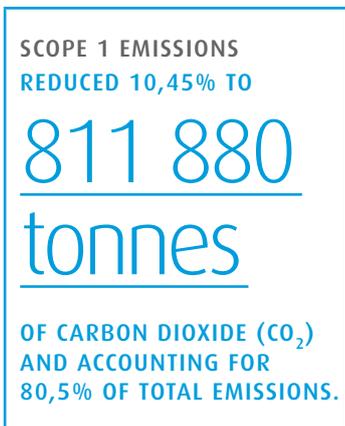




– MINIMISING OUR ENVIRONMENTAL FOOTPRINT –



59% *Logistics Africa* (2015: 60%)
32% *Logistics International* (2015: 31%)
3% *Vehicle Import, Distribution and Dealerships* (2015: 4%)
6% *Vehicle Retail, Rental and Aftermarket Parts* (2015: 5%)

Strengthening legitimacy among all stakeholders

Imperial has a large number of operational sites, both in South Africa and internationally. These operations consume water, electricity and other natural resources and generate waste products, all of which require proactive management to conserve resources, and reduce costs and waste.

Our most material environmental issues include:

- > Fuel and emission efficiency.
- > Energy and water consumption.
- > Waste management.
- > Environmental compliance.
- > Prevention and containment of spillages.

The impact of climate change on our operations during the current reporting period have included historical low water levels in Germany which impacted Logistics International's barge operations. Adverse weather conditions also impact road transportation and car rental by increasing vehicle damage and the risk of road accidents. Indirectly, the drought in sub-Saharan Africa has had economic impact on the region, increasing food prices due to reduced crop production, placing further pressure on already challenging trading conditions.

Other environmental risks include increasing mean average temperatures which would require an increased use of air-conditioners and refrigerants, particularly in the warehouse and distribution businesses, and extreme weather conditions which could impede import and export abilities, cause disruption in the supply chain and damage to property. The supply of natural resources such as fuel and natural rubber resources could also impact the day-to-day operations of the group.

FUEL USAGE
(road and non-road)

296 870

kilolitres
(2015: 327 965 kilolitres)

ELECTRICITY PURCHASED

229 371

megawatt hours
(2015: 232 840 megawatt hours)

WATER CONSUMPTION

1 767 582

kilolitres
(2015: 1 805 470 kilolitres)

SCOPE 2 EMISSIONS
REDUCED 0,65% TO

197 939

TONNES OF CO₂.

ENVIRONMENTAL INCIDENTS

63

(2015: 81)

FINES OR PENALTIES FOR ENVIRONMENTAL INCIDENTS

Nil

(2015: none)



40% Logistics Africa (2015: 39%)
 13% Logistics International (2015: 13%)
 19% Vehicle Import, Distribution and Dealerships (2015: 17%)
 28% Vehicle Retail, Rental and Aftermarket Parts (2015: 31%)

Our opportunities

- > Competitive advantage gained from meeting legislative requirements before competitors, and meeting customer expectations in terms of sustainability management.
- > Reputational importance.

Our risks

- > Climate change, specifically the legislative environment and the impact on operations.



ENVIRONMENTAL MANAGEMENT

OUR APPROACH

SUSTAINABILITY MANAGEMENT SYSTEM



Our approach to environmental sustainability is to drive efficiencies in terms of resource conservation, cost reduction and optimal waste management. The group’s sustainability management system collates, processes, tracks and communicates data from over 1 200 business sites globally. This covers all operational sites that are owned, partially owned and leased by Imperial. The system allows for effective reporting and assists with the sharing of environmental issues and initiatives between divisions. An internal guideline provides business areas with guidance on data collection. Data is uploaded to the system monthly and financial managers or executives validate the uploads. Further quality checks are undertaken by local administrators at divisional level, and group internal audit also has access to the system. The annual cost to manage the system amounts to R1,4 million.

ENGAGEMENT ON ENVIRONMENTAL ISSUES



We contribute to public policy on climate change through direct engagement with policymakers and indirectly through our memberships in trade associations. Our engagement focuses mostly on the proposed carbon tax legislation in South Africa which limits liability to Scope 1 emissions. As Scope 1 emissions make up the majority of Imperial’s carbon footprint, this will result in a substantial direct financial impact on the group. In addition, potential increased carbon taxes on new passenger vehicles would result in higher car prices. This does not directly impact Imperial, as the increased cost will be passed onto the consumer, however it will have a negative impact on consumer demand. For the car rental businesses and Logistics South Africa, carbon tax will increase the capital costs of fleets.

We have submitted comments to the National Treasury on the draft Carbon Tax Bill. We support the introduction of carbon tax and have raised the following concerns in our engagements:

- > The potential duplication of carbon taxes on new passenger vehicles.
- > The ring-fencing of carbon tax to ensure it is used to mitigate the effects of climate change.
- > The impact on the transport sector and the consequent implications for inflation and economic development.
- > The economic impact of a carbon tax in addition to fuel levies and e-tolling.

In the car rental business, we provide customers with the carbon emissions data related to their car rentals, for both personal and business customers. Business customers particularly require this information to calculate their carbon footprints.

Employee engagement activities take place at a divisional level and include environmental training and internal communication.

STRATEGIC MEMBERSHIPS



The chief executive officer of Logistics South Africa is chairman of the Road Freight Association which supports efforts to reduce greenhouse gas emissions and climate change, although has reservations concerning the introduction of carbon tax. We are also members of the Southern Vehicle African Renting and Leasing Association (SAVRALA), which works with public sector agencies, industry associations and key business influencers on road transportation issues such as taxation and finance-related concerns.

BUILDING UPGRADES



When building new facilities or upgrading existing facilities, environmental considerations are implemented which can have a significant positive impact when scaled across our warehouse and buildings footprint.