

www.imperiallogistics.com



Imperial™

beyond possibility

Imperial is your **'Gateway to Africa'**





From delivering food to doorsteps in **South Africa**

to taking medication to communities in **Nigeria**

and distributing medical supplies and kits to **African** countries in need.

Our reporting suite

We are committed to transparent, open and honest reporting and have a suite of reports that cater to the diverse information needs of our broad range of stakeholders.

	Audience	Frameworks applied	Assurance
Integrated report	Our primary report to our providers of financial capital contains material information on the group's strategy to create sustainable competitive advantage and deliberate social, economic and environmental value.	<ul style="list-style-type: none"> • The International <IR> Framework. • King IV™* • Johannesburg Stock Exchange (JSE) Listings Requirements. • Taskforce on Climate-related Financial Disclosures (TCFD) • United Nations (UN) Sustainable Development Goals (SDGs) 	Information extracted from underlying reports on which assurance is provided.
Environmental, social and governance (ESG) report	<p>Sets out in detail the group's ESG strategy, impacts and the governance practices and approaches that ensure impacts are appropriately managed. It is aimed at our employees, clients, principals and customers, shareholders, and other key stakeholders and broader society.</p> <p>Information relating to TCFD disclosures is included throughout our reporting suite.</p>	<ul style="list-style-type: none"> • King IV. • Global Reporting Initiative (GRI). • TCFD. • UN Global Compact, Women's Empowerment Principles and SDGs. 	Limited assurance on 20 indicators.
Shareholder report	Sets out information relevant for shareholder decision making, including the notice of annual general meeting (AGM), full corporate governance and remuneration reports and summary financial information.	<ul style="list-style-type: none"> • South African Companies Act, 71 of 2008 (as amended) (Companies Act). • King IV. • JSE Listings Requirements. 	Information extracted from underlying reports on which assurance is provided.
Annual financial statements	Sets out the group's full audited annual financial statements, including the audit and risk committee report and the report of the independent auditor.	<ul style="list-style-type: none"> • International Financial Reporting Standards (IFRS). • Companies Act. • JSE Listings Requirements. • King IV. 	Assured by external assurance providers.

* The King Report on Corporate Governance™ for South Africa 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



We urge our stakeholders to make use of our reporting website which presents the full extent of our reporting for the year. Stakeholders can access the group's reports, and interim and annual financial results announcements and presentations at <https://www.imperiallogistics.com/inv-reports.php> or scan the QR code to be taken there directly.



With a footprint in over **20 African countries**

Imperial is your **'Gateway to Africa'**

Connecting Africa and the world and improving people's lives with access to quality products and services

 Core principle to underpin our investment case

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For important information on forward looking statements in this report, refer to the inside back cover.

Photographs were either taken pre-COVID-19 or when full health and safety protocols were followed as appropriate to protect stakeholders during the pandemic.

Independent board responsibility statement with respect to the DP World offer

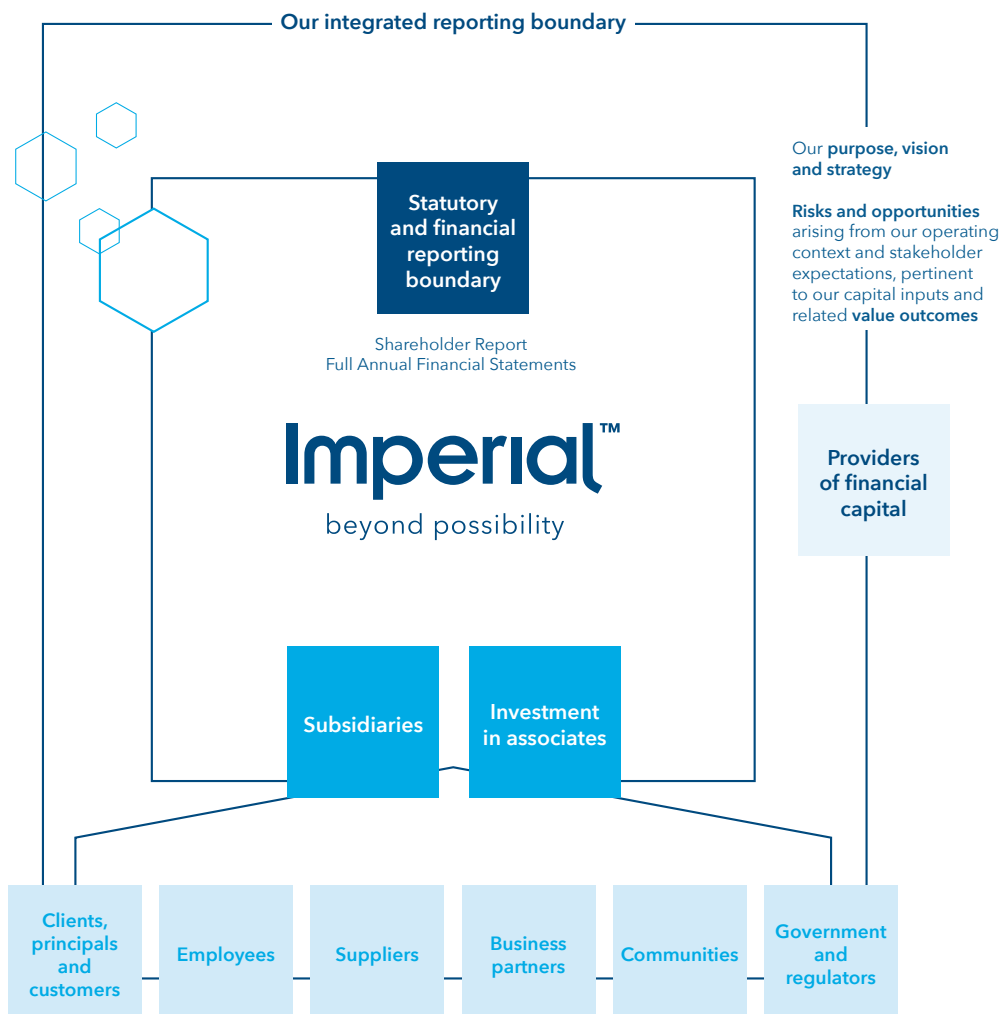
The independent board of the company accepts responsibility for the information contained in this report insofar as such information relates to the offer by DP World Logistics FZE (DP World) and, to the best of its knowledge and belief, such information is true and this report does not omit anything likely to affect the importance of such information included.

2 Our reporting

Our integrated report for the year ended 30 June 2021 provides a holistic review of our strategy to deepen and leverage our unique competitive advantages, particularly how our ‘One Imperial’ and ‘Gateway to Africa’ aspirations will unlock further value for our providers of financial capital and create sustainable value for all our stakeholders. As such, our report assesses how we intend to create or preserve enterprise value over time in relation to those factors most material to our shareholders, debt providers and the broader investment community.

Scope and boundary

The Imperial Logistics Limited (Imperial or the group) integrated report covers our governance, strategy, risk and opportunity management systems, and reviews our strategic, financial, operational and sustainability performance and prospects. It assesses all material factors and therefore incorporates the risks, opportunities and outcomes associated with stakeholders outside our financial reporting boundary. These relationships affect our ability to generate sustainable revenue and targeted returns for our shareholders in the short, medium and long term.



This report discusses our dependence on and transformation of the six capitals of the International Integrated Reporting Framework (<IR> Framework), specifically in our business model (see page 34), and by reference to our material issues (see page 27), which were determined in consideration of and are explicitly linked to the six capitals, throughout the report. Other than that, we use terms that clearly imply the associated capitals but are true to the communication of our strategy to internal and external stakeholders, and how we define future value - the dimensions of which are outlined on page 9. The constraints and uncertainties related to the capitals and how our strategy aims to resolve these, where these are within our control, or manage the impact of factors outside of our control, are discussed in detail throughout the integrated report. In February 2021, we announced that our Logistics International business was non-core to our ‘Gateway to Africa’ strategy and we would therefore be exploring an appropriate exit plan for this business. This business is, however, within the scope of the proposed offer from DP World. As the Logistics International business is non-core, aspects of its operations are not covered in this report. The scope and boundary, as well as our targets, exclude announced acquisitions that have not yet been finalised.



Make contact: Feedback, questions or requests from stakeholders can be directed to: Esha Mansingh, Executive Vice President (EVP): corporate affairs & investor relations at Esha.Mansingh@imperiallogistics.com or Melissa Arjoonan Vice President: marketing & communications at Melissa.Arjoonan@imperiallogistics.com.

Reporting frameworks and assurance

Our internal and external reporting processes comply with the Companies Act, King IV and the Listings Requirements of the JSE (share code: IPL). In line with King IV recommendations, we believe that our integrated reporting adheres to the requirements of the Value Reporting Foundation's¹ <IR> Framework (January 2021). Our ESG report has been prepared in accordance with the GRI Sustainability Reporting Standards, at a core application level.

Financial information is extracted from the audited consolidated annual financial statements for the year ended 30 June 2021, which is prepared on an IFRS basis, unless otherwise specified. Our external assurance providers, Deloitte & Touche, have issued an unmodified audit opinion on the annual financial statements, available in full online. Selected non-financial information included in this report and in the supplementary reports available online has been assured by Deloitte & Touche, and their independent limited assurance report is included on page 109.

Pro forma information

To provide a more meaningful assessment of the group's performance for the year, pro forma information and non-IFRS measures have been included in this report for the year ended 30 June 2021. The directors of Imperial are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the South African Institute of Chartered Accountants Guide (SAICA) on Pro forma financial information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma financial information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows. The group's external auditor, Deloitte & Touche, has issued an unmodified reporting accountants' report on the pro forma information on 7 September 2021. A copy of their report is available for inspection at the group's registered office.

Materiality determination

Our material issues are those factors most likely to influence the decisions of our stakeholders in relation to the capital inputs they provide and the outcomes they expect to derive in return. This year, we revised our materiality determination process to address gaps identified during the 2020 materiality process, and our reading of the <IR> Framework (2021), particularly with reference to the audience boundary of providers of financial capital and therefore its emphasis on enterprise value over time, as well as on processes related to ensuring the integrity of the integrated report. The material issues presented in this report are the result of a more formalised and robust approach, and more closely incorporate the trends in our operating context and the expectations of key stakeholders. The process followed to determine and approve our material issues is set out on page 27.

Report preparation and presentation

The integrity of the group's reporting, across the suite of reports is primarily supported by our combined assurance model, which underpins the assurance provided by management (first line of defence), relevant functions (second line) and independent audits (third line) given to the board on the veracity, accuracy and completeness of the group's internal and external reporting and related systems of control. Further assurance of the assertions (specifically those that are forward looking) contained in the integrated report is provided by the following process controls in the preparation and approval of the integrated report.

- The EVP: corporate affairs and investor relations, a member of the group executive committee, leads an expert reporting project team, with support from specialist external

reporting partners, and ensures a mature and effective report preparation process is followed and continually improved based on detailed debriefing, and internal and external feedback on process, content and <IR> Framework application in the prior year. She is closely involved in the planning and preparation of the report.

- Oversight and guidance of the process, particularly in reporting approach and content planning, is provided by executives and senior managers of the finance, risk, sustainability and company secretarial functions.
- The reporting project team has unfettered access to the group chairman and non-executive board members, the group executive and business leadership who provide input during preparation, and review and approve their relevant sections before they are submitted to the full board for review.
- The materiality determination process is foundational to the preparation of the integrated report.
- Information included in the report is drawn from interviews with leadership, members of the board and internal and external sources of trusted information that the group relies on for decision-making purposes.
- The project team review all content during the drafting process and the group executive committee oversees the process and controls applied in the information gathering and drafting process.
- The preparation of the integrated and ESG reports occurs in parallel and is aligned to ensure that information and data included in either report that is drawn from the other, is consistent.
- The material issues are reviewed, finalised and approved by the board. Board members are given the opportunity to review and comment on the drafts before final approval and sign-off of the report, on the recommendation of the relevant committees.

Board responsibility and approval statement

The board of Imperial Logistics Limited is ultimately responsible for the integrity of the 2021 integrated report and related ESG disclosures. The group audit and risk committee, and executive management, are mandated by the board to oversee the preparation and presentation of the integrated report and the group social, ethics and sustainability committee, and executive management, for the preparation and presentation of the ESG content. The committees fulfilled their respective mandates and recommended the reports to the board for approval.

In the board's opinion, the integrated report addresses all material issues and matters that may impact the group's ability to create value over the short, medium and long term, and provides a balanced and appropriate assessment of the group's governance, strategy, risks and opportunities, and its related systems, performance and prospects. The board believes that the integrated report has been materially prepared in accordance with the guidelines of the International <IR> Framework.

On behalf of the board



Phumzile Langeni
Chairman
27 September 2021



Mohammed Akoojee
Group chief executive officer

¹ Formerly the International Integrated Reporting Council.

Imperial is your **'Gateway to Africa'**

From the JSE in Johannesburg





SECTION

1

A wide-angle, high-angle photograph of a bustling market street in Mombasa, Kenya. The street is filled with people, many of whom are blurred due to motion, suggesting a fast-paced environment. On the left, there are shops with awnings, some displaying clothing. In the center, a large crowd of people is walking. On the right, there are more shops and stalls. The background shows multi-story buildings and a clear sky. The overall scene is vibrant and captures the essence of a busy urban market.

to the markets
in Mombasa

6 Chairman's letter to stakeholders

The world and South Africa has, since my 2020 report, evolved. Whilst we still find ourselves in the middle of a pandemic, we have learnt to live with it whilst attempting a return to 'normality', which has included a return to work and school, international travel, albeit at a limited degree, increased face-to-face interactions and meetings. The debates on vaccination policies and work models (hybrid or legacy) are squarely on the table for many corporates and institutions. Despite the unpredictable impact of COVID-19 on our lives and businesses, the mood overall in 2021 has certainly been more optimistic and uplifting.

COVID-19

The impact of COVID-19 has continued to be felt within our business. It is, however, pleasing to note that we have seen much reduced rates of mortality amongst our ranks and reductions in the number of infections. The proactive stance taken by the executive team of ensuring the safety and encouraging the early vaccination of our people, who by delivering products and services, are in the most vulnerable position of contracting the disease, has borne fruit.

Heightened engagement with employees through various digital and other platforms has enabled us to support those who continue to work from home, others who are in isolation as a result of contracting COVID-19 and those battling to cope with mental health, loss of loved ones and the devastation COVID-19 has caused to livelihoods. As a business, we have

continued to be vigilant in enforcing stringent COVID-19 protocols and are working tirelessly to encourage our people to protect themselves, their families and colleagues by choosing to be vaccinated. As leaders, it is of paramount importance to encourage all in our ranks to vaccinate to assist in the economic revival of South Africa and other key markets of operation.

However, what has been concerning particularly in 2021, has been the glaring disparity in access to COVID-19 vaccinations with developed and wealthy nations outpacing most parts of the world in terms of access and supply. A key concern is highlighted in numerous World Health Organization (WHO) reports, which show that developed and wealthy countries have in the main exceeded the 50% mark to vaccinate their citizens, whereas most developing nations, especially on the African continent hover at levels below 10% in the main. A further concern is the impact of this disparity on the economic revival of economies in Africa, if the matter of equitable access is not addressed by all global leaders.

Business performance

As a company with operations in more than 25 countries, Imperial wasn't spared the impact of an uncertain, volatile and to a large extent, unpredictable business environment. While, we had adapted to the 'new' operating environment and the impact of COVID-19 on the business, the impact of the second and third waves of the pandemic had an adverse impact on the ability to predict demand and consumer behaviour. While necessary, the changes to level 3 from level 2 and level 1 over the festive season and during parts of 2021 were highly disruptive to our business operations, mainly in South Africa.

Against this background, it was pleasing that in the 2021 financial year, the business delivered double-digit growth in revenue, EBITDA and operating profit. The significant uplift in our total headline earnings per share (HEPS) and continuing core EPS (CEPS) numbers by more than 200% cements a solid performance by the business. This performance was further underpinned by exiting loss-making businesses, restructuring certain businesses in Logistics Africa, which yielded an annualised R200 million saving in costs and improved operating margin from continuing businesses from 3,1% in 2020 to 4,5%.

Imperial has had one of its most active years in mergers and acquisitions (M&A) this past financial year, culminating in the announcement of the strategic acquisitions of J&J,



Deep Catch and the sale of the European and South America shipping businesses. These acquisitions were in line with the stated strategic intent of being a 'Gateway to Africa' while expanding the geographic footprint and adding new capabilities to the business.

Strategic focus

Last year we unveiled and set in motion our refined strategic focus as listed below. I am pleased to provide an update on our progress with more detail found in the CEO's review and throughout the integrated report.

- Operate as 'One Imperial'.
- Invest in people as our greatest asset.
- Serve as a 'Gateway to Africa'.
- Leverage our international footprint and expertise.
- Go digital, be digital, enable digital.
- Integrate ESG practices.

It has been pleasing to note the significant progress we have made in embedding the strategic focus across the organisation. This is reflected in the new operational and business reporting model shared last year enabling us to operate as 'One Imperial'. Extensive work has been done in ensuring that our people offering is world class, easily accessible and powered by technology.

As a business operating in a 'new normal', which is faced with new disruptors and disruptions, our focus on digital through investment and acquisition and embedding a culture of doing business differently, have accelerated the adoption of digital in our business. In keeping with a world vision of a better future for future generations, the extensive work done in addition to new projects underway, which anchor our ESG strategy, has demonstrated our commitment to people, profits and the planet.

DP World transaction

The announcement of the proposed acquisition of Imperial by DP World in July 2021 and the subsequent approval by shareholders on 17 September 2021 spells the possibility of a new dawn for the company and her people, if implemented. We look forward to working together with DP World to successfully conclude this milestone transaction.

We believe that the proposed transaction supports Imperial's 'Gateway to Africa' strategy and, underpinned by a strong parent with extensive experience on the African continent and other parts of the globe, will accelerate our ambitions, if implemented. From a shareholder perspective, the transaction, which has been priced at a c.39.5% premium to the day ahead of the firm offer announcement, provides an opportunity to further unlock value.

Reflections

The world and society continue to show their resilience despite the ravaging impact of the pandemic. From a South African perspective, our fortunes and indeed how we are perceived by the world, were negatively affected by the three weeks of riots that gripped mainly KwaZulu-Natal and Gauteng in July 2021. While many views have been posited about the cause of the riots we have, as a business and investment destination, lost ground and shine. The positive response by business to rebuild and the actions of government to quell the riots and restore order, have been a beacon of light in this sad episode.

As business, government and society, it has become more imperative than ever that we work together to ensure a just and equitable society. We must continue to fiercely protect

our democracy and ensure that those elected to serve in government lead and serve the people of South Africa with heart, honesty and dedication.

Governance

During the year under review, we welcomed the appointments of Mrs Henrietta (Bola) Adesola and Mrs Juliet Anammah as independent non-executive directors with effect from 22 February 2021. Their appointments were to ensure that we brought on board individuals with extensive business experience, primarily in the African continent.

More detail on how we implement governance is provided on pages 16 to 23 of this integrated report.

Appreciation

The demands of 2021 have been unprecedented, requiring greater effort to steer the ship, focus on the strategy and deliver a solid set of results. Our sincere appreciation as a board, to Mohammed Akoojee, our group CEO; George de Beer, our group CFO; members of the group executive committee and the employees of Imperial.

As we look to a return to 'normality', it is not taken for granted that 24 of our colleagues and members of families of colleagues have succumbed to COVID-19. Our deepest condolences to you and your families.

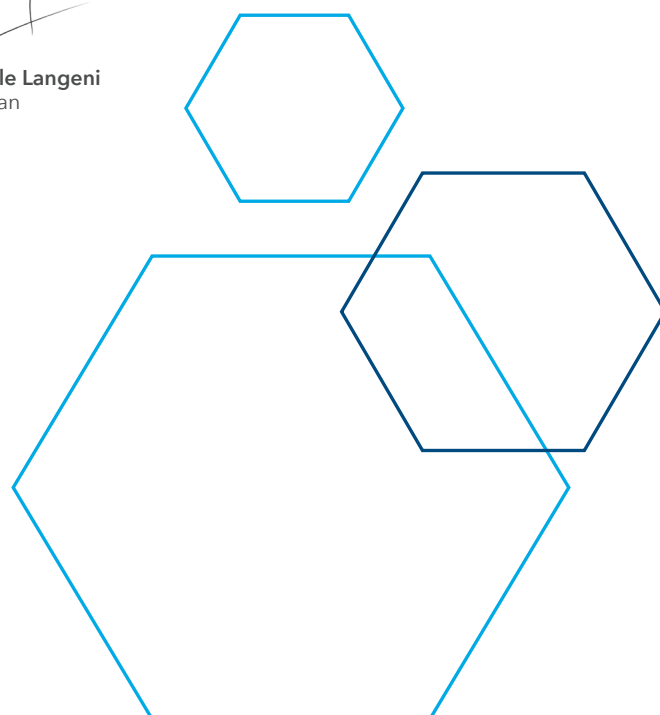
I thank all our stakeholders, including our shareholders, who are always available to engage with us constructively on key matters that impact our business and our society. Your guidance on key matters such as remuneration and ESG among others has provided us with tools to navigate and deliver on these key areas.

I also extend a special thank you to Graham Dempster, as the chairman of the independent board and board colleagues who serve on the independent board, for your unfailing hard work in steering the pending DP World transaction.

Lastly, sincere appreciation to members of the board, who have continued to be a sounding board, sage advice and as a pillar of support to me, as chairman, to Mohammed and his team, and Imperial as a whole.



Phumzile Langeni
Chairman



8 Our purpose

The impacts of our purpose-led strategy, social responsibility and sustainability for Africa’s wellbeing are substantial: we connect Africa and the world - and improve people’s lives with access to quality products and services.

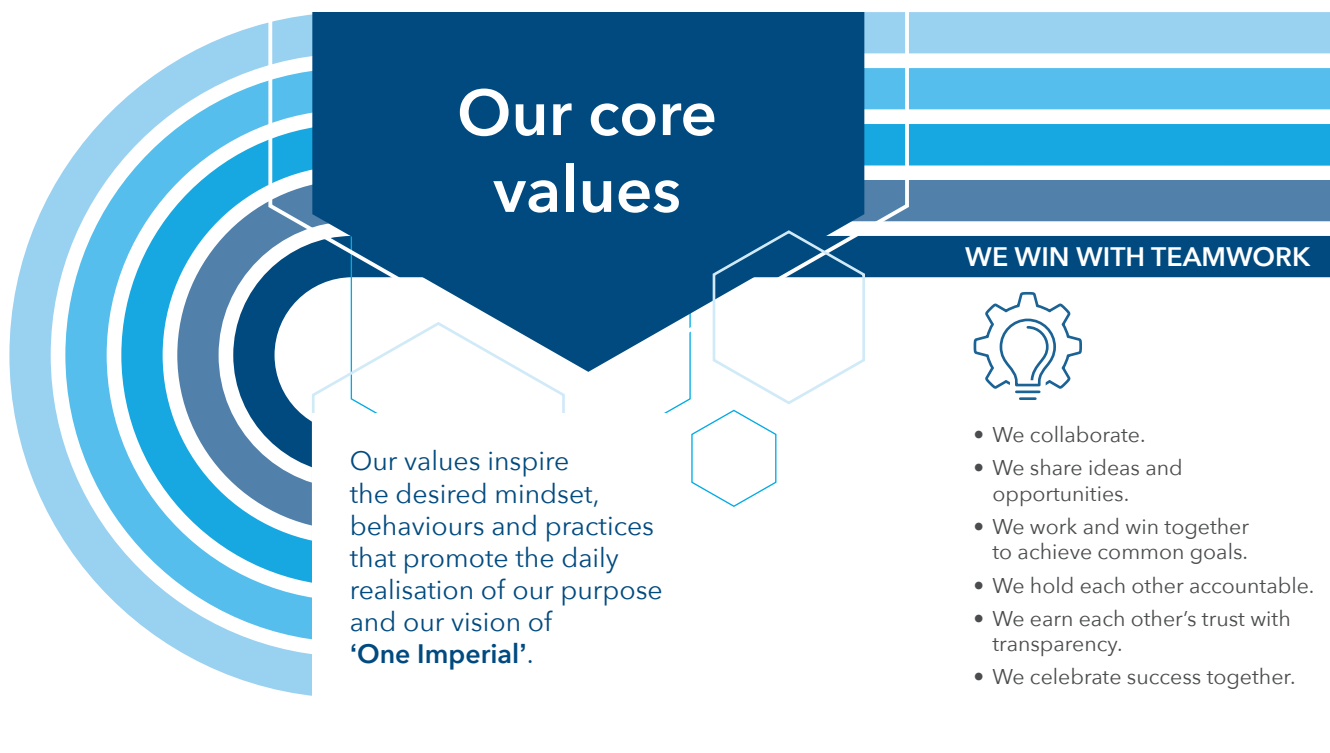
We can demonstrate that we are more than a business that strives for sustainable revenue, profits and targeted returns for our shareholders. Our strong focus on people, planet and profit is evident in the real difference we are making to Africa and her people. Through our solutions and contributions, we support the lives and livelihoods, and the aspirations for a better future of millions of people in our countries of operation.

Positioning Imperial for long-term value creation
Our ability to build, acquire and integrate businesses in some of the fastest growing and most challenging markets in Africa, as well as our leading positions as a strategic, integrated market access and logistics solutions partner to multinational and regional clients, principals and customers, is a key differentiator for Imperial.

We continue to record significant progress in our strategic journey to transform from a portfolio of regional businesses to an integrated, end-to-end market access and logistics business - with the strategic intent of becoming ‘One Imperial’ and a ‘Gateway to Africa’. We are evolving from an asset-heavy, third-party logistics (3PL) player to an innovative, asset-right business, with diverse and highly skilled executive management teams and engaged and capable people. Top of mind is to ensure that Imperial remains a business of scale and that both organic and acquisitive growth are prioritised.

We seek to grow organically and through strategic acquisitions in Africa and other selected markets, to remain a business of scale that unlocks and grows value for our clients, principals, customers, shareholders and other stakeholders; even as we dispose of assets and restructure the group to align our assets, organisational design, processes and culture to our strategy. To leverage our expertise and experience on the continent, become a more client-centric organisation and position ourselves for the future - in full view of the unique risks and opportunities that Africa presents - our service offering focuses on combining our specialist capabilities with new technologies to deliver integrated and innovative solutions across our networks and regions in our chosen industries.

During the past 12 to 18 months, the strategic decisions and actions we have taken to reorganise, rationalise, simplify and improve our profitability and competitiveness, strengthen our balance sheet and grow our business has resulted in significant value being unlocked for our key stakeholders. The strategic progress we have achieved despite the challenges that COVID-19 placed on our day-to-day operations, and our resilient performance, is evidence that we are well positioned in the right markets and industries; and that we stand to benefit from the realisation, crystallised by the pandemic, of how critical uninterrupted supply chains are; and how important it is to ensure they are resilient, optimal and visible across industry value chains.





Imperial is a purpose-driven organisation, creating sustainable value through our focus on people, planet and profit.

Over the longer term, our strategy will position us uniquely to realise the compelling commercial opportunities, and to drive the socioeconomic and environmental development objectives of Africa, to the benefit of our people, partners and shareholders, and our clients, principals, customers, communities and countries.

The proposed offer from DP World Logistics FZE (DP World) bears testament to the significant progress we have made against our strategic priorities since 2019, as well as our strong presence, positioning, capabilities and networks in key markets in Africa and Europe (including the United Kingdom (UK)).

**We are strong and resilient.
We are ‘One Imperial’.
We go beyond possibility.**

‘One Imperial’ dimensions of value

People

- **Reorganised business** with embedded purpose and values to drive a ‘One Imperial’ culture that enables our people to deliver our strategic and operational objectives.

Planet

- **Deep legitimacy in our industries and markets**, with wide recognition as a trusted brand with exemplary standards of service delivery, governance and ethics, with ESG fully integrated into daily business as a competitive advantage.

Profit

- **Ability to fully leverage unique competitive advantages centred on Africa to sustain profitable growth** – through accelerated organic growth and selective strategic acquisitions in core and complementary capabilities and industries.
- **Optimised capital management and allocation approach, within means, covenants and risk tolerances** – through strategically aligned, forward looking scenario planning and forecasting, and deep operational visibility.

Optimal and integrated systems and practices with IT, digital and data initiatives at the heart of the organisation, delivering new growth, a step-change in efficiency and effectiveness, data-driven decision making and disruptive innovation.

WE ARE INNOVATIVE

WE GO THE EXTRA MILE

OUR PEOPLE MATTER

EMPOWERED PEOPLE



- We take personal accountability for our performance and our behaviour.
- We are free to make a difference.
- We bring our whole selves to work.
- We go beyond possibility.



- Our people’s safety comes first.
- We value diversity.
- We recognise and respect each other as adults and equals.
- We recognise performance and commitment.
- We encourage lifelong learning and growth.
- We provide opportunities to grow careers.



- Our clients, principals and customers are at the heart of all we do.
- We are fully focused on providing value to our clients, principals and customers.
- We act with integrity when we strive to add value.
- Our communities are better off because we are here.



- We expect to improve every day.
- We learn from our mistakes.
- Our entrepreneurial spirit drives us to look for new ways of delivering value to our stakeholders.
- We go where others dare not go – we are pioneers.

10 Our business



We are an Africa-focused provider of end-to-end, integrated market access and logistics solutions, with a significant African footprint and vast expertise. We operate in 25 countries, with a focus on defensive and growing industries.

Imperial’s strategy leverages our competitive advantages in Africa, positioning the group as the ‘Gateway to Africa’ to our multinational clients, principals and customers. Our core strategic focus is to expand our African footprint and routes to market, and facilitate trade flows into and out of Africa, leveraging our competitive advantages, the skills of our people and our digital capabilities to deliver our differentiated solutions mainly in the healthcare, consumer, chemicals, automotive, and industrial and commodities industries. We rank among the top tier global logistics providers and we are listed on the JSE in South Africa.

Our solutions

We have a leading market access business across sub-Saharan Africa and are the premier logistics provider in East, West and Southern Africa. We have developed strong expertise and leading market positions in contract logistics and freight in Europe and the UK.

Our integrated logistics and market access offerings drive a seamless client and principal experience, delivered through simplified processes using the latest technology to help them grow in previously untapped markets.

	Core offerings	Key data
 <p>Market Access</p> <p>Our market access business – in which close to 100% of revenue is generated in Africa – is integral to our ‘Gateway to Africa’ strategy. Our market access solutions see us taking ownership of inventory and responsibility for the full order-to-cash function. We build complex route-to-market solutions that provide our principals with access to patients and consumers through comprehensive channel strategies that integrate sourcing, sales, distribution, marketing, demand generation and promotions. Our solutions also create opportunities to leverage our freight and contract logistics capabilities.</p>	<ul style="list-style-type: none"> • Integrated market access services. • Healthcare and consumer route-to-market. • Multi-market aggregation. • Sourcing and procurement. • Emergency relief and kitting. • Picking and packaging. • Marketing, demand generation and promotions. • Contract manufacturing. 	<p>Through our operations in mainly sub-Saharan Africa, we are able to provide market access and logistics services in more than 20 countries on the African continent. Our activities currently focus on two key, defensive industries – healthcare and consumer.</p>
 <p>Logistics</p> <p>We expertly manage the movement of goods on behalf of clients between specified sources and destinations, combining different transportation modes and types. To reduce their time-to-market, improve customer service and mitigate risk, we also work in partnership with our clients to integrate logistics functions in their end-to-end supply chain. When the outsource relationship is fully mature, we act as the Lead Logistics Provider (LLP), managing multiple supply chain functions on our clients’ behalf.</p>	<ul style="list-style-type: none"> • Contract logistics • Freight <ul style="list-style-type: none"> – Road freight – Air and ocean – LLP, including: <ul style="list-style-type: none"> o warehousing o transport o distribution o control tower and supply chain management 	<p>Logistics Africa</p> <p>Logistics Africa encompasses logistics activities throughout the African continent, ie road freight, contract logistics and LLP. Logistics will continue to play an integral role in achieving our ‘Gateway to Africa’ and ‘One Imperial’ strategic imperatives – leveraging and expanding freight, contract logistics and supply chain support, and leveraging cross-selling and upselling opportunities with our Market Access business.</p> <p>Logistics International</p> <p>Logistics International encompasses road freight, contract logistics, and air/ocean activities outside Africa – most notably our contract logistics and freight businesses in Europe and the UK.</p>

[+ Read more about our solutions on page 88.](#)

[Read more about our key industry and market trends on page 24.](#)

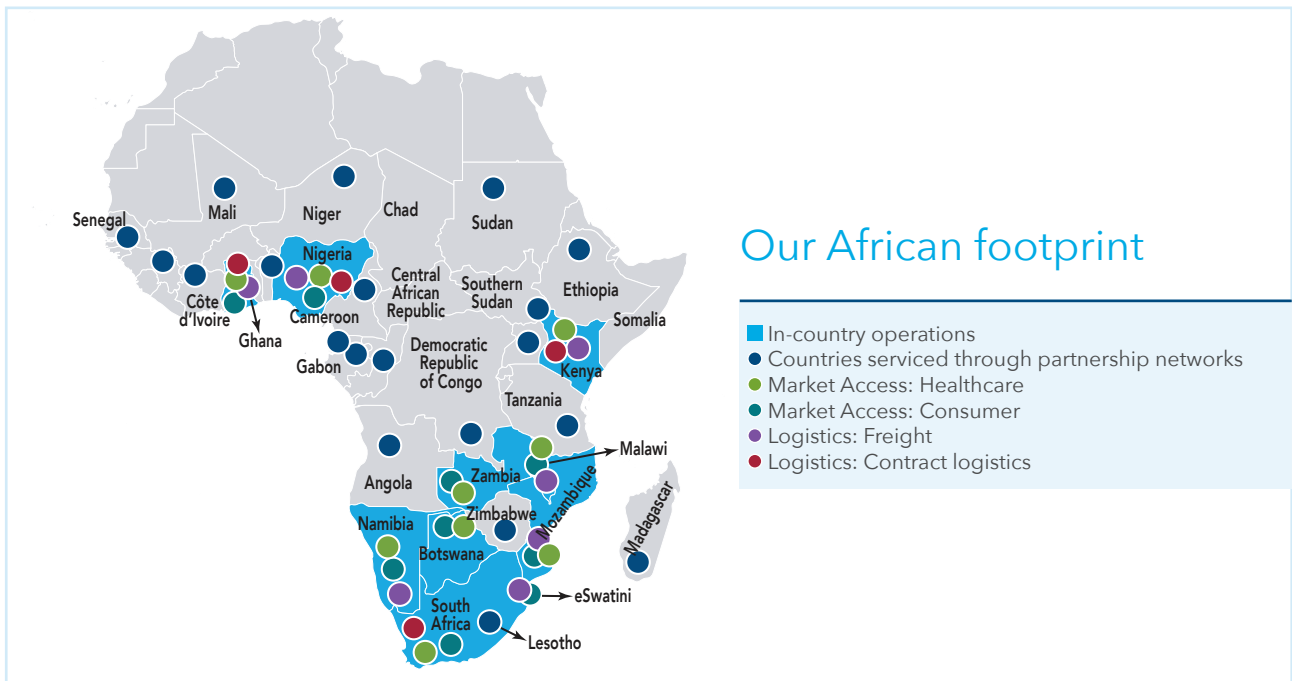
Key facts

We are headquartered in Johannesburg and listed on the JSE (JSE share code: IPL)

We are ranked in the **Top tier** of global logistics providers

We take clients to some of the **fastest growing and most challenging markets** in the world.

We employ **25 432** people in 25 countries.



We earned revenue of **R52,2 billion** (USD3,39 billion) and continuing EBITDA* of **R5,0 billion** (USD324 million).

We provide access to **medication and healthcare products, consumer goods and other products and services.**

Estimated socioeconomic value we created, directly and indirectly**

South Africa
R98,1 billion
(USD6,3 billion)

Nigeria
R145,9 billion
(NGN3,6 trillion; USD9,3 billion)

c.R4 million environmental harm, avoided by various green initiatives

NGN619,8 million in cost savings through providing affordable healthcare

Warehouse storage capacity of **900 000m²**

* Earnings before interest, taxation, depreciation and amortisation (EBITDA)

** Accenture socioeconomic impact assessment (SEIA) study

12 Our leadership

Our board is well-constituted, diverse and active, and has the depth of experience, skills and expertise relevant to the group’s strategy and operating context.

Our board provides rigorous oversight underpinned by best practice governance and control processes, and independent interrogation and strategic counsel through a frank and open relationship with executive management.



Our board

Non-executive directors

1. Phumzile Langeni (47)

Chairman and non-executive director

BCom (Acc), BCom (Hons), MCom

Phumzile is the co-founder and executive chairman of Afropulse Group Proprietary Limited, an unlisted investment and corporate advisory group. She was appointed by, President Cyril Ramaphosa, the President of the Republic of South Africa, as a Special Investment Envoy, and serves as Deputy Chairman of the Presidential Advisory Council on Investments.

Committees:

Other directorships: Metrofile Limited, Transaction Capital Limited, Primedia Holdings and the Mineworker’s Investment Company.

2. Graham Dempster (66)

Lead Independent non-executive director

BCom, CA(SA), Harvard Business School, INSEAD AMP

Graham has over 30 years’ experience in the financial services industry both in South Africa and internationally. Graham serves as a non-executive director of a number of JSE listed companies.

Committees:

Other directorships: Long4Life, Motus Holdings Limited, Sun International.

3. Juliet Anammah (53)

Independent non-executive director

BPharm, MBA (France)

Juliet is the chairwoman of Jumia Nigeria and Chief Sustainability Officer at Jumia Group and oversees institutional relationships, corporate communications and ESG. She is an experienced executive with more than 28 years of experience. Before her current role, Juliet was the CEO of Jumia Nigeria, and prior to that spent 16 years at Accenture, as the partner managing Accenture’s Consumer Goods Practice in West Africa. Juliet also serves as a non-executive on corporate and non-profit boards. She is a member of the Institute of Directors in South Africa (IoDSA) and Capital Club Lagos Chapter and is the chairperson of the Lagos Chamber of Commerce eCommerce chapter.

Committees:

Other directorships: Jumia Nigeria, Flour Mills of Nigeria, First Bank Holdings (Nigeria), Consultative Action Group for the Poor.

