periods. We have however investigated numerous sites to use as benchmarks and identified drivers of water consumption to help us understand our usage, to inform the development of targets for the next three years, and to identify where we can reduce demand and dependence on municipal water.

We acknowledge the need to mature and formalise our approach to water management and have prioritised specific water usage strategies to deliver on our next round of water targets, effective in F2022.

### What we are doing

Water harvesting and wastewater recycling systems are implemented in the wash bays of some dealerships (South Africa and Australia) and Car Rental branches (South Africa). Boreholes and rainwater harvesting systems serve as alternative sources of water at certain dealerships in South Africa and East Africa, and Car Rental branches in South Africa.

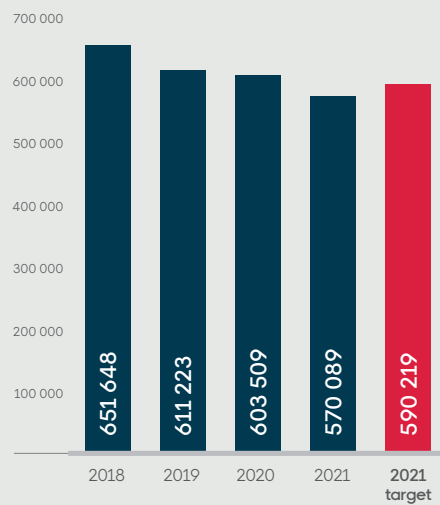




## 2021 performance and looking forward

### Group

#### Water purchased from municipalities (kilolitres)



Water usage was 570 089 kilolitres, 5,5% lower than prior year and 3,4% lower than our F2021 target. The year-on-year decrease was largely driven by the branch closures in Car Rental, which was heavily impacted by COVID-19.

In South Africa, where feasible, we installed independent smart water meters in dealerships, enabling each site to measure its water consumption without relying on erratic and estimated municipal readings. The roll out of this project across business segments will be determined by the installation of rainwater harvesting systems.

Looking forward, we will enhance the accuracy of our water usage reporting, reduce our reliance on municipal estimates, explore additional water saving solutions and continue to drive awareness and consistent messaging around water usage and conservation across our businesses.

### Business specific initiatives and highlights



- Retail and Rental uses 163 JoJo tanks at 55 sites. Recent rainwater harvesting systems were installed at Toyota Bryanston and Toyota Kempton Park (both Gauteng), realising an annual saving of approximately R450 000 and 9 500 kilolitres.
- Auto Pedigree only uses harvested rainwater to wash vehicles, with around 1 500 vehicles cleaned a month.
- Financial Services installed tap aerators throughout the Johannesburg campus, and is investigating the installation of a rainwater harvesting system.



- Converted it restrooms to low flush toilets.



- Installed a recycling car wash plant at the new dealership in Ballarat.



- Installed boreholes in Dar Es Salaam (Tanzania) and Lusaka (Zambia), resulting in no water being purchased from municipalities. In the next two years, the operation will install rainwater harvesting tanks and boreholes at dealerships in Kenya and Malawi, where possible.



Our efforts to reduce our carbon footprint focus on electricity and fuel consumption, to reduce our operational costs and comply with South Africa's Carbon Tax Act.

Our biggest consumers of fuel are our generators, company cars, test drives of vehicles to generate sales and the car rental fleet. To a lesser extent, fuel is used to deliver aftermarket parts to customers, although the transport logistics of parts is managed through a dedicated team to achieve route optimisation. Financial Services' use of technological resources makes it dependent on electricity.

Our generator network in South Africa is regularly maintained and critical for ensuring business continuity during power outages. We are comfortable that our operations have adequate access to alternative power supply; however, our focus going forward is to move away from the use of petrol or diesel generators to greener alternatives where we can. This will not only reduce our carbon footprint, but also our demand and dependence on a weakening national grid.

### What we are doing

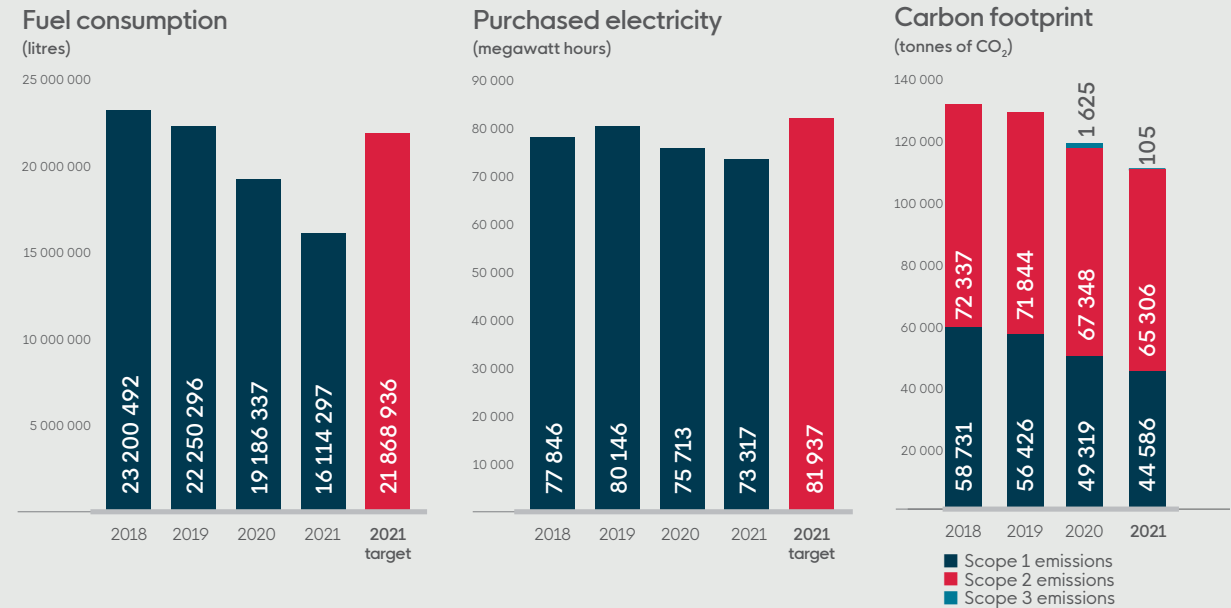
Our initiatives to reduce our electricity consumption include:

- 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.
- 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 shopping will enable the further optimisation of delivery routes.
- In South Africa specifically, we are installing electricity meters to monitor consumption, identify spikes and energy-saving opportunities, and compare actual consumption to municipal charges. In addition, we install solar photovoltaic (PV) systems, where feasible. PV systems are installed at Hyundai's parts distribution centre (PDC) in Germiston, Kia's eco-dealership in Weltevreden Park (under refurbishment and upgrade), and six key Retail and Rental sites.



## 2021 performance and looking forward

### Group



- Road fuel usage was 16 114 297 litres, 16,0% lower than prior year and well below our F2021 target by 26,3%. Decreases are attributable to fuel cost initiatives in many businesses and remote working due to COVID-19.
- Electricity usage was 73 317 megawatt hours, 3,2% lower than prior year and 10,5% lower than F2021 target.
- While Scope 3 emissions have significantly reduced due to less air travel (94% reduction), this will increase again as business returns to normal activity. However; it is rewarding to see the steady decrease of overall carbon emissions over the past three years.
- During the year, we completed all applicable registrations in terms of South Africa’s carbon tax fee.
- **Objective:** all business segments are investigating where solar PV power installations are feasible and, where there are solar plants in place, to ensure that we effectively use solar power without wastage.
- **Objective:** given OEM strategies and market conditions, where feasible, we will adapt our company car fleet to include more fuel-efficient demo vehicles, where possible.
- **Objective:** we will expand the number of charging stations in dealerships in the UK and Australia.
- **Objective:** our businesses will continue to install energy-efficient lighting and light timers and replace old electronic equipment with energy-efficient alternatives, when retrofitting projects are undertaken or equipment becomes redundant.
- **Objective:** based on our COVID-19 experience, we will drive hybrid meetings (a combination of in-person and online connections) as an alternative to travel.

## 2021 performance and looking forward (continued)

### Business specific initiatives and highlights




- The solar system at the Hyundai PDC, installed in 2020, has achieved around 69% in cost savings and a 61% saving in kilowatt hours drawn from the national grid. The system has achieved the optimal kilowatt hour target of 70% twice since it began operating; however, unforeseen technological issues, and the inability to maintain the system during South Africa's hard lockdown, impacted its optimal performance during the first months. On the whole, we are pleased with the system's performance. Following the successful solar test case at the PDC, Hyundai is reviewing similar options for other strategic sites.
- Kia approved a solar PV replacement system for the Weltevreden Park dealership (Gauteng), where the current solar system is at end of life. The new system has a 36-month payback period and the installation will be completed by November 2021. Under normal operating conditions, the system will supply 70% of the dealership's power requirements with the balance being drawn from the national grid. Kia also implemented a conventional power back-up solution at the East Rand dealership (Gauteng), which is solar compatible. The business case for connecting solar panels to the back-up solution is being investigated.
- Renault installed an 80 kilowatt solar plant at the Renault PDC and increased the percentage of online learning, reducing employee travel to training facilities.
- To date, 76 Retail and Rental sites have been retrofitted to energy saving lightbulbs during dealership upgrades. The business segment is conducting solar PV feasibility studies with new implementations to be considered in the next budget.
- Car Rental will procure vehicles with lower emissions, although this will be dependent on what is available in the market.
- Financial Services approved a small-scale solar installation for implementation in F2022 for a building at its Johannesburg campus. Given the nature of the work undertaken in the business segment, working from home was heavily utilised during COVID-19 lockdowns and peaks. On return to the office, the correct balance between face-to-face and virtual business activities that suit operational requirements will be determined.




- Implemented a policy for employee use of EVs and hybrid vehicles, and installed charging points at certain sites in accordance with the standards set by OEMs.

Motus Vehicle Solutions (UK)  
(at 30 June 2021)




**Motus**  
VEHICLE SOLUTIONS



**Proud to be  
Climate Positive**  
We are 100% Carbon Neutral  
in partnership ecologi.com

**3,616 TREES PLANTED**


**4 MONTHS**  
CLIMATE POSITIVE  
WORKFORCE




## We now emit net-zero carbon

Motus Vehicle Solutions in the UK is working with ecologi.com – an initiative that enables individuals and companies to access carbon offset opportunities and become carbon neutral. The initiative was started early in 2021.


**263 TONNES OF CO<sup>2</sup> IS EQUIVALENT TO:**



**404**  
LONG  
HAUL  
FLIGHTS



**1 579m<sup>2</sup>**  
OF SEA ICE  
SAVED



**1,3 MILLION**  
MILES DRIVEN  
IN A CAR

 <https://ecologi.com/motusvehiclesolutions>





The vehicle selling process is a paper-intensive exercise. However, advances in technology are making it possible for the process to become more automated with less need for paper, while still meeting regulatory requirements and customer needs.

### What we are doing

Before the advent of COVID-19, we were already automating some finance and insurance processes, such as emailed customer statements, electronic storage of statements and digital signatures. An example is 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. Financial Services is digitising various processes and using artificial intelligence to align digital platforms and leverage data, thereby enhancing the customer journey.

In Aftermarket Parts, a major project is underway to implement an integrated enterprise resource planning system, scheduled for completion in F2022. The single operating and trading platform replaces three legacy systems. It will streamline our parts business, provide real-time data and reduce complexity, resulting in a less paper intensive environment.

To reduce paper consumption requires behaviour change. Internal engagement aims to encourage our people to print on a 'needs only' basis and to store their documents electronically, as far as possible. User ID on modern printers assists targeted engagement with employees identified as heavy users of paper.

As part of managing our responsibilities relating to the Protection of Personal Information Act, we are encouraging the use of online platforms or paperless solutions.

We are investigating how to potentially introduce a consistent monitoring measure to understand how much paper is used across the Group. In smaller operations, we have already piloted monitoring measures and started introducing reduction targets.

## 2021 performance and looking forward

### Business specific initiatives and highlights

#### South Africa

- Kia and Renault will reignite the paperless deal file systems project, which was suspended during the COVID-19 crisis.
- Car Rental will use the customer web portal to provide customers with electronic invoices and statements to reduce paper consumption.

#### UK

- Mercedes Commercials introduced electronic vehicle health checks in all sites (in place for 15 months) and electronic clocking for technicians (using their own tablet). The next phase is to implement electronic job cards and write-ups as part of a Mercedes-Benz pilot project.
- We are targeting a 5% reduction in paper consumption over the medium term.

# Waste

## What we are doing

Our waste strategy includes a particular focus on recycling paper, plastic, batteries, and oil waste to reduce waste going to landfill. 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.

All operations must adhere to our waste policy 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 their waste.

Similar to our paper strategy, we are investigating how to achieve a consistent monitoring measurement and identify appropriate waste metrics to understand our waste generation across the Group. In smaller operations, we have piloted monitoring measures and started introducing zero waste to landfill targets.

In the UK, we dispose 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.



We manage hazardous and non-hazardous waste responsibly, comply with applicable national waste management laws and ensure relevant disposal certificates are issued.



## 2021 performance and looking forward

### Group

- There were no significant spills in the group in F2021.
- Upon starting construction work at our rented site at West Thurrock Mercedes Commercial dealership in the UK – a rented site – the ground was found to have been contaminated with oil. The contamination is suspected to have been caused by a leak from underground fuel storage tanks, predating our lease of the site. The storage tanks are no longer in use. We are working with an environmental consultant and together with the landlord have committed resources to remediation.
- Started measuring waste and plan to be in a position to set waste and recycling targets in F2022.
- **Objective:** prioritise waste measurement, including developing waste strategies to reduce our waste to landfill, and drive change to support separation at source, particularly for packaging, to align to new government rules in South Africa.
- **Objective:** remote working due to COVID-19 has delayed plans to roll out our paper recycling initiatives in our offices; however, we are still committed to implementing sustainable recycling programmes for all key office sites, including a solution to enhance and expand current e-waste management in South Africa.
- **Objective:** prior to COVID-19 some dealerships had banned single use plastic bottles; however, we have had to reassess this practice due to health concerns. We will investigate other environmentally friendly consumer waste practices while ensuring that COVID-19 prevention practices are not compromised.

### Business specific initiatives and highlights

#### South Africa

- Hyundai increased vehicle production in F2021, resulting in around 348 000 kilograms of steel being recycled at the commercial plant, a 20% volume increase from the prior year. The plant recycles all its used packaging materials, with steel being the most significant material recycled.
- In Retail and Rental, a total of 84 dealerships and rental branches use waste management companies, and 89 dealerships have their waste oil collected by a responsible service provider. Computer equipment, old oil filters, paper, scrap steel, aluminium and used batteries are disposed of responsibly. Receptacles ensure that hazardous materials are separated.

#### UK

- We are working with our suppliers and procurement personnel to encourage the procurement of recycled versions of products, wherever possible, as part of our dealer standards approach.
- We recycled over 97% of special waste (workshop waste, oil, antifreeze, brake fluid, mixed fuels etc.), and have set a F2022 target to reduce special waste by 98% to minimise waste that goes to landfill.



# Key data

## Group data

	2021	2020	2019
<b>Energy consumption</b>			
Road fuel usage (litres)	16 114 297* ▼	19 186 337	22 250 296
Electricity purchased (megawatt hours)	73 317* ▼	75 713	80 146
<b>Emissions</b>			
Scope 1 emissions (tCO <sub>2</sub> ) <sup>1,2</sup>	44 586* ▼	49 319	56 426
Scope 2 emissions (tCO <sub>2</sub> ) <sup>3</sup>	65 306* ▼	67 348	71 844
Scope 3 emissions (tCO <sub>2</sub> ) <sup>4</sup>	105* ▼	1 625	–
<b>Total emissions (tCO<sub>2</sub>)</b>	<b>109 997*</b> ▼	118 292	128 270
<b>Water</b>			
Water purchased from municipalities (kilolitres)	570 089* ▼	603 509	611 223
<b>Spills</b>			
Environmental incidents	0 ■	0	0
<b>Recycled</b>			
Oil recycled (litres)	2 209 502 ▲	1 952 693	2 009 394
<b>Environmental compliance</b>			
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.

<sup>1</sup> Tonnes of carbon dioxide.

<sup>2</sup> Scope 1: all direct emissions from the activities of Motus or under our control, including fuel combustion and on-site oil (fleet vehicles, air-conditioning or generators).

<sup>3</sup> Scope 2: indirect emissions from the electricity Motus purchases and uses.

<sup>4</sup> Scope 3: all other indirect emissions from activities that Motus does not own or control; includes emissions from business travel.

■ Satisfied with performance.

■ Area for improvement.

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

# Social

## 2021 performance overview

### Black representation (South Africa)

**73%**

of overall workforce  
(F2020: 73%)

**36%**

at top management level  
(F2020: 30%)

F2021 target: 36%

**47%**

at middle management level  
(F2020: 45%)

F2021 target: 49%

**42%**

of Dealer Principals  
(F2020: 39%)

**53%**

at senior management level  
(F2020: 40%)

F2021 target: 53%

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### Training

**R144 million**

training spend in South Africa,  
equating to 3,2% of payroll costs  
(F2020: R177 million; 4%)

**R127 million<sup>1</sup>**

training spend in UK and  
Australia, equating to 5,5%  
of payroll costs

**99 hours of training**

per employee in South Africa  
(F2020: 63 hours)

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### OHS audits (Group)

**526 sites**

(F2020: 567)

**97% audit coverage**

(F2020: 84%)

**92% average score**

(F2020: 90%)

Page 69.

### FTSE4Good Index Series – social score

**3,8 out of five**

(2020: 3,3 out of five)



Page 116.

### Road accidents (Group)

**0,263**

road accidents per  
million kilometres  
(F2020: 0,100)

### On-site injuries (Group)

**199 injuries**

(F2020: 216)

### Fatalities

**Five**

(F2020: two)

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<sup>1</sup> Reported for the first time (unaudited).

Note: OHS metrics include employees and third parties, including fatalities (which has been restated to reflect this).

Management targets are part of our Employment Equity Plan, which can be found on page 114.

### Employment (Group)

**16 708**

people employed with **12 697** employed in South Africa, of whom **73%** are black

Page 112.

### Tax contribution (Group)

**R694 million**

paid to governments  
(F2020: R571 million)

**R932 million**

paid on behalf of employees in South Africa (PAYE<sup>1</sup>)  
(F2020: R950 million)

### Preferential procurement spend (South Africa)

**R2,3 billion**

spent with >51% black-owned businesses  
(F2020: R1,3 billion)

Internal target: R1,1 billion

**R1 billion**

spent with 30% black women-owned businesses  
(F2020: R498 million)

Internal target: R550 million

**R2 billion**

spent with EMEs<sup>2</sup> and QSEs<sup>2</sup>  
(F2020: R1,3 billion)

Internal target: R1,0 billion

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### Recognition

The apprenticeship programme in our commercial business in the UK – delivered in partnership with brand partner DAF – was recognised in a number of awards, winning both the Princess Royal Training Award and the East Midlands' Large Employer of the Year Award.

In recognition of Motus' COVID-19 community response activities in F2021, which included vehicle donations to non-profit organisations and the Solidarity Fund, in South Africa and abroad, we were nominated as a finalist in the Institute of Risk Management South Africa awards.

### Qualifying enterprise and supplier development spend (South Africa)

**3,1% (R54 million) of NPAT<sup>3</sup>**

(F2020: 3,7% of NPAT; R26 million)

Target: 3% of NPAT

Page 96.

### Enterprise development spend (South Africa)

**R76 million**

(F2020: R30 million)

### Qualifying socio-economic development spend (South Africa)

**1% (R17,5 million) of NPAT**

(F2020: 2% of NPAT; R14,3 million)

Target: 1% of NPAT

Page 108.

### CSI spend (Group)

**R18,6 million**

invested in community upliftment initiatives, with R5 million donated to relief efforts in KwaZulu-Natal  
(F2020: R28,1 million)

### B-BBEE rating (South Africa)

**Aiming to achieve a Level 4<sup>4</sup>**

(F2020: Level 6)

Page 91.

<sup>1</sup> Pay-as-you-earn tax.

<sup>2</sup> Exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs).

<sup>3</sup> Net profit after tax (NPAT) of the Group's South African operation.

<sup>4</sup> At the date of report sign off, the B-BBEE verification was still being finalised.

Note: reasons for material variances between years can be found in the performance sections at the given page references.



# People report

# Providing business informed people practices and frameworks

## Overview

Our people continue to respond to the challenges brought about by COVID-19 with integrity, agility and an unbreakable entrepreneurial spirit, contributing to Motus' resilience and ability to navigate these uncertain times. Our leadership team has demonstrated strength and flexibility, and has leveraged its years of collective experience to remain focused on doing what is right for the short term while not forgetting our medium- to long-term strategies.

Our people are at the core of everything we do. Our success depends on a diverse complement of highly competent and experienced leaders and teams. On this basis, we grow our own talent and offer equality in our work environments, career development opportunities and creative initiatives that inspire the best in our people.

Our people strategy integrates human capital management practices to position Motus as an attractive choice for top calibre talent in the automotive industry. It is this approach that enables us to realise our goals of delivering the highest possible level of leadership, innovation and customer service to the markets we serve, and making mobility for good a reality in the Group and for our customers and communities.

COVID-19 has accelerated existing trends in remote working and propelled faster adoption of automation and artificial intelligence, requiring a more immediate need for new skills and the expiry of some skills. Aspects of this changing nature of work are likely to be permanent changes, requiring a redesign or at the very least, a realignment of workforce strategies post-COVID. While our people strategy has not changed, we have taken proactive measures to align our implementations of the strategy to the new realities of our organisation and the impact on our people.

Our focus in the past year has been on safeguarding our employees and stakeholders against COVID-19, ensuring continuity of operations and driving the recovery of our business, while at the same time building resilience and agility into our operations and inspiring our people to continue delivering their best. This has meant that some of our people-related strategic objectives may not have progressed as far as we would have liked; nevertheless, while delayed we remain committed to them.

The Group's performance over the past year was only possible with the support and dedication of the 16 708 people working for Motus.



# Providing business informed people practices and frameworks (continued)

In addition to the business and economic impact of the COVID-19 crisis, the pandemic has also caused significant disruption for people and their families, taking a heavy psychological toll on our employees.



## The impact of COVID-19

The following initiatives were introduced to support our workforce and motivate our people during this time:

- We adapted our human capital management practices to support working from home (where practical) and enforce social distancing.
- We communicated regularly with employees to maintain engagement and motivation, while also being transparent on the impact of COVID-19 on trade. Much engagement took place to reassure employees returning to work that premises were COVID-secure.
- We extended our Employee Assistance Programmes to support employees experiencing financial and psychological difficulties, and in the United Kingdom (UK) we assisted them with receiving government support.
- Training programmes were transitioned from traditional face-to-face learning to virtual learning.
- In South Africa, we launched a toolkit to assist human resources (HR) personnel and business leaders in addressing the people-related challenges of the pandemic. Topics range from providing emotional support, communicating effectively and embedding values and culture, to how to engage with the survivors of retrenchment and manage remote productivity.

Early on in the COVID-19 crisis, urgent measures were needed to preserve cash reserves and reduce costs in the short term to protect the medium- to long-term commercial viability of certain operations in the Group. As reported in our 2020 sustainable development report, we negotiated reduced salaries for employees earning more than R250 000 a year, and no salary increases were granted, employee benefits were revised and early retirements and voluntary and involuntary retrenchments were undertaken. For most of our employees in the UK, pay reduction was 5% with no decrease for those earning less than £20 000 a year and higher decreases for those in higher salary brackets. A redundancy programme was also implemented in the UK to address the cost base. Salaries across the Group have since been restored and we increased salaries in April 2021, bringing the date forward from the annual increase cycle (normally in July), to help employees manage inflation. The increase applies to all employees other than the Group executive committee, whose increases were effective from 1 July 2021.

Headcount in South Africa reduced by 7,6% off a high base at June 2020. Of the 3 937 employees who left our employ, 34% were retrenchments and 40% were resignations with the majority of exits being at the semi-skilled level. In the UK, headcount decreased by 5,5%. In Australia we have experienced a decreasing headcount for the last three years, to align headcount to the operation's revenue potential and to restore profitability.

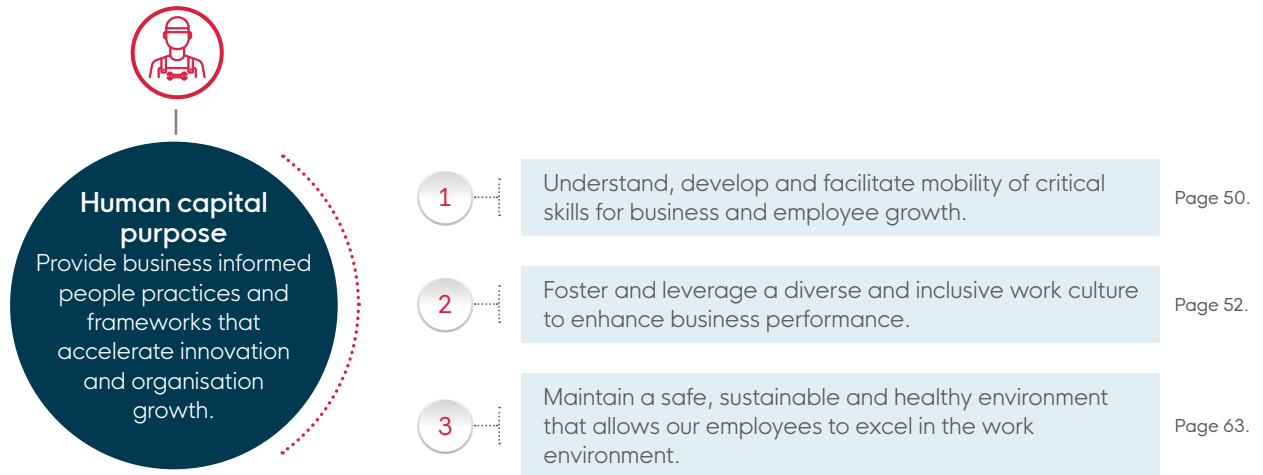
Since the start of the pandemic, to compensate for the impact of the lockdowns, our employees received government relief from the Temporary Employer/Employee Relief Scheme (TERS) in South Africa, the furlough schemes<sup>1</sup> in the UK and the Job Keeper Fund in Australia. We also took advantage of PAYE deferrals in South Africa and value-added tax deferrals in the UK. All support schemes ended by the first quarter of F2021.

