


A total of 1 387 participants confirmed that they had read the anti-bribery and corruption policy and all participants confirmed that they had not been involved in any corrupt activity and were not aware of any specific activity which contravened the policy. In addition, 1 244 employees confirmed that they had not participated in any anti-competitive behaviour.

Our frameworks relating to customer complaint management, ombudsman processes and business continuity in terms of cybercrime and security, were also updated.

 *The approach to managing compliance at a divisional level is set out in more detail in the Logistics and Vehicles sections.*

ACCELERATING TRANSFORMATION PROGRESS IN SOUTH AFRICA

BBBEE is a national strategy that seeks to create an environment in which South Africa’s black majority can meaningfully participate in economic activity. Transformation of the South African economy will promote sustainable growth and social stability through black ownership and management control, employment equity, skills development, enterprise and supplier development and socioeconomic development. The slow pace of transformation in South Africa, and within Imperial, requires that we look at new ways of doing things to accelerate BBBEE.

OUR APPROACH

GOVERNING COMMITTEES AND MONITORING OF BEE TARGETS



Given our organisational structure, BEE is managed in a decentralised manner across the group, with certain elements monitored at a group level. Transformation committees at divisional level oversee transformation performance and report annually to the group on each division’s BEE contributor level.

Progress against annual targets for management control, employment equity and skills development is reviewed on a consolidated basis. Performance against these three areas is incorporated into executive incentives and overseen by the remuneration committee. Employment equity targets and performance are overseen by the social, ethics and sustainability committee.



UKHAMBAA HOLDINGS

Ukhamba Holdings (Ukhamba) share scheme structure

The Ukhamba share scheme is a vehicle through which Imperial’s black employees are able to participate in share ownership.

Established in 1998, with R15 million provided by Imperial as seed capital, the scheme provided Imperial’s black employees with the opportunity to generate wealth through the purchase of an interest in Ukhamba Holdings. In 2004, the partnership between Imperial’s shareholders and its black employees was

strengthened through the issue of 22,8 million deferred Imperial ordinary shares to Ukhamba, an effective 10,1% of Imperial’s share capital. The shares were issued at a par value of 4 cents, costing Imperial shareholders approximately R1,5 billion. In turn, Ukhamba Trust ‘B’ units were created and distributed at no cost to 15 575 black employees, allowing them to share in the dividend or other cash pay outs from Ukhamba’s investments.

Ukhamba is owned by the Ukhamba Trust (47,1%), the Imperial and Ukhamba

Community Development Trust (6,0%) and Imperial (46,9%).

In 2013, Ukhamba was restructured to enable beneficiaries to sell their investment and realise value. Ukhamba’s shares were split into A, B and C class shares, with the A class shares listed on the over-the-counter (OTC) trading platform. Ukhamba shares can only be bought and owned by black individuals or 100% black-owned companies.

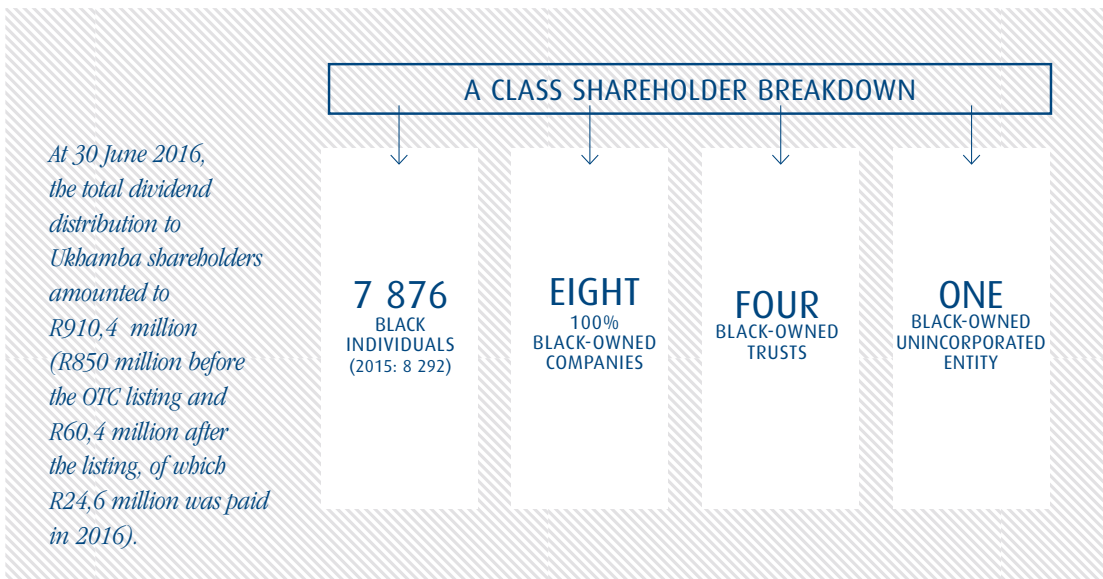
Our performance

In 2016, the remuneration committee approved an increase in the weighting within the performance and remuneration incentive structure for growth in black representation at senior and middle management level, and performance against the BEE scorecard. This applies to all South African-based divisional and functional executive committee members and will take effect in the 2017 reporting year. We have also revised our transformation projects and divisional strategies in response

to the Department of Trade and Industry’s revised BBBEE Codes of Good Practice (dti Codes)

Our employment equity performance is discussed on page 6 of the our people section, and information on our transformation progress at divisional level can be found in the Logistics and Vehicles sections.

At the end of the 2016 financial year, Ukhamba held a net asset value of R1 516 million (2015: R1 958 million) and the net asset value of a tradable A class Ukhamba share was R31,61 (2015: R39,93). Since the OTC listing in November 2013, 10 409 058 A class shares have been traded, realising a total value of R222,6 million.



Looking ahead

Imperial’s BEE certificate to date has only covered the ownership pillar. However, the updated BBBEE Act requires that we report a full scorecard from 2017. Given that procurement spend is largely weighted to original equipment manufacturers (OEMs) in the vehicles import business, meeting the procurement thresholds under the new enterprise and supplier development pillar will be challenging. Our objective is to increase the BEE scorecard performance of our South African businesses over the next three years to equal the contributor levels achieved under the old scorecard methodology.

ONLINE ENTERPRISE DEVELOPMENT CASE STUDIES

EMPOWERING BLACK INDIVIDUALS THROUGH ENTERPRISE DEVELOPMENT AND LEARNERSHIPS
 Gage Car Hire has assisted previous employee, Petrus Masele, set up his own courier business.

SECURING THE ASSETS OF LOCAL COMMUNITIES WHILE CONTRIBUTING TO JOB CREATION
 The ‘Dot What U Got’ initiative hires unemployed community members as promoters of microdot technology.

CONTRIBUTING TO ECONOMIC DEVELOPMENT IN GA-RANKUWA
 Jurgens Ci outsources the assembly of complete tyres including balancing, to an entrepreneur in the Ga-Rankuwa community.