

# 02 Developing effective leadership and empowered people



## WHY THIS IS A PRIORITY

Our long-term sustainability depends on leaders who understand the industries within which we work and the strategies of our clients, and have the ability to motivate and lead teams of highly skilled employees. Leadership development, succession planning and the development of a strong talent pipeline are therefore key priorities.

In difficult conditions, retaining employee depth when there is pressure to extract more value from a smaller workforce is challenging. We operate a labour intensive business and must continuously work to create an environment that is attractive to new employees and retains existing employees. Additional pressure is created by the fact that:

- > In South Africa, black skills are highly sought after by competitors.
- > Elsewhere on the continent, the lack of skills in critical positions has necessitated the hiring of foreigners, as is the case in Nigeria.
- > In Germany, an ageing population and a low unemployment rate hampers our ability to attract qualified, skilled people.

Other factors that we must manage to ensure a motivated workforce are fair and responsible human capital practices, diversity and inclusion according to the requirements of specific markets, stable labour relationships and ongoing training and development to build internal capability, particularly in regions where there is limited availability of skill.

A motivated and skilled workforce is essential in achieving our objectives to:

- > Deliver new ways of working, widen our service offering and expand our capabilities to attract new and retain existing clients.
- > Build client partnerships by deeply understanding client needs and strategies.
- > Drive our strategic focus on managed logistics.
- > Sustainably grow Imperial Logistics into East and West Africa.
- > Leverage technology for competitive advantage.
- > Build and leverage strong partnerships with specialist asset service providers.

## RISKS AND CHALLENGES

### ALL REGIONS

- > **Availability of successors** for executive and other key positions, particularly black candidates in South Africa.
- > **Increasing scarcity of** highly specialised logistics skills.

### AFRICA

- > **Transforming the workforce in South Africa** given difficult economic conditions which constrain our ability to hire new staff.
- > **Lack of knowledge networks** in Africa.

## TOTAL NUMBER OF EMPLOYEES

**31 741**  
(2016: 30 678)



61% South Africa (2016: 63%)  
10% African Regions (2016: 13%)  
29% International (2016: 24%)

## MATURING HUMAN CAPITAL MANAGEMENT PROCESSES AND PRACTICES

We are improving our people management practices and processes to ensure they are effective and consistent. We are working to align our people practices to our core beliefs of equality, inclusion, creating opportunities for personal growth and partnering responsibly with all key stakeholders.

Leading-edge systems are being implemented to support our human capital management and our strategic decisions in this regard. This will ultimately underpin organisational effectiveness and improved employee performance.

Policies and procedures are in place to govern aspects such as labour relations, training and development, performance management, diversity and equal opportunity, employee grievances and regulatory compliance. In South Africa, we hold exit interviews to understand why employees choose to leave our employ, and we make use of benchmarking mechanisms to ensure our remuneration practices are market related.

*Our goal is to create a common framework for managing human capital across all our regions while allowing flexibility within businesses. This will reduce our people-related risk and optimise business potential while contributing to the career progression of our employees.*



## 2017 PERFORMANCE

### Ensuring our future success through improved human capital data

We are designing solutions that will deliver core human capital data that is reliable, accurate and complete. This will drive our goal to achieve a uniform human capital framework for the division, and will help our leaders and managers to make informed decisions regarding their people.

We completed the foundation work during the year, putting in place a robust behavioural, leadership and technical competency library and a grid of associated generic job profiles, which help us to match the best person to a role. The core data will enable us to integrate workforce planning, recruitment, development and performance management; and will enhance the transparency, integrity and quality of our talent management and succession planning.

Our investment in fit-for-purpose human capital technology and payroll solutions will leverage economies of scale across the division, support our talent process at senior leadership levels and maximise talent retention and workforce optimisation. The systems will also allow for new analytics and reporting capabilities, as well as improved human capital-related financial control and employee engagement. Implementation is scheduled for August 2017. Over time, we will add functionality to provide our line managers and employees with self-service capabilities.