 Remuneration report: page 128.

<sup>1</sup> For those whose roles depend on physical presence at work but were not allowed to work.

## Strategic priorities

Motus' people strategy is designed to address our fast-changing business context driven by digital transformation and ensures that the manner in which we manage our people supports the Group's business objective to be a customer-centric and innovative organisation. It takes into consideration the particular human capital needs of each business segment to achieve their individual business strategies.



Retrenchments are a last resort, and voluntary retrenchments and early retirement options are always exercised first. Where roles become redundant, we look to reassign employees into different roles and/or locations supported with retraining, where required. Retrenchment processes are undertaken in compliance with all applicable regulation, and with close engagement with unions.

## How we measure our performance

During the year, the Sage X3 HR platform was integrated with the existing South African payroll system. The central HR database consolidates all HR data and administration and reporting processes. Strict access control protocols apply and users of the system have received training. The integration is providing greater data accuracy.

Our performance development system tracks individual employee development plans and training. Training spend and hours of training for South Africa are independently assured once a year. In addition, workplace skills plans and the Annual Training Report are submitted annually to the relevant SETAs<sup>2</sup>. The workforce composition in South Africa is measured against the Group's Employment Equity Plan, which is discussed on page 94. Our training and diversity and inclusion performance is measured for our businesses in the UK and Australia.

 Governance of social impact: page 136.

<sup>2</sup> Sector Education and Training Authorities.

# Providing business informed people practices and frameworks (continued)



## Stakeholder engagement

Motus is committed to developing sound employee relations and acknowledges the rights of all employees. All interactions, including disciplinary actions and negotiations on terms of employment, are managed with utmost responsibility. In all operations, good relationships and open communication exist between management and employees. We maintain regular written communication with our people through emails, newsletters and bi-annual virtual presentations to business leaders detailing the strategies and results of the business.

The Group and business segment CEOs communicate regularly with the workforce. This year their communications focused on ethics in the workplace, COVID-19 and its impact, the social unrest that broke out in South Africa in July 2021 and the Group's Unstoppable Disability Campaign.

During the year, we piloted a departure survey in South Africa to gather insights on the number of exits and the reasons why individuals choose to leave our employ. These insights are now a standing agenda item for the social, ethics and sustainability (SES) committee.

Engagement surveys are undertaken at business segment level to gain insight on employee concerns. As an example, Financial Services' annual employee engagement survey is open to all its employees, and covers the management ethos, leadership style, and this year, how COVID-19 is being managed. Pleasingly, the scoring for the COVID-19 related questions was between 95% to 99%; testament to Financial Services' COVID-19 communication strategy. Overall the survey response rate was 70% – a 10% improvement on prior year. The learnings were shared with other business segments, some of which have since conducted the survey.

Retail and Rental conducted its climate survey in June 2021 with over 3 300 participants. Work is underway to implement interventions to address the highlighted areas for improvement, with a working group paying particular attention to the concerns raised by women.

In the UK, our employee engagement survey covers a range of issues such as how involved employees are, whether they have what they need to do a good job, whether they feel they are supported by their team members and managers, and whether they feel Motus cares about them as individuals. The commercial vehicle business in the UK achieved a response rate of 85%, and a good overall score of 3,8 out of 5 (compared to a UK industry norm of between 3,3 and 3,6). The insights gained are used to implement practical improvements and progress is communicated back to employees. Other divisions in the UK will conduct the survey in September and October 2021. More recently, we introduced informal local groups in the UK to help address issues raised in the employee engagement surveys. Employees also have access to Safecall, which allows them to anonymously raise problems concerning top management.

We launched the Speeki app and website in Australia in June 2021, enabling all employees to raise concerns anonymously, if needed.





## 2021 performance and looking forward

### Group

- We made progress in rationalising administrative human capital transactions relating to employment equity, training spend, employee relations, employee wellness, recruitment and audit processes. This has enabled more transparency in human capital costs and achieved efficiencies (fewer resources needed to execute people-related tasks with improving quality of service).
- There were no incidents of non-compliance with labour-related regulations and/or voluntary codes.
- A number of strategic investments were made to introduce new HR technology to drive improved employee engagement.
- **Objective (delayed due to the focus on COVID-19):** define the key performance indicators (KPIs) to measure progress against the people strategy.
- **Objective:** investigate how we can continue to evolve the HR IT landscape to achieve greater efficiencies, free up HR teams to focus on strategic human capital management planning and enhance employee experience.

### Business specific initiatives and highlights



- Relunched the e-recruitment portal, which helps to position Motus as an employer of choice in our industry.
- A diagnostic tool will be implemented to ensure effective reporting of employee engagement survey results to the SES committee.
- Retail and Rental is working to achieve synergy across both divisions, with the streamlining of reporting already achieved. This will ensure that the people strategy aligns with operational requirements and that the business segment's people practices are fair, consistent and support mobility. In F2022, the business segment will focus on the identification of business-informed objectives, aligning policies, the standardisation of job descriptions and employment terms and conditions as well as benefits. It will also roll out a compulsory funeral policy for all employees and their immediate family members around September 2021.
- Retail and Rental will embark on the first phase of an onboarding system; with a pilot to be undertaken with Motus Nissan to run to December 2021. If successful, the project will be rolled out across the business segment.



- Adopted a single HR and payroll system, reducing costs and enabling easier data insight. The system facilitates salary payments and the management of annual leave. Future functionality will cover personal development reviews, recruitment and onboarding and a new learning management system.



- In Sydney, we are trialling a clock-in app, working from employees' mobile phones and feeding directly to the payroll system.

# Providing business informed people practices and frameworks (continued)

## Disputes and grievances (South Africa)

**506** (F2020: 554) disciplinary and **210** (F2020: 165) poor work performance hearings were held in F2021, with **327** dismissals.

A total of **51** (F2020: 36) grievances were lodged.

**114** cases were referred to the Dispute Resolution Centre or Commission for Conciliation, Mediation and Arbitration and **27** to the Labour Court.

The majority of disputes received related to disciplinary proceedings, grievances or poor work performance. Of those referred to the Dispute Resolution Centre or Commission for Conciliation, Mediation and Arbitration, the majority were awarded in Motus' favour. Arbitration awards found in favour of Motus that are referred to the Labour Court take two to three years to finalise.

All South African managers attend a labour relations course to build their capability to manage industrial relations-related matters in the workplace competently and fairly, and to apply the requirements of the Basic Conditions of Employment and Labour Relations Acts. A total of 182 employees were trained during the year.

## Union membership (South Africa)

**7 631**

employees are covered by collective bargaining agreements with the National Union of Metalworkers of South Africa (NUMSA) and the Motor Industry Staff Association (MISA), representing **60%** of our workforce in South Africa (F2020: 7 556)

Our employees are free to choose which union they wish to affiliate themselves with. Some 88% of union membership is with MISA. Engagement with unions takes place on a needs basis and occurs at business segment level. Non-unionised employees are always represented in major discussions. The motor industry's wage agreement with NUMSA is valid to August 2022. Employee relations remained stable during the year.

### Key challenges

- Correcting the low representation of women in senior leadership roles in the automotive industry.
- Attracting people living with disabilities into our employ and advancing their careers.
- Multiple systems that manage various aspects of human capital management, some HR functions that are not digitised and no central employee portal to support consistent communication and equal access to information.
- Fierce competition for top talent, and 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 pressurised business environment.
- In the UK, new restrictions on labour mobility post-Brexit and a shortage of vehicle technicians.

# The future of the work environment

## Flexible and remote working

COVID-19 has brought about some changes to employee expectations, particularly around work-life balance and flexible working. According to a salary survey of 2 000<sup>1</sup> white-collar professionals conducted by Robert Walters, a global recruitment consultancy, around 40% of South Africa's senior professionals – people working in managerial positions across sectors such as operations, financial services and legal – want to move to full-time remote work and 27% wanted to work from home at least half of the time. In a survey conducted by Michael Page<sup>2</sup>, a specialist recruitment agency in Johannesburg, only 26% of respondents had the freedom to work from home before the crisis, with 79% of the respondents working remotely towards the end of 2020.

The benefits of hybrid working arrangements include reduced operating costs, increased productivity, wider access to talent and rebalancing of property portfolios. For employees there may be better work-life balance and less commuting stress; however, companies have also reported a rise in employee wellbeing challenges, including working longer hours, distractions in the home environment and feelings of isolation, among others. In addition, leaders report challenges in instilling workplace culture when teams work remotely.

Transitioning to a hybrid workforce model impacts a number of HR processes from new organisational structures, new technology and clearly defined degrees of flexibility to new recruiting strategies, health and wellbeing initiatives that support remote and flexible working, virtual learning solutions and updated talent management practices. A flexible workforce model requires a clear business case and risk assessment to define the tangible benefits, mitigate concerns and understand the expected outcomes.

COVID-19 has brought about shifts in two key human capital management areas: the hybrid workforce model and the need for more dynamic skills and talent planning.

## Dynamic skills and talent planning

COVID-19 has highlighted a need to give momentum to reskilling the workforce to adapt to new ways of working and digitisation, which means job roles now typically require more frequent changes in skills. Businesses must therefore adapt their talent management approaches to be agile in the skills and workforce planning process. In addition, programmes are required to upskill and retrain lower skilled employees to ensure they are also able to adapt to the changes brought about by technology and automation, supporting their continued employment and enhancing their prospects of securing quality jobs.

### What we are doing

We have been able to quickly mobilise flexible working and remote working arrangements from the start of the COVID-19 pandemic for Financial Services and certain administration functions. However, the majority of our workforce (dealership personnel and technicians) are required on-site with very limited opportunity for remote working. Nevertheless, we will investigate whether and how certain aspects of a hybrid workforce model may apply to our working environment.

We are strengthening our Talent for Growth Framework to give momentum to reskilling the workforce and ensure that we have the right skills available in the right place and at the right time (see page 50). In F2021, we piloted a Digital Enablement Programme in South Africa to help employees become digitally astute. The programme teaches employees how to confidently navigate digitisation and use it to work more productively and effectively. The programme is being developed for wider roll out.

<sup>1</sup> Source: <https://mg.co.za/business/2021-02-28-remote-working-bosses-want-bums-on-seats/>.

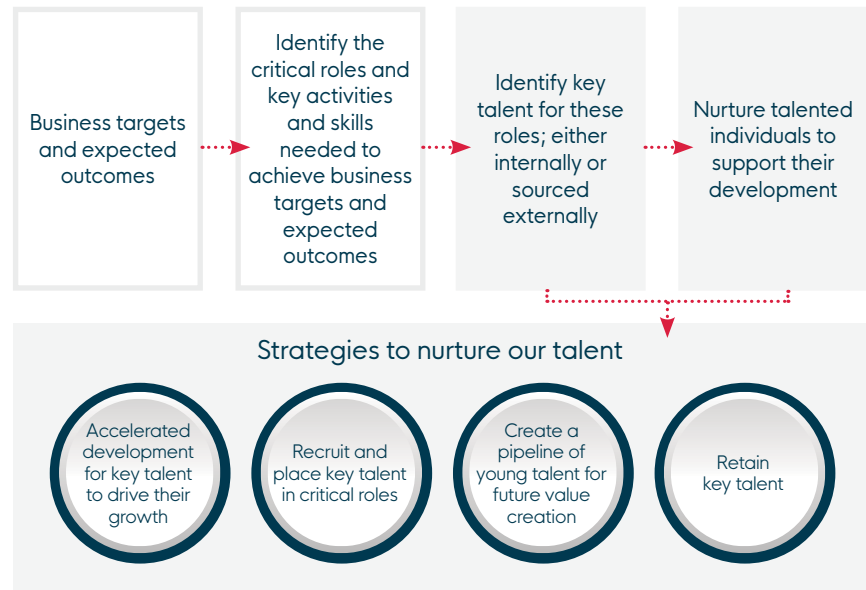
<sup>2</sup> Source: <https://www.michaelpageafrica.com/advice/insights/latest-insights/dramatic-increase-remote-working-south-africa>.

# Talent management and mobility

A healthy pipeline of talent supports proper succession planning, future-proofing our leadership. It also facilitates the internal career growth of talented individuals who can contribute towards our strategic objectives.

In South Africa, our Talent for Growth Framework focuses on identifying the new and critical skills needed now and in the future; and growing our capabilities in these areas. This remains a key aspect of the framework; however, the impact of COVID-19 has required a subtle revision to strengthen our approach, tying the framework more closely to business growth and our strategic objectives.

## Talent for Growth approach (South Africa)



## What we are doing

A key element of our integrated talent management approach is performance development management. This process assists to identify internal candidates who are potential successors for critical roles, informs our development programmes ensuring they are fit for purpose, and provides employees with the opportunity to voice and advance their career growth aspirations.

The performance development approach drives better engagement between employees and their line managers, aligning employee standards of performance and expectations with strategic business objectives, and it 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.

The individual performance rating score is split between performance and values-based behaviour with the ratio depending on the unique nature of the business segment concerned. Line managers receive guidance and training on how to consistently determine values-based behaviour.

Our strong relationships with universities and tertiary institutions, and attractive development programmes for graduates, assist the recruitment of external talent. However, the University Relations Programme was suspended during the year due to COVID-19 restrictions.

Key to attracting and retaining scarce skills and talent is the ability 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.

In the UK, our approach to talent management is the same. Robust processes are in place to identify talent and possible successors for the operating board and each division. The process ensures that future talent are visible and their development planned. Succession is planned against four categories for each particular role – emergency cover, ready now, ready in one move and ready in two moves. Motus UK aims to have two, or ideally three, candidates per category in line for one role.

## 2021 performance and looking forward

### Group

- We made good progress in updating the Group executive succession plan. Our contingency plans ensure business continuity in the event that a senior leader or executive is affected by COVID-19.
- Detailed succession plans are in place for top, senior and middle management roles.
- **Objective:** embed diversity, equity and inclusion into the bedrock of the Motus culture, and our business and talent management processes (recruitment, promotions and succession planning).
- **Objective:** drive greater alignment between employees and business goals, measure the productivity of employees, including those working remotely, and identify critical roles and key skills.
- **Objective (delayed due to the focus on COVID-19):** develop guidelines to govern internal mobility and deployment of people with critical skills across the Group.

### Business specific initiatives and highlights



- Successfully migrated the management of the performance development tool into the business segments. The roll out of a standard approach across business segments and brands is a crucial step to ensuring employees are working towards the same goal, particularly important when teams work remotely.
- A job evaluation, grading and benchmarking exercise is underway, which will allow for consistent grading of roles and provide up-to-date salary benchmarking data. This will give us the ability to compete successfully for talent in terms of our salary offerings and will support internal mobility.



- We will ensure all top management roles have an up-to-date succession plan covering all succession categories. We also aim to improve the performance review approach and the recruitment process, including the implementation of a new recruitment system, to enhance the candidate and line manager experience.



# Diverse, equitable and inclusive work culture

In South Africa, social justice norms and labour legislation drive the advancement of designated groups (Africans, Coloured, Indians, women and people living with disabilities). We recognise that our business recovery and resilience following the pandemic depends on a culture that encourages everyone to apply their diverse thinking. This means that we must be truly inclusive, empower our people to make meaningful contributions, treat all employees fairly, and give everyone equal access to opportunities, information and resources. Leveraging our collective intelligence will drive a high-performance culture, drive business results and improve our engagement with our diverse customer base and other stakeholders.

## What we are doing

The Group's 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. We ensure that our employment policies and practices do not unintentionally create potential for discrimination or unconscious bias behaviour. Our diversity training programmes in South Africa and the UK raise awareness on the value of diversity, empower managers to lead diverse teams and educate employees on how to work in diverse teams. In South Africa, we have development programmes and learnerships that target women and people living with disabilities, and in the UK, our apprenticeships target women and people of colour.


### Women in Leadership Programme

(a partnership with the Gordon Institute of Business Science in South Africa)

To promote gender diversity in all leadership roles, this seven-month programme explores female power and encourages women to draw on their authentic leadership styles to effectively lead in a male-dominated environment. Women from across the business engage each other and explore topics relating to female experiences in the Group in a supportive way. Female industry leaders and Motus executives share their career experiences and insights with the participants. 360-degree surveys are used to identify personal development areas, which delegates work on with the assistance of their assigned coach.

People living with disabilities are far less likely to receive adequate healthcare or a good education, which significantly limits their opportunities as adults. In South Africa, around four million citizens live with disabilities, but less than 30% have access to the assistive devices (such as hearing aids or wheelchairs) that they require. Our disability policy governs the reasonable accommodation of people living with disabilities and we encourage employees to declare their conditions.

A key focus for the Group is to create effective collaboration platforms across multiple workforce segments, providing individuals and teams with the opportunity to share new ideas and contribute to problem-solving. A key initiative is our Motus Xponential platform discussed on page 58.

 Employment equity in South Africa: page 94.

Global research supports the conclusion that diverse companies outperform their less diverse counterparts, being better able to attract top talent; and improve their customer insight, employee satisfaction and innovation.



## Stakeholder engagement

The Motus Unstoppable Disability Campaign aimed to foster a greater understanding and acceptance of disability in the workplace, and to encourage employees to declare their disabilities and apply for reasonable accommodation. The campaign was positively received by employees and managers, with initial impressions being that our people feel more comfortable to approach their managers to discuss their challenges. HR managers have recorded an increase in the number of inquiries around interpreting our disability policy, with several questions received around mental disability (depression and anxiety). Our HR managers also reported seeing a perceptible change in the way line managers are responding to issues related to disability, with the narrative changing from "this person cannot do the job" to "I think this person may be having difficulty performing their tasks due to a disability". Managers are also focusing more on how these employees can be helped. This changing narrative is critical in moving Motus towards being a truly inclusive employer of choice.

As a disability can only be recorded once a medical practitioner diagnoses it, we expect the campaign to produce more positive results in the future as employees feel more comfortable to disclose their disabilities. The final phase of the campaign will focus on sustaining the positive gains made in terms of disability awareness.



Motus Nissan Parow and the Motoring Women of the Year Awards hosted female scholars from Parow High School and Settlers High School to inspire them to consider the automotive industry as a future career opportunity.



# Diverse, equitable and inclusive work culture

(continued)

## 2021 performance and looking forward

### Group

- **Objective:** align our diversity, equity and inclusion goals to business objectives; identify critical roles and workforce teams where there is underrepresentation of designated groups and set diversity targets for business segments.

### Gender diversity

#### Women representation (Group)

**31%**

of the Group's workforce  
(F2020: 30%)

- Female representation at top management level decreased by 3% but increased 7% at senior management level.
- 18 women in South Africa are participating in the second cohort of the Women in Leadership Programme (F2019: 20). The programme did not run in F2020 due to COVID-19 restrictions.
- In the UK, we shared the success of our female apprentices on social media to encourage women to join the apprentice programme.

#### Hires and promotions (South Africa)

Of the 3 395 people hired in F2021,

**32% are women**

Of the 169 employees promoted in F2021,

**37% are women**



From left: Marketing Award went to Derishnee Naiker at Motus Select, Sales Manager of The Year Award went to Lydia Keppler at Motus Ford Paarden Eiland, and Top Achiever Award went to Debbie Smith the Dealer Principal at Motus Nissan East Rand Mall.



## Business specific initiatives and highlights



- Established a cross-function diversity and inclusion panel to develop a new diversity, equity and inclusion approach. The panel is conducting a benchmarking exercise to gather information on, and learn from, the transformation journeys of prominent and similar-sized corporates. Proposals for the new approach are being discussed with business segments and will then be presented to the executive committee for final approval.
- In prior years, our diversity training was conducted face to face, and was therefore not rolled out during the reporting year due to COVID-19 restrictions. Virtual diversity training programmes are being considered as part of the new diversity, equity and inclusion strategy. Going forward, our approach to diversity training will shift from what needs to be fixed to identify how to leverage what can be enhanced.
- Onboarded 70 candidates living with disabilities on a 12-month business administration learnership, which will give them work experience and a qualification upon successful completion.
- Three employment equity chartered accountants are participating in a structured development programme with mentors to become assistant finance executives.
- Retail and Rental consolidated all employment equity forums into a single employment equity committee, with members receiving training from a transformation specialist. The committee has direct access to Retail and Rental’s Chief Executive Officer (CEO). Representation on the committee is being expanded to businesses outside of Gauteng.
- Ten black women are participating in Aftermarket Parts’ nationwide apprenticeship programme, a partnership with the Wholesale and Retail SETA.
- **Objective:** identify equity champions at the executive and senior leadership levels to drive shared accountability.
- **Objective:** create a relevant diversity, equity and inclusion strategy and communication campaign that resonates with employees and stakeholders and fosters cultural and diversity awareness.
- **Objective:** conduct a baseline survey to measure the culture of engagement and inclusivity, and use this as a benchmark to measure improvement.
- **Objective:** continue to deliver diversity and inclusion training focusing on cultural sensitivity, unconscious bias and microaggression.

## People living with disabilities (South Africa)

**198**

people living with disabilities in the South African workforce, of whom **65% are black and 50% are women** (F2020: 146 people living with a disability)

We launched the Unstoppable Disability Campaign in South Africa to actively hire and uplift people living with disabilities, and create a safe, inclusive space that welcomes and supports them to reach their full potential. The programme supports these team members by:

- Sharing statistics on the many challenges faced by people living with disabilities.
- Educating employees about how to interact with colleagues who have a disability in a respectful and well-informed manner.
- Educating employees about how Motus can accommodate their disabilities in the workplace.
- Fighting the stigma associated with mental health issues.

# Leadership and people capabilities

Motus is a learning organisation.

Tailored training and development opportunities are delivered at all employee levels, enabling our people to grow and unlock their potential.

Our development and training approach enables the Group to achieve its strategic objectives, meet its diversity and inclusion targets, and ensure a pipeline of skilled people for appointment to critical positions when they become available. Each business segment manages its own technical and product-specific training, and the Group delivers non-technical training programmes.

## What we are doing

### Leadership development

Effective leaders are able to steer organisations through the changes needed to address ever-increasing technologically driven industry advances and uncertain and challenging times. Our leadership and management development programmes equip our leaders to motivate high-performance teams. Our investment in our leaders is an investment in Motus' future and creates a ripple effect that positively impacts the Group's culture.

The Motus Leadership Academy builds leaders at every level of the organisation, equipping them with the skills needed to achieve our strategic objectives and assisting them to move through progressive leadership passages from junior positions to senior executives at the right time. All programmes are run virtually.

The Executive Development Programme is used to develop ideas to solve business challenges identified by the different executive committees across the Group. The partnership with the Henley Business School uses collaborative design-thinking frameworks and is hosted on Motus Xponential (m<sup>x</sup>), our innovation platform (see page 58).

### People development

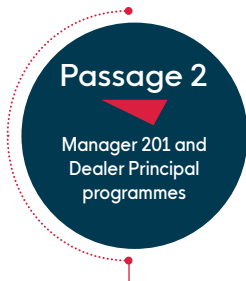
We use a blended approach to learning – 70% is on-the-job learning including job assignments, 20% is delivered through coaching and mentoring and 10% is classroom-based or delivered online. Training focuses on addressing functional and technical competency gaps at all employee levels. The performance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

We also provide employees without a tertiary education with the opportunity to manage people, resources and projects by pursuing a Bachelor of Business Administration degree through the Southern Business School. Plans are in place to bring this programme and the m<sup>x</sup> platform closer together.

This year we partnered with the national Youth Employment Service (YES) Programme, which aims to create one million work opportunities for unemployed black youth in South Africa. This is discussed on page 100.

In the UK, all employees have access to online learning, which includes courses on health and safety, diversity and inclusion, data protection, sales and leadership.

Our leadership development passages



Enables new leaders and sales personnel to transition from managing the self to managing others. The Portfolio Management Programme develops the skills of sales, parts and workshop managers in line with motor industry trends.

Helps managers who manage teams to transition to managing other managers, and to develop their own effectiveness. The Dealer Principal Programme develops the skills of current and potential dealership principals in line with motor industry trends.

Advances an individual's skills from managing managers to managing a function and develops leadership capability. These leaders deal with long-term strategy and gaining a competitive advantage in their operations.

Enables individuals to move from a functional manager to business manager, equipping them with the skills to think at a higher strategic level and to effectively respond to change.

5 and 12-month programmes respectively

5 and 12-month programmes respectively

Eight-month programme

Three-month programme

Manager 101

**12**  
participants  
(F2019: 28)<sup>1</sup>

Manager 201

**12**  
participants  
(F2019: 23)<sup>1</sup>

Manager 301

**11**  
participants  
(first cohort)

Executive Development:

**15**  
delegates  
(F2019: 26)<sup>1</sup>

Portfolio Manager Programme

**7**  
participants  
(F2019: 15)<sup>1</sup>

Dealer Principal Programme

**16**  
participants  
(F2019: 28)<sup>1</sup>

<sup>1</sup> Note: managerial programmes were not run in F2020 due to COVID-19 restrictions.