4. Harriet-Ann (Bola) Adesola (60)

Independent non-executive director

LLB (Hons), ACI Arb (UK)

Bola is the chairman of Lagos State Employment Trust Fund and a director of Ecobank Nigeria. Prior to this, Bola was senior vice-chairman, Africa at Standard Chartered Bank (SCB), chairman of SCB Mauritius and a board member of SCB Nigeria and West Africa. Bola was an executive director at First Bank of Nigeria Plc and managing director of Kakawa Discount House, Nigeria and also worked in Citibank in senior leadership roles in Nigeria and Tanzania. She is a director of SCB Ghana Plc, and Chairman of SCB Mauritius Ltd. She is a former Council Member and Honorary Fellow of the Chartered Institute of Bankers Nigeria and serves on several corporate boards. In 2001, Bola co-founded Women in Management, Business and Public service (WIMBIZ) and currently serves on the WIMBIZ Board of Trustees. She is also a member of the IoDSA and of Women Corporate Directors.

Committees:

Other directorships: FinTech Association of Nigeria, Lagos State Employment Trust Fund, UN Global Compact Board, Health Federation of Nigeria.

5. Peter Cooper (65)

Independent non-executive director

BCom (Hons), HDip Tax, CA(SA)

Peter is the recent former CEO of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings (RMI). His early career was in the financial services sector, first as a tax consultant and later specialising in corporate and structured finance with UAL Merchant Bank. He joined Rand Merchant Bank in 1992 as a structured finance specialist and transferred to RMB Holdings in 1997, where he was appointed to the board in 1999.

Committees:

Other directorships: RMI, Momentum Metropolitan Holdings, Shoprite Holdings.

Committees

ALCO ARC NOM

REM SES

Sub-committee chair



Led by a leadership team with deep experience, relevant skills and market credibility.



6. Bridget Duker (41)

Independent non-executive director

BCom (Hons), CA(SA)

Bridget is an experienced executive and proven business leader with a successful record in helping businesses entrench sound financial processes, transformation and governance. She is the chief operating officer and executive director at Rothschild & Co South Africa. Prior to this she served as group CFO of Ubuntu-Botho Investments. Bridget started her career at Deloitte where she was an audit partner. In this role, she led multi-disciplinary engagement teams servicing JSE listed clients in geographies spanning Africa, Europe and America.

Committees:  

Other directorships: Motus Holdings Limited, Assupol Holdings Limited and Rothschild & Co (South Africa) Proprietary Limited.

7. Dirk Reich (58)

Independent non-executive director

MBA

Dirk is a global logistics industry expert, professional board member and investor. He previously served as the CEO of Cargolux Airlines International, on the management board of Kuehne & Nagel and as a non-executive director on the board of Panalpina. In 2016, he founded R&R International Aviation which offers strategic advice in the fields of aviation, logistics and e-commerce in China.

Committees: 

Other directorships: DFDS, Skycell, Instafreight, Log-hub, R+R International Aviation, PrimaFrio, Swiss Post.

8. Roderick Sparks (62)

Independent non-executive director

BCom (Hons), CA(SA), MBA

Roddy is a former managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA), and the former chairperson of Old Mutual Unit Trusts, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA).

Committees:    

Other directorships: Truworths International, Trenchor, UCT Foundation Investment Committee.

Executive directors

9. Mohammed Akoojee (42)

Group chief executive officer

BCom (Acc) (Hons), CA(SA), CFA

Mohammed was appointed group CEO of Imperial on 1 February 2019. He joined the Imperial group in 2009, and prior to his current role, served as the acting CEO of Imperial Holdings in addition to his role as group CFO. His previous roles at Imperial included CEO of the Logistics African Regions division and executive director responsible for mergers and acquisitions, strategy and investor relations for the group. Prior to joining Imperial in 2009, Mohammed worked within the corporate finance and investment banking team at Investec Bank and as an equity analyst for Nedbank Securities.

Committees:  

10. George de Beer (48)

Group chief financial officer

BCompt (Hons), CA(SA)

George is the group CFO of Imperial. George joined Imperial in 2005 and held various executive positions in subsequent years. He was also closely involved with the creation of the Market Access business and his expertise in integrating acquisitions and establishing controls contributed to the evolution of the business from a collection of relatively small transport businesses to the significant business it is today. Prior to joining Imperial, George was the financial director of Imperilog Limited. George is a director of various group subsidiaries (both local and international), chairs the divisional FRCCs and is a trustee of the South African Provident Fund.

Committees: 

14 **Our leadership** continued



Our executive committee

Our experienced leadership team collaborates to deliver the group strategy and create value through the group's day-to-day operations.

1. Mohammed Akoojee (42)

Group chief executive officer

More information on previous page.

2. George de Beer (48)

Group chief financial officer

More information on previous page.

3. Hakan Bicil (50)

CEO: Logistics International

MBA (Logistics)

Hakan is the CEO of the Logistics International business. Previously, he was the CEO of Imperial International BV & Co KG. Prior to this, Hakan was chief commercial officer at CEVA Logistics. He has also held senior management positions at Panalpina (executive vice-president strategic business development), the TOLL Group (managing director Europe and Middle East) and Kuehne & Nagel (senior vice-president global business development).

4. Edwin Hewitt (55)

CEO: Logistics Africa

MTech (Met Eng.), IMP (MIT, USA), MDP (UP)

Edwin is the CEO of the Logistics Africa business, effective July 2020. This follows his appointment as CEO of Logistics South Africa in March 2020. He has an exceptional reputation for translating strategy into operational excellence and for simplifying organisational complexity in multiple industries across Africa. Edwin has led companies such as DAWN and Capital Africa Steel in his capacity as CEO, and served as the chief restructuring officer of PPC and group executive director of Murray & Roberts.

5. Esha Mansingh (35)

Executive vice-president: Corporate Affairs and Investor Relations

BA (Communication Science), Doctorate (Humanitarianism H.C.), Financial Management (Cert)

Esha is responsible for investor relations, ESG, internal and stakeholder communications, corporate affairs and brand positioning for the group. She is also the chairman of Imperial's global women's forum.

Esha's previous roles include the head of investor relations at Kumba Iron Ore Limited, and for Harmony Gold Mining Company.

She currently serves as the co-chairman of the World Economic Forum's New Champions South Africa board, and a non-executive director and trustee of the Imperial and Motus Community Trust and the Unjani Clinics NPC. Esha is also a founding member of the Investor Relations Society of South Africa and the chairman of the integrated reporting and ESG sub-committee of CFO Forum South Africa.



6. Cobus Rossouw (52)

Executive vice-president: digital and IT

BEng (Industrial) cum laude, BEng (Hons) (Industrial), BCom (Hons) Logistics

Cobus leads the newly established centre-led digital and IT function supporting Logistics Africa and Market Access. He is the custodian of the group's digital mandate that includes disruptive venture investments, unlocking competitive advantage from digital capabilities, facilitating insights from data and standardising systems across the business and functions. Before joining Imperial in 2009, Cobus co-founded Volition which he led to evolve into Resolve to underpin the LLP business within Imperial. Prior to that, Cobus was logistics director of Cadbury South Africa.

7. Johan Truter (48)

CEO: Market Access

Effective July 2020, Johan serves as the CEO of Imperial's Market Access business. Integral to our 'Gateway to Africa' strategy, Johan guides this business across the globe as it works to facilitate trade flows into and out of Africa. His extensive experience in navigating the complex African continent - and proven success in developing and implementing market access solutions and value-add logistics - sees him well placed as a strategic partner to multinational clients wanting to enter and grow in emerging economies. Johan previously served as CEO of the African Regions - growing the business from humble beginnings to the go to strategic partner in Africa for brand owners looking for unique consumer and healthcare market access and logistics solutions. He initially joined the group with the acquisition of Broco in 2004, a business of which he was joint founder and managing director.

8. Steve Woodward (62)

Executive vice-president: people and culture

BA (Psychology/English), MBA

Steve is responsible for driving our cultural transformation and people-related and human resource initiatives and for developing and implementing integrated, world-class people policies and practices. An experienced global business leader, Steve has held numerous senior executive positions in large corporations in the United States (US), Europe and Africa. He worked for SABMiller for 20 years in human resources, corporate strategy and senior general management. Prior to SAB, Steve worked in the mining industry for Anglo American and De Beers for 10 years in the fields of labour relations and human resources.

9. Zayd Laher (40)

Executive vice-president: corporate finance

BCom (Hons), CFA

Zayd serves as our EVP: Corporate Finance and has over 12 years of global investment banking experience. He has worked on numerous M&A and capital markets transactions for leading, international investment banks and has advised a diverse client base (including corporates, governments and financial sponsors). He has been involved in a variety of transactions encompassing cross-border M&A, IPOs, capital restructurings, bond issuance, equity derivatives and private placements.

16 Our governance

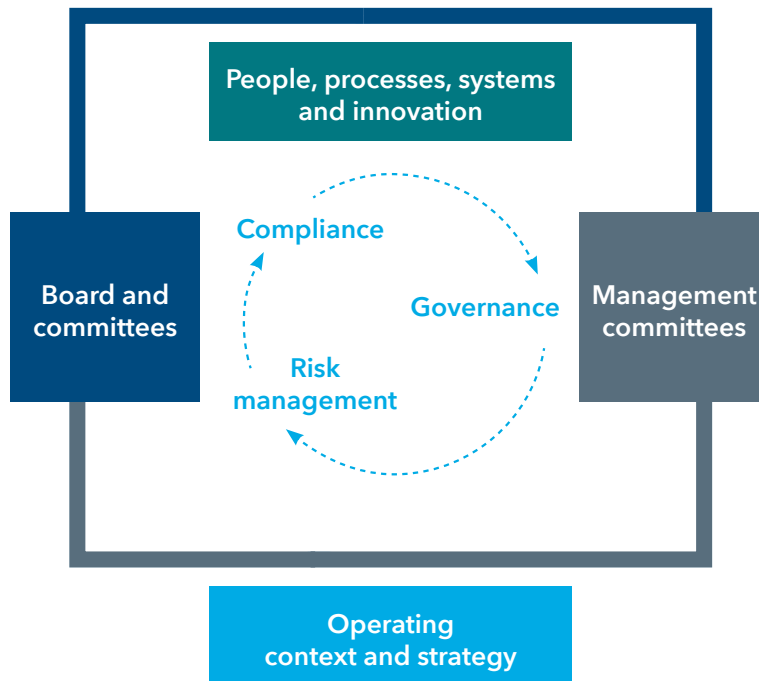
Our approach to corporate governance is aligned to our clearly defined purpose and underpinned by an integrated governance model that goes beyond compliance.

Good corporate governance supports business integrity, ethical behaviour and accountability for decisions regarding economic, social and environmental impacts in the short, medium and long term. Being united behind a clearly defined common purpose – connecting Africa and the world and improving people’s lives with access to quality products and services – allows us to create sustainable long-term value, embed good governance principles throughout our business and be a truly purpose-led organisation prioritising people, planet and profit.

Our governance framework

Our approach to corporate governance is implemented through our integrated governance model, which extends our commitment to good governance beyond compliance. Good governance supports business integrity, ethical behaviour and accountability for decisions that have economic, social and environmental impacts in the short, medium and long term. Being a responsible corporate citizen underpins our industry, market and country legitimacy, which not only secures our commercial licence to operate, but is also a competitive advantage.

Our integrated governance model



We subscribe to, and apply, the King IV principles of good governance. The board believes that the King IV principles and recommended practices are sufficiently embedded in the operational life of the group. The board expects and encourages continuous work to achieve the governance outcomes of ethical culture, good performance, effective control and legitimacy.

+ Our full corporate governance report, incorporating our application of the principles of King IV, is available as part of our shareholders report online.

Leadership and ethics

Our board

Ultimate responsibility for governance rests with our board and its committees. The group has a unitary board comprising eight non-executive directors, seven of whom are independent, and two executive directors.

The authority, responsibility and accountability of the group’s ethics, performance and sustainability rests with the board. The board formally delegates responsibility to the CEO and his direct reports and sequentially throughout the organisation in accordance with written limits of authority.

Skills and experience

The group has a well-constituted and diverse board, with expertise and experience relevant to the strategy and operating context within which the group operates, and the necessary independence and oversight underpinned by strong governance and control processes that support strategic delivery and corporate reputation.

The non-executive directors have the necessary skills and expertise to make judgements, independent of management, in strategy design, integrated performance, business development, transformation, diversity, ethics and ESG management.

Wide range of experience in commerce, finance, law and industry.

Board succession and appointment

Directors are appointed based on their skills, experience and expected level of contribution to, and impact on, the activities of the group. The board decides on the appointment of directors based on recommendations from the nominations committee.

Responsibilities of the board

The responsibilities of the board are clearly defined in a written charter. The board charter outlines a clear balance of power and authority within the board to ensure that no single director has unfettered powers of decision making.

The responsibilities of the board include guiding and approving the strategic direction, business plans, annual budgets, major acquisitions and disposals, changes to the board and other matters that have a material effect on the group or are required by legislation.

The board has adopted and regularly reviews a written policy governing authority delegated to group management and matters reserved for decision by the board.

Separation of roles and responsibilities

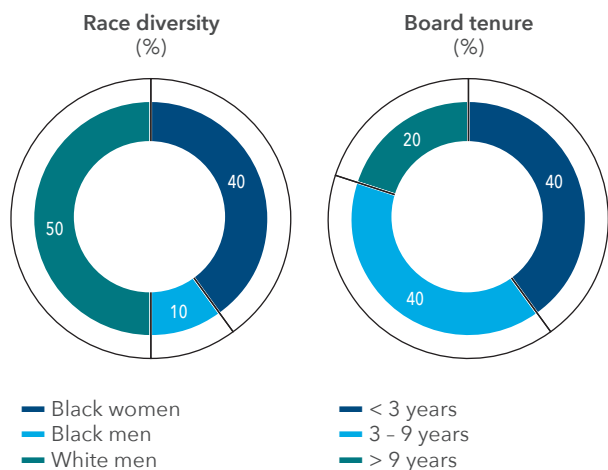
The role of the chairman of the board is clearly defined and separate from that of the CEO. While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the board.

Independence

Ms P Langeni is the current non-executive chair of the board. She is a shareholder in a B-BBEE partner of the group and is consequently not considered to be independent. The board has a formal protocol to govern potential conflicts of interest. In addition to the chair recusing herself where matters in which she has an interest are discussed, in compliance with the Companies Act, any decisions in or regarding the B-BBEE venture that could benefit or be seen to benefit the chair or her associates are deferred to the unconflicted members of the nomination committee in accordance with the formal protocol. This includes matters such as dividend payments and fundamental business decisions.

Board diversity

The board has a formal broad diversity policy governing diversity at board level. The board takes this policy into account when making board appointments.



Changes to the board

Mrs NB Duker (née Radebe) has been appointed as chairman of the audit and risk committee from 1 September 2020.

Ms HO Adesola and CH Anammah were appointed as independent non-executive directors of Imperial from 22 February 2021.

Climate-related risks and opportunities

The board, under the leadership of the board chairman, is responsible for climate-related issues, including 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.

Independent board

Imperial constituted an independent board whose responsibilities and duties are set out in the Takeover Regulations.

+ Read more about our independent board on page 19.

18 Our governance continued

Governance in action

Board and board committees

The board has established a number of sub-committees, including statutory committees, all of which operate within written terms of reference. The performance of each committee, and compliance with its terms of reference, is regularly assessed in accordance with their terms of reference. No instances of non-compliance were noted.

The board and committees below reflect the current composition and memberships at publication.

+ More information, including details of the divisional boards, is provided in the full corporate governance report, available online.

Board of directors

Non-executive directors	Executive directors
P Langeni (chairman) GW Dempster* (lead independent director) HO Adesola* ¹ CJ Anammah* ¹ P Cooper* NB Duker* D Reich* ² RJA Sparks*	M Akoojee JG de Beer

* Independent
¹ Nigerian
² Swiss

Board focus areas for the year

- Ongoing impact of COVID-19.
- Review and approval of significant acquisitions and disposals and other mergers and acquisitions related activity.
- Consider the DP World offer, establishing an independent board.
- Oversight of key strategic initiatives and progress.
- The approval of the group-wide ESG and climate change policies and guidelines, and the advancement of ESG reporting standards and global membership and the creation of a Corporate Social Investment (CSI)/ESG committee, a dedicated sub-committee of the social, ethics and sustainability (SES) board committee.

Board effectiveness evaluation

During F2021, an independent board effectiveness review was undertaken by an experienced external consultant. The review was conducted using a web-based questionnaire supplemented by interviews with the members of the board and the outgoing company secretary.

The overall outcome of the review was that board is operating effectively and that appropriate processes and systems are in place to ensure compliance with legal requirements and to make informed decisions. The board sub-committees are considered to be best-in-class in fulfilling their responsibilities. Some areas identified for improvement included improved CEO and senior management succession planning, and supplementing the existing skills on the board with skills that complement the group’s ‘One Imperial’ and ‘Gateway to Africa’ strategy.

Board committees

Nomination committee

Responsibility	Key activities for F2021	Attendance at
Provides advice and guidance on succession planning, director appointments and director induction and training.	<ul style="list-style-type: none"> • Reviewed board composition, tenure and succession. • Approved executive succession plans. • Considered and applied the policy of broad diversity in the nomination and appointment of new directors. 	100%

Remuneration committee

Responsibility	Key activities for F2021	Attendance at
<p>Advises and guides the board of directors' remuneration, setting and implementing the remuneration policy, approval of general composition of remuneration packages and criteria for executive bonus and incentive awards, and administration of share-based incentive schemes.</p>	<ul style="list-style-type: none"> • The impact of the COVID-19 pandemic. • Oversight of the embedment of non-financial, strategic KPIs in performance processes. • Review of performance against financial and non-financial targets. • Stakeholder engagement. 	<p>100%</p>

+ **Read about** remuneration insights from the committee chair in the shareholder report online.

Independent board

Responsibility	Attendance at
<p>The independent board was constituted in accordance with Regulation 108 of Chapter 5 of the Companies Regulations, 2011 (the Takeover Regulations). According to Regulation 110 of the Takeover Regulations, it is the responsibility of an independent board to form a clear basis for the expression of an opinion to shareholders around the value of an offer.</p>	<p>100%</p>

From the independent board chair: Graham Dempster

In terms of the Companies Act, the DP World offer required that we form the independent board to perform various functions including advising shareholders on the merits of the offer. We conducted this detailed process not only according to the exacting prescripts of the relevant legislation, but also in the full spirit of our mandated duties.

The independent board was constituted in accordance with Regulation 108 of Chapter 5 of the Takeover Regulations. According to Regulation 110 of the Takeover Regulations, it is the responsibility of an independent board to form a clear basis for the expression of an opinion to shareholders on the value and price of the consideration offered.

The independent board was constituted following receipt of the non-binding offer from DP World, and once the bona fides of the offer had been established, considering all relevant factors. The independent board was made up of all members of the main board of directors that are independent, thereby excluding the executive directors and the Imperial board chairman, who is also a B-BBEE partner to the group. As the lead independent non-executive director, I was appointed to chair the independent board.

Although an independent board can legally be constituted with only three members, we included all independent members of the Imperial board, which made for a team of seven independent non-executive directors. Given that we had 10 meetings, there was ample opportunity for all members to participate fully in the process. Key decisions were discussed exhaustively, and all our resolutions were unanimous.

One of the key functions as the independent board was to appoint an independent expert to advise on whether the offer was fair and reasonable, an expert in no way conflicted by an existing relationship with any part of the group. After rigorous evaluation and discussion, we chose Swiss multinational investment bank, UBS, renowned for their expertise in international mergers and acquisitions.

We also sought advice from various other parties, including Imperial's appointed advisors, and took steps as required in terms of the Companies Act to reach a fully informed decision. The independent board also took responsibility for relevant considerations, in the context of the DP World offer, related to Imperial's long-term incentive schemes and our significant B-BBEE ownership transaction, concluded during the year. These considerations are more fully described in the combined circular to shareholders in respect of DP World's offer.

I am confident that the independent board has discharged its duties in a way that not only comply with the relevant legislative requirements, but which also reflect Imperial's commitment to best governance practice. Also, the skillsets and experience around the table enabled us to assess all relevant factors - whether difficult to quantify or even unquantifiable - to form a cogent, transparent and unanimous opinion in respect of the fairness and reasonableness of the transaction and value ascribed to the group, in the best interest of our shareholders.

+ **The circular posted to shareholders on 19 August 2021** sets out the opinion of the independent board, and the terms and rationale for the DP World offer, and can be found online at www.imperiallogistics.com/offer-by-dp-world.php.

20 Our governance continued

Asset and liability committee (ALCO) Responsibility

Attendance at

Responsible for implementing best practice asset and liability management policies. Its primary objective is to manage the liquidity, debt levels, interest rate and exchange rate risk of the group within an acceptable risk profile.

97%

From the ALCO chair: Peter Cooper

The role of the ALCO is to keep a close watch on risks and opportunities related to liquidity, foreign exchange, interest rates and debt capital raising. Investors can take comfort that Imperial has the liquidity to continue operations in the short and medium terms; and that the allocation of surplus funds is aligned to long-term strategic goals. We also provide management with a sounding board for decision making as they navigate trade-offs in the allocation of resources. Management sets the strategy, but we interrogate that strategy and ground it in the realities and risks we see playing out over the coming years.

In one of our biggest deals, Imperial recently announced the acquisition of the J&J Group, which specialises in shifting cargo on the Beira as well as the North-South corridor between South Africa, Zimbabwe, Zambia, Mozambique, Malawi and the Democratic Republic of Congo (DRC). Here was an example of giving management a sounding board to interrogate whether the acquisition fits our strategy. Similarly, there were lengthy and searching discussions around the merits of various other investments, acquisitions and disposals; for example Deep Catch Namibia Holdings and the sale of the shipping businesses. The impact of these transactions on our balance sheet and earnings are appraised against bank covenants on our lending facilities to ensure that there is no risk of these being breached.

We are guided in these discussions by our commitment to transform Imperial into an innovative asset-right business that uses data and technology as a differentiator, while bearing in mind that hard assets will always be a necessary part of our supply chains. To get the balance right, we are looking for opportunities to deliver contract logistics and road freight with a lighter asset base. Our Innovation Venture Fund is dedicated to delivering on this aspiration to become more asset right.

I am confident in our assets and liability management disciplines and without going into detail, refer you to the chief financial officer's (CFO) report, from page 55, which I endorse. I take heart from the DP World offer as affirming Imperial's estimation of the long-term potential in African markets. I am satisfied that irrespective of whether the sale goes through or not, we have the appropriate funding and capital structures for the group; and our balance sheet is in excellent shape to deliver on our strategy and grow shareholder returns. On 17 September 2021, the requisite majority of Imperial shareholders voted in favour of the transaction which is still subject to regulatory approvals.

ESG is a pillar of our strategy and this committee also realises the need to have a sound long-term plan in place that gives lenders comfort and assurance that our ESG commitments are real, achievable and measurable. Management is evaluating a number of proposals from funders that incorporate ESG components for green-finance facilities.

My personal highlight for the year is how non-executives and management related to each other in achieving our goals. In the spirit of mutual respect and commitment to professional excellence we got to the right answers without having to engage in long, acrimonious arguments; and without needing to resort to tie-breaking votes. In our discussions and debates, decision makers voiced valid concerns and allowed themselves to be persuaded by the merits of the argument: for the good of Imperial and the execution of our well-rounded strategy.

Audit and risk committee (ARC)

Responsibility

Assists the board in its responsibilities, covering the internal and external audit processes for the group, taking into account significant risks, the adequacy and functioning of the group's internal controls and the integrity of financial reporting.

Sets the group's risk culture, framework and ensures that robust risk management processes are in place.

Attendance at

100%

From the ARC chair: Bridget Duker

The ARC leads Imperial's corporate governance effort and is central to setting our appetite and tolerance for risk in a manner that aligns to and complements Imperial's 'One Imperial' and 'Gateway to Africa' strategy.

To this end, the committee focuses on material threats to our business and ensures appropriate safeguards are in place, by reviewing the adequacy of our risk systems, internal control processes and supporting management's commitment to mitigating risk. In discharging our fiduciary responsibilities to all our stakeholders, we have ensured the effectiveness of the organisation's assurance functions and services, with a particular focus on the appointment of the external and internal auditors as providers of independent assurance on financial and related reporting.

In my first full financial year in the position of ARC chair, it has been exciting to be part of the strategic shift to 'One Imperial' and 'Gateway to Africa'. I am greatly heartened by the skill and commitment of our executive team and their balance of attributes, which drives their pursuit of our vision. I have been pleased by the conversations we have had both at the ARC and board level. Our debate is robust and constructive, offering executives oversight and governance parameters to give them the confidence to take bold decisions.

As Imperial goes through its wide-reaching strategic transformation and restructuring, the consequential changes in reporting parameters are being well managed. Great care is being taken to continue providing balanced and transparent reporting to foster a deeper understanding and visibility of the impacts of the strategic decisions taken. As a result, we have confidence that the board has sufficient visibility of important operational detail on the ground. This is further strengthened by the fact that we have a non-executive director (who is a member of ARC) attending each business level financial and risk review committee (FRRC) meeting. From their reports and from our mature assurance processes, I can confirm there is corroboration that our strategy is delivering on financial expectations, and our system of internal controls is sound.

I would like to commend the FRRCs within each business. These committees are another line of defence in our combined assurance procedures. I can report that my dealings with Imperial's FRRCs have been most encouraging. The managers on these committees display a high level of professionalism. There is a culture of accountability and care in doing what is good for Imperial as a whole, as opposed to being only concerned with one's business.

We have seen an unprecedented level of corporate activity, which has occupied both management's attention and the committee's time in ensuring that this has been navigated in a manner that is above reproach with regulators, while responsibly making use of expert advisers at the appropriate times. On mergers and acquisitions, the committee engaged management on progress made in exiting certain non-core businesses and acquiring others with better strategic alignment. Our challenge to management was to resolve the residual costs of legacy businesses and redirect the savings to our strategy. Similarly, we probed how well the integration of newly acquired businesses was faring and whether the synergistic benefits were beginning to be realised. In this regard I am very happy with the progress achieved.

The committee approved Imperial's redrafted Risk Policy, the Risk Appetite and Risk Tolerance statements, and the updated Risk Standard. You will find the full detail on these under the section Our risks and opportunities, from page 44. While we acknowledge the urgent need to integrate ESG and climate change risk management into our governance and risk management structures, this is still in its infancy on ARC's agenda. It will be an area of key focus for the next and subsequent years. You can read more about our TCFD disclosures in our ESG report online.

This committee notes the new JSE Listings Requirements that require the CEO and CFO to endorse, with a positive statement, the internal financial control environment (section 3.84(k)). A truly robust assurance process was undertaken in collaboration with external auditors, internal auditors and a network of risk and compliance functions, led by the group's chief risk officer. The culmination of which was a confirmation of the design and implementation of sound internal financial controls, which permeate throughout the group to give credibility to our financial reporting. Our CEO and CFO, and the board by way of this committee, are well supported in assuring shareholders of our financial controls. It takes a team to produce solid reporting, which has real value in informing leadership and management decisions, and accounting accurately to stakeholders.

As reported last year, the Independent Regulatory Board for Auditors has determined that from 2023 all South African public interest entities must comply with mandatory audit firm rotation. Our preparations for this are well advanced and we will be ready for the change. Further, in November 2020, Rohan Venter resigned as company secretary and was replaced by Imperial's group legal executive, Jeetesh Ravjee, who is acting as company secretary until a permanent replacement is found. In January 2021, we changed our JSE sponsor from Merrill Lynch to Rand Merchant Bank. In all these changes we have followed the letter and spirit of regulation.

22 Our governance continued

Audit and risk committee (ARC) continued

Imperial continues to grow our capability to respond fully and timeously to changes in legislation across our jurisdictions, supported by ongoing awareness and training campaigns to sensitise staff to their obligations to company policies that support full compliance with the regulatory universe. These encompass newly promulgated acts such as General Data Protection Regulation and Protection of Personal Information Act (POPIA) and extend to risks and threats such as cyber security and other information technology risks. Imperial is well positioned to address both existing and emergent ICT legislation and regulations. The ARC continues to review data privacy and information security strategies and to monitor the implementation of cyber-related controls.

As the world continues to manage the impacts of the COVID-19 pandemic, we take comfort from the resilience our businesses have shown during this trying period and commit to remaining vigilant in the face of new risks and threats, wherever these may appear.

Social, ethics and sustainability committee Responsibility

Attendance at

Assists the board in discharging its SES responsibilities and implementing practices consistent with good corporate citizenship.

100%

From the SES committee chair: Roddy Sparks

We are the social conscience of Imperial. The SES committee guides and oversees the organisation on matters of ethics and broader responsibility to society, the environment and key stakeholders.

Imperial is thoroughly embedded in the economies and societies in which we operate. Aligned with our purpose, we help bring food, medication, fuel and other essential products and services to over 20 African countries, many of them among the world's poorest. Across our African and International operations, in 25 countries, we support the supply chains of industries that give millions of people decent jobs and opportunities to better their lives.

Imperial's contribution to economies and societies cannot be easily reduced to monetary value. There are, after all, human stories and aspirations behind the numbers. According to a recent socioeconomic impact assessment by Accenture, in F2019 and F2020, we created direct and indirect value of R146 billion and R98 billion for stakeholders in Nigeria and South Africa, respectively.

Ethics and social good are not add-ons for our business, they are embedded in our purpose and strategy. By following the highest standards of business ethics, people and product safety, we ensure we remain credible partners to clients, principals and customers in industries that have strict codes of propriety within their supply chains, like healthcare. They hold us to account on our ESG scorecards; their assessment of our credibility shapes our brand image and reputation.

Noteworthy here is that stringent health and safety practices are a top priority for Imperial, and our values emphasise that peoples' safety comes first. Our safety management frameworks and systems align to relevant legislation in each country of operation and to the safety, health and environment (SHE) requirements of our clients and principals and customers. The committee is heartened that the group is developing and embedding a standardised SHE framework and best-in-class safety, health and security practices across our African operations. In South Africa, our safety audit protocols are benchmarked with those of major clients and principals. Annual safety self-assessments are conducted in South Africa and Europe by internal safety specialists or external certified experts (with oversight from internal audit) to ensure we comply with the relevant legislation.

Road accidents remain the cause of most of our workplace fatalities and injuries, although road usage on the continent makes this a difficult and, in many instances, an uncontrollable safety risk. We ensure our drivers understand their responsibilities on the road and implement the best road safety practices to protect them and other road users. We employ technology, telematics and driver awareness to improve our processes, achieve cost savings and address road safety and environmental risks.

Most of our employees who tested positive for COVID-19 have made full recoveries. To bolster our COVID-19 response, in the year we began providing COVID-19 care packages to affected employees, and in August 2021 opened a temporary vaccination site for employees at our Alberton operation. Sadly, 24 of our colleagues succumbed to the virus and we extend our deepest condolences to their loved ones.

+ Please refer to our online ESG for more detail on our response to climate change.

Social, ethics and sustainability committee continued

Our strategy has as one of its six pillars “Integrating ESG practices”. During the year we formulated a comprehensive ESG strategy, which the board approved in May 2021, with clear targets that will enhance our competitive positioning. Our ESG aspiration is striving for zero harm to people and the environment - transitioning towards net zero carbon by 2050. Focus is now on change management and ESG strategy implementation, with detailed key performance indicator (KPI) dashboards to follow. For now, we are delighted that our ESG systems and performance have received favourable ratings from EcoVadis, Institutional Shareholder Services (ISS), and Carbon Disclosure Project (CDP); and we look forward to building on this success, including additional reporting against commitments such as the UN Global Compact.

In July 2021, we were confronted with unrest and looting in KwaZulu-Natal and Gauteng, South Africa. We are a business and therefore we do not hold any political position, other than what should not be up for debate - the rule of law and commitment to the Constitution. Strong, caring nations create a stable environment for business to grow and citizens to find opportunity. Corporations can help strengthen states, by rendering services, providing jobs and generating efficiencies and profits for reinvestment.

Our response to the July unrest was humanitarian. With the help of partners, we delivered food parcels to affected employees and their families, and donated to the charitable organisations who were active during that troubling time.

There are global societal issues that concern us too. Scientists have been warning us for some time now that our technological and industrial progress has come at a terrible cost to nature. Currently the world’s atmosphere carries around 410 parts per million (ppm) of carbon dioxide. The last time CO₂ was this concentrated was three million years ago, when the temperature was two to three degrees Celsius higher; and sea levels were 15 to 25 metres higher. How can Africa be part of the solution, while also endeavouring to catch up on industrial development, in terms of the business of decarbonisation and ‘carbon tech’, Africa is mostly a follower. In 2021, America will invest around USD60 billion on climate tech. And - according to Bloomberg - in 2020 investors globally spent USD500 billion on the “energy transition”. The committee will continue to urge management to leverage transfers of green technology and climate finance from advanced economies to developing ones, in advancing solutions that create economic growth and export opportunities through new industries, such as green hydrogen. And our commitment to digital and data initiatives will help facilitate a shift. For example, our Project Blue Fleet uses data-driven insights to maximise efficiency and minimise resource waste.

Imperial conducted a gap analysis of our reporting against the TCFD requirements, and as we progress our ESG strategy we will improve our TCFD reporting. Further, the SES committee has approved the Imperial aspiration to strive for zero harm to people and the environment to frame our ESG strategy. In keeping with our commitment to greener logistics and new revenue opportunities we are considering strategic partnerships on alternative energy including compressed natural gas, liquified natural gas and green hydrogen.

To end, our view is that ordinary Africans will not reap the benefits of the continent’s extraordinary resources and demographic dividend if gatekeepers insist on bribes, and business pays those bribes to facilitate profitmaking. This year we engaged in an extensive communication campaign to remind our over 25 000 employees that we have zero tolerance for dishonest conduct. Ethical leadership and conduct vested in morality incorporates the full range of ESG imperatives and is the underpin to our legitimacy in the markets and industries we serve. We will continue to protect Imperial’s legitimacy, not only as a moral injunction, but also a competitive advantage.

+ Read more in this report and our ESG report online.

24 Our context

A deep understanding of our clients, principals and customers, as well as our markets and industries informs our strategy and underpins our competitiveness and resilience in full view of the emerging risks and amplified opportunities within our strategic scope.

COVID-19 and climate change highlight the vulnerability of global supply chains to systemic risk; but also demonstrated the essential role played by the logistics industry in driving growth, recovery and sustainable development, especially in Africa.

As a trusted partner to our clients and principals, we remove the complexity and help them navigate the challenges of highly dynamic and fast-changing markets and industries, to realise the compelling growth opportunities the continent presents as we seek to improve the quality of life of people.

Operating context overview

During the past 12 months, many of Imperial's markets of operation faced challenging trading conditions due to the extended impact of COVID-19 and lockdown restrictions as infection rates continued to rise again in H2 F2021. A third wave of COVID-19 infections has gathered momentum on the African continent, particularly in countries where vaccination rates are currently very low. In the absence of stimulus by governments, these effects are expected to continue to hamper the economic recovery and growth in these markets.

Most European countries have eased lockdown measures due to decreasing numbers of infected people. In Germany, however, certain lockdown restrictions remain in place but are gradually easing. The automotive sector is being negatively impacted by the global shortage of semi-conductors. The heightened impact of Brexit has resulted in slower imports into and exports from the UK and a shortage of drivers in the UK. More clarity is expected when the new Brexit regulations have been fully implemented.

The imbalance in supply chains due to lack of availability of shipping containers in certain key markets is resulting in higher supply chain costs due to higher freight rates

that are negatively impacting volumes in our businesses in these markets.

Forecasts indicate that most economies in key African markets in which we operate contracted in 2020, with low to modest growth expected in calendar 2021. Further, some of our markets of operation experienced levels of social unrest which negatively impacted operations.

We will experience overall volatile trading conditions across the markets in which we operate until some level of normalisation is reached around the COVID-19 pandemic.



Imperial has a strong track record and experience in operating and growing in Africa, taking our clients, principals and customers to some of the fastest growing and most challenging markets in Africa.

Industry trends



Healthcare

Global health spending is expected to rise at a 3,9% compound annual growth rate (CAGR) from 2020 to 2025, up from 2,8% for 2015 to 2019. Demand in Africa will track, or likely surpass, this growth. Various factors will drive this demand: population growth, urbanisation, post-COVID-19 economic recovery, innovation and technology advances, increasing consumer expectations, growth of generics, and the expansion of public health care systems. Imperial's strong presence in the continent's healthcare sector (which contributed 22% to group revenue in F2021) positions us well for higher growth rates in the sector.

The COVID-19 pandemic has offered a stark reminder of the critical importance of local healthcare product manufacturing capability on the African continent. South African-based pharmaceutical manufacturers are set to benefit from the creation of the African Continental Free Trade Area (AfCFTA), which commenced in January 2021, and key role players are hoping to expand pharmaceutical exports into the rest of the continent.

Consumer

From 2001 to 2014 consumer spending (also known as final consumption) in sub-Saharan Africa grew from USD302 billion to USD1,425 trillion. It declined through to 2016, before climbing again to 2019. But the upward trend was reversed by the pandemic as consumer expenditure in sub-Saharan Africa dropped to USD1,33 trillion in 2020.¹ As the economic recovery gathers steam, and households feel more emboldened to spend their savings, consumer spending is set to continue its upward trend. According to Fitch Solutions, real household spending in South Africa is projected to grow by 4,3% in 2021, against (5,9)% in 2020. South Africa accounts for 38% of consumer revenue in F2021.

If properly implemented, the AfCFTA agreement could see Africa generate combined consumer and business spending of USD6,7 trillion by 2030². There may also be a silver lining to the pandemic, should it encourage closer integration among African countries to boost mutual self-sufficiency and reduce dependence on overseas countries. Also, technology transfers from rich to poor countries invariably benefit the continent. Africa will undoubtedly benefit from the growing efficiencies of e-commerce, last-mile delivery and smart logistics, and Imperial's significant investment in new technologies and digital enablement will track this shift.



Automotive

The revenue contribution from our automotive operations in F2021 was 17%. Germany is Europe's number one automotive market, accounting for approximately 25% of all passenger cars manufactured (3,5 million) and roughly 20% of all new car registrations (2,9 million) in 2020. Stimulus packages, the temporary lowering of the VAT rate, and an increase in the government's share of the environmental bonus has spurred the recovery of the German auto sector. Germany is also the second largest individual external market for South African motor vehicle exports (9,5%).