In the international operation, we implemented a system to optimise the recruitment process and make it more transparent. Engagement with our human resources teams ensured a smooth transition to the new solution.

To strengthen our human capital capability, a human resources executive was appointed for Imperial Logistics African Regions.

## TALENT MANAGEMENT AND DEVELOPMENT

### IMPERIAL LOGISTICS AFRICA

In South Africa, our talent management programme, and soon to be launched executive development programme, support the career progression of talented individuals and our graduate programme builds a pipeline of talent for specialist and management roles. Beyond South Africa, performance evaluations take place annually in most companies and high-performing individuals are enrolled on development programmes and receive on-the-job training.

We assess local skills and capabilities and identify our future skills requirements to better understand potential people-related risks.

In South Africa, our annual training plan addresses organisational performance gaps and sets out our training budget for the year, which is submitted to the Skills Education Training Authority (SETA). Training data is monitored monthly and audited twice a year to ensure that our skills development spend is accurately reported and meets our BBBEE targets. We also set an annual target for the number of unemployed learners to be appointed through graduate, internship and learnership programmes.

The Imperial Logistics Academy in South Africa supports the learning and career development needs of our employees. It is supported by a wide network of associate facilitators, moderators and curriculum designers, and it partners with SETAs in South Africa and educational institutions. The Academy focuses on the following key pillars:

**Continuous professional development:** provided through various programmes and training delivered face-to-face, online or through distance learning.

**Formal education:** delivered through study assistance and bursary schemes, tertiary education delivered through distance learning, and learnership programmes. Interventions provide National Qualifications (NQF) levels 1 to 7 and require a minimum of one year of study.

Our distance learning programmes include a Bachelor of Business Administration degree in Logistics and Supply Chain Management, a diploma in Logistics and Supply Chain Management and a higher certificate in Logistics Management.

Our learnership programmes (ranging from NQF levels 1 to 5) cover subjects such as generic management, warehousing, road transportation operation, business administration, and transport and logistics.

**Workplace experience programmes:** delivered through the graduate programme, learnerships and apprenticeships. Our structured graduate programme provides young graduates with hands-on experience and mentorship in all areas of logistics and supply chain management, and ultimately builds a pipeline of candidates for our bursary and internship programmes.

We use a mix of traditional learning and digital platforms to deliver training. This provides our employees with easy and convenient access, accelerating the learning process across our geographies. New employees must participate in induction training delivered online.

*Our talent management programmes ensure that our leadership capability is future fit. Strategic talent reviews are undertaken quarterly to identify potential successors for our strategically critical positions.*

*Our senior managers are assessed using psychometric and behavioural assessments, following which they are provided with comprehensive coaching feedback supported by talent conversations with their line managers. Together these procedures culminate in a personal development plan for each individual.*

## TALENT MANAGEMENT AND DEVELOPMENT – continued

### IMPERIAL LOGISTICS INTERNATIONAL

Given the ageing workforce in Germany, it is important that we attract new employees by raising our profile among trainees, students, graduates, young professionals and engineers. We participate in vocational training, and career and recruitment fairs and we use agencies to further increase our access to tertiary institutions.

The six-month Develop Yourself programme trains young professionals how to engage, deal with change and conflict management and manage complexity. Participants are also able to interact with our various businesses. Those that progress to management roles receive a number of tools to help them master their daily work. Our Develop Your Company programme aims to drive innovation by allowing young professionals to participate in our strategic projects which support the shift to a more digitally-focused organisation.

To meet our demand for skilled employees, we are placing more focus on developing capacity internally. One initiative is our training centre in Poznań, Poland, which is staffed by permanently employed instructors. It provides new employees with practical warehouse experience and, upon completion, employees can be deployed to any of our sites.

We also provide language courses, apprenticeships, and training on safety and compliance. The outcomes of our training and development initiatives are regularly measured.



SDW: developing effective leadership and empowered people; more information on talent management at group level.

