

Imperial Logistics is a people intensive business in a service industry that is mission critical to our clients. The delivery of consistently excellent execution and innovative solutions requires an engaged and motivated workforce with the right capabilities. We are shaping a new way of working together to drive a shift towards a decisive, high-performance and inclusive culture that positions us as an attractive destination for top talent in all our markets.

Common framework

Our objective to become an employer of preference requires a more mature and efficient approach to people-related practices. We are working towards a common human capital management framework that aligns to international best practice yet still provides companies with the flexibility to respond appropriately to their different human capital priorities and risks. As we integrate and standardise our people practices we will gain a better overall view of our human capital resource, enabling better workforce planning to meet business objectives and enhanced and transparent employee communication.

During the year, we made substantial progress in establishing reliable core people data in all three operating regions. The human resources systems being implemented will enhance the integrity of our core people data and facilitate the integration of effective people practices from foundational practices (recruitment, workforce planning, performance management and learning and development) to more strategic transactional practices (talent management and succession planning). The improved business analytics and reporting capabilities will support informed human capital decisions. Over time, self-service capabilities for line managers and employees will be added.

Link to material issues

- › Combine people, partnerships and processes to ensure consistently excellent execution.
- › Ensure legitimacy in demanding markets to underpin competitive advantage.
- › Achieve strategic maturity across Imperial Logistics.
- › Deepen leadership credibility.

Opportunity

A strong employer brand that attracts and retains the best talent, contributing to our competitive advantage.

Risks and challenges

- › Skillsets needed to support client strategies, including deep industry, digitisation and innovation expertise.
- › Managing the expectations of a multi-lingual and multi-generational workforce.
- › The scarcity of specialised logistics and leadership skills in Africa, particularly black skills in South Africa.
- › In South Africa, the political climate impacts labour relations, which can at times raise tensions and the threat of industrial action, as well as result in increased wage costs.
- › In Europe, changes to collective bargaining agreements may increase wage costs and the threat of industrial action.
- › Full employee complement and an ageing workforce constrains the ability to attract skilled people.

Boundary

All Imperial Logistics entities.

Integrated talent management practices

Of key focus is effective succession planning for our highly experienced, long-serving management teams at head office and within our acquired companies. The integration of talent management and training and development will enable us to effectively retain the intrinsic entrepreneurial flair that characterises Imperial Logistics and to develop the depth of highly specialised logistics skills required to meet our current and future business needs. A fresh look at succession plans will take place across all operations in the second half of 2018.

Our leaders are tasked with modelling our desired culture and instilling a mindset that embraces change and innovation to continuously improve and achieve competitiveness and differentiation. Our leadership development programmes are designed to support our leaders to deliver against our strategic and cultural objectives.

We want to create a culture of continuous learning. We invest in the training and advancement of employees at all levels and structure an employee's development around on-the-job learning, coaching and classroom activities in a 70:20:10 approach.

Employee engagement

During the year, employee engagement surveys were undertaken in South Africa and Europe. The survey in South Africa was made available to 17 790 employees with a 15% response rate, which is considered acceptable as the majority of our employees are not online. The survey included questions to determine the perceived barriers to employment equity progress.

In Europe, the survey was translated into 10 languages and a total of 8 986 employees were invited to participate with a 39% response rate. Going forward, we will simplify the survey and improve the delivery platform in response to further feedback received from employees.

For the concerns raised in the surveys, see *improve employee engagement to drive workforce motivation and the desired culture*.

Diversity and inclusion

We believe that pursuing an inclusive culture will contribute to our employer brand as diverse teams with varied experiences, backgrounds and styles are better able to understand and meet the needs of a diverse client base, improving our ability to compete for business.

In South Africa, our employment equity plans go beyond compliance targets and genuinely aim to transform our operation to reflect the demographics of our domestic market. The majority of companies acquired in South Africa were white-owned and run by long-serving white men, impacting the pace of our transformation. Progress has been made during the year, as we fast-track talented black employees while at the same time ensuring that deep industry and institutional knowledge is not lost.

To achieve growth in Africa depends on our ability to understand and deliver against market-specific client requirements, therefore we focus on retaining and developing local management and hiring local people to access their market knowledge, promote a cohesive work environment and ensure we remain relevant.