According to the financial services provider UBS, by 2040 almost all new cars will be electric.³ This is expected to create massive demand for lithium-ion batteries, a sector Imperial is targeting as part of our involvement in automotive supply chain logistics. The market size of lithium-ion batteries in Europe is estimated to record 12,9% growth in 2021 with a market value of USD10,2 billion. This market will expand at a CAGR of around 7,5% from 2021 - 2031.⁴



Chemicals

This industry contributed around 12% to group revenue. Some 86% of Imperial's chemicals industry revenue (excluding energy) is generated from clients in the European Union (EU). The outlook for global chemical production (excluding pharmaceuticals) is expected to grow by 4,4% (2020: (0,4)%) in 2021.

Energy is a sector of our chemicals industry focus. Despite a decline in the consumption of petrol, diesel and liquefied petroleum gas (LPG) in the Southern Africa region, our revenue from fuel and gas only contracted 2,2%. The pandemic saw South Africa's LPG demand drop by around a third in 2020. However, over the coming years demand for LPG is likely to increase, driven by various factors, including the rising cost of electricity. In addition, the government's LPG Expansion Initiative aims to double the consumption of LPG over the next five years, while promoting local manufacturing of gas cylinders and appliances.



Industrial and commodities

The industrial and commodities industry contributed around 17% to group revenue. The cement and paper/board sectors in South Africa were heavily impacted by COVID-19 and the associated economic contraction. The recovery in the global steel environment since the second half of 2020 has accelerated in 2021; and activity levels in steel markets have continued to recover. Further, strong demand and low supply chain inventories - following significant destocking in previous periods - have supported a recovery in steel spreads (the price difference between steel and raw material inputs).

Connecting volumes with the strong consumer demand in Africa is set to spur the packaging market, with forecasters predicting a CAGR of 8,4% for 2021 to 2026.

¹ (The World Bank, 2021)

² (Patel, 2019)

³ (Rowlatt, 2021)

⁴ (Bloomberg, 2021)

26 Our context continued

Global trend overview

The following provides an overview of the global trends that present both risks and opportunities for solution providers like Imperial, highlighting areas of potential disruption and guiding our strategic priorities.

Opportunities



- One of the fastest-growing consumer markets in the world.
- Healthcare and consumer sectors are expected to outpace national economic growth rates.
- Geopolitical tensions, global trade dislocation and shortages, extreme weather events and COVID-19 related restrictions continue to disrupt the movement of goods and people.
- The vulnerability of global supply chains is accelerating the shortening of supply chains in favour of local manufacturing, ‘near-shoring’ and ‘on-shoring’.
- The emphasis on local beneficiation presents significant opportunities for our integrated market access and logistics solutions.
- Clients are re-evaluating their supply chain strategies, favouring opportunities for expert outsourcing, end-to-end offerings, innovative solutions, and increased supply chain resilience, efficiencies and visibility.

Opportunities and threats



- A more stringent regulatory environment reflecting heightened activism from investors, funders non-governmental organisations and the public alike, mean businesses must demonstrate ESG and shared value principles, practices and targets aligned to international commitments.
- The need for digital and other scarce skillsets will intensify competition in a tough economic environment where critical skillsets are scarce.
- To meet this challenge, organisations must develop, attract and retain talent by creating a compelling and competitive employee value proposition.
- Consumer behaviour is shifting, with the remote economy gathering momentum in higher adoption of e-commerce, online engagement and services such as telemedicine, which is reshaping traditional business models.
- Digitally enabled organisations and data capabilities will play a central role in meeting many of the current market and industry demands.
- Advancement in digitalisation provides increasing options for automating repetitive processes, for greater accuracy and efficiency and cost savings.
- Technical and industrial progress has had a significant impact on the planet with increasing climate-related risks. The opportunity to leverage green logistics and technology through a focused ESG strategy and green finance will advance solutions to create economic growth and export opportunities through new industries.

Threats



- Disintermediation continues to present a threat to the group’s client franchise, and the integrity of our end-to-end service offering.
- This is heightened by new competitors with highly innovative and disruptive operating models.
- To compete and win, against existing and new competitors, requires organisations to become highly client-centric, able to understand the current needs of their clients, principals and customers, and to anticipate how these are likely to change in the future.
- Changing consumer behaviour, rapid technological improvements and global competition are increasing demand volatility, impacting supply chain management and planning.

Our material issues

Imperial defines material issues as those factors most likely to influence the decisions of our stakeholders in relation to the capital inputs they provide to the group, and the outcomes they expect to derive in return.

Materiality determination

This year, we revised our materiality determination process to address gaps identified during the 2020 materiality process, and our reading of the revised <IR> Framework, particularly with reference to their increased focus on process-related disclosures that underpin the integrity of the integrated report. The material issues presented in this report are the result of a more formalised and robust approach, the details of which are outlined below.

To make a clearer link to how our strategy will create and preserve value for our key stakeholders, and the factors we need to manage carefully to avoid the destruction of value, the capitals pertaining to our material issues are shown below. Our material issues are extensively referenced throughout the integrated report, to indicate how we are addressing them in our strategic plans and actions, and are therefore indicative of how the related capitals, and the stakeholder expectations and concerns attendant to them, are being managed.

Inputs to the materiality process

- Internal documents including Imperial's purpose, strategy, strategic initiatives, risks, operating context, as well as documentation submitted to the board for review and approval throughout the course of the financial year.
- These materials were selected in collaboration with key members of the Imperial executive team on the basis that they reflected the issues deemed most relevant, and therefore material, to group leadership, and most pertinent to the operation of the business as well as its ability to generate short-, medium- and long-term value in view of the 'triple context' (social, economic and environmental trends).
- Questionnaires specifically designed as part of the materiality determination process were administered to members of the group executive team and included questions relating to stakeholder concerns and expectations, and value creation, protection and destruction.
- Interviews conducted with Imperial's group CEO and group CFO.

Analysis

- Source documents, questionnaires and interview transcripts were studied in detail, with an online qualitative analysis platform used to code and theme the data through the lens of Imperial's strategy and the six capitals.
- This process produced 17 material issues organised into five themes. Each of the material issues is supported by a series of priorities or ongoing initiatives.

Review

- Once drafted, the material issues were reviewed and revised by key members of the Imperial executive team to ensure that the material issues were representative of all top-of-mind issues, across the group, its businesses and its functions.

Approval

- The final set of material issues were reviewed, finalised and approved by the group board.


28 Our material issues continued

Growth and strategic transformation

Stakeholder concerns and expectations

Clients, principals and customers	Facilitated access to African markets; customised, client-centred solutions for complex supply chains; continued market relevance.
Employees and their representatives	Delivery in a challenging operating environment; unprecedented organisational change; income security.
Business partners and suppliers	Volume growth; increasing cost pressures; doing business in challenging, emerging markets; contract security.
Providers of capital	Strategic delivery; return on investment; cash generation; growth.

Preservation of scale



To ensure that Imperial remains a business of scale despite significant asset disposals, we must remain agile in a challenging operating environment and respond quickly and effectively to replace lost earnings.

This requires that we:

- Replace earnings lost through significant disposals with higher quality earnings and returns.
- Carefully select acquisitions aligned with our 'One Imperial' and 'Gateway to Africa' strategy and integrate these into our management systems, processes and culture over time.

Sustainable, organic revenue growth



The 'One Imperial' and 'Gateway to Africa' strategy will position the business for sustainable growth and improve efficiencies over the medium term.

Achieving organic growth requires that we:

- Enhance our positioning as the 'Gateway to Africa' to attract new business and maintain our high contract renewal rate.
- Focus our efforts on gaining new business by converting existing opportunities and building the pipeline for new opportunities.
- Attract new clients and principals across all markets and businesses.
- Improve underperforming businesses.







Demonstrate stability and strategic delivery to the market



In the recent past, we have participated in an unbundling, restructured, disposed of underperforming assets, acquired new material assets and introduced a bold new strategy in which we have the greatest confidence. Our current focus must now be on delivering on our strategic objectives and demonstrating stability to all key stakeholders.

Our current priorities include:

- Showing tangible progress towards operating as 'One Imperial' - an integrated provider of logistics and market access solutions.
- Avoiding a return to siloed operations and continuing our 'One Imperial' journey.
- Investing in 'One Imperial' and the digital and IT, people and culture, marketing, communications, ESG and finance initiatives underpinning our transformation.
- Leveraging the unique combination of Logistics and Market Access solutions to the advantage of our clients, principals and customers.
- Demonstrating progress by continuing to build our commercial pipeline.
- Integrating recent acquisitions to extract value.

 Financial capital	 Human capital	 Intellectual capital	 Manufactured capital	 Relationship capital	 Natural capital
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Financial management

Stakeholder concerns and expectations

Clients, principals and customers	Continued market relevance; long-term, sustainable partnerships; trusted business partners; operational efficiency supporting a lower cost to serve.
Employees and their representatives	Organisational change, including systems change and process automation, income and job security.
Providers of capital	Return on investment; cash generation; growth; aligning capital allocation with strategic growth plans and long-term sustainability; reduced fixed costs; robust ESG practices and reporting to ensure access to green funding.
Authorities	Financial compliance, integrity and strong internal controls.
Society	Employment opportunities.

Financial controls, strict capital and cost management



How we manage our balance sheet and costs in a challenging operating environment, exacerbated by the effects of COVID-19, is central to our financial sustainability and our ability to execute on our strategy in the long term.

Key priorities include:

- Establishing centre-led key finance functions in the medium term, to ensure strong governance and consolidated strategic focus.
- Strict financial controls to govern our operating expenses, working capital, cashflows, debtors, capital expenditure and foreign exchange risk, supported by our strong treasury function.
- Managing underperforming businesses and disposing of non-core assets at attractive multiples to reduce debt and enable further investment in growth.
- Increasing efficiencies and our ability to appropriately manage key financial risks by investing in digitised processes and systems.

Capital allocation and generation



Delivering on our 'One Imperial' and 'Gateway to Africa' strategy requires investment in key areas of the business.

Key priorities include:

- Driving both organic and acquisitive growth.
- Protecting margins and revenue in our continuing operations.
- Securing an optimal balance between equity and debt.
- Targeted allocation of capital to enhance 'Gateway to Africa' strategy while ensuring appropriate return on capital.
- Investing in and leveraging digital capabilities to identify new sources of revenue, positioning Imperial beyond its core logistics and market access offerings.

Business continuity



As an essential services provider, many of our businesses remain operational during COVID-19 lockdown, however, volumes are reduced during these periods. We must therefore manage potential disruptions and cash flow to ensure uninterrupted operations.

To do this, we have:

- Invested in COVID-19-related protocols and remain responsive to regularly updated COVID-19-related regulations and restrictions.
- Introduced new ways of working to respond to the unique demands imposed by the pandemic and related restrictions.
- Implemented tight financial controls on working capital management and expenditure to ensure sufficient cashflow for uninterrupted operations.

30 Our material issues continued

Digital and IT

Stakeholder concerns and expectations

Clients, principals and customers	Improved efficiencies; supply chain visibility; data-driven innovation; digital capabilities ensuring continued market relevance; technologically driven changes to business models in the industry; improved billing capabilities.
Employees and their representatives	Digital platform acceptability and availability; data privacy; data-driven insights and decision making; administrative complexity.
Business partners and suppliers	Duplicated efforts; data-driven sourcing decisions; administrative complexity due to decentralised, legacy systems.
Providers of capital	Enhanced revenue growth; new revenue streams; delivery on digital strategy and performance.

Investing in digital and IT



Investing adequately in our digital and IT capabilities is fundamental to our ability to deliver on our 'One Imperial' and 'Gateway to Africa' strategy, and to transform to a digital, technology-enabled and innovative organisation. Digital and IT transformations carry upfront investments, with benefits only seen in the medium to longer term, however, digital capabilities are key to transforming Imperial, enabling our growth aspirations and securing our competitive advantage.

Our current priorities include:

- Repositioning Imperial as a digitally and technologically enabled integrated logistics and market access business.
- Using data insights to guide and improve decision making.
- Differentiating our offerings to clients, principals and customers to secure a competitive advantage.
- Identifying, integrating and owning potentially disruptive technologies and businesses.

Digital skills and user adoption



People and culture initiatives relating to talent recruitment, training and development and change management are central to successfully implementing our digital and IT strategy.

To ensure that digital and IT initiatives are executed effectively and timeously, we must:

- Engage with our people to communicate the value of the shift to digital, foster acceptance of digitisation, and to facilitate data-driven decision making and a culture of innovation.
- Recruit required talent and retrain employees across all levels of the organisation to ensure our people have the skills required to engage with and use new digital and IT platforms.

Environmental, social and governance (ESG)

Stakeholder concerns and expectations

Clients, principals and customers	Market reputation; legitimacy and credibility across operations; trusted corporate partners; high ethical, governance and supply chain standards; supply chain visibility.
Employees and their representatives	Being part of an inspirational, innovative, responsible and caring brand; being part of an organisation with a clear purpose; workforce diversity.
Providers of capital	Long-term economic, environmental and social sustainability; global ESG and sustainability ratings and disclosure.
Authorities	Environmental and social impact; adequate governance practices; meeting regulatory requirements; local job creation and preservation.
Society	Environmental and social impact; climate change; social investment; skills upliftment; good governance and corporate responsibility; continued investment despite the challenging operating environment.

ESG integration



As a purpose-driven organisation, ESG is a pillar of our group strategy. Developing and harnessing our ESG strategy and related opportunities are central to ensuring our continued legitimacy and meeting the demands of our clients, principals and customers. A core focus over the short to medium term is on enabling our operating companies to achieve their business objectives by integrating ESG practices into their day-to-day activities, adding value in the form of cost efficiencies and savings, and serving as a competitive advantage.

To integrate ESG into our business operations, we:

- Compiled and approved Imperial's first comprehensive ESG strategy, with agreed targets and aspirations for the short, medium and long term.
- Incorporated ESG into our value proposition to clients, principals and customers.
- Linked ESG targets to executive KPIs and remuneration via the ESG pillar of the Group strategy, as well as linking annual targets to management KPIs and remuneration for those responsible for our ESG initiatives.
- Are engaging with internal project leaders to understand areas of synergy between projects, to produce financial efficiencies alongside environmental co-benefits (eg Project Blue Fleet).
- Are developing a standard set of procedures for evaluating ESG practices and performance of potential acquisition targets to ensure ESG is considered in this process.

ESG performance, disclosure and reporting



Our strong ESG performance and disclosures represent an opportunity to build a competitive advantage and to access alternative funding sources. This will serve us well as ESG receives heightened focus from many stakeholders, and as shareholders begin to incorporate ESG practices and ratings into investment decisions.

Harnessing the value of our ESG strategy and performance requires that we:

- Demonstrate our commitment to, and tangible progress against, our ESG goals and aspirations through our ESG-related practices and disclosures.
- Develop dashboards to track and monitor progress against agreed KPIs.
- Align our ESG reporting to international frameworks, and improve our disclosure on climate change by aligning with TCFD.

32 Our material issues continued

Environmental, social and governance (ESG) continued

Local relevance and legitimacy



As a responsible corporate citizen, we strive to do good in the communities in which we operate, ensuring that our presence has a net positive impact on our countries of operation and local communities.

Key priorities include:

- Growing local logistics and supply chain capacity in various industries.
- Creating opportunities for local people in our countries of operation to harness in-country knowledge, improve our employee value proposition for our local workforces and enhance our legitimacy.
- Supporting enterprise development and impactful CSI initiatives that provide access to quality and affordable healthcare services, increase the reach of quality education, promote equality and improve road safety.
- Monitoring and understanding our social impact in the communities in which we operate.

People and culture

Stakeholder concerns and expectations

Clients, principals and customers	Appropriate and future-fit skills and workforce.
Employees and their representatives	Unprecedented change, amplifying uncertainty; effective and integrated change management; good fit between personal values and Imperial values; meaningful and purposeful work; working environment supportive of personal and career growth; clear processes and communications; diversity and transformation; safe working environment; training and skills development; adapting to new ways of working; good work-life balance and flexible working arrangements.
Providers of capital	Remuneration policy and KPIs that reward strategic delivery; organisational responsiveness to changing operating conditions.
Authorities	Human and labour rights; employment equity; occupational health and safety.
Society	Employment opportunities; diversity and transformation.

Organisational culture and change



Our 'One Imperial' journey is requiring changes to our organisational structures and a fundamental shift in strategy to become a digitally and technologically enabled provider of logistics and market access solutions. We have made good progress and continue to manage organisational change to ensure value is protected, and our people are supported throughout this transformation.

Our key priorities include:

- Uniting our people through our purpose and new set of values.
- Driving internal brand awareness and engagement to communicate our purpose and values to our people, enabling them to actively participate in our shared 'One Imperial' journey and embedding our values across all levels of the organisation.
- Improving the quality and frequency of communication regarding our 'One Imperial' journey across various channels, including email, SMS and our internal communications platform.
- Implementing an appropriate organisational structure and IT system for the people and culture function to enable the business to operate as 'One Imperial'.
- Introducing a consistent 'One Imperial' people model and associated ways of working for all our people practices.

People and culture continued

Employee health, safety and wellness



Our people's health, safety and wellness are always a priority for Imperial. We are committed to supporting our people during times of unprecedented change, and ensuring they remain safe and well.

We do this by:

- Reacting swiftly to minimise harm, ensure the safety and wellbeing of our people and business continuity in cases of disruption (eg COVID-19 and social unrest).
- Providing appropriate and relevant psychological support to our employees.
- Continuing to provide job and income security.
- Continually engaging with our people to ensure they remain productive, motivated and part of 'One Imperial'.

Attracting, retaining and developing talent



To drive strategic delivery and propel growth, we must attract, develop and retain employees with the right management and technical skills.

To achieve this, we are:

- Identifying needed capabilities across job levels, businesses and operating entities, and filling roles where gaps are identified.
- Identifying future-fit skills required across the organisation.
- Communicating our current strategy, shift to a purpose-led culture, organisational values and commitment to good corporate citizenship to current and prospective employees.
- Rolling out initiatives to support career growth and meaningful work.
- Supporting our supervisory staff and enabling them to create a working environment more supportive of personal and career growth.
- Investing in training and skills development initiatives.

Workforce and skills diversity



Our ability to meet stakeholder expectations, local regulations, deliver on our strategy and attract new talent is contingent on our ability to demonstrate tangible progress in building race, gender and skills diversity at Imperial.

Some key initiatives include:

- Developing and implementing a group diversity plan.
- A driver learnership programme for unemployed women aimed at improving gender diversity in our truck driver workforce.
- The Women's Development Programme.
- The Youth Development Programme.

We have also launched a campaign targeted at reducing gender-based violence in the communities in which we operate as well as those in which our people live. Read more from page 71 and in our ESG report online.

Remuneration and performance evaluation



Remuneration and performance evaluation of our employees and executives remain key focal areas, particularly with respect to consistency.

To address this, we:

- Are implementing a consistent talent and performance management framework across businesses.
- Have revised our remuneration policy and philosophy and introduced a grading system that promotes internal and external equity.
- Have devised a set of strategic goals to guide KPIs for short-term incentives (STIs) and reward strategic delivery; these will be consistently applied across the medium term.

Leadership development



Our leaders play a crucial role in driving organisational and cultural change, ensuring that our people engage wholeheartedly with our purpose, values and strategy to deliver effectively against the diverse needs of our stakeholders. We must also ensure that our leaders are representative of the diverse communities in which we operate.

Key priorities include:

- Developing young talent and creating a pipeline of future successors.
- Ensuring our leadership team is future fit, purpose led and caring, and that our leaders live our values and adopt our desired leadership behaviours.
- Supporting our leaders to methodically and sensitively implement culture and organisational change.
- Setting and meeting key equity targets across the group to more closely align our leadership profile with national demographics.

34 Our business model

Our strategic transformation into ‘One Imperial’, structured, equipped and optimised to leverage our unique competitive advantages, is well underway. Our aspirations to grow sustainable revenue and achieve targeted returns, deepen our competitiveness and relevance, and retain our industry and market legitimacy, thereby unlocking value for all our key stakeholders, are becoming a reality.

Our inputs at 30 June 2021



Financial capital

- Total equity of R7,8 billion (F2020: R8,3 billion).
- Net debt:EBITDA, excluding IFRS 16, of 1,3x (F2020: <2,5x) – well below our covenants of 3,25x.
- Capital allocation applies forward looking scenario planning and forecasting to assesses capital requirements up to 24 months ahead.
- Proven excellence in balance sheet and treasury management, and significant fixed cost reductions effected.
- Strong cash and liquidity position with R14,4 billion of available facilities.



Human capital

- 25 432 people employed in 25 countries at year end.
- Ensuring a safe working environment that supports employee health and wellbeing is a top priority.
- Significant progress in changing our organisational structures, embedding our values and purpose.
- Meaningful improvement in the organisational health and culture of Imperial from F2020 baseline (Barret survey).
- Reviewed succession pipeline across the businesses and held strategic talent review workshop with executive committee to improve succession planning.
- Responsible management of organisational change and restructuring through a centre-led transformation office.
- Building executive capabilities in key areas, including business development, digital and IT, ESG and health, safety, sustainability and environment.
- Appointed new board members with relevant skills that complement the group’s industry and strategic focus, and improve diversity.
- Several Imperial women executives won external awards for driving gender awareness and relevant issues.



Intellectual capital

- Invested c.R290 million in ‘One Imperial’ initiatives in F2021, focused on aligning processes, including single system for finance and HR and communications.
- Extensive due diligence of acquisitions followed by carefully managed integration into ‘One Imperial’, including alignment of financial, operational and ethical governance systems to the group’s standards and expectations.
- Investment in flexible IT architecture and a ‘digital first’ approach, through centre-led function with leadership team appointed.
- Partnered with experts in data-based decision making to develop business performance insights platform.
- USD20 million venture fund, in partnership with Newtown Partners.
- Introduction of forums focused on collaboration to drive ‘One Imperial’, repositioning the brand among stakeholders to deliver ‘Gateway to Africa’, including Digital and IT forum and One Imperial Client forum.



Manufactured capital

- Focus on investments that complement existing extensive Africa-wide network and ‘asset right’ capabilities.
- Improve management of fleet through innovative technology and data analysis, to gain efficiencies and reduce costs e.g. Project Blue Fleet.
- Transport fleet of sub-contractors that provide flexibility in responding to client requirements.
- National transport infrastructure and utilities required to operate.



Social and relationship capital

- Purpose-led strategy with priority given to people, profit and planet.
- Commitment to strive for zero harm to people and the environment.
- Clear client and principal value proposition offering simplicity, flexibility, resilience and visibility.
- Strong in-country stakeholder relationships facilitate efficient access to markets and socio-political risk mitigation.
- Significant B-BBEE ownership transaction concluded securing competitive advantage and market credibility.
- Achieved our gender and diversity targets, improving female gender ratio for top and senior management to c30%.
- Membership of business and industry associations to advocate for enabling regulatory change, gender equality.
- Integrating ESG strategy into daily business, with improved reporting and disclosure, including first UN Global Compact report, TCFD benchmarking and SEIA in South Africa and Nigeria.
- Mature ethics management and reporting, and ongoing awareness campaigns to enforce zero tolerance to unethical behaviour.



Natural capital

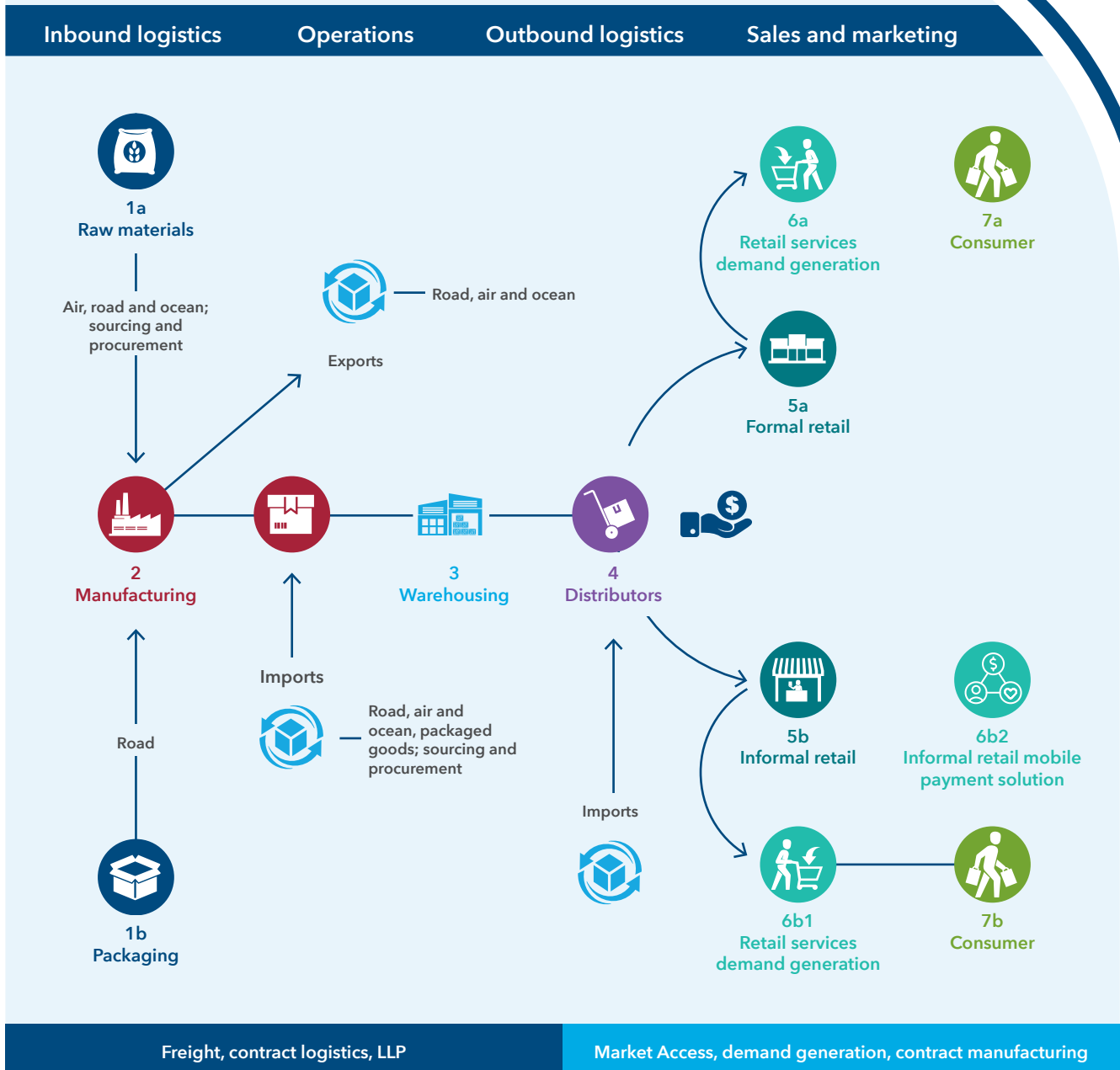
- Integrating ESG into daily business to embed responsible business practices that protect against adverse environmental impacts, supported by new technologies.
- Member of the World Economic Forum New Champions South Africa chapter.

We manage our constraints by carefully considering the trade-offs needed to progress our strategy.

+ Read more on our material issues and how our strategy addresses key challenges on pages 27 and 38.

Our business activities

End-to-end integrated service offering across the logistics value chain



Our outputs

- We provide market access and integrated logistics solutions to our clients and principles in key industries, in some of the fastest growing and most challenging markets in the world.
- In partnership with our clients and principles we provide access to quality products and services in 25 countries.
- The direct impacts associated with our services include:
 - Scope 1 and 2 emissions
 - Water usage
 - Other waste, including general waste and hazardous materials.

[+ Read more about our solutions from page 88.](#)

36 Our expected outcomes

Financial capital



- Client and principal value proposition proving effective with increased contract gains, renewals and pipeline.



- Significant strategically aligned acquisitions expected to achieve our 'Gateway to Africa' strategy.



- Positioning for sustainable revenue growth and targeted returns for our shareholders, in balance with investment in strategic transformation.



- Measurable progress in ESG strategy will return commercial, funding, cost and reputational benefits.

Intellectual capital



- 'One Imperial' strategic transformation will deliver an organisation capable of delivering our purpose and 'Gateway to Africa' strategy.



- Digital and IT strategy will provide high-grade automation and standardised best-in-class IT systems - tailored to processes of clients, principals and customers.



- Digital and data platforms and capabilities will deliver differentiation, efficiency, relevance, stronger brand and optimised capital and risk management.



- Nine actively managed portfolio companies with the potential for commercial scale, competitive advantage and disruptive innovation.

Human capital



- Independent reviews of board consistently confirm overall effectiveness.



- Improved levels of engagement, relevant skillsets and collaboration enabling client-focused solutions, improved performance and accelerated growth.



- 'Gateway to Africa' strategy has united and inspired employees through a shared sense of purpose and values alignment, and is proving attractive to prospective employees.



- My Imperial People Way will drive consistency across all our people management and culture practices, and strengthen our employee value proposition.



- Focus on talent management, including diversity and inclusivity, to leverage the unique strengths of a diversified workforce.



- Committed to reskilling and upskilling employees for new roles, and to preserve as many jobs as possible as we transform and digitalise.



- Commitment to ESG enhancing our employer brand and ability to attract top talent.

Key:

The time horizons - short, medium and long term - indicate when we expect to have achieved these outcomes.

ST	Short term	MT	Medium term	LT	Long term
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Manufactured capital



- Efficient use of assets across our network supported by asset-right investments, and reduced fixed overheads and idle assets.
- Evolution from asset-heavy, 3PL logistics player to an innovative, asset-right business.

Social and relationship capital



- Significant direct and indirect value created for countries in which we work.
- Improved quality of life for consumers through access to food, medication, fuel and other essential products and services in 20 African countries.
- Support optimal supply chains of key industries that give millions of people decent jobs and drive socioeconomic growth in 25 countries.
- Facilitate trade flows into, out of and within Africa, driving economic growth and the accessibility of continental markets.
- Industry and market legitimacy are cornerstones of our competitive advantage.
- Highest standards of business ethics, people and product safety, and care for communities and the natural environment underpins credibility among clients and principals, in industries with strict codes of propriety within their supply chains, and as a credible corporate citizen in our countries of operation
- Focus on localisation drives local employment and supplier development.
- B-BBEE rating provides significant benefits for our clients and our ability to compete for new business and retain clients, strengthens employer brand and ability to attract and retain talent.
- Contribution to national objectives and community wellbeing as a responsible corporate citizen, focused on healthcare, education, safety and skills development.
- Strengthen state capacity by rendering services, providing jobs and generating efficiencies and profits for reinvestment.

Natural capital



- Continued effort to reduce environmental impacts.
- Leveraging transfers of green technology and climate finance from advanced economies to developing ones, to advance solutions that create economic growth and export opportunities while lowering environmental impact.
- Committed to achieving zero harm to the environment.

38 Our strategy

Our strategy aligns our people, client and profit propositions, which are rooted in our commitment to ESG leadership, to deliver ‘One Imperial’ as the ‘Gateway to Africa’.

Our integrated innovative solutions are supported by our investment in best-in-class and emerging technologies, and in developing a culture of client-centred collaboration. Our strategic progress is enabling us to compete better and to win in our markets and industries, in a world where the criticality of resilient and optimised supply chains has never been clearer to clients and countries.

Our strategic pillars, challenges, risks and responses

Pillar: 1 Operate as ‘One Imperial’, offering unique end-to-end solutions

What this means for our stakeholders

Our **clients, principals and customers** want to engage with a business that is able to provide integrated and innovative solutions, and that facilitates local relevance to enable them to compete and win in their chosen markets. They want simplicity, flexibility and visibility of their supply chains. Imperial provides end-to-end access to markets, with the flexibility to adjust to different needs. Operating as ‘One Imperial’ with one brand positioning, one collaborative culture, one strategy and group-wide systems and processes to facilitate one client experience will provide end-to-end visibility and insights for Imperial and our clients. Our scale and unique integrated logistics and market access solutions – rooted in a deep understanding of the industries and countries in which we operate – will drive the competitiveness and resilience of our clients, principals and customers.

Strategic initiatives

- Understanding industries and client, principal and customer needs.
- Offering unique integrated logistics solutions and market access solutions.
- Becoming a trusted brand and partner.
- Sharing capabilities for economies of scale and leveraging skills across the group, to facilitate cross-selling and upselling.
- Ability to forward and backward integrate – to become a ‘one-stop shop’.

Key performance measures

- Organic revenue and operating profit growth.
- Growth in continuing headline earnings per share (HEPS) compared to the prior year.
- Good free cash flow generation.
- Contract renewal and gain rates.
- Progress forward and back integration initiatives.
- Client satisfaction (client surveys).
- Employee satisfaction (Barrett Survey Score).

Strategic challenge: Simplifying the business from a complex, regional portfolio into an integrated market access and logistics business

Associated strategic risk	Strategic responses	Headline progress
<p>Failure to execute on strategic initiatives</p> <ul style="list-style-type: none"> • Ability to deliver ‘One Imperial’ culture and integrated strategy may be limited by continued use of disparate and fragmented legacy systems. 	<ul style="list-style-type: none"> • Transforming into an integrated logistics and market access business, offering end-to-end solutions that provide simplicity, flexibility and visibility to our clients, principals and customers. • New organisational structure focused on two solutions (market access and logistics). 	<ul style="list-style-type: none"> • Organised and operating Imperial based on the solutions we offer to our clients, principals and customers (our capabilities) and less so on regions. • Significant investment and progress in establishing Logistics Africa, Market Access and ‘One Imperial’ commercial and key account management function.

+ Read more about our approach to managing risk from page 44.

+ Read more about our progress in the performance sections starting from page 50.

Pillar: 2 People are our greatest asset

What this means for our stakeholders

We are investing significantly in **our people**, with a clear focus on building our talent pipeline, and leveraging skills and expertise across the group. Our people strategy will ensure that the business is well-equipped with talented and skilled people equipped with the relevant skillsets and expertise, supported by optimal systems and processes, and the desired culture, to drive strategic execution, competitive differentiation, operational efficiency and innovation.

Strategic initiatives

- Creating a 'One Imperial' culture.
- Transforming leadership diversity and mindset.
- Attracting and retaining best talent and skills.

Key performance measures

- Employee engagement.
- Employee diversity.
- Improve employee culture survey score.
- Building the right organisational structure to implement the strategy, coupled with good succession planning.

Strategic challenge: Moving from a decentralised model to operating as 'One Imperial' – leveraging synergies, expertise and clients.

Associated strategic risk	Strategic responses	Headline progress
<p>Attracting and retaining talent</p> <ul style="list-style-type: none"> • Inability to attract and retain necessary skills at all levels may result in existing operational capacity not being fully utilised and an under-investment in transformation and diversity. • New technologies and ways of working require new skills for the future while retaining the right skills for today. 	<ul style="list-style-type: none"> • Aligning our processes and organisational design to 'One Imperial', including the roll-out of a single finance, IT, human resources and communications system. • Client and principal value proposition are centred on selling as 'One Imperial' and leveraging cross-selling and upselling opportunities. • People proposition is centred around our purpose, collaboration and being part of a 'One Imperial' business. • Investing in talent pipeline and leveraging skills and expertise across the group. • Aligning remuneration KPIs to include 'One Imperial' initiatives. 	<ul style="list-style-type: none"> • Finalised and implemented organisational structures to enable 'One Imperial' and 'Gateway to Africa' strategy. • Introduced and rolling out a consistent 'One Imperial' people model and the associated ways of work for all our people practices. • Progressing plans to introduce a centre-led training initiative regarding digitisation, and driver and controller training. • Various communication initiatives to promote 'One Imperial'. • Established a co-creation lab for increased collaboration with key principals and clients, to facilitate selling as 'One Imperial'. • Invested c.R290 million in 'One Imperial' initiatives in F2021.

+ **Read more** about our approach to managing risk from page 44.

+ **Read more** about our progress in Our people section starting from page 50.

40 Our strategy continued

Pillar: 3 Extensive Africa footprint, serving as a ‘Gateway to Africa’

What this means for our stakeholders

Our uniquely positioned market access business in pharmaceuticals and consumer goods in over 20 countries in Africa, gives our **clients, principals and customers** access to some of the fastest growing and most challenging markets on the continent, reducing the complexity and risk involved in operating in those markets. Leveraging our vast footprint and scale – and our enviable local knowledge – we provide end-to-end access to markets, customers and consumers. Our focus now is to expand our geographical footprint and reach on the African continent.

Strategic initiatives

- Becoming the leading market access and logistics partner in Africa.
- Focusing on core industries.
- Leveraging footprint and scale.
- Ensuring local relevance.

Key performance measures

- Organic revenue and operating profit growth.
- Achieve return on invested capital (ROIC) targets.
- Achieve free cash conversion targets.
- Adding new strategic clients and principals.
- Expanding into new geographies, industries, and capabilities.
- Best practice development.
- Cost performance.

Strategic challenge: Growing the business – focused capital allocation.

Associated strategic risk	Strategic responses	Headline progress
<p>Macroeconomic uncertainty and volatility of trade and demand dynamics in key markets</p> <ul style="list-style-type: none"> • Exposure to domestic and global economic and market conditions, together with heightened uncertainty during the COVID-19 pandemic, may impact business activity and result in slower than planned recovery in markets in which we operate. • Business planning and forecasting contain an increased level of uncertainty. • Currency volatility and foreign exchange management in key markets. <p>Integrating new business acquisitions, projects, and partnerships</p> <ul style="list-style-type: none"> • Inability to unlock synergies and inadequate integration may have an adverse effect on operations. • Increased risk of entering markets that are not well-understood. • Undue reliance on third-party partnerships in new markets may have an adverse impact on reputation. 	<ul style="list-style-type: none"> • Drive solid organic growth through strong contract renewal and gain rates, as well as converting contract pipelines. • Driving acquisitive growth. All acquisitions will be assessed on strict criteria: <ul style="list-style-type: none"> - Achieving our strategic objective of ‘Gateway to Africa’. - Strong organic growth profile. - Must achieve required returns (weighted average cost of capital (WACC) plus 3%). - The extent to which Imperial can add value and leverage synergies and drive growth opportunities. - Integration, efficiency, cross-selling and upselling opportunities across market access and logistics businesses and regions. - Capital will also be allocated to group-wide systems, digital and data initiatives, processes and people – all of which are critical to our growth strategy and achieving ‘One Imperial’. 	<ul style="list-style-type: none"> • Contract renewal rate across our businesses on existing contracts is c.88%, with an encouraging pipeline of new opportunities. • New business revenue of c.R5,9 billion p.a. was secured on a rolling 12-month basis to the end of June 2021. • Five new clients onboarded into our multi-market aggregation solutions in Healthcare business. • Material contract with P&G secured in the consumer industry in Nigeria. • Developed Integrated Commercial Solutions capability in Market Access Healthcare business. • Concluded strategic acquisitions of R120 million. • Backward integration in Healthcare in South Africa through our 49% investment in Kiara Health since August 2020. • Concluded 25% B-BBEE transaction in Logistics South Africa to enhance B-BBEE and women ownership. • Announced the acquisition of the J&J Group, which will transform and expand our reach in Africa and provide access to new trade corridors. • Announced the acquisition of Deep Catch Namibia, which will provide new category expansion, a new capability and extend our network in Market Access.

