

Imperial Logistics Ltd

Region	Africa
Country	South Africa
Questionnaire	Transport services
Activity Group	Intermodal transport & logistics

The CDP Score Report allows companies to understand their score and indicate which categories require attention to reach higher scoring levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager or your key CDP contact.

Your CDP score



Average performance



Intermodal transport & logistics

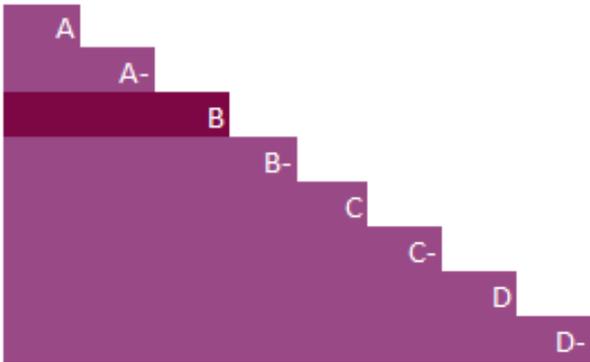


Africa



Global Average

UNDERSTANDING YOUR SCORE REPORT



Imperial Logistics Ltd received a B which is in the Management band. This is same as the Africa regional average of B, and higher than the Intermodal transport & logistics sector average of C.

Leadership (A/A-): Implementing current best practices

Management (B/B-): Taking coordinated action on climate issues

Awareness (C/C-): Knowledge of impacts on, and of, climate issues

Disclosure (D/D-): Transparent about climate issues

ACTIVITY GROUP PERFORMANCE

Intermodal transport & logistics

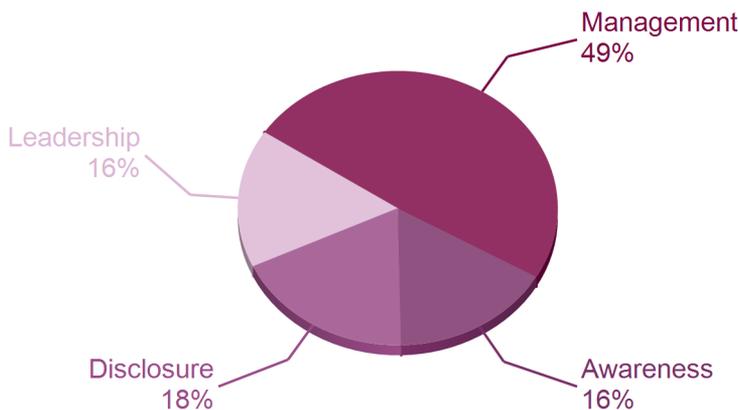
Your company is amongst 49% of companies that reached Management level in your Activity Group

A sample of A-list companies from your Activity Group:

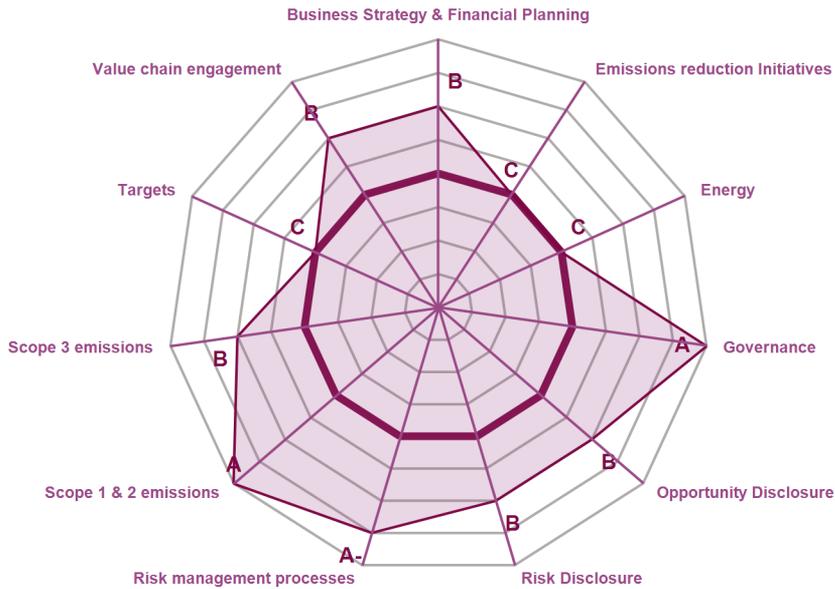
La Poste

PostNL

SG Holdings

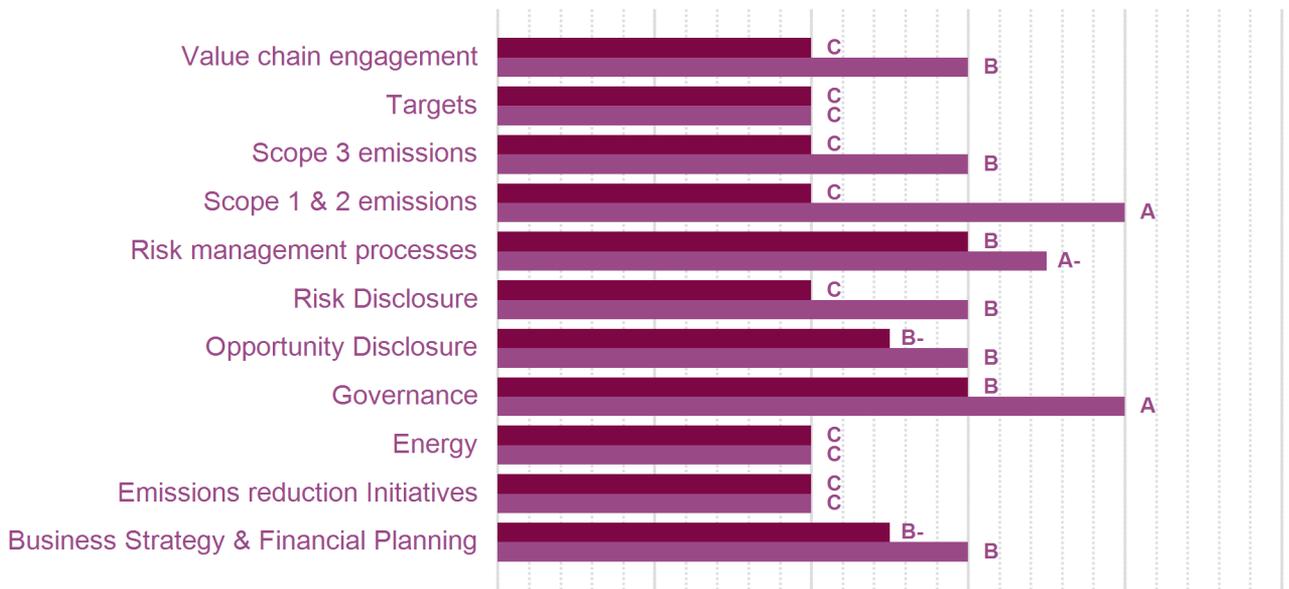


CATEGORY SCORES



If a company scored C or below, they will not have been scored for management or leadership points (the dark purple line represents this). Please download the [‘CDP Scoring Introduction’](#) for more information.

CATEGORY SCORES BENCHMARKING



Scenario analysis Yes, qualitative, but we plan to add quantitative in the next two years

Each category score in the bar chart represents the progression within each scoring level. Some categories have not been included for category score breakdown as either not enough questions feed into these categories to give a representative score or they are not scored at Management and Leadership levels.

Scoring categories are groupings of questions by topic. They are sub-groups of the 2021 questionnaire modules and are consistent across all sectors. Weighting applied to each category varies across sectors to highlight the areas most important to environmental stewardship in specific sectors. To find out more about category weightings for each sector, please download the [‘CDP Scoring Categories and Weighting’](#) documents.

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Imperial is an African focused provider of integrated market access and logistics solutions, with a focus on the following key industries — healthcare, consumer, automotive, chemicals, industrial and commodities. We take our clients and principals' products to some of the fastest growing and most challenging markets in the world. Ranked among the top 40 global logistics providers with operations in 25 countries and listed on the JSE in South Africa, we seek out and leverage new technology to deliver innovative, end-to-end solutions. Through our significant African footprint and international expertise, and with the support of our 25 000 people, Imperial's purpose is connecting Africa and the world — and improving people's lives with access to quality products and services.

Imperial has established capabilities in transportation, warehousing, distribution, and synchronisation management and expanding capabilities in international freight management. It focuses on five key industries - automotive, chemicals, consumer, healthcare and industrial and commodities. The Imperial Group has three business divisions: Market Access, Logistics Africa and Logistics International.

In this response, the information we disclose relates to our 2020 financial year, due to the timing of the submission of the response in relation to our financial year end and our preference for using verified data.

ESG is one of the six pillars of Imperial's business strategy and is core to our value proposition. Over the reporting period, our focus included the following:

- The continued integration of Environmental, Social and Governance (ESG) into our business practices and daily business activities;
- The development and roll out of group-wide ESG and climate change policies and guidelines;
- The expansion of our ESG capability within the group;
- The publication of our first ESG report;
- The advancement of ESG reporting standards and global membership – Imperial is now a signatory of the United Nations (UN) Global Compact and is furthermore committed to aligning our ESG reporting to communicate our contribution to the Sustainable Development Goals; and
- The creation of a Corporate Social Investment (CSI)/ESG committee which is a dedicated sub-committee of the Social, Ethics and Sustainability (SES) board committee.

In addition, in the 2021 financial year, we appointed an external advisor to assist us in conducting a gap analysis on TCFD alignment, and will use these insights to inform our efforts in addressing these gaps.

We also continued to focus on fuel efficiency, low carbon transportation and renewable energy. We made good strides in this regard in the reporting period. Some examples are given below:

- Working with our clients and principals, we are testing an electric powered vehicle in Hungary;
- We invested in a liquified natural gas (LNG) fleet in the UK;
- Interstate Bus Lines (IBL) installed a 200.64 kilowatt peak (kWp) solar photovoltaic (PV) system; and
- We launched Project Blue Fleet where we are systematically replacing our fleet in southern Africa with Euro 5 and Euro 6 standard vehicles. Project Blue Fleet is also focused on the digitisation of our fleet.

Climate-related risks continue to be amongst our top risks. The physical impacts of climate change have the potential to disrupt operations. For example, low water levels could result in less cargo being transported per trip, decreasing capacities, and increasing short-term costs in our shipping business. Extreme weather conditions have the potential to disrupt transport routes. Climate change is also changing the markets in which we operate. Our clients are starting to seek out low carbon transportation options.

On the other hand, climate change presents opportunities for the Group. For example, the opportunity exists for us to be the service provider of choice if we continue to strengthen our ability to provide continued service despite extreme weather conditions and find innovative ways to reduce fuel consumption, a major driver of logistics cost – whilst remaining competitive. We have already started to capitalise on these opportunities.

In the 2020 financial year, our Scope 1 and 2 greenhouse gas (GHG) emissions reduced by 12%, from 647 995 tCO₂e in the 2019 financial year to 572 667 tCO₂e in the 2020 financial year. This reduction is predominantly due to the impact of COVID-19 on our business, but it is also in part because of our focus on fuel efficiency and renewable energy.

We place a high priority on ensuring our non-financial data has high integrity, to inform sound ESG decision making. We have taken the decision to continue progressively increasing the set of indicators we obtain independent assurance on, and from the 2021 financial year will report on 19 sustainability indicators, up from 15 in 2020 financial year. 7 of these indicators are parameters which relate to climate change.

Note that our operations in Paraguay were disposed after the reporting period.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2019	June 30 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Austria
 Belgium
 Botswana
 China
 Eswatini
 Finland
 Germany
 Ghana
 Hungary
 Italy
 Kenya
 Luxembourg
 Malawi
 Mozambique
 Namibia
 Netherlands
 Nigeria
 Paraguay
 Poland
 South Africa
 Spain
 Sweden
 Switzerland
 United Arab Emirates
 United Kingdom of Great Britain and Northern Ireland
 Zambia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-TO0.7/C-TS0.7

(C-T00.7/C-TS0.7) For which transport modes will you be providing data?

