

36 Focus area: Reduce GHG emissions

Our context and challenges

Warehouse space

We operate around **2,8 million square metres** of storage space that requires electricity for refrigeration, lighting and HVAC¹ systems. The cost to upgrade older facilities to more efficient resource use is high, sometimes necessitating a move to new warehousing sites.

Availability of electricity

Load shedding (**power outages**) continues in South Africa as national and municipal electricity infrastructure fails to supply enough power to meet demand. To mitigate interruption to business operations, we rely on generators, which not only increases our emissions but also increases operating costs (the cost of diesel and maintenance). This is also true for some other African countries.

Electricity cost

Electricity price hikes are frequent as public utilities grapple with maintaining poor national infrastructure. Our electricity bill for our African businesses exceeds R60 million a year.

Cost of renewable implementations

Budgeting for environmental sustainability projects is constrained by **tough economic conditions** and competing capital expenditure priorities, while we work to recover from the impact of COVID-19. The cost of these investments must be balanced against competitive pricing for clients.

What we are doing

While navigating unreliable power supply challenges, our journey towards greening our business will include rolling out more sustainable and greener solutions, such as solar PV systems, where practical. This will mitigate ever increasing electricity costs and lower our carbon footprint. In South Africa, solar PV installations have been successfully implemented at five sites. Smaller implementations are undertaken when upgrading offices and facilities and include energy efficient lighting systems, energy-saving light emitting diode (LED) bulbs, motion sensors and air-conditioning timers.

In our other African markets, our initiatives generally focus on energy efficient lighting and air-conditioning systems, light sensors and the increased use of natural daylight in warehouses. In this geography, we operate two energy efficient buildings. The Imperial Health Sciences' warehouse in Kenya is insulated to assist with temperature control and uses solar power to heat water. Our new facility in Nigeria boasts modern and energy efficient equipment, lighting and air-conditioning, supports better workflows, maximises space utilisation, makes use of natural light and provides our employees with a healthier and safer working environment. As part of its upcoming initiatives, we will consider the

feasibility of installing solar panels at this site to reduce its dependency on the local power grid during the day.

At present, Logistics International is prioritising energy efficient lighting systems and energy-saving enhancements to its IT infrastructure. Employees receive periodic communications on promoting the environmentally friendly use of energy and other environmental topics.

Go digital, go green

Digitisation and innovation are ongoing focus areas for Imperial and are essential to our competitiveness, client proposition and ability to transform into a future-fit business. Several programmes were initiated during the year to enhance efficiencies and, in turn, mitigate the impact of our operations on the environment and climate change. The value created by projects such as Project Blue Fleet is through harnessing insights from the visibility they provide, enabling us to implement more efficient practices and processes, and in turn, environmental improvements. While not immediate, financial gains and reduced environmental impact will be realised in the future. From an office waste perspective, the many digitisation projects being driven across the group are shifting management reporting towards a paperless environment.

¹ Heating, ventilation and air-conditioning.