# Leadership and people capabilities (continued)



**Over 3 900 m<sup>x</sup>**  
community members since  
the start of F2021, exceeding  
our initial target by 156%.

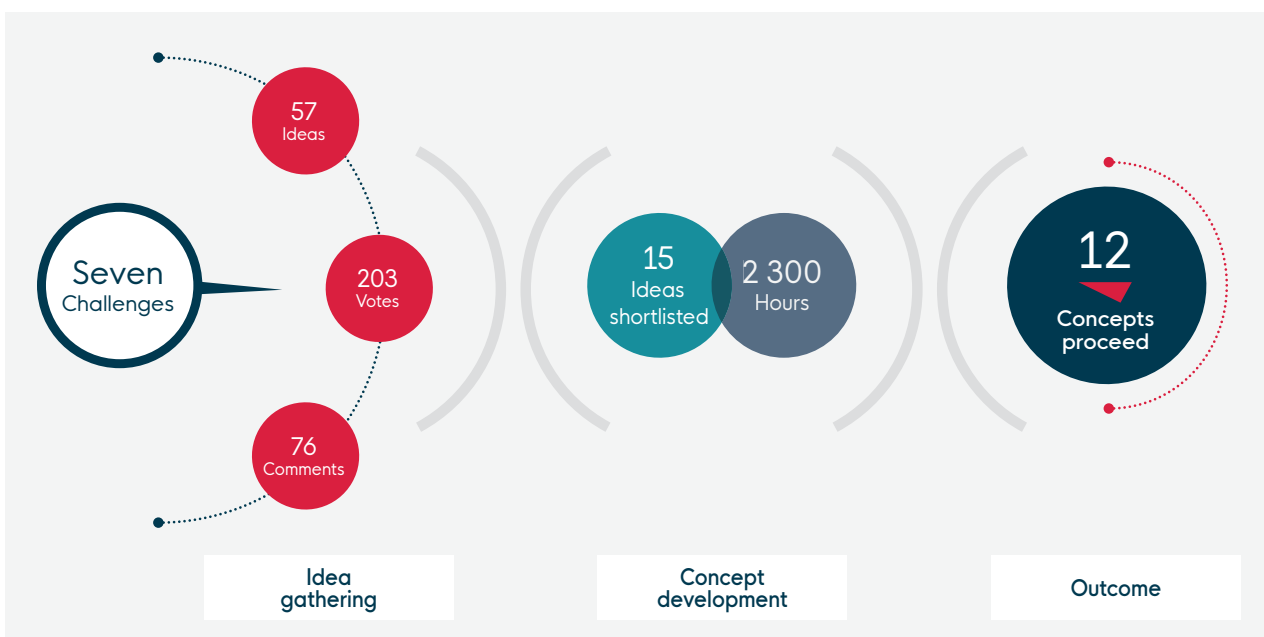
## Innovation

Innovation is not new to Motus. It is a vital strategic focus area and an effective tool in deepening our competitiveness and ensuring our relevance across the automotive value chain, especially as the connected consumer becomes more prevalent in this market. Our leaders drive innovation as a disruptor of our traditional business, supporting change which is often uncomfortable.

To infuse modern thinking into everything we do, we find ways to expose our executives and employees at all levels across the Group to innovation and to deliver platforms that improve collaboration across business segments. m<sup>x</sup> is the brand under which innovation is executed. The platform is a place for go-getters, problem solvers and change makers within Motus to collaborate and shape the future of our business. It is accessible to all employees, even on their mobile phones.

The m<sup>x</sup> platform is built around the following objectives:

- **Sharing of innovation knowledge:** keynote and thought leadership events, articles, practical innovation workshops and training delivered on the m<sup>x</sup> platform. More than 300 employees attended a development initiative during the year and more than 1 000 attended 11 keynote events.
- **Enabling internal innovation:** managing engagement and communication around innovation, and publishing business challenges on the m<sup>x</sup> platform to generate ideas and progress viable ideas to implementable concepts (bottom up approach). Concepts that pass adjudication by Motus executives, receive sponsorship to mature into implementable projects. We hosted two pitching days during the year, with nine concepts selected for further development.
- **Establishing strategic partnerships:** developing partnerships with institutes like the Henley Business School South Africa to grow our internal innovation capability. During the year, seven business challenges as part of the Executive Development Programme were taken through the innovation funnel, with three implementable concepts developed through the Henley Work Integrated Project (top down approach).
- **Creating a culture of innovation:** enabling cross-functional collaboration and showcasing innovation across the Group using the m<sup>x</sup> platform.





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Any employee can participate in an innovation challenge, either by coming up with ideas, assisting others with their ideas or joining a team to develop an idea or assist the implementation of an idea.

Our brand-agnostic, personal vehicle matchmaking assistant, Moov, for first-time car buyers was inspired during a Motus Design Sprint brainstorming session in 2019. The chatbot, with built-in machine learning, uses a user's personality, lifestyle and budget to match them with a vehicle, minimising the time it takes to find the best vehicle for the user's needs. Moov is a world first and provides transparency regarding total cost of ownership for first-time vehicle buyers, minimising the likelihood of customers making bad financial decisions. The project is a successful collaboration across multiple business segments, which is currently being tested in the market.

As one of our 11 events held during F2021, m<sup>x</sup> hosted an online masterclass on visualising the future with award-winning scientist and corporate innovation change catalyst, Dr David Ricketts. Dr Ricketts is an Innovation Fellow at the School of Engineering and Applied Sciences at Harvard. In the masterclass, attended by 140 Motus leaders, Dr Ricketts shared his techniques for discovering breakthrough ideas and trying to visualise the future. Attendees were able to discuss topics such as the expected impacts of artificial intelligence and electric vehicles on the mobility market, the world's rapidly shifting vehicle infrastructure needs, the new skills needed for companies like Motus and what to expect from new revenue streams emerging in the market.

Our innovation strategy is well defined, structured around global best practice and supported through key strategic partnerships, investment in technology, new business growth initiatives and community participation. It will ensure that we have the internal capability to continue to grow and sustain our competitive advantage within the markets in which we operate. In addition, it gives young people exposure to the executive team, and provides the executive team with the opportunity to spot talent.

 Chief Innovation Officer's review: page 37.

## 2021 performance and looking forward

### Group

- **Objective:** continue to develop leaders and potential leaders to exhibit key behavioural and critical success factors that equip them for future leadership roles.
- **Objective:** drive higher and sustained engagement on the m<sup>x</sup> platform.
- **Objective:** further the delivery of programmes that help employees become digitally astute.

### Business specific initiatives and highlights



- COVID-19 and the restrictions placed on classroom training continued to have a negative impact on learning and development in the first half of the financial year; however, Group-led development programmes resumed at the beginning of the 2021 calendar year using virtual platforms. Not only do these platforms provide remote access to training material but they also reduce learning costs. Unfortunately, COVID-19 also impacted our ability to hire the unemployed youth who successfully completed our learnership programmes early in the 2021 calendar year.
- The majority of training took place at senior management, middle management and the semi-skilled levels in line with our priorities to develop leadership capability, prepare middle managers for future opportunities and uplift workers in the semi-skilled employment band to the skilled worker level.
- 15 leaders embarked on the Executive Development Programme, 60% are black and 13% are women.
- Training spend of R144 million equated to 3,2% of payroll costs – exceeding the Skills Development Act's requirement that training spend equates to 1% of payroll costs (F2020: R177 million; 4%). The 19% year-on-year decrease in training spend reflects the transition to cheaper online learning and the 57% increase in training hours indicates good uptake of our learning programmes.



Skills development to support employment equity and transformation in South Africa, including our learnerships: pages 94 and 100.

- In Retail and Rental, the Car Rental division's learning management system is being expanded to cater for the Retail division as well. It will provide access to soft skills and compliance learning, and will be used by HR to communicate with the business segment's employees. It will also act as a repository for HR, company benefits and compliance information, including policies; and it will link to m<sup>x</sup>.
- Around 18% of Emerging Brands' workforce is participating in a formal academic programme (up to Master of Business Administration level), and will be further supported with key talent development plans.
- Car Rental implemented a learning strategy that gives IT employees the opportunity to rotate around specialised areas of the business.
- Autoworx is hosting apprentices for two spray-painting and panel beating businesses.
- Retail and Rental will relaunch the bursary programme in F2022 for employees wanting to gain a work-related qualification.
- Financial Services conducted a cloud technology assessment. It was decided that given the current costs of cloud computing, that Financial Services' existing infrastructure and skills are sufficient. Where specific projects are implemented, such as the new cloud-based supplier management solution, skills training on cloud technology will be part of the implementation management process.
- Aftermarket Parts rolled out a development programme for all middle managers linked to performance development. The programme will enable the business segment to identify its top talent.

South Africa (continued)

Management training (South Africa)

274

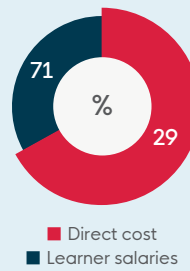
employees participated in a managerial programme – 65% of participants are black and 38% are women (F2020: 211)

Technical training (South Africa)

83%

of total training spend supported technical training, with a significant increase in training spend to support the development of soft skills (F2020: 84%)

Training spend (South Africa)



6 415

employees trained, 51% of the workforce (F2020: 8 009)

99 hours

of training per employee (F2020: 63 hours)

(UK and Australia)

R127 million

training spend, equating to 5,5% of payroll costs (reported for the first time)



- The commercial business’ apprentice programme, delivered together with DAF, was awarded a Princess Royal Training Award and the East Midlands’ Large Employer of the Year Award. It was also placed in the Top 100 of the National Apprenticeships Awards and in the Top 100 Companies on the Rate My Apprenticeship website (achieving a score of 8,9 out of 10 as awarded by the apprentices themselves). Over 15 000 online courses covering technical, safety and compliance training were completed.
- A total of 201 apprentices are enrolled on an apprenticeship programme with 59 recruited during the year. These programmes support the recruitment and development of future talent for the operation.
- 15 delegates are participating in a management development programme, which develops future senior managers.
- Total training spend for the year was R123 million.
- A key focus is to ensure a fit-for-purpose online learning system to offer best-in-class development interventions.



- All training has been transitioned to online platforms. Training during the year focused on health and safety and total training spend amounted to around R4 million.



- Over the long term, we will provide upskilling programmes to all employees, including English language courses and Excel training, and will roll out graduate and apprentice programmes.

# Leadership and people capabilities (continued)

## Leadership development

### (Kia example)

In October 2020, Kia launched its Leadershift Programme to better understand its current and potential internal sales talent within its retail operations and to develop a roadmap for talent progression. The initiative was introduced to address a high attrition rate among sales executives, support the progression from a sales executive position to a sales manager position and build a pipeline of future-ready sales managers.

Retaining talented sales employees is key; they are professionally trained, have in-depth industry knowledge and brand experience, and have long-standing relationships with customers. It was also clear that fast-tracking talented sales executives into sales manager positions was not effective, given the wide gap between a semi-skilled position and a middle management role.

### Kia Leadershift Programme

- 1 Assessed all internal sales talent from a skill, behavioural and learning potential perspective, and conducted a gap analysis against the job profile and the Kia sales benchmark (103 employees).
- 2 Developed a pool of candidates for the Leadershift Programme (selection based on completion of the Kia Accelerate Certified Programme, achieving a targeted number of sales in a quarter, tenure of at least 12 months and a panel interview with the retail leadership team).
- 3 Assessed new candidates against a newly developed team leader job profile and competency framework, and created personal development plans for each team leader to address their skills gaps (23 team leaders selected).
- 4 Team leaders participate in a comprehensive development curriculum to develop their skills and competencies using a blended learning approach.
- 5 Sales managers track the candidate's performance against a set of KPIs using a toolkit. Progress is reported monthly.

Once the bulk of the training has been completed, Kia will conduct a 360-degree performance evaluation to tailor any further development required, including one-on-one coaching.

The expected outcomes of the initiative are a higher retention of talent, a good return on training investment, a clear sales career path and job descriptions, better engagement with the sales force, employee recognition and a healthy pipeline of successors for future sales manager positions.





# Health, safety and wellbeing report

# Providing a healthy and safe operating environment

The health and safety of our customers, people and stakeholders is always top of mind, and never comprised even when cost saving is necessary.

## Overview

The need for limited physical contact during COVID-19 has required a 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.

As a business that relies heavily on people, we believe that investing in their good health and wellbeing maintains their morale, and builds and improves our competitive advantage through their willingness and motivation to meet our strategic objectives and customer expectations. This has been particularly evident during the pandemic where the resilience of our people ensured the successful continuity of our day-to-day business processes and the upkeep of our customer service standards under challenging circumstances.

Our most prevalent safety risks are in the mechanical workshops, particularly the commercial vehicle workshops, where our employees work with machinery and under vehicles. Hazards include working around pits; working at height; slips, trips and falls; and working with chemicals and equipment such as welding and cutting tools. Our warehouses, where racking and storage requires high reach cherry pickers, are also high safety risk environments.

In our parts workshops and warehouses our employees work in close proximity to one another, overseeing each other's work and handling parts, equipment and tools. The stacking of inventory at the correct height, as well as the carrying of items such as batteries, are safety risks that require ongoing vigilance to ensure these activities are conducted correctly.

COVID-19 has presented an additional level of risk in these workplaces, as these jobs cannot be transitioned to a remote working environment.

It is with deep regret that we reported three employee road-related fatalities and two third-party fatalities for the year. We again offer our sympathies to the families of our colleagues. Road accidents remain the cause of most of our workplace fatalities and injuries; and while our drivers receive the right training, in many instances road accidents are a risk that is beyond our control. We have introduced additional measures regarding the distance an employee is allowed to travel without a co-driver or stopping overnight.



## Strategic priorities

- 1 Actively manage the current and long-term impact of COVID-19, including ensuring secure workplaces and encouraging prevention practices, including vaccination. This page.
- 2 Ensure occupational health and safety (OHS) procedures meet business requirements and comply with legislative requirements and guidelines. Page 66.
- 3 Embed the best safety practices and a safety mindset across the Group by enhancing our health and safety leadership and capabilities. Page 67.
- 4 Provide employees with access to services that support their physical and mental wellbeing. Page 67.

## COVID-19

COVID-19 health and safety procedures are continually modified as the expectations of government and health authorities change. Our facilities are conducive to social distancing, which enables those employees who are critical to our customer relationships and needed for critical business functions to continue working on-site. All employees must wear masks, business sites and offices provide sanitisers and are sanitised regularly, and social distancing procedures are enforced. Track and tracing capability and employee health disclosure mechanisms continue to be used.

Where applicable and practical, employee conditions of service have been adjusted to facilitate working from home or to support rotational working arrangements to manage the concentration of people in a facility. During the year, the following additional measures were taken to address the mental and physical wellbeing of our people:

- Access to oximeters for employees who are COVID-19 positive and in isolation.
- Health risk awareness programmes that enable our people to find out about any undiagnosed comorbidities.
- Access to employee counselling assistance (see page 67).

Our operations beyond South Africa implement the measures required by their governments and health authorities.

Across the Group, regular employee engagement keeps our people updated on COVID-19 developments and well informed on new ways of working and how to prevent infection. Our new online platforms and apps (from page 79) not only improve customer experience, but also enable them to engage with us remotely, particularly during COVID-19 peaks. Regular customer engagement conveys information about the COVID-19 safety protocols implemented in our dealerships.

Where feasible, customer vehicles are collected from and delivered to their home or workplace, and changes have been made to the way we conduct customer test drives, including the sanitising of all touch points in the vehicle once a test drive is completed. Contactless deliveries are used in the Aftermarket Parts business and in the UK.

From the beginning of the pandemic to 31 August 2021, we have recorded 2 753 positive cases (2 466 in South Africa, 266 in the UK and 21 in the rest of Africa). It is with much sadness that we acknowledge the passing away of 47 of our people who have succumbed to the virus, and our heartfelt condolences go to their families, friends and colleagues.

While we do not have permanent on-site vaccination facilities, we are running an awareness campaign encouraging staff to register for vaccination. Key elements of the campaign include positive messaging from leadership, making registration more accessible and offering assistance where needed, as well as facilitating on-site vaccination days.

**In South Africa,  
our COVID-19  
governance  
framework sets  
minimum standards  
and ensures  
compliance with  
health authorities'  
guidelines to prevent  
and minimise the  
potential spread of  
the virus.**



# Providing a healthy and safe operating environment (continued)

## How we measure our performance

All injuries across all business sites are reported on our sustainability management system. OHS reporting includes on-site and COVID-19 safety metrics as well as those pertaining to road safety. 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.


The underlying OHS system in the UK tracks and manages incident reporting, regulatory compliance, risk assessments, action plans and training, as well as contractor permits and equipment maintenance schedules. The system can be accessed 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, OHS performance is measured against a checklist. Compliance to the checklist is reviewed quarterly and all business sites are independently audited on their compliance to the checklist at least once a year, with more frequent self-assessments in the interim. All sites are expected to maintain gold status as a minimum OHS rating, which equates to 85% compliance with the 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 and again, if required, until they achieve gold status. Our dealerships in East Africa conduct OHS self-assessments quarterly.

A similar approach is adopted in the UK where sites must meet a minimum OHS target of 90%. The internal health and safety auditor audits sites twice a year. Sites that do not meet the OHS pass score are re-audited within three months.

In Australia, the OHS audit process has been overhauled in the past year, taking a key position in management activity and culture, with changes to how we manage significant infractions to minor housekeeping issues which have not met requirements. Internal and external independent reviews have been conducted at all sites, with a minimum of four weeks' notice prior to inspection. The senior management team received training from Safety Australia Group, including training on what constitutes a serious injury, illness or dangerous accident; enforcement measures and penalty categories; the difference between hazards and risks as well as how to identify them; officers of the company and what their duties are; and what constitutes due diligence as defined by the Work Health and Safety Act 2011. In Australia, our OHS target is 100%.

All audits in South Africa and the UK include a COVID-19 risk assessment.

 Governance of quality, health and safety: page 134.



## Stakeholder engagement

In South Africa, regular communication takes place with safety representatives (16.2 appointees) and external service providers are consulted if additional or expert advice is needed.

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

In Australia, we are 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.

## What we are doing

The Group risk and sustainability function collaborates with businesses to ensure that OHS procedures and processes are correctly implemented. Our zero-tolerance approach to OHS non-compliant behaviour provides our people with the confidence to safely raise OHS concerns and non-compliance with their line managers and OHS representatives.

OHS training and awareness take place Group-wide customised to the workplace environment of each business. Training ensures that employees clearly understand their OHS responsibilities, how to operate equipment safely and manage hazards responsibly, as well as adhere to legislative requirements.

In the UK and Australia, OHS training is supplemented with method statements, toolbox talks and morning briefings to ensure that control measures for potentially harmful tasks are understood. In Australia, all new employees complete online training on safe working procedures prior to starting work.

Daily vehicle roadworthy safety checks are undertaken and documented in Aftermarket Parts' delivery fleet, and vehicles must be cleaned and sanitised after each trip. This is strictly monitored by management.

All acquisitions and new sites must adopt health and safety practices that meet our minimum OHS standards. Following a gap analysis, health and safety consultants are hired to assist new acquisitions to develop an action plan to improve to an acceptable level of compliance with the Motus checklist and within regulations.

### Employee wellness

Our employees have had to contend with the impact of the COVID-19 crisis on their personal lives and at work where new ways of working were quickly implemented and restructures took place to ensure the Group's resilience. As a result, the pandemic has taken a heavy psychological toll on our people.

In South Africa, our Employee Assistance Programme provides confidential short-term counselling services. The programme helps employees face personal challenges and work-related problems that affect their work performance, as well as their health, mental and emotional wellbeing. Tools have also been introduced to help managers and HR personnel provide adequate support to employees who are dealing with stressful situations. Beyond the Employee Assistance Programme, a wide range of professional communication and self-leadership events are available to employees as part of the wellness programme.

Where operations allow, some businesses support flexitime to reduce time spent commuting, enabling employees to better balance work and family responsibilities. 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. In certain operations, some of our face-to-face OHS training and wellness day plans were negatively impacted by COVID-19; however, we piloted a hybrid wellness week at Kia, which was well received (see page 68). Wellness days will resume as soon as conditions allow.

In the UK, our 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. The Employee Assistance Programme provides employees and their immediate family members with 24/7 access to a doctor, confidential counselling services, mental health support and professional financial advice. Advantageous savings and credit interest rates are available for those earning lower incomes.

In Australia, our 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.



- Embedding consistent safety measures that comply with legislation across operations and regions.
- Guarding against COVID-19 fatigue, and ensuring that COVID-19 protocols are continuously adhered to.
- Ensuring that customers trust that we are maintaining the highest health and safety protocols.
- Ensuring compliance with the OHS checklist is maintained despite employee attrition and particularly after organisational restructures.
- Differing standards held by OHS service providers and auditors in South Africa.
- An increasing number of employee referrals to wellness service providers, particularly related to COVID-19.

# Providing a healthy and safe operating environment (continued)

## Employee wellbeing

### (Kia example)

Kia's periodic newsletter ensures continuous communication from the CEO to maintain employee optimism and motivation and providing them with sound financial and health advice.

To help employees manage stress and anxiety Kia, in partnership with Breathwork Africa, provided its employees with access to a virtual 21-day wellness programme, which taught employees how to relax and restore energy and balance through breathing. Three 15-minute sessions were held per day to accommodate most employees.

Kia piloted a hybrid initiative, comprising a combination of on-site healthcare practitioners and enabling employees to take tests at a pharmacy. The wellness screening days at each dealership enabled employees to determine their individual state of health and identify any signals of a potential chronic or underlying disease which could place them at higher risk of developing severe symptoms or complications if they contract COVID-19. The initiative enabled 'at risk' employees to take the necessary precautions to protect their health. Professional nurses tested employees for blood pressure, glucose, cholesterol and body mass index.

Of Kia's 753 employees, 327 (43%) employees took tests, a pleasing result given that many employees were still working remotely at the time.



## 2021 performance and looking forward

### Group

- We continued to engage with our people on exercising COVID-19 vigilance and following the related protocols as well as encouraging them to get vaccinated when they become eligible.
- We monitored COVID-19 cases and the general health and emotional wellbeing of the workforce. Looking forward, we will continue to monitor the reports received through the Employee Assistance Programmes to ascertain if any special intervention is required to enhance employee wellbeing.
- There were no incidents of non-compliance with OHS regulations.

### Group business site audits

#### OHS audits (Group)

**526 sites**  
(F2020: 567)

**97%**  
audit coverage  
(F2020: 84%)

**92%**  
average score  
(F2020: 90%)

#### South African business site audits

**99% of 419**  
business sites audited

**92%**  
achieved gold status  
(F2020: 91% of audited sites achieved gold status)

**Target score:** gold status  
(85% or above compliance with the OHS checklist)

#### UK business site audits

**87% of 79**  
business sites audited

**91%**  
achieved the OHS target score  
(F2020: 81% achieved the target score)

**Target score:** over 90%



- COVID-19 fatigue was mostly responsible for the Aftermarket Parts branches achieving an initial average compliance rate of 70% with the OHS checklist. Controls have since been tightened and COVID-19 compliance included in the audit process, resulting in a final average compliance score of 88%. The business segment is working with the HR team to find engaging ways to communicate more frequently with employees on OHS procedures and processes. The organisational restructure in Car Rental also impacted OHS compliance levels in branches. This has since been rectified and the division received a pleasing 88% average compliance score.



- COVID-19 restrictions curtailed conventional in-person audits; therefore, on-site self-audits were conducted with the remote support of the health and safety team. A total of 76 self-audits were completed in this manner during the lockdown period (69 audits were during F2021). Since May 2021, with the lifting of restrictions, compliance inspections and full audits by the health and safety auditor had resumed. Audits cover 17 key OHS areas.



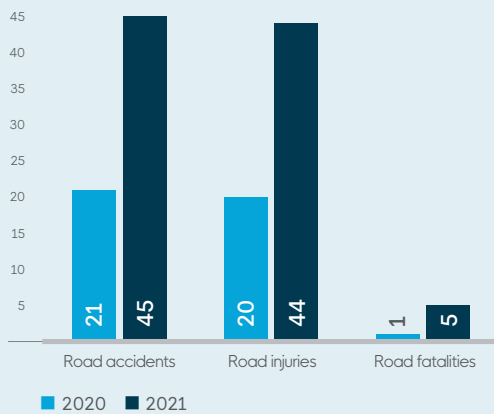
- Dealerships achieved above 86% compliance with their OHS checklist.

# Providing a healthy and safe operating environment (continued)

## 2021 performance and looking forward (continued)

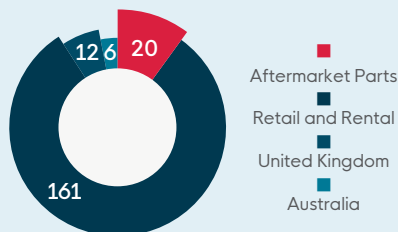
### Group (continued)

#### Road incidents (Group)



- Even though we travelled less, we unfortunately experienced an increase in reported road accidents and incidents. Road incidents (damage to property but no injuries or fatalities) increased by 60% to 356. Accidents per million kilometres increased from 0,001 in F2020 to 0,263. Of the 45 road accidents, 29 occurred in South Africa, 14 in the UK and two in the rest of Africa.
- Road fatalities increased from one last year to five this year (including three of our staff and two third parties). All fatalities resulted from five separate road accidents.

#### On-site accidents (Group)



- Recorded 194 on-site incidents (damage to property but no injuries or fatalities) up 5% from F2020, with the international operations recording 105 incidents due more stringent regulatory reporting requirements. 31% of on-site incidents were third-party error.
- On-site accidents decreased 8%, from 216 in F2020 to 199 (the breakdown shown in the graph alongside). 5% of on-site accidents were third-party error.



## Business specific initiatives and highlights



- Improved our management of health and safety by integrating the OHS audit process with the physical risk assessments conducted for insurance purposes. We also updated internal audit's OHS reviews and the OHS-related processes employed by facilities managers.
- Head office continued to guide a standardised approach to health and safety across our businesses. Sites have been assessed to identify their key risks which will inform customised checklists, and we have started identifying a smaller group of OHS audit service providers capable of meeting our required OHS standards and site-specific risks.
- Expanded the Employee Assistance Programme to include financial and legal advice. Employees increased their use of the Employee Assistance Programme. A total of 172 cases were managed with mental health issues comprising 78% of cases. The remainder of cases concerned stress, traumatic events and bereavement.
- Established a working group to explore the efficacy and coverage of the Employee Assistance Programme, and to understand how the programme can be used cost effectively.
- Assisted a new BMW dealership to improve to a silver OHS status within four months of joining the Group, and is expected to achieve gold status by the next audit.
- Car Rental developed an online OHS training module for all employees, over and above its safety representatives. Across Retail and Rental, 317 employees received mandatory health and safety training.
- Aftermarket Parts tested the comprehensiveness of its standard operating procedures for all key processes within warehouses and workshops with new and existing employees to gauge whether they are clear and easily understood. The business segment will expand the IT platform established to share and work on OHS documents remotely during COVID-19, to create OHS repositories for all sites. This will support better operational processes, transparency and co-operation. Aftermarket Parts also plans to establish dedicated resources at provincial level (to be in place by June 2022) to facilitate consistent OHS messaging and project implementation across the business segment.
- **Objective:** continuously update OHS checklists in all business segments and create customised programmes based on inherent risk, and conduct random quality assurance checks on high risk areas.
- **Objective:** enhance how we measure and track OHS training, especially as people return to the office environment full time. This will commence in F2022.
- **Objective:** continue to drive the use of our Employee Assistance Programmes.