*In our international operation, our leadership guideline outlines the competencies that make our leaders successful and is used as a basis for leadership development interventions.*

*Our succession programme develops middle managers identified as potential successors for top management positions.*

*The Develop Yourself and Develop Your Company programmes focus on developing young professionals, defined as individuals younger than 35 who are talented.*

## 2017 PERFORMANCE

### A strong leadership team that is driving change

Imperial Logistics is led by a strong, experienced leadership team and our transition to a new organisational structure is being managed through the introduction of centralised specialist responsibilities such as strategy and business development, mergers and acquisitions, finance and reporting, and IT and innovation. This is having a positive impact with enhanced cooperation between operations and the consolidation is strengthening the high-performance and ethical culture across all regions. Our regional leadership is responding well to their increased levels of accountability.

## 208 talent conversations

held with executives and senior managers to assess their cognitive and behavioural leadership skills.

### Ensuring that our data on skills development is accurate

Between January to March 2017, we conducted internal audits on skills development spend across all our companies in South Africa to understand where we can better our progress towards meeting our BBBEE targets. Where we found gaps and areas of improvement, these were communicated to the relevant human resources managers and executives, CEOs and managing directors to ensure that improvement initiatives were implemented timeously.

## 2017 PERFORMANCE – continued

EMPLOYEE TRAINING	2017	% change	2016	2015
<b>Africa</b>				
Training and development spend (R million)	99,8#	(9%)	109,3	108,7
Training and development spend per employee (R'000)	4 426#	(6%)	4 703	4 934
Training hours per employee	24✓	26%	19	21
<b>International</b>				
Training and development spend (R million)	35,3✓	47%	24,0	21,7
Training and development spend per employee (R'000)	3 852✓	19%	3 236	2 632
Total training hours delivered to young professionals and managers	10 952✓	121%	4 960	na

na: not available.

✓ Satisfied with performance.

# Area for improvement.

## IMPERIAL LOGISTICS SOUTH AFRICA

**278 employees**WERE REGISTERED FOR TERTIARY QUALIFICATIONS  
(2016: 207).**472 learners**WERE REGISTERED FOR LEARNERSHIP PROGRAMMES  
(2016: 589).**88% of training spend**IN SOUTH AFRICA WAS ALLOCATED TO BLACK EMPLOYEES,  
MEETING OUR TARGET OF 2% OF ANNUAL PAYROLL  
(2016: 79%).**573 unemployed learners**APPOINTED INTO THE BUSINESS, MEETING OUR TARGET  
TO APPOINT THE EQUIVALENT OF 2,5% OF THE  
HEADCOUNT IN SOUTH AFRICA. ALL APPOINTMENTS  
ARE BLACK LEARNERS  
(2016: 504).**R4,4 million**WAS INVESTED IN TRAINING EMPLOYEES WITH  
DISABILITIES (2016: R478 800).**Providing interns with jobs**

During the year, we enrolled 24 learners on Imperial Health Sciences' 12-month internship and learnership programmes at a cost of R1,3 million (2016: 20 learners at a cost of R1,2 million). In the past, we have been able to offer formal employment to around 60% of the learners who successfully completed the programmes, however the inability to absorb call centre learners has reduced our employment ratio to 38% for 2017.

We also support the Ekurhuleni municipality's youth programme that aims to develop 500 young unemployed graduates and 225 young unemployed non-graduates with 12-month workplace experience. Since 2014, we have trained 80 young black people and offered permanent employment to 22. In addition to workplace experience, the interns also participate in our various training interventions. In 2017, we invested R48 000 (2016: R240 000) in the programme which also provides us with benefits in terms of increased capacity and contributes towards our BBBEE targets. As a result of the initiative, we have introduced a one-year internship programme for non-graduates with certificates and diplomas. To influence the rate of permanent hires, we are engaging with our transport partners as part of our enterprise development initiatives.

