



**IMPERIAL**  
LEADERS IN MOBILITY



2017

# Imperial Logistics review

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## TERMINOLOGY

Terms used in this review:

- > **Africa:** covers all logistics operations on the continent, including South Africa.
- > **African Regions:** refers to all African operations excluding South Africa.
- > **International:** refers to all operations beyond the African continent.

## REFERENCES

Abbreviations used to reference information elsewhere in Imperial's reporting suite include:

- > **IAR:** Integrated Annual Report
- > **SDW:** Sustainable Development website
- > **CSI:** Corporate Social Investment Brochure
- > **CDP:** Carbon Disclosure Project



# About Imperial Logistics

*Imperial Logistics is a mainly African and European logistics provider of outsourced integrated value-add, supply chain and route-to-market solutions – customised to ensure the relevance and competitiveness of its clients.*

With established capabilities in transportation, warehousing, distribution and synchronisation management and expanding capabilities in international freight management, the division operates in specific industry verticals – consumer packaged goods, specialised manufacturing and mining, chemicals and energy, healthcare, automotive, machinery and equipment and agriculture.





#### SOUTH AFRICA

- > Leading market position in a mature and highly competitive market.
- > Specialised operations, extensive regional footprint and end-to-end service offering, with an unrivalled ability to reduce clients' costs and enhance their competitiveness.
- > Unique value and risk-based commercial engagements focused on eliminating supply chain inefficiencies for clients.
- > Differentiated through range and scale, customisation and specialisation – with a strong ethos of continuous improvement and transformation.



#### AFRICAN REGIONS

- > Unique distributor approach supported by local partnerships, and exclusive relationships with principals.
- > Provides end-to-end integrated route-to-market solutions across African markets to multinational clients, with a focus on creating maximum value for principals and their customers.
- > Deep experience in navigating the complexity, diversity and distinct challenges of African markets.
- > Ability to grow consumer and pharmaceutical brands in challenging trading environments with complex sales and marketing channels.



#### INTERNATIONAL

- > Manages complex logistics services in developed niche markets.
- > Provides road and river transportation, express freight and specialised value-add logistics to the highest quality standards, with a leading position in demanding industries such as chemical, automotive, steel, machinery, equipment and shop fitting.
- > Ability to reproduce high-quality offerings in new industries and markets through an integrated portfolio of services across clients' supply chains.
- > Well-established client partnerships are the basis for entering new markets.

#### CONTRIBUTION TO GROUP PERFORMANCE

14% GROUP REVENUE

16% GROUP OPERATING PROFIT

8% GROUP REVENUE

12% GROUP OPERATING PROFIT

21% GROUP REVENUE

18% GROUP OPERATING PROFIT

Note: based on external revenue for the division, including businesses held for sale.



# 2017 performance overview

## Financial performance

REVENUE  
**50 665**  
(2016: 47 912)

OPERATING  
PROFIT  
**2 764**  
(2016: 2 543)

OPERATING  
MARGIN  
**5,5%**  
(2016: 5,3%)

RETURN ON  
INVESTED CAPITAL  
**11,5%**  
(2016: 11,8%)

*Besides the economic and social benefits of supporting the supply chains of major industries, we are the leading pharmaceuticals distributor in Africa, and we deliver medication to HIV/AIDS programmes in 16 countries. Given that up to 40% of the total delivered cost of medicines in Africa is made up of supply chain, distribution and other non-core costs, we play a key role in the affordability of medicine in these areas through efficient service delivery.*

### The reporting year to June 2017

Erratic economic growth is impacting Imperial Logistics' clients and the markets they serve. In general, however, the extent and scope of logistics outsourcing has continued to grow in the markets in which the division operates. The division has benefitted from this growth due to its deep understanding of its clients' requirements and its ability to leverage its scale, assets and expertise to add value to its clients beyond the cost of the outsourced services provided.

Low to negative GDP growth, together with political and economic uncertainty in South Africa, continues to depress business and consumer confidence, exacerbated by sovereign rating downgrades. Clients are implementing cost-cutting measures and in this highly competitive environment, major competitors are focused on profit improvement initiatives. Reduced sub-contractor capacity and fluctuating fuel prices have also had an impact.

