

Our performance

Fuel consumption and emissions efficiency

More than 25% of the group's operational cost is spent on energy with a large portion of this being the fuel cost incurred by the logistics businesses. Fuel is an increasingly decisive factor in determining logistics costs for clients, therefore finding ways to reduce consumption can provide a competitive advantage. While also managed in the Vehicles division, fuel is a less important cost determinant for this part of our business.

Of the total fuel consumed by the group during the year, 91% (2015: 91%) was consumed by the Logistics division. Fuel, as the largest component of our energy consumption, results in our Scope 1 emissions accounting for 80% (2015: 82%) of our Scope 1 and Scope 2 carbon footprint.

Road fuel usage decreased by 10,35% and Scope 1 emissions decreased by 10,45% from prior year due to the reorganisation of the

Logistics divisions, the reduction of the Logistics fleet due to the downturn of the commodity cycle and lower consumer goods volumes, and sustainability efficiencies achieved through constant driver training and monitoring, and more efficient utilisation of vehicle management systems.


Fuel efficiency measures employed by various businesses across the group include:

- > Providing customers with the option to rent vehicles that consume less fuel and emit fewer carbon emissions.
- > Route planning in the Logistics division which ensures that the appropriate vehicles are used to transport goods along optimal travelling distances, thereby conserving fuel consumption and carbon emissions.
- > Purchasing, where feasible, new trucks for transportation fleets that are the highest Euro-rated vehicles available. In Europe this equates to Euro 6 trucks and in South Africa Euro 5 trucks due to a lack

of refineries able to meet Euro 6 fuel specifications.

- > Utilising a vehicle management system (FleetBoard) in the Mercedes-Benz truck fleet in South Africa. The system measures mileage, operational status and consumption, and evaluates driving style. Used optimally, FleetBoard can result in a 10% reduction in fuel consumption.
- > Driver training which upskills truck drivers and barge operators on the optimal driving behaviour that conserves fuel consumption and results in less wear and tear on the vehicle.

During the year, Logistics South Africa piloted the use of cyro-fridge trailers in the Western Cape. The cryogenic refrigeration system is powered by liquid nitrogen and has zero carbon emissions.

 See the online case study titled 'reducing carbon emissions and noise pollution by utilising alternate transport refrigeration technology' for more information.

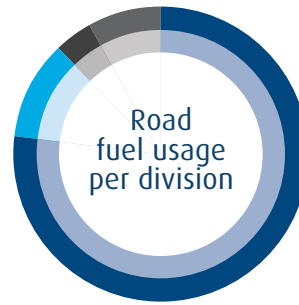
FUEL CONSUMPTION AND EMISSIONS	Logistics		Vehicles		Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	
2016					
FUEL CONSUMPTION					
Road fuel usage (kilolitres)	177 721	25 708	9 422	17 281	230 132
Non-road fuel usage (kilolitres)	1 145	65 535	0	58	66 738
TOTAL FUEL CONSUMPTION	178 866	91 243	9 422	17 339	296 870
SCOPE 1 AND SCOPE 2 EMISSIONS					
Scope 1 emissions (tonnes of CO ₂)	482 125	260 758	24 493	44 505	811 880
Scope 2 emissions (tonnes of CO ₂)	79 272	25 672	37 482	55 512	197 939
TOTAL SCOPE 1 AND SCOPE 2 EMISSIONS	561 397	286 430	61 975	100 017	1 009 819

Methodology used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). The boundary used is operational control. Note: The group total excludes Regent (Financial Services) which is in the process of being sold.

FUEL CONSUMPTION AND EMISSIONS	Logistics		Vehicles			Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	Financial Services	
2015						
FUEL CONSUMPTION						
Road fuel usage (kilolitres)	200 514	25 207	13 029	17 383	595	256 728
Non-road fuel usage (kilolitres)	1 252	69 917	0	68	0	71 237
TOTAL FUEL CONSUMPTION	201 766	95 124	13 029	17 451	595	327 965
SCOPE 1 AND SCOPE 2 EMISSIONS						
Scope 1 emissions (tonnes of CO ₂)	546 415	280 312	33 554	45 058	1 353	906 692
Scope 2 emissions (tonnes of CO ₂)	77 611	26 129	32 776	60 393	2 328	199 237
TOTAL SCOPE 1 AND SCOPE 2 EMISSIONS	624 026	306 441	66 330	105 451	3 681	1 105 929

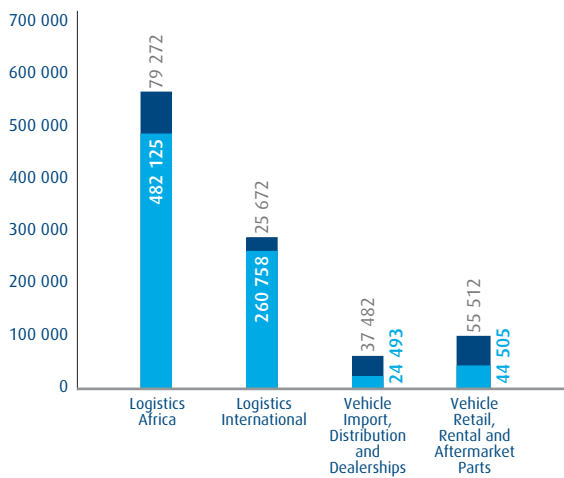
Methodology used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). The boundary used is operational control.