## IMPERIAL LOGISTICS INTERNATIONAL

**69 young professionals,  
30 % of whom are women,**  
COMPLETED THE DEVELOP YOURSELF PROGRAMME SINCE  
ITS INTRODUCTION IN 2014.**10 952 hours**DEDICATED TO TRAINING MANAGERS  
AND YOUNG PROFESSIONALS  
(2017: 8 816 HOURS AND 2 136 HOURS RESPECTIVELY).

## PROMOTING WORKFORCE DIVERSITY

### IMPERIAL LOGISTICS AFRICA

Transformation in South Africa is a key pillar of our strategy and goes beyond just meeting targets to ensure that our BBBEE policies and plans genuinely transform our operation. Employment equity is governed by our BBBEE policies and is reported at company management meetings. Where issues arise, they are escalated to the executive board member responsible for overseeing employment equity.

Our recruitment and promotion practices are being revised to support improved black representation and we are engaging with the Department of Labour on the substantial structural changes taking place within Imperial Logistics South Africa and their impact on achieving our employment equity targets. Our current five-year employment equity plan is valid until June 2018, following which a new plan will be implemented.

### IMPERIAL LOGISTICS INTERNATIONAL

Gender diversity at executive and senior level is a focus for the international operation. Talented women receive personal development training and our succession programme is geared to make sure that women are adequately represented in the succession pipeline. Our objective is to increase the representation of women in leadership roles to equal the annual average women employment rate, with a minimum of 20% of new hires being women.

*All Imperial Logistics companies in South Africa are required to spend 2% of their annual payroll on developing black employees.*



## 2017 PERFORMANCE

## IMPERIAL LOGISTICS SOUTH AFRICA

**Overall black representation: 87,5%** up 0,8% compared to June 2016, with increases across all occupational levels with the exception of top management and the unskilled occupational levels which decreased 9,5% and 0,4% respectively. Employment equity targets were achieved for top, senior and junior management levels, as well as women middle managers. African, coloured and white women remain underrepresented when compared to the economically active population of South Africa. Of the 220 employees with disabilities, 85% are black.

## BLACK REPRESENTATION AT TOP MANAGEMENT

**55%** AGAINST A TARGET OF 43%.  
(2016: 43% against a target of 33%)

## BLACK REPRESENTATION AT SENIOR MANAGEMENT

**24%** AGAINST A TARGET OF 21%.  
(2016: 18% against a target of 19%)

## BLACK REPRESENTATION AT MIDDLE MANAGEMENT

**39%** AGAINST A TARGET OF 40%.  
(2016: 38% against a target of 38%)

## BLACK REPRESENTATION AT JUNIOR MANAGEMENT

**74%** AGAINST A TARGET OF 73%.  
(2016: 72% against a target of 73%)

## Advancing our black employees into leadership positions

During the year, we made changes to the leadership team in South Africa which included the promotion of two black employees into executive positions and bringing the number of black executives to five out of a team of nine. Pleasingly, the diversity of the executive management team is proving to be beneficial.

At June 2017, we employed 2 706 black managers (2016: 2 858) with our areas of improvement remaining black representation at middle and senior management levels. There is a good pipeline of black managers at junior management level. Encouragingly, black women representation is growing in managerial positions that were previously male-dominated. Compared to two years ago, the percentage of black women at middle management level has grown from 37,8% to 41,6% and at junior management level from 62,1% to 70,2%, although at senior management level there has been a drop from 59,1% to 57,9%.

## Building an inclusive culture in South Africa

Diversity workshops are being rolled out across the South African operation to cultivate an inclusive culture. We believe that transformation, when implemented correctly, will positively contribute to both our bottom-line and employer brand. The workshops aim to foster a culture where transformation is accepted as an integrated and long-term business process. They allow our leadership teams to have honest conversations and share their understanding of our history and vision for the future.

## IMPERIAL LOGISTICS INTERNATIONAL

## Two out of 18 executives

AND 18% OF OUR MANAGERS IN IMPERIAL LOGISTICS INTERNATIONAL ARE WOMEN.