Beyond South Africa, low commodity prices have resulted in difficult trading conditions in certain African countries. Currency movements have been volatile and unpredictable, impacting creditor payments and procurement from cross-border suppliers. Increasing inflation and higher interest rates have reduced consumer demand and weather conditions, such as the recent droughts in certain sub-Saharan countries, have resulted in sharp food price increases as regional crop production reduces.

Europe experienced moderate economic growth. In Germany, the annual growth in freight transport was low and decreasing volumes were experienced in specific sectors, including coal, steel and aluminium. Volumes in Germany were also impacted by the lowest water levels in 80 years and, in Asia, by increasing e-commerce retail sales. Additional pressures included increasing competition in the European market, changing cost structures due to complex trade union negotiations across different sectors and increasing regulatory requirements, including emissions and energy efficiency legislation.

### HOW IMPERIAL LOGISTICS WILL COMPETE AND WIN IN THE NEXT THREE YEARS

We consolidated Imperial Logistics Africa and Imperial Logistics International as a single division with one management team on 1 July 2016. This provides significant opportunities, as the division clarifies and aligns its value proposition to clients and employees across its portfolio of diverse businesses. Our challenge is to retain the entrepreneurial excellence that has underpinned our growth while unlocking the benefits of a more integrated business.

**OUR STRATEGIC OBJECTIVES**

**Grow revenues, profits and returns by increasing principals, products and markets within and adjacent to our spheres of competence, and disposing of non-core or low return businesses.**

**Develop and acquire less capital-intensive higher return businesses with strong revenue growth potential and cash flows, while ensuring sound capital and foreign exchange management.**

**Grow organically through a deep understanding and penetration of our chosen sectors, carefully staged integration and collaboration, and the development and deployment of human capital that accords to best practice and responds to unique market dynamics.**

**Embrace relevant information, digital positioning, and automation technologies across value chains and sectors, to increase transactional and operational efficiency, productivity and client value.**

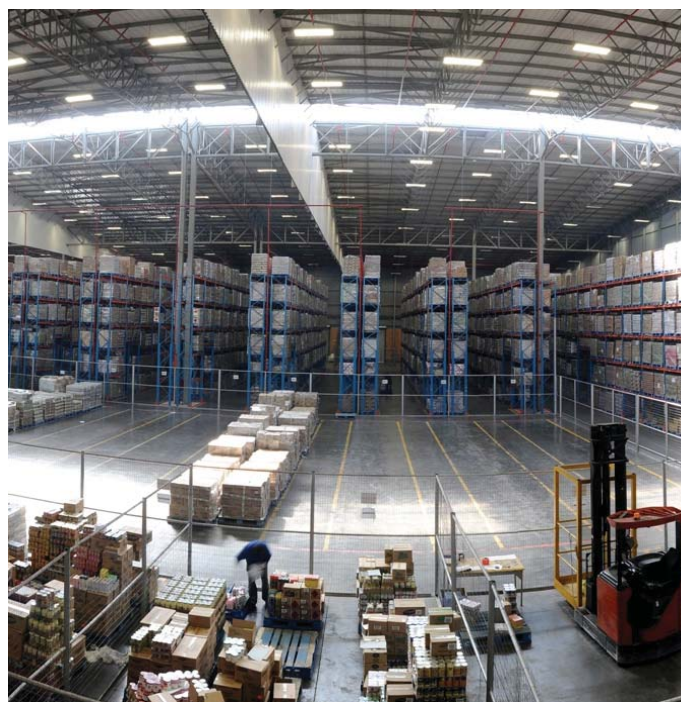
**Imperial Logistics' strong market presence in South Africa favours foreign capital deployment and acquisitive growth.**

Our focus on managed logistics involves consolidating our businesses with similar service offerings and transitioning to an 'asset right' model where our investment in assets aligns to clients' needs. This requires that we use specialised owned vehicles and have contracted partnerships with transport providers to enable flexibility. In South Africa, fleets are downsized in response to market conditions, however, where our traditional vehicle asset-based solutions remain relevant on profitable routes, we retain this asset capacity. In the African Regions, transport operations have been converted into 'asset light' operations and managed logistics operations have been initiated in Ghana, Kenya and Nigeria.

**HOW WE PERFORMED**

Imperial Logistics recorded growth in revenue and operating profit of 6% and 9% respectively, supported by the Palletways acquisition in Europe, a solid performance from South Africa despite challenging trading conditions, and an excellent performance from Ecohealth in Nigeria.