In Europe, gender diversity at executive and senior levels remains a key focus.

Industrial relations

We are establishing an industrial relations centre of excellence in South Africa to mature our labour practices and ensure that disputes are managed fairly, transparently and with minimum impact on productivity and service delivery to clients. Training will be delivered to management and union representatives to support the effective application of industrial relations practices.

Retrenchments are viewed as a last resort and take place only after other operating costs have been scrutinised and reduced. However, in difficult operating environments, downsizing is a necessary reality. During the year, restructuring took place to align cost structures and support the organisation's sustainability into the future. Fair procedures in compliance with legislation, collective bargaining agreements and applicable company policies were followed and the affected employees were provided with appropriate support.

Industrial actions are less of a focus in the African Regions as union membership is uncommon.

In Germany, IG Metall – the industrial union of metalworkers, is extending its collective wage agreements with substantially higher wages, to include production-related logistics services in the steel, aviation, automotive and ship building industries. The union represents some of our employees in our automotive and steel-related operations.

Areas of focus

Implement a common human capital management framework

Group priorities

- › Continue to refine the people strategy to improve organisational strategy execution.
- › Improve the quality, maintenance and security of core people data.
- › Standardise performance management: conduct regular performance reviews to continually align and adjust employee effort with client satisfaction and business development key performance indicators, and to identify development needs.
- › Develop fair and equitable talent recruitment practices.
- › Drive fair remuneration and reward practices aligned to performance.
- › Build the capabilities of the human resources functions to better understand business needs.
- › Review policies, procedures and practices to achieve the desired culture, and ensure all operating companies align to Imperial Logistics' people policies, as far as possible, while also complying with local labour laws.

Priorities for South Africa

- › Equip human resources practitioners and managers with the skills to develop performance contracts and conduct performance reviews.
- › Benchmark all generic job profiles to ensure competitive and fair remuneration practices.

Progress made in 2018

- › Workshops held to start designing standardised recruitment, performance management and industrial relations practices, among others.
- › Started implementing a fit-for-purpose human capital technology and payroll solution with completion expected in 2020. The system will support the delivery of human capital services and ensure compliance with the new standardised people policies and practices.

Priorities for African Regions

- › Embed the core data practice.
- › Implement a formal salary structure per country to drive consistency (long term).

Progress made in 2018

- › Started the process to centralise payroll.
- › Started rolling out a new performance management practice, for full implementation by January 2019.

Priorities for Europe

- › Standardise employment contracts and collective bargaining agreements.
- › Define key performance indicators for human capital management.
- › Develop a new performance management system to be implemented in the next financial year.

Progress made in 2018

- › Started implementing a human capital management solution to better manage core people data. Completion is scheduled for December 2018. The project will standardise appraisal, succession planning and job profiling practices, informing development needs.
- › Started automating more processes with SAP payroll to reduce duplication.
- › Graded the remuneration of all top and senior management roles.
- › Established a strategic business partner role to work closely with business executives and junior partners.

Progress made in 2018

- › Established a remuneration committee.
- › Continued to refine the job architecture designs in all three regions, which clearly define accountabilities, competencies, reporting lines and generic job profiles. This will enable us to compare roles and manage pay scales more consistently and will support talent mobility.

Build strong competency, talent and succession practices

Group priorities

- › Implement succession plans for the chief executive officer (CEO) and his direct reports, critical positions and founder/owner managers in acquired companies for the immediate and longer term.
- › Implement effective talent identification and retention practices which enable informed succession planning. Feedback from exit interviews informs retention initiatives.
- › Leadership development programmes to enhance leadership and behavioural skills and capacitate leaders to become mentors and coaches.
- › Deliver training interventions that support business needs and customised client solutions, empower employees to deliver new ways of working and assist with career progression.
- › Increase investment in e-learning capabilities to enhance access to training.

Progress made in 2018

- › Succession plans are in place for the top two levels in each regional operation and targeted development plans are being developed for these employees.

Priorities for South Africa

- › Build a talent pipeline through youth development programmes.

Progress made in 2018

- › Developed a learning framework that aligns to business imperatives.
- › Delivered a successful coaching leadership development programme for women.