- We are working towards implementing ISO45001 – the revised OHS standard which includes environmental aspects – across all sites.
- The commercial vehicles division rolled out mental health first aider training to 48 employees with a further 78 managers receiving mental health awareness training (around 12% of the division's workforce). The first aiders act as the first port of call for employees experiencing mental health issues and they direct employees to where they can receive professional support. The remaining divisions trained their mental health first aiders in prior years although refresher training will be provided in F2022.



- The roll out of the Employee Assistance Programme is scheduled for F2022.



# High-quality and responsible products and services report

# Contributing to customer safety and wellbeing

Motus remains focused and committed to creating value for our customers; supplying high-quality, relevant and innovative products and services at competitive prices, and delivering exceptional customer service that maintains brand loyalty and trust.

## Overview

Our people are critical in ensuring that we deliver on our commitments to our customers, particularly our customer-facing employees, who must be able to quickly identify concerns and find the right solutions.

Supplying high-quality products and services to the market depends on our ability to build strong relationships with our stakeholders. To remain the original equipment manufacturer (OEM) dealer of choice, it is critical that we maintain high standards and meet OEM targets, both in terms of customer service and quality controls. Our relationships with regulators ensure that we 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.

### Strategic priorities

- 1 Apply stringent quality controls to ensure high-quality workshop services, car rentals, pre-owned vehicles and parts supplies. Page 74.
- 2 Provide compliant and responsible financial services offerings. Page 82.
- 3 Ensure relevant employees meet the 'fit and proper' requirements of the Financial Sector Conduct Authority (FSCA) in South Africa and the Financial Conduct Authority (FCA) in the UK. Page 82.
- 4 Develop effective methods to maintain compliance while shifting product sales to digital channels and e-commerce post-COVID. Page 80.
- 5 Ensure personal information and data is protected and proprietary systems are fit for purpose. Page 84.

### Key challenges

- The slow roll out of a strong 5G network in South Africa will delay the introduction of connected vehicle technology (using telematics and camera systems), with luxury brands being the first adopters in South Africa. In addition, the cost of data in South Africa is high relative to per capita gross domestic product (GDP).
- Maintaining compliance with the requirements of the Protection of Personal Information Act (POPIA), which impacts our systems and employees across all areas of the business where information is collected.
- The number of high-profile data security breaches in South Africa and globally have dramatically increased, with cyber criminals targeting financial services as a rich source of valuable customer data. Additional preventative measures and costs are needed to respond to the increasing prevalence and severity of cybercrime.

# Customer, vehicle and parts safety

OEMs are responsible for the safety aspects of the vehicles they produce. Our quality control management is therefore more relevant in the later stages of the vehicle lifecycle – vehicle servicing and maintenance, the sale of pre-owned vehicles, car rentals and the import, assembly or manufacture of parts.

All imported vehicle models are subject to a homologation<sup>1</sup> process before they are introduced to the South African market. The process covers safety, cost, emissions and parts support for 10 years.

All imported and locally manufactured safety critical products, such as brake pads, must comply with the relevant International Organization for Standardization (ISO) standards and SAE International's<sup>2</sup> technical standards and recommended practices, and must be approved by the National Regulator for Compulsory Specifications (NRCS) before they can be sold in South Africa. We maintain robust relationships with all relevant stakeholders, including the NRCS, so that we clearly understand what is required to meet the homologation process standards for vehicles and safety critical parts.

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

In the UK, vehicles are also subject to a homologation process. In addition, if the vehicle has been fundamentally modified prior to registration (that is, changes have been made to the mass or dimension of the vehicle or that affect the vehicle's safety systems), it must undergo a further individual inspection. The key standard is the Whole Vehicle Type Approval, which includes the National Small Series scheme or Individual Vehicle Approval inspections.

## What we are doing

### Assisting OEMs

We assist OEMs to maintain their safety and brand standards. For new vehicles, quality checks are conducted prior to their delivery to the dealership and pre-delivery inspections prior to their handover to customers. Our effective recall procedures enable the timeous engagement with customers to ensure their vehicle parts are promptly replaced in the event of an OEM recall. Our warranty departments track claims, component failure rates and recurring problems, providing the importer brands with this data to inform their quality improvements.

## Recall campaign (Mitsubishi example)

The Takata SRS Airbag Inflator recall campaign, live since 2015, was relaunched in February 2020 to increase awareness. While no complaints have been received in South Africa, Mitsubishi is conducting a voluntary recall campaign as a precautionary measure. It has notified the last known vehicle owners of these potential defects and has provided a VIN checker on its website for owners to check whether their vehicles are impacted.

Taking its efforts a step further, Mitsubishi is currently working with authorities – the Department of Transport (DoT) and the Road Traffic Management Corporation (RTMC) – and naamsa | The Automotive Business Council (naamsa) to ensure the success of the campaign. It has supplied the VIN numbers of the outstanding vehicles to these bodies, and the RTMC has provided all OEMs with the customer contact numbers it has on record for these vehicles. To ensure the protection of personal information, no other information has been provided. The RTMC sent a mass SMS out to all these customers about the repair, and Mitsubishi complimented this by making direct contact with customers telephonically, giving them the details of their closest dealer.


The airbags in around 9 100 Mitsubishi vehicles have yet to be replaced. Through this collaboration, confirmed contact has been made with over 7 300 owners. The RTMC will again run through its system to find new contact details for the remaining owners. The campaign will continue until all airbags in all Mitsubishi vehicles registered in South Africa have been replaced.

<sup>1</sup> Granting of approval by an official authority.

<sup>2</sup> SAE International (initially established as the Society of Automotive Engineers) is an engineering standards organisation.

### Vehicle servicing and maintenance

Our OEM dealership service departments use OEM-specified equipment and technology, as well as OEM-certified parts and aftermarket accessories. OEMs provide ongoing product and technical training for customer-facing employees, workshop technicians and quality controllers. This is supplemented with our own training programmes. Workshop tools and equipment are regularly maintained in line with OEM standards, using third-party specialists where required.

 Vehicle servicing and maintenance under the Right to Repair guidelines: page 76.

### Pre-owned vehicle sales

In South Africa, we on-sell the vehicles from our rental fleets, selling quality pre-owned vehicles with up-to-date service histories. The services and maintenance have been undertaken in our own workshops and panel shops or by our franchised dealerships. Vehicle brands also offer high-quality reliable pre-owned vehicles, reconditioned to their set standards. All vehicles have a balance of factory warranty.

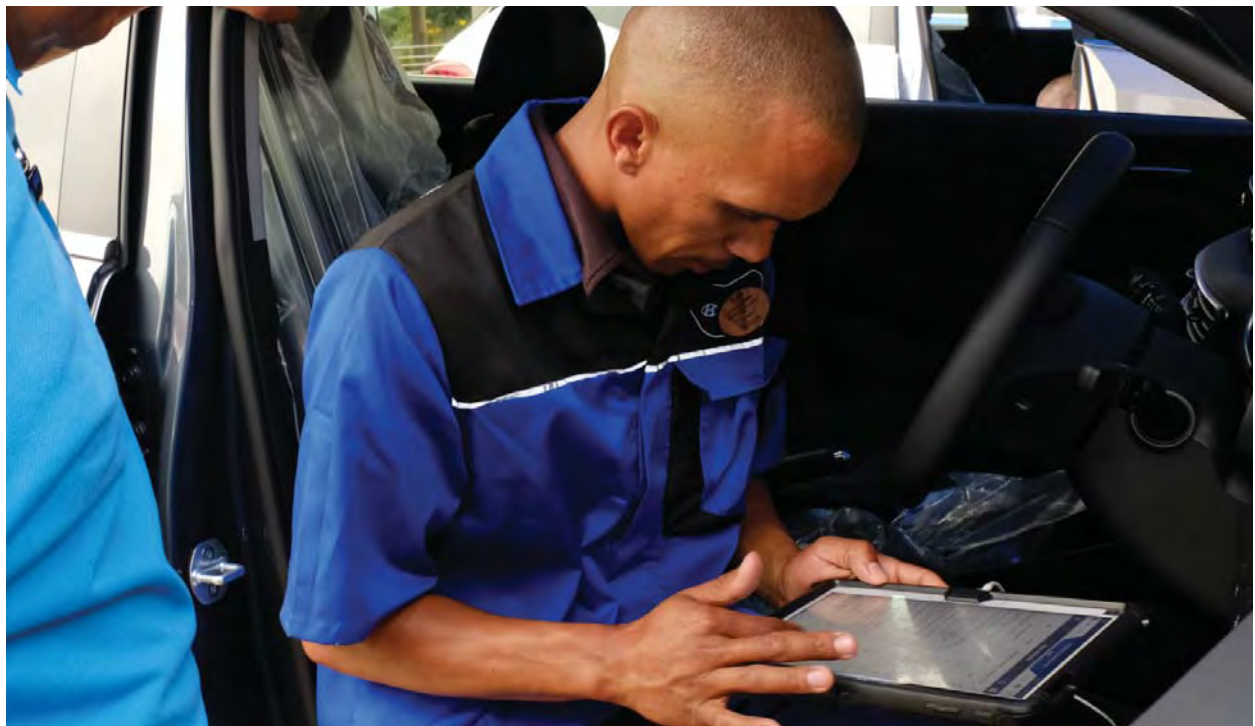
### Assisting customers maintain safe vehicles


We offer 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.



### Stakeholder engagement

Our collaborative customer engagement model not only aims to enhance the customer experience, but extends to providing them with the products and information they need to maintain safe vehicles. Our service campaigns communicate to customers the importance of genuine OEM parts in the continued safety and optimal performance of their vehicles. Special offers such as discounted prices on out-of-warranty service kits and beneficial labour rates, are used to attract out-of-warranty customers and promote the continued use of genuine parts in vehicles.



 The use of non-OEM parts under the Right to Repair guidelines: page 76.

## Customer, vehicle and parts safety (continued)

As part of our customer proposition, we are introducing digital solutions to help customers maintain the safety and roadworthiness of their vehicles and enhance the vehicle servicing experience. Applications vary across brands and include the storing of vehicle data to share between parts, workshop and service providers, providing easy access to service history and service and maintenance plan information; reminders when services are due; communicating information such as recalls, service specials and seasonal campaigns; and in the UK, 60-second videos are available, enabling customers to make quick decisions relating to additional maintenance or repairs.

In partnership with Discovery, we delivered a telematics-based warranty offering for drivers on Discovery's Vitality Drive Programme. The product provides comprehensive and market-leading mechanical breakdown and electrical failure cover. Officially launched in F2021, the offering is being well received. Drivers are able to achieve discounts on their vehicle services as a reward for driving well. The collaborative product is a market first.

### Automotive Aftermarket Guidelines

Since February 2017, the Competition Commission of South Africa has been working towards a framework to transform the automotive aftermarket. Under the new Automotive Aftermarket Guidelines (Right to Repair), which came into effect on 1 July 2021, service and maintenance plans must be sold separately to the vehicle, and warranties are no longer automatically voided if a vehicle is serviced by an independent service provider (ISP) or has non-original spare parts fitted. We are in the advanced stages of implementation with external legal advice sought to ensure our response is in line with the requirements of the Competition Act.

Our vehicle sales and finance and insurance sales staff have been trained to ensure that customers understand the implications of opting out of taking a service or maintenance plan. While an important development for customer choice, consumers must also be aware of the risk and possible future costs associated with opting out of service and maintenance plans; not only will they forego the credibility, professionalism and quality of work associated with OEM dealership service departments, but they will be liable for servicing costs and, if they fail to service their vehicle in line with manufacturer requirements, this could jeopardise the manufacturer warranty. When a claim is made under the warranty, the onus is on the customer to provide proof that the required servicing has taken place. Related inspections will take place at an OEM dealership.

Many customers are loyal to a vehicle brand, and given the value and support they receive from vehicle brands even after warranties have expired. Right to Repair is not expected to materially impact customer behaviour in the short to medium term.

 More information on Right to Repair: page 90.



## How we measure our performance

We subscribe to the Motor Industry Ombudsman of South Africa, which is impartial and recommends resolutions to disputes between the automotive industry and its customers. We monitor all cases reported to the Ombudsman as well as those reported to the National Consumer Tribunal.

### Vehicle servicing and maintenance

Random customer satisfaction surveys are conducted to inform quality improvements in terms of workshop servicing and parts. The importer OEMs also conduct their own surveys on our customer service performance, providing an additional layer of assessment.

Technical training is a key part of fulfilling high standards of service, quality and compliance. Training hours and the competency level of each workshop technician are tracked. OEM inspections and our own internal technical audits ensure that OEM standards and targets are met, that agreed training is completed and that the vehicles we service operate safely on the road.

In the UK, the commercial vehicles business and all businesses in the Mackworth Vehicle Conversion Specialists business are ISO9001 certified (quality management system standards). To maintain ISO9001 certification, we use external experts to ensure we implement the processes needed to achieve benchmark levels of compliance, and this is audited as part of our programme of audits to ensure compliance. Shortcomings are monitored on the internal health and safety system for analysis and action. An independent external audit is undertaken annually and a full audit by the ISO awarding body every two years. The Vehicle Certification Agency also conducts quality inspections.

### Pre-owned vehicles

All pre-owned vehicles in South Africa, including ex-rental vehicles, are reconditioned by the dealership they are sold to and undergo a stringent 116-point quality assurance check conducted by an independent quality assurer. In certain

instances, customer satisfaction surveys are conducted on the sale of pre-owned vehicles.

In the UK, all pre-owned vehicles undergo stringent physical quality assurance and background checks.

### Car rentals

All rental vehicles undergo a 26-point check, applying the SAVRALA<sup>1</sup> standards, before every hire. Car Rental has adopted the ISO9001 quality management standards and is working towards obtaining 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. They are regularly audited to assess product quality and safety, and parts are regularly assessed against manufacturing standards and related regulatory requirements.

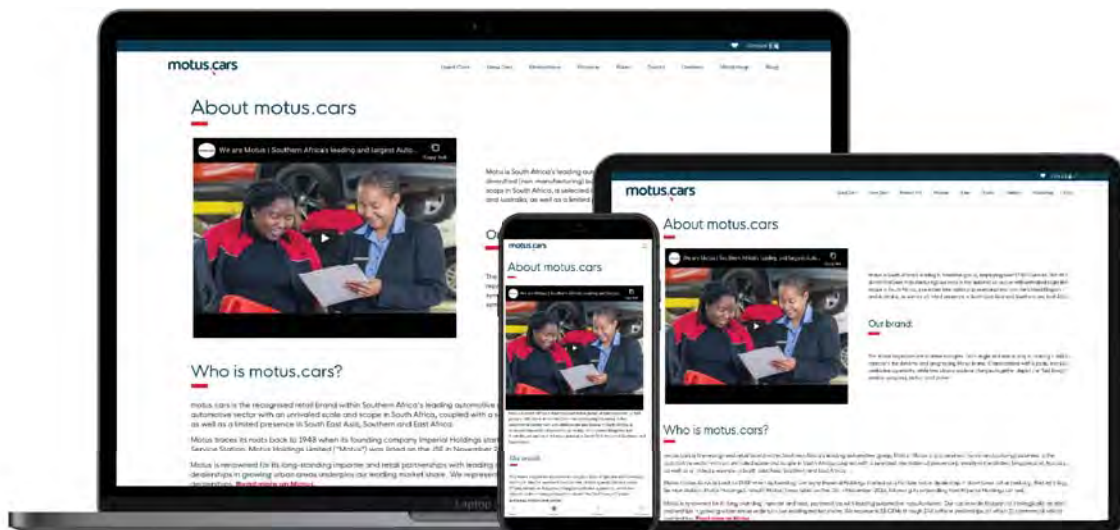
The Aftermarket Parts sourcing team also obtains all documentation and certification applicable to the product and country from which it is sourced. For example, products sourced from Europe must have the CE marking, which is the manufacturer's declaration that the product meets European Union standards for health, safety and environmental protection. This is a non-negotiable control when sourcing from Europe.

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

For accessories, we engage with local producers and ensure that accessories are approved by OEMs and have the necessary NRCS certificates and test reports.

 Governance of quality, health and safety: page 134.

<sup>1</sup> SAVRALA (the Southern African Vehicle Rental and Leasing Association) is an independent industry body that sets acceptable industry norms for rental vehicles.



# Customer, vehicle and parts safety (continued)

## 2021 performance and looking forward

### Group

- There were no material incidents of non-compliance with regulations and/or voluntary codes concerning the quality, health and safety impacts of our products and services.

### Business specific initiatives and highlights

#### South Africa

- Over 2 500 Hyundai technicians received training. Service reminders were sent to Hyundai's customers, particularly annual services given that many vehicles did not reach their mileage intervals due to less travel brought about by COVID-19. In the short term, Hyundai will launch an application (app) that reminds customers when their services are due.
- At Renault, 22 technicians successfully qualified at the Cotech level – the highest level of specialisation achievable and globally recognised by the Renault, Nissan and Mitsubishi Alliance. The programme was successfully converted to an online certification in South Africa that was approved and adopted by the global Renault training academy. The brand also launched the Renault Drivers Club, an aftersales loyalty platform for Renault customers based on the age and mileage of their vehicles. Customers can access their vouchers on a dedicated aftersales WhatsApp platform. Further advancements were made to the service booking function, allowing for a personalised user experience with access to value-added products and services (VAPS) and immediate financing during the booking process.
- Car Rental implemented a document quality management system as part of its ISO9001 adoption. Regular engagements with various departments are conducted to maintain the integrity of the system and documented processes and policies are frequently reviewed. Car Rental is aiming to achieve ISO9001 certification in F2022 (delayed due to COVID-19 and the division's restructure). For now, ISO9001 has been prioritised over achieving environmental management system certification (ISO14001), which continues to be an objective for the medium term.
- Financial Services continued to drive Go Happy in-car insurance, which provides immediate financial relief and personalised benefits based on the number of passengers in a vehicle. The business segment has also completed the development of a roadside assistance app, which is soon to be launched. A key strategic objective for Financial Services is to enhance digital and artificial intelligence capabilities to improve customer engagement and experience, streamline business processes and enhance customer value with new paperless VAPS.

#### UK

- Passed all external quality and product audits and inspections, and Mackworth Vehicle Conversion Specialists achieved Conformity of Production recertification for a further two years.



## Contactless product delivery and demonstrations

### (UK example)

In the UK, passenger vehicle retail operations, considered as 'non-essential' services during COVID-19 lockdown, meant that our dealership showrooms were not open for four months. These circumstances provided us with a good learning curve in terms of online vehicle sales, and we conducted our business on a click and collect or click and drop off basis.

Working within government guidelines and advice, the commercial vehicles business offers a contactless delivery service for the UK mainland. We safely deliver vehicles directly to homes or prearranged locations using a transporter or a driver using gloves and seat covers. Customers are offered a socially-distanced inspection period, prior to a sanitised key and document handover.

We also offer contactless product demonstrations as live video calls, enabling customers to interact with specialist in real time. Customers can also request close ups of certain parts or features of the vehicle.

These services are available for both new and used vehicles.

An Approximate delivery time will be pre-arranged and a customer contact number will be taken

The driver and customer should maintain a safe distance from each other at all times

No items will be physically handed over to the customer. There will instead be a set drop off point agreed in advance

Customers are advised to notify Motus Commercials in advance if they are in self-isolation or are unwell, to help protect our drivers and others from infection

Drivers have been instructed to wash their hands using soap and water for 20 seconds as regularly as possible and will be carrying hand-sanitiser at all times

# Customer, vehicle and parts safety (continued)

## Digital solutions for customers

Innovation represents a growth and profit opportunity for Motus. We have invested in technology to leverage consumer data, enabling us to offer personalised services aimed at enhancing the customer experience and improving customer retention.

The shift in customer demand toward digital channels has been expedited by COVID-19. Our data shows that:

- More than 75% of customer inquiries are from a digital platform.
- More than 55% of vehicles sold by Motus originated on a digital platform.
- Customers used to visit at least five dealerships when shopping for a car; now they visit only one or two.

A McKinsey Automotive Retail Consumer Survey (United States, China and Germany) shows that dealership visits are the number one factor in influencing a purchase decision followed by test drives.

In South Africa, we launched [motus.cars](http://motus.cars) in November 2020 – a single, safe and convenient interactive platform that enhances the vehicle buying experience, giving customers the ability to shop online for new vehicles, demos and pre-owned vehicles from Motus dealerships across South Africa. Once a vehicle purchasing decision has been made, customers can apply for finance and have the vehicle delivered at their nearest dealership or home anywhere in the country. From January to August 2021, the number of website sessions was 1 303 164 and there were 782 770 unique users.




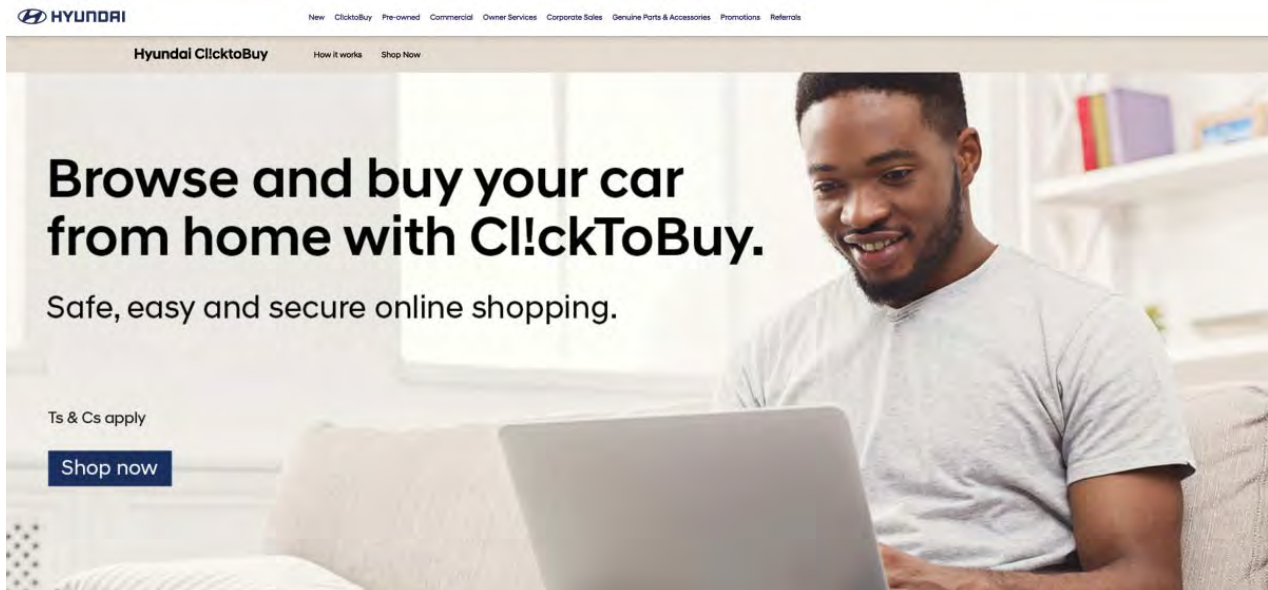
The platform has many other benefits such as an easy search facility, a tool to calculate the actual costs of owning a vehicle, and a live chat function, which can assist with questions in real time and connect customers directly to dealerships. It is also possible to book a service from the website.

All listed vehicles are owned by dealerships that are part of the Motus Retail Group. All pre-owned vehicles are dealer-certified with comprehensive inspection reports available on selected vehicles, ensuring that customers get what they pay for. Finance applications are sent to all major banks, ensuring that customers get the best deal in terms of repayments and interest rates. Going forward, we will enhance the website providing consumers with additional services and functionality.



We also launched Motus Select, which replaces the long-standing Imperial Select as a trusted place to buy a pre-owned vehicle. There are more than 30 dealerships and 1 500 pre-owned vehicles in the Motus Select network, making it easier for buyers to find the right make and model to meet their requirements.

 <https://www.motusselect.co.za/cars/used>



Hyundai enabled an end-to-end online vehicle buying experience, allowing customers to explore the Hyundai range, choose the desired model and derivative in their favourite colour, get a 360-degree view of the vehicle’s interior and exterior, compare the vehicle to other models in the range, and have the vehicle delivered to their home.



Kia’s customer value innovation system is a suite of digital solutions designed to improve the productivity and profitability and the brand’s dealerships by meeting the needs of online shoppers and enabling them to stay informed, involved and in control of their vehicle services. Benefits include a paper-free environment, online clocking allowing for accurate productivity measurement, faster vehicle check-ins allowing for real-time vehicle inspection, faster invoicing and the ability to inform customers from the work bench of any additional work required. A total of 17 dealerships have implemented the solution with a further two scheduled for implementation by the end of 2021.

In Car Rental, we are developing technology solutions to streamline and make the rental process more efficient and effective for individual customers. Developments include a web portal, giving customers access to their invoices and statements, and a single platform that will automate and integrate Car Rental’s business processes and provide customers with end-to-end self-service capabilities. Self-service solutions are already in place for our corporate clients.

# Regulated financial services offerings

Financial Services develops and distributes innovative vehicle-related financial products and services through importers, distributors, dealers, finance houses, call centres and digital channels.

Our financial services providers (FSPs) manage a complex range of financial services legislation aimed at making financial systems 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.

 Compliance: page 124.

## What we are doing

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. Due diligence processes are also in place for our businesses in the UK that operate as authorised credit brokers and insurance intermediaries.


In addition to our compliance governance structures, external advisers are engaged, if needed, to ensure all regulated products and services comply with applicable legislation. Regulated products, and their associated processes and policies are regularly reviewed to ensure that commissions and disclosures are transparent in the sales process.

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. In the UK, the FCA's Certification Regime requires that senior managers with control and oversight be vetted for fitness and propriety. All other regulated employees in the UK receive training and CPD. Training is also delivered in both operations to help employees keep abreast of emerging industry trends and upcoming legislation. Training programmes are delivered face to face and online.