Excluding acquisitions and disposals in the current and prior year, revenue and operating profit declined by 3% and 7% respectively, partly due to the strengthening of the Rand by 8% on average against the Euro and by 6% against the US dollar during the year.



IAR page 40: more information on Imperial Logistics' strategy and financial performance.



## Our people

*We achieved employment equity targets in South Africa for top, senior and junior management levels, as well as women middle managers. Two black (African, Coloured and Indian) employees were appointed into executive positions, bringing the number of black executives to five.*

### 88% of training spend

IN SOUTH AFRICA WAS ALLOCATED TO BLACK EMPLOYEES (2016: 79%) AND 472 (2016: 589) LEARNERS WERE REGISTERED FOR LEARNERSHIP PROGRAMMES OF WHOM 90% ARE BLACK.

IMPERIAL LOGISTICS INTERNATIONAL IMPLEMENTED A SYSTEM TO OPTIMISE THE RECRUITMENT PROCESS AND MAKE IT MORE TRANSPARENT.

COMPLETED THE FIRST PHASE OF THE STANDARDISED IN-HOUSE DRIVER TRAINING PROGRAMME IN SOUTH AFRICA AND, IN THE INTERNATIONAL OPERATION, RELEASED NINE HEALTH AND SAFETY GUIDELINES TO DRIVE AN IMPROVED SAFETY CULTURE.