Heavy Duty Vehicles (HDV)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	The board chairman, as the leader of the board is ultimately responsible for people management and ESG issues. The board is kept abreast of all critical concerns and regulatory matters relating to these aspects. The board chairman's and the board's climate-related responsibilities include, amongst others: • Assessing the identified climate-related risks and opportunities and the effectiveness of the management thereof; and • Reviewing the resilience of the business strategy considering identified climate-related risks and opportunities. The board reviews climate-related information at its meetings. More specifically, this includes information regarding material risks and opportunities that result from climate change. This information is provided by a sub-committee of the board, the SES committee. The following significant climate-related decisions made by the board in the reporting year must be noted: • The approval of the group-wide ESG and climate change policies and guidelines; • The expansion of our ESG capability within the group; • The publication of our first ESG report; • The advancement of ESG reporting standards and global membership – Imperial is now a signatory of the UN Global Compact; and • The creation of a CSI/ESG committee which is a dedicated sub-committee of the SES committee. It provides oversight and implements good corporate practices relating to CSI, enterprise development and ESG.
Board-level committee	The board is supported by the board-appointed SES committee. The SES committee has a statutory mandate to ensure that citizenship and stewardship are intrinsic to our daily business conduct. The committee brings a social conscience to board and group decisions, ensuring balance between the group's need to compete for limited resources in the interest of commercial success, with the need to contribute to a resilient society and to sustain the health of the ecosystem we live in, with its interconnected social, economic and natural elements. The committee has an approved annual work plan, complies with the requirements of the Companies Act, and follows the established guidelines of the King Report on Corporate Governance in South Africa 2016. The committee meets four times a year. To ensure a balance between independence and practical implementation, the committee is chaired by an independent non-executive director. In the 2020 financial year it has four members – three non-executive directors, including the group chairman, and the group CEO, and subsequently this has been expanded to five members, including an additional non-executive director. The executive vice president: corporate affairs & investor relations, executive vice president: people & culture, the vice president: group ESG, the group risk executive, the group sustainability executive and others attend as invitees. The committee reports to the board on climate-related issues at all meetings of the board. It made the following significant climate-related recommendations to the board in the reporting year: • The introduction of a group-wide ESG and climate change policies and guidelines; • The expansion of our ESG capability within the group; • The publication of our first ESG report; • The advancement of ESG reporting standards and global membership – Imperial is now a signatory of the UN Global Compact; and • The creation of a CSI/ESG committee which is a dedicated sub-committee of the SES committee. It provides oversight and implements good corporate practices relating to CSI, enterprise development and ESG.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The board chairman and the board delegates responsibility for climate-related issues to the SES committee. This is a sub-committee of the board. This committee meets quarterly to review and monitor all sustainability risks, including those relating to climate change. All material information is elevated to the group audit and risk committee and the board. The SES committee provides feedback at all meetings of the board, which also take place quarterly. Feedback is provided on any serious environmental incidents, material climate-related risks and opportunities and the management thereof and progress towards achieving climate-related targets. Feedback is provided in the form of a report for each meeting which is circulated before the meeting to allow for preparation for the meeting. Climate-related issues are integrated into various controls, policies and guidelines within the Group. For example – • Climate change and its effects are considered in the development of the strategy; • Climate-related issues such as rising fuel prices and carbon prices are considered in the reviewing of annual budgets and capital expenditures; and • Climate-related opportunities and incentives such as greening electricity supply and energy efficiency tax rebates are considered when developing annual business plans. We see the integration of climate-related issues into governance mechanisms as critical to ensuring the company's prosperity and meeting the interests of our shareholders and relevant stakeholders. For this reason, ESG integration is one of our strategic pillars.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The board delegates responsibility for people matters and ESG issues to the executive management team. The group executive committee is tasked with monitoring the integration of ESG into daily business practices. The group CEO, as the leader of this team, is the highest management-level position with responsibility for climate-related issues. The group CEO, in turn, delegates responsibility to his direct reports and sequentially throughout the organisation. The group CEO is responsible for ensuring the implementation of the company's strategy and directing and managing overall resources for the achievement of business objectives. Given that our strategy, business objectives and resources are all impacted by climate change, the group CEO is ultimately responsible for the management of climate-related issues within the organisation. The group CEO sits directly below the board in terms of the organisational structure.

The group CEO's climate-related responsibilities include –

- a) Oversight of the process to identify and manage climate-related risks and opportunities;
- b) Operationalisation of the business strategy considering the climate-related risks and opportunities; and
- c) Oversight of the implementation of the ESG strategy.

The group CEO delegates responsibility for climate-related issues to the executive vice president: corporate affairs & investor relations who is assisted by the vice president: group ESG and the group sustainability executive. The executive vice president: corporate affairs & investor relations reports to the group CEO. The vice president: group ESG and the group sustainability executive report to the executive vice president: corporate affairs & investor relations (collectively 'ESG team').

The ESG team, with support from the business, is responsible for driving the achievement of Imperial's sustainable development priorities which include, amongst others –

- Minimising the environmental footprint;
- Ensuring regulatory compliance; and
- Enhancing Imperial's reputation as a credible business partner through superior ESG performance

Responsibility for climate-related issues rests with the ESG team as it fits within the priorities of minimising the environmental footprint and ensuring regulatory compliance.

In terms of climate-related issues, the ESG team co-ordinates the collection of energy consumption information from the business divisions to allow for the calculation of the group's carbon footprint. This is calculated to understand the group's impact on the environment and its exposure to climate-related risks, particularly transitional risks. It is also done for the purpose of identifying focus areas for GHG mitigation and monitoring progress against targets and goals. The ESG team, in collaboration with other individuals within the business, is also responsible for setting emission reduction targets and supporting the divisions in achieving these targets.

The ESG team also assists in consolidating climate-related risks and opportunities from the business divisions and identifying any other group-level risks. They work with the divisions to develop and implement plans to mitigate risks and capitalise on opportunities. They monitor the implementation of these plans for material risks and opportunities. Any material risks and opportunities are reported through the executive vice president: corporate affairs & investor relations to the group CEO. These issues are also addressed at meetings of the SES committee and the board.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction project Energy reduction project Efficiency project Company performance against a climate-related sustainability index	All executives are eligible for a performance-related short-term incentive (STI). The STI is linked to certain performance criteria, one of which is strategic execution. Strategic execution is measured by the achievement of specific key performance indicators (KPIs) related to the group's six strategic business pillars. Integrated ESG practices is one of the six strategic business pillars. For the group CEO and CFO strategic execution constitutes 40% of the STI. For the executive vice president: corporate affairs & investor relations as the custodian of the ESG function, strategic KPIs relating to ESG reflect 50% of the STI.
Other, please specify (ESG team)	Monetary reward	Emissions reduction project Energy reduction project Efficiency project Company performance against a climate-related sustainability index	The ESG team is incentivised to drive sustainability within the group, including climate change. 50% of the STI is linked to attainment of ESG KPIs.
Business unit manager	Monetary reward	Emissions reduction project	Business unit managers are incentivised on energy (kWh saved) and fuel savings (litres/km saved). This speaks to the implementation of energy and fuel efficiency initiatives. Realising a reduction in energy and fuel consumption also reduces GHG emissions. The performance of business unit managers is also measured on the number of employees sent on driver training to enhance driving skills and improve on safety and fuel efficiency.
Other, please specify (Truck drivers)	Monetary reward	Efficiency target	Our truck drivers are incentivised to reduce fuel consumption (litres/km saved) which would also have the added benefit of reducing our GHG emissions. Efficient driving behaviour is rewarded by utilising telematics to monitor driver behaviour and patterns.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	2	Short-term is defined as one to two years. This is in line with the other business practice time horizons.
Medium-term	2	5	Medium-term is defined as two to five years. This is in line with the other business practice time horizons.
Long-term	5		Long-term is defined as five years or longer. This is in line with the other business practice time horizons.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

All risks, including financial and strategic, are assessed in terms of impact and likelihood on a scale of 1 to 10, with 1 being no impact and not anticipated to occur and 10 being catastrophic impact and certain to occur in the reporting period. The impact and likelihood ratings are combined so that each risk is given an inherent and residual risk rating of low, moderate, high or critical. All risks with a residual risk rating of moderate to critical are considered substantive and need to be addressed. These risks may harm the objectives and functions of the companies, resulting in loss of effectiveness and reputation. They may also have prolonged negative impact and extensive consequences, possibly leading to the collapse of the business if not addressed.

Risks are considered within the group's risk appetite and tolerance levels, and are reviewed on a 6-monthly basis or more frequently, if required. The group risk appetite and tolerance levels are categorised according to different consequence types such as finance, operations, legal and compliance etc. For example, under financial, any risk rated moderate or higher would have the potential to generate a R10 million change in operating profit in the reporting year.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Risks are assessed on a 6-monthly basis or more frequently, as required. Our risk assessment process considers risks to the relevant operations in the short (1-2years), medium (2-5 years) and long (>5 years) term. We have implemented an enterprise risk model to identify and assess relevant risks facing the group at strategic, business, and operational levels. The group's risk model is based on ISO 31000:2009 – Risk Management Principles and Guidelines and in its design considers all significant strategic matters for the business, inclusive of ESG and climate change risks. Our risk terminology is aligned with this international standard. We identify risks to our direct operations, our suppliers, and the rest of our value chain. Both current and emerging risks are identified. Our risk assessment process considers risks in the short and long term horizons. Risk identification and assessment is done using both a bottom-up and a top-down approach. In terms of the bottom-up approach, the group companies are responsible for identifying risks to their business (both internal and external) and quantifying the potential impact of each risk. These risks are reported to the individual responsible for risk within each division - encompassing Logistics Africa, Market Access and Logistics International - and recorded in a divisional risk register. The divisional management and individual responsible for risk within the division are responsible for identifying and assessing risks to the division. The divisional risk registers, containing predominantly operational risks, are reviewed on a quarterly-basis by the divisions and then elevated to group-level. In terms of the top-down approach, the group risk executive is responsible for identifying risks at group-level and quantifying the potential impact of each risk. Group-level risks include risks to our reputation and brand. Risk identification is informed by reviewing the current and future business environment in which we operate. The divisional risk registers and the group-level risks are reported to the group risk committee. This committee is a sub-committee of the board. The group risk committee assists the board in recognising material risks and in ensuring that the requisite risk management culture, practices, policies and systems are implemented and functioning effectively. Risks are assessed in terms of impact and likelihood on a scale of 1 to 10, with 1 being no impact and not anticipated to occur and 10 being catastrophic impact and certain to occur in the reporting period. The impact and likelihood ratings are combined so that each risk is given an inherent and residual risk rating of low, moderate, high or critical. All risks with a residual risk rating of moderate to critical are considered substantive and need to be addressed. These risks may harm the objectives and functions of the companies, resulting in loss of effectiveness and reputation. They may also have prolonged negative impact and extensive consequences, possibly leading to the collapse of the business if not addressed. Divisional management is responsible for the development and implementation of plans to mitigate divisional-level risks and the monitoring of the implementation of these plans. The group risk executive is responsible for managing risks at a group-level and for ensuring that the divisional-level risks are being adequately addressed. In terms of climate change, divisional management and the group risk executive are assisted by the vice president: group ESG and the group sustainability executive. Using the process described above, we identified risks arising in our direct operations that could have a substantive impact on us. Examples include –

- Physical risk: One of our top business risks is climate change. More specifically, changing weather patterns resulting from climate change could lead to low water levels. This would impact our shipping business, possibly resulting in less cargo being transported per trip, decreased capacities and increased short-terms costs. In addition, extreme weather conditions have the potential to disrupt transport routes, while creating an opportunity to enter food import markets during droughts. To manage the risk of low water levels, we are developing low water vessels in partnership with clients. We are also looking into ways of sharing the costs of low water levels with clients. While we are insured for liabilities associated with extreme weather events, we recognise that as the frequency and intensity of extreme weather events increases due to climate change, insurance premiums will also increase.
- Transition risk: Increasing fuel prices and the introduction of carbon taxes impact on the cost of doing business. For example, the introduction of the South African carbon tax increased the diesel price by 8 cents/litre when first introduced. To manage this risk, we are constantly looking for ways to reduce our fuel consumption. In South Africa, for example, where possible, we replace older vehicles with Euro 5 trucks. This is the highest Euro-rating feasible in South Africa. In addition, some trucks are fitted with aerodynamic streamlining kits and all trucks are regularly serviced and maintained. Drivers are trained to conserve fuel and, in some operating companies, are incentivised to achieve improved fuel consumption. Route optimisation software (which ensures optimal travelling distances that saves fuel and shortens delivery times) and vehicle management systems (which measure mileage and consumption, and track driving behaviour) are employed. We are additionally exploring the opportunity to expand renewable electricity supply which could simultaneously reduce electricity costs, whilst greening our business.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

The process in which risks upstream are identified, analysed, evaluated, treated, monitored and reviewed is the same as that described for risks and opportunities to the direct operations. Using this process, we identified several risks arising in our supply chain that could have a substantive impact on us. Examples include –

- a) Physical risk: Extreme weather events impact on the supply of electricity and water. This is evident in our South African and African operations, where increasing incidence of prolonged droughts exacerbates water shortages due to poor water infrastructure. This impacts our cleaning processes, which for our food, beverage and chemicals businesses, is a critical factor in product quality and preventing product deterioration. To manage this risk, where feasible, we have wastewater recycling units installed at wash bays to reduce our demand on municipal water. Imperial Managed Solutions in Kenya recycles wastewater using a licenced recycling plant. We use rainwater harvesting systems and borehole water is used in certain operations, in line with regulatory requirements. In South Africa, water meters provide accurate consumption data, highlight discrepancies in municipal bills, assist to identify water leaks and provide a platform for effective water management initiatives.
- b) Transition risk: Our reputation as a responsible corporate citizen is very important to us. Companies considered not to be responding effectively to climate-related issues risk reputational damage. Over the last few years, we have seen this extend into the supply chain. Companies need to ensure that they do business with only those who are doing their part to reduce GHG emissions and manage climate-related issues. As Imperial, we manage this risk, by ensuring that all new suppliers go through our onboarding process. As part of this process, all suppliers are required to comply with our policies and standards, including our ESG and climate change policies. In addition, we engage regularly with suppliers to understand how they are managing climate-related issues and to collaborate on the development of low carbon solutions and to sharing digital technologies that enable greater insight-driven efficiencies.