Priorities for African Regions

- › Expand succession planning into the lower management structures.
- › Develop programmes that respond to the specific skills needed in the African operation.

Progress made in 2018

- › Started implementing a talent management framework to support consistent talent management practices, including competency assessments.

Priorities for Europe

- › Measure the outcomes of training and development interventions.

Progress made in 2018

- › Focused on leadership and communication skills training for managers and young professionals.
- › Introduced language learning courses with a focus on English.

Training

R166 million training spend

(2017: R135 million) with 21 training hours per employee in Africa (2017: 24 hours) and 11 223 hours of training delivered to middle managers and young professionals in Europe (2017: 10 952 hours).

Improve employee engagement to drive workforce motivation and the desired culture

Group priorities

- › Improve employee engagement through management communication, employee surveys, women's forums and diversity workshops which encourage open, honest and sensitive conversations. Insights gained are used to inform improvements.
- › Assess values-based behaviour as part of the performance management process.
- › Improve digital and physical working environments to enable employees to perform at their best.
- › Implement mechanisms to collect, evaluate and develop innovative ideas received from employees.
- › Provide access to basic wellness support.

Employee engagement survey results South Africa

The survey highlighted the need for enhanced communication and an increased focus on training, diversity inclusion and collaboration.

Employee engagement survey results African Regions

Formal and informal surveys undertaken during the year indicated a need for career pathing and improved relations between employees and their line managers.

Employee engagement survey results Europe

Employees rated Imperial Logistics favourably (above 60%) on safety, quality, brand and customer centricity. Areas for improvement include employee engagement, leadership quality and business agility. Feedback from anonymous focus groups indicated a need to improve how employees identify with Imperial Logistics and the brand.

Employee engagement survey results Our response

To ensure an engaged and informed workforce, we have launched a multi-lingual campaign to enhance employee understanding of the broader Imperial Logistics business strategy. Progress to address employee concerns will be communicated through quarterly CEO talks, Imperial Logistics TV and newsletters, and in the African Regions, at managing director forums and roadshows.

To raise awareness around the Employment Equity Act, information was distributed to employees in South Africa.

In Europe, progress is reported to the management board monthly and feedback sessions have been held in six countries. Business unit managers are tasked with discussing the survey results with their teams and developing concrete action plans to address areas of improvement. Progress will be communicated to employees in September 2018 and January 2019.

Drive diversity in line with local requirements

Priorities for South Africa

- › Drive stretched employment equity targets and hold executives accountable for transformation performance.
- › Improve black representation through cultural readiness initiatives, accelerated talent development, strategic sourcing and targeted attraction and retention initiatives.
- › Report employment equity performance at company management meetings and escalate issues to the Imperial Logistics board.
- › Develop change management training to help managers embed employment equity practices and policies.
- › Continue to achieve maximum points for skills development, which requires that around 500 black learners participate in our learnership, apprenticeship and internship programmes each year.
- › Audit skills development delivery and spend to ensure broad-based black economic empowerment targets are met.

Priorities for African Regions

- › Retain and develop management teams of acquired businesses to preserve local relevance.
- › Remunerate employees to market-related benchmarks to retain local talent.
- › Hire locally and only use expatriates to assist with technical issues such as aligning financial reporting requirements to Imperial Logistics processes.

Priorities for Europe

- › Deliver personal development training for talented women and ensure that women are adequately represented in the succession pipeline.

Employment equity in South Africa

Objective

- › Grow black representation and black women representation at senior management level to 31% and 13% respectively by 2020.

Highlight

Six of the nine South African executive directors are black with two being black women.

Progress

- › Employment equity committees established at divisional CEO level.
- › Implemented a new five-year employment equity plan in July 2018, aligned to recent organisational changes. The plan sets employment equity targets and covers the initiatives in place to meet targets.
- › 91% of appointments made during the year went to black candidates.
- › Employment equity targets met at top, senior and middle management levels and missed by 3% at junior management level.
- › All companies are required to spend 2% of their annual payroll on developing black employees. For 2018, this amounted to 79% (2017: 88%) of Imperial Logistics South Africa's training spend.

Gender diversity in Germany

Objective

- › Increase the representation of women in leadership roles to equal the annual average women employment rate, with a minimum of 20% of new hires being women.

