Autonom

Risks and opportunities related to climate change

Contents

Introduction

At Autonom Services SA, we strive for continuous development in everything we do, and in order to contribute to the development of a sustainable business model, we want to include the impacts of climate change on our business in our reporting process.

Thus, we used the reporting framework developed by the TCFD (Task Force on Climate-related Financial Disclosures) to effectively disclose climate-related risks and opportunities identified at the company level. The TCFD Task Force was created by the Financial Stability Board to support climate-related financial disclosure reporting internationally.

This report follows the TCFD recommendations to present the status of managing the impacts of climate risks and opportunities within our company as of FY2022.

The deadlines mentioned below are defined according to the Autonomous Sustainability Strategy and the time horizon set by the global greenhouse gas emission reduction targets:

- short term = 31/12/2023
- medium term = 31/12/2025
- long term = 31/12/2030
- very long term = 31/12/2050

1. Governance

We currently have a well-defined internal process for risk management that integrates all business risk analysis (strategic, operational, liquidity, market, reputation/image, credit and compliance risk). At the FY2022 level, the organizational structure that coordinates this process is the Compliance Committee, led by the Compliance Officer, which integrates managers and members of the departments: Special Projects, Finance, Operational.

At the same time, because sustainability is of particular importance to our business, in 2021 we created the Sustainability Committee, a dedicated structure for integrating sustainability into the overall business strategy, developing policies and procedures for embedding sustainability into day-to-day operations, and properly implementing and developing the Sustainability Strategy, including managing targets and objectives.

With the implementation of the TCFD framework, business risk assessments have been complemented by climate change risk analyses. To identify and analyse these risks, we involved Board members and managers from the Sustainability, Special Projects, Operational, Technical, Risk, Marketing, Rent a car, Operational Leasing and Authorised divisions.

In order to carry out these analyses, we have developed a first version of a specific climate risk management procedure to be developed during FY2023.

Once this procedure is finalized and implemented, the position of Climate Risk Officer will be established, a position specifically dedicated to this issue, which will be integrated into one of the existing structures within our company.

The main duties of the Climate Risk Officer are:

- identification of significant climate risks to the company
- management of the climate risk framework, including risk monitoring, proposal of measures to mitigate the related impacts
- reporting to the Board and top management on the performance and results of climate risk management activities, including mitigation measures and progress
- ensuring internal communication to other employees of relevant information on climate risks identified for the company

2. Strategies

Our strategy in managing climate risks and opportunities involves:

i. **identifying** climate risks with a potential effect on our company
ii. **analysing** them in terms of their impacts on the company
iii. quantitative **assessment**
iv. **formulating** appropriate and feasible **response methods** for our work, aligned with our strategic objectives

Physical climate risks

Physical climate risks are direct risks resulting from global climate change. They manifest themselves differently in different geographical areas and are expected to decrease in the long and very long term with the proper implementation of decarbonisation measures.

There are two main categories of physical risks:

- Chronic - are generally represented by changes in the main climatic parameters
- Acute - generally represented by extreme weather events

By using specialized platforms we have analysed the evolution of specific climate parameters according to climate scenarios to determine and analyse the actual and potential impacts that chronic and acute physical risks may have on the company according to the relevance to our business and magnitude of impact.

The results of these quantitative analyses form the basis for determining the financial impact of physical climate risks on the company, taking into account the assets that may be severely affected by increases in the intensity of weather events. At the same time, on the basis of the quantitative analyses, we have classified the risks according to their degree (determined by the evolution of the climatic parameters and the potential impact on the company) and term (determined according to the anticipated time for the maximum effects of the risk to be realized, regardless of the climatic scenario).

Depending on each identified physical risk, the parameter that can quantify the increase in intensity of the respective meteorological phenomenon and the appropriate database for its analysis were determined. Each was analyzed, for two locations:

Neamt county, from the city of Piatra Neamt is the headquarters of the Autonom Group, owned by the company

Bucharest, where the company's administrative headquarters are located

These two locations were chosen following an internal analysis that determined the locations that would have the greatest financial impact in the event of negative impacts from climate change.

Transitional climate risks

Transition risks and opportunities are indirect climate risks that have resulted from how climate change is influencing society today, such as through:

- Developing new regulations to combat climate change
- Evolving technology to cope with new technical requirements resulting from adaptation to climate change
- Changing market dynamics
- Changing consumer interests
- Developing new reputational values for companies

At FY2022 level, we have identified 13 risks and 1 transition opportunity, for which we briefly present the related impacts. In addition, we have assessed the financial impacts for the opportunity and for 2 market risks: rising fuel prices and rising energy

prices. These risks were chosen for the financial assessment because fuel and energy consumption, relative to the number of kilometers driven by the vehicles in our fleet, have a significant contribution to our company's carbon footprint.