### TRAINING SPEND

#### AFRICA

**R99,8  
million**

2016: R109,3 million

#### INTERNATIONAL

**R35,3  
million**

2016: R24,0 million

### INJURIES PER MILLION KILOMETRES TRAVELLED

#### AFRICA

**0,102**

2016: 0,158

#### INTERNATIONAL

**0,106**

2016: 0,101

### FATALITIES PER MILLION KILOMETRES TRAVELLED

#### AFRICA

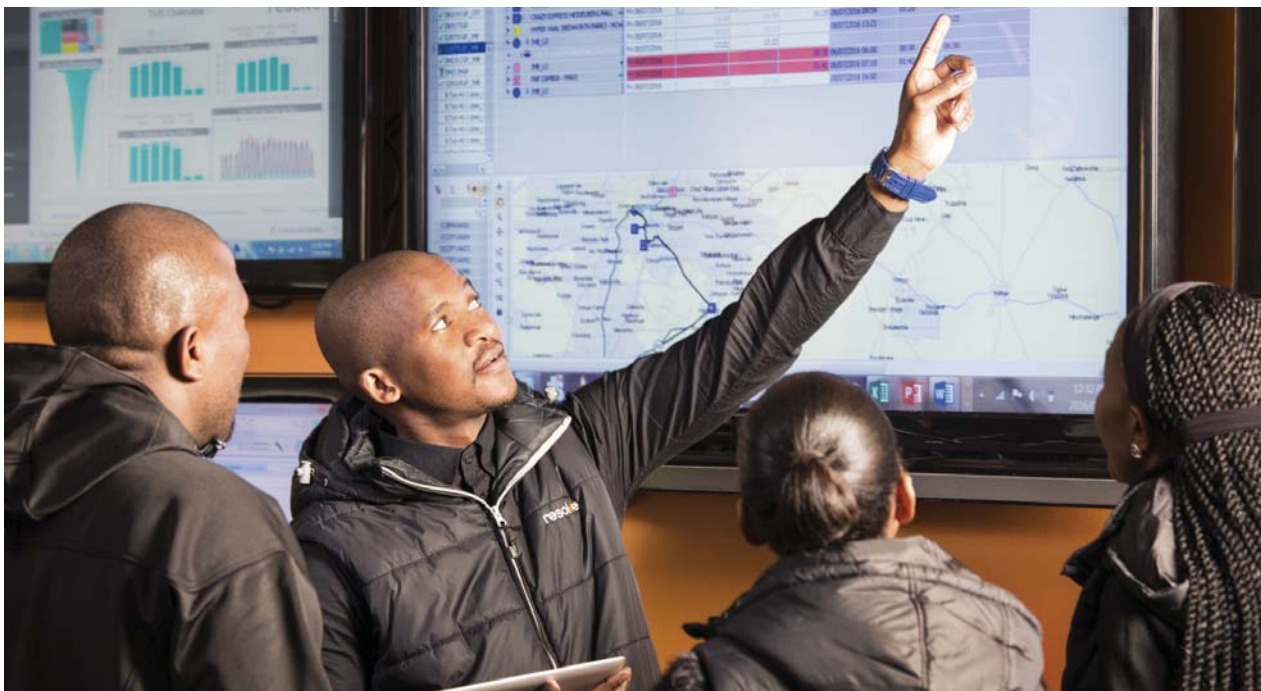
**0,009**

2016: 0,002

#### INTERNATIONAL

**0**

2016: 0



## Our contribution to society

### Retained Level 3 BBBEE rating

ROBUST STRATEGIES ARE IN PLACE TO MEET THE DEPARTMENT OF TRADE AND INDUSTRY'S MORE STRINGENT BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) CODES OF GOOD PRACTICE (DTI CODES).

A TRANSACTION TO INCREASE THE EFFECTIVE BLACK OWNERSHIP OF IMPERIAL LOGISTICS SOUTH AFRICA TO 51% IS UNDERWAY AND IS EXPECTED TO ACCELERATE THE TRANSFORMATION OF EXECUTIVE LEADERSHIP. WE HAVE ALSO LAUNCHED AN ENTERPRISE AND SUPPLIER DEVELOPMENT INITIATIVE, THE SINawe FUND.

WHISTLE-BLOWING AWARENESS CAMPAIGNS WERE UNDERTAKEN IN BOTSWANA, MOZAMBIQUE, NAMIBIA, NIGERIA AND SWAZILAND, AND IN THE INTERNATIONAL OPERATION EMPLOYEES RECEIVED TRAINING ON THE ANTI-BRIBERY POLICY AND COMPETITION LAW.

### R1,6 million

IN BURSARIES AWARDED TO THE CHILDREN OF EMPLOYEES IN SOUTH AFRICA TO ASSIST WITH THEIR TERTIARY EDUCATION. (2016: R1,9 million).

### CORPORATE SOCIAL INVESTMENT (CSI) SPEND

#### SOUTH AFRICA

**R16,3 million,**  
focusing on education and skills development, and healthcare.

### ENTERPRISE AND SUPPLIER DEVELOPMENT SPEND

#### SOUTH AFRICA

**R21 million**  
2016: R10 million

## Our environmental performance

*Imperial Logistics Africa launched a set of environmental performance standards to further support its environmental management framework and, in South Africa, a target to recycle 80% of general waste was set for the medium term.*

### Imperial Logistics received an Enviro Award

IN THE 2016 LOGISTICS ACHIEVER AWARDS FOR ITS ENERGY MONITORING INITIATIVES IN SOUTH AFRICA.

IMPERIAL LOGISTICS INTERNATIONAL'S ISO 50001 ENERGY MANAGEMENT SYSTEM WAS CERTIFIED FOR A PERIOD OF THREE YEARS AND COVERS GERMANY, LUXEMBOURG, POLAND, HUNGARY AND SWEDEN.