## How we measure our performance

The Quality Assurance Department in Financial Services conducts quality and compliance audits to ensure adherence to the relevant regulations related to each regulated financial service offering. Outcomes are measured against set benchmarks, including regulatory, product and customer engagement skills.

In the UK, all regulated consultants and managers take competency assessment tests and are monitored by regional finance and insurance managers as well as a third-party compliance service provider. Fixed demands and needs processes ensure that sales agents ask the right questions to understand a customer's needs. Finance and insurance managers and the third-party compliance service provider also monitor dealership compliance to financial and insurance regulatory requirements, and regularly audit the sales transaction files across the UK dealership network.

 Governance of ethics and compliance: page 131.

## 2021 performance and looking forward

### Group

- Compliance audits in South Africa and the UK have not identified any material concerns, and there were no incidents of non-compliance with regulated products and services.

### Business specific initiatives and highlights

#### Compliance training (South Africa)

**Over 10 600**

employees received training on POPIA and over 5 700 on Right to Repair guidelines

South Africa

- Financial Services introduced additional monthly training for all employees to enhance their understanding of applicable regulations. 13 agents across the business segment achieved their regulatory exam qualification in F2021. Classes took place virtually and exams were written on-site at the Financial Services campus.

#### Compliance training (UK)

**288**

employees completed compliance training

UK

- In addition to compliance training, employees were also tested on conduct rules, product knowledge and specialist automotive finance.
- We will develop our online and e-commerce channels in the UK to facilitate regulated sales.



# Data management

Our data is one of our most valuable assets, and we have kept up to date with best data management practices since our first data warehouse was built in 2008.

In South Africa, POPIA became effective on 1 July 2021. In the UK, our operations are subject to the European Union's General Data Protection Regulation Act. Both pieces of legislation aim 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.

Cybercrime continues to increase in prevalence and severity, requiring robust measures to manage this threat to operational resilience, and secure our information assets and reputation. The threat affects all aspects of our information management systems – from the basic documentation processes in dealerships and branches to all the devices used every day throughout the Group as well as our core network and server infrastructure. Remote working due to COVID-19 has required additional interventions. As the digitisation of the automotive industry increases in pace, cybercrime trends are expected to intensify.

## What we are doing

### POPIA compliance

We take appropriate measures to protect the confidentiality, integrity and availability of our information assets. Our employees are subject to a duty of confidentiality.

We adopt an integrated and holistic approach to addressing POPIA requirements; not only in how we collect, manage and secure personal information but also in ensuring that our employees and representatives have the right level of access to the information they need to do their work and meet customer expectations. We have leveraged our data protection experience gained in the UK to identify the business process changes needed within the various businesses to meet the Act's requirements. The POPIA working group determines the action plans needed to drive change, and acts as a mechanism to share learnings across businesses in the Group.

### Cybersecurity

Our Group-wide cyber resilience and data framework aligns with international standards and best practice, including salient POPIA requirements and the General Data Protection Regulation Act rules.

Our comprehensive security solutions and tools include cyber-threat analysis, vulnerability assessment, end-point detection and response capabilities, user access management and integrated incident response procedures. We balance the appropriate security rules and infrastructure for each individual business, leverage Group knowledge and processes, and include the risk and audit functions in our cyber-related efforts.

Strategies are in place to manage data leaks (particularly customer personal data), web security and data backup and recovery (systems and data restoration capability to ensure business continuity and prevent further exposure). We work with technology and financial partners to develop integrated data security solutions and reduce cyber risk for our customers and businesses; this includes an external partner review of our IT security measures in relation to best practice. A 24/7 incident detection and alerting capability supports timely response to suspected cybersecurity incidents. Having comprehensively assessed our cyber risk strategy, we have secured cyber risk insurance cover for the businesses where it is most applicable.

A critical element of securing our systems and data is employee behaviour. Throughout the Group we have increased our training and awareness on data privacy and information security policies, standards and practices. Our people also have access to cybersecurity guidelines.

## How we measure our performance

In Financial Services, where the protection of customer and financial information is most critical, we measure the maturity of our cybersecurity capabilities against the National Institute of Standards and Technology (NIST) Cybersecurity Framework<sup>1</sup>. The framework's five critical capability domains 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.

 Governance of data management: page 133.

### 2021 performance and looking forward

#### Group

- We made satisfactory progress on increasing our IT monitoring and controls.
- There were no incidents of non-compliance with data-related regulations and/or voluntary codes during the reporting year; however, computers were stolen during the July 2021 riots.
- **Objective:** ensure proper oversight of business segment IT functions and Group-wide adherence to governance policies and frameworks as well as applicable legislation.
- **Objective:** maintain mature security practices with appropriate risk management actions.

#### Business specific initiatives and highlights



- Completed an external IT audit, accelerated our investment in cybersecurity measures, customised security frameworks per business segment based on the Group cyber resilience framework and improved cybersecurity awareness, educating employees on new cybersecurity risks.
- Security for remote working practices is aligned to Group policy. Call centre personnel and back office employees are fully enabled to work from home, connecting securely to the office networks and systems.
- We will continue to enable new processes to maintain compliance with POPIA requirements and best practice IT governance, including continuous awareness raising initiatives to enhance data handling behaviour.
- Financial Services met the target to achieve a maturity level of between 80% and 90% for all five critical cybersecurity capability domains by March 2021. Going forward, the business segment will continue to use digitisation to protect the confidentiality, integrity and availability of information assets, and maintain the maturity levels for all five cybersecurity capability domains.



- In the UK, we are implementing further encryption measures, including multi-factor authentication. In F2021, we launched a cybersecurity training programme targeting over 2 000 employees and developed additional IT security policies.
- Over the medium term, we will ensure data is classified correctly and secured according to this classification, and we will implement cloud storage.

<sup>1</sup> The NIST Cybersecurity Framework is a globally accepted standard for cybersecurity (ISO27001).

# Data management (continued)

## Protecting personal information

POPIA is designed to promote the protection of personal information and to bring South Africa's privacy laws in line with international standards. We have adopted a 'privacy by design' approach, which is to embed good privacy practices into the design specifications of new and existing systems and business processes.

Compliance to POPIA requirements provides numerous opportunities, among them being improved data management, reduced cost through a reduction in data stored, improved returns on direct marketing by only targeting customers who have given consent, and building trust with customers who can take comfort that their data is responsibly stored and used. Importantly, the privacy impact assessments conducted on our systems as part of our POPIA implementations also enhanced our cybersecurity, providing a clear view of data flows and the data landscape. POPIA will have no impact on customer experience or our financial results.

Training and awareness on POPIA is being delivered through various internal platforms, and is designed to increase awareness about the Act, its application and employee accountability when processing personal information. Between June and August 2021, biweekly awareness emailers were sent to all Motus employees under the banner of 'Think Privacy' and gong forward posters will be displayed at all Motus sites. A fully updated Promotion of Access to Information Act Manual was rolled out across the Group and is available on all relevant websites. The manuals provide users with a form to request access to our records and the terms and conditions associated with such requests (<http://paia.motus.co.za>).

At year-end, the following had been accomplished to meet POPIA requirements:

- An Information Officer has been appointed at Motus Holdings level, and five Information Officers appointed across the business segments. All Information Officer registration forms were submitted to the Information Regulator and the appointed individuals' applications have been approved.
- 15 policies, procedures, guidelines and standards were approved and implemented, including system changes.
- A new employment contract template was developed and thousands of contracts reviewed for compliance.
- Data classification frameworks are being rolled out along with privacy impact assessments in business segments.
- Reviews of supplier contracts are underway to ensure our customer data is protected.





# Transformation report

# Supporting the transformation of South Africa's automotive industry

The South African automotive industry plays an indispensable role in the recovery and sustainable development of South Africa's productive economy.

## Overview

The automotive industry is a major industrial and economic force that adds real value every day – providing mobility, facilitating trade, creating sustainable jobs, moving people, goods and services, serving communities and creating prosperity for South Africa's people.

The automotive industry's annual contribution is around 6,4% of the country's GDP (2,4% being from the retail segment). In 2020, the export of vehicles and automotive components reached a record amount of R175,7 billion, equating to 13,9% of South Africa's total exports – the country's fifth largest exporting sector out of 104 sectors<sup>1</sup>.

COVID-19 has highlighted the deep socio-economic and inequality challenges facing South Africa. This has spurred the South African Government to look towards co-operating with the private sector to drive more effective economic inclusion and transformative outcomes.

We share our expertise and experience to contribute to broader national strategies and thought leadership, and to progressing our industry and 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 to identify opportunities to support localisation in South Africa and investigate new ways in which we can contribute to society at large, over and above our community initiatives.

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

Small businesses play a critical role in South Africa's socio-economic recovery, especially in creating desperately needed jobs. It is government's intention to grow local production and manufacturing, and open big business supply chains to small and medium-sized enterprises (SMEs).

Leveraging our entrepreneurial spirit, we are developing sustainable working models for black-owned and managed businesses, which also give Motus access to new markets. Despite the bulk of our purchasing being with OEMs, we continually review our supply chain to identify opportunities to buy from SMEs 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.

<sup>1</sup> Source: naamsa | The Automotive Business Council.

# Our contribution to automotive industry change

The automotive industry is not only the largest manufacturing sector in South Africa's economy, comprising nearly one third of manufacturing output, it also invests billions of Rands every year, is a key employer and is critical to achieving inclusive growth in the country.

## Our memberships



### Stakeholder engagement

We have memberships in a number of industry associations, including naamsa, the Retail Motor Industry Organisation (RMI) and its constituent – the National Automobile Dealers Association (NADA), Southern African Vehicle Rental and Leasing Association (SAVRALA) and Banking Association South Africa (BASA). Motus representatives hold officer roles in a number of these associations.

During the year, R3,1 million was paid for subscriptions in non-governmental organisations (NGOs) and industry bodies (F2020: R3,0 million).

Manufacturing is one of the sectors that can best assist in growing South Africa's economy.

Association	Officer role	About the industry body
naamsa	Vice President	One of naamsa's key roles is to advocate for common interest issues, policies and regulations for the local automobile industry, enabling a collective voice to sustaining and growing the industry. Motus participates in the supply chain, electric vehicle, Automotive Production and Development Programme and broad-based black economic empowerment (B-BBEE) committees, among others. At the beginning of 2021, naamsa invited other like-minded companies across the automotive value chain to join as associate members, enabling them to directly influence the transformation of the automotive industry.
NADA	Executive committee member	We participate in the labour forum, Automotive Aftermarket Guidelines committee, Consumer Protection Act committee and the Right to Repair and the Financial Intelligence Centre working groups, among others.
SAVRALA	Chairman	The industry body represents South Africa's combined vehicle rental, leasing, and fleet management industries, with a combined membership base of over 38 top rental and leasing companies representing approximately 600 000 vehicles. Through its member companies, SAVRALA represents the interests of business vehicle owners and the millions of people who rent a vehicle each year. SAVRALA is instrumental in steering industry standards.
Other memberships		Other memberships include: Financial Intermediaries Association of South Africa, Direct Marketing Association of Southern Africa, National Business Initiative, Institute of Risk Managers South Africa, Institute of Business Science Ethics and Governance Think Tank, and Arrive Alive South Africa.

# Our contribution to automotive industry change (continued)

## Automotive Aftermarket Guidelines

The new Right to Repair guidelines (reported on page 76) have a strong transformation objective with aspirational targets to increase local production volumes, create jobs, optimise local content and transform the automotive value chain.

Broadly, the guidelines aim to:

- **Promote an inclusive automotive value chain;** by lowering perceived barriers to entry, growing the pool of approved providers, particularly black-owned emerging workshops and independent operators, and ensuring the fair allocation of work. The guidelines require OEMs to increase ISP access to technical information, technical training and spare parts. To provide work to a wider pool of businesses, the guidelines require that exclusive arrangements between OEMs and approved motor-body repairers not exceed five years, and similarly the appointments of panel beaters by insurers may not exceed five years.
- **Reduce costs and increase transparency for consumers;** by giving them the choice to have their vehicles serviced, maintained and repaired by non-OEM accredited workshops without affecting their warranties. The guidelines also require the unbundling of manufacturer-instituted maintenance and service plans, giving consumers the choice to purchase the vehicle and service/maintenance plan separately or at the same time.

We have established a cross-function working group to investigate the impact that the guidelines will have across our business, identify opportunities and cater for changes to the business model for any perceived risks. Our vast expertise in the servicing of vehicles and procuring parts from OEMs and non-OEM, and our integrated business model, means that Motus is well positioned to implement the guidelines.

We have launched four pilot Auto Pedigree Service Centres (Polokwane, Germiston, Bloemfontein and Westgate) to compete in the ISP space. The service centres provide major and minor services, brakes and clutch replacement, suspension, transmission repairs and engine overhauls. The throughput in these service centres, which offer both OEM parts and approved Motus aftermarket parts, has increased steadily since the first workshop opened. By June 2022, we aim to have a network of 25 Auto Pedigree Service Centres.

An additional objective, is to support black-owned approved panel shops as part of our enterprise and supplier development initiatives.



### Stakeholder engagement

There may however 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 and residual values of ISP serviced vehicles. Through our memberships in naamsa and NADA we consult with our industry peers and the Competition Commission to achieve sound and pragmatic outcomes, and ensure that our approach is robust, fair and sustainable. We are also engaging with our partner OEMs to ensure we align with the Right to Repair strategy, and with our dealership networks in the UK and Australia, to understand how similar legislation in those jurisdictions have impacted their markets.



Our Auto Pedigree Service Centres provide convenience and a high level of customer service and repairs at affordable prices. We aim to offer all vehicle owners access to affordable high-quality vehicle maintenance – a crucial factor in improving the safety of South Africa's roads.



 Vehicle servicing and maintenance under Right to Repair: page 76.

# Transformation strategy

Ukhamba is an investment holding company created in 1998. B-BBEE shareholders hold 53,1% of Ukhamba's 11,7% shareholding in Motus. The Ukhamba Holdings structure ends in June 2025, with Ukhamba shareholders scheduled to receive their Motus shares around October 2025.

## Strategic priorities

- 1 Ownership**  
(we score full points)

  - Select a new ownership structure for post-2025. Page 92.
  - Increase the number of black-owned Motus-aligned franchise dealerships. Page 92
  - Establish a network of black-owned second tier workshops. Page 92
- 2 Management control**

  - Increase the number of black people in management positions by meeting our aggressive employment equity targets for the next three years. Page 94.
- 3 Skills development**

  - Continue to develop the skills of black employees. Page 94.
- 4 Procurement**  
(we score full points for enterprise and supplier development)

  - Enhance our procurement processes to direct more spend to B-BBEE compliant businesses within our controllable spend parameters, including EMEs and QSEs. Page 96.
  - Continue to deliver supplier and enterprise development initiatives, providing black-owned SMEs with training, mentoring and financial assistance. Page 96.
- 5 Socio-economic development**  
(we score full points)

  - Focus on our key corporate social investment (CSI) areas, which are education, road safety and health initiatives. Page 98.

Our transformation strategy applies only to the South African operation and is designed to position Motus as a Level 4 B-BBEE contributor. Achieving this level will maintain our commercially competitive position and ensure our sustainability and relevance through positive contribution to the development of our domestic economy and society as a whole.

## Key challenges

- The amended Department of Trade, Industry and Competition's B-BBEE Codes of Good Practice's (dti Codes) stringent minimum requirements, including high 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.
- Transformation at top and senior management level given limited new management positions in a negative growth economic climate, exacerbated by COVID-19.
- Between 75% and 80% of our procurement spend is with or linked to established OEMs with whom we have stringent distribution and franchise agreements. The remainder of our procurement spend can be directed to B-BBEE compliant suppliers or EMEs and QSEs; however, this low percentage can sometimes result in a discounted procurement contribution in our B-BBEE rating.
- Smaller suppliers do not always 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.

# Transformation strategy (continued)

## How we measure our performance

Group-wide transformation strategies, projects and targets are developed, co-ordinated and monitored at head office and filtered into the business segments. Engagement with CEOs, managing directors and HR and B-BBEE managers across South Africa, ensures the correct implementation of strategies to achieve the Group's B-BBEE objectives. 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 and monthly reports are compiled for operational executives.

The Group measures its transformation progress against the dtic 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 are independently verified annually.

 **B-BBEE certificate:** <https://www.motus.co.za/environmental-social-governance/our-people/>

Our Employment Equity Plan to 2023, which covers employment equity and skills development, is submitted to the Department of Employment and Labour (DoEL). We also submit annual reports on our progress and compliance. The Employment Equity Act also requires that our Employment Equity Plan includes the barriers to transformation based on a workplace analysis. Targets are set for race, gender and disability at each occupational level for each business segment and consolidated at a Group level. The achievement of employment equity targets is linked to short-term incentive awards.

 **Governance of social impact:** page 136.

## Group transformation projects

### Black-owned dealerships

#### About the project

In partnership with Toyota South Africa, we are opening a majority black-owned satellite dealership in Tembisa, Gauteng, operating under the existing Toyota dealership code, with Motus providing operational support and training. Motus has a minority share in the dealership. A high-level capital budget of around R25 million has been approved.

#### Progress in F2021

We have purchased the property with building processes having commenced.

#### Looking ahead

The dealership is expected to be operational towards the end of the 2022 calendar year.

### Makhaya – informal sector mechanics project

#### About the project

The Makhaya project aims to create a sustainable micro-network of informal sector mechanics, providing them with equipped non-OEM branded workshops, technical support and SME-linked business training. These semi-formal, second tier workshops are located in or adjacent to our owned or franchised network of aftermarket parts or pre-owned dealership sites, or as independent joint ventures.

Aftermarket Parts is a supplier to the network and provides credit to purchase stock as well as preferential pricing. The businesses are closely monitored and are given reasonable access to our value chain and customers. Not only does the initiative support enterprise development and sustainable incomes, but it also contributes to the safety and reliability of vehicles that are 10 years or older and which many South Africans rely on.

#### Progress in F2021

To date, two workshops are open; based in Alexandra (Gauteng) and KwaMhlanga (Mpumalanga), supporting 10 mechanics.

#### Looking ahead

Two new sites are under development and will be operational later in 2021, and beyond this, an additional two workshops are being considered.



Our first Makhaya project site, located in Alexandra, Gauteng, opened in August 2019 and supports four automotive mechanics who previously operated on street pavements.



## Project Q

### About the project

In partnership with a local taxi association in KwaMhlanga, Mpumalanga, we opened an independent parts retail store in March 2020, serving the association's members. Motus provides guidance to taxi owners and operators on the suitability of products with special emphasis on safety critical components. The combination of the supply of quality parts at affordable prices and technical skills training contribute towards enhanced roadworthiness of taxis and passenger safety.

### Progress in F2021

Unfortunately, the project was delayed during the year due to conflict among taxi associations; however, we are still vested in the project as being the social partner that provides parts to the communities that need them.

### Looking ahead

The initiative will form the foundation for further partnerships with other taxi associations.

## 2021 performance and looking forward

### Group (South Africa)

In the Importer business, there are 30 independent black-owned Hyundai, Kia, Renault and Mitsubishi dealerships out of a total of 188 dealerships.

### B-BBEE scorecard rating

## Aiming to achieve a Level 4<sup>1</sup>

B-BBEE rating  
(F2020: Level 6)

We are targeting a Level 4 rating as a result of improved scores in management control, skills development and procurement. The OEM scorecards have a knock-on effect on our points for procurement. All OEMs have committed to the Equity Equivalency Programme that aims to improve their scores; this should positively impact their scorecards as well as ours. Revised OEM scorecards are expected around December 2021.



B-BBEE certificate: <https://www.motus.co.za/environmental-social-governance/our-people/>

<sup>1</sup> At the date of report sign off, the B-BBEE verification was still being finalised.

# Employment equity

## What we are doing

Our talent pipeline programmes provide a pool of entry-level candidates from designated groups from which we can fill posts when they become available. These candidates are upskilled through our accredited technical training programmes and formal learnerships. We continue to maintain an appointment, promotion and training ratio of 70:30 in favour of employees from designated groups.

 Leadership and people capabilities: page 56.

## Changes to our Employment Equity Plan

In the first two years of our approved five-year Employment Equity Plan ending in F2023, we made good progress in improving representation across our employment bands, in terms of race and gender. The restructure and cost containment measures undertaken in F2020 to respond to the COVID-19 crisis unfortunately impacted our ability to meet our F2023 employment equity targets. We received approval from the DoEL to review our Employment Equity Plan and recalibrate our targets taking into consideration our reduced workforce and the limited ability to appoint new employees in a subdued growth environment.

Our revised plan for the next three years has shifted from measuring black (African, Coloured and Indian) representation per employment band to aligning our workforce to South Africa's economically active population (EAP). Specific targets have been set for African men and women in top, senior and middle management positions. The revised plan was developed in a robust process together with all the CEOs of each business segment and workplace analyses were conducted to identify any remaining barriers to employment equity. The revised targets are very aspirational given the current low-growth environment and our opportunities to transform will result out of attrition. Each business segment is developing plans and monitoring systems to ensure these targets are integrated into the recruitment process and are monitored against interim annual targets. The revised Employment Equity Plan was submitted to the DoEL in December 2020.

Our new targets for June 2023 are:

- Senior and middle management: reflective of 50% EAP of African men and women. This equates to 21% of senior and middle management comprising African men and 18% African women.
- Junior management: reflective of 60% EAP of African men and women. This equates to 26% of junior management comprising African men and 22% African women.

Clear, co-ordinated and targeted interventions are used to source, develop and promote black candidates for management positions and to achieve race, gender, persons with disability and skills development targets.



## Stakeholder engagement

The Employment Equity Amendment Bill was tabled in Parliament on 21 July 2020, and will drive sectoral targets for designated groups. In February 2021, the DoEL invited members and representatives of the RMI to attend a consultation session to engage on what this will mean for the automotive industry, and secondly, to determine the process of setting employment equity targets for the wholesale and retail trade and the repair of motor vehicles and motorcycles sectors.

Given that the RMI is required to consult its membership on the target setting process, it has proposed a joint task team be established together with the DoEL to:

- Interrogate the demographic data set provided by the Department and the data held by the RMI as an employer organisation to acquire a robust view of the industry composition; and
- Agree the process for RMI to consult with its members to prepare a consolidated submission of achievable and realistic targets for the industry sectors.

This proposal was submitted on April 2021, and the RMI is awaiting comment from the DoEL on the proposed targets. The RMI is committed to meaningful consultation with the DoEL to ensure effective industry transformation while maintaining high levels of regulatory compliance. Motus' targets are higher than those recommended by the DoEL.



## 2021 performance and looking forward

### Black representation



- 73% of the workforce is black. Good progress was made in improving year-on-year black representation at all management levels. Employment equity targets were met at all levels, other than middle management and the unskilled employment level, which were both marginally missed.
- 42% of Dealer Principals are black (F2020: 39%).
- We appointed 72 black managers across various businesses, with 41 being internal promotions.
- Changes to the Employment Equity Plan were made in consultation with our business segment employment equity forums.
- **Objective:** have a South African workforce that is reflective of South Africa’s EAP by 2028.

### Hires and promotions

Of the 3 395 people hired in F2021,

**76% are black**

(F2020: 74%)

Of the 169 employees promoted in F2021,

**79% are black**

### Training

**R144 million**

training spend (3,2% of payroll costs) – above the 1% required by the Skills Development Act, and below the 3,5% required by the dtic.

**72% of training spend**

was used to develop black people (F2020: 71%) and **14%** to develop black women (F2020: 18%)

### Learnerships

- Hyundai onboarded eight candidates living with disabilities on a 12-month business administration learnership.
- Auto Pedigree offered a sales learnership for four learners living with disabilities. The learners have completed a generic management qualification (NQF<sup>1</sup> 5) and have progressed to NQF level 6.
- Europcar and Tempest offered a 12-month IT qualification (NQF 4), providing learners with IT support personnel skills. Of the 25 learners, 20 have found permanent jobs outside of Motus.
- Europcar and Tempest offered a 12-month business administration qualification (NQF 4), teaching effective communication and customer service skills in the workplace. All 15 learners have been employed by the Car Rental division. Both businesses also offered a 12-month business administration qualification (NQF 2) for learners living with a disability, which was launched in May 2021.
- Car Rental will launch a business administration learnership (NQF 4) for 20 unemployed learners in F2022.

<sup>1</sup> South Africa’s National Qualifications Framework (NQF) level 5.

# Supporting inclusive procurement and enterprise development

## What we are doing

We ensure that suppliers in South Africa have a valid B-BBEE scorecard, where feasible, and we monitor our procurement spend on a monthly basis to better understand how it is being distributed among our suppliers and to identify opportunities to shift spend to more B-BBEE compliant suppliers.

Despite our ability to score full points for enterprise and supplier development, providing black-owned SMEs with training, mentoring and financial assistance; our business model hinders the achievement of full points for preferential procurement as many OEMs are multi-nationals and we are not able to score highly on spend with 51% black-owned businesses. OEMs are working together to develop a feasible ownership solution that targets a Level 4 contributor status, which will help Motus improve its scorecard rating.

Our enterprise and supplier development initiatives focus on the empowerment of SMEs, particularly black-owned enterprises.

## 2021 performance and looking forward

### Group (South Africa)

#### Preferential procurement

### R2,3 billion

spent with >51% black-owned businesses against a target of R1,1 billion (F2020: R1,3 billion)

- Our procurement spend for F2021 totalled R56,7 billion, of which 35% was categorised as controllable. Of this controllable procurement spend, 63% was with preferential suppliers (F2020: 70%).
- 61% of suppliers (excluding OEMs) in South Africa have valid B-BBEE scorecards (F2020 77%).
- R2,0 billion was spent with EMEs and QSEs (F2020: R1,3 billion) against a target of R1,0 billion.

### R1 billion

spent with 30% black women-owned businesses against a target of R550 million (F2020: R498 million)

#### Enterprise development

### R76 million

a 153% increase compared to F2020 (F2020: R30 million)

- Of our R76 million enterprise development spend, 71% (R54 million) qualified for the B-BBEE scorecard. This equated to 3,1% of NPAT, meeting the dtic Codes' target of 3% of NPAT and scoring 15 out of 15 points (F2020: 3,7% of NPAT; R26 million).
- **Objective:** expand the inclusion of black-owned SMEs in our value chain supported by enterprise and supplier development spend.