The financial assessments considered medium and long-term fleet evolution scenarios aligned with the strategic objective ENV 1 - Reduce CO2 operational intensity by 25% by 2025 and 51% by 2030. This target assumes certain percentages of fleet replacement with low GHG emitting vehicles, aligned with the annual procurement plan set for the long term.

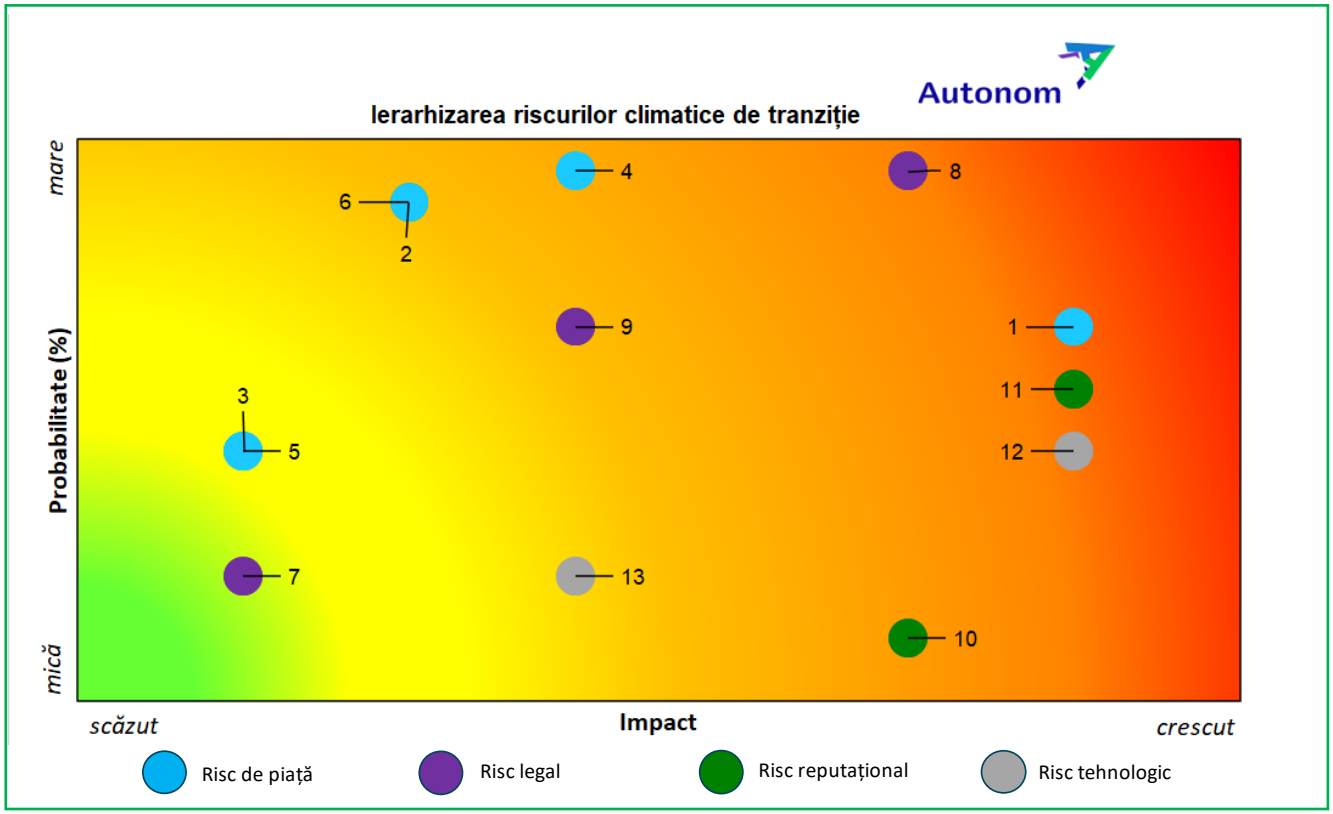
Each risk has a grade assigned (determined according to the potential impact on the company and the probability of occurrence) and a timeframe (defined according to the anticipated time for the maximum effects of the risk, depending on the market situation, established legal provisions or cost trend analyses). For the assessment of the impact, planned and already implemented measures are considered, which determine the applicability of the respective risk according to the specifics of our business.