+ Read more about our approach to managing risk from page 44.

+ Read more in the performance sections starting from page 50.

Pillar: 4 Leveraging footprint and network in Africa for growth

What it means

We understand the demands of the African continent and have the proven expertise to partner with **clients, principals and customers** wanting to enter and grow in emerging economies. We continue to connect African markets and capabilities with an international network to provide our clients and principals with end-to-end solutions from source to end consumers in Africa. This will ensure that we provide quality, customised and fit-for-purpose solutions and a seamless client experience. Through our broad spectrum of expertise, we will also grow in selected new markets and capabilities outside Africa.

Strategic initiatives

- Connecting trade flows into and out of Africa.
- Targeting multinational client base that can be leveraged into Africa.
- Creating cross-selling and upselling opportunities.
- Enhancing our client marketing opportunities and positioning.

Key performance measures

- Contract renewal and gain rates.
- Client satisfaction (client surveys).

Implementation challenge: Asset intensity and commoditised business.

Strategic risk and their potential impact	Our strategic response	The progress we have made
<p>Maintain cash flow by managing underperforming assets, optimising capital investment and reducing cost base</p> <ul style="list-style-type: none"> • Inability to appropriately manage capital levels and contain costs may constrain growth and reduce cash flows. • Market factors, particularly related to COVID-19, may continue to drive cost pressure and constrain profitability and growth. • Reduced investment in strategic initiatives, particularly digital innovation and acquisitive growth strategies due to capital constraints. 	<p>Asset intensity</p> <ul style="list-style-type: none"> • Transforming Imperial from an asset-heavy 3PL logistics player to an innovative asset-right business using data and technology as a differentiator, achieved through: <ul style="list-style-type: none"> - Investment in digital and data initiatives in both market access and logistics. - Asset-right acquisitions. - Transforming contract logistics and road freight to move from asset-heavy capabilities to asset-right innovative solutions. - Improve efficiency, reduce costs and investment in hard assets, reducing our asset intensity. 	<ul style="list-style-type: none"> • Reduced costs of c.R200 million (annualised) in Logistics Africa. • Consolidated road freight businesses in Logistics Africa. • Partnering with Lori Systems to expand the digital freight exchange capabilities. • Significant new business gained in LLP (c.R1.3 billion). • Concluded Parcel Ninja acquisition (e-commerce fulfilment).
	<p>Commoditised business</p> <ul style="list-style-type: none"> • Exiting non-core, underperforming low return on effort businesses. • Investing in new age businesses, centred on digital and IT capabilities. • Focusing on data and technology to remain competitive and relevant. 	<ul style="list-style-type: none"> • Exited Pharmed. • Sold European and South American shipping. • Progress with digital fleet management, enabling our road freight business. • Project Blue Fleet is recording good progress, with the renegotiation of supply agreements for our largest cost items in Logistics Africa. • Progress with partnerships to enable digital distributorships in our Market Access business.

+ Read more about our approach to managing risk from page 44.

+ Read more in the group CFO's review from page 50.

42 Our strategy continued

Pillar: **5** Go digital, be digital, enable digital

What it means

Imperial's digital strategy centres on the use of best-in-class and emerging technologies to provide **clients, principals and customers** with the innovative solutions they require to differentiate themselves. We embrace market disruptors and leverage innovation so that our clients will not only survive but thrive well into the future. Digitalisation, data, new technologies and automation - including the rise of e-commerce, online consumer engagement and telemedicine - will shape our business model and help to future-proof our business. As such, prioritising investment in digital and data initiatives as core enablers to our strategy is critical in transforming Imperial, improving efficiency, facilitating revenue growth and creating new revenue streams.

Strategic initiatives

- Becoming data and insights driven, internally and for our clients.
- Leveraging technology platforms to enhance visibility and integration.
- Establishing partnerships and expanding our ecosystem (network) to generate new revenue streams and create stickiness with clients and principals.
- Expanding services into e-commerce, e-commerce fulfilment and digital freight exchanges.

Key performance measures

- Innovation Venture Fund: progress against the fund mandate and strategic objectives, specifically including alignment with and sharing of learnings with business.
- Digital capabilities: Design, approval and implementation of specific digital capabilities as prioritised by business and functions.
- IT strategy and enterprise architecture: alignment between businesses and functions, with sign-off of roadmaps (priorities, phasing, funding, resources).
- Data-driven decisions: aligning digital and IT to support businesses and group functions in an agile way, evidenced by specific case studies.

Implementation challenge: Investment in digital, data and innovation.

Strategic risks and their potential impact

Accelerated digital enablement and innovation

- Accelerated pace of technological change, driven by disruptive digital technologies may increase the risk of technological obsolescence.
- Inability to deliver new solutions may result in loss of competitive differentiation and operational effectiveness.

Our strategic response

- Proactive ongoing investment in digital and data initiatives is core to our strategy.
- Capital will be allocated to:
 - Our Innovation Venture Fund with significant activity and opportunities identified.
 - Executing digital and IT initiatives across the business to facilitate transformational shift.

The progress we have made

Imperial's joint venture with a technology partner, One Network, has been selected as preferred partner to steward OpenLMIS, an electronic logistics management information system for the public healthcare sector.

The Innovation Venture Fund now has nine portfolio companies:

- Field Intelligence, a digital pharmaceutical distributor operating in Nigeria and Kenya.
- Shypple, a digital freight forwarder operating between Asia and Europe.
- RedBird, a provider of rapid diagnostic tests to pharmacies in Ghana.
- Lori Systems, a digital road freight exchange operating in East and West Africa.
- Fulfilment Bridge, a cross-border digital logistics service provider serving e-commerce merchants in MENA.
- MDaas Global, the healthtech company building and operating a network of modern, tech-enabled diagnostic centres across Nigeria.
- Clockwork Logistics, a business-to-business provider of a highly configurable delivery platform and driver application.
- Cheefa, an asset-light e-pharmacy marketplace which creates a distribution channel to end consumers in Egypt and Saudi Arabia.
- Portcast, a Singapore-based B2B SaaS platform that provides real-time vessel and container tracking and dynamic demand forecasting.

Pillar: 6 Integrating ESG practices

What it means

As a purpose-driven organisation, Imperial focuses on **people, planet, and profit**. We make a difference to peoples' lives and play a key role in the development of Africa and her people. We facilitate access to quality products and services for millions of people in our countries of operation, which include food, fuel, medicine, and many other products that improve the quality of people's lives. To deliver on our purpose and protect our commercial and social licences to operate, we are accelerating our investment in embedding ESG into our daily business to ensure proactive management of our impacts beyond compliance requirements.

Strategic initiatives

- Protecting our licence to operate and reputation.
- Proactively managing and investing in ESG as part of our daily course of business.
- Demonstrating care for our communities, environment and countries of operation.
- Delivering responsible ESG practices, serving as a competitive advantage for clients, principals and customers.

Key performance measures

- Deliver key milestones against ESG strategy.
- Maintain or improve global ESG ratings.
- Year-on-year improvement in renewables and emissions.
- Deliver ESG change management programme.

Implementation challenge: Creating shared and sustainable value focusing on ESG.

Strategic risks and their potential impact	Our strategic response	The progress we have made
<p>ESG integration and reputation</p> <ul style="list-style-type: none"> • Increased scrutiny and investor activism on climate change practices, and the ability of companies to deliver ethical business practices and sustainable supply chain management requires increased integration and disclosures of ESG practices. • Reputational impact of non-compliance with laws and regulations, particularly due to increased focus on regulatory and compliance processes from all our clients, principals and customers across industries. 	<ul style="list-style-type: none"> • Shifted to a purpose-driven organisation. • Proactively investing in and integrating ESG initiatives into daily business activities, which will be tracked and measured. • Prioritising people and planet in addition to profit. 	<ul style="list-style-type: none"> • Approved and implementing a group ESG strategy with specific and measurable targets and KPIs. • Invested R24,2 million in communities through strategic CSI initiatives across regions, focusing on healthcare, education, safety and skills development. • Advancing ESG rating and reporting standards, with favourable ratings received from EcoVadis and CDP, among others. • Gap analysis conducted against the TCFD framework. • Significantly improved the diversity of the leadership teams, with the Logistics Africa executive committee members being 60% non-white and 50% women.

+ Read more about our approach to managing risk from page 44.

+ Read more in the ESG overview from page 50.

44 Our risks and opportunities

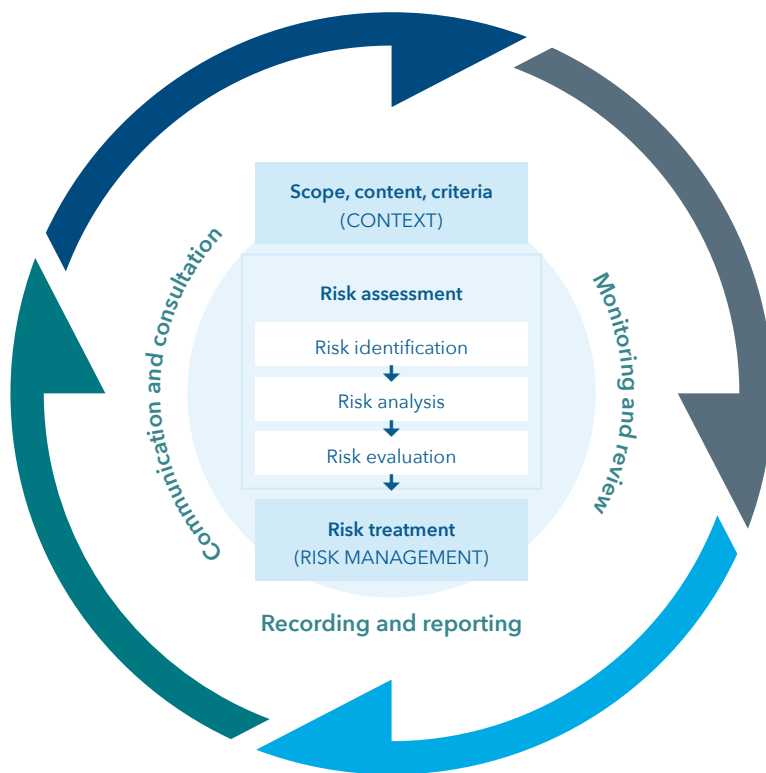
We have refreshed our approach to risks and opportunities so that it aligns better with our strategic aspirations.

Our new approach is more inclusive and long term. It aims to protect and enhance value by not only managing risk but also encouraging innovation and improving performance.

Risk management approach

Our risk management processes have been redefined to clarify the link between risks and opportunities and the group's strategic pillars. Our risk processes support our ability to identify and mitigate the risks related to our transformational strategic business objectives.

Integrated risk management



Our revised risk policy and standards align to the group's new operating model and core business focus. The revisions to risk appetite and risk thresholds are linked to our strategic aspiration and will be used to guide management in their decision making.

+ The strategic challenges and associated strategic risks are disclosed with our strategic aspirations, our strategic responses and headline progress for the year on page 38.



The impact of, and our response to, COVID-19

We play a critical role in the supply of essential services and products in the many countries in which we operate; and we continue to focus on ensuring that people receive medication and food, as well as other essentials.

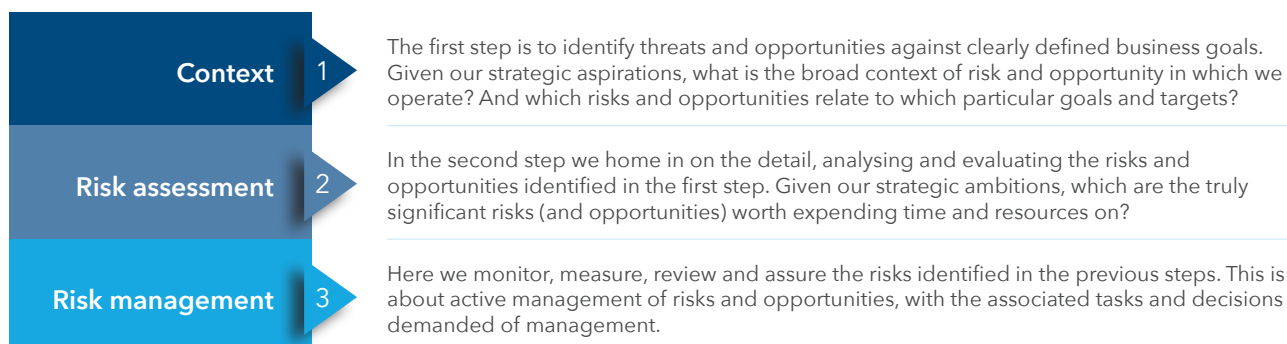
Our primary duty during the pandemic is to protect our employees, clients, principals, customers and suppliers from COVID-19 infection. Our stringent protective measures remain in place and include strict access control, as well as rigorous hygiene, cleaning and disinfecting procedures, with dedicated resources in place to monitor COVID-19 related risks at each operation.

Throughout the COVID-19 pandemic we have worked hard to maintain a sound financial position, generate cash, tightly manage costs and to execute our strategic imperatives. We will continue to address the risks presented by COVID-19 while delivering strategic progress to build a resilient and sustainable business with a clear purpose in a post-pandemic world.



We are a resilient and sustainable business supported by ongoing delivery against our strategic imperatives, within our means and tolerances for risk in a highly dynamic environment.

Risk management process



Key risk categories

<p>Materiality, business principles and values Risk management must support how we 'live' our values and abide by our business principles.</p>	<p>ESG Risk management process must integrate ESG strategy and related initiatives.</p>	<p>Health and safety Integrate health and safety risk management processes into all levels of business to endeavour to cause Zero Harm through our activities.</p>	<p>Client contracting We must ensure that possible risk and potential reward are carefully considered in client contracting.</p>
<p>Business continuity management A holistic approach to business continuity management that reduces threats to business operations and increases organisational resilience.</p>	<p>Asset protection Focuses on safeguarding the wellbeing of our employees, as well as the preservation of Imperial assets and that of our clients, principals and customers, both onsite as well as en route.</p>	<p>Subcontractors Subcontractors are required to meet Imperial's operational standards, service level requirements, and to uphold Imperial reputation and perceived brand quality.</p>	<p>Legal and standards compliance We have a zero-tolerance approach to non-compliance to legal and other statutory requirements.</p>
<p>Strategic planning and target setting Accurate and timely risk information is used to inform business planning, budgeting and forecasting.</p>	<p>Digital and IT Digital and IT governance and management is part of the overall enterprise governance and risk framework.</p>	<p>Mergers and acquisitions Due diligence process for potential mergers and acquisition targets is undertaken to assess whether a particular merger/ acquisition will meet the anticipated strategic and/or financial objectives.</p>	<p>Healthcare regulations Identify and mitigate key risks specific to the healthcare industry (including pharmaceutical products and medical devices industry).</p>

Top operating risks

Our methodology assigns a numerical value to risks and opportunities to help management prioritise the relevant ones.

Short-term risks

Consequence	Impact	Mitigation
<p>1. The ongoing impact of COVID-19</p> <ul style="list-style-type: none"> The negative impact on global economic growth and increasing supply chain disruption further exacerbated by waves of COVID-19 outbreaks. Supply of sufficient quantities of vaccines remains sporadic and the roll-out of vaccination programmes is further slowed by negative perceptions to the vaccine. Employees' health and wellbeing remains a priority. 	<ul style="list-style-type: none"> Ongoing lockdowns impact earnings and profitability. Inability to recover overhead costs due to unutilised or under-utilised assets; reduced productivity because of shutdown operations; low client volumes. Border crossing delays caused by COVID-19 testing/quarantine requirements. 	<ul style="list-style-type: none"> Stringent health and safety measures to prevent transmissions, continued vigilance around prevention protocols. Maintain ongoing communication with customers and principals. Contingency plans are in place to mitigate effects of shutdowns/delays in supply chains. Implemented strict cost and cash flow management.

46 Our risks and opportunities continued

Consequence	Impact	Mitigation
<p>2. Protection of margins and revenue</p> <ul style="list-style-type: none"> Growth, margins, and profitability of businesses are affected; explore opportunities to maintain returns expected by shareholders. 	<ul style="list-style-type: none"> Cash flow generation impacted. The contraction of the South African economy impacts revenue growth. Current revenue base to be protected. Some competitors are also experiencing challenges, which creates opportunities to increase our market share. 	<ul style="list-style-type: none"> Reorganised the group as 'One Imperial' with a 'Gateway to Africa' strategy, positioning ourselves for long-term growth. Rationalisation of clients and contracts, focusing on customer profitability. Focus on retaining existing client relationships that are profitable. Review of business development and sales capabilities to deliver new and substantial contracts. Continue to focus on cost management and reducing overhead costs. Potential acquisitions will be explored to grow profitability and margins.
<p>3. Exchange rate volatility</p> <ul style="list-style-type: none"> Availability of hard currency to pay suppliers of imported products remains a challenge in certain areas. Higher working capital requirements in Nigeria due to shortage of hard currency. Sourcing of US Dollars at higher rates may create losses that cannot be fully recovered by re-pricing. 	<ul style="list-style-type: none"> Currency volatility may cause losses or gains, impacting margins. Reduced sales due to the unavailability of product. Liquidity constraints increase as it becomes more difficult to source US Dollars at affordable rates. 	<ul style="list-style-type: none"> Our hedging strategy mitigates the impact of currency volatility. It includes forward contracts, buying hard currency and options; and is monitored by group treasury and management. When the cost of managing currency risks becomes excessive, we engage principals to explore options for price support.
<p>4. Non-performing businesses</p> <ul style="list-style-type: none"> Businesses are not performing to anticipated minimum ROIC/WACC requirements. Increased competition in markets. Inability to reduce cost base. Increased risk of disintermediation. 	<ul style="list-style-type: none"> Expected returns/profits are not achieved. Profits and margins can be impacted. Underutilisation of assets. 	<ul style="list-style-type: none"> Perform ongoing reviews of profitability of contracts with principals and renegotiate underperforming contracts. Review capital requirements to reduce invested capital where appropriate, and continually enhance balance sheet management. Assess management skills in operations to upskill teams with necessary skillsets as required. On-board new principals to ensure the group has the scale to service the market optimally. Exit or restructure underperforming entities in sub-scale markets and geographies. Diversify into new markets.
<p>5. Political/social risks and civil unrest</p> <ul style="list-style-type: none"> External social pressure impacting on business ethics and behaviour. Civil unrest could result in road closures and traffic disruption, looting and burning of vehicles. Increasing protests against employment of foreign drivers. Impact of expropriation of land without compensation discussions by government remains uncertain. 	<ul style="list-style-type: none"> Negatively impacts on productivity and client service levels. May result in damage to assets and financial losses. Potential harm to personnel. Impact on cross-border movement. 	<ul style="list-style-type: none"> Strong internal communication and planning to ensure operations continue with minimal disruption. Regular interaction with authorities to resolve issues relating to burning of vehicles and intimidation of drivers. Review of security measures at warehouse sites.

Consequence	Impact	Mitigation
<p>6. Competition</p> <ul style="list-style-type: none"> • New entrants in markets. • Loss of contracts. • Rate reductions on contracts renewals. • Aggressive pricing from competitors. 	<ul style="list-style-type: none"> • Reduced margins. • Risk of reduced relevance in markets. • Inability to convert potential new work. 	<ul style="list-style-type: none"> • Securing existing and new relationships as 'One Imperial' and strategic partnership approach with clients. • Offering a diverse and comprehensive service supported by scale and footprint. • Flexible and innovative commercial models. • Business development team focused on proactively managing and growing pipeline opportunities.
<p>7. Skills shortage</p> <ul style="list-style-type: none"> • Lack of availability of professional skills in the market. • Lack of labour force availability at short notice. 	<ul style="list-style-type: none"> • Increasing costs. • Existing capacity cannot be fully utilised due to shortage of skills. • There are some opportunities given that lower demand for labour has made temporary workers more available. But in some geographical areas there are still issues. 	<ul style="list-style-type: none"> • A clear and compelling employee value proposition keeps Imperial attractive for employees. • Assess recruiting concepts. • Give guidance and stability about business model and company strategy. • Reduce number of temporary workers where possible.
<p>8. Global shortage of semiconductors</p> <ul style="list-style-type: none"> • Shortage of semiconductors is influencing production in many industries. • The impact is most apparent in the automotive industry, where the shortage is leading to supply chain risk for vehicles. 	<ul style="list-style-type: none"> • Current supply and demand imbalance for semiconductors. • Production forecast for new vehicles reduced impacting revenue and profits. 	<ul style="list-style-type: none"> • Quantify the impact on our business plans and develop response strategies. • New business is being considered in other industries to compensate for the impact on the automotive industry.
<p>9. Cyber security and privacy</p> <ul style="list-style-type: none"> • Increased risk of cyber-attack that may result in loss of data, IT failure, manipulation or fraud. • Reputational risk. • IT risks due to continually increasing data volumes, growing networking, increasing dependency on IT technology. 	<ul style="list-style-type: none"> • System downtime impacting sales and operations. • Loss of principals/clients due to inability to fulfil orders. • Financial penalties due to lack of protection of information. 	<ul style="list-style-type: none"> • Undertake cyber security assessments to assess current controls and identify gaps. • Additional controls to be implemented where necessary to close the identified gaps. • Awareness programmes focusing on cyber security and privacy, including POPIA training. • Data protection standards are being formulated. • Established the global privacy office. • Data transfer agreements are being established for both internal and external data transfers.
<p>10. Environmental and climate change impacts</p> <ul style="list-style-type: none"> • Inability to comply to future environmental and climate change legislation. • Inability to comply with client expectations in terms of ESG performance. • Manage the physical impact of climate change on our operations. 	<ul style="list-style-type: none"> • Loss of licence to operate. • Increased cost of compliance, for example carbon taxes. • Loss of contract retention (specifically blue-chip clients). • Damage to assets. • Disruptions to operations and productivity. 	<ul style="list-style-type: none"> • Formulated an Imperial ESG strategy to integrate into daily business activities and client engagements. • Data-driven insights to improve operational efficiency and lower fuel consumption. • Implement fleet replacement strategy with best available technology in market. • Investigate viability of alternative fuel vehicles. • To mitigate water scarcity, we have implemented water efficiency projects and finding alternative water sources (eg rainwater harvesting).

Imperial is your **'Gateway to Africa'**



**From ARVS
in Accra**



SECTION

2



to vaccines
in Vilanculos

50 Group chief executive officer's review

For Imperial, as the parameters of our business context are redrawn by global vulnerabilities, market opportunities and stakeholder expectations that favour our strategic positioning and intent, our aim is not merely to survive; we intend to differentiate ourselves, and to thrive. Our strategic progress and resilient performance make this more than a dream. It is a reality that is already taking shape.



Mohammed Akoojee
Group chief executive officer

Delivering on our promise

Three years ago, before the irrevocable and accelerated shifts that came with the COVID-19 crisis, Imperial was a fundamentally different business to the one it is today. Fresh out of the unbundling of Motus, and standing on our own for the first time, it was clear that Imperial required a fundamental strategic transformation.

Our success meant focusing our business more precisely on our core competitive advantages; our survival, on repairing and exiting loss-making operations. We needed to restructure the organisation; to operate less in silos and more on the merits of our core, combined capabilities as 'One Imperial'. We needed to connect a portfolio of regional businesses and inspire our people with a clearly defined purpose; to focus the group on a strategy that positioned us for sustainable growth. We needed to change the mindset of our management teams; to supplant a traditionally short-term focus on financial performance with a long-term focus on profitability, the good of our people and the protection of our planet. We needed to commit significant capital to becoming a digitally enabled, innovative business; one far more client-centric and commercially minded.

In short, we needed to get to grips with, plan for and make tough trade-offs with a far bigger picture in mind; we needed to do this to make good on our promise to unlock and deliver sustainable value for our stakeholders.

The detailed priorities I set at the time were to swiftly address operational challenges - to turn around or exit, in an orderly way, loss-making businesses; to clearly define our strategy - one that leveraged our strengths and deepened our competitive advantages as 'One business, one brand'; to establish a digital and innovation strategy - one that was achievable, secured our competitiveness and created new revenue streams; to become an employer of choice with a differentiated people proposition - rooted in the right values and with a supportive skills and talent development plan.

I clearly stated that while short-term financial performance would remain crucial, our focus as management should always be on our longer-term strategic direction and our vision to become the 'Gateway to Africa' an internationally acclaimed Tier One provider of outsourced value-add logistics, supply chain management and route-to-market solutions; our daily operational and financial decisions and actions should reflect this.

These priorities were a lot to ask of leadership and management teams, and our people, even before COVID-19 struck. But reflecting on the strategic outcomes and financial results we show in the 2021 financial year, I am proud of the strategic actions we took to reorganise, restructure and simplify the business, to improve profitability and competitiveness, to strengthen our balance sheet, generate cash and deliver strong growth. We were also able to meet the commitments I made to the board and shareholders in a very short time under unprecedented circumstances.

We can look back on these tough calls and say they were worth it. Our plans worked out, and we have unlocked significant value for our key stakeholders, despite the impact of COVID-19 across our operations. I can also say, that had we shied away from what we needed to do and not moved fast enough, we would be reflecting on a different outcome in this year's integrated report.

I believe the DP World offer bears testament to the strategy we chose to pursue in 2019, and our strong presence, positioning, capabilities and networks in key markets in Africa and Europe (including the UK). If approved, the deal will unlock further substantial value for our shareholders and our people.

Delivering measurable strategic progress

Imperial continues to record significant progress in its strategic journey to transform from a portfolio of regional businesses to an integrated end-to-end market access and logistics business, with committed and well-skilled executive management teams across the group. Despite the pressure that COVID-19 has put on our day-to-day operations, we have:

- Strengthened our positioning as the 'Gateway to Africa' and 'One Imperial'.
- Assessed, fixed and exited non-core, low return on effort and underperforming businesses.
- Simplified and reduced complexity.
- Bolstered our financial position.
- Significantly reduced costs.
- Restructured to operate based on capabilities, with focused commercial teams in place.
- Won new contracts.
- Concluded strategic acquisitions.
- Made good progress in digital, IT and innovation initiatives.
- Made good progress on our people and ESG pillars as core enablers of our strategy.
- Defined our path as a transformational organisation rather than a transactional one.

I provide more detail on these achievements later in my review. Top of mind in the coming years will be to ensure that Imperial remains a business of scale, despite large asset disposals and deep restructuring, and that both organic and acquisitive growth are priorities. We are ably navigating challenging macroeconomic conditions, giving us headroom to invest in growth and in accelerating our key strategic initiatives to support it.

+ See more detailed strategic performance and outcomes data from page 38.

Considering the DP World offer

The DP World offer to acquire Imperial was put to shareholders for approval at the general meeting on 17 September 2021, with the requisite majority of shareholders voting in favour of the transaction.

The proposed transaction is still subject to other customary completion conditions, including regulatory approvals, which are in progress. In the interim, we continue with business as usual.

I believe the DP World transaction, if concluded, will enable us to build on our 'Gateway to Africa' strategic and growth ambitions. It will be value-enhancing for Imperial as we will benefit from DP World's leading technology, global networks and key trade-lane volumes. Combining DP World's world-class infrastructure, specifically its investment and expertise in ports in Africa and Europe, with Imperial's logistics and market access platforms will support our integrated end-to-end solutions along key trade lanes into and out of Africa, and strengthen our position in Europe. This will enable us to achieve greater supply chain efficiencies, ultimately enhancing value for our clients, principals and customers and indeed the continent as it seeks meaningfully higher growth and socioeconomic development.

Stakeholders may have noticed in the market announcement about the offer that DP World's ambition, as an enabler of global trade, is to lead a revolution in sustainable logistics. In my view, the complementarity of the two businesses is neatly summed up in this phrase. Imperial, over the last three years, has proven itself to be at the centre of sustainable logistics on the African continent. Together, if this deal is approved, we can accelerate the realisation of a foundation stone of our purpose: to connect Africa and the world.

Delivering meaningful value

The other foundation stone of Imperial's purpose speaks to our critical role in improving people's lives with access to quality products and services. Our aim as a purpose-driven organisation is to prioritise people, profit and planet - amplified through our actions and initiatives to support our communities and countries of operation. Across 25 countries, we take a holistic approach to creating and protecting value not only for Imperial but also for other stakeholders in the value chain, and the communities and countries we serve; as a provider of essential goods, a partner to clients and principals in optimising vital industry supply chains, and in the social good we do as a corporate citizen.

I am pleased to advise that in F2019 and F2020, Imperial created value of R146 billion and R98 billion for its stakeholders and communities in Nigeria and South Africa respectively, as confirmed by a recent socioeconomic impact assessment study undertaken by Accenture.

+ More information on this study is included on pages 72.

Imperial continues to record significant progress in its strategic journey to transform from a portfolio of regional businesses to an integrated end-to-end market access and logistics business.

52 **Group chief executive officer's review** continued

During the past 12 to 18 months, we undertook and concluded a comprehensive organisational redesign process to enable the business to operate more effectively as 'One Imperial', with the associated synergies and benefits.

Our people

Throughout the COVID-19 pandemic our priority remains to protect our people from infection and shield our operations from the many implications of loss of skills and productivity, as well as morale. The relevant health and safety protocols across our operations remain stringently in place. We also continue to support our people through ongoing communication campaigns addressing pertinent social issues such as mental health and gender-based violence, for instance, through our She and He Heroes (SHEROES) COVID-19 support groups, and continuing to pay salaries.

It is heartening that no jobs were lost at Imperial as a result of the pandemic. Most of our employees who tested positive for COVID-19 have fully recovered. Sadly, 24 of our colleagues succumbed to the virus and we extend our deepest condolences to their loved ones. The latest wave of infections had a more direct impact on our people, with an increase in sick leave, which affected our operational effectiveness. It also added costs.

Imperial's Garfield Road site in Alberton, Johannesburg was approved as a COVID-19 vaccination site for a week in August 2021 as part of a campaign by the National Institute of Occupational Health (NIOH). We were able to provide access to vaccinations for our employees in Gauteng and we are currently in consultations with the NIOH to offer the same service at Imperial sites in other provinces in South Africa. Jacob Mamabolo, Gauteng MEC for Public Transport and Road Infrastructure visited the site and extended his thanks for the role that Imperial is playing in the safety of its people and in 'keeping the wheels turning' for South Africa's economy.

Two provinces in South Africa, KwaZulu-Natal and Gauteng, were badly affected by the spate of unrest in July 2021. Unfortunately, some of our trucks in KwaZulu-Natal were vandalised or burned, and there were attempts by rioters to enter and vandalise several of our warehouses. To ensure the safety of our drivers and employees, and reduce the risk of harm to our people and assets, we grounded our fleet and operations in high-risk areas for six days during the peak of the unrest, and increased security at warehouses in high-risk areas. We subsequently resumed operations when it was safe to do so. In Germany, certain of our operations were impacted by severe flooding. We partnered with clients to provide relief initiatives for affected employees and families.

Our people proposition centres on collaboration to give effect to our 'One Imperial' positioning. During the past 12 to 18 months, we undertook and concluded a comprehensive organisational redesign process to enable the business to operate more effectively as 'One Imperial', with the associated synergies and benefits. Imperial's structure is now based on capabilities, with centre-led functions to drive more effective collaboration and focused commercial structures to drive cross-selling across our businesses.

Although I worry about the extensive change that our people have dealt with in the last three years, and the 'change fatigue'

they are feeling - quite apart from the latent stress that has come with the human suffering and economic implications of the pandemic - I am confident we are supporting them in every possible way. Our change management programmes are designed to gain their buy-in to the reasons for and benefits of our strategic transformation, but also to inculcate resilience to change, which is and will remain a feature of today's business and social environment.

We made strong strides in our people and culture journey and are embedding our values across the organisation. People are our greatest asset at Imperial and despite the unprecedented change and challenges our people have experienced, our firm intent has been to take our people on our 'One Imperial' journey with us. Testament to our progress is found in our recent Barrett survey results, which were most pleasing despite the external pressures our people have faced. The findings indicated meaningful improvement in the culture and organisational health of Imperial since the last survey a year ago. Beside the scores, I am always particularly interested in the direct feedback, and was delighted that in the main our people agree that they are far more engaged and collaborative than they were 12 months ago.

Our commitment to diversity is unwavering and our goals are appropriately firm. While there is still work to do in achieving our gender and diversity targets, we significantly improved the diversity of the leadership team: five out of 10 Logistics Africa Exco members are female and six out of 10 are non-white. We have also improved our female gender ratio for top and senior management to c.29% in F2021 from 24% in F2020. Our target is to improve this ratio to 33% for F2022. Imperial is proud to be the winner of the 'Women Empowerment in the Workplace' award for listed companies in Southern Africa in the Accenture 9th Gender Mainstreaming Awards. For the second consecutive year, Imperial was recognised as one of the top companies that South African students most want to work for. In a survey conducted by the South African Graduate Employers Association that attracted responses from over 2 000 candidates, we were placed as the runner-up in the transport/logistics sector for 2021.

The annual scorecard audit process commenced in June 2021 with AQRate verification agency. Pleasingly, we maintained our Level 2 B-BBEE status for the Road Freight Scorecard and anticipate improving to Level 3 from Level 4 for the Department of Trade, Industry and Competition's (dtic) Generic scorecard.

+ See more detail on our performance against the objectives of our people strategy from page 60.

Our shareholders

In F2021, we delivered double-digit growth in revenue, EBITDA and operating profit, with CHEPS and earnings per share (EPS) up more than 200%. This performance was achieved despite significant disposals (European and South American shipping); the continued impact of COVID-19 across our operations and significant investment and

management attention given to key strategic initiatives. We exited loss-making Pharmed and cut fixed overhead costs in Logistics Africa by c.R200 million (annualised) during the year. Our operating margin from continuing operations increased to 4,5% in F2021 from 3,1% in the prior year.

To ensure that Imperial remains a business of scale, and in line with our 'Gateway to Africa' positioning, we announced two material strategic acquisitions, J&J and Deep Catch Holdings in Logistics Africa and Market Access respectively. Both these businesses give us access to new capabilities and new markets on the continent, and strengthen our position as a leading integrated provider of market access and logistics solutions in Africa. While these acquisitions, particularly J&J, require substantial investment, their quality of earnings is attractive and we have sufficient balance sheet capacity to fund them, while still remaining well within our banking covenants.

Once concluded, the DP World transaction will result in significant value unlock for our shareholders at an offer price of R66 per share, a premium of 39,5% to the Imperial share price at 7 July 2021 (the day prior to the firm intention announcement) and a 20% premium to the Imperial share price on the unbundling of Motus in November 2018.

+ An analysis of group and segmental operating and financial performance can be found in the CFO's report from page 55.

Our clients, principals and customers

Throughout the COVID-19 pandemic, we have kept the wheels turning for our clients, principals and customers, delivering excellent service. Our relevance as a partner to our clients' and principals' in understanding how to optimise their supply chains and their customer propositions, and to provide the data to do so, is reflected in our strong renewal rate of 88% on existing contracts for the year, and a strong pipeline of new opportunities. New business revenue of approximately R5,9 billion p.a. was secured on a rolling 12-month basis to the end of June 2021.

Imperial is on a journey to position itself uniquely and we are engaging clients and principals in a more collaborative and creative manner, as we integrate and cross-sell our commercial and digital capabilities. Our client and principal value proposition is centred on selling as 'One Imperial' to leverage cross-selling and upselling opportunities. Part of our organisational redesign implemented focused on creating effective commercial structures to achieve these benefits and generate new business opportunities. In F2021 we started to see tangible results, with positive feedback from our clients and principals.

Our B-BBEE transaction became effective on 30 July 2021, underlining our commitment to sustainable empowerment and transformation. Imperial Logistics South Africa is now effectively more than 51% black-owned and more than 30% black woman-owned, deepening our relevance and competitiveness, and that of our clients. The transaction is a big step forward in improving the B-BBEE credentials of our South African operations, which is critical for the future prospects of the entire group given our leading position in the South African market as part of our 'Gateway to Africa' strategy.

Our communities and countries of operation

Our focused investments in supporting the socioeconomic wellbeing of our countries and communities has been demonstrated throughout the COVID-19 pandemic. In F2021, we invested R24,2 million in communities through strategic CSI initiatives across regions focusing on healthcare, education, safety and skills development (F2020: R21,2 million).

Imperial is well positioned to provide logistics and distribution capabilities to accelerate the COVID-19 vaccines programmes of governments in South Africa and other African countries. In April 2021, Imperial was granted approval to import COVID-19 vaccines into South Africa, as part of the National Department of Health's vaccine distribution campaign, together with Biovac. The contract runs until December 2022, and we will tender for further import tenders as they become available. Our capabilities enable us to safely and effectively transport, store and distribute vaccines. We have set up a task force across our Market Access and Logistics Africa businesses to ensure that we can participate in the distribution of these vaccines as these opportunities arise.

To play our part in rebuilding South Africa after the recent social unrest in Kwa-Zulu Natal and Gauteng, in addition to supporting our employees and their families, we made a cash donation totalling R4 million to humanitarian and donor organisations.

