

# 03 Accelerating transformation progress in South Africa



#### WHY THIS IS A PRIORITY

Transformation is an integral part of any South African business, and protects Imperial's reputation as a responsible corporate citizen.

Having joint ventures with strategic BBBEE partners enables us to achieve BBBEE ratings and procurement requirements which, in turn, help to secure tenders and access business from the public sector.

The amended dti Codes place heavy focus on procuring from black-owned businesses, setting a minimum requirement of 40% for the enterprise and supplier development pillar which includes preferential procurement. Failure to meet this minimum requirement results in the overall BBBEE score being discounted by one level. This is particularly demanding for our businesses that procure imported products. In addition, most of our products must meet certain specifications and undergo accreditation, which makes it difficult to change suppliers in the short term as not all preferential suppliers have the capacity to meet these accreditation requirements and to support our national geographic spread of dealerships.

#### RISKS AND CHALLENGES

- > **Achieving acceptable BBBEE scorecard ratings.**

## Broad-based black economic empowerment

All CEOs and managing directors based in South Africa are responsible for overall transformation performance within their areas of operation. A quarterly dashboard outlining transformation performance is distributed to the Motus board, and all BBBEE scorecards pertaining to individual businesses are independently verified every year.

In addition to employment equity (discussed on page 16), we are actively assessing and responding to the impact of the revised dti Codes, particularly in terms of:

- > Joint ventures with strategic BBBEE partners
- > Enterprise and supplier development; and
- > Socioeconomic development.



*SDW: strengthening legitimacy; more information on transformation in South Africa.*

*We have developed a business case for transformation with input from the leadership team to ensure that relevant internal and external stakeholders understand their deliverables.*

*Where feasible, we engage external consultants to assist us in obtaining the best possible BBBEE scores.*

### Securing a new strategic partnership

Early in the 2018 financial year, we launched 58 Fleet (Pty) Ltd, which will be a 51% black-owned fleet management business. Using advanced technology, the business will monitor the location, movement, status and driver style of a vehicle within the fleets it manages. We expect good growth for the business based on its innovative management system and funding model. The strategic BBBEE partnership will assist in driving sustainable growth through the capitalisation of the new business, and it will supply black talent, provide expertise on BBBEE structures and ratings, and better position Motus to access business from the corporate sector and government.

### Empowering local black businesses

**R37 million**  
SPENT ON ENTERPRISE DEVELOPMENT  
(2016: R32 million).

Our enterprise development projects are diverse and the nature of the support provided differs according to the initiative and is not always financial. For example, a number of our dealerships outsource the wash bays on their premises to black-owned small enterprises that operate without paying rental, water or electricity costs. In another initiative, Gage Car Hire trained, mentored and assisted the start-up of a 100% black-owned micro courier business in 2010. To date, over R1 million has been invested in the business to purchase a vehicle, and pay for fuel and vehicle insurance. The business is a preferred supplier for Gage Car Hire.

## How we are contributing to inclusive socioeconomic growth

**R7,9 million spent on CSI projects.**

### Advancing education in public schools

Our flagship CSI programme is the Imperial and Ukhamba Community Development Trust which dedicates its resources to advancing education in public schools primarily in under-privileged communities south of Johannesburg. To date, the programme has touched the lives of around 29 000 learners and assisted over 1 000 teachers through 27 school libraries, which employ 70 people who previously did not have work. The libraries are open daily until 4 o'clock, as well as on three Saturdays of every month. Each child from Grade 1 to Grade 3 must attend two compulsory reading periods every week. We test reading levels every two years and results show that the programme and related activities such as book clubs, book quizzes and general knowledge competitions are contributing to better than average reading, comprehension and numeracy scores.

## How we are contributing to inclusive socioeconomic growth – continued

### Investing in black accounting students

We support the South African Institute of Chartered Accountants' (SAICA) Thuthuka Bursary Fund which aims to place between 250 and 300 black university students on special undergraduate BCom Accounting education programmes.

### We have invested R7 million

IN THE FUND OVER FIVE YEARS, BENEFITTING 60 STUDENTS.

### Supporting Madibatlou Middle School

Since 2004, Africa Automotive Aftermarket Solutions has supported the Madibatlou Middle School in Tembisa. Support is provided in line with a 'wish list' supplied by the school every year and has ranged from developing playgrounds to the buying of school equipment. Every year, Africa Automotive Aftermarket Solutions gives bursaries to the two top performing students in Grade 9, providing them with financial assistance towards their Grade 10, 11 and 12 tuition.

### Providing highway assistance during holiday seasons

Our Highway Patrol programme assists Road Incident Management Services (RIMS) attend to and report on incidents along the N1/N4 toll route, one of the busiest toll roads in South Africa during the Easter and December holiday seasons. In 2017, Hyundai and Europcar provided RIMS with six patrol vehicles each to assist the concessionaire with 24-hour route surveillance and emergency support, including post-crash care and breakdown assistance.

### Driving awareness around car seats for children

Our Car Seat for Kids campaign creates stronger awareness around the importance of buckling up and ensuring children are placed in the correct car seats for their height and weight. It educates the public on how to choose, install and strap young passengers into car seats. The campaign also encourages people to collect and donate used car seats to Wheel Well, a non-profit organisation that focuses exclusively on road safety for children. Wheel Well restores, cleans and safety checks donated car seats before they are distributed to less privileged families. Hyundai, Kia and Renault support the initiative and a Renault Kangoo has been donated to Wheel Well to help it collect used car seats. The vehicle is branded with impactful images and messaging to create further awareness.

### Assisting the development of children in a small low-income community

Europcar supports early childhood development (ECD) in a small low-income community situated in the Kromvlei area south of Johannesburg. The ECD programme, in partnership with Cotlands, targets two to six-year old toddlers and prepares them for the school environment. The youth programme, in partnership with Active Education, targets seven to 18-year olds and uses sport to encourage self-confidence and discipline.

Both programmes centre on uplifting and empowering the community's children so that they can make a positive contribution to society in the future. The project is closely monitored to understand the needs of the community, the sustainability of the project and its impact. Both Cotlands and Active Education are supported through monetary funding and the use of a Europcar vehicle. Europcar's long-term vision is to grow participation in the programmes and eventually set up a container-styled facility where the children have a safe place to play and learn.



*SDW: strengthening legitimacy; more information on Imperial's flagship CSI programmes.*



*CSI: more information on Imperial's CSI projects.*