Climate scenarios

Climate scenarios or socio-economic scenarios are projections of future greenhouse gas emissions that aim to assess vulnerability to climate change over time. They are based on estimates of future regulations, economic situations, governance structures, demographic changes, social values and patterns of technological change.

Scenario analysis, a key recommendation of the TCFD framework, allows us to understand and quantify the risks we may face under different scenarios. Depending on the parameter analyzed, we have used different internationally recognized sources.

Source	Type of risk analysed	Scenarios
Climate Impact Explorer Platform developed by Climate Analytics	Physical risks	➢ **Current Policies**: only currently implemented policies are retained; 3°C+ global warming by 2100 and associated high climate impacts ➢ **Net-Zero 2050**: implementing strong climate policies and technological innovation; limiting global warming to 1.5°C through zero net CO_2 emissions around 2050 *developed by the Network for Greening the Financial System - NGFS*
Climate Change Knowledge Portal Platform developed by the World Bank	Physical risks	➢ **SSP3-7.0**: rapid growth in population and consumption, with a focus on increasing energy consumption and intensive use of fossil fuels; CO_2 emissions are doubled by 2100; temperatures are projected to rise by an average of 3.5°C in 2100 compared to pre-industrial levels ➢ **SSP1-1.9**: focus on decarbonisation and energy efficiency; effective implementation of the Paris Treaty; CO_2 emissions are reduced to net zero around 2050; temperatures are projected to rise by an average of 1.2°C in 2100 compared to pre-industrial levels *developed by the Intergovernmental Panel on Climate Change (IPCC)*
GCAM 5.3 database prepared by the Network for Greening the Financial System (NGFS)	Transition risks	➢ **Net Zero**, representing ambitious policies that could help achieve the global goal of limiting global warming to 1.5^0 C by 2050 ➢ **Nationally determined contributions** resulting from already announced national climate policy commitments, even if not already implemented; these are projected to limit global warming to 2.65^0 C by 2050 ➢ **Current policies**, reflecting the status quo and maintaining only currently applicable national policies and regulations, which are projected to result in global warming of more than 3^0 C by 2050 *developed by the Network for Greening the Financial System - NGFS*
2022 International Energy Agency (IEA) report	Transition opportunity	➢ **Net Zero 2050**, which is based on achieving the global goal of climate neutrality by 2050 and it is not based on emission reductions outside the energy sector ➢ **Announced pledges**, including timely fulfilment of all climate commitments, including nationally determined contributions as well as those related to long-term climate neutrality ➢ **Current policies**, reflecting current regulatory frameworks, including at industry and national level



Crt. no.	Risk name	Type
1.	Increased stakeholder interest in "greening" the transport sector	*Market risk*
2.	Rising fuel prices	*Market risk*
3.	Disruption / problems in air transport operations	*Market risk*
4.	Rising prices of spare parts	*Market risk*
5.	Increasing insurance prices by updating the extreme events component	*Market risk*
6.	Rising energy prices	*Legal risk*
7.	Imposing a limit on emissions	*Legal risk*
8.	Enhanced emission reporting obligations	*Legal risk*
9.	Limiting access of internal combustion vehicles to certain urban areas	*Legal risk*
10.	Increase in court cases on ESG issues (including greenwashing cases)	*Reputational risk*
11.	Increasing shareholder interest in companies' ESG performance	*Reputational risk*
12.	Lack of charging infrastructure for electric cars	*Technological risk*
13.	Lack of specialists and technology to maintain and repair electric vehicles	*Technological risk*

Chronic climate risks

Type: ***Physical risks***
Risk level: ***Low***
Term: ***Very long***

Chronic climate risks could have negative impacts on our business, with potential financial implications for the company, such as:

- rising temperatures could lead to overheating of vehicles, affecting cooling systems and early tire damage
- high temperatures have a direct impact on the population, and drivers may feel tired and irritable, which can result in road accidents
- milder winters, fewer cold days and delayed winter frosts can reduce the risk of cold-season-specific accidents
- increased rainfall levels include increased flooding and destabilization of the ground, leading to landslides and landslides, which can damage our fleet vehicles
- decreased rainfall may lead to reduced aquifer volumes, which may result in the imposition of limits on water consumption and increased water supply prices, potentially resulting in increased operational costs for utilities and vehicle flushing

By analyzing the evolution over time of the different climate parameters and correlating the potential impacts to the specifics of our activity, we found that the evolution patterns do not have the potential to generate a notable impact on our activity.