### KILOMETRES TRAVELLED

#### AFRICA

**422 million**

2016: 443 million

#### INTERNATIONAL

**85 million**

2016: 79 million

### TOTAL SCOPE 1 AND SCOPE 2 EMISSIONS

#### AFRICA

**515 822 tonnes**

of carbon dioxide (CO<sub>2</sub>)  
2016: 561 397 tonnes of CO<sub>2</sub>

#### INTERNATIONAL

**240 685 tonnes**

of CO<sub>2</sub>  
2016: 286 430 tonnes of CO<sub>2</sub>

### TOTAL FUEL USAGE

#### AFRICA

**163 868 kilolitres**

2016: 178 866 kilolitres

#### INTERNATIONAL

**84 602 kilolitres**






2016: 91 243 kilolitres

# Stakeholder insight

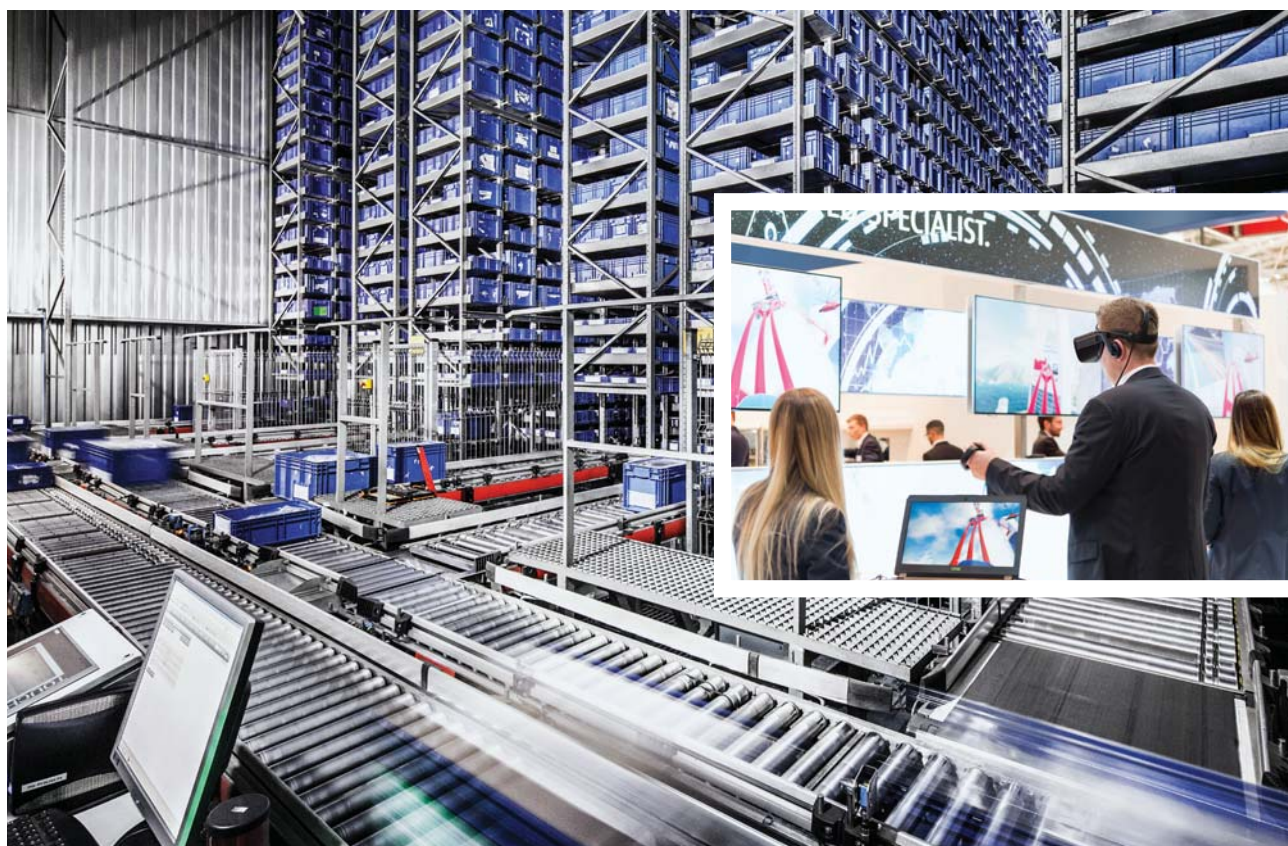
Imperial group's stakeholder universe is defined as entities or individuals that may be affected by the organisation's activities, products and/or services, as well as those whose actions can be expected to affect the ability of the group to successfully implement its strategies and achieve its objectives. Key stakeholder issues are considered when formulating the group's material issues and divisional sustainable development priorities.

We aim to build and maintain open and constructive relationships with our stakeholders to enhance the management of our operations, as well as our social and environmental risks and impacts. The table below sets out key sustainability concerns raised by Imperial Logistics' stakeholders during the year. Concerns arising from our financial capital and business relationships that relate to strategy and financial performance, are discussed in the full stakeholder engagement table online.