Progress

- › Women representation at top and senior level was 13% and 6% respectively. A total of 22,4% of new hires were women, meeting our objective.

Maintain strong relationships with labour unions

Group priorities

- › Reach mutually beneficial agreements with collective bargaining parties.
- › Resolve workplace disputes in a fair and constructive manner.
- › Formal grievance mechanisms in place across Imperial Logistics, which comply with relevant local legislation.

Priorities for South Africa

- › Actively participate in national bargaining councils. Some senior executives serve in strategically relevant positions in the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), which represents the majority of the South African workforce.
- › Regular shop floor meetings with all recognised unions and regularly reporting performance against collective bargaining agreements to labour representatives and shop stewards.
- › Regularly review operational labour plans to ensure continuity of service to clients.

Priorities for Europe

- › Proactively engage with IG Metall on collective wage agreements.
- › Mitigate the risk of labour cost increases in client service contracts.

Progress on the labour negotiations in South Africa

The current road freight and logistics wage agreement for South Africa ends in February 2019, therefore wage negotiations were started in 2018 to secure a new three-year wage settlement. This provides some security against labour disruptions for most of our operations as no substantive issues may be negotiated at company level during this period.

At the time of publication, negotiations were ongoing.

Rewarding employees for exceptional client care

The Imperial Logistics Client Care Champion (ILC³) programme aims to develop and recognise our client-facing employees who have excelled at improving client relationships. Andre Kruger of CIC Namibia was awarded Client Care Champion for his work with leading South African snack producer Simba. The first and second runners up were both from Imperial Managed Solutions, Gerrit Smit and Ian van der Linden, for their work with Heineken and Pepsico, respectively.

Entries to the programme are open to all client-facing employees across 11 countries, including Germany and the Netherlands. The initiative helps us identify talented individuals with the energy and stamina to drive client centricity. The awards also recognise performance in specific areas, including client satisfaction, innovation, continuous improvement, knowledge sharing and business growth, among others.

Reliable Employer of the Year 2018/19

During the year, the German-Hungarian Chamber of Industry and Commerce awarded Imperial Logistics Kft in Győr, Hungary, with the title of Reliable Employer 2018/19. Companies are evaluated on seven areas of their human capital management policy, including remuneration, benefits, health, working conditions, education, training and staff development. The title recognises efforts to create good working conditions for employees, boosting our attractiveness as an employer. Feedback from employees in the region has been positive.

Sustainability week for employees in Germany

Since 2012, sustainability action days have been held in Germany to raise awareness on how people can contribute towards the United Nation's Sustainable Development Goals (SDGs). In support of this national drive and the achievement of the SDGs, a sustainability week was held for the first time in Duisburg, Germany, covering four sites and focusing on environmental issues and living a healthy lifestyle. During the week, employees could hand in their old mobile phones for reprocessing or recycling and they were able to test drive electric cars and bicycles. Employees could also donate blood and take exercise breaks facilitated by physiotherapists who also demonstrated specific exercises to deal with stress. We are engaging with employees to understand the value of the initiative to improve it going forward, and we hope to extend the initiative to more sites next year.

Building capabilities that drive our competitiveness

Our approach to learning and development is designed to support Imperial Logistics' vision, aspirations and strategic objectives, as well as the career aspirations of our employees. Our programmes focus on performance and productivity improvements, sustainable growth and flawless execution by building internal leadership and technical capability and driving a client-centric mindset at all levels of the organisation. They also enable our employees to evolve their technical, functional and behavioural skills in line with our changing and maturing business. In addition, they are a key driver of our talent management, succession planning and diversity strategies, including the acceleration of employment equity in South Africa.

Talent management and executive development

Talent management and executive development programmes ensure that our human capital resource is strategically aligned to future requirements. Senior managers undergo functional and behavioural assessments, followed by comprehensive coaching feedback and talent conversations with their line managers. Personal development plans are implemented for each individual with development needs addressed by formal and informal learning interventions.

Group and individual mentoring and coaching is delivered by internal leaders from various divisions.

Talent management and executive development

162 women in South Africa participated in a coaching leadership development programme.

Imperial Logistics Academy

360 employees registered for tertiary qualifications.

(2017: 278 employees)

237 employees registered for a learnership.