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

The process in which risks downstream are identified, analysed, evaluated, treated, monitored and reviewed is the same as that described for risks and opportunities to the direct operations. Using this process, we identified several risks downstream that could have a substantive impact on us. Examples include – a) Physical risk: Changes to weather patterns and the increased frequency and severity of extreme weather events can impact on our clients' operations. Already we see this happening. In the 2019 reporting period, for example, droughts in Kenya and Zimbabwe impacted the food industry, changing product flow. To manage this risk, our companies sourced products from other areas. In the same year, in South Africa, heavy rains washed away 700 homes and severely affected Eskom operations. This affected the electrical supply to our clients' operations as the South African utility was unable to meet the country's demand. We continued to see the impact of changing weather patterns, droughts and floods in the reporting year. For example, the ongoing drought in Namibia. We manage this risk through regular engagement with our clients so that we understand the nature of their businesses and how we can be of assistance. This risk is also mitigated through our diversification. We operate in several geographies and industries. This assists in ensuring the resilience of our business in light of climate-related physical risks. b) Transition risk: Clients' preferences are changing as they begin to consider the climate change impact of the transport and storage of their products between manufacturing points and ultimate destinations. There is growing enquiry around moving to more fuel-efficient vehicles and low carbon or renewable fuels. To remain the service provider of choice, we need to respond to these changes. We need to ensure that we can continue to meet our clients' demands. To do this, we continue to engage with our clients during the normal course of business. We also collaborate with them and our vehicle suppliers to develop low carbon solutions.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation is relevant and always included in our risk assessments. Given the number of geographies and industries in which we operate and the number of clients we serve, we are subject to a myriad of climate-related regulation. Examples include carbon taxes, mandatory reporting requirements and emissions limits. Being unable to comply with current regulation and the impact of current regulation on our cost of doing business presents risks to our companies. Given the importance of compliance and the possible impact that current regulation has on our costs, our companies are asked to identify risks posed by current regulation. They do this by keeping an up-to-date legal register. Along with identifying risks, they are also requested to quantify the potential impact of each risk and put in place appropriate management plans. As an example, carbon taxes were identified as a risk. Carbon taxes increase our operating costs. In South Africa, for example, the carbon tax introduced in 2019 increased the diesel price by 8¢/litre. It also increased the cost of other fuels and raw materials. To mitigate this risk, we are focused on reducing our carbon footprint. This, in turn, reduces our GHG emissions and carbon tax liability. For example, we replace older trucks in South Africa with Euro 5 trucks. This is the highest Euro-rating feasible in South Africa. Some trucks are fitted with aerodynamic streamlining kits and all trucks are regularly serviced and maintained. Drivers are trained to conserve fuel and, in some companies, are incentivised to achieve improved fuel consumption. Route optimisation software (which ensures optimal travelling distances that saves fuel and shortens delivery times) and vehicle management systems (which measure mileage and consumption, and track driving behaviour) are employed.
Emerging regulation	Relevant, always included	As with current regulation, emerging regulation is relevant and is always included in our risk assessments. We understand that emerging regulation such as stricter emissions limits may have an impact on our ability to do business. For example, being unable to meet emissions limits may mean that we are unable to operate. To be adequately prepared and ensure compliance, we include emerging regulation in our risk assessments. For this reason, our companies are asked to identify risk posed by emerging regulation. They do this by keeping an up-to-date legal register. When new regulation is released in draft format, our companies add it to the legal register and evaluate the impact of it on the business. In addition to identifying risks, they are also requested to quantify the potential impact of each risk and put in place appropriate management plans. For example, our companies in Europe identified a risk associated with the introduction of stricter emissions limits by the European Union. Already, in Europe the European Energy Efficiency Directive implemented the Energy Services Act which requires all large companies to carry out energy audits or to build up a certified energy management system based on ISO 50 001. We responded by establishing an energy management system that covers 90% of European operations. However, it is acknowledged that any further regulation, such as stricter emissions limits, could increase the cost of doing business. We typically manage this risk by tracking the development of regulation so that we can adequately prepare for its introduction. We are also focused on reducing our emissions and those of our clients on an ongoing basis. In Europe, for example, we operate a modern truck fleet with a focus on Euro 6 engines, the highest Euro-rating. We also have new generation fuel efficient push boats and gas tankers.
Technology	Relevant, always included	We understand that employing technology is critical in making the shift towards a low-carbon economy. Employing technology assists us in ensuring we remain relevant and competitive by allowing us to improve our fuel efficiency and offer a quality service to our clients. If we do not innovate and make technological advances, we put our position in the market at risk. Given the importance of technology, it is always included in our risk assessments. Our companies are asked to identify risks posed by technological changes as part of our risk assessment process. They also quantify the impact and put in place measures to mitigate any identified risks. Conversely, they are also asked to identify opportunities that may arise from technological changes. The move towards alternative fuels is one such example. It presents both risks and opportunities to the companies. To mitigate this risk and maximise this opportunity, we have researched, developed and implemented alternative fuels and we will continue to do so. In South Africa, for example, we have tested gas-powered, electric and multipurpose vehicles. We are working with original equipment manufacturers to bring the first electric truck and bus to South Africa. We are in discussions with a major client to bring the first compressed natural gas dual-fuel truck, which runs on gas and diesel, to South Africa. The client aims to fuel the trucks using excess gas from their manufacturing process. Food Tankers in Sweden uses only biofuel. In the UK, we are moving towards a road transport fleet that is powered by LNG. In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer.
Legal	Relevant, always included	We understand this to mean consequences associated with non-compliance with regulatory requirements, including climate-related regulation. This is relevant and always factored into our risk assessments. The pace of development of regulation governing GHG emissions, water and waste is increasing. We could be subject to fines or losing our licence to operate if we are unable to comply with new and amended regulation. Our ability to operate could also be compromised as a result. All our companies are requested to identify risks associated with regulations and non-compliance thereto. Our companies do this by keeping an up-to-date legal register. Along with identifying risks, they are also requested to quantify the potential impact of each risk and put in place appropriate management plans. For example, compliance with the South African carbon tax is of utmost importance to us. If we do not comply then we are subject to possible fines. It may also impact on our ability to do business. Given this, we have focused on properly understanding the Carbon Tax Act. We appointed a carbon tax specialist to assess each of our companies operating in South Africa to assess whether they are carbon taxpayers. Where they are carbon taxpayers, the specialist registered them with the South African Department of Forestry, Fisheries and Environment (DFFE) and licensed them with the South African Revenue Service (SARS) to ensure compliance. The specialist also assisted with the submission of the first carbon tax accounts and training of internal resources so that the carbon tax compliance process can be taken inhouse.
Market	Relevant, always included	The growing awareness around climate change has led to new growth and business opportunities for us such as the development of environmentally friendly products and services. At the same time, existing markets are also changing. Clients are demanding goods and services with a reduced carbon footprint. Being unable to meet their needs may result in a loss in market share. For this reason, our risk assessment process involves assessing market risks. All of our companies are requested to identify risks associated with markets and market changes. Along with identifying risks, they are also requested to quantify the potential impact of each risk and put appropriate management plans in place. One example is the increasing demand for fuel efficient trucks and trucks that operate using alternative fuels. As a result, we have prioritised the development and implementation of fuel-efficient vehicles and we are continuing to trial and use alternative fuels. For example, in the UK, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. The trials have enabled us to accommodate a request from a major client in the UK to switch to low-emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant. Although LNG trucks are 50% more expensive than their diesel equivalents, they are estimated to result in a 20% reduction in GHG emissions.
Reputation	Relevant, always included	Risks to our reputation are relevant and always included in our risk assessments. We understand that there is increased focus on environmental performance by various stakeholders. Our biggest environmental impact is the GHG emissions associated with our road transportation companies. As such, our reputation is at risk if we are not considered to be doing enough to improve our fuel efficiency and mitigate our GHG emissions. Given the value we place on our reputation as a good corporate citizen, risks to our reputation are identified and assessed by our Group Risk Executive as part of our top-down risk assessment process. The potential impact of the risk is quantified and, where necessary, a management plan is put in place to mitigate or minimise the risk. In South Africa, for example, our ability to upgrade our fleet to more fuel-efficient vehicles is impacted by the availability of 50ppm diesel (required for Euro 5 trucks) and LNG at truck stops across South Africa. If this context is not known to our stakeholders, the lack of Euro 5 trucks could be interpreted as us not doing enough to reduce our GHG emissions. As such, it is important that we manage the risk by engaging with our stakeholders, using Euro 5 trucks (where possible) and implementing fuel efficiency initiatives.
Acute physical	Relevant, always included	Increased occurrence and severity of extreme weather events such as droughts and floods have the potential to impact on the group companies. More specifically, extreme weather events have the potential to interrupt day-to-day operations due to damage to property and assets, and detrimental traffic patterns, risk of road accidents and delays in the supply chain. For example, in the prior reporting year, droughts in Kenya and Zimbabwe impacted the food industry, changing product flow. We managed this risk by sourcing products from other areas. Our companies are asked to identify and assess any acute physical risks that result from climate change. They quantify this risk and put in place management plans to mitigate or minimise these risks. Early identification of these risks gives us more time to prepare. It also allows us to structure our contracts with clients so that these events are addressed within the contract. To manage this risk, for events beyond our control such as extreme weather events, we have insurance in place. We develop solutions to enhance our resilience. We look at risk sharing of the costs with our clients.
Chronic physical	Relevant, always included	Changes in precipitation have the potential to negatively affect our operations. Between 2014 and 2018, the Western Cape in South Africa experienced below average rainfall resulting in drought and a negative impact on food production, which impacted client volumes. In addition, the City of Cape Town's tough water restrictions impacted our operations, particularly those in the chemical and food industries which use water to meet the stringent tanker cleaning specifications set by clients, and to refrigerate certain warehouses and trucks. Whilst water restrictions have since eased, dry conditions persist in some parts of the region necessitating the use of alternative water sources. For this reason, chronic physical risks are always considered in our risk assessments. We request that our companies identify risks presented by chronic physical changes. They are also asked to quantify the potential impact of these risks and put in place and implement appropriate management plans. We manage chronic physical risks in a number of ways. We have a diversified portfolio. We insure against risks that are out of our control. We work with partners in the value chain to develop solutions that allow us to increase our resilience and that of our clients to changes in weather patterns.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market	Changing customer behavior
--------	----------------------------

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

This risk is associated with clients demanding lower-emissions intensive products and services and the impact that this has on demand for our services. It was identified through our risk assessment process. We recognise that our clients are increasingly demanding environmentally friendly goods and services because of growing awareness around the impacts of climate change. If we are unable to meet the demands of our clients, then it may result in reduced demand for our services. As a result, we have selected 'Decreased revenues due to the reduced demand for goods and/or services' as the primary impact.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

464000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate the financial impact of reduced demand for emissions-intensive goods and services to cumulatively be 1% of 2020 financial year revenue.

Cost of response to risk

284000000

Description of response and explanation of cost calculation

We manage this risk through – • Investment in research and development. In Hungary, for example, we are testing a 24- tonne electrically powered truck. • Investment in new businesses. Through the innovation fund established in partnership with Newton Partners, we are investing in new businesses that respond to our clients' demands for low carbon solutions. The cost of management is reflected as the total investment in the innovation fund. • Continual engagement with our clients. Our engagement with clients allows us to understand their needs and adjust our services to meet these needs. • Working closely with suppliers and clients to develop low carbon solutions. In the UK, for example, we are moving towards a road transport fleet that is powered by LNG. A major client in the UK requested that we switch to low-emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Technology	Transitioning to lower emissions technology
------------	---

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

This risk is associated with the development of low carbon solutions and the impact that this has on demand for our services. It was identified through our risk assessment process. We recognise that the pace at which technology is developing is increasing. We also recognise that technology has the ability to change the nature of the logistics industry in which we operate. If we are unable to keep ahead of technology development and capitalise on new technology, we risk our clients moving to other service providers. As a result, we have selected 'Decreased revenues due to the reduced demand for goods and/or services' as the primary impact.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

464000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate the financial impact of reduced demand for emissions-intensive goods and services to cumulatively be 1% of 2020 financial year revenue.

Cost of response to risk

284000000

Description of response and explanation of cost calculation

We manage this risk through –

- One of the six pillars of our strategy is focused on going digital. Imperial's digital strategy centres on the use of best-in-class and emerging technology to provide clients, principals and customers with the innovative solutions they require to differentiate themselves from their competitors. We embrace market disrupters and leverage innovation so that our relevance and service offering will not only survive – but thrive – well into the future. The use of technology will enable us and our clients to reduce GHG emissions.
- Investment in research and development. One example is the piloting of Performance Based Standards (PBS) Vehicles by Goldfields Logistics. In 2015, a decision was taken to commission a PBS vehicle and retrieve the comparisons for the baseline vehicles on the same dedicated route. The PBS assessment was done by the Council for Scientific and Industrial Research (CSIR). The PBS vehicle was commissioned in September 2016. After the success of the pilot project, another two PBS vehicles were commissioned in October 2017. Between, September 2016 to April 2021, the PBS vehicles realised a 25% saving in fuel consumption and GHG emissions when compared to the baseline vehicles.
- Investment in new businesses. Through the innovation fund established in partnership with Newton Partners, we are investing in new businesses that respond to our clients' demands for low carbon solutions. The cost of management is reflected as the total investment in the innovation fund.
- Working closely with suppliers and clients to develop technology and make use of the latest technology. For example, our supply chain control towers provide a single point of real-time visibility, enabling tactical and operational planning, real-time execution management and feedback for continuous improvement. They improve operational and fuel efficiency.