As a crucial role player in the South African and other African economies, I invest considerable time ensuring that Imperial has a seat at the table and a credible voice in various leading business and industry associations. I am a 'CEO Champion' in the NBI Just Transition Pathways Project focusing on expediting a Green-Stimulus strategy as part of South Africa's COVID-19 response, and developing an ambitious, fact-based and unified business view ahead of COP26 in November 2021. I am also pleased to advise that Imperial was appointed as a strategic partner to the World Economic Forum (WEF) and Risk Insights as part of the WEF New Champions Chapter in South Africa. This initiative forms part of The World Economic Forum's New Champions Community, which mobilises and capacitates corporate leaders from mid-sized companies to join the cause to improve the state of the world.

Digital, IT and innovation

Digital and IT is key to transforming Imperial. It enables our growth aspirations by providing systems and enabling insights that support business and functions, and facilitates access to new value propositions and revenue streams. It also enables us to build partnerships across our ecosystem, and to identify, pre-empt, integrate and own potentially disruptive technologies. The Imperial Venture Fund was set up to ensure ongoing investment in our digital and data initiatives and now actively manages nine portfolio companies.

Significant strides are being made in advancing our digital and IT function and capabilities, to enhance our operations and service offerings to our clients and principals, and maintain our competitive edge across key markets. Several key appointments were made into the centre-led digital and IT structure in the last year. We have developed enterprise architecture roadmaps for our business units and are standardising our IT platforms. Excellent progress has been made in establishing our base for data-driven decision making through our business performance insights platform.

+ See more detail on our progress against the objectives of our Digital and IT strategy from page 64.

ESG

During the year, we completed a detailed ESG strategy for the group, approved by the board in May 2021. Our ESG strategy is made real in the organisation by focused ESG targets, and we expect it to strengthen our competitive positioning on the African continent considerably. Our focus is now on change management and implementation, with detailed KPI dashboards being developed. We are also partnering with clients on implementing new green logistics initiatives, for example, green hydrogen and LNG.

54 **Group chief executive officer's review** continued

Significant time and resources are dedicated to ensuring that our women's forum initiatives are rolled out and extend across our operations. We launched our Women's Roundtable in August 2021, an initiative of the Global Women's Forum. This initiative aims to further upskill women at Imperial by focusing on key topics, such as eliminating unconscious bias, creating a personal brand, and leading with purpose. We believe that collective and collaborative engagement on these key topics in a safe, inclusive and honest forum will help in developing women at Imperial. Our first cohort comprises 59 women from across the organisation.

+ See more detail on our progress against the objectives of our ESG strategy from page 71, and in our comprehensive ESG report online.

Focused on the bigger picture

With our purpose, which has been crystallised and proven to be not only inspirational to our people, but critical to the wellbeing and development of the economies and societies in which we operate; our clearly defined strategy, which will secure our relevance on a continent with compelling long-term potential; and with our organisational structure, and the significant investments we are making in our key strategic enablers, aligned to our ambitions; Imperial is strongly positioned for growth well beyond the pandemic. Our management teams remain focused on and committed to delivering on the financial, operational and strategic objectives we have set, despite the macroeconomic and socio-political uncertainties.

Imperial's robust financial position, and strong balance sheet management - also proven in the last two years, provide comfortable headroom in debt capacity and liquidity. This will enable us to fund our strategic growth aspirations despite the constraints of the prevailing market conditions.

The strides we are making towards our 'One Imperial' and 'Gateway to Africa' strategy, in addition to 'business as usual' initiatives, are delivering tangible results. While we have much still to do, and considerable uncontrollable risks remain, we are acutely focused on positioning Imperial for growth and sustainability well into the future.

We have a strong pipeline of new business opportunities that we are translating into new business. One of the most exciting shifts for me in the last year has been the tenor of the conversations we are having with our clients and principals. Whereas historically - as recently as before the pandemic illuminated the criticality of uninterrupted supply chains, and the vulnerabilities that global supply chains impose on African countries with weak manufacturing capacity - clients and countries are understanding how contingent their survival and success is on effective, resilient and shorter supply chains; and how important it is to ensure they are operating optimally, with end-to-end visibility of not only their own, but also the extended linkages into and across their industry value chains.

As we progress with our digitisation, and match this with the analytical skills we need to turn deep data into rich insights and commercial opportunities, overlaid on our extensive African network and asset-right capabilities, we have never been better able to assist our clients and principals to achieve these imperatives. We can now, with growing confidence, move our conversations with them from a purely cost and procurement focus, to far more meaningful and strategic discussions with business leaders. With global frameworks focusing on accountability for ESG imperatives, deep into the supply chains of our clients, the possibilities for our own differentiation and legitimacy, and for the licences to operate of our clients and principals in African and European markets, give these conversations added weight.

The strides we are making towards our 'One Imperial' and 'Gateway to Africa' strategies, in addition to 'business as usual' initiatives, are delivering tangible results. While we have much still to do, and considerable uncontrollable risks remain, we are acutely focused on positioning Imperial for growth and sustainability well into the future. Our strategic actions and initiatives position us uniquely to realise the commercial opportunities, and drive the socioeconomic and environmental development objectives, of Africa.

I am truly proud of the Imperial of today and what we have achieved together. My deepest thanks to our people, shareholders, board, my executive colleagues and other key stakeholders for taking this journey with me, and for your trust in our ability to demonstrate how valuable Imperial is and can still be. While our journey since 2019 has not been easy, it has certainly been fulfilling. An exciting path lies ahead for Imperial, and I will continue to seek your support to take our business 'beyond possibility'.



Mohammed Akoojee
Group chief executive officer

Group chief financial officer's review

Imperial delivered excellent results for F2021, with a strong recovery in volumes and profitability compared to F2020. This was despite the ongoing impact of COVID-19 on our people, operations and markets. Our financial performance is testament to the significant investment of capital and management attention in our journey to transform the group into 'One Imperial' and strengthen our positioning as a 'Gateway to Africa', which included major corporate action in the year.



George de Beer
Group chief financial officer

Overview

Our strategic journey is well underway. We have moved the group from being an owner of a portfolio of regional businesses, run on a decentralised management model, to a capability based and solutions orientated 'One Imperial'. In line with our strategic intent, we undertook significant corporate action and made portfolio changes during the year. The businesses we disposed of freed up the capital we needed to enter into strategic material acquisitions of businesses that are aligned to our 'Gateway to Africa' aspiration.

Although our strategic transformation is still a work in progress, the strides we have made in the last two years have begun to show in the numbers.

Our results demonstrate Imperial's resilience in persistently tough conditions and reflect strong underlying operational recoveries and performances for the year. Revenue, excluding businesses held for sale, grew by 14% to R51,7 billion, up from R45,3 billion in the prior year. A recovery in volumes across most of our businesses as COVID-19 lockdown restrictions eased in key markets, complemented by new business gains and acquisitions, were the main drivers of this pleasing top-line growth.

However, our consumer businesses exposed to liquor and tobacco sales in Africa felt the impact of ongoing lockdown restrictions, and semi-conductor shortages hampered our operations in the automotive sector in Europe. Continuing operating profit, excluding businesses held for sale, rose by 59% from R1,5 billion in the prior year. While the impact of COVID-19 on our operations this year has not been as severe as in F2020, we estimate that the implications of the pandemic took c.R2,6 billion and c.R346 million off revenue and operating profit, respectively, in F2021. Excluding this impact, we estimate that revenue would have increased by a further 9% and operating profit by 7% (on a like-for-like basis).

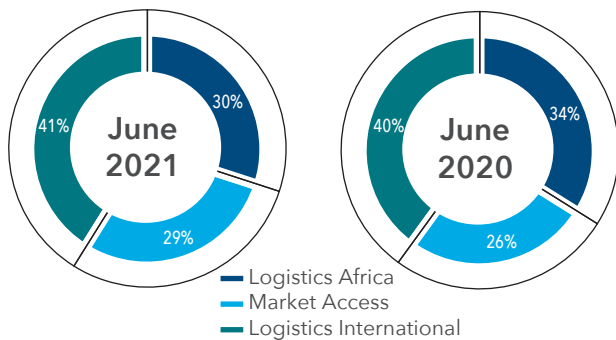
We kept our focus on closely managing our cash flows, reducing overhead costs and maintaining our capital position during the year. This allowed us to navigate the ongoing uncertainty and to manage down the impact of COVID-19 on our results. It gave us the financial capacity to drive commercial opportunities, supported by progress on our 'One Imperial' strategic transformation, which added revenue from continuing operations and generated good free cash flow.

56 Group chief financial officer's review continued

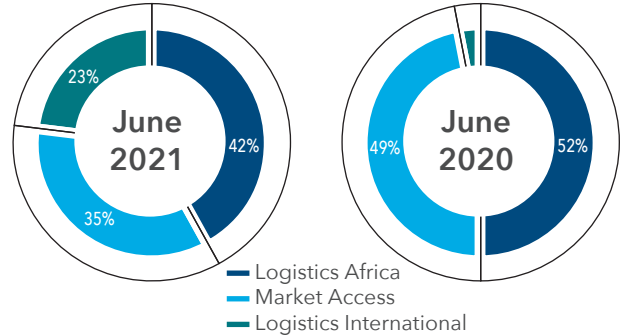
Key features

Revenue* ↑ 13% to R52 208 million	EBITDA* ↑ 22% to R4 986 million	Operating profit* ↑ 60% to R2 336 million
HEPS ↑ 218% to 334 cents per share	EPS ↑ more than 100% to 512 cents per share	Continuing Core EPS** ↑ 215% to 448 cents per share
Strong free cash flow from continuing operations excluding CPG of R900 million	Continuing free cash conversion of 86% improved (F2020: 72%)	Net debt:EBITDA of 1,3x (F2020: 2,8x) – well within banking covenants of 3,25x
Interim cash dividend of 83 cents per share paid. No final dividend declared.	Concluded disposals of the shipping businesses for proceeds of R4,7 billion	* Excludes the discontinued European shipping business and Consumer Packaged Goods (CPG) in the prior period. Includes Pharmed and the South American shipping business. ** Headline earnings are adjusted by items that are not considered to be of a trading nature to arrive at core EPS. Core EPS is not an IFRS requirement.

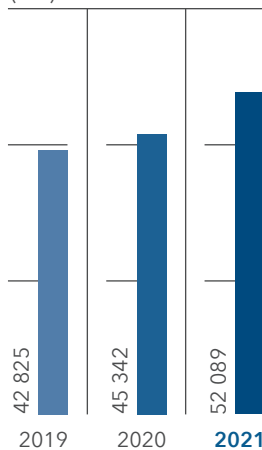
Business revenue



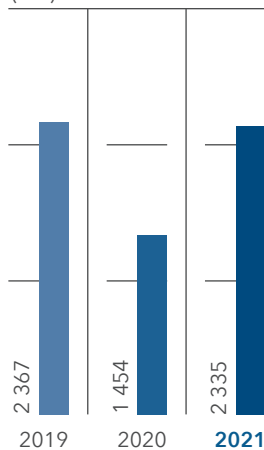
Business operating profit



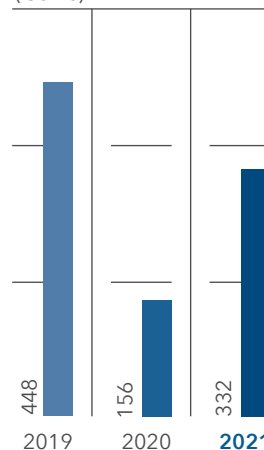
Revenue* (Rm)



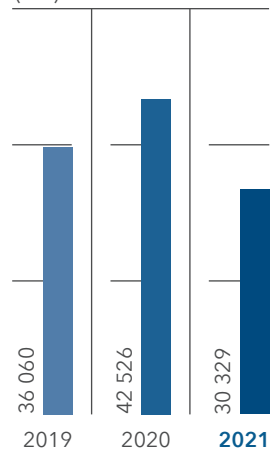
Operating profit* (Rm)



Continuing HEPS (Cents)



Total assets (Rm)



Our balance sheet and treasury management across the business have proven to be exceptional. We have reduced debt by c.R3 billion since F2019 (including c.R1 billion utilised to settle CPG onerous contracts and leases), with our net debt: EBITDA for F2021 at 1,3x, well below our internal guideline of 2,5x and well within our banking covenants of 3,25x.

We realised cash of R4,7 billion from the disposals of the European and South American shipping operations and an additional c.R500 million inflow is expected from the successful conclusion of the 25% B-BBEE transaction. Pleasingly, we have ended the 2021 financial year with a good free cash inflow position of c. R900 million (excluding CPG), before paying an interim cash dividend to shareholders and completing share buybacks.

Our ROIC improved significantly to 9,0% (F2020: 4,9%) above WACC of 7,7% (F2020 7,6%).

An interim dividend of 83 cents per share was declared by the board and paid out of income reserves. No final dividend has been declared in line with the DP World proposed transaction.

Our strategic focus

The group's focus on delivering 'One Imperial' by investing in the right structures, processes, systems, people and culture to support our long-term sustainable and profitable growth, is reflected in our intention to transform a historically disparate finance function into One Imperial Finance.

Key objectives for One Imperial Finance are:

- Supporting insight-driven decision making powered by right-time data and analytics.
- Driving excellence in our finance operations and service provision.
- Enhancing financial integrity, risk management and compliance.

The One Imperial Finance Project will shift the group to a future state (illustrated below) where the finance function is a strategic business partner to stakeholders throughout the group, which generates and applies data-backed insights to strategic and operational decision making, within a robust control and oversight system. Our system of financial control and combined assurance has proven solid over the years. However, the removal of manual processes and the deeper visibility and heightened accuracy of a world-class digital management system will strengthen it further.

Finance of the future



- **Shared services for core common processes**
reduces cost to serve across our business
- **Best-fit technology and automation**
reduces manual effort and improve productivity
- **Harmonised processes across core finance functions,**
promotes consistency, reduces risks and improves compliance
- **Transparency and visibility of financial, and operational data**
drives quicker and improved decision making, faster financial close and improved financial compliance
- **Consolidated solution footprint in cloud**
integrates acquisitions and launch new products/services faster to enable growth

58 Group chief financial officer's review continued

The extensive transformation is requiring significant investment in industry-leading technology and, with our strategic partner, Accenture, detailed planning and implementation of phased projects to deliver of the One Imperial Finance initiative across the group. It entails a multi-step journey to achieve our objectives with clear priorities for the short and medium term.

Multi-step journey to finance of the future

Short to medium term		Medium term	
Design the foundation	Build the core, prove with a pilot	Scale the adoption	Finance of the future
Simple standard sustainable	Enable value realisation	Realise the value	Innovation, digitisation and sustainable growth
<ul style="list-style-type: none"> • Blueprint the foundation • Set up shared service centre COMPLETED	<ul style="list-style-type: none"> • Build One Imperial Finance • Pilot shared service centre in South Africa • Standardise for single version of the financial truth 	<ul style="list-style-type: none"> • Centralise additional functions • Implement advanced analytics and automation • Managed application and cloud outsourcing services 	<ul style="list-style-type: none"> • Touchless finance • FinTech evolution

We completed the foundation phase of work on One Imperial Finance in 2021. This phase of the project focused on designing and approving the shared service 'centres of excellence' operating model that will aggregate all central services on a single business support platform, and building the technology backbone to support the model. Achieving this project milestone has required a total investment of c.R269 million, as well as the time of over 160 people committed to developing the future operating model and embedding the change within the group.

Forward looking capital management and allocation

Optimising our capital allocation approach to achieve our strategy, within our means, covenants and risk tolerances, is crucial to delivering sustainable profitable growth in the long term. We have shifted how we manage our capital significantly, applying forward looking scenario planning and forecasting approach that assesses capital requirements up to 24 months into the future. In the last year, this allowed us to maintain a strong balance sheet despite short-term constraints, at the same time ensuring sufficient investment in our strategic initiatives and that we sequence our priorities wisely to deliver long-term shareholder value creation.

Over the past decade, Imperial's investment in Africa has been focused on building market access capability in the defensive and fast-growing healthcare and consumer industries. During this time, we developed strong expertise, networks, and knowledge of operating successfully in Africa. To achieve our strategic intent to be the 'Gateway to Africa' and a leading integrated logistics and market access provider on the continent, will require further investment in logistics businesses that provide access to freight capabilities to facilitate trade flows into, out of and across key African trade lanes. During the year, therefore, we undertook significant corporate actions and made portfolio changes, in line with our strategic intent. The operations we disposed of freed up the capital that allowed us to enter into acquisitions of businesses that are closely aligned to our strategic intent.

As we move forward, our capital allocation approach will enable us to understand and adequately provide for the capital required to execute our strategic initiatives to become 'One Imperial', and the portfolio changes needed to become the 'Gateway to Africa' through acquisitions and partnerships. Achieving our strategic ambitions will require significant capital investment in digital and data initiatives, technology, and strategic acquisitions, over the next five years. Capital allocation will be prioritised for those areas that amplify our strategic positioning and focus on Africa. This approach will give us the headroom to consider value-accretive opportunities as they arise.

We undertake an extensive due diligence process prior to entering into any acquisitions and ensure that we understand the related risks. Once the transaction has been completed, we then ensure that financial reporting is aligned to the group's standards and expectations. This extends to strong governance oversight and visibility obtained through mature internal financial controls and internal audit procedures that are embedded throughout the organisation.

We are committed to transforming Imperial into an innovative asset-right business that uses data and technology as a differentiator, while bearing in mind that hard assets will always be a necessary part of our supply chains. To get the balance right, we are looking for opportunities to deliver contract logistics and road freight with a lighter asset base. Our Innovation Venture Fund is dedicated to delivering on this aspiration to become more asset right.

The group's liquidity position remains strong with R14,4 billion unutilised banking facilities. Excluding IFRS16 leases, 54% of the group debt is long-term in nature and 36% is at fixed rates. As our ESG strategy gains ground, particularly our ability to demonstrate measurable progress against the global reporting frameworks that investors prefer, we will continue to assess the inclusion of ESG-linked facilities in our capital structure as our facilities come up for renewal. Management is evaluating a number of proposals from banks that incorporate ESG components for green finance facilities.

Outlook and guidance

Many of our markets continue to face uncertainty and volatility, being in various levels of lockdown and restrictions. While some of these restrictions are easing, we anticipate the impact of the COVID-19 pandemic and the ensuing uncertainty to affect our operations and performance in the short term - much of this will depend on the timing and speed of the vaccine roll-out especially in our African markets. We will continue to manage the implications of this while ensuring that we continue to deliver on our strategic objectives.

At this stage, for F2022, subject to stable currencies, steady recovery in volumes and revenue on the back of easing COVID-19 restrictions, and a recovery in economies in which we operate from current levels, we expect Imperial's continuing operations (excluding businesses held for sale) to deliver:

- Revenue growth compared to F2021.
- Operating profit growth compared to F2021.
- Growth in continuing HEPS compared to F2021.
- Good free cash flow generation, with free cash conversion expected to be between 70% and 75%.

We will continue to manage our balance sheet to ensure that we have sufficient debt capacity and liquidity to invest in achieving our strategic growth aspirations. Our pipeline of new business opportunities is strong, and we will continue with our efforts to translate this into new business for the group. We will continue to ensure that our acquisitions are swiftly integrated into the group, especially into the One Imperial Finance management and control system. Supported by our capital management and allocation approach, I am confident that we can maintain the strong business momentum of the past year, notwithstanding the financial, operational and market challenges that will persist in our business context.

I extend my heartfelt thanks to the finance teams across the business for ensuring exceptional balance sheet management and driving sound financial processes despite the many challenges, in addition to the time dedicated to the One Imperial Finance Project. I also extend my thanks to our business partners and funders for their continued support.



George de Beer
Group chief financial officer

60 People review

Our people are an integral part of Imperial’s success; their level of engagement, relevant skills and varied ideas determine the efficacy of our client-focused solutions, improved performance and accelerated growth. Progressing our people and culture journey is reliant on transforming our leadership diversity and mindset, and ensuring our people engage wholeheartedly with our purpose, values and strategy to deliver effectively against the diverse needs of our stakeholders. This will be driven through My Imperial People Way.

My Imperial People Way is at the heart of our employee value proposition, and drives consistency across all our people and culture practices. It spans the employee journey from recruitment to retirement, building on the ‘One Imperial’ culture which will position Imperial as an employer of choice. Our purpose and values are the cornerstones of My Imperial People Way, supported by our leadership DNA.

We are building a human experience management system – My People Central – that will deliver dynamic experiences which ultimately drive better business outcomes. For implementation across Africa, My People Central will support real-time people analytics, empower our people

to manage their careers through self-service capabilities and mobile learning, and free up HR capacity to focus on more strategic initiatives. It will enable customised talent offerings, improved talent management and enhanced HR processes, ultimately improving the employee experience. In addition, it will achieve efficiencies in workforce planning and HR administration, reducing staff costs and improving the governance of people data. Implementation will be in a phased approach, and once complete, My People Central will be instrumental in measuring the success of the people and culture strategy, providing reliable data for KPIs such as employee turnover, internal and external employee value proposition measures and employee engagement.

My Imperial People Way

The ‘One Imperial’ purpose and values

set the direction for our success, uniting us in a vision and a clearly defined common purpose with values to drive excellence.



Our leadership behaviours

support and inform the way we will move forward as one, driving collaboration and a culture of excellence.

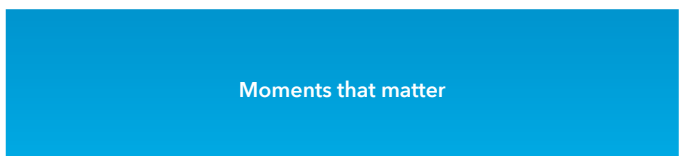


Imperial’s people practices

are focused to ensure we become an employer of choice in our industry. The people practices are aligned to our values of winning through teamwork and empowering our people.



Creating an organisation with **moments that matter** is important to us and nurtures My Imperial People Way – celebrating our successes and learning from our endeavours with our pioneers in driving an innovative culture. This aspect provides our people with the opportunity to actively contribute to social and environmental initiatives.



Logistics International's people strategy centres on having the right people in the right place to drive excellent and sustainable business performance. It is driven through five commitments – fostering innovation, connecting people, enabling entrepreneurship, ensuring diversity and inclusiveness, and delivering quality and excellence.

'One Imperial' culture

Enabling a 'One Imperial' culture, which connects our employees with each other and the communities in which we operate, is fundamental to strategic and operational delivery, competitive differentiation, ethical conduct, diversity and inclusion, collaboration, innovation and disruption.

Our culture transformation is underpinned by a robust leadership model and our values, and will be realised by our leaders who are expected to lead by example. Our leadership development programmes are designed to help our leaders build the leadership DNA we need to achieve the desired culture change. They and our HR personnel are supported in this responsibility by Change Way, a set of change management toolkits that can be tailored for different levels of change, including assisting acquisitions to adapt to our culture and ways of working. Change Way will be digitised and available on the employee portal in August 2022.

Our efforts are already seeing results; in Logistics Africa, clients are engaged with a 'One Imperial' voice, offering multiple solutions across different operating entities within the business. Change management has also contributed to our ability to adapt our organisational structures quickly and effectively to the new ways of working required to address COVID-19 risks.

A mature people and culture management framework will enable a quick response to human capital priorities and risks with decision making based on accurate information.

Towards our 'One Imperial' culture

Employee engagement undertaken during the year focused on driving culture change and cultivating a workforce that embraces the 'One Imperial' values. A Barrett employee engagement survey was recently undertaken to understand the level of culture change that has occurred within the group and assess employee engagement. The survey measures the degree to which human needs are met in the workplace.

One of the pillars of our new ESG strategy is the Social – Workforce pillar, which highlights the following key focus areas:

- **Improve diversity and inclusion:** workforce diversity is seen as a competitive advantage both in our business operations and in competing for the best talent.

- **Develop talent:** developing the depth of highly specialised logistics, industry and people skills needed to meet the current and future needs of our business and those of our clients, principals and customers, is a critical component of our client and employee value propositions.
- **Zero harm to people:** we strive for zero harm in our commitment to ensuring a safe and healthy workplace for our stakeholders and protecting the environment for our communities.

[+ Read more in our ESG report online.](#)

Employee engagement

Following the launch of 'One Imperial' and our values early in F2021, engagement activations were undertaken in Market Access and Logistics Africa to communicate key messages on our 'One Imperial' and 'Gateway to Africa' strategy, our purpose, and the practices that underpin our values and what we stand for as an organisation. To give life to these messages, the three activations drew on the experiences of our people. The first activation aimed to reach all our people digitally to formally introduce our values and to gather contact details to enable more direct employee engagement in the future, the second gathered individual stories of moments that mattered at work, and the third focused on providing support during a COVID-19 peak period in South Africa and the socio-political unrest.

We also introduced i-com, our group-wide employee communication and engagement technology platform, which strives to promote inclusivity, collaboration and knowledge sharing across geographies. Accessible by personal computer and through mobile phones, the platform provides easy and quick access to the group's policies, and updates on the group's strategic progress, the culture journey and ESG activities. The test site went live in October 2020 for a small group of users to identify problems and content gaps, before being made available to a broader pilot test group of 5 000 employees.

Our women@imperial newsletter keeps all employees updated on our gender diversity progress, and we have created platforms internally and externally where women's voices, ideas and opinions can be heard. Group CEO, Mohammed Akoojee, participated in a panel hosted by the International Finance Corporation, which focused on the role of men in fostering inclusive workplaces in the healthcare sector.

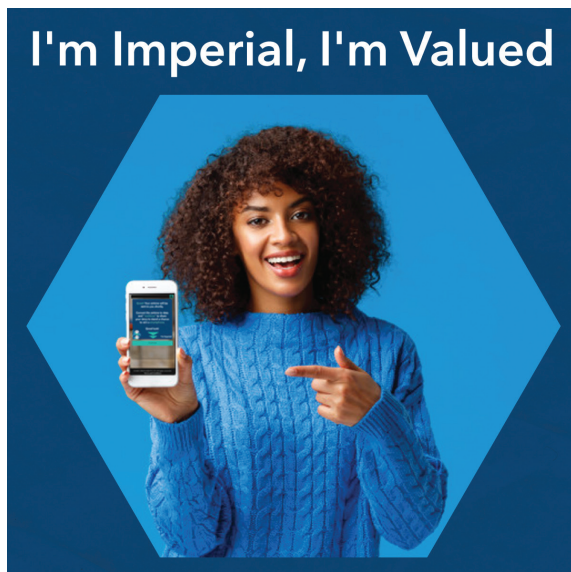
62 **People review** continued

SPOTLIGHT: Supporting our people in times of unprecedented change

Our values emphasise that peoples’ safety comes first. This year, COVID-19 and the recent social unrest in South Africa introduced specific health and wellbeing risks that demanded tailored solutions to help our people during this time of unprecedented change.

Our responses to the pandemic include:

- Stringent safety measures to prevent the spread of the virus and protect our people and their families (eg rigorous cleaning, personal protection equipment (PPE), social distancing, sanitisation, shift working, screening, and regular compliance inspections and risk assessments of sites, among others).
- Providing job and income security.
- Continually engaging with our people to ensure they remain productive, motivated and part of ‘One Imperial’, despite many head office staff working from home.
- A COVID-19 care guide for employees and their families, providing information on the virus, how to register for a vaccine and how to access our network of doctors and Independent Counselling and Advisory Services.
- A network of over 100 Imperial SHEROES, who actively support and assist their peers and their families during these trying times.
- Care packages for employees in Kenya, Nigeria and South Africa who have tested positive for COVID-19, which include an oximeter, sanitiser, masks, wipes and additional tokens of care.



In cases where social unrest causes disruption in our key markets, potentially endangering our people, we react swiftly to minimise harm, ensure the safety and wellbeing of our people and ensure business continuity by:

- Providing driver training in emergency response planning.
- Keeping the wheels turning through the planning of alternative routes and keeping our drivers informed of unrest situations through our robust en route communication processes.
- Monitoring operations and ground operations when necessary by leveraging our relationships with the South African Police Service, traffic authorities and non-governmental organisations to receive real-time information on protest action along routes or at destinations.
- Together with our partners, we delivered food parcels to employees and their families in KwaZulu-Natal in the July 2021 unrest.

2021 performance review

Group

- Established a group-wide job evaluation committee for roles from senior management and above. The committee is supported by job evaluation and grading committees in each business, with a policy and guidelines in place, and defined process requirements and member responsibilities. 177 roles have been evaluated since March 2021.

Market Access and Logistics Africa

- Introduced an online interactive portal that encourages two-way communication between Imperial and employees on any smart device within seconds. The portal supports customisable engagements to create rich and dynamic data to enhance our digital strategies. It is used to encourage participation and adoption of our values and to gather up-to-date employee data.
- A Barrett employee engagement survey was undertaken to understand the level of culture change that has occurred within the group and assess employee engagement.
- We are reviewing and improving the onboarding and induction process, which will be customised for each business.
- Started the alignment of our Market Access businesses to the group compensation and benefit guidelines.

Logistics International

- Implemented a new SAP organisational management module, integrating data and enhancing its integrity. Improvements to the data architecture are ongoing.

Outlook

Significant progress has been made on progressing organisational change, embedding our values and communicating our purpose to our people, but we have not yet reached the finish line. We must maintain our momentum, while supporting our people through both continued changes to the organisation, and the times of unprecedented change we have witnessed and experienced over the past two years.

COVID-19 has impacted, not only the ways in which organisations operate, but also the ways in which employees evaluate their jobs. Now, more than ever, being able to do work that is purposeful and meaningful is a key requirement for attracting talent and ensuring employee engagement. At Imperial, we have seen the impact that our 'Gateway to Africa' strategy has had in uniting our employees through a shared sense of purpose, and a mission that speaks to hearts and minds alike. The draw of this sense of purpose has been seen in prospective employees as well, as has a renewed desire for a good work-life balance. Our ability to respond to the

changing needs of our people and remain responsive in a post-COVID-19 environment will be critical going forward, both in terms of ensuring our employees remain engaged and productive, and to attracting new talent.

As a digitally and technologically enabled provider of logistics and market access solutions, we will require skills specifically tailored to this business model. Process automation and restructuring made necessary by our challenging operating environment, will make some jobs redundant in the future. However, as we grow and make progress in our digitisation journey, this will be offset by the need for added skilled capacity and new jobs will emerge in line with our new organisational needs. We remain committed to reskilling and upskilling our people for these roles and will preserve as many jobs as we can as we transform.

- **Read more** about diversity and inclusion, talent development and health and safety in our ESG performance review: page 71, and online in our ESG report.

64 Digital and IT review

Connecting Africa and the world, and driving differentiation, optimisation and disruption, means we must acquire, develop and deploy leading digital capabilities. Our digital strategy centres on applying best-of-breed and emerging technologies to provide clients and principals with innovative solutions that differentiate them from their competitors. We embrace market disruptors and leverage innovation so that our clients and principals will not only survive - but thrive - well into the future.

Digitisation, automation, new technologies and data - including consumer engagement, e-commerce and telemedicine - will shape our business models and help futureproof our business and our industry. We are investing heavily in flexible IT architecture and a 'digital-first' approach, to offer high-grade automation and best-in-class IT systems - tailored to the processes of our clients, principals and customers.

Our digital platforms and capabilities are a critical enabler of all our strategy pillars and enhancing them will create value for the group across our six value lenses: enabling growth, improving efficiency, enhancing experience, mitigating risk, building our brand and optimising capital.

Go digital, be digital and enable digital

Becoming 'One Imperial' and positioning ourselves as the 'Gateway to Africa' means placing IT and digital initiatives at the heart of our enterprise. It is our technological prowess that will determine Imperial's differentiation, market relevance, client experience and ability to sustain profitable growth. Although we are having to move quickly to catch up with our global peers in this respect, the lag in digital adoption in Africa provides a window of opportunity to entrench our leadership in our markets. Rising to this challenge requires that we attract talent with the necessary digital and IT skills, and retrain our employees across all levels of the organisation to ensure our people have the skills required to engage with and use new digital and IT platforms.

Our entrepreneurial beginnings had left us with a legacy of decentralised IT solutions and initiatives not suited to our scale and progress to the 'One Imperial' business model, culture and brand. This, in combination with the accelerating adoption of digital capabilities and related escalation in expectations of key stakeholders, highlighted the need for a unifying and centre-led digital strategy. In turn, this needed a cohesive IT architecture and standardised processes, to enable digital optimisation and innovation across the group.

Over the past year, we have made significant progress on implementing our digital and IT strategy. We have established our centre-led digital and IT capability and structure, made key appointments, worked hard to develop enterprise architecture roadmaps for our business units and our work

on enterprise architecture will stand us in good stead as we begin to standardise our digital platforms. Excellent progress has been made in establishing a base for data-driven decision making through our business performance insights platform. Acquiring Parcel Ninja has fundamentally shifted perceptions of digital and IT at Imperial. We have also made strides in progressing our digital fleet management capabilities and made significant investments in our digital commerce capabilities.

Investing in digital and IT

Digital and technology transformations carry upfront costs and require significant investment in the short term, to achieve benefits that only return value in the medium and long term. Over the past year, we have allocated significant capital to our digital and IT initiatives.

Digital outcomes

- Systems and platforms that enable our people and clients while supporting growth, cost optimisation, value for money and performance.
- Digital and data capabilities designed to support Imperial's strategy and purpose: connecting Africa and the world and improving people's lives with access to quality products and services.

Our digital and IT strategy

Our strategy is key to transforming Imperial, enabling growth and achieving our strategy by providing coherent system architecture and processes that support core business and strategic delivery, and by facilitating access to new value propositions and revenue streams. Ultimately, our digital strategy should enable us to build partnerships across our ecosystem, and identify, pre-empt, integrate and own potentially disruptive technologies and businesses. Our digital strategy is both a driver of and facilitated by our 'One Imperial' and 'Gateway to Africa' strategy; a unifying digital strategy is not possible without an integrated and unified approach to the business, and our ability to truly become 'One Imperial' cannot be fulfilled without foundational IT processes and initiatives in place. Our digital initiatives and imperatives are similarly foundational to our ability to capture new opportunities, amplify value, differentiate, meet and anticipate our clients' needs, and to lead in innovation.

Our digital and IT strategic goal is to use best-in-class and emerging technology to improve efficiency, facilitate revenue growth and create new revenue streams by focusing on:

Leveraging our digital capabilities in e-commerce fulfilment, control towers, value from data and digital disruptors, to gain a commercial competitive advantage.

Using data insights to drive improved decision making across the business.

Enabling the 'One Imperial' transformation via digital engagement initiatives that support communication and HR best practice.

Developing our enterprise architecture to enable process simplification, standardisation and digitisation according to our enterprise architecture roadmaps, in collaboration with business and group functions.

Enhancing the ways we do business, prioritising:

- Service management (including our customers and partners).
- Cost and value (including transparency and business cases).
- Talent management (including diversity and inclusion).

We measure our progress through our strategic KPIs



Enterprise architecture

- Clarify digital context and define journey.

Establish digital capabilities

- Develop digital and IT initiatives.

Acquire e-commerce capabilities

- Complete acquisition and leverage capabilities.

Investments and partnerships

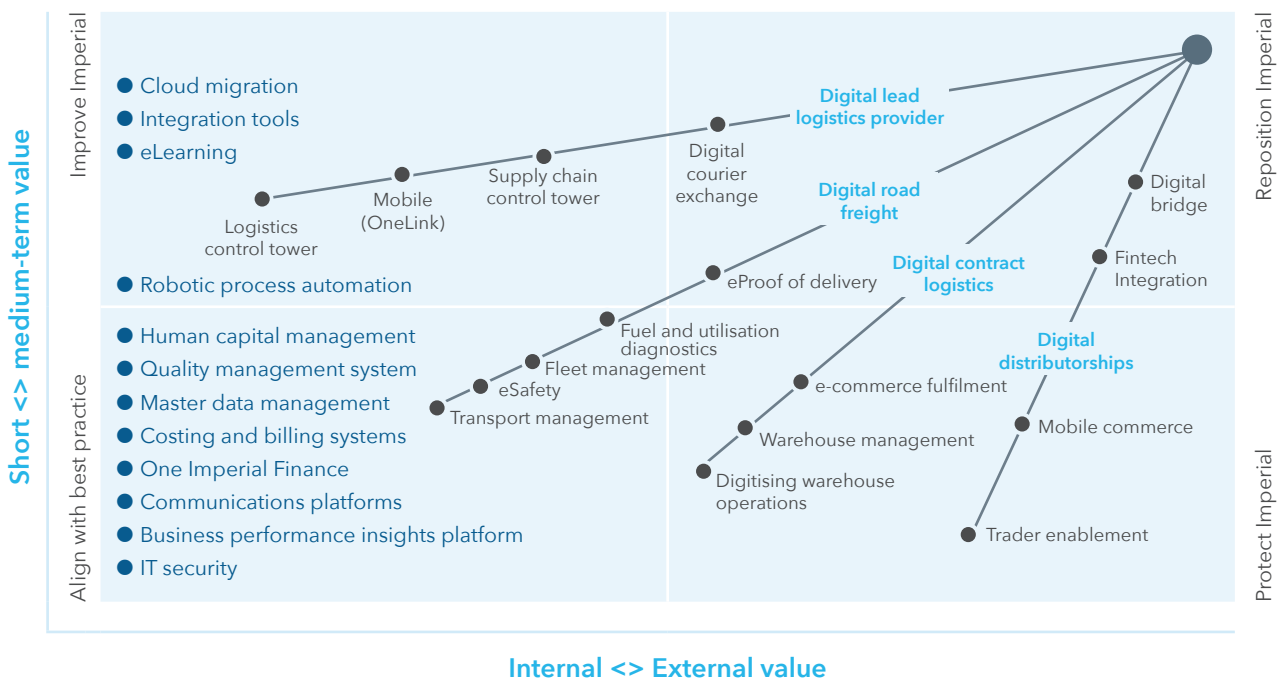
- Progress investment in innovation and apply learnings.

Digital and IT organisation

- Define organisational strategy and implement.

