



OUR BUSINESS

Responding to our stakeholders

Responding to our stakeholders

The table below sets out the key concerns raised by our stakeholders in the year. These concerns were considered in formulating our material issues.

The group's responses to these concerns are incorporated in the management priorities and actions outlined in the material issues section of the Integrated Annual Report (IAR). They are also discussed throughout the IAR and the Sustainable Development Report (SDR) online, as referenced.

01 FINANCIAL CAPITAL RELATIONSHIPS

OWNERS, INVESTMENT COMMUNITY AND DEBT PROVIDERS

Key concerns	Link to material issues and management priorities)	Reference
Unlocking value in the group through two separate, self-sustaining businesses with strong balance sheets; and the viability and timing of listing them separately. With the group's price/earnings ratio improving in 2017, the additional value that could be unlocked versus the potential disadvantages of separate listings.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Use return on invested capital (ROIC) to assess and enhance the performance and potential of businesses, products and clients. <p><i>Manage capital effectively</i></p> <ul style="list-style-type: none"> > Delink the capital interdependence of the divisions. > Establish equity and debt structures to optimise growth potential and return on equity in each division. 	 <hr style="width: 100px; margin: auto;"/>
Criteria and strategy for acquisitive growth, and the size and geographic focus of potential acquisitions in each division, in relation to the targeted gearing ratio.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Define and implement deep value propositions as the essence of client centricity. > Use ROIC to assess and enhance the performance and potential of businesses, products and clients. <p><i>Manage capital effectively</i></p> <ul style="list-style-type: none"> > Source, allocate and control capital to maximise sustainable ROIC in each division. > Establish equity and debt structures to optimise growth potential and return on equity in each division. <p><i>Limit currency risk</i></p> <ul style="list-style-type: none"> > Anticipate the effects of currency movements on acquisitions, foreign operations, imports, competitiveness, asset and liability values, and profitability. 	 <hr style="width: 100px; margin: auto;"/>

01 FINANCIAL CAPITAL RELATIONSHIPS: – *continued*

Key concerns	Link to material issues and management priorities	Reference
Imperial's ability to maintain market shares in both divisions, given the structural and cyclical challenges in their markets.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Define and implement deep value propositions as the essence of client centrality. > Respond to the impact of digitisation and disruptive technologies on the businesses, customers, value chains and markets in each division. <p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Employ and develop executives who can lead the continual change necessary for progress and performance. > Implement human capital policies and practices to enhance productivity, diversity and succession. > Leverage technology for efficiency and competitive advantage. 	 <hr style="width: 50%; margin: auto;"/>
Reducing capital intensity in each division, specifically through the transition to an 'asset right' model and working capital management.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Use ROIC to assess and enhance the performance and potential of businesses, products and clients. <p><i>Manage capital effectively</i></p> <ul style="list-style-type: none"> > Source, allocate and control capital to maximise sustainable ROIC in each division. 	 <hr style="width: 50%; margin: auto;"/>
Achieving and maintaining an optimal balance sheet structure, and ensuring improved returns on capital invested in each division, and superior returns on equity	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Use ROIC to assess and enhance the performance and potential of businesses, products and clients. <p><i>Manage capital effectively</i></p> <ul style="list-style-type: none"> > Source, allocate and control capital to maximise sustainable ROIC in each division. > Establish equity and debt structures to optimise growth potential and return on equity in each division. 	 <hr style="width: 50%; margin: auto;"/>
Management of foreign exchange volatility, particularly forward cover in Motus, and how foreign exchange losses are being accounted for.	<p><i>Limit currency risk</i></p> <ul style="list-style-type: none"> > Anticipate the effects of currency movements on acquisitions, foreign operations, imports, competitiveness, assets and liability values, and profitability. > Hedge currency movements whenever possible. > Ensure full compliance with forex policy regarding forward cover and the use of hedging instruments. 	 <hr style="width: 50%; margin: auto;"/>
The strategic coherence of the sub-divisions within Imperial Logistics.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Define and implement deep value propositions as the essence of client centrality. 	 <hr style="width: 50%; margin: auto;"/> <i>Imperial Logistics review</i>