After running the expert scenarios, it was observed that the absolute values of mean temperatures are higher in Bucharest than in Neamt county, although the pattern of increase over time is smaller. For both locations, the highest temperature increases are recorded in winter periods in the case of the Current Policies scenario.

Thus, warmer winters reduce the negative effects of the cold season on road traffic, and the small percentage increases in potentially hot months do not have a significant impact on Autonomous activity.

The SSP3-7.0 scenario predicts a long-term decrease in precipitation, while the SSP1-1.9 scenario predicts a more pronounced increase.

Rainfall intensity is also a contributing factor to water stress in the area. Thus, we used the Aqueduct Water Risk Atlas to assess the water stress present in the two locations. The portal is developed by the World Resources Institute (WRI) to provide regional context on water stress within the sites.

Bucharest is currently under high water stress (40-80% of the natural water resources in this area are exploited), reaching in the long term a very high water stress level in the Business as usual scenario (>80% of the water resources are exploited). As for the Optimistic scenario, in the long term, the level remains the same as today.

Currently, Piatra Neamt is under medium-high water stress (20-40% of water resources are exploited), and in 2030 it is anticipated that water stress will increase (40-80%) for both scenarios.

However, the risk level is low, as this development, in the context of Autonom's business, is not likely to have a significant impact on the business, as water consumption represents a small percentage of operational costs.

Acute climate risks

Type: ***Physical risks***
Risk level: ***Low***
Term: ***Medium***

Extreme weather events, such as high winds or hail, could damage vehicles and other company assets, resulting in financial losses and affecting the company's ability to meet its commitments to customers.

Wind speed for Bucharest follows a decreasing pattern in both climate scenarios (Current Policies and Net-Zero 2050). For Neamt county a slight increasing pattern is observed, where the maximum value is recorded in the medium term for both scenarios.

According to expert studies and historical data across the country, there is an increasing trend of hail events. The highest frequency of hail days is found in the mountainous areas of the country (north-west of Romania) and the lowest frequency in the Black Sea area. The hail risk has not been analyzed in terms of time evolution. According to the European Environment Agency, a scenario analysis of the evolution of hail events cannot be made because small-scale hail events cannot be directly represented in global and regional climate models. At the same time, hail patterns are altered by nationally coordinated active atmospheric interventions regulated by Law 173/2008.

Given the evolution of the parameters over time and the measures already implemented within our company (vehicle insurance, optimal damage repair technologies implemented in partner services), extreme weather events do not have the potential to significantly impact Autonom's business.

Rising fuel prices

Type: ***Transition risk, market risk***
Risk level: ***Moderate***
Term: ***Long***

At EU level, the acceleration of the green transition, has been developed due to the climate crisis, in the context of the situation in Ukraine. The European Commission has presented the REPowerEU plan and fuel retailers will comply to the new carbon trading scheme (EU-ETS II) with linear reduction targets.

A major increase in fuel prices can have a negative impact on the company's economic performance by increasing the cost of fueling its fleet and reducing customer interest in this type of vehicle. In order to analyze both categories of impacts, we looked at the costs of fueling with fossil fuels, both for our own fleet (direct financial impact) and for the customer fleet *(indirect financial impact).*

According to the Net Zero scenario, which assumes the highest price increase, both diesel and petrol prices will peak in 2050, reaching €1.67/litre for diesel and €1.41/litre for petrol respectively, increasing by 8.3% compared to the 2022 value. In the long term, the highest fuel prices are also reached in the Net Zero scenario, reaching 1.60 €/l for diesel and 1.35 €/l for gasoline, an increase of 4% compared to the prices in the reference year 2022.

Rising fossil fuel prices have the potential to be a high risk for the company, but the correct implementation of strategic objectives and fleet renewal allows to reduce the financial impact and keep the risk level moderate.

Direct financial impact on the company

In the context of achieving our sustainability targets, the trend for our own fleet is to move to fully low greenhouse gas emission vehicles.

With the renewal of our own fleet, according to the Net Zero scenario, we would save up to €467k in the medium term and up to €1.3mil in the long term compared to the situation where the fleet would remain the same as in 2022.

Thus, maintaining the current fleet composition has a significant financial impact on direct costs, but achieving the renewal targets will bring substantial reductions.

Indirect financial impact

By meeting the fleet renewal targets, our customers will save up to €8.8mil in the medium term and €53.5mil in the long term under the Net Zero scenario. This will reduce total fuel costs for the entire customer fleet by 8% in the medium term and 17% in the long term.