This strategy is being translated into future enterprise architecture along the following purpose-driven framework:

Digital and IT initiatives enabling 'One Imperial'



66 Digital and IT review continued

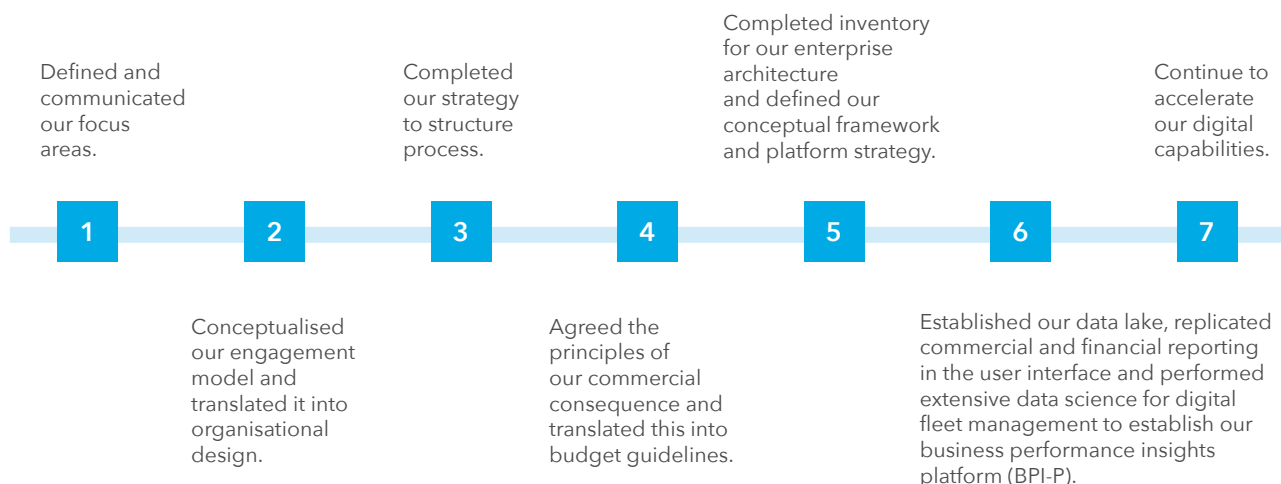
Digital and IT structure

A unifying digital strategy necessitated a shift in the way that we operate within the business and the creation of a centre-led digital and IT engagement model. In the past year, we have appointed a digital and IT leadership team to oversee and co-ordinate the implementation of our strategy and undergone a deep organisational design process with the aim of positioning digital and IT to enable the group’s functions to support business and enable the group’s businesses to serve their external clients, principals and customers. As part our organisational design, the digital and IT executive committee members have identified a set of focus areas and related changes required to deliver on our strategy and accelerate digital enablement within the group.

People and change	<ul style="list-style-type: none"> • Activate and transition to the new Digital & IT organisational structure. • Effectively manage change and communications related to implementing the new digital and IT model.
Business and functional IT	<ul style="list-style-type: none"> • Establish an effective business partnering link with relevant executives. • Consolidate and standardise systems and teams into business capability-oriented teams.
Digital products	<ul style="list-style-type: none"> • Elevate data and insight into an industrialised capability underpinning all our businesses. • Ideate, incubate and scale a set of ‘One Imperial’ digital products. • Consolidate and further mature our delivery capabilities.
IT services and security	<ul style="list-style-type: none"> • Integrate local support structures into one support structure with local nodes. • Consolidate and modernise infrastructure and platforms into a scalable foundation. • Embed an end-to-end cyber security approach across Imperial. • Bolster licence, asset and performance management for improved control.
Strategy and architecture	<ul style="list-style-type: none"> • Establish the ‘One Imperial’ architecture direction and enabling governance. • Manage our ‘One Imperial’ project portfolio with appropriate and enabling governance. • Create visibility in cost and value within digital and IT.

We also identified functional goals for the 2021 financial year, against which we track our progress.

We have completed our first succession planning process; this should facilitate increased diversity at upper management and leadership levels, while also providing various succession alternatives, ensuring long-term viability of our digital strategy and initiatives.



Key initiatives

Our business performance insights platform

During the 2021 financial year, we partnered with experts in data-based decision making to begin developing our BPI-P, a fully integrated and centralised reporting platform that, when fully implemented, will enable improved data-led decision making and reduce risk. The platform is designed to provide a solution for handling big data across the group, with the aim of deriving value from data and generating and evaluating business performance insights.

The BPI-P is a relatively new development and is being tailored to meet the needs of key internal stakeholders. These are currently grouped into three insights categories as well as digital fleet management (page 69), each of which addresses specific stakeholder and business needs.

Commercial insights	Our commercial reporting capability is well established and was one of the first business elements migrated to the BPI-P. We use these insights to increase client satisfaction, optimise margins, improve pipeline conversion, increase productivity and to focus on 100% contract renewals.
Business insights	These aim to combine data and analysis to increase our understanding of our actual performance across business continuums, drive strategy and increase our competitive advantage. The insights provide a deeper understanding of major mechanics related to our business, allowing us to identify why an event affecting performance occurs. In consultation with Market Access and Logistics, we have identified a list of KPIs to be used as the initial base for BPI-P reporting dashboards.
Finance insights	By exporting our financial management data into BPI, we will be able to develop business reports and enable near real-time reporting of key financial metrics and data including standardised and historical data, comparative and actual budgets, and forecast trending over months and years.

Enterprise architecture

Enterprise architecture forms a key element of improving the group's performance; this will allow us to develop a holistic and integrated view of our strategic direction, business practices, information flows and technology resources. By developing current and future versions of this integrated view, we will manage the transition from current to future operating states across five domains:

Business architecture	Application architecture	Data architecture	Technology architecture	Security architecture
Organisational structure and the functional capabilities needed to deliver the vision.	Individual applications, their interactions and their relationships to core business processes.	The structure of our logical and physical data assets and data management resources.	Software and hardware needed to implement our business, data and application services.	The structure and behaviour for our security processes and information security systems.

To progress our work on enterprise architecture, we have:

- Completed enterprise architecture roadmaps for the majority of our business units.
- Established a business architecture framework identifying key business capabilities that currently exist within Imperial and identified capabilities that are needed to deliver on strategy.
- Developed application roadmaps and implementation timelines for each business.
- Developed a data insights strategy that focuses on people, processes and technology.
- Established an architectural review committee to ensure good governance.

68 Digital and IT review continued

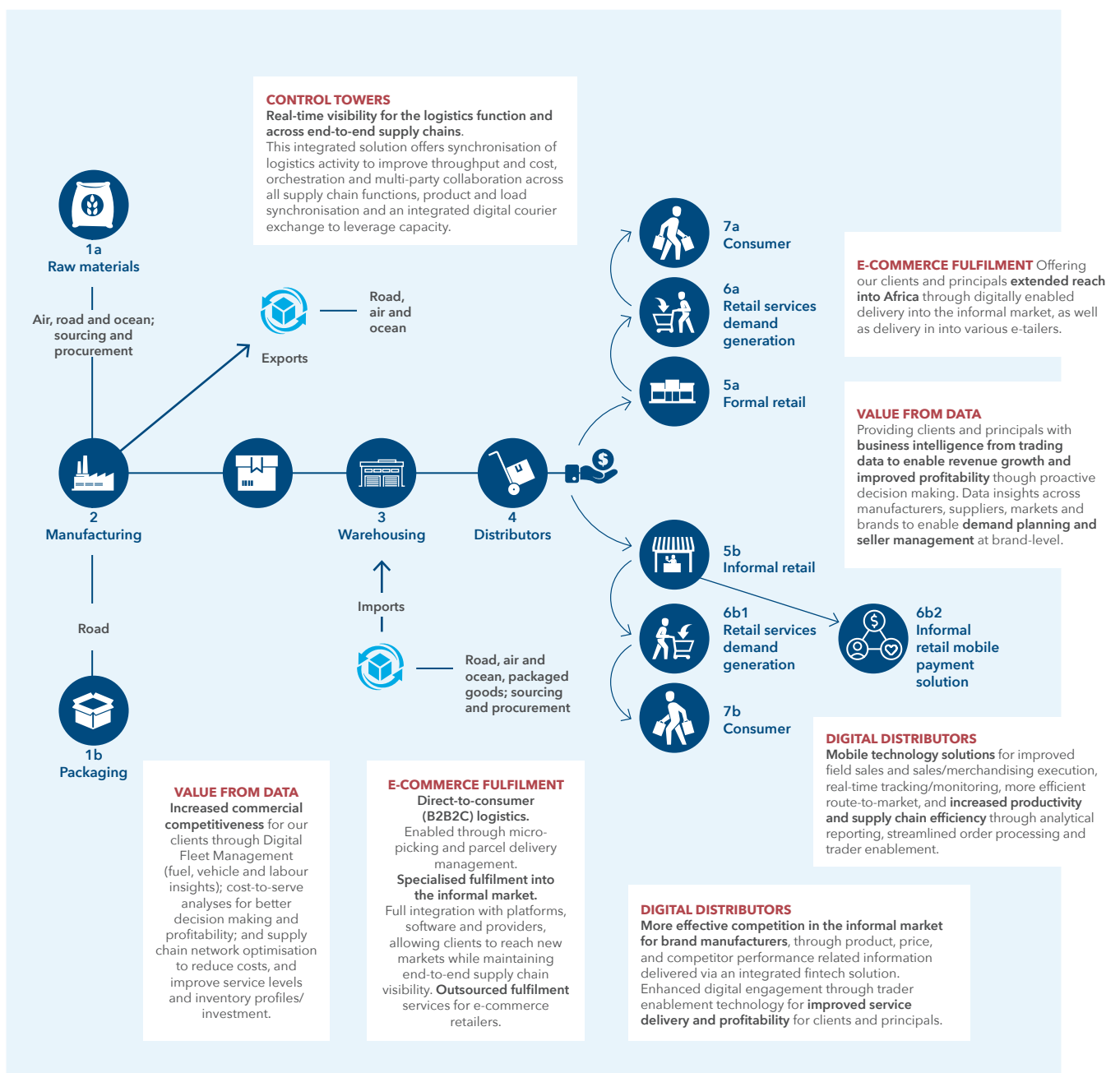
Digital engagement

In collaboration with corporate affairs and investor relations, we have engaged with a global digital strategy and technology partner to assist us in gaining a deeper understanding of user journeys, and of how to best support digital engagement for internal and external stakeholders. The process is designed to ensure we select the appropriate technologies to elevate and advance digital engagement among our key stakeholder groups.

+ For more on the group's approach to change management, see Our people: page 60.

Our structured value-focused initiatives

We continue to provide principals and clients with best-in-class and complete solutions, to access their end-consumers through an integrated sourcing, logistics and sales service. Our strategic digital and data initiatives are aligned with our focus areas and designed to deliver growth.



Key initiative: Parcel Ninja acquisition

We acquired and are fully integrating Parcel Ninja, a specialised warehousing and distribution management business, which represents a fundamental shift in our digitalisation journey. With its leading software, processes and people capabilities in South Africa, Parcel Ninja provides fulfilment in both B2C and B2B channels including the informal market, supported by the management and optimisation of courier parcel deliveries. This acquisition supports Imperial’s strategic ambition to accelerate our digital capabilities and expand our logistics and market access into last mile distribution and e-commerce fulfilment, and to grow our footprint and scale in Africa, while ensuring that our clients and principals remain locally relevant.

We are currently exploring collaboration opportunities with Parcel Ninja, including supporting Market Access with solutions for the South African market, warehouse and order management convergence and supporting direct-to-consumer logistics solutions.

Key initiative: Project Blue Fleet

We have begun rolling out Project Blue Fleet, a digital fleet management initiative that will allow us to transform our South African operations into a more agile business by integrating insights in our South African road freight and contract logistics fleets.

The core objective for this initiative is reducing costs while realising fuel and overtime savings in the short term as well as other vehicle-related cost savings like insurance and tyre spend over time.

Significant business engagements were undertaken to understand the business requirements and processes, as well as to ensure that we adequately communicated progress appropriately with the teams to effectively manage our change management requirements.

Our current focus is on recording data and validating activity while also managing processes across the business with increasing accuracy, maturity and scope. We have set clearly defined performance baselines, enabling us to accurately measure and evaluate performance with minimal influence from non-controllable factors. We now understand the specific actions we must take to consistently improve our performance and proactively identify new opportunities to reduce waste and realise cost savings.



Overall alignment to group and Imperial Logistics South Africa (ILSA) objectives to be achieved

Core initial focus of Project Blue Fleet is the South African road freight businesses, with complimentary focus on distribution fleets within contract logistics

70 Digital and IT review continued

Innovation Venture Fund

Our disruptive innovation fund, in partnership with Newtown Partners, makes available an initial capital investment of USD20 million to provide a mechanism to invest in innovative developments. We refined our investment principles and focus areas to fund high-potential start-ups in freight logistics, supply chain management and healthtech that use emerging technologies and disruptive business models to drive value.

We are actively managing nine portfolio companies, namely:

<p>Cheefa, an asset-light e-pharmacy marketplace that creates a distribution channel to end consumer in Egypt and Saudi Arabia.</p>	<p>Clockwork Logistics, a B2B provider of a highly configurable delivery platform and driver application.</p>	<p>MDaaS Global, a healthtech company, building and operating a network of modern, technologically enabled diagnostic centres across Nigeria.</p>	<p>Portcast, a Singapore-based B2B SaaS platform that provides real-time vessel and container tracking and dynamic demand forecasting.</p>
<p>Field Intelligence, a digital pharmaceutical distributor operating in Nigeria and Kenya.</p>	<p>Shypple, a digital freight forwarder operating between Asia and Europe.</p>	<p>RedBird, a provider of rapid diagnostic tests to pharmacies in Ghana.</p>	<p>Lori Systems, a digital road freight exchange operating in East and West Africa.</p>
<p>Fulfilment Bridge, a cross-border digital logistics service provider, serving e-commerce merchants in the Middle East and North Africa.</p>			

Each of these minority investments have a time-to-value of five to seven years and were selected on the basis that they have capabilities that may become strategically relevant to Imperial at that time and at commercial scale. These start-ups are positioned to grow rapidly in their home markets before leveraging their disruptive competitive advantages to enter new geographical markets and service areas; they have the potential to reorganise value chains, address new customer segments more effectively than before, and to displace incumbents in the process. As they scale, some of these start-ups will be increasingly integrated into Imperial's value chain, where they will help us to disrupt existing markets and enhance the competitiveness of our value proposition to clients.

Investing in innovative technology, relevant to our business and aligned to our strategy, will allow us to mitigate the risk of disruption, positioning the group at the forefront of innovation and allowing us to capitalise on the ongoing evolution of technology.

Our pragmatic approach to investing in innovation will support the strategic alignment of our investments as we continue to investigate new investment opportunities and partnerships. Our pipeline includes a range of opportunities, earmarked for due diligence research that will inform the granting of an investment mandate. The fund has the capacity to make four further investments and will continue to critically assess any opportunities to ensure that these are strategically aligned as well as being commercially viable.

Outlook

We have a clearly articulated and defined digital and IT strategy. We are finalising our medium-term plan and value case, which will be supported by implementing the enterprise architecture roadmaps that inform our investment requirements. Our newly established centre-led digital and IT structure will support the delivery of the plan, with the necessary governance and oversight structures and procedures in place.

+ Shareholder report: corporate governance report available online.

Having made key appointments in the year, we will continue to assess our resourcing requirements and deepen our digital and IT capabilities over time.

Going forward, we will continue to allocate adequate investment to the systems and skills, and the change management support, to enable Imperial's growth aspirations and to generate valuable insights from our data assets; to support business and functions, facilitate access to new value propositions and revenue streams and mitigate the risk of disruption.

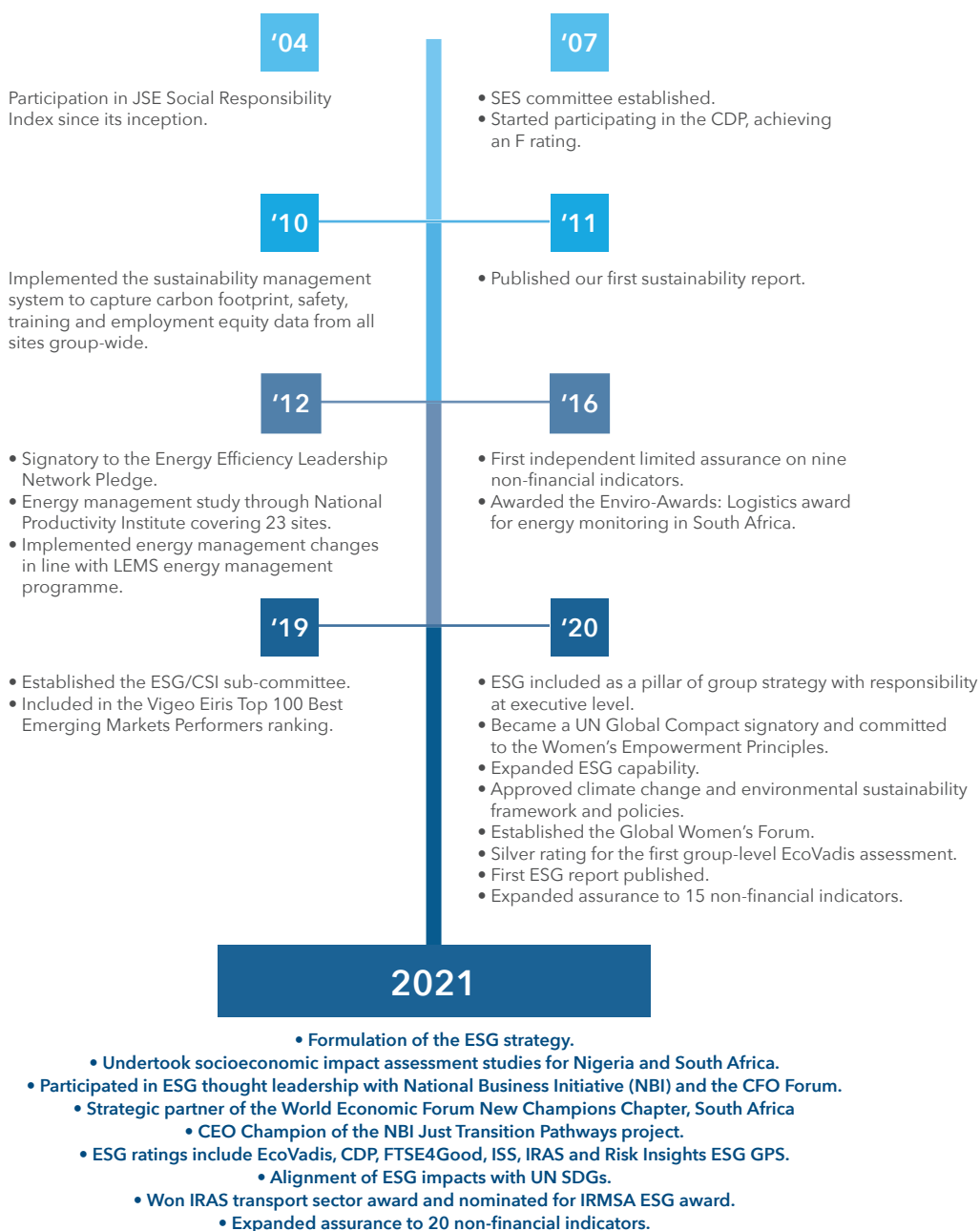
ESG review

We are embedding ESG practices into our daily business activities so that we can proactively manage our impacts on people and planet, beyond compliance requirements.

This means investing in our employees; cultivating a diverse and inclusive work environment; serving our clients and principals exceptionally and transparently; strengthening and investing in the communities in which we live and work; upholding human rights in the value chain; and promoting environmental stewardship. This underpins our industry, market and country legitimacy, and reputation as a trusted partner.

Our ESG strategy

Our ESG strategy furthers our ESG journey, with defined objectives against which we will measure our performance, and new prioritised targets for climate change mitigation. Our ESG reporting, participation in widely recognised ESG assessments and engagement with stakeholders helps us understand how external stakeholders are assessing our risks and performance. We are working to extend and integrate robust ESG processes and practices across the group and into strategic and daily operational decision making and business practice to ensure ESG is effectively managed as a business fundamental.



Our ESG strategy

ESG approach

Creating sustainable value for our key stakeholders through integrating ESG to support people, planet and profit

Our guiding principles

- We are a purpose-driven organisation that actively seeks opportunities and partnerships to create value for all our key stakeholder groups.
- We continually seek to improve our performance in the pursuit of zero harm to people and the planet.
- Our leadership visibly demonstrates a commitment to ESG.
- We balance impacts on people, planet and profit by integrating ESG practices into our daily business activities and decision-making processes.
- We proactively incorporate the principles of the UN Global Compact, UN SDGs, Women Empowerment Principles and other relevant global frameworks in our ESG practices.
- We comply with applicable legal requirements in all countries in which we operate.
- We respect human rights and engage our stakeholders respectfully and frankly, seeking their feedback.
- We seek 'go green' opportunities to reduce our impact on the environment and climate change.
- We proactively invest in enhancing and developing our communities.
- Our ESG data can be trusted by our stakeholders because it is transparent, accurate and independently assured.

F2022

- Define ESG metrics and set up ESG dashboard.
- Set up priority projects.
- Create ESG awareness.
- Review 'One Imperial' ESG-related policies.



F2023

- Execute priority initiatives.
- Communication and training focus.
- Tracking and reporting.



F2024

- Execute priority initiatives.
- Embed proactive practices.
- Culture embedding focus.



F2025

- Assess progress towards 2030 targets.
- Review 2030 targets.
- Prioritise new initiatives.

Environment

Improve fuel efficiency and investigate alternative fuels

Logistics Africa fleet objective: achieve a year-on-year improvement in fuel emissions in gCO₂e/km^{1,2} for key businesses operating fleets in South Africa.

6% reduction in F2021²

Reduce GHG emissions

Logistics Africa objective: increase renewable electricity supply annually to achieve an increase of at least 0,5% in demand met by renewables in South Africa operations in F2022.

3,1% of demand met by renewable electricity in F2021

Market Access objective: implement renewable energy systems in three sites by F2030

16 040 tonnes of Scope 1 and 2 emissions avoided in F2021

Increase waste recycling

Logistics Africa objective: explore opportunities to further improve recycling metrics.

68% general waste recycled in F2021

¹ Grams of carbon dioxide equivalent per kilometre travelled (gCO₂e/km).

² For vehicles >3 500 kilograms in seven targeted operating company fleets.

ESG aspiration




Striving for zero harm to people and the environment – transitioning towards net zero carbon by 2050

Social - workforce	Social - community	Governance
<p>Zero harm to people Monitor and report lost-time injury frequency rate (LTIFR).</p> <p>LTIFR externally assured for the first time in F2021</p> <p>Improve diversity and inclusion Group: achieve diversity targets across all businesses and board level.</p> <p>Black representation at top, senior and middle management levels was 36%, 28% and 54% respectively, with senior management falling short of the 32% target</p> <p>Black female representation at top, senior and middle management level was 12%, 11% and 18% respectively</p> <p>50% black and 40% female representation achieved at board level</p> <p>Group: develop a formalised programme to address skills gaps, continue to map talent and establish succession plans for leadership roles and critical positions.</p>	<p>Enhance inclusive supply chain performance South Africa: achieve the Road Freight Sector Codes and generic dtic³ scorecard requirements for B-BBEE.</p> <p>Maintained Level 2 rating against Road Freight Sector Codes for F2021</p> <p>Projected⁴ score against dtic Codes Level 3 rating for F2021</p> <p>Established centre-led procurement and enterprise development functions to enhance strategic planning and performance</p> <p>Improve employee localisation Group: meet country-specific localisation requirements.</p> <p>New focus area requiring further definition in future</p> <p>Strengthen corporate social (CSI) investment partnerships to increase impact Group: sustain a CSI spend of 1% of profit after tax (PAT), and monitor and report societal impacts.</p> <p>4,5% of group continuing NPAT (2,1% of group NPAT)</p>	<p>Integrate ESG into governance and risk management processes Group: maintain a no-compromise approach to governance.</p> <p>Zero instances of non-compliance with applicable laws</p> <p>Group: maintain or improve key ESG ratings.</p> <p>Mostly maintained in F2021 (see page 76)</p> <p>Market Access and Logistics Africa: complete anti-bribery and corruption training for targeted employees with access to email by the end of F2022.</p> <p>2 680 trained in F2021</p> <p>Embed information security and data privacy Group: no incidents of material successful cyber security attacks.</p> <p>One occurrence, with no material data or financial loss</p> <p>Ensure high supply chain standards are upheld Market Access: no material deviations from client supply chain standards.</p> <p>No material deviations of non-compliance for health and safety impacts of products and services</p>

³ Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).

⁴ Our B-BBEE performance for F2021 will be available at the end of September 2021.

Highlighted impacts

<p>900 000 m² total warehousing under coverage</p>	<p>R9 billion procurement spend, 70% with B-BEEE compliant suppliers</p>	<p>R3,5 billion employee-related expenditure</p>
<p>Over 13 000 employees</p>	<p>3,2% of operating profit spent on CSI</p>	
	<p>Patients saved R49 million on healthcare costs via Unjani Clinics</p>	
<p>95% principal contract renewal rate</p>	<p>10 teaching hospitals supplied with chemotherapy treatments</p>	<p>Access to pharmaceuticals saved ~35 800 lives</p>

During the year, we furthered our ESG journey, conducting an ESG maturity assessment across Market Access and Logistics Africa, and a socioeconomic impact assessment of our operations in South Africa and Nigeria. These exercises have enabled a better understanding of where our activities directly and indirectly impact our stakeholders, industries and societies; and what stakeholders need and where improvements can be made in our ESG practices and performance. Through this process we crystallised our ESG strategy and identified our key focus areas, critical implementation enablers and key measures (see page 71).

Our socioeconomic impact


Accenture’s independent SEIA for Imperial covered the 2019 and 2020 financial years. The objective was to quantify and understand the direct and indirect value we create for our stakeholders and communities in two of our key markets, and our socioeconomic impact against the UN SDGs and the African Union’s (AU’s) aspirations for Africa.

Estimated socioeconomic value we created

<p>South Africa</p> <p>R98,1 billion (USD6,3 billion)</p>	<p>Nigeria</p> <p>R145,9 billion (NGN3,6 trillion; USD9,3 billion)</p>
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+ Full SEIA for South Africa and Nigeria:
www.imperiallogistics.com/socio-economic-impact-assessment.php

Key: ■ South Africa ■ Nigeria

<p>Travelled 360x South Africa's road length for customer deliveries</p>	<p>Recycled 12,8 million litres of water</p>	<p>Avoided 5 700 tonnes of greenhouse gas emissions</p>
<p>R483 million taxes contributed</p>	<p>R23 million training spend, 900 000 training hours</p>	<p>1 266 tonnes of waste recycled</p>
	<p>Fairly priced medicines saved patients NGN59,5 billion</p>	<p>More than 200 jobs supported in supply chain</p>
	<p>Global Women's Forum for development and advancement of women</p>	<p>969 jobs supported with NGN2,8 billion employee benefits</p>

2021 performance review

- Approved our first ESG strategy and implementing specific, measurable targets and KPIs.
- Published our first UN Global Compact communication on progress: <https://www.imperiallogistics.com/pdf/sustainability-reports/imperial-ungc-cop-july-2021.pdf>.
- Won IRAS transport sector award and nominated among the top four finalists for the Risk Insights IRMSA ESG Sustainability Award.
- We are developing a dashboard to monitor progress against our ESG strategic objectives, and engaging with businesses on integrating ESG practices in their day-to-day activities and identifying action plans to meet our ESG objectives and targets.
- Improved and maintained ESG ratings and assessment scores.
- KPIs informed by the ESG strategy are being included in the short-term incentives for the executive committee.

Outlook

Guided by our aspiration to strive for zero harm to people and the environment, we will continue to progress our ESG strategy, performance and disclosures. As a purpose-led organisation, our ability to execute on our ESG strategy and aspirations serves multiple purposes by:

- Further securing our reputation as a trusted, credible brand and business partner.
- Strengthening our value proposition for future employees and enabling us to attract and retain the best talent by positioning us as a brand that cares for its people, communities and the environment.
- Bolstering our employee value proposition by reshaping us as a more diverse and inclusive organisation.
- Creating opportunities to access new pools of capital, particularly green finance and sustainability-linked bonds.
- Increasing our local relevance in our markets of operation through initiatives targeting local development and strategy marked a key step in our ESG journey this year; we must now drive implementation of local hiring practices.

Formulating our ESG across the group and each of our divisions to ensure that we continue to improve on our performance and disclosures, and take steps towards making our aspiration a reality for Imperial and our stakeholders.

Overview of our ESG ratings and assessments

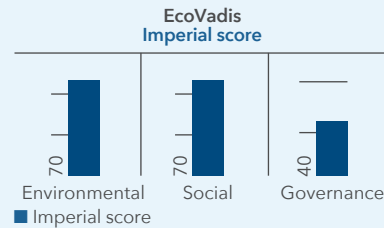
Imperial's ESG ratings

EcoVadis

An international rating agency that evaluates the sustainability performance of global supply chain companies in 200 industries across 160 countries.

Latest rating date: October 2020 (valid to October 2021)

Silver status and placed among the top 25% of companies assessed (2019: 48)



CDP

Assesses climate change disclosure.

Latest rating date: October 2020

Imperial B
(F2019: B)

Intermodal transport and logistics D

Africa C

Global C

ISS

Provides investors with in-depth insight to effectively incorporate sustainability in their investment decisions. Ratings are taken monthly.

Latest rating date: August 2021

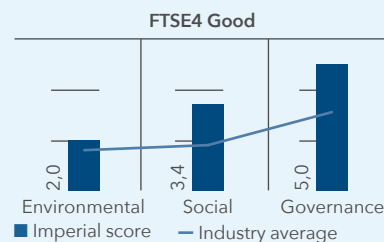


FTSE4Good

A global sustainable investment index series.

Latest rating date: June 2021

3,4 out of 5
(F2020: 3,8)

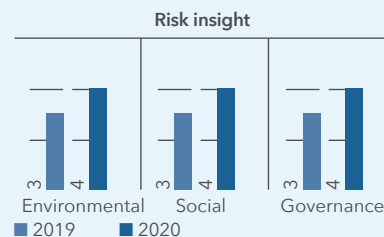


Risk Insights ESG GPS

An ESG rating which considers local market factors in the weighting and scoring.

Latest rating date: May 2021

4 out of 4
Excellent rating
(F2019: 3)



2021 IRAS Report

The 2021 IRAS report provides a comprehensive review of ESG reporting in South Africa, using its research and sustainability data transparency index.

Latest rating date: 2020

70,1%
The **highest ranking** in the transportation sector

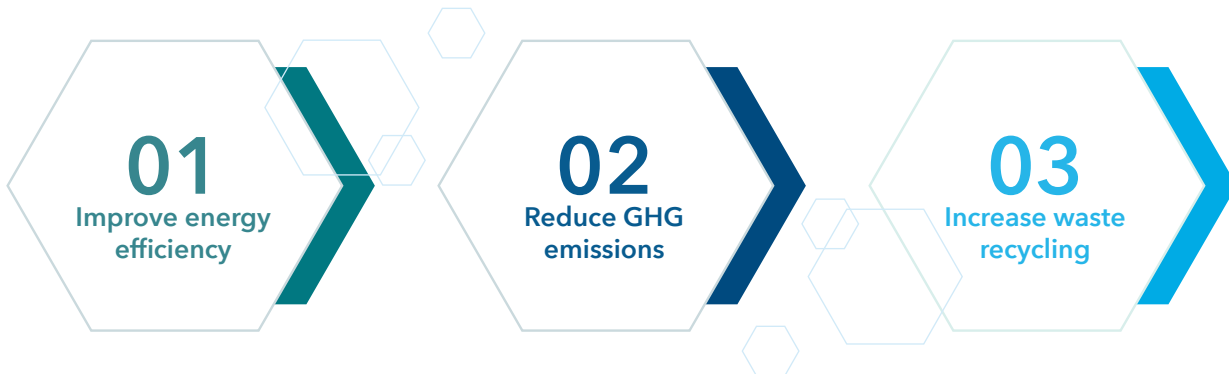
Our previous rating in the last IRAS report published in 2016 was 44,5%. The average score for the sector was 47,3%.

Environment

Sustainable environment



Our focus areas



Care for the environment is nested in our business strategy as part of the ESG pillar. Our strategic investment in ESG practices is directed towards integrating sustainable environmental practices into our everyday operations and increasingly includes advanced digital technology to support sustainable consumption of resources and to achieve improvements in our environmental impact.

We are starting to investigate what it would mean for Imperial to be net carbon zero; what this would mean for our operating model and stakeholders in the value chain, as well as the constraints we would face within our African operations. As a first step, we conducted a gap analysis of our reporting against the TCFD and improved our climate change disclosure to meet some of the framework's requirements. As we progress our ESG strategy we expect to improve our TCFD reporting.

- + **Climate change and strategy:** in our ESG report online.
- + **TCFD index:** in our ESG report online.

Our focus is to:

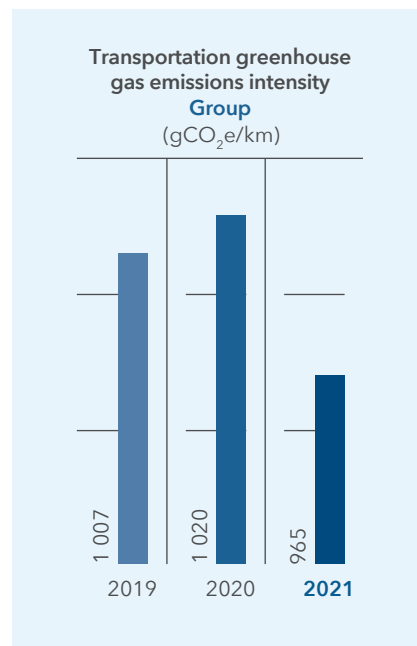
- Embed training, awareness and oversight to influence behaviour change that supports the integration of climate change considerations into all key business decisions and on-the-ground activity.
- Continually improve data gathering and reporting systems to better inform decision making.
- Prioritise the development, piloting and commercialisation of low carbon solutions to demonstrate leadership in the sector.
- Direct research and development investment to developing solutions that reduce our GHG emissions, as well as the GHG emissions of our clients (ie new fuels, new technologies, digitisation).
- Invest in businesses that have the ability to reduce our own and our clients' GHG emissions.
- Engage in sectoral processes that inform sound climate change policy development..

Improve energy efficiency

Fuel consumed

<p>Market Access 2 819 601 litres (F2020: 6 355 622 litres)</p>	<p>Logistics Africa 107 968 369 litres (F2020: 112 698 911 litres)</p>
<p>Logistics International 28 352 362 litres (F2020: 81 369 062 litres)</p>	<p>Group 139 140 332 litres (F2020: 200 423 595 litres)</p>

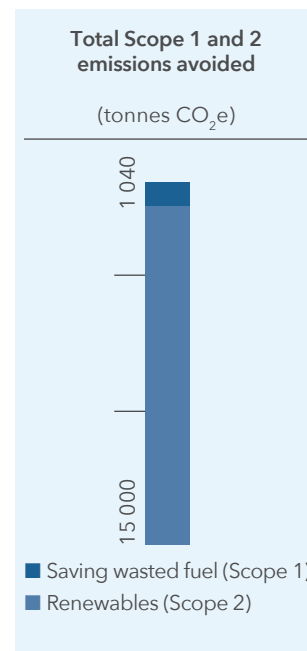
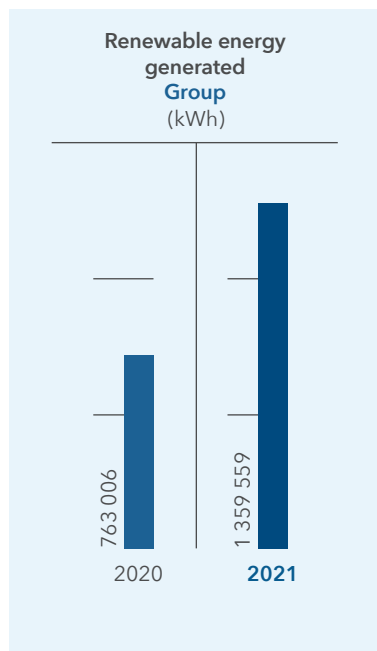
- Fuel consumption decreased year on year in all businesses given fewer kilometres travelled due to merging of business units, divestments, reduced business activity across all businesses and fuel efficiency initiatives. This resulted in a Scope 1 carbon emission reduction of 28% overall.
- Continued to test a number of alternative drive systems in partnership with original equipment manufacturers, including liquified (Germany and UK) and compressed natural gas trucks (Namibia and South Africa).



Reduce GHG emissions

Carbon footprint (Scope 1, 2 and 3)

<p>Market Access 10 114 tCO₂ (F2020: 20 171 tCO₂)</p>	<p>Logistics Africa 320 341 tCO₂ (F2020: 338 668 tCO₂)</p>
<p>Logistics International 91 319 tCO₂ (F2020: 216 082 tCO₂)</p>	<p>Group 421 774 tCO₂ F2020: 574 921 tCO₂)</p>



- Electricity consumption decreased by 11% year on year due to reduced demand in all businesses, the closure of some sites as business units were merged, divestments made, business activity impacted by COVID-19 as well as the sale of the Logistics International shipping business. Across the group, Scope 2 emissions reduced by 12% overall.
- Purchased electricity for the group was 62 290 338 kilowatt hours (F2020: 70 092 945 kilowatt hours), with Scope 2 emissions reducing 12%.
- Imperial Health Science’s newly built 17 628 m² facility, located in Kempton Park (Gauteng), has a 1 322 kWp solar system, expected to produce an average of 2 177 457 kWh a year, which will service both our building and the adjacent buildings in the warehouse complex.

Increase waste recycling

<p>Waste generated South Africa 3 703 tonnes of total waste generated (2020: 5 820 tonnes).</p>	<p>Waste recycled South Africa 701 tonnes of waste recycled (2020: 1 070 tonnes).</p>	<p>Percentage of waste recycled South Africa ~68% of total waste generated was recycled (2020: ~71%).</p>
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- By recycling one additional tonne of general waste, we estimate that more than four tonnes of CO₂e are saved across the material lifecycle. From this, we estimate that over 3 000 tonnes of Scope 3 emissions were avoided by recycling in F2021.

Environmental priorities

- **Group:** improve our reporting against the TCFD framework and investigate the feasibility of expanding Scope 3 emissions reporting.
- **Group:** improve fuel efficiency and renewables.
- **Market Access:** roll out solar photovoltaic (PV) systems at three sites in other African markets by F2030 (subject to facility ownership or agreement with landlords and cost-benefit analysis).
- **Logistics Africa:** review the waste management approach, ensure it is aligned with best practice, and identify meaningful additional recycling opportunities.

