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ENVIRONMENT

Carbon emissions

The Group continues to focus on environmentally friendly business practices. Many of these initiatives make good business sense in that they form part of the Group's continuing drive to improve efficiencies. The new development at Super Park has included energy efficient lighting, solar electricity generation and heating and the re-use of waste water for the Truck Wash. The Group continues to replace office lights with LED lights for further electricity saving. During the current year total emissions increased as a result of the inclusion of acquisitions.

The Group continues to ensure that its vehicles are properly maintained and not overloaded. Along with continuous driver training, this ensures that carbon emissions from all vehicles meet manufacturers' specifications. Unfortunately the Group has no control over the Fuel Emission Standards. Currently South African Fuel complies with "Euro-2 Standard". Europe is on "Euro-5 Standard". It is unclear when South Africa will move to the "Euro-5 Standard".

SG Fleet has had a carbon reduction programme in place since 2008. In that period SG Fleet has achieved a 24.8% (2016: 13.3%) reduction in emissions measured as per 1 000 cars against a target of 20%.

During the 2015, 2016 and 2017 financial years ended 30 June, the Group reported that its carbon emissions were as follows:

Description	1 July 2014 to 30 June 2015 Total CO ₂ e tonnes	1 July 2015 to 30 June 2016 Total CO ₂ e tonnes	1 July 2016 to 30 June 2017 Total CO ₂ e tonnes ^{1,4}	Change FY2016 to FY2017 %
Road travel ²	216 607	203 480	247 360	21.56
Electricity	53 568	54 451	61 700	13.31
Other ³	1 307	2 456	3 016	22.80
Total	271 482	260 387	312 076	19.85
CO₂e tonnes per R1 billion turnover	16 415	10 941	11 027	0.79

Notes:

1. These figures include SG IN TIME and the Western Cape Dealerships for the first time.
2. The increase in Road Travel Emissions results from increases in kilometers travelled in SG Coal. In addition there were increases in Dealerships UK as a result of increased sales and services at the dealerships.
3. Includes generator fuel, air travel, hotels, waste and water. This figure increased in FY2017 as a result of increased international travel following the expansion into new geographical areas and additional locations as a result of acquisitions included for the first time.
4. The figures in the table do not include EAG and Legend Logistics, which will be reported from 1 July 2017.

This data is used to implement programmes to control, mitigate and reduce where possible the carbon emissions used by the Group. Road travel comprises the most material element of the Group's carbon footprint and as a result of having no control over Fuel Emission Standards, the Group does not believe there is any benefit in setting emission reduction targets. The Group recognises both the financial and environmental benefits of ongoing carbon emission reduction and will continue to look for opportunities to reduce its carbon footprint.

Despite adding 27 locations from which carbon data is collected for the year, there is a marginal increase in CO₂e emissions per R1 billion of turnover from FY2016 to FY2017. This is a result of the Groups' efforts to reduce CO₂e emissions within the business units.

Electricity and water usage

In South Africa, the Group has put significant focus on reduction in the use of electricity. At Super Park only low energy lighting is used as well as in most of the Group's dealerships and other offices. This initiative has already resulted in a significant reduction in electricity consumption. Throughout the Group similar initiatives have resulted in significant reduction in electricity usage. With the above inflation increases in electricity, these initiatives result in direct cost savings to the Group.

In a number of property developments completed or in progress, environmentally friendly features have been or will be implemented to reduce the use of electricity and water at these sites. These include the use of solar technology, natural light, grey water systems and energy-efficient lighting, cooling and heating equipment.

Recycling

Throughout the Group the recycling of paper, plastic and glass is encouraged and the necessary recycling bins are found in various locations.

The Dealerships Division places significant emphasis on the recycling of used oil and parts, as well as ensuring that the environment is not impacted by the run-off of polluted water.

CONCLUSION

The Group continues to roll out recycling initiatives to all of its locations and continues to encourage additional recycling initiatives.

Super Group's capacity to act as a responsible corporate citizen is directly impacted by its financial performance. The Group continues to focus on initiatives to significantly improve the lives of previously disadvantaged South Africans through training and mentorship.

Despite the strides made to date, Super Group acknowledges that there is more to be done. The following imperatives, forming part of the Group's strategy, will provide the context for setting the Group's sustainability targets going forward:

- actively contributing to the success of emerging entrepreneurs and supporting local initiatives;
- continuing to firmly embed sustainability management in all businesses;
- retention of key talent and succession planning; and
- enterprise and socio-economic development.

Peter Mountford

Chief Executive Officer

20 September 2017