#### Supply chain transformation

##### Wash bays and cleaning

Certain businesses outsource their wash bays to small businesses, who deliver on-site vehicle cleaning services, rent and utility free. As examples, Mercedes-Benz outsources one of its wash bays to Active Corporate Cleaning, an SME. Initially assisted in 2016 with the purchase of vehicle wash equipment and materials, Eco Auto Spa provides vehicle wash and cleaning services to Motus Auto Auctions. Rent and utilities are provided free of charge. The business has since expanded its service offering to include the sanitisation of buildings, which it does for Auto Pedigree's head office and branches in Gauteng. This year, Car Rental's enterprise development beneficiary, Favourite Brands, expanded its provision of domestic cleaning products to Europcar and Auto Pedigree. Going forward, Hyundai intends to expand the number of its outsourced wash bays managed by SMEs.

## Catering

Culinary Concepts provides a bistro service at two Cargo Commercial sites, and has since grown its operation to sites outside of Motus. In 2018, we assisted McLicious Café with the purchase of kitchen equipment to sell cooked food, refreshments and snacks to Motus Auto Auctions and surrounding businesses. The business is not charged for electricity, water, ablution and storage facilities. Since opening, one person has been employed by the business. In F2021, Auto Pedigree provided their catering service provider, T&T Tripple K, with a R64 000 cash grant towards obtaining a trailer and to pay wages.

## Enterprise and supplier development

### (Hyundai, Financial Services and Car Rental examples)

During F2021, Hyundai and Financial Services invested over R20 million in enterprise and supplier development. Among the beneficiaries, are two high-growth potential SMEs and two 100% black-owned businesses in Hyundai's supply chain. All four beneficiaries received interest-free loans to assist their acquisition of equipment and improve their infrastructure to scale up their businesses and build competitive advantage. The businesses include an aviation technology SME, a panel beating and spray-painting business, a business consultant and a wheel alignment specialist.

One of the SME beneficiaries is a 100% black woman-owned and managed panel beating and spray-painting business, based in Mopane, North of Pretoria. The business has an average vehicle throughput of 25 vehicles a month and employs 27 people. Understanding the plight of unemployed youth, the owner turned this social challenge into an opportunity, acquiring MerSETA<sup>1</sup> accreditation as a training and skills development institution. The training facility, based on her premises, provides learnerships and skills programmes for the youth in the local community. The first intake started their programmes in July 2021.

The wheel alignment specialist provides services to one of Hyundai's dealerships in the Gauteng East region. The dealership accommodates the supplier's wheel alignment machine, enabling him to operate on-site without incurring overhead costs. With Hyundai's assistance, the supplier is expanding the business to an additional two dealerships in the region. The loan will be used to acquire new wheel alignment equipment and the business will employ two people to service the additional dealerships.

In a separate initiative, Car Rental provided interest-free loans to suppliers during COVID-19 who were waiting for insurance companies to settle claims for damages caused while transporting rental vehicles. This assistance was over and above standard business practice.

<sup>1</sup> Manufacturing, Engineering and Related Services Sector Education and Training Authority.

## Enterprise development

Some of our enterprise development initiatives and highlights include:

- Provided a R2 million interest-free loan to the Unjani Clinics network as part of our focus on the development of women.
- Kia will investigate the feasibility of creating an enterprise and supplier development programme for panel beaters.
- Renault continued to support I Am An Entrepreneur (IAAE), which hosts skills workshops and masterclasses delivered by experts in various business disciplines and successful entrepreneurs to start-up and established businesses as well as entrepreneurs. This year's programmes focused on resilience, the entrepreneurial mindset, digital tools that aid productivity and marketing a business online. Programme events took a virtual format given COVID-19.
- As part of its supplier and enterprise development focus, Car Rental plans to provide a black-owned business (established or a start-up) with financial and technical support to enable its growth into a permanent supplier.
- Financial Services approved a service provider to develop a procurement database of suppliers to enable group buying power from B-BBEE compliant suppliers. The procurement system will be cloud-based and provide automation capabilities, improving supplier relationships and enhancing the management of B-BBEE initiatives. The business segment also approved a funding and development initiative for black-owned businesses who are part of the value chain. The initiative will be brought to scale in F2022.
- Aftermarket Parts has supported the development of innovation hubs to assist young start-ups.

 Socio-economic development is discussed in the community report: page 98.



# Community report

# Contributing to community upliftment

Economic growth is closely linked with the distances people are able to travel; more travel means greater economic activity and societal wealth.

## Overview

The existing socio-economic challenges in South Africa have been exacerbated by the COVID-19 crisis with depressed growth, increasing unemployment levels and high social vulnerabilities. During this trying time, we have remained grounded in our belief that we can use mobility for good, continuing to drive positive socio-economic impact, strengthening our relationships with our stakeholders, creating employment, growing the automotive industry, and making a difference in the lives of our people and communities.

 Transformation report: page 87.

In July 2021, South Africa experienced dramatic violence with destruction and looting ravaging some provinces and creating fear and uncertainty. This event highlighted the vulnerabilities and deep divide our communities still experience. Of immediate concern were those of our 4 500 colleagues either based in KwaZulu-Natal or who have family living in the province. During this time, our operations rallied together to ensure we had a good understanding of the situation and how we could help. The leadership and care shown among the Motus team was exemplary. Aligned to our values to make a tangible impact in communities, Motus donated R5 million to food and medical relief efforts in the KwaZulu-Natal province.

## Strategic priorities

1 Our CSI strategy is to identify long-term initiatives within our chosen pillars – education and skills development, road safety, and health – that enable us to make a difference to and alleviate the needs of the communities in which we operate. 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.

## How we measure our performance

As our flagship CSI projects are longer term in nature, we are able to build stronger stakeholder relationships, working together to achieve predetermined objectives, deliverables, and expectations. Some projects are monitored against service level agreements. The Group's CSI spend is independently assured annually.

 Governance of social impact: page 136.

### Key challenges

- Measuring the impact and sustainability of our community projects.
- Prioritising the increasing need for immediate assistance to social issues against investing to establish longer-term social projects that in time can sustain themselves, reaching larger numbers of beneficiaries.

# Contributing to community upliftment (continued)

## What we are doing

### Education and technical skills development

Our support of education initiatives aims to build a strong pool of talent from which to source tomorrow's leaders.

#### Youth Employment Service Programme

In February 2021, we launched our YES Programme, a corporate initiative in South Africa to provide work experience opportunities to unemployed youth between the ages of 18 and 29. The YES Programme was launched in 2018 by President Cyril Ramaphosa, encouraging the private sector to partner with government in creating critical work experience opportunities for young people. At the end of June 2021, the initiative had created over 57 000 learning opportunities for young people and injected approximately R3,2 billion into the economy through salaries.

Our programme will run to June 2022, providing work opportunities for over 400 unemployed youth, across our different business segments as well as with our CSI partners Unjani Clinics NPC (non-profit company) and the Imperial and Motus Community Trust. Roles will include sales administration, warehouse picking clerks and entry sales cadets. These roles are not vacancies but have been specifically created for the programme participants.

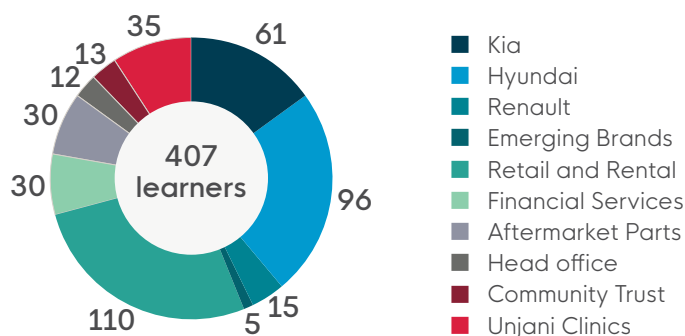
All participants will be provided with a one-year fixed-term contract and a mobile device for ongoing monitoring and training. Participants will receive 12 months of on-the-job experience and attend ongoing learning opportunities through the YES Programme. Motus will pay the participants directly and we will pay the YES Programme a subscription fee. Our investment in the initiative is budgeted at R5,2 million in F2021 and R8,0 million in F2022.

Learners will receive support in the form of supervisory oversight, bi-monthly assessments, and mentorship. Given our focus on mobility, we are also providing the funding and tutoring to assist YES participants obtain their learners licences as well as lessons towards their driver's licence.

In addition to positively contributing to this much needed societal imperative, the programme has enabled us to improve our B-BBEE rating and given us the opportunity to expand the talent pool not only for ourselves, but for the industry.

The YES Chief Executive has noted that a recent survey of YES alumni showed that 42% were employed full time, indicating that the YES Programme is making youth more employable despite a lack of formal education.

#### Onboarded youths



## Motus Technical Academy

**1 839**

motor artisans trained with **1 377** trained for the broader motor industry (F2020: 1 435)

**893**

apprentices trained were paid by Motus – **83,4%** are black (F2020: 795)

**373**


artisans qualified during the year with **69%** being from other companies

**82**

qualified apprentices were hired by Motus and are part of the feeder pipeline for critical workshop positions (F2020: 95)

The Motus Technical Academy<sup>1</sup> is the largest training academy for motor artisans in South Africa and addresses the critical shortage of technical skill in the automotive industry. It offers full apprenticeships and learnerships for motor, diesel and motorcycle mechanics, auto-electricians, and spray-painters, as well as skills programmes and short courses. It comprises accredited artisan training institutions in Gauteng, Western Cape, and Bloemfontein (four institutions in total), training around 1 800 apprentices and technical workers annually for both Motus and the broader industry. The Academy employs 27 trainers (F2020: 27).

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. The initiative ends in the 2022 calendar year.

 [info@motusacademy.co.za](mailto:info@motusacademy.co.za)

Over and above the YES Programme, Motus also offers its own learnerships for unemployed learners, providing them with technical or business skills development and workplace experience while earning a monthly stipend. Our apprenticeships and learnerships address youth unemployment, developing quality artisans and making them more employable in the vehicle industry.

The Motus Family Bursary Fund assists qualifying employees in the South African operation with the costs to send their children to selected South African tertiary institutions from the second year of study onwards. R8 million is being disbursed through the fund over three years (2020 to 2022). Six beneficiaries are being supported in the 2021 calendar year, with each student receiving R42 000 (2020: nine beneficiaries).

 Leadership and people capabilities (including learnerships): page 56.

<sup>1</sup> Programmes are accredited by the Manufacturing, Engineering and Related Services Sector Education and Training Authority (Merseta), the Quality Council for Trades and Occupations and the National Artisan Moderation Body.

# Contributing to community upliftment (continued)

## Imperial and Motus Community Trust (partnership with the National Department of Basic Education)

### Commitment to the Trust

**R5 million**

Our minimum contribution each year to F2025. Motus brands provide funding over and above this amount

### Investment during F2021

**R11,7 million**

(F2020: R5,6 million)

### Impact

**52**

school resource centres, reaching over **61 300** learners and assisting over **1 600** teachers  
(F2020: 45 resource centres, reaching over 50 250 learners and assisting over 1 400 teachers)

### Jobs created

**65**

trained people employed full time, many of whom were unemployed people from the communities where the resource centres are located  
(F2020: 69 people employed)

The Imperial and Motus Community Trust aims to develop reading skills from a young age. During the year, the Trust established a further five fully equipped resource centres with libraries at public schools in Johannesburg, reaching a milestone of 52 facilities over 18 years. The facilities benefit school children and their wider communities with easy access to information and education materials.



Resource centres were established at Intokozo Primary School in Katlehong (September 2020), Goede Hoop Primary School in Reiger Park (October 2020), Palm Ridge Primary School in Katlehong (February 2021), Umkhatizwe Primary School in Tokoza (February 2021), Thuto-Tiro Comprehensive School in Sebokeng (February 2021), and Siviwe Primary School in Sebokeng (June 2021).

We have supported the Trust since 2003, have two trustees on the Trust's board and provide an operational oversight role.

The literary-focused facilities give children in under-resourced public schools access to books from Monday to Saturday. The resource centres are also stocked with interactive boards and computers, and provide access to the internet and other media, encouraging learners to find information and online resources beyond what the schools provide.

An example of a refurbishment project is the new resource centre at Palm Ridge Primary School. The project entailed building the reading rooms, polishing floors and carpeting reading areas, installing security doors and blinds, preparing over 10 800 books, charts and other material required for the reading programme, tiling and paving the outside area to accommodate chess and checkers boards, building a stage, and installing modern IT equipment.



Literacy levels at schools where resource centres have been established have shown a marked improvement, and over time the nature and content of programmes have matured to include Grade 1 to Grade 4 reading programmes, book clubs, regular spelling tests, a 'mathletics' mathematics skills initiative, and weekend and school holiday learning interventions.

The resource centre opened at Thuto-Tiro Comprehensive School this year is the Trust's first facility at a secondary school. Four primary schools in the area (who are Trust beneficiaries) serve as feeder schools to Thuto-Tiro. By establishing a secondary school resource centre, the Trust has created a system where learners have access to education material throughout their formative schooling years.

The initiative helps educate the adults of tomorrow, improve community schools, employ local people, and broaden the knowledge of eager learners.



**#MobilityForGood**

The Imperial and Motus Community Trust aims to provide library access to 100 000 learners (around 100 resource centres) by 2025.

Siviwe Primary School in Sebokeng is the 50th resource centre in the network.



**#MobilityForGood**

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

The upgraded Grade R area at Goede Hoop Primary School.




 [https://www.youtube.com/watch?app=desktop&v=P\\_clvartQE](https://www.youtube.com/watch?app=desktop&v=P_clvartQE)

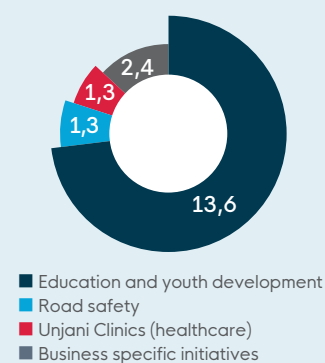
# Contributing to community upliftment (continued)

## 2021 performance and looking forward

### Group

- Through our involvement with NGOs working with Business for South Africa, we have supported over R10 million in reinvestment in South Africa.
- Staff involvement in our social projects has been limited due to COVID-19.

### CSI spend (Group) (Rm)



We invested R18,6 million in community upliftment initiatives (F2020: R28,1 million). Over and above this spend and after year-end, we donated R2 million to the Solidarity Fund and R3 million to the Gift of the Givers to support communities in KwaZulu-Natal following the July riots.

Of this CSI spend, 94% (R17,5 million) qualified for the B-BBEE scorecard's socio-economic development pillar. This equated to 1% of NPAT, meeting the dtic Codes' target and scoring five out of five points (F2020: 2% of NPAT; R14 million).

## Education and skills development

- Of the five school resource centres established during the reporting year, Hyundai invested in two, bringing the number of Hyundai sponsored resource centres to 10.
- Retail and Rental donated tools, equipment (computers and screens) and furniture to technical academies and schools. Isuzu donated a vehicle and engine to the Motus Technical Academy to aid its delivery of training, Ford and Mazda donated engines or parts to schools for training purposes, and BMW donated old desks and chairs, and computer screens, to the Zane Koeberg and Martie Du Plessis School.
- Retail and Rental, which has the largest of the Group's workforces, recorded 316 hours of employee volunteering, largely for the Imperial and Motus Community Trust.
- Mercedes-Benz donated 50 Christmas hampers to children, teachers and school staff in Polokwane, BMW Bloemfontein supported a school shoe project, and Toyota provided free vehicle services to Devland Soweto Educational campus. Nissan East Rand Mall supported Sicelo Primary in Meyerton with sanitaryware, the Live to Give Foundation to provide internet facilities for schools in Eldorado Park, and the Humanitarian Development Alliance SA, which provides school uniforms and fees to those in need.
- Car Rental supported Rally To Read in KwaZulu-Natal delivering 24 classroom box libraries, containing 7 840 books and educational materials to twelve Northern Drakensberg primary schools, and the 4 Souls Foundation, which addresses the sustainable educational needs of underprivileged children.
- In the UK, we provided free online health and safety training for school leavers and students.
- We donated 60 school desks to Kaango Primary (Kenya) – enabling the school to remain open during COVID-19 with good social-distancing practices.



### #MobilityForGood

Group CEO, Osman Arbee, signing the CEO Pledge as part of our YES Programme commitment to provide over 400 unemployed youth with workplace experience.



### #MobilityForGood

Europcar donated refurbished laptops to matric students in need through the Imperial and Motus Community Trust. This assisted many hard-working learners in South Africa who had not benefitted from online lessons during COVID-19 due to a lack of resources.



# Contributing to community upliftment (continued)

## Road safety

### Road Safety Programme

#### Investment during F2021

**R1,3 million**

(F2020: R1,2 million)

#### Impact

Since 2011, over **1,75 million** learners reached in over **2 080** schools (F2020: over 1,69 million learners reached in over 1 820 schools)

**98 900**

reflective sashes distributed to date (F2020: over 91 300 reflective sashes)

#### Highway Patrol Programme

**12**

patrol vehicles sponsored during Festive and Easter periods

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 and the government to change the behaviours 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, this programme 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. Around 13 schools are visited each month and children are given reflective sashes to wear while walking along roads. In the past year and a half, the programme has also provided personal protective equipment (PPE) to schools to increase COVID-19 awareness and guard against virus transmission.

#### Highway Patrol Programme

The Highway Patrol Programme assists Bakwena Platinum Corridor Concessionaire (Pty) Ltd 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.

#### Wheel Well

Wheel Well is a non-profit organisation (NPO) in South Africa that focuses exclusively on road safety for children. Renault is Wheel Well'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.

#### South African Transport Month 2020

We changed our approach to Transport Month this year, focusing on the key role mobility plays in creating freedom, opportunities and economic growth. We trained five school librarians as road safety advocates and held two mobility-related competitions with prizes including access to a rental vehicle over a weekend and R5 000 donated towards driving lessons for South African youth.

The Motus Road Safety Programme teaches children how to best protect themselves as passengers in a vehicle and as pedestrians. This year, Motus reached its 2 000th school with over 1,7 million learners engaged.



Motus

**Road safety**

- Renault provided an additional two vehicles (Triber and Koleos) to Active Education during October 2020 (Transport Month), enabling the facilitators of the Safe Scholars Programme to travel to communities and targeted public schools.



Kia provided six patrol vehicles to the Bakwena's road safety initiative along the N1/N4 toll route during the December 2020 and Easter 2021 holidays.



# Contributing to community upliftment (continued)

## Health

### Unjani Clinics

#### Investment during F2021

**R3,3 million**, including a R2 million three-year interest-free loan to expand clinic operations

#### Impact

**More than 60 700 patients**

provided with primary healthcare a month, averaging around **720 000** consultations each year

**346**

permanent jobs supported and people upskilled, including **111** professional nurses

The Unjani Clinics network empowers black women professional nurses to operate and ultimately own primary healthcare container clinics in their communities. The clinics offer an affordable, quality primary healthcare service and supply of quality medicines to those who are uninsured and under-served but employed and able to pay a small fee towards their healthcare needs. The 94 clinics located across South Africa have facilitated over 2,0 million consultations since inception with 677 161 patients served in 2021. During the year, two mobile clinics were piloted in Zebedelia (Limpopo) and Mthatha (Eastern Cape). The mobile clinics are funded by Ford SA and Global Giving.

Strict criteria guide the selection of nurses who must comply with the five-year enterprise development agreement, which also covers patient confidentiality, regulatory compliance, and responsible product use. Compliance is monitored through operational and financial audits.

Nurse education and regular updates on the National Institute for Communicable Diseases' protocols and COVID-19, enable nurses to make informed clinical decisions relating to positive cases.

Fifty unemployed young people who are candidates in the Motus YES Programme will receive the relevant skills training to support their potential employment at an Unjani Clinic.

We have one director on the Unjani Clinic NPC's board.

Motus

Motus supports the upliftment of the nursing profession through our partnership with Unjani Clinics NPC. Founded on an owner-operator model, the nurse-run clinics focus on the under-served markets, ensuring an affordable, quality primary healthcare service, and the supply of quality medicines to the people of South Africa.



### Health

- Given the intensity of the third COVID-19 wave in South Africa, we donated R250 000 to Gift of the Givers for 10 ventilators.
- Kia partnered with the Smile Foundation (provides surgery for children with facial abnormalities), the annual Seven7 Drive (delivery of toys and other essentials to child oncology wards in various hospitals across South Africa) and Kids Kicking Cancer (teaches martial arts to sick children to help their healing process).
- Mitsubishi partnered with Unilever and the Fitness, Health and Active Network to deliver hand sanitiser worth R7 million to 123 public hospitals based across Gauteng and KwaZulu-Natal. Mitsubishi paid for the fuel and provided the vehicles to make the deliveries.
- Employees in Retail and Rental and Financial Services are encouraged to donate blood to the South African National Blood Service, BMW Bloemfontein supported the Katleho cancer home, and Car Rental provided transport to vaccination sites for teachers in the Western Cape.
- We donated 10 000 masks, 10 000 disposable aprons and gloves to the Bwaila Hospital in Lilongwe (Malawi), and 4 000 masks were donated to airport staff in Dar Es Salaam (Tanzania).



### #MobilityForGood

Hyundai supported Helen Joseph Hospital by donating medical grade PPE and sanitisers during the second wave of COVID-19. Hyundai also provided the Bedfordview Community Police Forum with the use of a Hyundai Venue compact SUV for one year.

## Contributing to community upliftment (continued)

### Gender based and other community initiatives

- Renault supported the Ntethelelo Foundation, an NPO that uses applied drama and theatre as facilitation tools for dialogue with young women and girls. The aim of the initiative is to help them build resilience and skills to foster behaviour and social change, healing and personal growth. The foundation is based in Alexandra, Gauteng, and homes 26 girls and young women.
- Kia continued to partner with RADA (support for victims of rape, alcohol and drug abuse), the Beeld Children's Fund (donation of a Kia Picanto as the annual fundraising raffle prize), Home of Hope for Girls (provides a safe residence for children and teens facing abusive situations), and Little Eden (provides 24-hour care for children and adults with profound intellectual disability).
- Mitsubishi sponsored the use of vehicles for three South African rugby personalities – Bafana Nhleko, Rasta Rashivenge and Jaco Peyper – who coach and referee children in local communities.
- BMW Bloemfontein supported Ons Kinderhuis (a home for special needs children), and donated trophies and medals to the correctional services soccer and netball weekend.
- Car Rental contributed to the Nelson Mandela Foundation, Door of Hope Children's mission, and Malamulele Onwards (improves the quality of life for children with Cerebral Palsy).
- Europcar continued to support the informal community in the south of Johannesburg located on Plot 142, Kromvlei, an initiative started three years ago. It provides food, hygiene and basic household cleaning products, and gas for cooking, supporting 15 children, two mothers and a grandmother in the community. Europcar also sponsors the local community school, Elethu Themba Combined School and its school excursions.
- In the UK, we supported a local charitable organisation that helps the local community, recycled waste wood to build garden planters for the local community, and sponsored 'litter picking' events in surrounding towns and villages.







### #MobilityForGood

Motus Isuzu assisted farmers and farming communities in need with two new FVZ 1400 trucks, two truck drivers and fuel to be used on an ongoing basis to transport critical fodder, farming essentials and food to areas adversely affected by drought.



### #MobilityForGood

Motus supplied 10 mini bus vehicles, drivers and fuel to Gift of the Givers who assisted around 12 000 teachers from 400 schools in the Western Cape to travel to vaccination sites.



# Key data

	2021	2020	2019
<b>Number of employees (Group)</b>			
South Africa	12 697	13 743	15 028
United Kingdom	3 033	3 209	2 980
Australia	523	547	620
East Africa	389	–	–
Asia	66	–	–
<b>Total number of employees</b>	<b>16 708</b>	<b>17 499<sup>1</sup></b>	<b>18 628</b>
Number of non-permanent employees in South Africa	561	416	965
<b>Female representation (Group)</b>			
Overall (%)	31 ▲	30	30
Top management (%)	27 ▼	30 <sup>2</sup>	15
Senior management (%)	25 ▲	18 <sup>2</sup>	18
<b>Employee representation (South Africa)</b>			
Percentage of employees covered by collective bargaining agreements	60	55	45
<b>Executive development (South Africa)</b>			
Number of participants in the Executive Development Programme	15 ▲	Deferred <sup>3</sup>	26
– Percentage that are black (%)	60 ▲	–	–
– Percentage that are women (%)	13 ▲	–	30
Number of participants in the Women in Leadership Programme	18 ▲	Deferred <sup>3</sup>	20
– Percentage that are black (%)	50 ▲	–	–
<b>Managerial development (South Africa)</b>			
Number of participants	274 ▲	211 <sup>4</sup>	654
Percentage of participants who are black (%)	65 ▼	70	59
Percentage of participants who are women (%)	38 ▲	25	33
<b>Overall training statistics (South Africa)</b>			
Training and development spend (Rm)	143,9* ▼ <sup>5</sup>	176,6	137,4
Training and development spend per employee (R)	11 333 ▼	12 850	9 143
Number of training hours	1 263 805* ▲	864 014 <sup>4</sup>	1 178 027
Training hours per employee	99 ▲	63	78

<sup>1</sup> For F2021, certain associates became subsidiaries of Motus. When comparing like-for-like headcount for F2020 and additional geographies this would equate to a headcount of 18 054.

<sup>2</sup> For F2021, top management was amended to include only executive committee members, hence F2020 has been restated to aid comparability.

<sup>3</sup> Deferred due to COVID-19. Resumed in January 2021.

<sup>4</sup> Impacted by COVID-19 restrictions on face-to-face training.

<sup>5</sup> Hybrid training reduced the absolute cost of training from R177 million to R144 million, but enabled us to make training more accessible and increased training hours from 63 to 99 hours per employee.

■ Satisfied with performance.

■ Area for improvement.