+ [Read more](#) about our environmental impact and initiatives in our ESG report online.



Social – workforce

Diverse and healthy workforce



Our focus areas



We are creating inclusive working environments that allow our people to utilise their unique strengths. Accelerated talent development, strategic sourcing and targeted attraction and retention initiatives are used to create a black talent pool for our businesses in South Africa. Also important, is our commitment to gender diversity. In this past year, there has been stronger introspection on ways in which we can uplift women at Imperial and within our communities. The UN’s Women’s Empowerment Principles guide us in our approach.

The roll-out of the Imperial Talent Management Way has progressed over the past year; however, there is still some way to go. To drive strategic delivery, strategic goals are being cascaded across business units, teams and individuals, using a consistent methodology to assess and manage performance.

Our aim is to be industry leaders in SHE performance. We are committed to implementing a safe system of work, which is regularly reviewed, and making available the necessary resources to protect health, safety and the environment.

In South Africa, 73% (F2020: 92%) of the fatal road incidents involving an Imperial truck, were beyond the control of our drivers, as determined through detailed incident investigations. Sadly, three of our colleagues lost their lives while at work during the year, with two being involved in road accidents and a third falling off a ship without wearing a life jacket. We deeply regret the death of our colleagues Mr Jose Alejandro Caballero Esquivel, Mr Andries Matamba Rembani and Mr Daniel Motaung. Once again, we offer our deepest sympathies to their families, friends and teams.

[+ Read more about our people and culture strategy: page 60.](#)

Zero Harm to people

Road safety Market Access	Road safety Logistics Africa	Road safety Logistics International
<p>0,141 road accidents per million kilometres (F2020: 0,063)</p> <p>0 road fatalities per million kilometres (F2020: 0)</p>	<p>2,884 road accidents per million kilometres (F2020: 0,246)</p> <p>0,007 road fatalities per million kilometres (F2020: 0,004)</p>	<p>0,703 road accidents per million kilometres F2020: 0,399)</p> <p>0 road fatalities per million kilometres (F2020: 0)</p>

There were no incidents of non-compliance with OHS regulations and/or voluntary codes.

Develop talent

<p>Training spend Group (Rm)</p> <table border="1"> <caption>Training spend Group (Rm)</caption> <thead> <tr> <th>Year</th> <th>Spending (Rm)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>192</td> </tr> <tr> <td>2020</td> <td>128</td> </tr> <tr> <td>2021</td> <td>246</td> </tr> </tbody> </table>	Year	Spending (Rm)	2019	192	2020	128	2021	246	<p>Training hours Group</p> <p>1 366 210 hours with 100% of hours benefitting South African employees (F2020: 893 682 hours)</p>	<p>Attracting talent Group</p> <p>Runner up in the 2021 Employer of Choice in the transport and logistics category of the South African Graduate Employers Association Awards.</p>
Year	Spending (Rm)									
2019	192									
2020	128									
2021	246									
<ul style="list-style-type: none"> • Market Access and Logistics Africa: 309 unemployed learners participated in a learnership, apprenticeship or internship in South Africa, gaining work experience (F2020: 174). 99% (F2020: 91%) of learners are black and 70% are differently abled (F2020: 46%). 										

Improve diversity and inclusion

Black representation: South Africa		Women representation: Group	
<p>Top management</p> <p>36%</p> <p>F2021 target: 23% (F2020: 42%)</p>	<p>Middle management</p> <p>54%</p> <p>F2021 target: 49% (F2020: 45%)</p>	<p>Top management</p> <p>16%</p> <p>(F2020: 12%)</p>	<p>Middle management</p> <p>29%</p> <p>(F2020: 32%)</p>
<p>Senior management</p> <p>28%</p> <p>F2021 target: 32% (F2020: 32%)</p>	<p>Overall</p> <p>89%</p> <p>(F2020: 89%)</p>	<p>Senior management</p> <p>23%</p> <p>(F2020: 14%)</p>	<p>Overall</p> <p>23%</p> <p>(F2020: 24%)</p>

Gender diversity
Group
 Appointed two new directors to the Imperial board, both are women from Nigeria.

50% of the Logistics Africa Exco members are women.

South Africa
 Won the Women Empowerment in the Workplace for Listed companies in Southern Africa category of the 2021 Accenture Gender Mainstreaming Awards.

Group: the global women’s forum advocated more visible support and participation from male employees, and focused on gender-based violence (GBV), COVID-19 support for women and mental health.

- Group:** the executive committee agreed a new recruiting principle to drive the alignment of our workforce compositions to the demographics of the region in which we operate.
- Logistics Africa:** launched a driver learnership for 19 unemployed women and 217 differently abled learners participated in an Imperial learnership, gaining workplace experience.
- South Africa:** 94% of training spend in South Africa was used to develop black employees (F2020: 85%). Some 85% of this training spend was paid as salaries for learnership participants.

Social - workforce priorities

- Group:** implement a broader-based diversity strategy in F2022, with clear diversity targets per region of operation, and which will encourage employees to openly discuss and share cultural values and practices.
- Group:** develop a formalised programme to address skills gaps, continue to map talent and establish succession plans for leadership roles and all business critical positions.
- Group:** continue to implement safety risk prevention strategies tailored to each business group-wide.
- Logistics Africa:** realise the safety benefits associated with Project Blue Fleet to leverage real-time data to improve safety performance and to strategically source the most advanced and safest trucks and trailers.
- Market Access:** introduce driver training programmes.

+ Read more about our Social - workforce impact and initiatives online.

Social - community

Contributing to the upliftment of communities



Our focus areas



Our purpose is to improve lives by providing people with access to safe, quality and affordable products across the markets in which we operate. The logistics industry is pivotal to the growth and transformation of South Africa and other African economies. It supports the growth and development of industries, creates numerous employment opportunities and provides consumers with access to essential products at reasonable prices, which improve the quality of their everyday

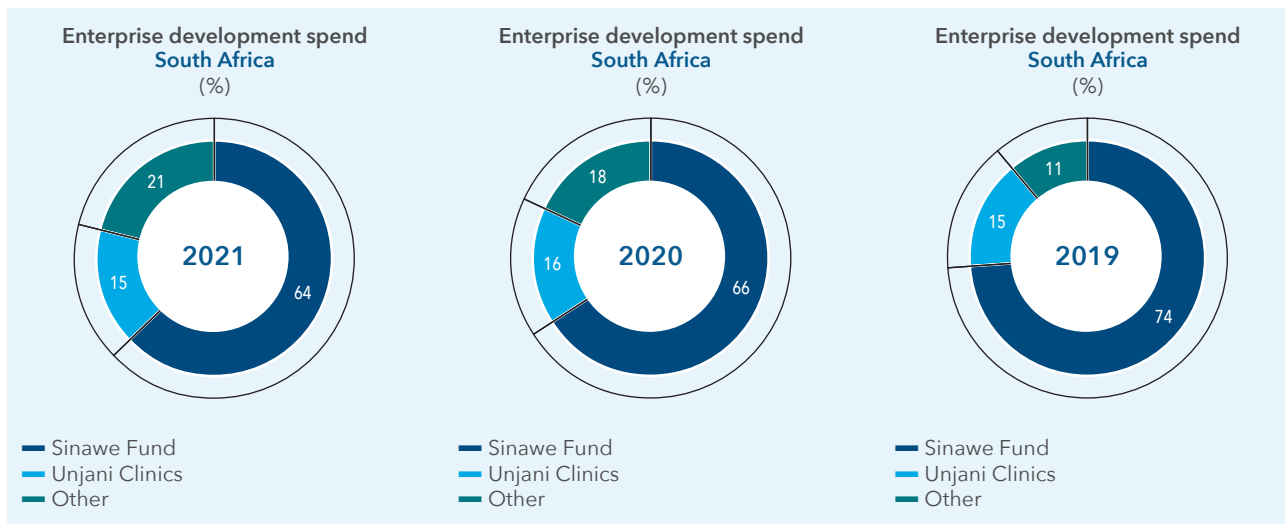
lives. In South Africa alone, the third-party logistics market is projected to grow at over 8% between 2020 and 2025¹. In our business activities, we also contribute towards infrastructure development through our warehouse capital expenditure, and create societal value through our tax contributions and gross domestic product uplift. Beyond our business activities, we leverage our knowledge and network to create value for our local communities.

¹ <https://www.mordorintelligence.com/industry-reports/south-africa-3pl-market#:~:text=The%20South%20African%20Third%2DParty,in%20the%20intra%2Dcontinental%20trade>.

Enhance inclusive supply chain performance (South Africa only)

Procurement

<p>34% of total spend was with 51% black-owned businesses (internal target: 25%)</p>	<p>15% of total spend was with 30% black women-owned businesses (internal target: 7%)</p>
<p>38% of total spend was with exempted micro enterprises and qualifying small enterprises (internal target: 20%)</p>	<p>R30 million invested in enterprise development, exceeding the South African NPAT target of 3% (F2020: R29 million). 15% of this spend was in the Unjani Clinics network and 36% was distributed as interest-free loans to black enterprises.</p>



Ownership

During the year, Imperial concluded a B-BBEE transaction for the South Africa operation, which enhanced its black and women ownership. This enhanced B-BBEE ownership reiterates our commitment to sustainable empowerment and transformation in South Africa, and will increase our competitiveness.

- Established a B-BBEE governance committee to lead our B-BBEE implementations and ensure that B-BBEE practices in our businesses are consistent with the B-BBEE Codes of Good Practice.
- Established a centre-led procurement capability, which will provide guidance on preferential procurement practices to achieve our B-BBEE targets; and assist businesses with B-BBEE-compliant supplier data management.

Invested R5,6 million in Unjani Clinics, bringing Imperial's investment to date to R42 million. The clinics provide primary healthcare to more than 60 700 patients each month and 346 people are permanently employed in the network, including 111 empowered professional nurses. We facilitated a donation for Unjani Clinics to receive 15 new, cutting-edge, robust and easy-to-use ultrasound devices, which will help the network meet the antenatal care needs of the communities it serves.

Improve employee localisation

Throughout Africa there is a drive for advancement and development. Local ownership and empowerment requirements differ from country to country and have been generally informed by the country's particular political history and socioeconomic environment. We welcome the imperative of local beneficiation targets and the desire of African governments to see their people engaged in meaningful work. We are committed to the guiding spirit behind the requirements, one which envisages a country and a continent where all can aspire to dignified lives and equitable opportunity. As Imperial realises its strategic objective to grow its operations, this will translate into further employment opportunities for local people.

Strengthen CSI partnerships to increase impact

<p style="text-align: center;">CSI spend</p> <p style="text-align: center;">Group R24,2 million (F2020: R21,1 million)</p>	<p style="text-align: center;">Imperial and Motus Community Trust</p> <p style="text-align: center;">Group As of 2020, Imperial has committed R5 million a year for five years to establish resource centres with libraries for under-resourced schools. This year, the Trust reached a milestone of over 52 resource centres, reaching over 62 000 learners and supporting over 60 jobs.</p>	<p style="text-align: center;">Gender-based violence (GBV)</p> <p style="text-align: center;">Group Partnered with the Department of Basic Education to identify 10 schools to pilot our <i>Be safe, Be smart</i> GBV programme. The initiative aims to change how GBV is identified and addressed in South African schools, creating a safe space for learners experiencing any form of GBV.</p>
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- **Market Access:** invested USD1 million in a world-class eye hospital in Abuja, Nigeria, providing subsidised or free eye surgeries for under-served patients (end of this commitment is 2021).
- **Logistics Africa:** invested in the Central Gauteng Lion's women's league - this includes the Imperial Central Gauteng Lions Women, and the Imperial Women Saturday Premier League and Presidents League.
- **Logistics Africa:** sponsored gsport, an online platform which for the past 15 years has provided exclusive 24/7 coverage of women's sport, sport news and positive stories from around the world.
- **Logistics Africa:** since 2019, the road safety awareness programme has reached 135 schools across nine provinces, delivering the K53 programme to approximately 88 100 aspirant drivers. Our *Be safe, Be smart* COVID-19 talks have reached 135 schools, reaching 57 105 learners in the Free State, Gauteng, Limpopo, North West and Western Cape provinces.
- **Logistics International:** continued to support the SOS Children's Village in Kecskemét, Hungary, covering the costs of accommodation, healthcare and education for around 60 children. During the year, the initiative provided mental health and financial support.

Social - communities priorities

- **Group (South Africa):** maintaining Level 2 B-BBEE rating, as achieved in F2021, against the Road Freight Sector Codes and focus on improving our scores in the employment equity and skills development pillars.
- **Group (South Africa):** explore an internal incubation programme for SMMEs.
- **Group:** prioritise local appointees for management positions when vacancies and new positions are approved.
- **Group:** advance CSI initiatives and aim to grow reputable partnerships.

[+ Read more about our Social - Community impact and initiatives in our ESG report online.](#)

Governance

Governance for ethical business



Our focus areas



We adopt a zero-tolerance approach to unethical behaviour and bribery and corruption, and have the processes in place to discourage, identify and prosecute wrongdoing. Our approach to ethics also covers our board of directors and third parties who act on our behalf. Our people are encouraged to express their concerns in an open and direct manner, and are required to report any circumstances that may indicate an infringement of laws and internal directives, including allegations of harassment and discrimination.

Respect for human rights is included in our code of conduct, our code of conduct - corporate and social responsibility procurement guidelines, various people and culture policies (for example those dealing with disciplinary action, grievances, and right to associate) and the climate change and environmental sustainability framework and strategy.

Responsibility for overseeing human rights implementation is shared widely, from our people and culture function (for example, freedom of association, diversity and inclusion, and employment conditions) and the procurement function (including supply chain practices and standards) to corporate affairs (stakeholder engagement and CSI).

Integrate ESG into governance and risk management processes

Management's assessment of our ESG maturity rated Imperial overall in the 'compliant' category. We aspire to improve this rating to the 'proactive' category by 2025, building on our strong compliance foundation. This means improving our governance systems, risk management and controls to ensure that effective, risk-based practices deliver sustainable results that, in turn, deliver long-term value for our stakeholders.

Embed information security and data privacy

We adhere to regulation that applies to the use of information and communication technology, as well as the collection, processing, sharing, retention and destruction of information in all forms. As new policies are published, they are supported by employee awareness campaigns, and training if required. Regular cybersecurity assessments and external audits ensure continual improvement in our information security controls.

Ensure high supply chain standards are upheld

Product responsibility

Safety and quality control are standard requirements in our client and principal contracts. Our businesses are certified to various standards depending on the industry they are operating in and client requirements. To maintain these certifications our policies, standards and procedures are regularly updated and audited.

Our suppliers and subcontractors

Ethical behaviour and full compliance with all laws, including anti-bribery and corruption, health and safety, labour and environmental laws, and Imperial minimum standards, are requirements that all our suppliers and subcontractors are expected to meet. Our subcontractors are held to the same road safety standards as our businesses.

2021 Performance

- 2 680 employees across Africa successfully completed anti-bribery and corruption training (F2020: 1 359), equating to 24% of this workforce to date.
- In Logistics International, 1 208 employees successfully completed code of conduct training, 1 214 completed corruption prevention training and 941 completed training on antitrust law.
- Included ESG as part of the formal due diligence process for mergers and acquisitions.
- Established a working group to review the ESG policy framework.
- Established the group privacy office and a data protection governance structure for Market Access and Logistics Africa. Appointed a data privacy officer, information officers and deputy information officers for the group and all businesses, as well as privacy custodians.
- Formulated data protection standards, and internal (between group entities) and external data transfer agreements to ensure we comply with the POPIA and all related legislation in Africa and Europe.
- There were no substantiated complaints or loss of client data, and one material successful cybersecurity breach occurred but did not lead to material data or financial loss.
- We conducted a supply chain study for the South African National Office of the World Wide Fund for Nature (WWF-SA) on the potential to produce sustainable aviation fuel in South Africa. The study aimed to identify the ideal supply routes for a number of alternative candidate feedstocks, considering eight different SAF-production pathways, in terms of cost, reliability of supply and GHG emissions.

Governance priorities

- **Group:** continue to roll out the anti-bribery and corruption training programme to employees, and find ways to deliver training to those who do not have email addresses.
- **Group:** develop divisional risk profiles which integrate ESG, and enhance our ability to identify and evaluate risks related to our ESG targets and objectives, and to respond and escalate these risks timeously.
- **Group:** mature our TCFD alignment, particularly around climate change scenarios and risk.
- **Group:** implement a group-wide information security strategy.
- **Group:** develop the centre-led procurement approach that considers ESG in our procurement processes.

[+ Read more](#) about our governance and related initiatives in our ESG report online.

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Solutions performance

Leveraging our powerful competitive advantages and specialised capabilities, we are positioning the group as the ‘Gateway to Africa’. We aim to be the strategic partner of choice for multinationals seeking access to Africa’s growth and development opportunities. Our scope extends to selected markets that are growing their trade flows into and out of Africa. Our integrated logistics and market access offerings drive a seamless client, principal and customer experience, delivered through simplified processes using the latest technology to drive growth in new markets.

Our client and principal value proposition

Our clients, principals and customers want to engage with a service provider of integrated and innovative solutions for simple, flexible, efficient and visible supply chains. They also expect us to facilitate their local relevance, which underpins the credibility of their brands. We answer their needs with a value proposition to provide end-to-end access to markets with the flexibility to adjust to different needs, while providing the end-to-end visibility and insights that enable clients to compete and win, and to stay relevant and resilient.

Ultimately, we aim to offer integrated market access and logistics solutions that enable our clients, principals and customers to thrive. Together, we play a critical role in the lives of our countries and communities of operation by providing access to quality products and services.

Access

- We provide end-to-end access to markets for customers and consumers.
- We take client, principal and customer products to some of the fastest growing and most challenging markets in the world, reducing the complexity and risk involved in operating in those markets.

Resilience

- We have the right capabilities to be resilient, and ensure our clients, principals, and customers’ supply chains are resilient.
- Our services and quality can be trusted.

Simplicity

- We offer integrated logistics and market access solutions through ‘One Imperial’, to ensure a seamless client experience.
- We leverage the best people and technology, adopting simple processes to make doing business in Africa easy.

Flexibility

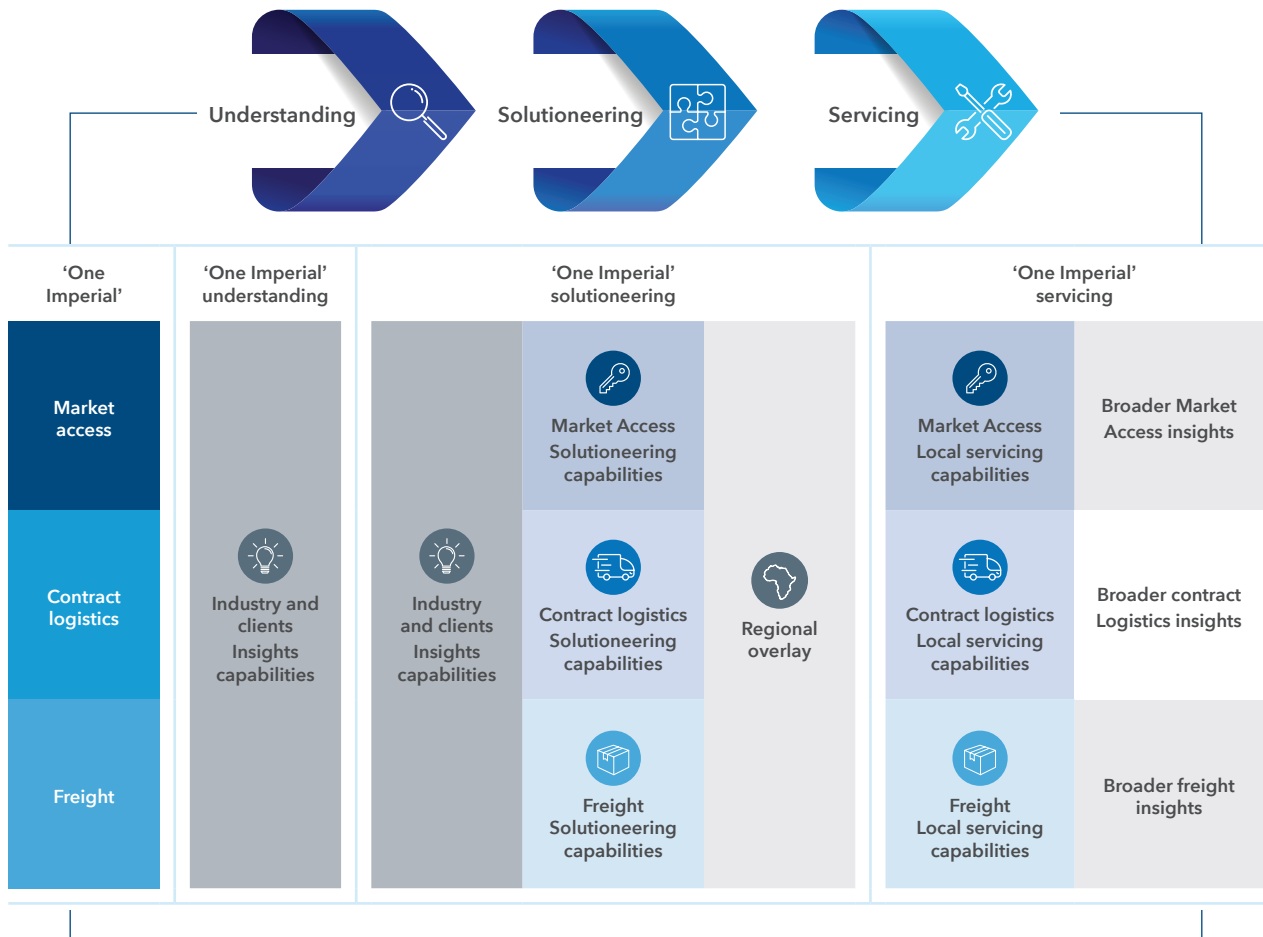
- We are a leading player with a strong local presence in key markets.
- We have a deep understanding of our clients, principals and customers, their needs and the industries and markets in which they operate.
- We provide customised, innovative and fit-for-purpose solutions.

Visibility

- We work with clients, principals and customers in an open and transparent manner, always operating in their best interests.
- We are a responsible corporate citizen, giving clients, principals and customers comfort regarding our market legitimacy.
- We are a trusted partner who adopts the highest standards of governance and ethics.

Our client engagement model

Our client engagement model offers specialist capabilities, which combine to meet the needs and expectations of our clients, principals and customers.



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Solution: Market Access

Our Market Access business – in which close to 100% of revenue is generated in Africa – is integral to our ‘Gateway to Africa’ strategy. Our market access solutions see us taking ownership of inventory and responsibility for the full order-to-cash function.

We build complex route-to-market solutions that provide our principals with access to patients and consumers through comprehensive channel strategies that integrate sourcing, sales, demand generation, distribution, marketing and promotions. Our solutions also create opportunities to leverage our freight and contract logistics capabilities.

Through our extensive ‘One Imperial’ network, mainly in sub-Saharan Africa, we are able to provide market access and logistics services in more than 20 countries on the African continent. We continue to focus on strengthening our capabilities, extending our reach and deepening our relevance in two key, defensive and growing industries – healthcare and consumer.

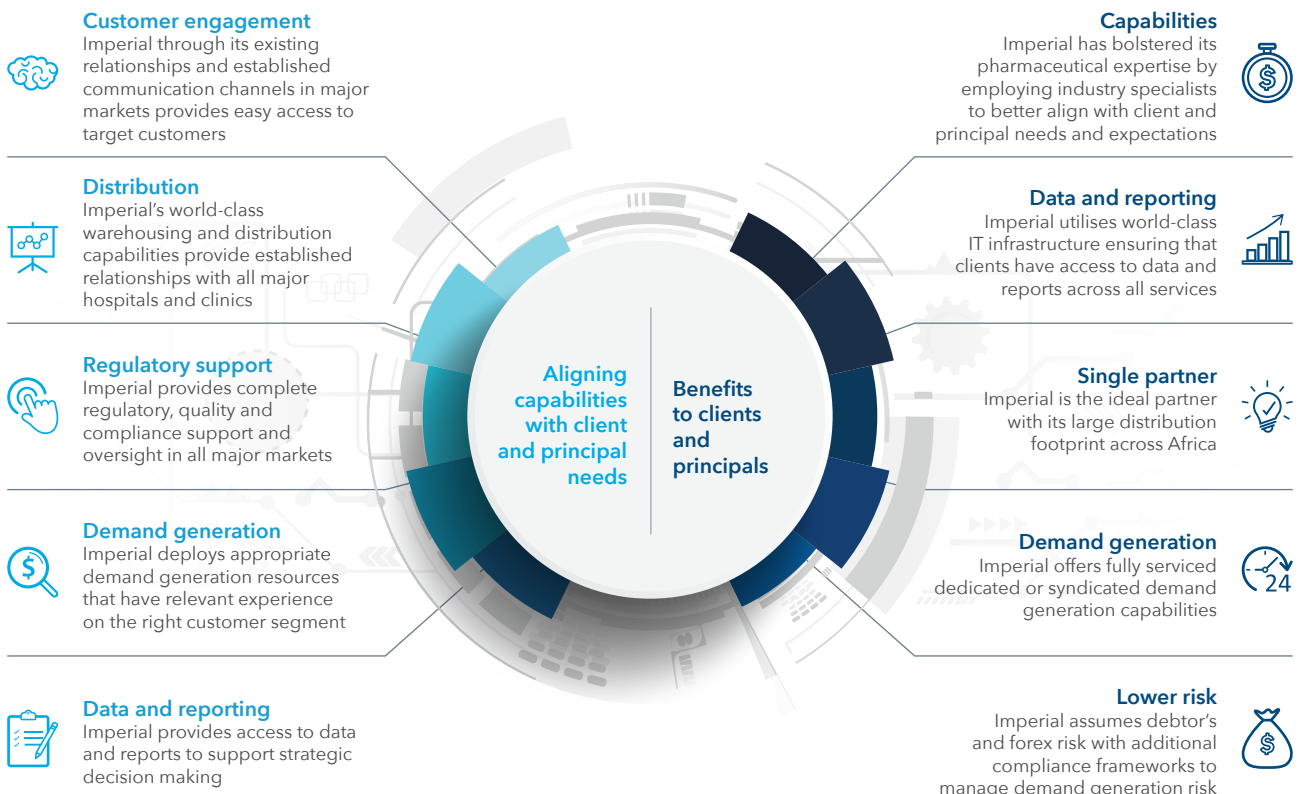


Healthcare

- Our extensive network in sub-Saharan Africa - coupled with our experience in all channels of the healthcare supply chain - means that we can offer our principals, clients and customers the trust and confidence that is key in the healthcare sector.
- A significant portion of the total delivered cost of medicines in Africa - up to 40% - is made up of supply chain, distribution and other non-core costs. As the costs associated with importing products into Africa continues to rise, we leverage our relationships, network, experience and skills to ensure our pharmaceuticals remain affordable.
- Our unique market knowledge and proven processes, methodologies and tools help manage the ever-increasing complexity, risk and speed of modern-day distribution.
- Our simplified solutions for healthcare reduce the risk, complexity and management responsibilities of the principal - freeing up valuable time and resources without compromising growth, service quality or the customer experience.

Consumer

- As strategic partners to our multinational principals and clients, we identify and develop new market segments for consumer products - targeting non-buying customers in existing markets, as well as customers in new markets.
- Our unique market knowledge and proven processes, methodologies and tools help manage the ever-increasing complexity, risk and speed of today's supply chains.
- Our experience helps global clients mitigate and manage the effects of global competition, rapid price fluctuations, short product lifecycles, expanded specialisation, near/ far- and off-shoring, and talent scarcity.
- Our proven solutions rapidly deliver results with the agility to quickly manage change for continuous flexibility and value to our clients, principals, customers, and the African consumer.



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Solution: Market Access continued

Key market trends informing our strategy

Healthcare	Consumer
<ul style="list-style-type: none"> • Key drivers of healthcare spending include: <ul style="list-style-type: none"> - Evolving population demographics. - Increased urbanisation in Africa. - Increasing demand for care. - Clinical and technological advances. - Higher demand for generic pharmaceuticals (promoted mainly by governments). - Escalating patient expectations. - Expanding public healthcare systems. 	<ul style="list-style-type: none"> • Growing customer demand for increased convenience. • Increased need for: <ul style="list-style-type: none"> - Warehousing services due to growth in e-commerce. - Visibility and resilience of supply chains. - Shortening and diversification of supply chains.

Our strategy

Our strategic intent is to leverage our unique proposition as the 'Gateway to Africa' and value-added services to grow our multinational client franchise and, as 'One Imperial', become the preferred market access partner in Africa. Our strategic initiatives are designed to drive growth, consolidate our competitiveness and relevance, and retain our legitimacy in our markets and industries.

Strategic objectives:

Client, principal and customer focused	Technological and digital enablement	Backward and forward integration	Geographical expansion
<p>Increase our relevance in the healthcare and consumer industries.</p> <p>Provide people with more affordable and better-quality healthcare and consumer products, thereby increasing sales and market share for our clients, principals and customers.</p>	<p>Build a future-proof organisation and differentiate through technology, digitalisation and innovation.</p>	<p>Expand our capabilities to capture more of the value chain.</p>	<p>Strengthen our leading market position in the geographies in which we operate.</p> <p>Expand our market access offering to other industries in select markets.</p> <p>Expand geographically through targeted acquisitions in select emerging markets.</p>

Healthcare initiatives:

- Expand multi-market aggregation model that delivers simplified solutions in healthcare in Africa.
- Diversify integrated healthcare services by establishing centralised capability in sales, marketing, medical and regulatory affairs, and client, principal and customer relationship management.
- Backward integrate (contract manufacturing and value-added services) and forward integrate (wholesale, retail, e-commerce solutions).
- Extend footprint in South Africa, Francophone and North Africa and evaluate clustering opportunities for expansion into other selected emerging markets on the African continent.
- Leverage our world-class source and procure capabilities; and create a portfolio of generic pharmaceuticals and medical consumables, equipment and devices to distribute into our markets by leveraging the Imperial network.

Consumer initiatives:

- Focused client, principal and customer engagement to become the best-in-class distributor and strategic partner, supported by investment in enabling technology and deepening market intelligence.
- Expand sources of growth through category optimisation and expansion to ensure a balanced portfolio.
- Expand capabilities to include contract packaging, brand activation and promotion, sourcing and procurement, and brand partnerships.
- Extend footprint into key emerging markets with focus on Ghana, Nigeria, South Africa and Botswana.
- Integrate our marketing, sales and distribution business, ensuring standardisation across businesses and territories, and operate under 'One Imperial' brand.

Supported by our key enablers:

People and culture	Systems	Processes	Digital and IT
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How we support the Imperial strategy

- Positioning Imperial as unique in its 'Gateway to Africa' offering.
- Servicing a number of lead clients, principals and customers in the defensive healthcare and consumer industries, with plans to expand into other strategically aligned industries, including automotive and chemical.
- Driving demand for inbound logistics thereby expanding opportunities to cross-sell and upsell our other services.
- Leveraging digital and data to offer value-added services to clients, principals and customers.
- Unlocking operational efficiencies and new revenue streams across the value chain.

Strategic performance

We measure our performance against defined strategic key performance areas (KPA's):

Strategic performance measures	Progress made in F2021
Driving organic growth	<ul style="list-style-type: none"> • Recorded revenue and operating profit growth of 30% and 13% respectively for the 2021 financial year. • New business revenue of approximately R1,7 billion (p.a.) was secured on a rolling 12-month basis to the end of June 2021.
Adding new strategic principals	<ul style="list-style-type: none"> • Gained a material consumer contract for P&G's route-to-market of consumer goods in Nigeria. • Contract renewal rate on existing contracts remains strong at c.100%.
Building the right organisational structure to implement the strategy, coupled with good succession planning	<ul style="list-style-type: none"> • Invested c.R24 million in appropriate structures and resources to create focused consumer and healthcare teams to achieve future strategic ambitions and growth in these key industries. • Disposed of the Pharmed business in South Africa to exit from non-core healthcare wholesale activities. • Developing a stakeholder platform that provides access to key data on our local and global competitors. • Holding regular business development sessions across healthcare and consumer industries to align on business development strategies and targets.
Expanding into new geographies, industries, and capabilities	<ul style="list-style-type: none"> • Acquired a 49% shareholding in Pharmafrique (trading as Kiara Health), a pharmaceutical contract manufacturing and healthcare services company, supporting backward integration into contract manufacturing in South African market access services. • Deployed a sales team focused on driving demand in the healthcare industry in South Africa, promoting Kiara Health and relevant healthcare products. • Acquired Eden Pharma, a South African company licensed to import and distribute pharmaceuticals in South Africa. • Announced the acquisition of Deep Catch Namibia Holdings, a diversified and vertically integrated business engaged in wholesale, distribution, and cold storage of perishable foods in Namibia and the SADC region. Imperial will be positioned to enter and build its cold chain capability and product category expansion and provide access to defensive, value-added FMCG capabilities, in line with the group's 'Gateway to Africa' strategy.
Client satisfaction	<ul style="list-style-type: none"> • Conducted a 'voice of the customer' survey in our Healthcare operations to deepen our client insights.

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Solutions: Market Access continued

Market Access pipeline

R2,2 billion p.a. in contracts gained

c.100% contract renewal rate (2020: 93%)

R0,9 billion contribution by top five clients to contracts gained

R1,9 billion open pipeline (new business)

R1,2 billion contribution by top five clients to contracts renewed

R1,2 billion top ten client contribution to open pipeline.

Our operating context and performance in F2021

Pro forma Market Access segment results

Market Access	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	2021	2020	% change
Revenue (Rm) [^]	7 415	5 480	35	7 712	6 181	25	15 127	11 661	30
EBITDA (Rm) [^]	500	566	(12)	456	286	59	956	852	12
Operating profit (Rm) [^]	422	506	(17)	384	205	87	806	711	13
Operating margin (%) [^]	5,7	9,2		5,0	3,3		5,3	6,1	
Return on invested capital (%) [^]	11,4	19,2					14,1	14,5	
Weighted average cost of capital (%) [^]	12,2	14,1					11,5	13,1	
Net debt (Rm)	1 830	1 416	29				1 500	1 650	(9)
Lease obligations included above (Rm)	334	262	27				304	348	(13)
Net debt excluding lease obligations (Rm)	1 496	1 154	30				1 196	1 302	(8)
Net working capital (Rm)	1 803	1 724	5				1 726	1 689	2

Note: Continuing operations

[^] Excluding businesses held for sale

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021

The operating environment is showing signs of slow recovery as COVID-19 lockdown restrictions were eased in most of our key markets. However, a third wave of infections are weighing again on many countries in Africa, where vaccination rates are currently very low. In addition, certain of our markets were negatively impacted by restrictions relating to the sale of alcohol. Economic activity in the sub-Saharan African region is, however, expected to strengthen if countries act quickly to contain new waves of the pandemic and speed up vaccine roll-outs. Sub-Saharan Africa's recovery is expected to vary significantly from country to country.

Our strong position as a leading healthcare and consumer market access player in sub-Saharan Africa continues to stand us in good stead, particularly during the COVID-19 pandemic. Market Access delivered excellent results in F2021, growing revenue and operating profit by 30% and 13% respectively, supported by the successful integration of acquisitions, a strong recovery in most businesses, particularly in Consumer, and good contract gains.

Operating margin continued to be under pressure mainly in the healthcare business in Nigeria, the consumer business in Mozambique, and the healthcare medical supplies and kitting business (Imres), declining from 6,1% in F2020 to 5,3% in F2021. COVID-19 resulted in supply chain disruptions with the procurement cost of certain product categories increasing significantly during the year.

The investment in the new Market Access organisational structure is proving successful, with new business wins and a healthy pipeline of new opportunities. New business revenue of approximately R1,7 billion p.a. was secured on a rolling 12-month basis to the end of June 2021. The contract renewal rate on existing contracts remains strong at c.100%. Commercial efforts to drive integrated solutions across our healthcare and consumer businesses are gaining traction and are positively contributing to our performance.

The healthcare business continued to benefit positively from the integration of acquisitions, organic growth in the multi-market aggregation business, as well as excellent growth in revenue and operating profit in the healthcare businesses in Kenya and Nigeria. Our healthcare medical supplies and kitting business continues to benefit from a strong order book, but performance was negatively impacted by COVID-19.

The healthcare business continued to benefit positively from the integration of acquisitions, organic growth in the multi-market aggregation business, as well as excellent growth in revenue and operating profit in the healthcare businesses in Kenya and Nigeria. Our healthcare medical supplies and kitting business continues to benefit from a strong order book but performance was negatively affected by COVID-19.

In the consumer business, Imperial gained a material consumer contract for P&G's route-to-market of consumer goods in Nigeria which became effective on 1 January 2021. The consumer business contributed strongly to results mainly due to the inclusion of this contract and the integration benefits gained post the acquisition of the consumer business in Ghana. Our consumer business in Namibia delivered a resilient performance in a tough economic environment. Lower activity was recorded in Mozambique, with margins under pressure, mainly resulting from restrictions on alcohol trading due to COVID-19. Our newly formed Market Access consumer business in South Africa is contributing positively.

Excellent net working capital management resulted in an increase of 2% in working capital to R1 726 million as at June 2021 compared to a growth in revenue for the year of 30%. ROIC decreased from 14,5% to 14,1% and is higher than WACC of 11,5%, slightly below the targeted hurdle rate of WACC +3%.

Outlook

Despite the challenging macro environment, we remain optimistic about the future of Market Access. In Africa, rising consumerism, urbanisation, population growth and the strengthening of healthcare systems by governments, will continue to positively impact Market Access.

The successful creation of our Market Access consumer and healthcare businesses in South Africa during the 2021 financial year represents an important strategic milestone, and we will continue to build on this. New business development, attracting new clients, principals and customers across all markets and businesses, and our continued effort to incorporate and integrate our acquisitions to unlock value, will remain a critical factor in driving organic revenue growth.

We will continue to focus on expanding our network in Africa, innovative solutions design, excellent operational execution and accelerating the shift to greater technological and digital enablement. These focus areas will position us even more strongly to meet the needs of multinational corporations seeking operationally and financially secure partners to assist them in navigating the complex operating environment and realising the compelling opportunities that Africa presents.