(2017: 107 employees)

Imperial Logistics Academy (Africa)

The Imperial Logistics Academy provides advice on learning and talent management and designs and implements learning and development programmes for Imperial Logistics and its companies. It draws on a network of expert facilitators, moderators and curriculum designers, Skills Education Training Authorities and educational institutions.

In addition to on-the-job training, which makes up 70% of our training, tertiary education is delivered through distance learning and covers a range of qualifications aligned to varying levels of accountability. Courses include programmes on how to lead self and others, a Bachelor of Business Administration in Logistics and Supply Chain Management, a diploma in Logistics and Supply Chain Management and a higher certificate in Logistics Management. Some of these programmes are delivered through study assistance and bursary schemes.

We also run two programmes – the family bursary scheme and the next generation scholarship programme – which award bursaries to the children and legal dependants of our employees. At the beginning of 2018, the family bursary scheme supported 105 students to the amount of R1,5 million. The next generation scholarship programme supported 41 students at a cost of R1,8 million (see *next generation scholarship programme*).

Youth programmes (South Africa)

Our talent pipeline is grown through a programme for graduates, as well as our learnerships, apprenticeships and internships.

The graduate programme provides qualified students with hands-on experience, training and mentorship in all areas of logistics and supply chain management and builds a talent pipeline for specialist and management roles.

Our 12-month learnerships, apprenticeships and internships provide learners with workplace experience and expose them to mentoring and development interventions, enhancing their employability in the sector. In South Africa's current low growth environment, our capacity to employ these learners is constrained, however, we are working with our suppliers to find alternative employment opportunities where we can.

The transport industry is not easily able to accommodate people with disabilities. During the year, we focused on partnering with organisations able to develop learners with disabilities as part of our commitment to proactively responding to social imperatives and to assist our employment equity progress. We closely monitor the programmes.

Annual targets are set for the appointment of unemployed learners and we achieved our target of 2,5% of the headcount in South Africa being learners.

Youth programmes

68 participants in the graduate programme, 88% of whom are black.

(2017: 69 graduates, 93% black)

701 learners enrolled on a learnership, apprenticeship or internship of which 98% are black learners, 54% are black women and 25% are learners with disabilities.

(2017: 553 learners, 98% black)

Develop Yourself and Develop Your Company

21 young professionals developed during the year, with 38% being women.

Develop Yourself and Develop Your Company programmes (Europe)

The Develop Yourself and Develop Your Company programmes target young professionals, defined as talented individuals younger than 35. Develop Yourself provides upskilling on engagement methods, how to deal with change and complexity, and conflict management. Participants who progress to management roles receive tools to help them master their daily work. Develop Your Company drives innovation by allowing young professionals to participate in strategic projects that support the shift towards a digitally-focused organisation.

Corporate Educator of the Year

Imperial Logistics South Africa has been named Corporate Educator of the Year for the fourth time at the SAPICS 2017 Supply Chain Management Education Excellence Awards. The award acknowledges our contribution to addressing the industry's skills shortage and our investment in the continuous development of our people. The awards consider testimonials from clients and employees.

Employer of Choice

We were also recognised as a Top 100 Graduate Employer in South Africa (ranked 34th) by GradConnection and were awarded the Employer of Choice in the Transport and Logistics category in the 2018 South African Graduate Employers Association awards.

Ensuring the wellbeing of our employees

All members of the NBCRFLI in South Africa are eligible to join its Wellness Fund Health Plan. Contributions are made through the wage bill (1% from Imperial Logistics and 1% from employees) and the fund entitles members and up to two eligible spouses to certain medical benefits. Drivers testing positive for HIV are immediately referred to the fund's HIV treatment programme at no additional cost. We also participate in the NBCRFLI's trucking wellness programme which provides basic medical assistance to truck drivers (see [trucking wellness programme](#)).

In Germany, we engage our employees on the prevention of work-related incidents and illnesses, and how to manage stress. Our flexitime scheme supports a healthy work life balance. This is managed in line with operational requirements to ensure our departments remain functional. Employees returning to work from a long absence due to illness are interviewed and the insights gained are used to inform a healthier working environment.

For information on our road safety initiatives, see [defensible road safety practices](#).