It can be seen that fleet renewal brings significant savings in the costs associated with fueling internal combustion vehicles, and these savings can be a benefit in terms of increasing customer interest in the services and products offered by the company.

Rising energy prices

Type: ***Transition risk, market risk***
Risk level: ***Moderate***
Term: ***Long***

According to expert scenarios, energy prices are expected to rise globally for household and business consumers. This is due to the current geopolitical situation and the implementation of increasingly ambitious climate protection policies and regulations.

The increase in energy prices leads to an increase in direct Autonom costs, for charging future electric vehicles in its fleet and for the operational costs of running the buildings *(direct financial impact).* At the same time, the increase in these prices may lead to a reduction in customer interest in electric vehicles *(indirect financial impact).*

According to the Net Zero scenario, the average price of electricity will peak in 2050 at €312/MWh, up 18% from 2022. According to the same scenario, in the long term, the price will increase by 12% compared to the base year, reaching 296 €/MWh.

This risk should be seen in conjunction with other transition risks classified as higher risk, such as the development of increased stakeholder interest in "greening" the transport sector and increased shareholder interest in the ESG performance of companies. By renewing the fleet with electric and hybrid vehicles, although it will implicitly increase electricity consumption, Autonom will be able to reduce the negative impact of other climate risks. **At the same time, in the long term, meeting our strategic fleet replacement targets will lead to lower electricity charging costs than the potential costs of fossil fuel consumption if these targets are not met.**

Direct financial impact

With the migration to an electric and hybrid fleet, the costs of electricity consumption (including consumption for administrative premises) may increase by up to 204.6k euros in the medium term and 576.9k euros in the long term, according to the Net Zero scenario. Even in this situation, these total costs are lower than the situation of keeping the internal fleet composition at the 2022 baseline level which implies high costs for fossil fuel supply. Thus, by renewing the own fleet, savings of up to €263k can be achieved in the medium term and up to €679k in the long term compared to the situation of keeping the internal combustion fleet.

Indirect financial impact

By achieving the fleet renewal targets, there are cost increases for electricity consumption to power electric and hybrid vehicles: up to €569k in the medium term and €3.3mil in the long term, according to the Net Zero scenario. However, comparing these costs with fuel consumption costs (if the targets were not met), our customers will save up to €8.2mil in the medium term and €50.1mil in the long term.

In this way, although electricity prices are expected to rise, it can be seen that achieving fleet renewal targets can bring significant reductions in overall customer costs, leading to a potential increase in interest in this type of vehicle. This is an additional argument for fleet renewal in addition to reducing climate impacts.

Increased stakeholder interest in "greening" the transport sector

Type: ***Transition risk, market risk***
Risk level: ***Increased***
Term: ***Medium***

Consumers' growing interest in sustainable vehicles may affect demand for car rental and operational leasing services, as they prefer hybrid and electric vehicles to petrol, diesel or LPG vehicles.

Increased stakeholder interest, may lead to changes in customer preferences and may lead to a change in demand for Autonom services and products. This trend is changing demand has already been observed in recent years. To ensure that market competitiveness is maintained, adapting to this market risk requires investment in fleet renewal. The fleet renewal process has been accelerated by ordering 200 Tesla electric cars worth around €10 mil in early 2023. At the same time, at this point, there is no risk of loss of competitiveness if the strategic objectives are met. However, addressing this risk requires significant investment and allocation of resources, resulting in its classification as high risk because the impact on our business is significant and the likelihood of achievement is high.

Disruption/problems in air transport operations

Type: ***Transition risk, market risk***
Risk level: ***Moderate***
Term: ***Medium***

Extreme weather events are leading to delays in flight schedules, with the Eurocontrol report on climate risks to European aviation showing that by 2050, storm delays could increase by 20-25 minutes per flight. This, coupled with the trend for consumers to reduce their carbon footprint, may lead to a decline in interest in this area. In addition, the trend at the European level to accredit airports to the Airport Carbon Accreditation (ACA) standard may lead to the temporary withdrawal of their licence by the Airports Council International Europe (ACIE).

The time allocated for a driver to transport passengers could increase affecting the allocation of resources by Autonom for this service. Delays in air travel may result in a reduction in Chauffeur Drive, airport transfer and intercity service.

Rising prices of spare parts

Type: ***Transition risk, market risk***
Risk level: ***Moderate***
Term: ***Short***

In addition to specific competitive activities in the market, price increases may also be due to trends in the use of more sustainable materials, certification of certain raw materials and regulations to reduce the use of certain hazardous substances.