Our priorities for the coming financial year remain:

- Further progress the implementation of the various strategic initiatives in Market Access consumer and healthcare.
- Continuing to build strong relationships with existing and new clients, principals and customers.
- Gaining new business by converting existing opportunities and building our pipeline of new opportunities.
- Continuing to integrate our acquisitions to unlock value, ie Deep Catch.
- Continuing to expand our multi-market distribution partner model and networks in key industries.
- Adopting a more client-centric approach, selling more effectively as 'One Imperial'.
- Continuing to implement financial controls to manage our operating expenses, working capital, cashflows, debtors and forex risk.

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Solution: Logistics

Our logistics businesses underpin both our ‘Gateway to Africa’ and ‘One Imperial’ positioning, enabling us to leverage cross-selling and upselling opportunities with our market access business.

Our logistics solutions encompass contract logistics, freight management and LLP services. These are offered within and across two businesses, Logistics Africa and Logistics International.

Logistics Africa encompasses logistics activities throughout the African continent, i.e., road freight, contract logistics and LLP. Logistics will continue to play an integral role in achieving our ‘Gateway to Africa’ and ‘One Imperial’ strategic imperatives - leveraging and expanding freight, contract logistics and supply chain support, and leveraging cross-selling and upselling opportunities with our market access business.

Logistics International encompasses road freight, contract logistics, air/ocean and LLP activities outside of Africa - most notably our contract logistics and freight businesses in Europe and the UK.

In February 2021, we announced that our Logistics International business was non-core to our ‘Gateway to Africa’ strategy and we would therefore be exploring an appropriate exit plan for this business. This business is, however, within the scope of the proposed offer from DP World. As the Logistics International business is non-core, aspects of its operation are not covered in this report.

Our core offerings

Contract logistics

Our contract logistics services include developing market entry strategies, consulting, production logistics, warehousing, distribution, spare parts logistics and value-added services. Our unique value proposition enables our clients to establish and grow their brands in Africa. Our focus is on leading in Africa by offering clients, principals and customers integrated supply chain solutions grounded in our on-the-ground African presence.

Freight

Road freight

Our robust African freight forwarding capability and overall focus on Africa supports our value proposition. We continue to focus on integrated solutions that improve real-time end-to-end visibility; and to invest in people and technology that deliver client-centric offerings.

Air/ocean freight

An air and ocean freight forwarding capability, necessary to support trade flows into and out of Africa as part of our ‘Gateway to Africa’ strategy. It also generates sustainable organic growth through direct cross-selling opportunities.

LLP

There is increasing demand for supply chain integrators that assemble and manage an optimal solution for clients, principals and customers by collaborating with regional and specialist service providers. Our ‘One Imperial’ and ‘Gateway to Africa’ strategy directs us toward the vision of a homogeneous LLP capability across all our regions. It is a capability by which we design and operate integrated multi-modal freight management solutions that complement our freight, contract logistics and market access solutions.

Our unique value proposition

As 'One Imperial', we offer an end-to-end integrated logistics solution that - in combination with our market access business - enables our clients, principals and customers to grow and remain relevant in Africa.

Our clients, principals and customers expect:

-  Integrated value chain solutions
-  Optimised network
-  Efficiency/cost reduction
-  Sustainability and circular supply chains
-  Comprehensive reach and footprint
-  Fit-for-purpose industry solutions
-  Real-time end-to-end visibility
-  Data rich platforms

How we meet these expectations:

- We have a deep understanding of our clients, principals and customers' businesses and the industries in which they operate, as well as an extensive footprint that offers local market presence across most of Africa.
- We expertly manage the movement of goods on behalf of clients, principals and customers between specified sources and destinations.
- We skillfully navigate different transportation modes and use a range of transportation types.
- We partner with our clients, principals and customers to integrate logistics into their end-to-end supply chain.
- As an LLP, our integrated solutions span supply chain design; end-to-end control towers; orchestrating freight management and contract logistics; and enabling market access offerings.
- Our customised information technology provides real-time visibility and transparency along the entire value chain.
- Our contract logistics and distribution networks in major geographies allow for full, seamless integration.

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Solution: Logistics continued

Key market trends informing our strategy

Global logistics market trends

- Shift towards intelligent supply chains evolving into customer-centric, agile, asset-right networks that are connected, responsive and cost effective.
- Deeper understanding of clients, principals and customers underpinned by robust data analytics capabilities.
- Increasing need for supply chain networks to be flexible, transparent and resilient to dislocation and disruption.
- Shift towards “direct-to-customer” and “direct-to-consumer” operating models.
- Increasing and accelerating demand for digitalisation.
- Increasing focus on sustainably sourced products and practices.
- Sharp increase in online sales and e-commerce, despite this remaining inaccessible to many lower-income consumers and informal traders.
- Demand for e-commerce is expected to continue to increase post the COVID-19 pandemic.

Our strategy

Achieving our strategic objectives will enable us to consistently and competitively provide clients, principals and customers with an international and fully integrated ‘One Imperial’ managed, multi-modal network, that sustainably grows our business and deepens the group’s ‘One Imperial’ and ‘Gateway to Africa’ positioning.

‘Gateway to Africa’	Sustainable revenue growth	Client centricity and improved competitiveness	Industry specialisation	Simplification and standardisation	Digital and technology
Creating an owned, international, multi-modal network applying an asset-right operating model.	Retention and growth of existing clients, principals and customers, and new clients, principals and customers in existing service segments.	Upselling and cross-selling global strategic accounts. Custom-designed solutions to address clients’ unique requirements.	Enhance specialised industry capabilities where there are greater barriers to entry and generally higher financial returns.	Focus on standardisation and integration of best-in-class processes and systems to unlock value in current operations.	Invest in digital innovation and leverage integrated technology and data platforms to create opportunities for new products and services.

Supported by our key enablers:

People and culture	Systems	Processes	Digital and IT
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How we support the Imperial strategy

- We play an integral role in strengthening the ‘Gateway to Africa’ and ‘One Imperial’ positioning.
- We operate in key industries: consumer, healthcare, industrials and commodities, chemicals, and automotive.
- We are restructuring our portfolio to move from asset-heavy industries to those in which we can apply an ‘asset-right’ operating model.
- We will venture into new industries covering retail and e-commerce.
- Our ability to influence distribution logistics creates opportunities to further cross-sell and upsell services across our businesses.
- We are well positioned to use technology and data to differentiate our core offerings.

Strategic performance

We measure our performance against defined strategic KPAs:

Strategic performance measures	Progress made in F2021
Revenue and margin growth	<ul style="list-style-type: none"> Logistics Africa recorded a recovery in volumes and profitability compared to the prior year, increasing revenue and operating profit by 2% and 31% respectively. Operating margin improved to 6,2% from 4,9% in F2020. Logistics International achieved strong revenue and operating profit growth in Euros of 10% and in excess of 100% respectively. Results were positively supported by solid contract renewal rates, contract gains and cost saving initiatives in both businesses.
Improved market share	<ul style="list-style-type: none"> We invested in the acquisition of Parcel Ninja, a specialised warehousing and distribution management business that provides fulfilment in B2C and B2B channels. This supports the acceleration of our digital capabilities and expands our logistics and market access into last-mile distribution, e-commerce fulfilment, and our footprint and scale in Africa, while ensuring local relevance for our clients, principals and customers.
Exiting non-core businesses	<ul style="list-style-type: none"> We disposed of the non-core European shipping business for c.R3.4 billion. We concluded the sale of our South American shipping business for c.R1.3 billion.
Creating value for clients, principals and customers	<ul style="list-style-type: none"> Our B-BBEE partners (Afropulse, Willowton and Converting Trade) are participants in a 25% B-BBEE shareholding in Imperial Logistics South Africa Group, enhancing its black and women ownership. This underlines our commitment to sustainable empowerment and transformation and improves the B-BBEE status of Imperial's South African operations. Post year-end, we announced the acquisition of the J&J Group in Logistics Africa business. The J&J Group offers end-to-end logistics solutions along the Beira and North-South corridor, specialising in the transport of break-bulk, containerised, project, fuel and out-of-gauge cargo. This transaction is aligned to Imperial's 'Gateway to Africa' strategy as it will optimise and expand Imperial's reach into Africa by providing scale in end-to-end cross-border transportation services, as well as complement Imperial's asset-right focus and expand access to critical trade networks. Strong contract renewal rates of 79% and 87% in Logistics Africa and Logistics International respectively.
Digital and IT	<p>+ Read more in our digital and IT review on page 64.</p>

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Solution: Logistics continued

Logistics Africa pipeline

R1,9 billion p.a.
in contracts

79% contract renewal rate
(2020: 93%)

R836 million contribution
by top five clients to contracts
gained

R6,8 billion open pipeline
(new business)

R523 million contribution
by top five clients to contracts
renewed

R3,5 billion top ten client
contribution to open pipeline

Logistics International pipeline

R2,0 billion p.a.
in contracts

87% contract renewal rate
(2020: 88%)

R854 million contribution
by top five clients to contracts
gained

R5,6 billion open pipeline
(new business)

R659 million contribution
by top five clients to contracts
renewed

R3 billion top ten client
contribution to open pipeline

Our operating context and performance in F2021

Logistics Africa

Context

- Prevailing weak economic conditions, high unemployment and low consumer spending were exacerbated by COVID-19 and continue to impact volumes and margins across many of our sectors, particularly in South Africa.
- While a recovery across key sectors was recorded in the last quarter of F2021 particularly in commodities, fuel and gas, a third wave of COVID-19 infections in South Africa and restrictions on alcohol sales in the latter part of F2021 resulted in further weakening of the economy and the FMCG sector, which remains under pressure.
- We anticipate trading activities in certain businesses in Logistics Africa to be impacted until COVID-19 infections reduce and restrictions ease.
- There is also continued pressure in the South African market for growth as transport rates remain competitive due to competitors imposing margin cuts to win new or retain contracts.
- During the year, we invested in additional capacity in consumer goods (FMCG) and healthcare clients as the pandemic drove heightened demand and consumption of related products.

Pro forma Logistics Africa segment results

Logistics Africa (R)	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	F2021	F2020	% change
Revenue (Rm)	8 077	8 261	(2)	7 727	7 306	6	15 804	15 567	2
EBITDA (Rm)	982	1 058	(7)	1 015	652	56	1 997	1 710	17
Operating profit (Rm)	473	627	(25)	514	129	298	987	756	31
Operating margin (%)	5,9	7,6		6,7	1,8		6,2	4,9	
Return on invested capital (%)	6,4	11,8					10,9	8,1	
Weighted average cost of capital (%)	7,9	8,9					7,7	8,4	
Net debt (Rm)	4 115	4 498	(9)				3 524	4 665	(24)
Lease obligations included above (Rm)	1 638	1 817	(10)				1 365	1 981	(31)
Net debt excluding lease obligations (Rm)	2 477	2 681	(8)				2 159	2 684	(20)
Net working capital (Rm)	11	(224)	>100				(267)	(537)	(50)

Note: Continuing operations

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021.

	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	F2021	F2020	% change
Logistics Africa (R)									
Freight									
Revenue (Rm)	5 762	6 261	(8)	5 544	4 952	12	11 306	11 213	1
EBITDA (Rm)	786	832	(6)	771	482	60	1 557	1 314	18
Operating profit (Rm)	412	533	(23)	397	138	188	809	671	21
Operating margin (%)	7,2	8,5		7,2	2,8		7,2	6,0	
Contract Logistics									
Revenue (Rm)	2 315	2 000	16	2 183	2 354	(7)	4 498	4 354	3
EBITDA (Rm)	196	226	(13)	244	170	44	440	396	11
Operating profit (Rm)	61	94	(35)	117	(9)	>100	178	85	109
Operating margin (%)	2,6	4,7		5,4	(0,4)		4,0	2,0	

Note: Continuing operations

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021.

We have made good progress on our strategic initiatives to deliver 'One Imperial' and 'Gateway to Africa', in a challenging environment where many of our markets continue to face uncertainty and volatility, driven by COVID-19 and resulting levels of lockdown and restrictions.

Logistics Africa recorded a recovery in volumes and profitability compared to the prior year, increasing revenue and operating profit by 2% and 31% respectively, despite the first half's performance being significantly impacted by COVID-19 lockdown restrictions which resulted in the ban of alcohol and tobacco sales (c.12% of revenue).

Operating margin improved to 6.2% from 4.9% in F2020. Results were positively supported by solid contract renewal rates, contract gains and cost saving initiatives. Logistics Africa achieved full-year cost savings of c.R200 million (p.a.). The benefits of these cost savings will be fully realised from F2022 and will assist in maintaining our competitive market positioning.

New business revenue of approximately R2 billion (p.a.) was secured on a rolling 12-month basis to the end of June 2021. Logistics Africa's contract renewal rate remains strong at c.79%.

Despite revenue growth, the lockdown restrictions resulted in a decline in volumes across most sectors - particularly in alcohol, tobacco and fuel.

The consolidated road freight businesses are benefitting from improved efficiencies. Revenue from the road freight business increased by 1%, supported by good volumes in the commodities businesses. Volumes were negatively impacted by the ban on alcohol sales and cross-border travel restrictions due to COVID-19 during the year. Operating profit increased by 21% supported by new business gains, improved fleet utilisation and efficient cost management.

Contract Logistics increased revenue and operating profit by 3% and 109% respectively due to new business gains despite volumes being negatively impacted by the ban of alcohol and tobacco sales due to COVID-19 lockdown restrictions.

Net capital expenditure from continuing operations (excluding IFRS 16) of R151 million was incurred during the period mainly due to the replacement cycle of fleet and investment in additional capacity for new contract gains. ROIC increased from 8.1% to 10.9% and is above our hurdle rate of WACC + 3%.

102 Performance review

Solution: Logistics continued

Logistics International

In February 2021, we announced that our Logistics International business was non-core to our 'Gateway to Africa' strategy and we would therefore be exploring an appropriate exit plan for this business. This business is, however, within the scope of the proposed offer from DP World.

Context

- Despite the significant overhang of COVID-19, economic activity, growth forecasts and employment rates in Europe and the UK are steadily improving due to additional fiscal support in certain countries and swift progress in the roll-out of COVID-19 vaccines.
- In Germany, some lockdown restrictions remain in place but gradually eased towards the latter part the 2021 financial year. However, the automotive sector continues to be negatively impacted by ongoing semi-conductor shortages.
- In the UK, Brexit has resulted in slower imports and exports from the UK, and a shortage of drivers in the UK, negatively impacting our road freight businesses.

Pro forma Logistics International segment results

Logistics International (R)	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	F2021	F2020	% change
Revenue (Rm)^	10 714	8 755	22	10 444	9 359	12	21 158	18 114	17
EBITDA (Rm)^	1 079	951	13	911	505	80	1 990	1 456	37
Operating profit (Rm)^	356	347	3	186	(360)	>100	542	(13)	>100
Operating margin (%)^	3.3	4.0		1.8	(3.8)		2.6	(0.1)	
Return on invested capital (%)^	0.2	4.9					5.7	0.1	
Weighted average cost of capital (%)^	6.1	5.7					6.5	5.5	
Net debt (Rm)	4 698	6 784	(31)				3 619	8 211	(56)
Lease obligations included above (Rm)	3 213	3 080	4				3 195	3 751	(15)
Net debt excluding lease obligations (Rm)	1 485	3 704	(60)				424	4 460	(90)
Net working capital (Rm)	(630)	711	(189)				(483)	(395)	22

Note: Continuing operations

^ Excluding businesses held for sale

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021.

Logistics International (EUR)	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	F2021	F2020	% change
Revenue (€m)^	558	537	4	598	518	15	1 156	1 055	10
EBITDA (€m)^	57	59	(3)	52	29	79	109	88	24
Operating profit (€m)^	18	22	(18)	12	(19)	>100	30	3	900
Operating margin (%)^	3.2	4.1		2.0	(3.7)		2.6	0.3	
Return on invested capital (%)^	0.4	3.9					4.6	1.0	
Weighted average cost of capital (%)^	5.7	5.9					5.9	5.5	
Net debt (€m)	261	432	(40)				214	421	(49)
Lease obligations included above (€m)	179	196	(9)				189	192	(2)
Net debt excluding lease obligations (€m)	82	236	(65)				25	229	(89)
Net working capital (€m)	(35)	45	(178)				(29)	(20)	45

Note: Continuing operations

^ Excluding businesses held for sale

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021.

Logistics International (R)	Half year 1			Half year 2*			Full year		
	2021	2020	% change	2021	2020	% change	F2021	F2020	% change
Freight									
Revenue (Rm)^	6 643	5 080	31	6 183	5 599	10	12 826	10 679	20
EBITDA (Rm)^	525	583	(10)	473	143	231	998	726	37
Operating profit (Rm)^	208	303	(31)	166	(296)	>100	374	7	>100
Operating margin (%)^	3,1	6,0		2,7	(5,3)		2,9	0,1	
Contract Logistics									
Revenue (Rm)^	4 071	3 675	11	4 261	3 760	13	8 332	7 435	12
EBITDA (Rm)^	554	368	51	438	362	21	992	730	36
Operating profit (Rm)^	148	44	236	20	(64)	>100	168	(20)	>100
Operating margin (%)^	3,6	1,2		0,5	(1,7)		2,0	(0,3)	

Note: Continuing operations

^ Excluding businesses held for sale

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2021.

While our Logistics International business was the most impacted by the COVID-19 pandemic in F2020, this business recorded significant improvement in trading activity on the back of the easing COVID-19 restrictions and economic recovery over the past 12 months. All businesses are currently operational and are demonstrating significantly improved performance. As a result, Logistics International achieved strong revenue and operating profit growth in Euros of 10% and in excess of 100% respectively, and, in Rand terms, revenue from Logistics International rose 17% while operating profit increased by over 100% compared to the previous year.

Results were supported by new contract gains, effective cost management and volume recovery in the key industries of operation as production ramped up. Logistics International's contract renewal rate on existing contracts remains strong at c.87%, with an encouraging pipeline of new opportunities. New business revenue of approximately R2,2 billion was secured on a rolling 12-month basis to the end of June 2021.

Revenue generated from the freight business increased by 20% in Rands, supported by a good performance from our express palletised distribution business due to higher volumes in a COVID-19 environment, and a higher contribution from the air and ocean freight business. Operating profit increased by over 100% due to the growth in revenue supported by the improvement in operating margins.

Outlook

The ongoing impact of the COVID-19 pandemic continues to create uncertainty that will affect our operations and performance in the short term. We will continue to manage the implications of this while ensuring that we continue to deliver on our strategic objectives.

We will continue to enhance our unique offering and deliver on our bold strategy. Our focus continues to be on optimising margins and developing world-class solutions for our clients, principals and customers to deliver our 'Gateway to Africa' strategic intent. We will drive integration, deliver business insights and optimise collaboration that is supported by our investments in smart technology and data. This will enable us to deliver 'One Imperial' through our incentivised, aligned and empowered people who are highly engaged in delivering this unique opportunity to grow our logistics solutions to its full potential.

Contract logistics increased revenue and operating profit in Rands by 12% and over 100% respectively as automotive production started to ramp-up again post COVID-19 lockdowns on the back of a recovery in vehicle sales. This, despite the automotive sector negatively impacted by the shortage of semi-conductors. Volumes in our chemicals-related businesses were less impacted by COVID-19 and further supported by new business gains.

The South American shipping business was disposed of in April 2021. During the year, it was significantly impacted by record low water levels which impacted both volumes and margins. More details are included in the 'Disposals' section of this report.

Net capital expenditure from continuing operations excluding businesses held for sale (excluding IFRS 16) of R193 million was incurred during the year mainly for replacement capex for transport fleet. ROIC improved to 5,7% but is lower than WACC.

104 Remuneration overview

Our approach to remuneration is consistent with, and supports, our strategic value drivers and purpose and is underpinned by the establishment of equitable market-related pay practices.

Remuneration policy summary

Remuneration strategy

Imperial is committed to attracting, retaining and motivating a skilled and professional workforce that is effectively managed within a performance-driven environment, ensuring the long-term sustainability and transformation of the group in alignment with its strategy.

Remuneration philosophy

Imperial's reward philosophy provides the foundation for our guiding principles, which in turn determine how reward processes operate.

The group's reward philosophy aims to:

- Implement fair and equitable pay structures aligned to best practice.
- Recruit high-performing talent with relevant skills in a highly competitive labour market.
- Retain employees who enhance the group's performance and support the achievement of its strategy and vision.
- Motivate and reward individual and team performance enabling ongoing growth and sustainability.
- Recognise business-specific goals and reward employees appropriately for achieving them.
- Manage the total cost of employment in a cost-effective and appropriate manner, aligned with the group's core values and strategic objectives.
- Enable transformation across the group with remuneration practices that are fair, equitable and supportive of diverse needs and free of unfair discrimination.
- Comply with applicable legislation, organisational policies and conditions of service.

Remuneration principles

The remuneration principles that underpin our remuneration policy are:

<h3>Equitable pay</h3> <p>Individuals are compensated fairly for a specific role, with due regard to skills and performance.</p>	<h3>Competitive pay levels</h3> <p>Remuneration is competitive relative to the labour market.</p>
<h3>Transformation</h3> <p>We are committed to attracting, retaining and fast-tracking talent to support organisational transformation.</p>	<h3>Cost management</h3> <p>We set and manage reward levels and practices that provide a compensation package that is fiscally responsible, market competitive and sustainable over time.</p>
<h3>Pay-for-performance</h3> <p>We continue to strengthen the link between remuneration and performance through our performance management system.</p>	<h3>Performance targets</h3> <p>Incentive plans, performance measures and targets are structured to operate consistently throughout the business.</p>
<h3>Transparency and governance</h3> <p>The process of reward management is transparent and conducted in good faith and under sound governance, with appropriate levels of confidentiality.</p>	<h3>Strategic alignment</h3> <p>We will provide a consistent compensation strategy, aligned to group and business objectives, where possible.</p>

Rewarding our people has a direct impact on operational expenditure, performance, strategic delivery and execution, organisational culture, transformation, employee behaviour and ultimately the sustainability of the group. The group's remuneration policy seeks to attract and retain quality employees at all levels. Remuneration is structured to be competitive and relevant in the sectors in which the group operates, and businesses and functions review their remuneration policies regularly.

Elements of remuneration

Fixed remuneration

Fixed remuneration is the total guaranteed package before short-term incentives.

Share-based long-term incentives

The group has two long-term incentive plans in place and participation is based on a range of criteria.

Annual short-term incentives

All executives are eligible for a performance-based short-term incentive.

Other benefits

These include participation in contributory retirement schemes.

Annual short-term incentive criteria

The short-term incentive criteria differ depending on the position of each executive and the business or function in which they operate.

F2021 criteria

- Revenue growth for the group and divisions**
 The measurement starts to pay out above a base target for year-on-year organic revenue growth.
- Operating performance for group and divisions**
 The measurement starts to pay out above a base target for year-on-year organic earnings before interest and tax (EBIT) growth.
- Group HEPS growth**
 The measurement starts to pay out above a base target for HEPS growth.
- Group ROIC**
 The base target for ROIC is the weighted average cost of capital (WACC).
- Divisional free cash conversion**
 The measurement starts to pay out above a base target of free cash conversion.
- Strategic execution**
 The measurement tracks the achievement of specific KPIs related to the group's six strategic business pillars. These strategic goals and targets are cascaded through the organisation.
- South African transformation targets** - measurement of executive committee members with group responsibility. This measurement is based on sub-measurements for the organisation as a whole, and at divisional level:
 - Management control.
 - Employment equity.
 - Skills development.
 - Growth in black top, senior and middle management.
 - Implementation of a strategic talent management plan and the development of a three to five-year succession plan for key staff members.

F2022 criteria

- Revenue growth for the group and divisions**
 The measurement starts to pay out above a base target for year-on-year organic revenue growth.
- Operating performance for group and divisions**
 The measurement starts to pay out above a base target for year-on-year organic EBIT growth.
- Headline earnings growth for the group and divisions**
 The measurement starts to pay out above a base target for headline earnings growth.
- ROIC for the group and divisions**
 The base target for ROIC is the WACC.
- Strategic execution**
 The measurement tracks the achievement of specific KPIs related to the group's strategic business pillars. These strategic goals and targets are cascaded through the organisation.

CEO and CFO short-term incentive performance measures for F2021

	Weighting
Group year-on-year organic revenue growth*	10%
Group year-on-year EBIT growth*	10%
Achievement of budgeted cost savings	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%
Group year-on-year HEPS growth*	15%
Strategic execution, including achieving transformation targets	40%

* The threshold is determined as 80% of the group target for each measure. Payment will be zero if the actual is below 80% and will be pro-rated if it is between 80% and 100%.

CEO and CFO short-term incentive performance measures for F2022

	Weighting
Group year-on-year organic revenue growth*	20%
Group year-on-year EBIT growth*	20%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%
Group year-on-year headline earnings growth*	15%
Strategic execution, including achieving transformation and gender targets	30%
- Digital and IT priorities	
- People priorities	
- ESG priorities	

* The threshold is determined as 90% of the group target for each measure. Payment will be zero if the actual is below 90% and will be pro-rated if it is between 90% and 100%.

106 Remuneration overview continued

Proposed impact of DP World offer on LTI schemes

The proposed DP World transaction will have the following impact on the LTI schemes:

- **Deferred bonus plan (DBPs)**

All rights under the DBPs will have vested prior to the implementation of the proposed transaction.

- **Conditional share plan (CSPs) and share appreciation rights (SARs)**

Rights granted under the CSPs and SARs that will vest prior to the implementation of the proposed transaction will be subject to the fulfilment of current performance conditions, and will either be settled in Imperial ordinary shares as per the LTI scheme rules, or cash at the consideration of R66 per Imperial ordinary share as per the proposed transaction as soon as reasonably possible after it has been implemented.

The board has resolved to apply the rules of the CSPs and SARs to the rights granted under each scheme which have not vested prior to the implementation of the proposed transaction and therefore:

- A time-based pro-rata will be applied to the unvested rights, where a portion of these will vest on the change of control of Imperial under the proposed transaction.
- Has determined, following consultation with the group’s external, independent remuneration advisor and using its discretion, that 65,17% of the value of the time pro-rated portion will be settled in cash as soon as reasonably possible after the proposed transaction has been implemented, while the remaining 34,83% of the time value of the pro-rated portion of unvested rights will lapse.

The rules of the CSPs and SARs will be amended to take into account the delisting of Imperial from the JSE after the implementation of the proposed transaction to provide that the remaining unvested rights in the CSPs and SARs LTI schemes be cash settled, in terms of the amended rules, at the scheme consideration of R66 per Imperial ordinary share.

Remuneration implementation summary

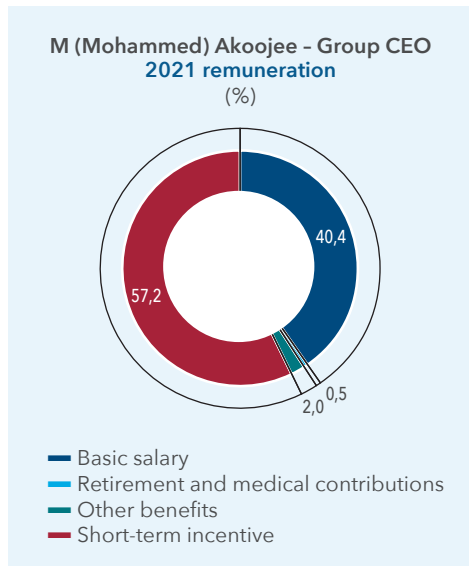
Executive remuneration

The group remunerated its executive directors during the year as explained below.

M (Mohammed) Akoojee - Group CEO

Mohammed received a total fixed compensation and benefits of R11 236 000 (2020: R10 343 1321) for the year and a short-term incentive of R14 998 000 (2020: R7 116 000), based on performance measures applicable to the group CEO.

2021 measures	Weighting	Performance against target
Group year-on-year organic revenue growth	10%	7%
Group year-on-year EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%	9,8%
Group year-on-year HEPS growth	15%	13,4%
Strategic execution, including achieving transformation targets	40%	38,8%
Maximum as percentage of fixed compensation	150%	133,5%



In determining the strategy execution element of his STI, the committee considered Mohammed’s performance against the clear targets set for each of the six strategic pillars.

JG (George) De Beer – Group CFO

George received a fixed compensation and benefits of R6 114 000 (2020: R5 696 891) for the year and short-term incentive of R8 130 000 (2020: R3 654 000), based on performance measures applicable to the group CFO.

2021 measures	Weighting	Performance against target
Group year-on-year organic revenue growth	10%	7%
Group year-on-year EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%	9,8%
Group year-on-year HEPS growth	15%	13,4%
Strategic execution, including achieving transformation targets	40%	38,8%
Maximum as percentage of fixed compensation	150%	133,5%

In determining the strategy execution element of his STI, the committee considered George's performance against the clear targets set for each of the six strategic pillars.

Prescribed officers' remuneration

Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management

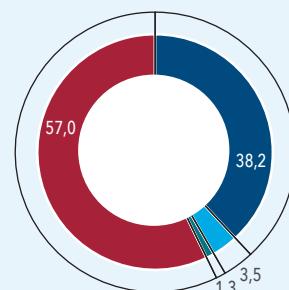
J (Johan) Truter – CEO: Market Access

Johan received a fixed compensation and benefits for 2021 were R5 407 000 (2020: R4 553 138) for the year and a short-term incentive of R4 663 000 (2020: R2 115 000).

2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	7,6%
Divisional EBIT growth	20%	16,5%
Divisional free cash conversion	20%	16,0%
Strategic execution, including achieving transformation targets	30%	29,2%
Maximum as percentage of fixed compensation	100%	86,3%

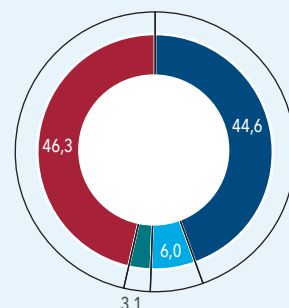
In determining the strategy execution element of his STI, the committee considered Johan's performance against the clear targets set for each of the six strategic pillars.

JG (George) De Beer – Group CFO 2021 remuneration (%)



■ Basic salary
■ Retirement and medical contributions
■ Other benefits
■ Short-term incentive

J (Johan) Truter – CEO: Market Access 2021 remuneration (%)



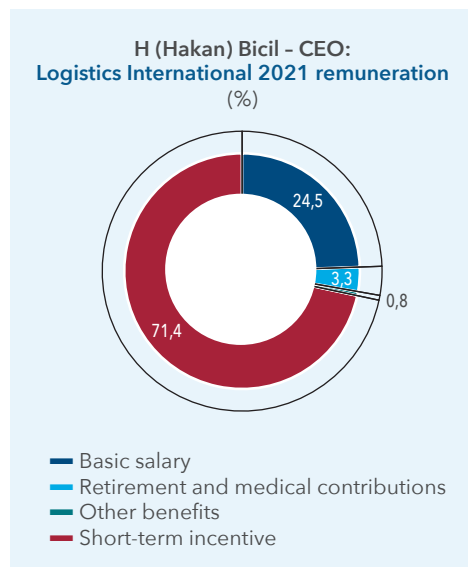
■ Basic salary
■ Retirement and medical contributions
■ Other benefits
■ Short-term incentive

108 Remuneration overview continued

H (Hakan) Bicil - CEO: Logistics International

Included in the short-term incentives awarded to Hakan was an amount related to strategy execution specifically the successful disposals of the European and South American shipping businesses. These disposals were successfully executed by Hakan and the Logistics International team during tough trading conditions, compounded by COVID-19, and realised c.R4,7 billion for the group.

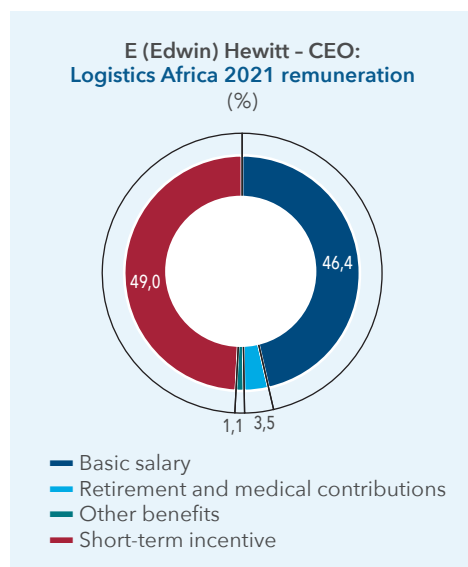
2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	9,4%
Divisional EBIT growth	40%	40,0%
Divisional free cash conversion	30%	30,0%
Maximum as percentage of fixed compensation	100%	96,4%



E (Edwin) Hewitt - CEO: Logistics Africa

Edwin received total fixed compensation and benefits of R5 777 000 (2020: R1 648 022) and a STI of R5 552 000 (2020: Rnil). Edwin joined the group in March 2020.

2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	10%
Divisional EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Divisional free cash conversion	20%	20%
Strategic execution, including achieving transformation targets	30%	29,1%
Maximum as percentage of fixed compensation	100%	96,1%



In determining the strategy execution element of his STI, the committee considered Edwin's performance against the clear targets set for each of the six strategic pillars.

Independent limited assurance report

Deloitte.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Risk Advisory
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
www.deloitte.com

The Directors
Imperial Logistics Limited
Imperial Place
79 Boeing Road East

Independent Limited Assurance Report to the Directors of Imperial Logistics Limited

We have performed our limited assurance engagement in respect of the selected non-financial key performance indicators (subject matter) to be published in the Imperial Logistics Limited Integrated Annual Report for the year ended 30 June 2021.

The subject matter comprises the selected key performance indicators conducted in accordance with the management's basis of preparation, as supported by the Global Reporting Initiative Standards (GRI Standards), as prepared by the responsible party, during the year ended 30 June 2021.

The terms of management's basis of preparation comprise the criteria by which the company's compliance is to be evaluated for purposes of our limited assurance engagement. The key performance indicators include:

Category	Indicators	Metric
Safety	Kilometres travelled	Kilometres
	Road accidents	Absolute
	Accidents per million kilometres	Ratio
	Road Fatalities (company)	Absolute
	Fatalities per million kilometres	Ratio
	Lost time injury frequency rate (LTIFR)	Ratio
	Injury severity rate (per million hours worked) (ISR)	Ratio
	Injury incident rate (per 100 employees) (IIR)	Ratio
	Fatality Rate (per million hours worked)	Ratio
	Injury Severity Rate (DAFW/LTI)	Ratio
Environmental	Diesel consumed - Normal engine	Litres
	Petrol consumed - Normal engine	Litres
	Electricity consumed	Kilowatt hours
	Scope 1 emissions	Carbon emission tonnes (tCO ₂ e)
	Scope 2 emissions	Carbon emission tonnes (tCO ₂ e)
	Scope 3 emissions - Air travel	Carbon emission tonnes (tCO ₂ e)
	Municipal Water consumed	Litres
Social	Training hours	Hours
	Training spend	Rand
	CSI spend	Rand

110 Independent limited assurance report continued

Directors' responsibility

The directors being the responsible party, and where appropriate, those charged with governance are responsible for the key performance indicators information, in accordance with management's basis of preparation.

The responsible party is responsible for:

- ensuring that the key performance indicators are properly prepared and presented in accordance with management's basis of preparation;
- confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information; and
- designing, establishing and maintaining internal controls to ensure that the key performance indicators are properly prepared and presented in accordance with management's basis of preparation.

Assurance Practitioner's responsibility

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

We shall not be responsible for reporting on any non-financial key performance indicator transactions beyond the period covered by our limited assurance engagement.

Independence and Other Ethical Requirements

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We have performed our procedures on the subject matter, the non-financial key performance indicators of Imperial Logistics Limited, as prepared by management in accordance with management's basis of preparation for the year ended 30 June 2021.

Our evaluation included performing such procedures as we considered necessary which included:

- interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
- tested the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Report,
- inspected supporting documentation and performed analytical review procedures; and
- evaluated whether the selected key performance indicator disclosures were consistent with our overall knowledge and experience of sustainability processes at Imperial Logistics Limited.

Our assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the non-financial key performance indicator information has been presented, in all material respects, in accordance with management's basis of preparation.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected non-financial key performance indicators as set out in the subject matter paragraph (of our report) for the year ended 30 June 2021, is not prepared, in all material respects, in accordance with management's basis of preparation.

Other matters

Our report includes the provision of limited assurance on the “Lost time injury frequency rate (LTIFR)”, “Injury severity rate (per million hours worked) (ISR)”, “Injury incident rate (per 100 employees) (IIR)” and, “Commercial Vehicle Incident rate (per million kms) (CVIR)” for the year ended 30 June 2021. We were previously not required to provide assurance on these indicators.

Restriction on use and distribution – for special purpose engagements

Our report is made solely to the directors of Imperial Logistics Limited in accordance with our engagement letter dated 22 April 2021 for the purpose of providing limited assurance over the subject matter disclosed in the Imperial Logistics Limited Integrated Report for year ended 30 June 2021.



Deloitte & Touche
Registered Auditors

Per Mark Victor
Partner
27 September 2021

5 Magwa Crescent
Waterfall City, Waterfall

Private Bag X6, Gallo Manor, 2052
South Africa

112 Corporate information

Imperial Logistics Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1946/021048/06)

ISIN: ZAE000067211

JSE share code: IPL

Directors

P Langeni[#] (Chairman), M Akoojee (Group CEO),
HO Adesola^{^*}, CJ Anammah^{^*}, GW Dempster[^]
(Lead Independent non-executive director), P Cooper[^],
RJA Sparks[^], NB Duker[^], D Reich^{^**}, JG de Beer
(Group CFO)

[#] Non-executive

[^] Independent non-executive

^{*} Nigerian

^{**} Swiss

Acting Group Company Secretary

J Ravjee

Executive Vice President: Corporate Affairs and Investor Relations

E Mansingh

Business address and registered office

Imperial Logistics Limited

Jeppe Quondam

79 Boeing Road East Bedfordview, 2007

Share transfer secretaries

Computershare Investor Services (Proprietary) Limited

1st Floor, Rosebank Towers

15 Biermann Avenue, Rosebank, 2196

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

No 1 Merchant Place

Cnr Fredman Drive and Rivonia Road Sandton

2196

www.imperiallogistics.com

Forward-looking information disclaimer

Any forward looking information contained in this report is the responsibility of the directors.

