

Material issues

Our material issues are the priorities and concerns most important to the leadership of the group and its operating divisions, Imperial Logistics and Motus.

By successfully addressing these material issues, we will create value for our stakeholders.

Although our material issues reflect the progress that has been made in the renewal of Imperial in recent years, they are forward looking and incorporate factors within and beyond leadership's control.

The process of defining the group's material issues in 2017 included the following direct inputs:

DIRECT INPUTS

Dialogue with and counsel from the Imperial Holdings board of directors and its sub-committees.

Interviews to elicit the concerns of stakeholders at group and divisional levels.

Reference to the Imperial board's meeting minutes for the year.

Engagement with share owners.

Group and divisional risk registers.

Key issues raised by the media.

Input from and approval of the material issues by group and divisional leadership.

The material issues provide the themes for the group's Integrated Annual Report and Sustainable Development Report, and associated management priorities are covered throughout both reports.

 More detail on each of the material issues, the associated management priorities and the relevant strategies and plans that pertain to them is provided in the detailed material issues available online.

01 | Increase the growth and returns of Imperial Logistics and Motus by delivering superior, defensible value to stakeholders

- > 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.
- > Respond to the impact of digitisation and disruptive technologies on the businesses, customers, value chains and markets in each division.

02 | Manage capital effectively

- > Delink the capital interdependence of the divisions.
- > Source, allocate and control capital to maximise sustainable risk-adjusted ROIC in each division.
- > Establish equity and debt structures to optimise growth potential and ROIC in each division.

03 | Limit currency risk

- > Anticipate the effects of currency movements on acquisitions, foreign operations, imports, competitiveness, asset and liability values, and profitability.
- > Hedge currency movements whenever appropriate and possible.
- > Ensure full compliance with forex policy regarding forward cover and the use of hedging instruments.

04 | Ensure organisational effectiveness

- > Flatten structures to focus management, simplify communication, delegate accountability, ensure control, enable collaboration and empower leaders.
- > 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.

05 | Strengthen legitimacy

- > Ensure exemplary ethical practices and governance standards.
- > 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.
- > Maintain regulatory compliance and policy advocacy.