Comment**Identifier**

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

This risk is associated with increased frequency and severity of extreme weather events like floods, droughts etc. It has the ability to disrupt the provision of our services. It was identified through our risk assessment process. More specifically, extreme weather events have the potential to interrupt day-to-day operations due to damage to property and assets, and detrimental traffic patterns, risk of road accidents and delays in the supply chain. For example, in the prior reporting year, droughts in Kenya and Zimbabwe impacted the food industry, changing product flow. Also, in earlier years, low water levels of the Rhine River meant less cargo could be transported per trip, requiring more barges and ships to transport the same volumes. Given that extreme weather events have the potential to interrupt our day-to-day operations, we have selected 'Decreased revenues due to reduced production capacity' as the primary impact.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

232000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact is an estimate of reduced revenue due to lower sales. We estimate this at 0.5% of 2020 financial year revenue.

Cost of response to risk

166000000

Description of response and explanation of cost calculationWe manage this risk through –

- Insuring for risks beyond our control. The cost of management is the estimated annual insurance premiums paid to ensure that we are

compensated should an extreme weather event occur that is outside of our control. • Diversification. We operate in several different geographies across several industry sectors. • Continual engagement with our clients. Through engagement, we can identify the risks earlier rather than later. Early identification gives us more time to prepare. It also allows us to structure our contracts with clients so that these events are addressed within the contract. We look at risk sharing of the costs with our clients. • Development of solutions to enhance our resilience. For example, the low water vessels in partnership with our clients. • Using flexible transportation options. For example, our mix of owned and sub-contracted shipping vessels in Europe enables flexibility during times of lower watercourse volumes.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Shifts in consumer preferences
------------	--------------------------------

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

This risk is associated with the potential for reputational damage if we are not considered to be offering low carbon solutions to our clients and/or effectively managing climate-related impacts. It was identified through our risk assessment process. In South Africa, for example, our ability to upgrade our fleet to more fuel-efficient vehicles is impacted by the availability of 50ppm diesel (required for Euro 5 trucks) and LNG at truck stops across South Africa. If this is unknown to our stakeholders, the lack of Euro 5 trucks could be interpreted as us not doing enough to reduce our GHG emissions. Reputational damage is anticipated to result in reduced demand for goods and services as clients look to other service providers for low carbon solutions. As a result, we have selected 'Decreased revenues due to the reduced demand for goods and/or services' as the primary impact.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

464000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate the financial impact of reduced demand for emissions-intensive goods and services to cumulatively be 1% of 2020 financial year revenue.

Cost of response to risk

284000000

Description of response and explanation of cost calculation

We manage this risk by – • Engaging with our stakeholders through meetings and reporting so that they are aware of how we are addressing climate-related issues. For example, we undertake the EcoVadis supply chain assessment. EcoVadis evaluates the sustainability performance of global supply chain companies in 150 sectors across 110 countries. In fact, Logistics International achieved EcoVadis Gold status for the automotive and chemical businesses while Imperial at Group level obtained Silver status. • Integrating ESG into all our business practices. • Investing in research and development and new businesses. Through the innovation fund established in partnership with Newton Partners, we are investing in new businesses that respond to our clients' demands for low carbon solutions. The cost of management is reflected as the total investment in the innovation fund. • Investing in projects to reduce our GHG emissions and those of our clients. This includes fuel efficiency, energy efficiency and renewable energy projects. It also includes moving from conventional to alternative fuels. For example, Interstate Bus Lines (IBL) installed a 200,64 kWp solar PV system, which is expected to provide 355 megawatts of power each year and achieve estimated carbon emissions savings of around 351 tonnes of CO2 annually.

Comment

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Carbon pricing mechanisms
--------------------	---------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

This risk relates to carbon taxes. This risk was identified through our risk assessment process. We are already subject to carbon taxes in a number of countries in which we operate (Poland, South Africa and Sweden). Going forward, we anticipate that we will be subject to carbon pricing in other countries in which we operate. Given that carbon taxes increase our costs, we have selected 'Increased direct costs' as the primary impact.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

This is the cost associated with the carbon taxes in Poland, South Africa and Sweden the 2020 financial year.

Cost of response to risk

30000000

Description of response and explanation of cost calculation

We manage this risk through implementing initiatives to reduce our carbon footprint. The cost of management is reflected as 2% of our capital expenditure for the 2020 financial year. This is an estimate of the capital expenditure that may be invested in energy and fuel efficiency and emission reduction projects. Examples of projects include: • Project Blue Fleet under which we aim to replace all vehicles in our fleet with Euro 5 and Euro 6 trucks. Project Blue Fleet is also focused on the digitisation of our fleet and aims to improve overall performance through increased visibility and monitoring supported by analytics and insights from telematics. • Switch from conventional to alternative fuels. For example, working with our clients, we are testing an electric powered vehicle in Hungary and shifting to a LNG fleet in the UK. • Implementing control towers to optimise operations and associated fuel consumption.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Through our risk and opportunity assessment process, we have identified the opportunity to develop low carbon solutions for our clients. As a result of climate change, our clients are increasingly demanding environmentally friendly and less emissions-intensive products and services. We recognise that this presents an opportunity for us. Developing low-carbon products and services could give us the edge over our competitors, resulting in 'Increased revenues resulting from increased demand for products and services.'

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

464000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact is reported as the anticipated revenue from environmentally friendly products and services. This is assumed to be 1% of the 2020 financial year revenue.

Cost to realize opportunity

284000000

Strategy to realize opportunity and explanation of cost calculation

To realise this opportunity, we are focused on innovating and, as such, prioritise research and development. We are continually reviewing the current and future business environment in which we operate to identify new markets and technologies and/or opportunities for low-carbon products and services. The cost of management is reflected as the cost associated with the newly established a USD20 million innovation fund in partnership with Newtown Partners. We concluded three investments in our venture fund: digital distributor, digital freight forwarder and point-of-care diagnostics enabler. Some of these investments assist us to provide our clients with low carbon solutions. Some examples of our low-carbon products and services in the reporting year include: • We have been testing PBS trucks to replace old vehicles. These vehicles have the potential to increase fuel efficiency, decrease carbon emissions by 25% and offer cost saving solutions to customers. • In Hungary, we are testing a 24- tonne electrically powered truck. The 236-kilowatt electric motor provides a range of around 220 kilometres on a single battery charge. Compared with a conventional diesel-powered truck, the electric vehicle abates around 1.7 tonnes of CO2 emissions a day.

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other, please specify (Reduced energy consumption)

Primary potential financial impact

Reduced direct costs

Company-specific description

Through our risk and opportunity assessment process, we have identified an opportunity to reduce our GHG emissions by reducing our energy and fuel consumption. Reducing our energy and fuel consumption reduces our operating costs. This is particularly important given the rising energy and fuel prices and our exposure to emissions taxes.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

27000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact of this opportunity is estimated as a 5% reduction on electricity- and diesel-related operating expenditure in the 2020 financial year.

Cost to realize opportunity

35000000

Strategy to realize opportunity and explanation of cost calculation

We realise this opportunity through the implementation of fuel efficiency initiatives. Examples include: • We replaced older vehicles with Euro 5 trucks where possible which are more fuel efficient. This is the highest Euro-rating feasible in South Africa. In addition, some trucks are fitted with aerodynamic streamlining kits and all trucks are regularly serviced and maintained. In Europe, a modern truck fleet with Euro 6 engines is replacing old trucks. • Our drivers are trained to conserve fuel and, in some companies, are incentivised to achieve improved fuel consumption. • We use route optimisation software (which ensures optimal travelling distances that saves fuel and shortens delivery times) and vehicle management systems (which measure mileage and consumption, and track driving behaviour). • We use a Fuel Management System (FMS), which has been rolled out to all medium and large sites across South Africa, to capture all fuel transactions and generate fuel consumption analytics. • Implemented a number of energy efficiency initiatives throughout our operations such as the installation of energy efficient lighting like LEDs. The cost to realise the opportunity is reflected as 2% of our capital expenditure for the 2020 financial year. This is an estimate of the capital expenditure that may be required to realise a 2% reduction in our electricity- and diesel-related operational expenditure.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced direct costs

Company-specific description

Through our risk and opportunity assessment process, we have identified an opportunity to use alternative energy and move away from more carbon-intensive energy sources. This is particularly true for South Africa where the majority of the grid electricity is generated using coal. The move towards less carbon-intensive energy sources will not only reduce our GHG emissions, but also reduce our operating costs. It will also increase our resilience to climate-related risks such as energy and emissions taxes (i.e. the recently introduced carbon tax in South Africa).

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

8000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact of this opportunity is estimated as a 10% reduction on electricity-related operating expenditure. Operating expenditure for the 2020 financial year was used.

Cost to realize opportunity

30000000

Strategy to realize opportunity and explanation of cost calculation

We realise this opportunity through investing in solar projects. As such, the cost of management is reported as the anticipated cost associated with the installation of solar power projects to achieve a 5% reduction in our electricity-related operating expenditure. Our operations are always looking for ways to reduce operating costs, GHG emissions and build resilience. This is driven through the risk and opportunity identification process, the drive to achieve targets etc. As an example, in 2020, for example, IBL installed a 200,64 kWp solar PV system, which is expected to provide 355 megawatts of power each year and achieve estimated carbon emissions savings of around 351 tonnes of CO2 annually.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	<Not Applicable>	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative, but we plan to add quantitative in the next two years