Rising spare parts prices lead to increased costs in the supply chain and the relationship with suppliers.

Increasing insurance prices by updating the extreme events component

Type: ***Transition risk, market risk***
Risk level: ***Moderate***
Term: ***Medium***

Due to the increase in the number and intensity of extreme events, insurance companies around the world have been paying billions of euros per year to cover the cost of property damage. This is expected to have a cascading effect globally, with the mandatory inclusion of climate risk damage clauses at an increased price.

Rising prices for extreme weather insurance may increase the operational costs of Autonom services.

Imposing a limit on emissions

Type: ***Transition risk, legal risk***
Risk level: ***Low***
Term: ***Long***

The European Commission proposed the framework for the new emissions trading system, EU-ETS2 (EU emission trading system 2), in 2022. The new ETS would cover upstream emissions from fuels used in buildings and road transport. The rules will not apply directly to final consumers, but to fuel suppliers. The proposed framework includes a cap and a linear reduction factor from 2025 to control emission reductions for distributors.

Emissions trading schemes are on the rise. With the formal inclusion of the transport segment in the new scheme, there is a possibility that all players in the chain could be subject to this regulation in the future. In this situation, the company will have to allocate resources to align with the current regulations.

Enhanced emission reporting obligations

Type: ***Transition risk, legal risk***
Risk level: ***Moderate***
Term: ***Medium***

New European regulatory acts (such as Directive (EU) 2022/2464) come with increased obligations to quantify and disclose emissions, with a focus on those from the value chain. Autonom currently calculates and reports emissions in limited scope 3, including customer fuel consumption and electricity losses.

If emissions are included in scope 3, more resources need to be allocated to accurate inventorying and possibly registration in voluntary international reporting schemes (from customers or proposed by Autonomy for suppliers).

Limiting access to internal combustion vehicles in certain urban areas

Type: ***Transition risk, legal risk***
Risk level: ***Moderate***
Term: ***Medium***

In the context of climate change mitigation, some cities in Europe have started to ban polluting vehicles from entering the city, according to the EU Green Deal. The 'Fit for 55' package requires all new vehicles to be zero-emission by 2035 and an interim deadline is that by 2030, new vehicles will have a 50% drop in emissions compared to 2021.

Restricting access to internal combustion vehicles may lead to a change in demand from Autonom customers and thus the need for the company to allocate resources to meet these new demands.

Increase in court cases on ESG issues (including greenwashing cases)

Type: ***Transition risk, reputational risk***
Risk level: ***Moderate***
Term: ***Long***

Internationally, recent years have seen an increase in court cases for companies claiming to have 'clean', 'sustainable', and '100% recyclable' products. In a desire to increase their competitiveness and achieve the best possible ESG rating, companies are disclosing certain sustainability actions that are not yet 100% achieved or for which they have no quantitative justification.

In the event of a lawsuit or negative press situation, the company may suffer monetary losses by jeopardizing its image and losing investors and customers.

Increasing shareholder interest in companies' ESG performance

Type: ***Transition risk, reputational risk***
Risk level: ***Increased***
Term: ***Medium***

The ESG profile of companies is highlighted and closely watched in the investment field, and sustainable investment funds are on a continuous upward trend.

Thus, a low ESG rating could lead to reduced shareholder interest in the company and thus to monetary losses.

Lack of charging infrastructure for electric cars

Type: ***Transition risk, technological risk***
Risk level: ***Increased***
Term: ***Medium***

Although electric vehicles are a growing trend worldwide, both in terms of affordability and consumer choice, there is still a lack of charging infrastructure at the national level.

Lack of charging infrastructure may deter customers from choosing electric vehicles and is a barrier to the easy operation of these types of vehicles.

Lack of specialists and technology to maintain and repair electric vehicles

Type: ***Transition risk, technological risk***
Risk level: ***Moderate***
Term: ***Medium***

With the growing demand for electric vehicles, providers of related services (such as maintenance, servicing and vulcanisation) need to upgrade their business to serve this new category of beneficiaries.

Investments in specialised software and training of authorised personnel on electric vehicles lead to higher maintenance and repair costs, which can result in higher operational costs for Autonom for this type of vehicle.

Evolution of costs of low greenhouse gas emitting vehicles

Type: ***Market Opportunity***

The costs of green cars have fallen significantly in recent years, thanks to increased investment in research and development and growing demand for this type of vehicle. Climate scenarios suggest a significant increase in the use of electric and hybrid cars in the future as well as the implementation of the Fit for 55 measures, which could lead to a further decrease in the cost of technology in this area.