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

	2021	2020	2019
<b>OHS compliance</b>			
<b>South Africa number of sites</b>	419	459	–
Percentage of sites audited (%)	99 ▲	88	–
Average score	92 ■	92	–
<b>United Kingdom number of sites</b>	79	73	–
Percentage of sites audited (%)	87 ▼	100	–
Average score	91 ▼	93	–
<b>Australia number of sites<sup>1</sup></b>	23	30	–
Percentage of sites audited (%)	100 ■	100	–
<b>East Africa number of sites</b>	5	5	–
Percentage of sites audited (%)	100 ■	100	–
Average score	93 ▲	70	–
<b>Total number of business sites</b>	526	567	–
<b>Road (Group)<sup>2</sup></b>			
Road kilometres travelled (million)	171*	209	231
Road accidents (includes any fatalities)	45* ▲	21	35
Road accidents per million kilometres	0,263* ▲	0,100	0,152
Road injuries	44 ▲	20	36
Road injuries per million kilometres	0,257 ▲	0,096	0,156
Road fatalities	5 ▲	1 <sup>2</sup>	0
Road fatalities per million kilometres	0,029 ▲	0,005 <sup>2</sup>	0
<b>On-site (Group)<sup>1</sup></b>			
On-site incidents	194 ▲	184	–
On-site accidents (includes any fatalities)	199 ▼	216	–
On-site injuries	199 ▼	216	–
On-site fatalities	0 ▼	1	2
<b>On-site accidents (Group)<sup>2</sup></b>			
South Africa	26 ▲	15	20
United Kingdom <sup>3</sup>	161 ▼	193	232
Australia	12 ▲	8	21
<b>Total on-site injuries</b>	199 ▼	216	273

<sup>1</sup> Australia's OHS framework is new and it scores a site as either compliant or non-compliant. In the future, once the framework has matured, this business may adopt the rating system if it makes sense to do so.

<sup>2</sup> OHS metrics include employees and third parties. The F2020 metric for road fatalities has been restated to include third parties.

<sup>3</sup> 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.

*Incident: is an unsafe occurrence where damage to property is incurred but there were no fatal or occupational injuries.*

*Accident: is an occurrence which results in a fatality or an occupational injury to either employees or third parties.*

*Injury: is any personal injury or disease resulting from an occupational accident to either employees or third parties.*

■ Satisfied with performance.

■ Area for improvement.

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

# Key data (continued)

## Board composition (Group)

	2021	2020	2019
Black women	2	2	2
Black men	3	3	3
White women	1	1	1
White men	4	3	3

## Employment equity (South Africa)

Occupational levels	Men (number)		Women (number)		Foreign nationals (number)	Black representation (%)		
	Black	White	Black	White		2021 actual	2021 target	2020 actual
Top management	2	6	2	1	0	36	36	30
Senior management	27	37	28	10	2	53	53	40
Middle management	578	647	233	243	16	47	49	45
Junior management	2 614	1 069	753	490	54	68	67	65
Semi-skilled	1 863	209	1 399	561	30	80	77	78
Unskilled	898	32	317	4	11	96	97	98
Non-permanent	362	30	136	16	17	89		88
<b>Total employees</b>	6 344	2 030	2 868	1 325	130	73		73
People living with disabilities	57	41	72	27	1	65	64	47

Verification by AQRate.

In the period 1 July 2020 to 30 June 2021, 3 395 employees were hired with 49% being at the semi-skilled level and 76% are black people. 3 937 employees exited the Group with 59% being at the semi-skilled level and 55% being black.

## Other B-BBEE related metrics (South Africa)

	2021	2020	2019
<b>Inclusive procurement</b>			
Spend with >51% black-owned businesses (Rbn)	2,3* ▲	1,3	1,5
Spend with 30% black women-owned businesses (Rm)	1 000* ▲	498	520
Spent with EMEs and QSEs (Rbn)	2,0* ▲	1,3	2,0
<b>Enterprise development</b>			
Qualifying enterprise development spend on the B-BBEE scorecard (Rm) <sup>1</sup>	54* ▲	26	62
Total enterprise development spend (Rm) <sup>2</sup>	76 ▲	30	89
<b>Socio-economic development</b>			
Qualifying socio-economic development spend on the B-BBEE scorecard (Rm) <sup>3</sup>	17,5* ▲	14,3	17,3

<sup>1</sup> Scored 15 out of 15 points on the F2021 B-BBEE scorecard (F2020: 15).

<sup>2</sup> Includes qualifying enterprise development spend.

<sup>3</sup> Scored five out of five points on the F2021 B-BBEE scorecard (F2020: 5).

\* Verification by AQRate.

■ Satisfied with performance.

■ Area for improvement.

	2021		2020	2019
<b>CSI spend</b>				
– Education and youth development	13,6	▲	6,4	15,0
– Road safety	1,3	▲	1,2	1,0
– Unjani Clinics	1,3		–	–
– Business specific initiatives	2,4	▼	20,5	12,9
<b>Total Group CSI spend (Rm)<sup>1</sup></b>	<b>18,6*</b>	<b>▼</b>	<b>28,1</b>	<b>28,9</b>
<b>Motus Technical Academy</b>				
<i>Breakdown of total motor artisans trained</i>	<b>1 839</b>	<b>▲</b>	1 435	–
– Trained for Motus	<b>462</b>	<b>▲</b>	404	–
– Trained for the broader industry	<b>1 377</b>	<b>▼</b>	1 031	–
<i>Motor artisans supported by Motus<sup>2</sup></i>				
Number of apprentices	<b>878</b>	<b>▲</b>	795	686
Percentage of apprentices that are black (%)	<b>80</b>	<b>▼</b>	86	80
Number of apprentices that qualified as technicians	<b>116</b>	<b>▲</b>	95	93
<b>Imperial and Motus Community Trust</b>				
Spend this year (Rm) <sup>3</sup>	<b>11,7</b>	<b>▲</b>	5,6	13,7
Number of libraries (cumulative since 2003)	<b>52</b>	<b>▲</b>	45	39
Learners reached each day	<b>&gt;61 300</b>	<b>▲</b>	>50 250	>43 000
Teachers reached each day	<b>&gt;1 600</b>	<b>▲</b>	>1 400	>1 300
Jobs created at 30 June	<b>65</b>	<b>▼</b>	69	82
<b>Road Safety Programme</b>				
Spend this year (Rm)	<b>1,3</b>	<b>▲</b>	1,2	1,0
Schools reached (cumulative since 2011)	<b>&gt;2 080</b>	<b>▲</b>	>1 820	>1 600
Learners reached (cumulative since 2011)	<b>&gt;1,75 million</b>	<b>▲</b>	>1,69 million	>1,50 million
<b>Unjani Clinics</b>				
Spend this year (Rm)	<b>3,3<sup>4</sup></b>		–	–
Consultations (cumulative since 2010)	<b>&gt;2,0 million</b>		–	–
Jobs created (cumulative since 2010)	<b>346</b>		–	–

<sup>1</sup> Includes the qualifying socio-economic development spend reported in the 'transformation in South Africa' section.

<sup>2</sup> These apprentices are supported by Motus meaning that they are paid from our payroll but do not necessarily work in our operations.

<sup>3</sup> Includes operating costs and specific projects relating to the libraries, Grade R classroom upgrades and special events. Individual business contributions are also included.

<sup>4</sup> The R3,3 million comprises R2 million as an interest-free loan and R1,3 million in CSI spend.

■ Satisfied with performance.

■ Area for improvement.

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

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

	Easter 2021	Dec/Jan 2020/21	Dec/Jan 2019/20
Distance travelled	54 142	59 876	61 472
Motor incidences	48	52	150
Motorists assisted	70	154	116
Vehicles inspected	8 033	4 382	5 548
Arrests	2	–	14
Fatalities	9	6	6

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

# Governance

## 2021 performance overview

### FTSE4Good Index Series (Group)

**3,8 out of five**

(2020: 3,8 out of five)

Environmental score: 3,0

(2020: 3,3)

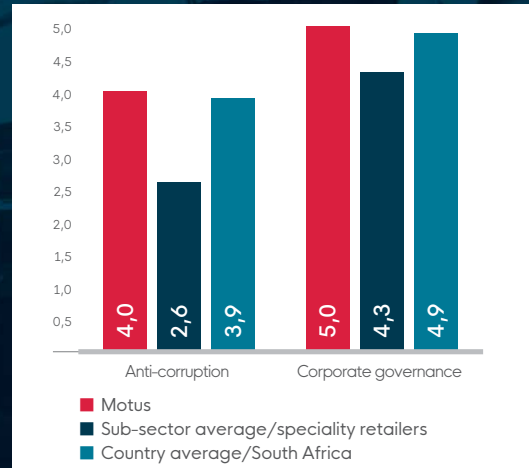
Social score: 3,8

(2020: 3,3)

Governance score: 4,5

(2020: 4,5)

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




Pages 20 and 40.

## Compliance (Group)

There were no material incidents of non-compliance with legislation or regulations, including within the environmental, health and safety and product and services regulatory regimes

(F2020: none)

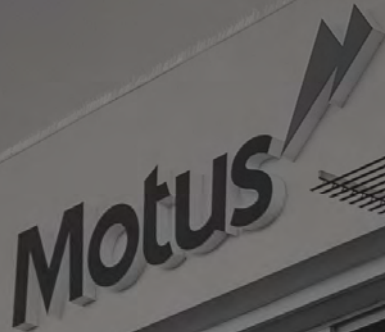
 Page 124.

## Whistle-blowing hotline (Group)

**75** tip-offs registered, with all investigations closed at the time of publication  
(F2020: 105)

 Page 121.

*Note: reasons for material variances between years can be found in the performance sections at the given page references.*



# Ethical and compliant business conduct report



# Demonstrating 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 strive to operate as a well-governed and ethical company and take decisive action when matters relating to unbecoming conduct are brought to our attention. The trust that original equipment manufacturers (OEMs), customers and other stakeholders place in us is an outcome of reliability, which requires consistent integrity. This trust is also key to our ability to continue to grow.


Our values are to be fair, accountable and driven, and to ensure that we operate in an environmentally friendly and responsible manner. These values are the foundation for our culture and guide our interaction with our stakeholders. Every employee is responsible for exercising good judgement and obtaining guidance on appropriate business conduct, when needed. Our Code of Ethics guides them in this responsibility. Our ethics, leadership guidance, standard operating systems and our values, aim to align more than 16 700 individual behaviours.

Unethical behaviour is not tolerated and all instances of alleged misconduct or discrimination reported to management, received through the whistle-blowing hotline or through any other compliance oversight channel are thoroughly investigated.

### How we measure our performance

Internal audits cover risks relating to bribery and corruption, unethical business practices, human rights and ethical conduct awareness.

Business segments and regions conduct their own employee engagement surveys, in which ethics is a component of the questions asked.

 Governance of ethics and compliance: page 131.

## Our ethical promises

### Nothing but the truth

- Create an environment where honesty and accountability flourish and compliance is a central focus.
- A commitment across the Group to maintain the highest ethical standards in all business dealings.

### Everyone everywhere

- Every employee representing or working for the Group 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 the Group's 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.

# Demonstrating consistently ethical business conduct (continued)



## Stakeholder engagement

Group Chief Executive Officer (CEO), Osman Arbee, in his presentation to the leadership team in December 2020 and February 2021, conveyed the importance of maintaining our moral compass, and not sacrificing long-term sustainability by taking short cuts or compromising on integrity.

He urged leaders to ensure that:

- Operations and our people continue to do their jobs with diligence.
- We continue to treat our people, customers and the assets under our control with respect.
- Leaders be accessible to their teams and engage with our people.
- Appropriate levels of professional scepticism are applied.
- We are able to explain our decision making when held to account by all our stakeholders.

In addition to our individual membership in professional bodies and institutes, which require adherence to professional codes of conduct and ethics, Motus is a member of the Gordon Institute of Business Science Ethics and Governance Think Tank, which gives us access to thought leadership on ethics management.

## Key challenges

- 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 managers and employees.
- Regulatory changes which create uncertainty and increase the cost of doing business.



# Ethics

## What we are doing

### Guarding against fraud and corruption

Ethics and anti-fraud and corruption awareness and training, customised for each business segment and region, ensures that our people understand the behaviours we expect of them.

Independent service providers manage our whistle-blowing hotline, which supports anonymous reporting by all stakeholders. Any concerns relating to unlawful, dishonest, disrespectful and environmentally unfriendly behaviour can be reported.

#### Additional information

Hotline tel: 0800 666 005

Hotline email: motus@tip-offs.com

### Ethical and responsible business conduct in the value chain

Over 70% of the products we sell are sourced directly from OEMs. In the balance of the supply chain, disruptions due to COVID-19 have meant that our focus this year has been on the ability to supply. Our supplier contacts are mostly long term, and we expect our suppliers to abide by the terms set out in our Code of Ethics and the supply chain code of conduct, which states that Motus considers social, environmental and fair economic business principles as key elements in business award decisions both for new and existing suppliers. We reserve the right to audit supplier sites, whether by an internal team or through the use of a third party appointed by the Group to verify conformance to our requirements. The supply chain code of conduct is communicated to all key suppliers and, where applicable, is attached as an annexure to our contracts.

In summary, suppliers must respect and comply with all laws and regulations that apply to them in all jurisdictions of operation, and when legislation is lower than the international standards outlined in our supply chain code of conduct, suppliers are required to adopt the higher standards. Our suppliers are also expected to prevent any contravention of human rights, ensure that there are no discriminatory practices in their organisations, employ practices that reduce health and safety risks as far as reasonably possible, and prevent or mitigate environmental impacts that their business activities may cause or contribute to, or which may be directly linked to its operations, products or services by its business relationships.

We will not hesitate to terminate or re-negotiate agreements and relationships that contravene international human rights standards.


In South Africa, broad-based black economic empowerment (B-BBEE) status and/or enterprise and supplier development are additional criteria that are considered when selecting suppliers.

During the implementation of the Protection of Personal Information Act (POPIA) project, key supplier contracts were assessed and updated for data privacy and protection clauses, ensuring that our data management responsibility is extended to third parties.

As our supplier contracts are long term and linked to product distribution, our assessment of our suppliers' ESG performance is limited; however, Aftermarket Parts through the Nexus membership (see page 29) is developing a framework to assess its supply chain, including identifying the most relevant criteria to be screened.

 <https://www.motus.co.za/wp-content/uploads/2020/01/Motus-supply-chain-code-of-conduct-1.pdf>

## 2021 performance and looking forward



### Group

- Conducted an internal analysis to understand whistle-blowing trends, and to ensure that the hotline is not abused and that all material matters are being identified and correctly dealt with. Over 80% of the tip-offs outside of the human resources (HR) category are anonymous, making investigations difficult. In our awareness campaigns this year, we reminded employees that we take tip-offs very seriously, that it is important that we conduct thorough investigations to root out wrongdoing, and that we keep whistle-blower identities confidential and ensure there is no victimisation.
- An updated internal tracking tool was launched in November 2020, which enables more efficient whistle-blowing reporting, categorisation and recordkeeping.
- In the first quarter of F2021, we dealt appropriately with one incident where 31 employees were caught selling customer data to an external entity for personal financial gain. Following an in-depth process together with labour consultants, disciplinary action was taken for breach of company policies and certain regulations. All 31 employees received written warnings, some of which led to resignations and dismissals.
- Of the 75 tip-offs registered on the whistle-blowing hotline, all reports were investigated and closed by year-end. Just under 25% of the tip-offs were valid concerns where disciplinary or remedial action was required. Limited public data is available to assess our reporting against similar organisations; however, we are firmly committed to ensuring the highest standards in maintaining a trustworthy and secure whistle-blowing process.
- Enhancements made to the ethics and fraud prevention framework included:
  - Developed a formal process to self-declare conflicts of interests and compliance with ethical standards for the top executives and senior managers in the Group, including confirming their adherence to and understanding of the Code of Ethics, the anti-bribery and corruption policy, the supply chain code of conduct, the conflicts of interest policy and the policy statement on workplace relationships. In this process the executives were also required to note any non-compliance matters they are aware of, and were able to highlight where they felt additional training was required in terms of our policies. By the end of August 2021, all senior managers had completed the exercise, which was then extended to Financial Services. To date, 770 out of 1 090 targeted employees have completed their declarations. This will be an annual exercise going forward and will be expanded to all business segments.
  - Updated the Code of Ethics to include data privacy requirements in line with POPIA.
  - Worked to ensure that employees used the correct channels to report issues, to prevent grievances coming through the whistle-blowing hotline and to avoid employee frustration when wanting to report a grievance. This is reflected in the reduction in HR-related tip-offs from 73 in F2020 to 51.
- Internal audits did not identify any additional material concerns relating to bribery and corruption, unethical business practices or human rights risks. Where appropriate, internal audit assisted with tip-off investigations.
- 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 and none were completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.
- In South Africa, we are working with naamsa | The Automotive Business Council (naamsa) to develop an industry code of conduct.
- **Objective:** from F2022 the declaration of gifts and conflicts register will be linked to an employee's record rather than per business segment.
- **Objective:** consider a set of standard ethics-related questions for inclusion in employee engagement surveys.
- **Objective:** mature our non-OEM supplier sourcing and selection framework.

## Group data

	2021	2020	2019
<b>Whistle-blowing hotline</b>			
Tip-off categories			
Fraud	11	11	16
Governance	1	8	11
Human resources <sup>1</sup>	51	73	79
Enquiry	0	5	5
Other crime	1	1	0
Corruption	1	4	4
Theft	3	3	9
Fleet management irregularities	0	0	2
Procurement irregularities	2	0	1
Occupational health	5	0	0
<b>Total number of tip-offs registered</b>	<b>75</b>	<b>105</b>	<b>127</b>


<sup>1</sup> Includes incidents of alleged discrimination.

On 1 July 2021, three key pieces of legislation came into effect, directly impacting the automotive industry. Our memberships in industry bodies have been critical in developing our deep understanding of what we need to change to comply with the regulations and the impacts they will have on the Group and our industry. We support these and other upcoming changes in the regulatory environment and believe that they will allow us to improve transparency and trust with our customers. Our memberships enable us to actively participate in the industry forums, support industry bodies and contribute to the shaping of upcoming automotive policy.

## New regulations


### Protection of Personal Information Act

POPIA gives effect to South Africa's constitutional provisions regarding the protection of personal information held by public and private entities, covering individuals and business clients. It limits the rights of businesses to collect, process, store and share personal information. It also makes businesses accountable for protecting the privacy of this information.

 Detailed information on our implementation of POPIA: page 86.

### Automotive Aftermarket Guidelines

The Automotive Aftermarket Guidelines (Right to Repair) aim to increase the inclusivity of previously disadvantaged individuals and small and medium enterprises in the automotive value chain; create more transparency around value added products and the servicing, maintenance and repair of vehicles, especially when sold with the vehicle; and increase consumer awareness and choice. The guidelines have a strong transformation focus and are designed to remove perceived high barriers to entry into the automotive industry. naamsa and the National Automobile Dealers Association (NADA) are working with the Competition Commission to introduce and implement the most effective set of Automotive Aftermarket Guidelines. Motus is a member of both industry bodies.

 Our response to the Automotive Aftermarket Guidelines: pages 76 and 90.

### Administrative Adjudication of Road Traffic Offences Act

The Administrative Adjudication of Road Traffic Offences (AARTO) Act is aimed at improving driver behaviour, encouraging motorists to be law-abiding and reducing road accidents. This will be achieved by creating a parallel system of enforcement, the introduction of a demerit system applied to offences, significantly higher fines and a new tribunal to deal with motorist disputes. After 22 years in the making, there are still some concerns that certain AARTO requirements are not practical or need investment to ensure there is consistent application nationally; hence a phased approach to its implementation has been adopted.

The first phase, 1 July 2021 to 30 September 2021, will entail establishing seven AARTO service outlets, enabling eNATIS – the national traffic information system – to collect AARTO payments, and delivering AARTO education to motorists. The new demerit points system is likely to come on stream in July 2022. It applies to drivers and operators (the person responsible for the use of a motor vehicle) with the effect of ultimately leading to the suspension and cancellation of driving licences, professional driving permits or operator cards. If a vehicle is suspended it may not be sold or used on a public road. A key challenge is accessing data on demerits issued against vehicles and drivers as the Department of Transport and Road Traffic Management Company (RTMC) have not finalised the electronic process or made the electronic interfaces available.

While we support the Act and hope that it promotes safe road behaviour, especially among transport operators, it does have serious implications for our car rental businesses as it does not allow for any type of sanction on tourists, thereby penalising and creating additional administration and operational barriers and costs for the rental business. Through our membership in SAVRALA<sup>1</sup> and NADA, we are engaging on these concerns with the regulators at NEDLAC and directly with the RTMC.

The final implementation date for AARTO depends on the success of each phase and is estimated to be sometime in 2022.

### Franchising Code of Conduct in Australia

In March 2021, it was announced that Australia's new Franchising Code of Conduct would be strengthened with mandatory obligations that better protect new franchised dealerships. This is positive for our business, bringing a degree of balance to the relationship between dealers and vehicle manufacturers. The code allows for an arbitration process and penalties for those who fail to comply.

<sup>1</sup> SAVRALA (the Southern African Vehicle Rental and Leasing Association) is an independent industry body that sets acceptable industry norms for rental vehicles.

## Upcoming legislation

The Financial Sector Conduct Authority (FSCA) has started preliminary actions to better understand the dealer introductory commission (DIC) market in South Africa, with the aim of ensuring that customers are being treated fairly. The manner of regulation will only be determined by the FSCA after it has reviewed the data collected from various industry stakeholders (mainly banks, dealerships and OEMs). We have established a Group DIC committee to ensure that we adopt a proactive response to any regulatory changes. We have engaged with our business in the UK on the potential impacts, as similar legislation was enacted by British regulators. Our contribution to the development of this regulation will be undertaken through our representation at the Banking Association South Africa and NADA. We are also engaging closely with our OEMs and banking partners to find solutions.

The FSCA has also started investigating insurance-related value-added products and services (VAPS) sold at point of sale to better understand the processes and practices used to market and sell these products. Current legislation empowers the Prudential Authority to prohibit the sale of VAPS at point of sale or to declare any unregulated products as regulated products. The inability to sell medium to long-term insurance products in dealerships will impact profitability if the FSCA decides to ban this revenue stream, whether partially or fully. We have developed action plans to respond to possible regulatory changes.

The final draft Cell Captive Conduct Standard, which regulates the structure of cell arrangements, was issued on 28 July 2020. The conduct standard, in its current form will have far reaching consequences for Motus' financial services providers (FSPs), requiring a restructure of our cell arrangements. In preparation, we have explored the various scenarios that could impact our businesses, so that we are ready to respond quickly and decisively. We will continue to monitor legislation and processes to ensure compliance.

The Conduct of Financial Institutions (COFI) Bill is part of the Twin Peaks model of regulation. The COFI Bill aims to strengthen the regulation of the financial sector in relation to customer treatment and general market conduct, outlining what customers and industry players can expect of financial institutions. The COFI Bill will be tabled in Parliament during 2021 and a number of conduct standards are expected to be tabled for consultation. Financial institutions will be re-licensed, and activities will be regulated as opposed to products. Our compliance and legal teams within our FSPs will have to be strengthened and dedicated business resources made available to ensure compliance with this principles-based approach. We are reviewing, amending and formalising our internal processes and procedures, where required. It is not known when the Bill will be promulgated.

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. A start date is yet to be published.



## 2021 performance and looking forward

### Group

- **Objective:** proactively monitor and respond to regulatory changes and ensure that we adapt to the complex and evolving regulatory landscape with agility.

### Regions

#### South Africa

- Heightened management's level of vigilance to manage the increased residual compliance risk resulting from the new legislations effective this year, to ensure the required interventions are implemented and the associated costs provided for.
- Completed POPIA requirements according to a detailed plan and guided by a central working group that covers all our operations in South Africa. The working group has received assistance by outside legal advisors to ensure a comprehensive approach to our implementation (see page 86).
- Reviewed and amended all franchise agreements, point of sale and trade documentation, and service, maintenance and warranty booklets, among others, to comply with the Right to Repair guidelines. We have also reviewed our communication with customers on benefit plans, adapted our systems to incorporate opt-outs in real time, and created a customer dispute resolution and mitigation process. As the Right to Repair guidelines impact many aspects of our business, related training is being delivered to employees involved in the purchase process; from dealership, customer care and finance staff to call centre employees and those working in claims authorisations, among others. We are also alerting customers to the consequences of using an independent service provider during the in-warranty period.
- Provided all requested information to the FSCA for its investigations on DIC and VAPS.

#### UK

- To replace the discretionary commission finance models that were banned in January 2021, we are working with our finance partners to create a compliant risk-based pricing model (where commission is based on the customer's credit profile). We have also established a lending panel for finance partners who prefer to offer fixed rates.





# Ethics, environmental and social governance report

# Board oversight of ethics management and the environmental and social consequences of our activities

Effectively managing ethics and the environmental and social 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.

## Overview

It is the responsibility of the board to ensure that good governance practices and principles are applied to maintain high standards of accountability, transparency and integrity.

In response to the heightened scrutiny on ESG, and feedback from various investors, we have agreed the following key focus areas:

- Regular ESG communication with key stakeholders.
- Ensuring full transparency on our ESG disclosure to support the Group's credibility.
- Demonstrating the stakeholder and business value associated with ESG and sustainability.
- Communicating with empathy and understanding the ESG issues that are important to our investors and other stakeholders.
- Reporting robust metrics to aid the measurement of Motus' ESG performance.

Our approach to ESG is to adopt practical best practice frameworks and their minimum compliance standards. This approach allows for nuances within differing operations and for differences in application and levels of maturity.

We have the right governance structures in place to oversee ethics, environmental and social matters; ensuring that our impacts are identified and understood, and that negative impacts are responsibly mitigated and positive impacts are leveraged to drive value for our stakeholders.

Our commitment to transformation in South Africa, has given us a foundation from which to drive a more expanded focus on creating a diverse and inclusive workplace, where safety is a priority with more focus placed on employee wellbeing during the year. Our business would not be sustainable if we did not put in place the stringent controls needed to provide customers with safe, reliable and quality products and services. Our relationships with our community upliftment partners are longstanding, providing support and empowering our beneficiaries. Our social impact and performance is well understood, scoring 3,8 out of 5 on the FTSE4Good Index Series.