## Stakeholder concerns

CONCERN	STRATEGIC INITIATIVES	SUSTAINABLE DEVELOPMENT PRIORITY	DETAILED INFORMATION
<b>Owners, investment community and debt providers:</b> the impact of disruptive change and how the division is responding.  <b>Clients and employees:</b> innovative value-added offerings beyond just logistics services.	<ul style="list-style-type: none"> <li>&gt; Implement deep value propositions as the essence of client centricity.</li> <li>&gt; Respond to the impact of digitalisation and disruptive technologies.</li> <li>&gt; Leverage technology for efficiencies and competitive advantage.</li> </ul>	01	 Page 11. IAR: page 48.
<b>Owners, investment community and debt providers:</b> management structures and how management is incentivised.	<ul style="list-style-type: none"> <li>&gt; Consolidation into one division with one leadership team.</li> <li>&gt; Fair remuneration with due regard for skills and performance.</li> </ul>	02	 Page 17. IAR: page 40.
<b>Business relationships:</b> improve the BBBEE rating in South Africa, particularly black ownership and enterprise and supplier development.	<ul style="list-style-type: none"> <li>&gt; Strategic partnership to increase Imperial Logistics South Africa's black ownership to 51%.</li> <li>&gt; The Sinawe Fund to promote enterprise development.</li> </ul>	05	 Page 31.
<b>Clients:</b> compliance with anti-corruption and anti-money laundering legislation, and the ethical conduct of employees.	<ul style="list-style-type: none"> <li>&gt; Ensure exemplary ethical practices and governance standards.</li> <li>&gt; Executive awareness of the Foreign Corrupt Practices Act.</li> <li>&gt; Training and awareness interventions.</li> </ul>	04	 Page 26.
<b>Employees:</b> slow improvement in the transformation of executive and senior management.	<ul style="list-style-type: none"> <li>&gt; Employment equity plan and targets.</li> <li>&gt; Training and development initiatives.</li> </ul>	02	 Page 20.





CONCERN	STRATEGIC INITIATIVES	SUSTAINABLE DEVELOPMENT PRIORITY	DETAILED INFORMATION
<b>Employees and trade unions:</b> fair working conditions including minimum wage, and health and safety.	<ul style="list-style-type: none"> <li>&gt; Robust health and safety frameworks.</li> <li>&gt; Strong relationships with union representatives.</li> <li>&gt; Medium-term wage settlements.</li> </ul>	03 04	 Page 22 and 29.
<b>Clients:</b> environmental initiatives in the logistics businesses and how the division can assist clients to reduce their carbon footprint.	<ul style="list-style-type: none"> <li>&gt; Environmental frameworks, policies and performance standards.</li> <li>&gt; Technology used to reduce the environmental footprint associated with transportation and energy efficiency initiatives in warehouses.</li> <li>&gt; Employee training on the conservation of resources.</li> </ul>	06	 Page 36.



SDW: group overview; full stakeholder engagement table at group level.

# Sustainable development priorities



## 01

### Continually improving integrated and customised services

- > Building client partnerships
- > Enhancing competitive advantage through digitisation
- > Supplier assessment



## 02

### Developing effective leadership and empowered people

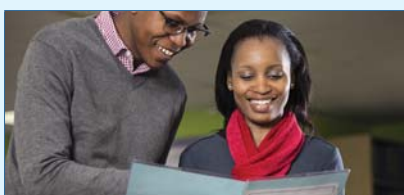
- > Maturing human capital management processes and practices
- > Talent management and development
- > Promoting workforce diversity



## 03

### Ensuring stakeholder health and safety

- > Health and safety management and compliance
- > Product responsibility



## 04

### Maintaining ethical business practices

- > Regulatory compliance and guarding against corruption
- > Managing effective labour relations
- > Protecting human rights in the African Regions



## 05

### Being locally relevant in markets of operation

- > Accelerating transformation progress in South Africa
- > Ensuring local relevance



## 06

### Minimising the environmental footprint

- > Environmental compliance and awareness
- > Energy consumption and emissions efficiency
- > Water and waste management

# Governance of sustainable development

*Sustainability performance is increasingly important to our clients and business partners, and therefore imperative to our competitiveness. It is managed by dedicated functions within our sub-divisions.*

Sustainable development at Imperial Logistics Africa is managed by the health and safety and the sustainability functions, with the executives of each function reporting to the chief shared services officer who, in turn, reports to Imperial Logistics' chief executive officer (CEO)

Each function formulates health and safety, as well as sustainability, policies and standards. Operating companies which are responsible for implementation, develop their own standard operating procedures to give effect to these policies and standards.

Imperial Logistics Africa's social, ethics and sustainability committee is a management committee which meets quarterly and is attended by the CEOs, chief financial officers

(CFOs) and risk executives of each sub-division, as well as the health and safety and sustainability executives. The most pertinent issues dealt with by the committee during the year were accidents and road safety; and the management of energy, water, greenhouse gas and waste, as well as fuel efficiency.