Logistics International benefits from a lower emissions profile than Logistics Africa, as it operates a smaller road fleet and CO2 emissions produced by inland water shipments are 70% lower than for road transport.

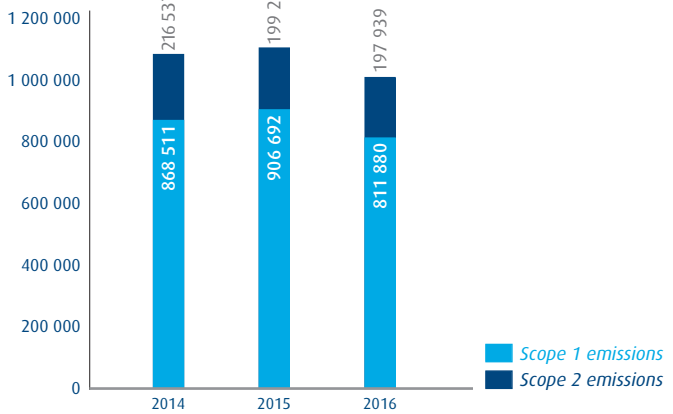


77% Logistics Africa
 11% Logistics International
 4% Vehicle Import, Distribution and Dealerships
 8% Vehicle Retail, Rental and Aftermarket Parts

2016: Total Scope 1 and Scope 2 emissions per division (tonnes of CO₂)



Total Scope 1 and Scope 2 emissions (tonnes of CO₂)



Energy and water consumption

The group operates a large number of facilities with the biggest user of purchased electricity being Logistics Africa. During the 2016 financial year, Logistics Africa accounted for 35% (2015: 34%) of the group's purchased electricity and Scope 2 emissions. This is followed by the Vehicle Retail, Rental and Aftermarket Parts division at 26% (2015: 26%) and Logistics International at 23% (2015: 24%).

In South Africa, businesses have started implementing smart energy meters to enable accurate measurement of energy consumption and identify where savings can be made. Energy saving initiatives range from energy saving lighting and air-conditioning systems to motion sensors and photovoltaic (solar) plants.

PURCHASED ELECTRICITY AND WATER CONSUMPTION DATA

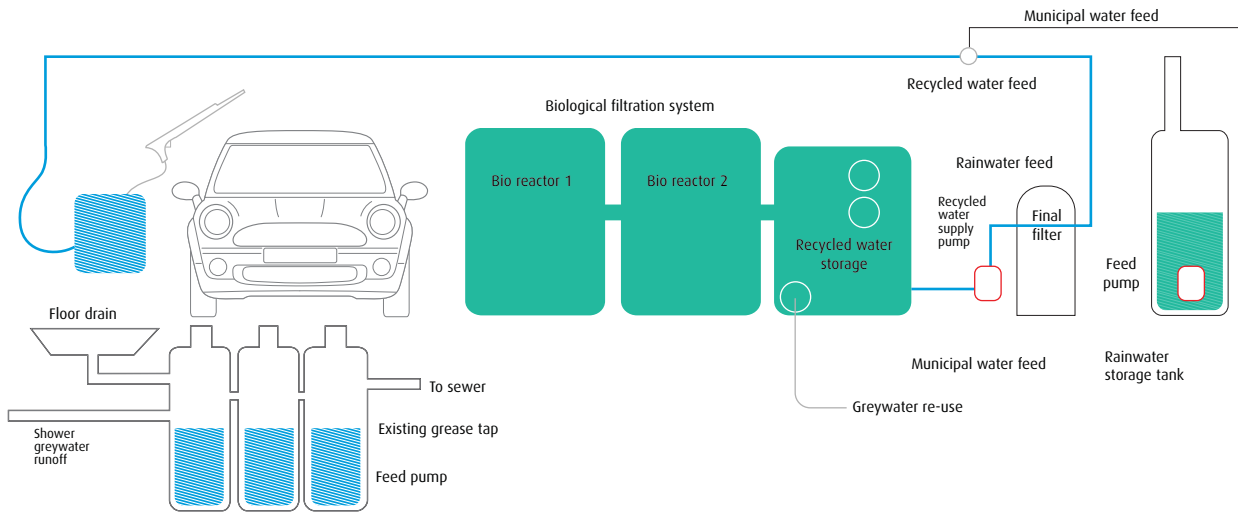
	Logistics		Vehicles		Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	
2016					
Electricity purchased (megawatt hours)	79 989	52 194	38 037	59 151	229 371
Water purchased from municipalities (kilolitres)	679 727	230 180	293 572	564 103	1 767 582

Note: The group total excludes Regent (Financial Services) which is in the process of being sold.

