



Imperial Logistics
Sustainability
Environmental Management Framework

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1. BACKGROUND TO THE DEVELOPMENT OF THE IMPERIAL LOGISTICS ENVIRONMENTAL MANAGEMENT FRAMEWORK AND POLICY

Imperial Holdings established five material issues that (1) direct and drive the focus of the business and (2) create the framework under which all sustainability efforts are mandated.

The material issues are:

- Driving focused growth,
The approach is to grow the company geographically according to where we can best apply our capabilities or to be in line with our existing clients' expansion plans.
- Assessing and allocating capital to achieve risk adjusted Return On Investment Capital (ROIC),
Imperial Holdings ensures that capital deployed at divisional level is strategically aligned and disciplined, while maintaining an appropriate level of entrepreneurial flexibility. Return on capital invested is realised over the longer term.
- Mitigating currency risk,
Imperial Holdings is sensitive to currency fluctuations. In line driving focused growth, diversifying outside South Africa to increase the contribution to earnings of the Africa and international operations is a key growth strategy of the group.
- Staffing for performance and succession,
Imperial Holdings and its divisions seek to align the competencies, skills and abilities of staff members to the requirements of the group's strategy. The company continues to ensure that the appropriate sourcing, development, retention and reward processes are in place to further this objective
- Enhancing societal impact and legitimacy among all stakeholders,
The company aims to ensure that capital allocation decisions are considerate of national priorities and are socially relevant and environmentally responsible. To maintain legitimacy, the company ensures appropriate governance within the various divisions.

These material issues give direction to the manner in which we drive the three pillars of sustainability at Imperial Logistics, viz Environmental, Economic and Social issues (see Figure 1).



Figure 1: Sustainability at Imperial Logistics

Although this document mainly deals with the environmental pillar of sustainability and provides the framework and policy for the manner in which Imperial Logistics deals with the environmental aspect of sustainability, sustainability is an integrated concept and the one pillar cannot be seen in isolation from the other. E.g. when dealing with green procurement, which promotes resource conservation, the associated procurement process should favour black economic empowerment (BEE), thereby contributing to the social well-being and equity and the continuous economic prosperity and continuity of Imperial Logistics as a company.

1.1. Purpose of the document

The purpose of the environmental management framework and policy is to set the minimum requirements, standards and approach to environmental management Imperial Logistics. It also provides a strategic framework on how Imperial Logistics, its divisions and their operating companies should conduct its business to adhere to the company's sustainable development objectives; which are:

- Following the precautionary approach¹ when faced with environmental difficulties and challenges;
- Adhering to the BATNEEC principle when evaluating various environmental options, i.e. Best Available Technology not entailing Excessive Economical Costs;
- Strive to continually improve our activities that may have an impact on the environment and surrounding communities.

¹ If an action has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action is not harmful, the burden of proof that it is not harmful falls on those taking an action. Therefore, it is to anticipate harm to the public or environment before it occurs.

1.2. Scope and application of the document.

This document is applicable to all divisions and their operating companies under the direct control of the Imperial Logistics Board.

2. IMPLEMENTING ENVIRONMENTAL SUSTAINABILITY

The environmental impacts generally associated with the activities, products or services of the logistics industry are (not limited to):

- Air pollution and associated impacts;
- Water pollution and associated impacts;
- Soil pollution and associated impacts; and
- Depletion of natural resources and associated impacts (notably fossil fuels and water).

To manage and have control over these impacts, and to give effect to the sustainability objectives, Imperial Logistics has highlighted five environmental management focus areas:

- Greenhouse Gas (GHG) Management;
- Energy Management;
- Water Management;
- Waste Management, and
- Biodiversity Management.

2.1. Greenhouse gas (GHG²) management

To contribute to the South African Government's initiative to reduce GHGs, therefore, global warming, Imperial Logistics sees the proactive management of its own GHGs as a priority.

All operating entities need to seek practicable and feasible solutions to minimize their GHG emissions by means of reducing emissions at their operations.

To this effect, the divisions and their operating companies need to:

- Establish a baseline of the significant GHG emissions in order to set feasible and realistic targets and programmes to manage the aspect;
- Qualify and quantify the main types of GHGs (direct and indirect);
- Set objectives and prepare programmes and actions plans to reduce / GHG; and
- Report³ on GHG programmes to improve efficiency.