01 FINANCIAL CAPITAL RELATIONSHIPS: – continued

Key concerns	Link to material issues and management priorities	Reference
The impact of disruptive change and how the divisions are responding.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Respond to the impact of digitisation and disruptive technologies on the businesses, customers, value chains and markets in each division. <p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Employ and develop executives who can lead the continual change necessary for progress and performance. > Leverage technology for efficiency and competitive advantage. 	<p>IAR <i>Divisional reviews</i></p> <hr/> <p>SDR <i>Imperial Logistics and Motus reviews</i></p>
Management structures and how management is incentivised.	<p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Flatten organisation structures to focus management, simplify communication, delegate accountability, ensure control, enable collaboration and empower leaders. > Implement human capital policies and practices to enhance productivity, diversity and succession. 	<p>IAR <i>Divisional reviews</i></p> <hr/> <p>IAR <i>Remuneration report</i></p>



02 BUSINESS RELATIONSHIPS

CLIENTS, SUPPLIERS AND OEMs, AND BUSINESS PARTNERS

Key concerns	Link to material issues and management priorities	Reference
<p>Motus (clients): providing a differentiated customer experience.</p> <p>Imperial Logistics (clients): innovative value-add offerings beyond just products and services.</p>	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Define and implement deep value propositions as the essence of client centricity. > Respond to the impact of digitisation and disruptive technologies on the businesses, customers, value chains and markets in each division. <p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. > Leverage technology for efficiency and competitive advantage. 	<p>IAR <i>Divisional reviews</i></p> <hr/> <p>SDR <i>Imperial Logistics and Motus reviews</i></p>
<p>Motus (OEMs): ensuring service delivery and product quality.</p>	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. > Define and implement deep value propositions as the essence of client centricity. <p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Leverage technology for efficiency and competitive advantage. 	<p>IAR <i>Motus review</i></p> <hr/> <p>SDR <i>Motus review</i></p>
<p>Motus (business partners): regulatory compliance, including regulation pertaining to financial service providers.</p> <p>Imperial Logistics (principals): compliance with anti-corruption and anti-money laundering legislation, and the ethical conduct of employees.</p>	<p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Ensure exemplary ethical practices and governance standards. > Maintain regulatory compliance and policy advocacy. 	<p>IAR <i>Chairman's letter</i></p> <hr/> <p>SDR <i>Group overview, Imperial Logistics and Motus reviews</i></p>

02 BUSINESS RELATIONSHIPS – *continued*

Key concerns	Link to material issues and management priorities	Reference
Imperial Logistics (clients): improved BBEE rating in South Africa, particularly in black ownership and enterprise and supplier development.	<p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. <p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Ensure local relevance, including black economic empowerment in South Africa and diversity and inclusiveness requirements in other markets. 	<p>IAR <i>Imperial Logistics review</i></p> <hr/> <p>SDR <i>Imperial Logistics review</i></p> <hr/>
Imperial Logistics (clients): environmental initiatives in the logistics businesses and how the division can assist clients to reduce their carbon footprint.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Define and implement deep value propositions as the essence of client centricity. <p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Measure, develop and publicise the economic footprint and societal value of Imperial Logistics and Motus. 	<p>SDR <i>Imperial Logistics review</i></p> <hr/>
Motus (clients): difficulty in accessing vehicle financing.	<p><i>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</i></p> <ul style="list-style-type: none"> > Define and implement deep value propositions as the essence of client centricity. 	<p>SDR <i>Motus review</i></p> <hr/>

03 HUMAN CAPITAL RELATIONSHIPS

EMPLOYEES AND ORGANISED LABOUR

Key concerns	Link to material issues and management priorities	Reference
Effective and fair career management processes within the group.	<p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Employ and develop executives who can lead the continual change necessary for progress and performance. > Implement human capital policies and practices to enhance productivity, diversity and succession. 	<p>IAR <i>Divisional reviews</i></p> <hr/> <p>SDR <i>Developing effective leadership and empowered people</i></p> <hr/>
Slow improvement in the transformation of executive and senior management.	<p><i>Ensure organisational effectiveness</i></p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. <p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Ensure local relevance, including black economic empowerment in South Africa and diversity and inclusiveness requirements in other markets. 	<p>IAR <i>Divisional reviews</i></p> <hr/> <p>SDR <i>Developing effective leadership and empowered people, imperial Logistics and Motus reviews,</i></p> <hr/>