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS	<p>We are cognisant of the Paris Agreement and the need to keep the increase in global average temperature to well below 2°C above pre-industrial levels. We understand the role that business plays in meeting this objective and we intend to do our part in this regard. This is clear in our efforts aimed at reducing both our GHG emissions and those of our clients. The 2DS scenario is considered in the development of various possible future scenarios that are used to inform our business strategy. Our over-arching strategy does consider various possible future scenarios to ensure robustness and flexibility should the environment in which we operate change. At this stage, it is considered qualitatively, but the intention is for this to be done quantitatively in the future. All areas of our business are included. Our business strategy encompasses all business divisions. More specifically, we pay particular attention to the risks and opportunities associated with climate change when developing our business strategy. Our strategy is designed to deliver sustainable growth and targeted returns, to deepen competitiveness and relevance, and retain market and industry legitimacy. We recognise that this could be impacted by rising energy, fuel and water costs, exposure to emissions taxes, increased occurrence and severity of extreme weather events and changing client preferences. If we do not effectively manage these risks, our ability to deliver on the strategy is compromised. In the same way, opportunities are presented by climate change. For example, we have the opportunity to be the service provider of choice as we improve our fuel efficiency and move from conventional to low carbon fuels. We consider these risks and opportunities in the development of our strategy and in the actions required to deliver on our strategy. The impact of these risks and opportunities in the short, medium and long term are considered. Perhaps the most significant outcome of this process has been the acknowledgement of the need to shift/change our business because of climate change and its possible impacts. At some point in the future, we will no longer be able to rely on the use of conventional fuels. We need to move away from conventional fuels. In the long term, it is also likely that the way in which goods are transported will change, particularly considering technology developments. With this in mind, we have:</p> <ul style="list-style-type: none">• Integrated ESG into our strategy as one of the six pillars of our strategy. As a purpose-driven organisation, Imperial focuses on people, profit and planet. In delivering our purpose and protecting our licence to operate, we proactively manage and invest in ESG as part of our daily course of business.• Focused on going digital as one of the six pillars of our strategy. Imperial's digital strategy centres on the use of best-in-class and emerging technology to provide clients, principals and customers with the innovative solutions they require to differentiate themselves from their competitors. We embrace market disrupters and leverage innovation so that our relevance and service offering will not only survive – but thrive – well into the future. The use of technology will enable us and our clients to reduce GHG emissions.• We assessed, addressed and exited non-core, low return on effort and underperforming businesses and we concluded strategic acquisitions. We continue to focus on shifting from conventional to low carbon fuels. We continue to develop, pilot and roll out new technology in partnership with our value chain to reduce our GHG emissions and those of our clients.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Climate-related risks and opportunities have influenced our business strategy in relation to our products and services in the short, medium and long term. As a result of climate change, our clients are increasingly demanding less emissions-intensive products and services. Given this, our business strategy includes going digital as one of its six pillars. Imperial's digital strategy centres on the use of best-in-class and emerging technologies to provide clients with the innovative solutions they require to differentiate themselves. We embrace market disrupters and leverage innovation so that our clients will not only survive but thrive well into the future. The most substantial strategic decision made to leverage disruptive innovation and new technologies for competitive advantage was the creation of a USD20 million venture fund in partnership with Newtown Partners. In the reporting year, we concluded three investments in our venture fund: digital distributor, digital freight forwarder and point-of-care diagnostics enabler; and are progressing well with the acquisition of ecommerce fulfilment and ecommerce capabilities. Some of these investments enable us and our customers to reduce GHG emissions. In addition, we continue to develop, pilot and roll-out low carbon solutions. More specifically, we continue to upgrade our fleet through Project Blue Fleet where we are systematically replacing our fleet with only Euro 5 and Euro 6 standard vehicles. In the reporting year, for example, WP Transport, based in Namibia, partnered with Scania Namibia, to replace its fleet with new generation trucks over two years. Project Blue Fleet is also focused on the digitisation of our fleet and aims to improve overall performance through increased visibility and monitoring supported by analytics and insights from telematics. We also continue to move our fleet away from conventional fuel to low carbon alternatives, where feasible. In the UK, for example, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. The trials have enabled us to accommodate a request from a major client in the UK to switch to low-emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant.
Supply chain and/or value chain	Yes	Climate-related risks and opportunities have influenced our business strategy in relation to our value chain in the short, medium and long term. More specifically, one of the ways we manage the physical risks associated with climate change, is through diversification. Increased severity and frequency of extreme weather events like floods and droughts can have a detrimental impact on the group companies. In several of our contracts, for example, we charged a fixed fee to move goods for a customer. Should our ability to move the goods be hindered by climate-related events (i.e. adverse weather etc.), we have to find a way to move the goods (i.e. outsource to third parties etc.) and bear the expense thereof. A good example was the impact on our dry bulk business resulting from low water levels on the Rhine River in prior years. Low water levels constrained our ability to operate shipping vessels and resulted in volume reductions. To manage this risk, we work with our clients to develop solutions to secure their supply chains so that production is not interrupted. An example would be special hull designs on shipping vessels able to navigate low water. However, we also manage this risk through diversification. We operate in several geographies and sectors. In addition, our clients, as part of our value chain, are increasingly demanding environmentally friendly and less emissions-intensive products and services in order to reduce their own carbon footprint. This presents both a risk and an opportunity to us. Should we be unable to meet the needs of our clients, we could experience reduced demand for goods and services. At the same time, the introduction of low-carbon goods and services could give us a competitive advantage. For this reason, our business strategy includes a focus on going digital, developing and leveraging technology and transitioning towards low carbon fuels. In Hungary, for example, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer.
Investment in R&D	Yes	Climate-related risks and opportunities have influenced our business strategy in relation to our spend in research and development in the short, medium and long term. Digitalisation and technology are integral parts of our business strategy. As such, we continue to invest in research and development. This investment is increasingly focused on developing solutions that allow us and our clients to reduce GHG emissions. As an example, our USD20 million venture fund in partnership with Newtown Partners will enable us to invest in start-up projects in the supply chain and logistics technology that have high-growth potential. We understand that investing wisely in innovation heightens our responsiveness to climate change and enables us to move in step with or ahead of industry shifts. As technological development can fundamentally change our industry by improving efficiency and cost of services, it remains central to our ability to deepen our competitiveness in line with our business strategy, and ultimately to secure our survival.
Operations	Yes	Climate-related risks and opportunities have influenced our business strategy in relation to our operations in the short, medium and long term. More specifically, the impact has been in relation to the businesses in which we invest. In the reporting year, we assessed, addressed and exited non-core, low return on effort and underperforming businesses. We also acquired new businesses. Through our USD20 million venture fund, we also continued to invest in businesses that enable us and our clients to improve efficiency and reduce GHG emissions. We have also focused on moving our operations from conventional fuels to low carbon fuels. Food Tankers in Sweden made a complete switch to biofuel. In the UK, we are moving towards a road transport fleet that is powered by LNG and eventually bio-LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	Climate-related risks and opportunities have impacted on our revenues, direct costs, indirect costs, capital expenditure, capital allocation, acquisitions and divestments, access to capital, assets and liabilities. Examples include: a) Climate-related risks and opportunities have impacted on our revenues and we continue to consider them in our revenue forecasts. In several of our contracts, for example, we charged a fixed fee to move goods for a customer. Should our ability to move the goods be hindered by climate-related events (i.e. adverse weather etc.), we have to find a way to move the goods (i.e. outsource to third parties etc.) and bear the expense thereof. A good example was the impact on our dry bulk business resulting from low water levels on the Rhine River in prior years. Low water levels constrained our ability to operate shipping vessels and resulted in volume reductions. To manage this risk, we are developing low water vessels in partnership with clients. We are also looking into ways of sharing the costs of low water levels with clients. b) Climate-related risks and opportunities have impacted on our operating costs and are considered when we forecast these costs. In South Africa, for example, a carbon tax was introduced on the 1st of June 2019. This tax increased the diesel price. We consider the impact of this when forecasting our operating costs. To reduce our exposure, we have been focusing on reducing our GHG emissions through the implementation of fuel efficiency initiatives. Through Project Blue Fleet, we are systematically replacing our fleet with only Euro 5 and Euro 6 trucks. Project Blue Fleet is also focused on the digitisation of our fleet and aims to improve overall performance through increased visibility and monitoring supported by analytics and insights from telematics. c) Climate-related risks and opportunities are factored into our allocation of capital. To mitigate various climate-related risks, we are focused on reducing our GHG emissions and municipal water demand. As such, we have allocated capital to emission reduction and water efficiency projects. We are also focused on promoting innovation, particularly innovation that will enable us to optimise fuel use and reduce cost. For this reason, we established an USD20 million innovation fund in partnership with Newtown Partners. This fund invests in start-ups, particularly those using technology (i.e. big data, blockchain etc.) to realise value (i.e. reduce fuel costs etc.). In the reporting year, we concluded three investments in our fund, some of which allow us and our clients to reduce GHG emissions. In many cases, our revenues, direct costs, indirect costs, capital expenditure, capital allocation, acquisitions and divestments, access to capital, assets and liabilities have already been impacted. However, in our financial planning, we consider the impact going forward in the short, medium and long term.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

With ESG considerations mainstreamed by investors and lenders, and rapid shifts in societal sentiment and the global regulatory environment prominently aligning with the Paris Agreement, our customers too are increasingly including ESG requirements in contracts. By responding to the external developments proactively, Imperial recognises the opportunity to position as an ESG leader to enhance our reputation and thereby gain competitive advantage in the market. Mindful of these landscape shifts posing risks and opportunities for Imperial, our Board approved an ESG strategy in the 2021 financial year, which includes fuel emission intensity and renewable electricity targets. These will be reported on from the 2022 financial year.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2019

Covered emissions in base year (metric tons CO2e)

647995

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

2

Covered emissions in target year (metric tons CO2e) [auto-calculated]

635035.1

Covered emissions in reporting year (metric tons CO2e)

572667

% of target achieved [auto-calculated]

581.239052770469

Target status in reporting year

Expired

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Target ambition

<Not Applicable>

Please explain (including target coverage)

This is applicable to the Scope 1 and 2 emissions of all our operations. This is an annual target. It was exceeded with a reduction of 12% being achieved between the 2019 and 2020 reporting years. This reduction is in part due to the impact of COVID-19 which resulted in reduced activity. However, some of the reduction was also realised from implemented energy efficiency and renewable energy projects. We have recently set a new target for 2030. The alignment of the target with science is being assessed.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	20	4054
To be implemented*	1	2203
Implementation commenced*	1	4239
Implemented*	14	11471
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation	Company fleet vehicle replacement
----------------	-----------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

2361

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

100000000

Investment required (unit currency – as specified in C0.4)

800000000

Payback period

4-10 years

Estimated lifetime of the initiative

>30 years

Comment

The launch of Project Blue Fleet. Under this project, we plan to systematically replace our fleet with only Euro 5 and Euro 6 standard vehicles. Project Blue Fleet is a strategic project centred around digitisation of Imperial's fleet with the aim of improving overall performance through increased visibility and monitoring supported by analytics and insights from telematics. It is assumed that a 5% saving per vehicle replaced was achieved. Trucks are replaced every 10 years. The monetary savings include both fuel and other savings. Both the investment required and the monetary savings include both fleet replacement and other initiatives such as operational efficiency, inclusive of what has been outlined below.

Initiative category & Initiative type

Transportation	Other, please specify (Operational efficiency)
----------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

7405

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

40000000

Investment required (unit currency – as specified in C0.4)

Payback period

4-10 years

Estimated lifetime of the initiative

>30 years

Comment

We have the following in place – • Strict truck service and maintenance programmes. • Driver training on how to conserve fuel and, in some group companies, drivers are incentivised to achieve improved fuel consumption. • Route optimisation software to achieve optimal travelling distances, saving fuel and shortening delivery times. • Vehicle management systems that measure mileage, fuel consumption and tyre and vehicle maintenance. Some systems also track driving behaviour. It is assumed that the above results in a 2% saving in diesel consumption.

Initiative category & Initiative type

Estimated annual CO2e savings (metric tonnes CO2e)

351

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

350000

Investment required (unit currency – as specified in C0.4)

2300000

Payback period

4-10 years

Estimated lifetime of the initiative

>30 years

Comment

IBL installed a 200.64 kWp solar PV system, which is expected to provide 355 megawatts of power each year.

Initiative category & Initiative type

Transportation	Company fleet vehicle replacement
----------------	-----------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

118

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5000000

Investment required (unit currency – as specified in C0.4)

40000000

Payback period

4-10 years

Estimated lifetime of the initiative

>30 years

Comment

WP Transport, based in Namibia, operates a fleet of 50 trucks. The fleet operates throughout Namibia, Angola, Botswana, South Africa, Zambia and Zimbabwe, travelling around 10 million kilometres a year. To limit the environmental impact, we partnered with Scania Namibia to replace our fleet with new generation trucks over two years. 24 trucks have been replaced to date. The monetary savings include both fuel and other savings.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency
----------------	----------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

615

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3000000

Investment required (unit currency – as specified in C0.4)**Payback period**

Please select

Estimated lifetime of the initiative

>30 years

Comment

Piloting the use of PBS Vehicles by Goldfields Logistics in partnership with the Road Traffic Management System, as a case study for the country. PBS vehicles realise a 25% saving in fuel consumption and GHG emissions when compared to the baseline vehicles. The savings indicated here were achieved between August 2017 to April 2021.

Initiative category & Initiative type

Transportation	Other, please specify (Operational efficiency)
----------------	--

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

4-10 years

Estimated lifetime of the initiative

>30 years

Comment

The implementation of supply chain control towers. Supply chain control towers provide a single point of real-time visibility, enabling tactical and operational planning, real-time execution management and feedback for continuous improvement. They improve operational and fuel efficiency.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Combination of energy efficient equipment in renovated facility)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)**

392000000

Payback period

Please select

Estimated lifetime of the initiative

>30 years

Comment

WWCVL moved into a renovated facility in Lagos, Nigeria. This facility boasts modern and energy efficient equipment and electrical fittings, and is designed to support efficient workflows for goods and people, maximise storage space and improve cooling within the warehouse. Additional windows were provisioned for the offices, increasing natural light, reducing electricity consumption and creating a healthier work environment. Ceiling mounted air-conditioners were installed in passages as opposed to individual offices, further reducing power requirements. Automatic perimeter lights were also installed. The investment required includes the total building cost.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

1-3 years

Estimated lifetime of the initiative

>30 years

Comment

Motion sensors to control lights in the offices and warehouse at our Garfield Road site in Alberton, Gauteng.

Initiative category & Initiative type

Transportation	Other, please specify (Alternative Fuels)
----------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

621

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

Please select

Estimated lifetime of the initiative

>30 years

Comment

In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer. Compared with a conventional diesel-powered truck, the electric vehicle abates around 1.7 tonnes of CO2 emissions a day.

Initiative category & Initiative type

Transportation	Other, please specify (Alternative Fuels)
----------------	---

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

Please select

Estimated lifetime of the initiative

>30 years

Comment

LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. LNG trucks are estimated to reduce GHG emissions by 20% compared with conventional diesel trucks, and when converted to bio-LNG, can save up to 90% of GHG.

Initiative category & Initiative type

Transportation	Other, please specify (Alternative Fuels)
----------------	---

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

Please select

Estimated lifetime of the initiative

>30 years

Comment

In Bologna, Italy, Palletways is testing small electric trucks to deliver goods to the limited traffic zone in the city centre.