² Gaseous constituent of the atmosphere, both natural and anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the earth's surface, the atmosphere and clouds. GHGs include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

³ When reporting on GHG, SANS 14064-1:2006 should be used as a guideline and specification.

Imperial Logistics should continue to engage with Imperial Holdings in light of their interaction with the South African Government regarding the imposing of a Carbon Tax on our emissions.

2.2. Energy management

Energy demands are under increasing pressure in South Africa. Imperial Logistics endeavours to conduct business in an energy efficient manner by investing in processes to implement and manage energy efficient practices.

To this effect, the divisions and their operating companies need to:

- Establish a baseline energy consumption rate;
- Set objectives to develop a process to establish feasible energy efficient measures, targets and programmes; and
- Report on energy usage and programmes to improve efficiency.

2.3. Water management

Reliable water supplies, in terms of both quantity and quality, are becoming a contentious issue in South Africa. The company must therefore manage their water usage (supplies and discharges) to ensure optimal usage.

To this effect, the divisions and their operating companies need to:

- Establish a baseline water consumption rate;
- Set objectives and feasible and realistic targets to introduce programmes which can manage water use and consumption rates to improve water use patterns;
- Manage water resources in line with applicable legal and other requirements;
- Report on water consumption and water management programmes.

2.4. Waste management

Filling up land and air space with waste is not only a costly exercise, but also unsustainable in the long term. To curb the eminent problem the South African Government has promulgated legislation⁴ and introduced the 3R concept as far as waste management is concerned, i.e. *reduce-, reuse- and recycle waste before disposal*. The company must internalise this concept into its everyday operations.

To this effect, the divisions and their operating companies need to:

- Develop waste management specifications in line with all applicable legislation and best practices;
- Quantify, qualify and record the amount of waste being generated;

⁴ National Environmental Management: Waste Act (NEMWA) (Act 59 of 2008)

- Set objectives with feasible and realistic targets with associated programmes to manage waste at source;
- Report on waste generation, management and associated programmes.

2.5. Biodiversity management

Imperial Logistics is cognisant that in certain geographical operating areas the logistics supply chain may have direct and indirect impacts on the biodiversity⁵ of the areas we operate

When and where applicable Imperial Logistics will protect sensitive / endangered / protected indigenous fauna, flora, habitats and ecosystems. The company will further control alien and invasive species and protect the cultural heritage status and social fibre of the areas we operate in.

3. ELEMENTS SUPPORTING ENVIRONMENTAL MANAGEMENT FRAMEWORK AND POLICY

3.1. Environmental policy statement

Imperial Logistics must develop an environmental policy statement⁶, to be signed off by the Chief Executive Officer (CEO). The statement must be electronically available, displayed in public areas and reviewed on an annual basis.

The statement has to contain specific commitments related to:

- Legal compliance;
- Continual improvement; and
- Pollution prevention.

The statement must also make reference to the following key aspects:

- Promotion of sustainable development in all aspects of the logistics supply and value chain;
- Measuring of the impact of activities on the social and natural environments in the areas where we have a presence;
- Promotion of environmental awareness through training, education and information sharing initiatives;
- Compliance with applicable international best practice and industry standards;
- Setting of objectives to develop programmes to ensure the efficient use of materials and natural resources; and

⁵ *The variety and different types of animals and plants found on earth or in a specific area.*

⁶ *A one page document detailing the commitment of an organization to the laws, regulations, and other policy mechanisms concerning environmental issues.*

- Setting of objectives to develop programmes to monitor and reduce greenhouse gas (GHG) emissions.

A copy of the Imperial Logistics Environmental Policy Statement is available electronically or on request from the Sustainability Department.

Due to the varying nature of the operating companies under the Imperial Logistics umbrella, company specific environmental policy statements may be developed. However, the following criteria have to be adhered to:

- The statement may not contradict the commitments of Imperial Logistics;
- Has to be signed off by the applicable managing director;

3.2. Legal compliance

Legal compliance is a key aspect of a company's licence to operate. Imperial Logistics must develop and implement protocols to identify and have access to the applicable, current and other environmental legal requirements of the countries they operate in.