The expected decrease in low-emission vehicle prices represents an opportunity for Autonom to reduce investment in fleet renewal, thereby increasing the company's competitiveness.

Thanks to current international decarbonisation policies and technological advances in the automotive industry, there is a downward trend in the price of low greenhouse gas emission vehicles.

Based on the procurement plans that underpinned the development of our sustainability strategy, we conducted a scenario analysis aligned with the IEA World Energy Outlook 2022 report to see what the financial impact is associated with achieving the targets set by the Autonom sustainability strategy.

By 2050 the price of low-carbon vehicles will decrease in all three climate scenarios analysed. To achieve our fleet renewal targets, we have considered a long-term scenario in which 7,300 electric vehicles and 4,075 hybrid vehicles are purchased between 2023-2030.

Thus, in the long term, according to the Net Zero scenario, the purchase price of 11,375 low-emission vehicles is expected to be € 246 million. Under this scenario, **there is a 24% decrease in the year 2030** compared to the cost of €323 million, based on the 2020 baseline price that underpinned the sustainability strategy.

At the same time, going beyond the strategic fleet renewal targets, in 2050 the cost of purchasing the same investment of 11,375 low-emission vehicles could fall to €231 million, a 29% decrease compared to the base year cost.

To achieve our strategic targets, we ordered 200 Tesla electric cars worth around €10 million in early 2023.

Thus, exploiting the market climate opportunity brings a positive financial impact and is in line with the measures our company has already taken through our sustainability strategy.

In addition, addressing this opportunity not only enables the achievement of strategic objectives but also reduces direct and indirect costs, as can be seen by comparing risk analyses of fuel price increases and electricity price increases.

3. Climate risk management

Along with the identification and analysis of transition risks, methods of managing them were also discussed by Board members and managers of the departments: Sustainability, Special Projects, Operational, Technical, Risk, Marketing, Rent a car, Operational Leasing and Authorised divisions.

In doing so, we have assessed each transition climate risk individually, identified methods of addressing them already implemented or in the process of being implemented and determined future measures to reduce negative impacts that also address physical climate risks. All of these methods and measures are aligned with the identified timeframes and risk level. The results recorded through climate scenario analyses will be tracked over time in the context of real-time developments.

The renewal of the Autonom fleet is a priority for our company, and this initiative is also included in our business strategy, with specific targets in this regard. By implementing this strategic direction, we are reducing our climate impact and *supporting the achievement of the Net Zero scenario*, which will contribute to the long-term reduction of the negative effects of climate change. At the same time, by renewing the fleet with low-carbon vehicles, we address several transition risks, such as *increasing stakeholder interest in greening the transport sector, rising fuel prices, imposing a limit on emissions and limiting access to internal combustion vehicles to certain urban areas.*

To this end, we will continue to **access funding** from financial institutions and the capital market to meet our strategic objectives for the low greenhouse gas fleet. All these actions are aligned with our business strategy and sustainability strategy. At the same time, the increase in the number of electric and hybrid cars addresses *the transition opportunity that foresees lower prices for this type of vehicle*.

At the same time, with the renewal of the fleet and the inclusion of more electric cars, there is greater exposure to the *risk of rising energy prices*. However, the benefits of fleet renewal outweigh the potential negative effects of higher electricity prices. To reduce these potential negative effects, however, we have started the process of installing charging stations in our agencies and **concluding national framework contracts for charging electric cars**, and we are planning to **have new sites opened nationwide serviced by photovoltaic panels (where possible)**. Through these measures, we aim to reduce the cost of purchasing electricity by covering a cheaper price for electric vehicle charging and reducing the consumption of electricity purchased for administrative operational activities.

At the same time, the installation of charging stations and the conclusion of framework contracts for charging electric cars also address the risk of a *lack of electric vehicle charging infrastructure at the national level*. As the lack of such infrastructure is the most important technological risk at the moment, we have formulated several other initiatives to mitigate the negative impacts:

- **extending the project to supplement agencies with electric vehicle charging solutions;**
- **offering alternative charging solutions for customers;**
- **partnering with national private charging networks.**

As the number of electric vehicles has increased nationally in recent years, there has been a gap between the demand for maintenance and repair of these vehicles and the supply in the market, which is marked by *too few specialists and too little technology*. In this respect, we are considering investigating the feasibility of **supporting our partner services to develop** their capacity to service electric vehicles.