Our direct environmental footprint is measured and reported regularly at management and board meetings, which means we can quickly identify any issues. However, any form of transportation is a key polluter and major contributor to climate change. Emissions from the transport sector in South Africa account for 10,8% of the country's total greenhouse gas (GHG) emissions, with road transport being responsible for 91,2% of these GHG emissions. Should these trends continue in the absence of policies and measures, the transport sector is projected to emit a total of 136 gigagrams of carbon dioxide by 2050<sup>1</sup>. While we do not manufacture vehicles, we do play a role in facilitating their use as a key value chain player between OEMs and the consumer.

<sup>1</sup> Source: *Green Transport Strategy for South Africa: (2018-2050)*.

### Key questions for the Group are:

- What opportunities can be considered regarding OEM products and services that use alternative energy sources?
- How can we influence factors which need to change to make greener automotive products affordable in South Africa?
- How does the objective of mainstream markets to eliminate internal combustion engines impact our business model?



Automotive products and services that assist environmental improvement: page 27.

In this year's board evaluation, conducted by an experienced external consultant, ESG was identified as an important area of future focus, and will feature prominently in future social, ethics and sustainability (SES) committee meetings. To improve our reporting, our focus will be to benchmark our ESG disclosure against selected frameworks and stakeholder expectations and experience.

During engagement with our shareholders on the remuneration policy, they raised concern that ESG performance was not holistically considered in our reward structures. For F2022, the short-term incentive (STI) criteria for the Group CEO, Group Chief Financial Officer (CFO), executives and prescribed officers will cover ESG aspects, tailored to their roles. For the CEO, CFO and prescribed officers, ESG will account for 25% of their STI, and 20% of STI for executives. The specific aspects are covered in the governance disclosure that follows.

**IR** Remuneration report: page 128.

## Governance structures

### Social, ethics and sustainability committee

In addition to its statutory duties, the SES committee assists the Group in discharging its ethics, environmental and social responsibilities and implementing practices consistent with good corporate citizenship. The committee oversees Motus' management of ethics, people, transformation, health, safety and wellness, environmental impact, stakeholder relationships and contribution to socio-economic development. During the year, the committee's oversight was extended to include IT strategy, innovation and brand management, as an underpin to our sustainability journey and enabler of some of our ESG strategies.

At September 2021, the SES committee was reconstituted and now comprises four members; three are independent non-executive directors, including the Chairman. The Group CFO, CEO of Financial Services, the Executive of Corporate Affairs, Risk and Sustainability and the Chief People Officer attend the SES committee meetings as invitees. The SES committee met four times during the year.

### Management committees

Finance and risk review management committees (FRRCs) within each business segment in South Africa, as well as the FRRCs in the United Kingdom (UK), Australia and African operation, support the SES committee and the Group audit and risk committee. They oversee operational risks, ethics, environmental performance, transformation in South Africa, health, safety and wellbeing, regulatory compliance and stakeholder management. All FRRCs are chaired by a senior manager from Group head office other than the Financial Services FRRC's Chairman, who is an external independent industry expert. A standardised agenda applies across all FRRCs guided by Group reporting requirements. Material concerns are elevated to the relevant board committee.

The COVID-19 crisis committee continues to meet on an ad hoc basis, and monitors guidance from health authorities and ensures that our decisions continue to protect our people and stakeholders.

How we integrate people, process and systems influences the internal control environment. Our management acknowledges its responsibility as the custodian for our operational and financial controls within the combined assurance approach. Our controls are implemented according to the hierarchy depicted below.

### Our internal control hierarchy



# Board oversight of ethics management and the environmental and social consequences of our activities (continued)

## Control self-assessment

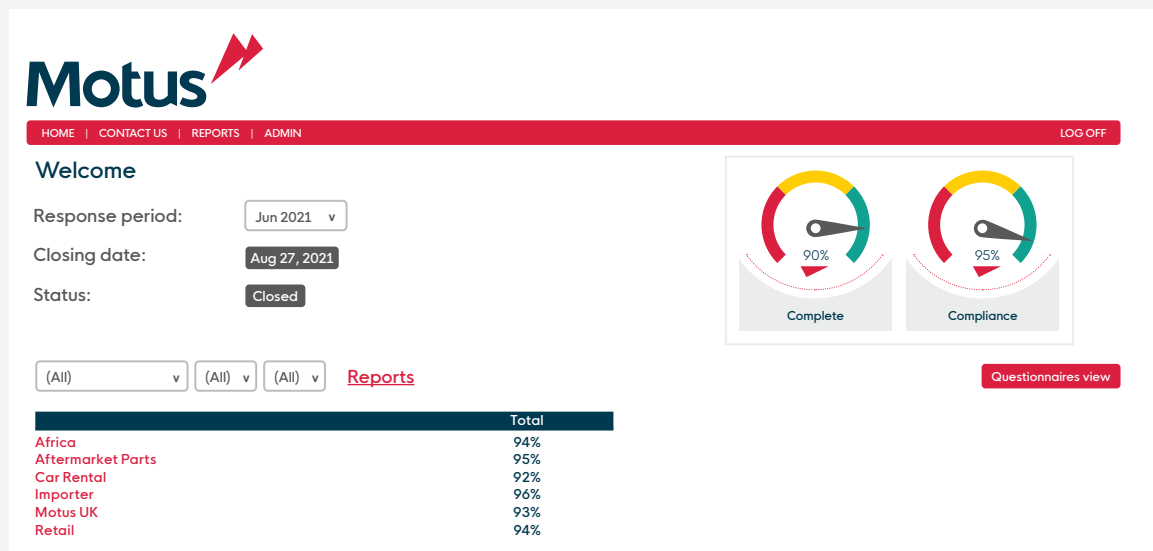
During the year, we introduced a Group-wide control self-assessment (CSA) programme, which will embed and strengthen the effectiveness of our control framework across our operations. The CSAs and process risk registers support the combined assurance framework.

The CSA is a reliable and integrated tool that assesses and improves any gaps identified in the control environment, and provides a holistic view of all areas of control to manage risk within a business segment. To date, we have documented the business processes, risks and controls within our various business segments and developed a database of relevant questions. Employees and supervisors then assess the adequacy of the specific controls within a business. The project aims to standardise and benchmark minimum requirements across the Group and will allow for early detection when key concerns arise so that short comings can be quickly addressed.

Training on the CSA process has been delivered, explaining the importance of our internal controls and why employees must take accountability for the role they play. Currently over 5 000 employees are involved in some form of CSA on a monthly basis.

The project will improve transparency in reporting. The desired outcome includes a better understanding of business operations, stronger awareness of risk practices, and a reinforced governance regime as well as limiting the need for extensive audits, reducing auditor fatigue and assurance overload. For the first year of implementation, our focus is on accurate reporting to provide a benchmark against which the questionnaires will be given a compliance score in the future.

### Dashboard example



## Governance approaches

### Governance of ethics and compliance

#### Elevation to board



#### Board oversight

Ethics is a standing agenda item for the SES committee, and compliance reporting is a standing agenda item at the audit and risk committee.

#### Management oversight and accountability

##### Ethics

The ethics and fraud prevention framework applies Group-wide with variations based on regional requirements. CEOs and Managing Directors are responsible for ensuring that employees are aware of the Group's values and commitment to acting with integrity.

##### Compliance

In South Africa, legal compliance is a standing agenda item at business segment FTRCs. Non-compliance is escalated to senior management and reported to the relevant board and management committees. A centralised legal and compliance function as well as business segment and divisional legal and compliance departments in South Africa, oversee and monitor our FSPs, where compliance risk is high. In Financial Services, compliance meetings occur monthly with all managers and key individuals.

Our subsidiary, F&I Management Solutions (FAIMS), is a licenced FSP which provides finance and insurance business managers to the importer and retailer businesses. As part of its licencing conditions, FAIMS is required to conduct at least one audit per business manager every year. Going beyond this regulatory requirement, FAIMS audits each business manager at least once every quarter. The Financial Advisory & Intermediary Services Act holds 'key individuals' responsible for the activities of business managers. The audit and risk and SES committees receive quarterly reports of key individuals' scores (roughly 20 business manager scores per key individual). Random audits without warning also take place. Pleasingly, over the past year the average annual scores have improved.

#### Average scores

	2021	2020		2021	2020
OEM passenger	97%	96%	Importers	96%	96%
OEM commercial	96%	96%	Dealer network	92%	80%

In the UK, financial and insurance product governance is fulfilled by a specialist compliance sub-committee of the FRRC. Certain certified senior managers attend the sub-committee, which meets quarterly. The sub-committee's agenda includes compliance reporting and regulatory horizon scanning.

Each business in the Group is held accountable for ensuring that it complies with all regulation applicable to its operation. Employees who fail to adhere to compliance processes and controls face appropriate disciplinary processes.

# Board oversight of ethics management and the environmental and social consequences of our activities (continued)

## Policies and standards

FSPs must adhere to the criteria of their operational licences in their country of operation. In South Africa, these businesses must comply with all the rules and regulations of the FSCA, and in the UK, the Financial Conduct Authority.

### Policies

#### Code of Ethics:

<https://www.motus.co.za/wp-content/uploads/2020/01/Motus-Code-of-Ethics-LR-Booklet.pdf>.

#### Group anti-bribery and corruption policy:

[https://www.motus.co.za/wp-content/uploads/2020/01/Anti-Bribery-and-Corruption-Policy\\_27032019.pdf](https://www.motus.co.za/wp-content/uploads/2020/01/Anti-Bribery-and-Corruption-Policy_27032019.pdf).

#### Conflict of interest policy:

[https://www.motus.co.za/wp-content/uploads/2020/01/Conflict-of-Interest-PolicyFinal\\_27032019.pdf](https://www.motus.co.za/wp-content/uploads/2020/01/Conflict-of-Interest-PolicyFinal_27032019.pdf).

#### Supply chain code of conduct:

<https://www.motus.co.za/wp-content/uploads/2020/01/Motus-supply-chain-code-of-conduct-1.pdf>


Additional policies linked to Modern Day Slavery Acts are in place for our UK and Australian operations.


## Link to remuneration

In F2022, the preparation of businesses to address changes in legislation will be linked to executive remuneration.

### Looking forward

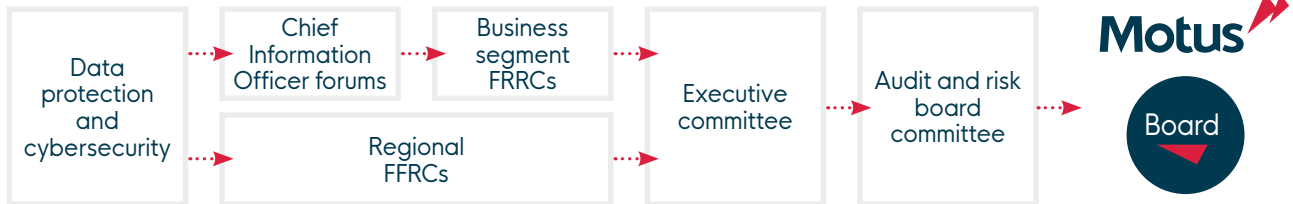
- Assess management's function in the first line of defence (combined assurance model).
- Conduct the annual executive declarations relating to conflicts of interests and ethics.
- Focus on fraud and compliance awareness.
- Participate in industry forums to influence decision making towards embedding current frameworks rather than creating new governance standards.

 Ethical and compliant business conduct report: page 118.

 High-quality and responsible products and services report: page 72.

## Governance of data management

### Elevation to board



### Board oversight

A consolidated Group IT report, including governance and cyber risks and incidents as well as IT audit issues, is distributed quarterly to the audit and risk committee. In the UK and Australia, reporting to the FFRCs occurs every six months.

### Management oversight and accountability

IT strategy and governance is formulated by Group IT and executed by the individual business segments. Group IT oversees the adherence of business segments to Group IT and data-related policies and standards. The Chief Information Security Officer manages a central register of IT incidents, including security incidents and system down time.

In South Africa, each business segment compiles an IT risk report, which is discussed at quarterly Chief Information Officer (CIO) forums and submitted to business segment FFRCs. The CIO forums include representatives from all business segments as well as representatives from internal and external audit.

In South Africa, the protection of personal information working group (representing all business segments) and the Group Information Officer are responsible for the implementation and management of the Group's data protection framework and are supported by an Information Officer in each business segment.

In the UK, the Head of IT manages the central register of IT incidents. IT governance and cyber risks and incidents are reported monthly to the CEO and CFO.

Accountability for protecting information rests with every information owner and user.

### Link to remuneration

For specific executives, the achievement of specific projects identified as critical to the success of the business at Group, business segment or divisional level is linked to remuneration, this includes innovation and IT projects.

### Policies and standards

The Group's data protection framework comprises board-approved IT governance, information management and cyber-related policies, standards and procedures. These requirements are clearly communicated to our staff, partners and customers. In South Africa, the Promotion of Access to Information Manual is published on our website (<http://paia.motus.co.za>).

### Looking forward

- Embed new IT governance processes and best practice governance policies to drive continual improvement, including in cybersecurity measures.
- Continue to invest in the upgrades needed to support new customer engagement initiatives.

# Board oversight of ethics management and the environmental and social consequences of our activities (continued)

## Governance of quality, health and safety

### Elevation to board



### Board oversight

The SES committee oversees health, safety and wellbeing at a Group level as well as compliance to relevant OHS legislation across all jurisdictions of operation. All fatalities are thoroughly investigated and reported to the committee.

In the UK and Australia, the operational management teams and FFRCs monitor compliance to OHS policy, legal requirements and best practice. In addition, our business in the UK is required to state annually on its website that it is in compliance with OHS legislation.

### Management oversight and accountability

#### OHS

The Group risk and sustainability function develops and monitors the implementation of OHS procedures in our pursuit of inculcating a health and safety culture and safe working environment for our employees. Employees are encouraged to report unsafe behaviour or incidents where our standards are not being met.

The FFRCs monitor the implementation of our health, safety and wellbeing policies and practices, as well as compliance with Motus' OHS standards and country-specific OHS-related regulatory requirements. A network of OHS committees and safety representatives across individual businesses implement the business segment- and region-specific OHS plans and manage day-to-day OHS matters.

Within the business segments themselves there are additional OHS governance structures, where required. As an example, Aftermarket Parts is working towards a new OHS framework, for implementation in F2022, to keep abreast of health and safety risks and quickly implement action plans to ensure business continuity, where needed. In Car Rental, where the recent restructure impacted some OHS governance structures, the OHS committee structure was updated and operational general managers are now held to greater account; now empowered to make strategic OHS decisions.

The CEO of the UK business holds ultimate responsibility for health and safety and is supported by the Head of Health and Safety, the health and safety auditor and a network of regional health and safety officers. The executive team regularly reviews OHS performance.

Similarly in Australia, the CEO holds ultimate responsibility for health and safety and is supported by all company officers. Dealer Principals are responsible for ensuring effective implementation of OHS measures on-site.

Group-wide, 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. Deviations from safety policies and procedures are dealt with sternly and timeously, with managers and employees held to account where transgressions may result in unnecessary injury.



## Quality controls

Stringent quality and safety controls, policies and systems ensure we deliver high-quality workmanship. Each vehicle brand has its own governance structures to ensure these controls, policies and systems are adhered to. For example, at Hyundai all recalls are reported to and overseen by the Hyundai South Africa board. Pre-delivery inspections are the responsibility of dealership management, and complaints following the sale of a vehicle are the responsibility of the Hyundai Aftersales Director who also manages recalls. At Car Rental, management review meetings oversee the division's adoption of ISO 9001 quality management standards, and ensure there is accountability for the implementation and adherence to the ISO requirements.

Franchise standards are clearly defined in OEM dealer and dealer franchise agreements and supporting policies. Deviations are reported at quarterly business segment executive meetings. Significant deviances can result in the termination of an agreement.

In the UK, site managers are accountable for quality management. 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. Quality and safety are included in personal development reviews.

In Australia, systems are in place to ensure the operation complies with a statutory obligation not to sell any pre-owned vehicle that is subject to a recall and has not been repaired.

## Policies and standards

### OHS

As explained in the health, safety and wellbeing report (see page 63) the Group has a minimum standard for OHS, which is gold status or above 85% compliance to the OHS checklist, for all sites in South Africa. A customised questionnaire for each business segment ensures compliance to our minimum standards and also serves as a tool to report compliance against the standards. All businesses are required to have an external service provider audit their sites once a year.

In a similar process, the UK business has adopted a target score of 90% and in Australia, which is implementing a new OHS framework, scores a site as either compliant or non-compliant. In the future, once the framework has matured, this business may adopt the rating system if it makes sense to do so.

Health and safety standards across the Group have been updated to include COVID-19 protocols.

### Quality

Quality standards and policies differ based on business segment requirements and products, for example, the standards required for safety critical parts differ to those pertaining to vehicle accessories.

## Looking forward

- Update the OHS questionnaires to align with the numerous changes to our current standards brought about by COVID-19 and new regulatory requirements. This will be done in consultation with external service providers who have the appropriate expertise.

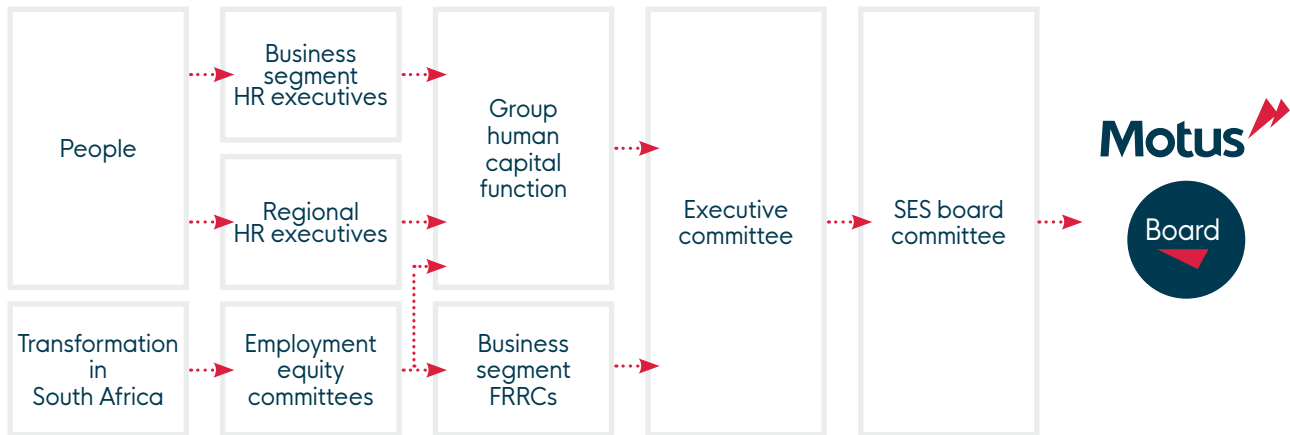
 Health, safety and wellbeing report: page 63.

 High-quality and responsible products and services report: page 72.

# Board oversight of ethics management and the environmental and social consequences of our activities (continued)

## Governance of social impact

### Elevation to board



### Board oversight

Matters relating to human capital management, B-BBEE performance and corporate social investment (CSI) spend are reported quarterly to the SES committee. This includes employment equity, learning and development, talent management and employee relations. The SES committee ensures that large CSI investments align to our chosen pillars – education and skills development, road safety and health. B-BBEE performance is also reported quarterly to the business segment FRRCs.

### Management oversight and accountability

The Group human capital function serves as a centre of expertise on people trends in a changing world of work, to develop programmes that support the Group’s innovation journey and to support the mobility of talent with the right skills across the organisation.

The development of people practices and frameworks, and the broader people strategy, and oversight of their implementation are the responsibility of the Chief People Officer (CPO). Each business segment has an HR executive who works closely with the CPO and business segment CEO. Various HR teams across business segments and geographies manage day-to-day people practices. Regular engagement and collaboration takes place between HR teams to achieve common people objectives. In South Africa, HR meetings are held monthly.

As B-BBEE is considered a key priority and top risk for the Group, the executive committee and the business segment FRRCs play a management oversight role. Training and diversity and inclusion matters are reported to regional FRRCs.

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.

In the UK, we are required to annually provide an anti-modern day slavery statement on our website and in Australia we are required to report annually against the requirements of Australia’s Modern Day Slavery Act.

## Link to remuneration

All CEOs and managing directors in South Africa are accountable for the B-BBEE performance of their areas of responsibility. In F2021, 20% of their performance incentives were linked to achieving employment equity targets.

In F2022, a broader set of social considerations will be linked to executive remuneration depending on role, including the achievement of employment equity targets at top and management levels, improving gender representation, implementing skills development and strategic talent management plans, and the development of a three- to five-year succession plan for key employees.

## Policies and standards

The standardisation of essential people-related policies to enhance the fair and consistent management of our employees across the business segments is ongoing.

### Policies

- Disability policy.
- Learning and development policies.
- Sexual harassment policy.

## Looking forward

- Consider how certain aspects of a hybrid workforce model may apply to our working environment.
- Roll out enterprise and supplier development initiatives across all business segments in South Africa.
- Update our HR policies to account for AARTO as it relates to our drivers and other employees who are required to have valid driver licences.
- Improve disclosure around our contribution to South Africa's socio-economic objectives, particularly in terms of fiscal contribution, people development and our contribution to community-based projects.

 People report: page 42.

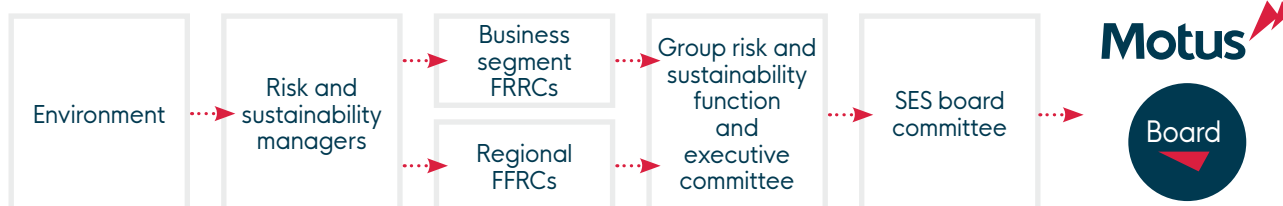
 Transformation report: page 87.

 Community report: page 98.

# Board oversight of ethics management and the environmental and social consequences of our activities (continued)

## Governance of environmental impact

### Elevation to board



### Board oversight

Group environmental performance against targets is reported quarterly to the SES committee.

### Management oversight and 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 within business segments and individual businesses are responsible for environmental management and compliance with environmental legislation.

### Link to remuneration

Environmental progress and capital adequacy (which covers the sustainability-linked loan) are linked to the key performance indicators (KPIs) of certain managers.

From F2022, the achievement of fuel, electricity and water targets; and investment in environmental improvement projects, electricity saving equipment and water recycling plants on all new and refurbished buildings will be linked to executive remuneration.

### Policies and standards

- Group waste policy.
- Policies for energy and waste recycling in the UK.

## Looking forward

- Approve the new environmental targets for the group to F2024.
- Expand consistent monitoring of waste to develop relevant waste metrics for reporting in F2023.

 Environmental report: page 20.

## 2021 performance and looking forward

### Board

- The Motus board is very satisfied with the progress made to comply with POPIA requirements in South Africa.

### Key activities of and decisions made by the SES committee

- Oversaw the disciplinary actions in key potential fraud allegations and monitored the incidents reported through the whistle-blowing hotline.
- Oversaw the preparation of the revised employment equity plan that was submitted to the Department of Labour and Employment in December 2020.
- Reviewed the Group's training spend and matters relating to employee relations and employee wellness.
- Reviewed the Group's plans to improve its B-BBEE rating, including preferential procurement, enterprise and supplier development and skill development initiatives, particularly the decision to participate in the YES Programme.
- Reviewed progress against the Group's three-year environmental targets.
- **Objective:** conduct a more robust ESG maturity assessment to identify ESG areas of improvement, and assign KPIs to ESG focus areas, including more informed targets. Part of this work will be to align business activity with outcomes so that when our physical footprint changes; we do not need to change our targets. This will be driven by the SES committee in F2022.
- **Objective:** align our ESG activities to the United Nations Sustainable Development Goals in F2022.
- **Objective:** review the sustainability management system to achieve more efficient reporting processes in F2023.

# Independent limited assurance report to the directors of Motus Holdings Limited

We have performed our limited assurance engagement in respect of the key performance indicators for the year ended 30 June 2021.

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 2021.

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
<b>▼ Safety</b>		
1	Kilometres travelled	Kilometres
2	Road accidents	Absolute
3	Accidents per million kilometres	Ratio
<b>▼ Environmental</b>		
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 <sub>2</sub> e)
9	Scope 2 emissions	Carbon emission tonnes (tCO <sub>2</sub> e)
10	Scope 3 emissions – Air travel	Carbon emission tonnes (tCO <sub>2</sub> e)
<b>▼ Social</b>		
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.

## Independence and Other Ethical Requirements

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, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements 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 2021.

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.

# Independent limited assurance report (continued)

## 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.



## Deloitte & Touche

### Registered Auditors

Per Mark Victor

Partner

20 September 2021

5 Magwa Crescent

Waterfall City, Waterfall

Private Bag X6, Gallo Manor, 2052

South Africa



# Corporate information

## Motus Holdings Limited

Incorporated in the Republic of South Africa  
 Registration number: 2017/451730/06  
 ISIN: ZAE000261913  
 Share code: MTH  
 (Motus or the company or the Group)

## Directors

GW Dempster (Chairman)\*  
 A Tugendhaft (Deputy Chairman)\*\*  
 OS Arbee (CEO)#  
 OJ Janse van Rensburg (CFO)#  
 KA Cassel#  
 PJS Crouse\*  
 NB Duker\*  
 S Mayet\*  
 MJN Njeke\*  
 F Roji-Maplanka\*^

\* Independent non-executive

\*\* Non-executive

# Executive

^ Effective appointment 1 September 2021

## Company Secretary

NE Simelane  
 nsimelane@motus.co.za

## Group Investor Relations Manager

J Oosthuizen  
 motusIR@motus.co.za

## 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, 2090

## Sponsors

Merchantec Capital  
 13th Floor, Illovo Point  
 68 Melville Road  
 Illovo, Sandton  
 (PO Box 41480, Craighall, 2024)

This report is available on the Motus website at:  
[www.motus.co.za](http://www.motus.co.za)







**Motus** 

**Business address**

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2008  
South Africa

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