Initiative category & Initiative type

Transportation	Other, please specify (Operational efficiency)
----------------	--

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

Please select

Estimated lifetime of the initiative

>30 years

Comment

Imres opened a hub in Dubai to service Africa, removing the need to route product through the Netherlands. This has considerably reduced our environmental footprint and shortened travel times.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

>30 years

Comment

Imres has installed an energy efficient LED system in its new leased warehouse in Lelystad, Netherlands.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Combination of energy efficiency and renewable energy)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

Please select

Estimated lifetime of the initiative

>30 years

Comment

Imperial Health Sciences' warehouse in Kenya is insulated to assist with temperature control and uses solar power to heat water.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Compliance with regulations drives emission reduction. In response to regulation and environmental taxes, the Group has implemented a portfolio of leading-edge fuel efficiency and emission reduction initiatives.
Internal price on carbon	With the introduction of the South African carbon tax, Imperial has adopted an internal price on carbon. It uses this carbon price when building business cases for applicable emission reduction activities. This carbon price contributes to the feasibility of these types of projects.
Dedicated budget for energy efficiency	Each region has a dedicated budget for implementing energy and fuel efficiency and emission reduction initiatives.
Employee engagement	Each region engages with employees through training, internal contests, and volunteer opportunities etc. The purpose of this engagement is to make employees aware of the importance of GHG management and elicit ideas on how best to integrate this into the day-to-day roles and responsibilities of these employees.
Internal incentives/recognition programs	Each region maintains annual goals and targets tied to employee incentives/recognition programs which help to drive accountability for conservation and emission reduction efforts within our companies.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Imperial operates a large fleet of trucks, shipping vessels etc. As such, fuel efficiency is a major cost and therefore consideration in the business. For this reason, we are continually looking for ways in which to reduce the fuel consumption of our fleet and the GHG emissions associated with the services we provide. Some examples of the ways in which we have reduced our clients' GHG emissions in the reporting year are given below – a) In South Africa, where possible, we replace older vehicles with Euro 5 trucks. This is the highest Euro-rating feasible in South Africa. In addition, some trucks are fitted with aerodynamic streamlining kits and all trucks are regularly serviced and maintained. b) In Europe, we operate a modern truck fleet with a focus on Euro 6 engines, the highest Euro-rating. We also have new generation fuel efficient push boats and gas tankers. c) We continue to investigate alternative fuels such as hydrogen-powered trucks. We use electric, HVO100 (hydrotreated vegetable oil) and LNG in some vehicles for some of our customers. d) We implement supply chain control towers. Supply chain control towers provide a single point of real-time visibility, enabling tactical and operational planning, real-time execution management and feedback for continuous improvement. They allow for optimal demand and supply balancing, demand planning, inventory planning, demand forecasting, suggested store ordering, order management, replenishment planning, and last-minute allocation. This improves the operational efficiency of our clients and reduces their GHG emissions. e) We have a business, Resolve Solution Partners, that is focused on optimising fuel consumption for both our own and other operations. Resolve focuses on identifying bottlenecks and inefficiencies in the supply chain and removing them to increase utilisation, improve service and reduce cost. This is done through operational alignment, technology enablement and change management. f) We also help our clients to offset their GHG emissions through our Carbon Compensation Scheme. This scheme allows our clients to offset their carbon footprints by investing in emission reduction projects. Through this scheme, Imperial and Oxea GmbH, one of our clients, funded the manufacture and distribution of affordable, climate-friendly solar- and conventional cookers in Madagascar.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Low-carbon transport services)

% revenue from low carbon product(s) in the reporting year

5

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

We do not separately capture the revenue from low-carbon transport services. However, we estimate it to be 5% of our revenue in the 2020 financial year. We anticipate that its contribution to our revenue will grow over time.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

564985

Comment

We compare our emissions from this year against our emissions from last year. For this reason, emissions for the 2019 financial year have been reflected as the base year emissions.

Scope 2 (location-based)

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

83010

Comment

We compare our emissions from this year against our emissions from last year. For this reason, emissions for the 2019 financial year have been reflected as the base year emissions.

Scope 2 (market-based)

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

83010

Comment

We compare our emissions from this year against our emissions from last year. For this reason, emissions for the 2019 financial year have been reflected as the base year emissions.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

521885

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

We have operations in countries where contractual instruments such as energy attribute certificates, direct contracts and supplier specific emission rates are available. However, we do not at this stage make use of these, so our market-based and location-based Scope 2 emissions are the same for this reporting year.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

50782

Scope 2, market-based (if applicable)

50782

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

122556

Emissions calculation methodology

The fuel consumed by the fleet (litres) was extracted from the sustainability management system. It was multiplied by the emission factors for well-to-tank fuels (kg CO2e/litre) from DEFRA's 2020 GHG emission factors. The water used by our operations (litres) was extracted from the sustainability management system. It was multiplied by 344 kg CO2e/million litres from DEFRA's 2020 GHG emission factors. This emission factor is for the provision of water.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

As a logistics company, we do not make use of many raw materials, other than water, fuel and electricity. For this reason, we have accounted for the well-to-tank GHG emissions associated with the fuels used in our fleet under this Scope 3 emissions category. Diesel, biodiesel and HFO can be considered our raw materials. We have also accounted for GHG emissions associated with the provision of water.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

41871

Emissions calculation methodology

The number of new vehicles purchased was obtained from our operations. It was assumed that these vehicles had a Gross Vehicle Mass (GVM) of 24 000 kg each. This was then multiplied by the emission factor for metals from DEFRA's 2020 GHG emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Our biggest produced items by value are fuel, trucks and tyres. Trucks and tyres would be considered capital goods. The GHG emissions captured here are the GHG emissions associated with the production of metal used in the construction of the new vehicles that we purchased in the 2020 reporting year.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2143

Emissions calculation methodology

Electricity consumption (kWh) was extracted from the sustainability management system. Electricity consumed by the South African operations was multiplied by the emission factor of 0.02 kg CO2e/kWh. This emission factor is the difference between the emission factor of Eskom's generation (1.04 kg CO2e/kWh generated) and Eskom's sales (1.06 kg CO2e/kWh sold). Electricity consumed by the other operations was multiplied by emission factors (kg CO2e/kWh) from DEFRA's 2017 GHG emission factors. This was the last year for which DEFRA published these emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This pertains to GHG emissions associated with transmission and distribution losses for electricity purchased by Imperial.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As a logistics company, we do not make use of many raw materials, other than water, fuel and electricity. However, the GHG emissions associated with the transportation of fuel and the provision of water are already captured under purchased goods and services.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

288

Emissions calculation methodology

The water used by our operations (litres) was extracted from the sustainability management system. It was multiplied by 708 kg CO2e/million litres from DEFRA's 2020 GHG emission factors. This emission factor is for the treatment of wastewater.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This pertains to GHG emissions associated with the downstream treatment of wastewater.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

2255

Emissions calculation methodology

The emissions associated with business travel are calculated as follows – • For air travel, we collect data on flight departure and destination airports and flight class (economy/business). We then determine the distance travelled (km). We classify the flights into short- and long-haul. The distance travelled is multiplied by an emission factor (kg CO₂e/km) appropriate to the flight category (economy or business class) and classification (short- or long-haul). Emission factors are sourced from the GHG Protocol Cross-Sector Tools. • For rental vehicles, we collect data on distance travelled (km) and fuel type. We then multiply distance travelled by an appropriate emission factor (kg CO₂e/km) for the fuel type. Emission factors are sourced from the GHG Protocol Cross-Sector Tools.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This refers to emissions associated with flights and hiring of vehicles (car rental). It includes business travel from all of our regions.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

423

Emissions calculation methodology

Business mileage (km) is captured in our sustainability management system. Fuel type is also specified. The business mileage is multiplied by an appropriate emission factor (kg CO₂e/km) for that fuel type. Emission factors are sourced from the GHG Protocol Cross-Sector Tools.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This refers to business mileage done by our employees in private vehicles.

Upstream leased assets

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Although this is relevant, we have not yet consolidated this information at group-level. However, some of our group companies may have quantified emissions associated with upstream leased assets relevant to their operations. We will investigate consolidating this information going forward.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As a logistics company, GHG emissions associated with the provision of transport (i.e. fuels used in our fleet) fall within our Scope 1 emissions. Note that we make use of several subcontractors. However, whilst we don't collect information on their fuel consumption at this stage, we do engage with our subcontractors on environmental issues and create awareness around the need to optimise fuel consumption and reduce emissions.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We do not manufacture intermediate goods which are then sold into the market for further processing.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

One of our primary 'sold products' is the provision of transportation. We have quantified our emissions associated with this activity. It forms part of our Scope 1 emissions and not our Scope 3 emissions.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

One of our primary 'sold products' is the provision of transportation. End of life treatment is not applicable in this case.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We do not operate any leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We do not have any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from the investments in which we have operational control are accounted for under our Scope 1 and 2 emissions.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This is not relevant as upstream scope 3 emission sources are already covered in prior categories.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This is not relevant as downstream scope 3 emission sources are already covered in prior categories.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000123

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

572667

Metric denominator

unit total revenue

Metric denominator: Unit total

4638000000

Scope 2 figure used

Location-based

% change from previous year

5.26

Direction of change

Decreased

Reason for change

In the 2020 reporting year, the emissions intensity decreased by 5.26% due to a reduction in Scope 1 and 2 emissions. Scope 1 and 2 emissions decreased by 11.62% and revenue decreased by 6.72%. The emissions decreased due to the impact of COVID-19, but also partly due to the implementation of fuel efficiency and renewable energy projects.

C-TS6.15

(C-TS6.15) What are your primary intensity (activity-based) metrics that are appropriate to your emissions from transport activities in Scope 1, 2, and 3?

HDV

Scopes used for calculation of intensities

Report just Scope 1

Intensity figure

986

Metric numerator: emissions in metric tons CO2e

371007

Metric denominator: unit

t.km

Metric denominator: unit total

376.2

% change from previous year

0.36

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.

Please note that the denominator is given in million kilometres. At this stage, we are still in the process of consolidating tonnage information across all our group companies. This is particularly challenging given the diverse nature of our business. The numerator is the GHG emissions associated with diesel and biodiesel consumption. There was an 12.91% decrease in emissions associated with HDVs, from 425 980 tCO2e in the 2019 financial year to 371 007 tCO2e in the 2020 financial year. Emissions decreased as a result of the impact of COVID 19 on the business and partly due to the implementation of fuel efficiency initiatives. However, there was also a decrease in kilometres travelled of 13.22%, from 433.5 million km in the 2019 financial year to 376.2 million km in the 2020 financial year. The decrease in kilometres travelled being greater than the decrease in emissions resulted in an overall increase in emissions intensity per kilometre travelled.

ALL

Scopes used for calculation of intensities

Report Scope 1 + 2

Intensity figure

1522

Metric numerator: emissions in metric tons CO2e

572667

Metric denominator: unit

t.km

Metric denominator: unit total

376.2

% change from previous year

1.84

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.

Please note that the denominator is given in million kilometres. At this stage, we are still in the process of consolidating tonnage information across all our group companies. This is particularly challenging given the diverse nature of our business. The numerator is our total Scope 1 and 2 GHG emissions. There was an 11.62% decrease in Scope 1 and 2 emissions, from 647 995 tCO2e in the 2019 financial year to 572 667 tCO2e in the 2020 financial year. Emissions decreased as a result of the impact of COVID 19 on the business and partly due to the implementation of fuel efficiency and renewable energy projects. However, there was also a decrease in kilometres travelled of 13.22%, from 433.5 million km in the 2019 financial year to 376.2 million km in the 2020 financial year. The decrease in kilometres travelled being greater than the decrease in emissions resulted in an overall increase in emissions intensity per kilometre travelled.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	518146	IPCC Third Assessment Report (TAR - 100 year)
CH4	1584	IPCC Third Assessment Report (TAR - 100 year)
N2O	1217	IPCC Third Assessment Report (TAR - 100 year)
HFCs	938	IPCC Third Assessment Report (TAR - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	304857
Other, please specify (Rest of Africa)	15201
Other, please specify (International)	201827

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Market Access	17343
Logistics Africa	302715
Logistics International	201827

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	521885	<Not Applicable>	

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
South Africa	35053	35053	35407	0
Other, please specify (Rest of Africa)	2532	2532	6257	0
Other, please specify (International)	13197	13197	28428	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Market Access	2631	2631
Logistics Africa	34954	34954
Logistics International	13197	13197

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	50782	50782	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	351	Decreased	0.05	This relates to solar power from solar panels bought and installed on building roofs. The emissions value has been calculated as follows – Emissions value = change in emissions / (2019 Scope 1 and 2 emissions) = -351 / (564 985 + 83 010) = -0.05%
Other emissions reduction activities	11471	Decreased	1.77	This relates to emission reduction projects such as the purchase of new fuel-efficient vehicles, the installation of energy efficient lighting etc. The emissions value has been calculated as follows - Emissions value = change in emissions / (2019 Scope 1 and 2 emissions) = -11 471 / (564 985 + 83 010) = -1.77%
Divestment	0	No change	0	Although we made some divestments in the 2020 reporting year, these are included under the rationalisation of our portfolio which is reported under 'other.'
Acquisitions	0	No change	0	Although we made some acquisitions in the 2020 reporting year, these are included under the rationalisation of our portfolio which is reported under 'other.'
Mergers	0	No change	0	We have not attributed any of our changes in emissions to mergers in the 2020 reporting year.
Change in output	0	No change	0	We have not attributed any of our changes in emissions to a change in output in the 2020 reporting year.
Change in methodology	0	No change	0	We have not changed our methodology in the 2020 reporting year.
Change in boundary	0	No change	0	We have not changed our boundaries in the 2020 reporting year.
Change in physical operating conditions	0	No change	0	We have not attributed any of our changes in emissions to changes in physical operating conditions in the 2020 reporting year.
Unidentified	0	No change	0	We have not attributed any of our changes in emissions to 'unidentified' in the 2020 reporting year.
Other	63506	Decreased	9.8	This relates predominantly to the changes in emissions from COVID-19 and the associated restrictions. Some of the change in GHG emissions is also attributable to acquisitions and divestments. The emissions value has been calculated as follows - Emissions value = change in emissions / (2019 Scope 1 and 2 emissions) = -63 506 / (564 985 + 83 010) = -9.80%

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 25% but less than or equal to 30%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	2045	2085931	2087976
Consumption of purchased or acquired electricity	<Not Applicable>	0	70093	70093
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	736	<Not Applicable>	736
Total energy consumption	<Not Applicable>	2781	2156024	2158805

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

13737

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

13737

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.27

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1425434

MWh fuel consumed for self-generation of electricity

6332

MWh fuel consumed for self-generation of heat

1419101

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.67

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

An emission factor of 2.68 kg CO2e/litre was used for diesel used by staff and stationary diesel consumption

Fuels (excluding feedstocks)

Biodiesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

2045

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

2045

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.5

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

16076

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

16076

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

1.51

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

A factor of 1.53 kg CO2e/litre was used for a different application of LPG.