Although *physical weather risks* are not anticipated to have a significant impact on the business, we are working to mitigate potential negative effects by **adequately ensuring our assets**, including our vehicle fleet. In the context of climate change, there is a long-term possibility of *increasing insurance prices by upgrading the extreme events component*. We are addressing this transition risk by **diversifying our business activities at the group level to include insurance companies**, which will be able to develop advantageous policies for extreme weather risks.

Because we want to maintain a high level of performance and at the same time have a competitive advantage, we have implemented several measures to help us respond positively to market conditions such as *rising spare parts prices*. Thus, we are in the process of **implementing a specialised digital platform that enables the purchase of parts and components** based on specialised price and stock analyses.

In the event of *escalating problems in the operation of air travel*, we are considering investigating options to **reorganise services** by reallocating resources according to the rate of cancellations or flight delays or even investigating the possibility of reallocating certain resources to other lines of business within our company. By identifying this risk, we will be able to **track the evolution of potential impacts over time** and consider the most effective response measures.

At the same time, in addition to all direct measures to reduce the impacts of climate risks, we continue to **develop the transparency of our ESG performance** and allocate resources to **increase our level of sustainability maturity**. As such, we have started the process of a **full inventory of Scope 3 greenhouse gas emissions** to meet the *increased reporting requirements.*

In terms of sustainability reporting, we will continue to take a keen interest in providing **structured disclosures on environmental, social and governance performance**, and we will continue to ensure that all **our sustainability communications or marketing initiatives are supported by evidence and research**. In addition, we will implement **our sustainability reporting assurance process** and plan to **implement additional** sustainability **reporting frameworks** in the future. All these measures aim to respond *to increased stakeholder interest in the ESG performance of companie*s and to further reduce the transition risk related to *greenwashing*.

4. Metrics and targets

As part of the Environment pillar of our sustainability strategy, we have set ourselves a series of objectives and targets through which we can manage the impact that our business has directly or indirectly on the climate. We track the progress of these indicators annually and communicate the results transparently in our sustainability reporting.

OBJECTIVES/targets for the strategic pillar Environment	*KPI definition*	Strategic reference year (actual value) 2020	Objective 2021	Short term 2023	Medium-term 2025	Long term 2030
ENV 1 - Reduce operational intensity of CO_2 by 25% by 2025 and 51% by 2030	*Average WLTP gCO_2 /km for operational fleet*	**153,57**	144,51	130,26	115,13	75,87
ENV 2 - Contribute to a circular economy by reducing paper use in administrative and operational activities by 10% per year, zero paper by 2030	*Tons of waste paper/year*	**3,53**	2,28	1,77	1,27	0.00
ENV 3 - 50% recyclability for waste oil and tyres by 2030, from 2021 onwards	*Tons of waste oil recycled/year Tons of tyre waste recycled/year*	**0**	10	20	30	50

At the same time, we calculate our carbon footprint every year, using the GHG Protocol and meeting the requirements of the WRI & WBCSD corporate accounting and reporting standards.

Source of emissions	tons of CO_2 e generated in 2020	tons of CO_2 e generated in 2021	tons CO2e generated in 2022
Scope 1	262	250	395
Scope 2	78	51	73
Scope 3 limited	37.909	43.780	58.890

A range of additional information is available in the Carbon Footprint and Climate Change section of the Sustainability Report, such as information on the calculation methodology, input data used, breakdown of emissions by sub-groups included in scope 3, offset initiatives, benchmarking, interpretation of results in the operational context, and other detailed information.

5. Conclusions

With this first initiative to implement the TCFD reporting framework, our company has taken the first steps in developing climate risk management. At the same time, we have fulfilled our commitment in our FY 2021 Sustainability Report to start the process of aligning climate risk management with the recommendations of this framework.

Our sustainability performance to date and the strategic actions already implemented have enabled us to easily shape a sound climate risk management and governance structure.

We will further develop climate risk **governance** by integrating the new procedure into the current risk management system and appointing a responsible person.

We have developed a **strategic approach** to climate risk that involves engaging members of our most senior management to identify physical and transition risks and analyse potential impacts on our business.

Based on this approach, we ensure the **management of climate risks and opportunities** by formulating methods to address them according to the specifics of our business and quantitative assessments aligned with climate scenarios.

The methods of addressing them are aligned with our strategic objectives and aim to reduce the negative impacts that climate change may have on our business, seize potential opportunities and reduce our impact on the climate. We monitor the progress of our response methods through **metrics and targets** set out in our Sustainability Strategy.

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