Employee volunteerism

We encourage employee initiatives, which contribute to team building and employee motivation.

In Johannesburg, South Africa, we organise employee volunteering days that support the Imperial and Ukhamba Community Development Trust to advance education in public schools (see [Motus – Imperial and Ukhamba Community Development Trust](#)). Projects mostly centre on the upgrading of Grade R classrooms and play areas, as well as stocking classrooms with new learning materials.

In Germany, we provided a donation in support of Edgar Knol, an employee who took part in a bike race in the French alps to raise cancer awareness and funds for research purposes. To date, the event has raised more than €150 million. In an initiative in Poland, funds were raised to support a toddler with a disability. The initiative entailed the collection of waste paper and plastic bottle tops for recycling. A total of 150 kilograms of bottle tops and four tonnes of waste raised around €694 towards the purchase of a prosthesis and rehabilitation support.

Ekaterina Mazilova, a sustainability project manager at Imperial Logistics International walked 250 kilometres along the Portuguese Way of St James to raise funds for children in Germany and South Africa. In total, Ekaterina raised €5 000, of which Imperial Logistics contributed €2 500.

"I believed that the initiative would contribute to the development of our corporate culture and help employees identify with our new values. I also wanted to build a bridge between Germany, where I live, and South Africa, Imperial Logistics' domestic market."

– Ekaterina Mazilova

Key data

	2018	2017	2016
Number of employees			
Total number of employees	29 944	31 741	30 678
Regional breakdown			
South Africa (%)	59	61	63
African Regions (%)	11	10	13
Europe (%)	30	29	24
Female representation¹			
Overall (%)	24		
Top management (%)	16		
Senior management (%)	12		
Middle management (%)	32		
Junior management (%)	26		
Employee representation			
Percentage of unionised employees in South Africa (%)	39	39	38
Percentage of employees covered by collective bargaining agreements in Germany (%)	66	61	58
Imperial Logistics Africa			
Training and development spend (Rm)	135,1✓ *	99,8	109,3
Training and development spend per employee (R)	6 446✓	4 426	4 703
Number of training hours	438 863 *	537 884	441 848
Training hours per employee	21	24	19
Imperial Logistics International			
Training and development spend (Rm)	31,2✓ *	35,5	24,0
Training and development spend per employee (R)	3 473✓	3 852	3 236
Number of training hours delivered to young professionals and middle managers ²	11 223✓ *	10 952	4 032
Other training data (South Africa)			
Employees registered for tertiary qualifications	360✓	278	
Employees registered for a learnership	237✓	107	
Participants in the graduate programme	68✓	69	
Percentage of graduates that are black (%)	88✓	93	
Learners registered for a learnership, apprenticeship or internship	701✓	553	
Percentage of learners that are black (%)	98✓	98	

¹ New reporting metric therefore prior metrics are not available.

² Total number of training hours delivered to all employees is not currently recorded centrally, however, once the new learning management system is implemented the scope of this metric will be expanded.

✓ Satisfied with performance.

* Assured (see the independent limited assurance report in the 2018 integrated annual report).

In the African operation, the 35% increase in training spend is mostly due to the increased number of learners on learnerships, apprenticeships and internships given our efforts to deliver workplace experience to people with disabilities. Also of focus during the year, was developing the approach to performance management, which in turn informs the areas of development for each employee. This focus, together with the decline in headcount due to the organisational restructure, accounts for the 13% decrease in training hours.

Employment equity in South Africa

Occupational levels	Men (number)		Women (number)		Foreign nationals (number)	Black representation (%)		
	Black	White	Black	White		2018 actual	2018 target	2017 actual
Top management	3	3	2	0	0	63	43	55
Senior management	16	53	11	8	0	31	23	24
Middle management	280	394	187	226	11	43	41	39
Junior management	1 522	421	703	267	19	76	79	74
Semi-skilled	7 858	162	2 215	245	71	95	92	95
Unskilled	2 353	14	579	4	25	99		
Non-permanent	45	0	27	0	0	100		
Total employees	12 077	1 047	3 724	750	126	89	87	88
People with disabilities	115	21	121	21	0	85		

In South Africa, the increased focus to improve black representation has resulted in positive increases across all management levels.



Wellness Days at Imperial Logistics assist employees to better manage their health.