PURCHASED ELECTRICITY AND WATER CONSUMPTION DATA

	Logistics		Vehicles		Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	
2015					
Electricity purchased (megawatt hours)	79 644	56 890	33 099	60 683	232 840
Water purchased from municipalities (kilolitres)	680 215	225 993	322 037	566 142	1 805 470

WASTEWATER RECYCLING UNIT



Water is of particular concern in the African operations, given the scarcity of this natural resource. This has been most evident in South Africa over the past year, given the drought being experienced in sub-Saharan Africa, with water restrictions being imposed in our domestic market. Our initiatives to conserve water, focus on rain water harvesting tanks and wastewater recycling facilities at wash bays in all divisions. The schematic diagram above shows how used water is collected in an underground tank containing non-hazardous chemicals which purify the used water and pump it back to tanks for future use. Approximately 15 000 litres of water a month is saved through this system. In addition, certain car rental operations have implemented Eco Wash, a virtually waterless car washing system that uses one litre of water as opposed to the 200 litres used by traditional car washes.

Logistics South Africa is looking into the feasibility of installing water meters, the cost

of which will be paid back relatively quickly. Meters will provide accurate data highlighting discrepancies in municipal bills and potential water leaks.

Waste management

Due to the nature of our business, we dispose of large quantities of lubricants. Most significant is waste oil produced as a result of servicing customer vehicles in dealerships and the in-house servicing of trucks in the Logistics division. Hazardous waste oil is sold to registered waste disposal companies for recycling. During 2016, over 3 390 million litres of oil was recycled, approximately 76% of the group's oil purchase.

Pandae Green, a subsidiary of the Imperial group, was established in 2014 as a waste disposal business. The subsidiary covers 56 sites in South Africa ranging from large multinational logistics companies to smaller, independently-owned motor dealerships. It assists our operations to reduce waste

streams and increase the volume of waste recycled. The five biggest waste streams collected for recycling are waste motor oil, K4 cardboard, metal, paper and plastics. Waste is disposed of in accordance with the National Environmental Management: Waste Act and disposal certificates are issued.

Environmental compliance

No fines relating to environmental issues were incurred by the group during the reporting period (2015: none).

Prevention and containment of spillages

Some of our operations by their nature carry the risk of environmental contamination from spillages of oil, fuel or other substances. During 2016, 63 environmental incidents occurred, the majority of which were small spillages of chemicals, fuel or oil.

ENVIRONMENTAL INCIDENTS

	Logistics		Vehicles		Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	
2016					
Environmental incidents	57	0	6	0	63


ENVIRONMENTAL INCIDENTS

	Logistics		Vehicles		Group total
	Africa	International	Import, Distribution and Dealerships	Retail, Rental and Aftermarket Parts	
2015					
Environmental incidents	80	1	0	0	81

Note: There were no environmental incidents for Financial Services in 2015.

Looking ahead

Given that our strategy is focused on expansion through acquisitions, partnerships and grassroots development, our absolute emissions are expected to increase over the next five years. However, due to our environmental initiatives, we predict that our emissions intensity rates will decrease over the medium-term.

 *Environmental initiatives specific to each division are set out in more detail in the Logistics and Vehicles sections.*

ONLINE CASE STUDIES

PRESERVING FAST-MOVING CONSUMER GOODS WHILE REDUCING ELECTRICITY REQUIRED FOR REFRIGERATION

Imperial Cold Logistics uses dry air climate control systems in five facilities to reduce electricity consumption and other overhead costs, as well as limit produce damage and waste.

REDUCING CARBON EMISSIONS AND NOISE POLLUTION BY UTILISING ALTERNATE TRANSPORT REFRIGERATION TECHNOLOGY

Since November 2014, Imperial Fast 'n Fresh has been testing cryo-fridge units in the transportation of produce for Woolworths, with successful results.

LOWERING THE ENVIRONMENTAL FOOTPRINT OF MAGNIS TRUCKS

Initiatives including photovoltaic systems, water treatment plants and the responsible disposal of waste are implemented across Magnis Trucks dealerships.

INTRODUCING TWO ENVIRONMENT-FRIENDLY PUSH BOATS TO THE SOUTH AMERICAN FLEET


Logistics International introduced two new push boats equipped with innovative energy efficiency solutions.

OPTIMISING TRANSPORT SERVICES WITH NEW LIGHTWEIGHT TRAILERS

Imperial Logistics International's new lightweight trailers reduce operating costs and carbon emissions due to fewer transport runs.

USING ELECTRICITY METERS TO IDENTIFY PEAK ELECTRICITY LOADS

Imperial Retail Logistics installed an electricity meter in the Cape Town depot's battery bay which highlighted that the day-to-day process of recharging batteries could be changed to achieve electricity and cost savings.

 *GRI G4-2, G4-14, EC2, EN3, EN8, EN15 to 16, EN24, EN27, EN29*