03 HUMAN CAPITAL RELATIONSHIPS – continued

Key concerns	Link to material issues and management priorities	Reference
Market-related remuneration, parity of remuneration and clearer links between performance and pay.	<p>Ensure organisational effectiveness</p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. <p>Strengthen legitimacy</p> <ul style="list-style-type: none"> > Ensure exemplary ethical practices and governance standards. 	<p>IAR Remuneration report</p> <hr/> <p>SDR Developing effective leadership and empowered people</p>
Fair working conditions, including minimum wage and health and safety.	<p>Ensure organisational effectiveness</p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. <p>Strengthen legitimacy</p> <ul style="list-style-type: none"> > Ensure exemplary ethical practices and governance standards. 	<p>SDR Developing effective leadership and empowered people, and Imperial Logistics reviews</p>
A lack of people-related data and analytics.	<p>Ensure organisational effectiveness</p> <ul style="list-style-type: none"> > Implement human capital policies and practices to enhance productivity, diversity and succession. > Leverage technology for efficiency and competitive advantage. 	<p>IAR Divisional reviews</p> <hr/> <p>SDR Developing effective leadership and empowered people</p>

04 REGULATORY RELATIONSHIPS

GOVERNMENTS AND REGULATORS

Key concerns	Link to material issues and management priorities	Reference
Report a group BBBEE scorecard according to the revised Department of Trade and Industry's BBBEE Codes.	<p>Strengthen legitimacy</p> <ul style="list-style-type: none"> > Measure, develop and publicise the economic footprint and societal value of Imperial Logistics and Motus. > Ensure local relevance, including black economic empowerment in South Africa, and diversity and inclusiveness requirements in other markets. 	<p>IAR Chairman's letter</p> <hr/> <p>SDR Strengthening legitimacy</p>
General compliance and contribution to policy development.	<p>Strengthen legitimacy</p> <ul style="list-style-type: none"> > Maintain regulatory compliance and policy advocacy. 	<p>SDR Strengthening legitimacy and Motus review</p>
Participation in the revised Department of Trade and Industry's Automotive Production and Development Programme and the Competition Commission's Automotive Aftermarket Advocacy Programme.	<p>Strengthen legitimacy</p> <ul style="list-style-type: none"> > Ensure exemplary ethical practices and governance standards. > Maintain regulatory compliance and policy advocacy. 	<p>SDR Motus review</p>
Restructuring the Regent disposal to meet the requirements of the Competition Commission and Financial Services Board.	<p>Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders</p> <ul style="list-style-type: none"> > Refine the business and asset portfolios of each division, to further leverage scale, relationships, expertise and shared activities within their chosen sectors. 	<p>IAR CFO's report</p> <hr/> <p>IAR Motus review</p>

05 SOCIETAL RELATIONSHIPS

CIVIL SOCIETY AND COMMUNITIES

Key concerns	Link to material issues and management priorities	Reference
Enhanced communication on the Ukhamba Holdings share scheme.	<p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Ensure local relevance, including black economic empowerment in South Africa, and diversity and inclusiveness requirements in other markets. 	
Imperial's contribution to skills development, job creation and the socioeconomic development of communities.	<p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Measure, develop and publicise the economic footprint and societal value of Imperial Logistics and Motus. > Ensure local relevance, including black economic empowerment in South Africa, and diversity and inclusiveness requirements in other markets. 	
Ensuring road safety measures are in place and raising public road safety awareness.	<p><i>Strengthen legitimacy</i></p> <ul style="list-style-type: none"> > Measure, develop and publicise the economic footprint and societal value of Imperial Logistics and Motus. 	