Fuels (excluding feedstocks)

Residual Fuel Oil

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

616189

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

604572

MWh fuel consumed for self-generation of steam

11617

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.27

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

A factor of 2.94 kg CO2e/litre was used for a different application of HFO.

Fuels (excluding feedstocks)

Kerosene

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

10

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.96

Unit

kg CO2e per liter

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

14485

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

14485

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.19

Unit

kg CO2e per kWh

Emissions factor source

GHG Protocol Cross-Sector Tools

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3284	3284	736	736
Heat	1863015	1863015	1841	1841
Steam	9301	9301	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

None (no purchases of low-carbon electricity, heat, steam or cooling)

Low-carbon technology type

<Not Applicable>

Country/area of consumption of low-carbon electricity, heat, steam or cooling

<Not Applicable>

MWh consumed accounted for at a zero emission factor

<Not Applicable>

Comment

C-TS8.5

(C-TS8.5) Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

Activity

Heavy Duty Vehicles (HDV)

Metric figure

0.37

Metric numerator

Liters of fuel

Metric denominator

Other, please specify (km travelled)

Metric numerator: Unit total

140348291

Metric denominator: Unit total

376200000

% change from last year

1.53

Please explain

Please note that the numerator is the diesel and biodiesel consumption. There was an 11.99% decrease in diesel and biodiesel consumed in HDVs, from 159 466 863 litres in the 2019 financial year to 140 348 291 litres in the 2020 financial year. Fuel consumption decreased as a result of the impact of COVID 19 on the business and partly due to the implementation of fuel efficiency initiatives. However, there was also a decrease in kilometres travelled of 13.22%, from 433.5 million km in the 2019 financial year to 376.2 million km in the 2020 financial year. The decrease in kilometres travelled being greater than the decrease in fuel consumption resulted in an overall increase in fuel consumed per kilometre travelled.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Scope 1 and 2 Emissions per Full Time Employee (FTE))

Metric value

21.86

Metric numerator

572667

Metric denominator (intensity metric only)

26201

% change from previous year

7.37

Direction of change

Decreased

Please explain

There was an 11.62% decrease in Scope 1 and 2 emissions, from 647 995 tCO₂e in the 2019 financial year to 572 667 tCO₂e in the 2020 financial year. There was also a decrease in FTE of 4.60%, from 27 463 FTE in the 2019 financial year to 26 201 FTE in the 2020 financial year. This resulted in an overall decrease in emissions intensity. Emissions decreased as a result of the impact of COVID 19 on the business and partly due to the implementation of fuel efficiency and renewable energy projects.

Description

Other, please specify (Scope 1 and 2 Emissions per million kilometres)

Metric value

1522

Metric numerator

572667

Metric denominator (intensity metric only)

376.2

% change from previous year

1.84

Direction of change

Increased

Please explain

There was an 11.62% decrease in Scope 1 and 2 emissions, from 647 995 tCO₂e in the 2019 financial year to 572 667 tCO₂e in the 2020 financial year. Emissions decreased as a result of the impact of COVID 19 on the business and partly due to the implementation of fuel efficiency and renewable energy projects. However, there was also a decrease in kilometres travelled of 13.22%, from 433.5 million km in the 2019 financial year to 376.2 million km in the 2020 financial year. The decrease in kilometres travelled being greater than the decrease in emissions resulted in an overall increase in emissions intensity per kilometre travelled.

C-T09.3/C-TS9.3

(C-T09.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.

Activity

Heavy Duty Vehicles (HDV)

Metric

Fleet adoption

Technology

Other, please specify (Vehicles using low carbon fuels (e.g. biofuel, LNG, electric etc.))

Metric figure

5

Metric unit

% of fleet

Explanation

The number of trucks using low carbon fuels is estimated at 5% of the total fleet. Examples in the reporting year include: • In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer. • In the UK, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. • In Sweden, Food Tankers made a complete switch to biofuel. This number is far exceeded by the number of fuel-efficient vehicles in the fleet. Through Project Blue Fleet, we are systematically replacing our fleet with only Euro 5 and Euro 6 standard vehicles within the constraints of the African market's infrastructure. This ensures we have the most fuel efficient vehicles available to us within our fleet. As part of the ESG strategy, our focus on fleet emission performance is a key strategic objective, and we look to improve our performance year on year.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-T09.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	We are focused on innovating and, as such, prioritise research and development. We are continually reviewing the current and future business environment in which we operate in order to identify new markets and technologies and/or opportunities for low-carbon products and services.

C-TO9.6a/C-TS9.6a

(C-TO9.6a/C-TS9.6a) Provide details of your organization's investments in low-carbon R&D for transport-related activities over the last three years.

Activity

Heavy Duty Vehicles (HDV)

Technology area

Operations

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

21-40%

R&D investment figure in the reporting year (optional)

Comment

We are focused on improving the fuel efficiency of our fleet and operations. Examples include: • Project Blue Fleet under which we aim to replace all vehicles in our fleet with Euro 5 and Euro 6 trucks. Project Blue Fleet is also focused on the digitisation of our fleet and aims to improve overall performance through increased visibility and monitoring supported by analytics and insights from telematics. • Introduction of PBS vehicles into the fleet. • Introduction of trucks and trailers that are fit-for-purpose, aerodynamic, lighter etc. and have on-board analysis tools for driving optimisation. • Route optimisation to reduce idling and trips made by empty vehicles. • Driver training. • Use of supply chain control towers to improve efficiency of complex operations by using real time technology and cloud-based solutions. Imperial's Integrated Commercial Solutions offering provides its clients with the opportunity to use control towers to achieve supply chain benefits through simplifying activities and responsibilities across African networks. We have selected large scale commercial deployment as we have implemented the solutions above on a significant percentage of our fleet. We estimate the investment in fuel efficiency, alternative fuels and electrification at in excess of 21% of our total R&D investment over the last three years.

Activity

Heavy Duty Vehicles (HDV)

Technology area

Alternative fuels

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

21-40%

R&D investment figure in the reporting year (optional)

Comment

We are focused on moving from conventional to alternative fuels. Examples include: • In the UK, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. A 20% reduction of GHG emissions is achievable, compared with conventional diesel trucks. • In Sweden, Food Tankers made a complete switch to biofuel. • In South Africa, we have tested gas-powered and multipurpose vehicles. We are in discussions with a major client to bring the first compressed natural gas dual-fuel truck, which runs on gas and diesel, to South Africa. The client aims to fuel the trucks using excess gas from their manufacturing process. We tested the liquefied natural gas-powered truck imported in 2018. We have selected large scale commercial deployment as Food Tankers has made a complete switch to biofuels and we have started to transition our fleet servicing a specific client in the UK to LNG. We estimate the investment in fuel efficiency, alternative fuels and electrification at in excess of 21% of our total R&D investment over the last three years.

Activity

Heavy Duty Vehicles (HDV)

Technology area

Electrification

Stage of development in the reporting year

Small scale commercial deployment

Average % of total R&D investment over the last 3 years

21-40%

R&D investment figure in the reporting year (optional)

Comment

Electrification is one of our focus areas. Examples include: • Palletways Solutions uses electric trucks to deliver goods in the limited traffic zone in Bologna. • In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer. • We are working with original equipment manufacturers to bring the first electric truck and bus to South Africa. We have selected small scale commercial deployment as Palletways Solutions makes use of electric trucks. We estimate the investment in fuel efficiency, alternative fuels and electrification at in excess of 21% of our total R&D investment over the last three years.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

imperialsustainabilityreport2020.pdf

Page/ section reference

Page 78

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

imperialsustainabilityreport2020.pdf

Page/ section reference

Page 78

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

imperialsustainabilityreport2020.pdf

Page/ section reference

Page 78

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

imperialsustainabilityreport2020.pdf

Page/section reference

Page 78

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 3)	ISAE 3000	The scope of the limited assurance obtained on our GHG emissions data includes verification of the year-on-year change in Scope 3 emissions.
C7. Emissions breakdown	Year on year change in emissions (Scope 1)	ISAE 3000	The scope of the limited assurance obtained on our GHG emissions data includes verification of the year-on-year changes in Scope 1, Scope 2 and Scope 1 and 2 emissions.
C7. Emissions breakdown	Year on year change in emissions (Scope 2)	ISAE 3000	The scope of the limited assurance obtained on our GHG emissions data includes verification of the year-on-year changes in Scope 1, Scope 2 and Scope 1 and 2 emissions.
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	ISAE 3000	The scope of the limited assurance obtained on our GHG emissions data includes verification of the year-on-year changes in Scope 1, Scope 2 and Scope 1 and 2 emissions.
C8. Energy	Energy consumption	ISAE 3000	Diesel and petrol consumed — normal engine and electricity consumption are verified.
C9. Additional metrics	Other, please specify (Emissions intensity)	ISAE 3000	Kilometres travelled are verified and used to calculate the emission intensity.

imperialsustainabilityreport2020.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Poland carbon tax
South Africa carbon tax
Sweden carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Poland carbon tax

Period start date

July 1 2019

Period end date

June 30 2020

% of total Scope 1 emissions covered by tax

3.6

Total cost of tax paid

29449

Comment

The percentage of emissions covered by the tax has been calculated as emissions from consumption of fossil fuels subject to the tax divided by our total global Scope 1 emissions.

South Africa carbon tax

Period start date

July 1 2019

Period end date

June 30 2020

% of total Scope 1 emissions covered by tax

56

Total cost of tax paid

8945734

Comment

The percentage of emissions covered by the tax has been calculated as a full year of emissions subject to the tax divided by our total global Scope 1 emissions. We have reported on both our direct carbon tax (i.e. directly payable by us) and the tax payable that has been incorporated as part of the fuel levy on petrol and diesel. This calculation excludes the levy on electricity generated from non-renewable fuel which we pay when we purchase electricity from the South African grid.

Sweden carbon tax

Period start date

July 1 2019

Period end date

June 30 2020

% of total Scope 1 emissions covered by tax

0.41

Total cost of tax paid

4014359

Comment

The percentage of emissions covered by the tax has been calculated as emissions from consumption of fossil fuels subject to the tax divided by our total global Scope 1 emissions.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

We are impacted by carbon taxes in several of the countries in which we operate. These carbon taxes are typically built into the price of fossil fuels and are paid upon purchase of these fuels. As such, compliance is ensured when we pay our suppliers of fossil fuels.

The South African carbon tax, effective from 1 June 2019, is an exception to this. Although the carbon tax on diesel and petrol is built into the fuel levy, we are also subject to a direct tax on combustion of other fossil fuels that must be paid directly to SARS. To ensure compliance with the South African carbon tax, we have done the following –

- a) Monitored the development of the legislation over the past few years. When required, we have engaged both directly and through trade associations or carbon tax specialists with the South African National Treasury and DFFE.
- b) Appointed a carbon tax specialist to identify which of our legal entities are considered carbon taxpayers under the Carbon Tax Act. These specialists also registered the relevant legal entities with DFFE and licensed them with SARS. Given that this is a new tax, these specialists also assisted with reporting to DFFE and filing the tax returns with SARS.

Going forward, we intend to ensure compliance by –

- a) Continuing to monitor and report on our GHG emissions. We have a robust system in place that has been developed and refined over the years. This system allows us to collect fuel consumption and GHG emissions data from the various companies. The data from this system is externally verified on an annual basis.
- b) Training relevant personnel within the organisation to calculate our carbon tax liability and complete the necessary returns to SARS. We will continue to use carbon tax specialists as required.

We also focus on reducing the impact of these carbon taxes both for ourselves and our clients. To do this, we are continually looking for ways to reduce our fossil fuel consumption and GHG emissions. Some examples include -

- WP Transport, based in Namibia, partnered with OEM, Scania Namibia, to replace its fleet with new generation trucks over two years;
- In Hungary, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer; and
- In the UK, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialed in the UK and Germany over the past year, with good results and positive driver feedback. The trials have enabled us to accommodate a request from a major client in the UK to switch to low emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Other, please specify (Environmentally-friendly cookers)

Project identification

Imperial offsets the GHG emissions from the company car fleet in Germany. It does this by supporting an environmental project that provides environmentally-friendly cookers in an effort to eradicate the destruction of the rainforest in Kakamega, Kenya. Imperial also has a carbon compensation scheme in place which allows our clients to offset their carbon footprints by investing in emission reduction projects. Through this scheme, Imperial and Oxea GmbH, one of our clients, funded the manufacture and distribution of affordable, climate-friendly solar- and conventional cookers in Madagascar.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

1988

Number of credits (metric tonnes CO2e): Risk adjusted volume

1988

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities

GHG Scope

Scope 1
Scope 2

Application

Our internal carbon price is applied when making investment decisions. This could include acquisition of new companies, but also the acquisition of new, more fuel-efficient trucks. We also apply this price when considering whether to implement energy efficiency initiatives. The price is also factored into our planning (i.e. budget setting).