The company must ensure that these applicable legal and other requirements are taken into account when dealing with sustainability issues and programmes.

3.3. Environmental management plans

Implementation of mitigation measures against known and perceived risks is of paramount importance to any company following a risk-adverse approach. An environmental management plan (EMP) is a best practice tool to deal with environmental issues and impacts in a systematic manner. The EMP, therefore, controls significant aspects that can have a detrimental environmental impact and a legal implication for the company.

Each operating company must, as a minimum, develop an EMP and show diligence in dealing with their environmental impacts (risks) in a formal and constructive manner.

It is recommended that the principles of the internationally recognised ISO 14001 environmental management system (EMS) Standard should be given consideration when developing an EMP:

- Identification of Aspect and Impacts;
- Setting of Objectives and Targets;
- Training and Awareness;
- Emergency Preparedness;
- Environmental / Sustainability Programmes;
- Monitoring and Measurement; and
- Identification and dealing with incidents and corrective actions.

3.4. Green building design

Whenever new developments are planned, the sustainability of the project (i.e. from siting to design, construction, operation, maintenance, renovation, and demolition) in terms of the optimal use of water, energy and waste must receive consideration equal to the actual financial viability of the building.

3.5. Procurement practices

In line with the BEE codes of good practice and our commitment to enterprise development (ED) procurement in IMPERIAL Logistics should favour:

- “Green” initiatives / products (where possible);
- BEE; and
- ED

In addition, opportunities to enhance ED through internal and external collaboration by means of identifying potential candidates within the company (internal staff) as well as the identification of potential partners in the market should receive priority.

3.6. Visible leadership

All levels of management have a responsibility to abide by the Imperial Logistics Environmental Framework and Policy. Executives and senior management are ultimately accountable for the management of environmental issues in the company and they must lead by example and demonstrate the desired leadership behaviours that will drive continual improvement in environmental performance.

Management must set non-negotiable, high standards for environmental management, strive for best practice in the industry, and correct wrong behaviours or situations that could cause unplanned or increased adverse impacts on the environment.

Emphasis is needed to ensure that lessons are learned from environmental incidents and all necessary actions are taken to prevent repeats. Executives, managers and first-line supervisors must demonstrate through visibly felt leadership that environmental issues are given the same priority, throughout the lifecycle of a business, as the other key business priorities.

4. IMPLEMENTATION OF THE FRAMEWORK

All employees are required to consider the impact of their activities on the environment and take appropriate actions to mitigate or minimize negative impacts. Imperial Logistics' Sustainability Department is responsible for reviewing and updating the framework.

The managing directors of the various operating companies are responsible for ensuring that the policy is communicated and implemented. The Sustainability Committee, which comprises

of divisional CEO's, is responsible for providing leadership and monitoring the company's compliance with this framework.

4.1. Sustainability Reporting

As part of the effort to capture our sustainability data on the ISMS software system (see Section 4.2) and present it in the annual sustainability report, the latter also requires case studies, success stories and lessons learnt.

4.2. Data management and record keeping

All sustainability data shall be captured on the Imperial Sustainability Management System (ISMS) software system. Operating companies shall make available competent data capturers and verifiers to ensure timeous and correct capturing of requested sustainability data. Records pertaining to the captured data shall be kept and maintained by the relevant operating companies. The records shall be made available to the Sustainability Department or Third Parties for review and/or analysis on request.

5. INSTITUTIONAL ARRANGEMENTS

Imperial Logistics and the operating companies shall allocate adequate human and financial resources to ensure the effective implementation of the environmental management framework and policy.

The framework must be communicated to Imperial Logistics employees and be made available to other stakeholders on request. Imperial Logistics Sustainability Department will monitor and evaluate performance against this framework by conducting periodic audits.

6. REVIEW AND ENQUIRIES RELATED TO THIS DOCUMENT

This document shall be reviewed at least once every five years (5) from the date of signature by the CEO to ensure continual alignment with relevant legislation and changing company requirements.

Enquiries regarding this document should be referred to the Imperial Logistics Sustainability Executive (011-677-5000).