Actual price(s) used (Currency /metric ton)

127

Variance of price(s) used

This price is applicable to our South African operations. Our internal carbon price is aligned with the tax rate under the South African carbon tax. As such, it is increased each year in line with the South African carbon tax rate.

Type of internal carbon price

Shadow price

Impact & implication

The internal carbon price is aligned with the South African carbon tax. One of the ways in which we use this price is when determining the viability of investments in new, more fuel-efficient trucks. Through the fuel levy, the carbon price is factored into the payback determined for these investments.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

99

Rationale for the coverage of your engagement

All new suppliers are required to go through our onboarding process. All suppliers are required to comply with our policies and standards, including our ESG and climate change policies.

Impact of engagement, including measures of success

We require all new suppliers to go through our onboarding process. As part of this process, we require that they commit to adhering to all our policies and standards, including our ESG and climate change policies. In addition, our group companies, where possible, evaluate the GHG emissions of their suppliers as a part of supplier evaluations. We engage with suppliers in meetings, telephonically and over email. Engaging with our suppliers allows us to identify any major risks in our supply chain and understand how these risks are being managed. We measure success of our engagement if our suppliers adhere to all our policies and standards and if we are comfortable that climate-related risks in our supply chain are being effectively managed. A major part of our selection of suppliers is the assessment of the ability of these suppliers to provide us with low carbon solutions (i.e. fuel efficient trucks). In South Africa, for example, we look for suppliers who can provide us with Euro 5 trucks. This is the highest Euro-rating feasible in South Africa. In Europe, we engage with suppliers who can provide us with latest Euro 6 technology.

Comment

Under the Scope 3 emissions category for purchased goods and services, we have quantified the well-to-tank GHG emissions associated with the fuels used in our fleet and the GHG emissions associated with the water we use. Of these emissions, the well-to-tank GHG emissions associated with the fuels used in our fleet are relevant to this question as the suppliers of fuel form part of our compliance and onboarding process. The well-to-tank GHG emissions associated with the fuels used in our fleet constitute over 99% of the emissions reported under the Scope 3 emissions category for purchased goods and services.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

50

% total procurement spend (direct and indirect)

75

% of supplier-related Scope 3 emissions as reported in C6.5

99

Rationale for the coverage of your engagement

We engage with our vehicle suppliers, fuel suppliers and tyre suppliers which constitute a substantial proportion of our procurement spend. We estimate that procurement of vehicles represents 75% to 85% of our capex.

Impact of engagement, including measures of success

We collaborate closely with our suppliers to develop solutions that help us to reduce our GHG emissions and our clients to do the same. We engage with suppliers from which we purchase vehicles. We collaborate with them on the development of less emission intensive vehicles. We also look to purchase more fuel-efficient vehicles from these suppliers. Also, our fuel procurement is substantial. As such, we engage constantly with our fuel suppliers to collaborate on improving product ranges, so that we can optimise our fuel consumption. We engage tyre suppliers to understand their product range and how this influences fuel efficiency performance. Engaging with these suppliers allows us to develop or identify new vehicles or product ranges that could increase our fuel efficiency and reduce our GHG emissions and those of our clients. This, in turn, reduces our exposure and our clients' exposure to climate-related risks such as carbon pricing and emissions limits. For us, our engagement is successful if we can pilot new fuel-efficient technologies developed by the supplier or in conjunction with the supplier on an ongoing basis. In the reporting year, we engaged with suppliers on the use of alternative fuels in trucks. For example: • We are testing a 24-tonne electrically powered truck in Hungary. • Food Tankers in Sweden made a complete switch to biodiesel. • LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. In the UK, we are moving towards a road transport fleet that is powered by LNG. Some of the fleet will also eventually move to bio-LNG, with higher GHG reduction benefits. All of the above required engagement with vehicle suppliers to design vehicles that can operate on these alternative fuels.

Comment

Under the Scope 3 emissions category for purchased goods and services, we have quantified the well-to-tank GHG emissions associated with the fuels used in our fleet and the GHG emissions associated with the water we use. Of these emissions, the well-to-tank GHG emissions associated with the fuels used in our fleet are relevant to this question as the suppliers of fuel form part of our compliance and onboarding process. The well-to-tank GHG emissions associated with the fuels used in our fleet constitute over 99% of the emissions reported under the Scope 3 emissions category for purchased goods and services.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Our group companies engage with their clients as they understand that the sustainability of their businesses is dependent on continued demand from clients. For this reason, we have selected 100% as the size of the engagement. We engage with clients during the normal course of business via meetings, calls and over email. We also engage with clients during contractual negotiations and renewals. We collaborate with our clients to develop solutions to help them reduce their carbon footprint. We also assist our clients to offset their carbon footprints.

Impact of engagement, including measures of success

Our climate-related engagement with clients allows us to understand their needs and adjust our goods and services to meet these needs. We do this to ensure that we are exceeding client expectations, ensuring demand for our goods and services into the future. This also assists us in managing the climate-related transition risks associated with changes in markets, changing client demands etc. We measure the success of our engagements by whether our clients continue to purchase our goods and services. We also measure success by whether we are reducing the carbon footprint associated with our products and services and also reducing our clients' carbon footprints. We have collaborated with clients on the use of alternative fuels in vehicles. For example, FoodTankers, for example, utilizes HVO100 (hydrotreated vegetable oil) for all new vehicles acquired for its Nordic operations. We have, also, tested a 24- tonne electrically powered truck in Hungary. We help our clients to reduce their carbon footprint through supply chain control towers. These towers provide a single point of real-time visibility, enabling tactical and operational planning, real-time execution management and feedback for continuous improvement. They improve operational and fuel efficiency. We have a business, Resolve Solution Partners, that is focused on optimising fuel consumption for both our own and other operations. Resolve focuses on identifying bottlenecks and inefficiencies in the supply chain and removing them to increase utilisation, improve service and reduce cost. This is done through operational alignment, technology enablement and change management. We also help our clients to offset their GHG emissions through our Carbon Compensation Scheme. This scheme allows our clients to offset their carbon footprints by investing in emission reduction projects. Through this scheme, Imperial and Oxea GmbH, one of our clients, funded the manufacture and distribution of affordable, climate-friendly solar- and conventional cookers in Madagascar. We have not yet quantified emissions associated with sold goods and services. As such, we have entered zero for the percentage of Scope 3 emissions reported in C6.5. However, these emissions are covered under our Scope 1. The fuel used to provide these services is included under our Scope 1 emissions.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

In addition to our suppliers and our clients, we engage with government, our employees, industry associations and the communities in which we operate. We see constructive relationships with regulators, governments, employees, industry associations and local communities in the 26 countries in which we operate are essential in the retention of our local relevance, and our reputation as a well-governed and ethical group, which multinational clients consider to be a competitive advantage.

Legal compliance is of utmost importance to the Group. Given the diverse nature of our companies and the geographies in which we operate, we are exposed to a myriad of climate and energy-related regulations. To comply with existing and emerging regulations, we engage directly with government and/or through industry associations. For example, we engaged directly with the South African National Treasury around our concerns on the carbon tax that was introduced into South Africa on the 1st of June 2019. We did this by providing written submissions when calls were made for commentary. We also engaged directly with the DFFE to unpack the activities conducted by our legal entities under the National GHG Emission Reporting Regulations.

We engage regularly with our employees. We understand that the success of many of our initiatives are dependent on buy-in from our employees. Engagement with employees typically takes place through meetings, training, events, surveys and electronic communication etc. In the 2020 financial year, we continued to conduct environmental training. This training drives the use of new technologies, focuses on fuel conservation in trucks and barges, and aims to influence employee behaviour and adherence to key environmental performance indicators. In South Africa, in the reporting year, we launched a new eLearning programme for truck and forklift drivers which is likely to contribute to fuel savings through improved job performance and satisfaction.

We are represented on the membership and/or board of a number of industry associations such as the Road Freight Association in South Africa and the National Business Initiative. We participate regularly in these industry associations, engaging on energy and climate-related issues. For example, we are part of the National Business Initiative's Energy Efficiency Leadership Network which seeks to promote energy efficiency in the broader South African business sector through a platform for knowledge sharing and capacity development, and their Just Transitions Pathways working group which seeks to define possible roadmap scenarios towards a zero-carbon future for key sectors in the South African economy.

We engage with communities through our community investment programmes and through our business units. This includes Imperial and Motus Community Trust. Our companies determine their contribution based on their capacity to support projects and on the specific needs of their local communities. We continue to collaborate with selected partners to implement new community investment strategies capable of making a demonstrable difference in people's lives.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support with major exceptions	We have engaged directly with the South African National Treasury on the carbon tax that was introduced into South Africa on the 1st of June 2019. Our engagement was done primarily through the submission of letters to National Treasury on the carbon tax in response to a call for comments.	Although we support the transition to a green economy and are actively looking for ways to reduce our emissions, we had the following issues with the South African Carbon Tax - • The revenue collected from the carbon tax is not ring-fenced. As such, there is no guarantee that it will be used to mitigate the effects of climate change. We proposed that some certainty be provided as to where the revenue collected from the tax will be used. • The implications for the transport sector and its consequent implications for inflation and economic development must be carefully considered. We proposed that National Treasury did a full assessment on the impact of the carbon tax on the economy and jobs. • The carbon tax in conjunction with increasing fuel levies and e-tolling in South Africa should be considered. We proposed that the carbon tax is not viewed in isolation and that the full impact on consumers be considered.
Mandatory carbon reporting	Support with minor exceptions	We have engaged directly with the DFFE on the mandatory reporting of GHG emissions under the National GHG Emission Reporting Regulations. Our engagement was done primarily over email.	Imperial has a robust system in place for the collection of fuel consumption and GHG emissions data. The data from this system is assured annually by our auditors. As such, we can accurately report on our GHG emissions. For this reason, we are not opposed to mandatory reporting. We do, however, recommend that the reporting thresholds be clarified. It should be clearly stated how the calculation of the net heat input design capacity should be done. This will ensure all companies adopt the same approach to the calculation. It will assist in ensuring compliance. In addition, we recommend the definition of the activities be clarified and possibly aligned with the definitions under the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. In some cases, the definitions applied locally appear to be different to the definitions under the IPCC 2006 Guidelines.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Road Freight Association (RFA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The RFA is a facilitating body which influences the state of the logistics industry. Whilst the RFA supports the reduction of GHG emissions in mitigating climate change and actively encourages members to understand their emissions profile and reduce it accordingly, it has voiced its concerns that a carbon tax in South Africa could result in the road freight industry becoming less competitive, impacting job security in this industry.

How have you influenced, or are you attempting to influence their position?

The Executive Vice President of Logistics, Road Freight is a board member the RFA and our Human Resources Director represents Imperial at the Labour Relations Committee of the RFA and also serves as a Board Member of National Bargaining Council for the Road Freight and Logistics sector. Whilst Imperial does not oppose the carbon tax, similar concerns are shared with the RFA. Imperial's engagement with the RFA includes input on sustainable transport and fuel efficiency.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our Group Social, Ethics and Sustainability Committee is responsible for ensuring that all direct and indirect activities that influence policy are consistent with our overall climate change strategy. They do this with the assistance of the CSI/ESG Committee, the Executive Vice President: Corporate Affairs & Investor Relations, the Vice President: Group Environmental, Social & Governance and the Group Sustainability Executive. These committees and individuals engage regularly with the regions, industry associations, government representatives and other stakeholders. It is through this engagement that any inconsistencies in our activities and our strategy are identified.

Consistency is also ensured through the collection and assessment of sustainability-related data. The companies regularly submit data to the Group Sustainability Executive. This is done through a robust reporting system. This data is reviewed by the Group Sustainability Executive. Any concerns are raised with the relevant business and addressed. The data from this system is also externally assured on an annual basis. This data is reported to the Group Social, Ethics and Sustainability Committee.

The Group Social, Ethics and Sustainability Committee meets quarterly. It monitors all climate-related activities to ensure that they align with the group strategy and our sustainability objectives. All material information is elevated to the Group Risk Committee and the Board. This includes any inconsistencies identified in terms of our activities and their alignment to our strategy. The Group Risk Committee is responsible for developing and implementing actions required to mitigate the effects of any identified inconsistencies.

The same is true at divisional level, with the individual responsible for risk being tasked with ensuring that our activities are consistent and reporting any inconsistencies to the Group Risk Executive.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

imperialintegratedannualreport.pdf

Page/Section reference

14, 15, 16, 18, 26, 27, 33, 38, 41, 43, 46, 51, 81, 99, 109, 110, 115, 116

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication

In mainstream reports

Status

Complete

Attach the document

imperialsustainabilityreport2020.pdf

Page/Section reference

66 to 77

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive vice president: corporate affairs & investor relations	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors Customers	Public

Please confirm below

I have read and accept the applicable Terms