In Imperial Logistics International, the quality, environment, health and safety and sustainability (QEHS and sustainability) department, established in 2016, centralises how we manage sustainability issues and ensures we comply with the relevant laws and standards. The department brings together previous management systems for quality, environment, occupational health and safety (OHS), energy management and sustainability into one integrated system that enables the sharing of specialist knowledge and best practices from individual businesses. The department manages and monitors quality, health and safety, and environmental performance, and going forward it will drive improvements that benefit the whole of Imperial Logistics International, including providing assurance on the quality and sustainability of our initiatives.





# 01

## Continually improving integrated and customised services



### WHY THIS IS A PRIORITY

As an integrated logistics service provider, our clients trust us to provide them with a full spectrum of logistics planning, management and operation, including managing other service providers and assuming responsibility for safety, security and sustainability, on their behalf.

In tough trading conditions and to counter competitive pressure, providing excellent client service is non-negotiable. We must provide our clients with easily accessible client-centric teams that engage with them on the challenges they face and respond quickly to their needs. We must enable their access to markets and reduce the cost of their supply chains in sustainable ways. Our strong relationships with major clients and deep understanding of their strategies, positions us as a strategic partner able to enhance their competitiveness.

In Africa, our scale and ability to integrate routes-to-market with sales and demand activation offerings, protects our relevance and competitiveness against the threat of disintermediation. In addition, it enables us to offer global principals a consistent range of services across their key markets in Africa.

Technology-driven disruption is a material threat, as e-commerce grows and new competitors are increasingly enabled by technological advancements. Leveraging the power and potential of technology to enable operational excellence and competitive differentiation is a critical strategic priority.

An integral part of our managed logistics business is a network of reliable transport sub-contractors who play a pivotal role in the overall client experience. This requires strong service provider partnerships, particularly in tough economic conditions where sub-contractor capacity has reduced. We must ensure that our third-party contractors adhere to our standards in managing our most material sustainability risks.

### RISKS AND CHALLENGES

#### ALL REGIONS

- > **Lower volumes** due to the slow economic growth globally, compounded in South Africa by a decline in consumer spending and low business confidence.
- > **Increasing input costs** (wages and imported vehicles and parts), as well as margin pressure when renewing contracts.
- > **Increasing competition** from new entrants.
- > Impact of **disruptive technology and innovation**.

#### AFRICA

- > **Disintermediation** where multinationals look to manufacture locally and distribute products themselves.
- > **Capacity and capability** of sub-contractors.

## BUILDING CLIENT PARTNERSHIPS

Our client strategy rests on the unparalleled provision of outsourced integrated value-add, supply chain and route-to-market solutions – customised to ensure the relevance and competitiveness of our clients.

### IMPERIAL LOGISTICS AFRICA

We use a combination of direct engagement and surveys to obtain client feedback. Our strategic clients are serviced through formal client relationship structures, and our executive managers attend quarterly strategic meetings with clients' senior management teams. At a company level, our managing directors and key account managers proactively engage with clients on operational and tactical opportunities.

We conduct qualitative research with strategic clients and the results are used to address operational concerns and build a more robust client engagement strategy. Research is done over the telephone although clients can request face-to-face interviews. Our leadership team gives input to survey questions and we repeat the research every 12 to 18 months to determine what progress we have made.

Client research in South Africa indicates many areas in which our clients are satisfied with our operational capabilities and rely on our continued involvement in their business. Areas for development are continuously tackled.

### IMPERIAL LOGISTICS INTERNATIONAL

Our strategic key account management teams service our top 50 clients. Strategic meetings with these clients helps us to understand how we can assist them to achieve their business plans. For small and medium-sized clients, we provide a single point of contact to take care of their logistics needs. Performance against client relationship targets is monitored weekly.

*The Imperial Logistics C3 (client, care and champion) programme (ILC3 programme) is designed to translate our client relationship building strategy in Africa into workable and measurable best practices.*

*It facilitates learning through the sharing of experiences, drives innovation and recognises employees that have elevated client relationships to drive competitiveness.*

*Our international clients are serviced through a central sales support department and a client relationship management system which together promote a consistent client experience across the business.*

## How we create value for our clients

Our focus on client centricity requires that we deliver value to our clients beyond the traditional scope of logistics services. We offer our clients tailored services supported by leading-edge technology and advisory services. Some of the solutions delivered to our clients include:

- > **An integrated delivery management solution on a mobile operating platform:** provides a major retailer with real-time visibility.
- > **An analytics solution for a feed and poultry products producer:** achieved a 25% reduction in kilometres travelled, a 13% increase in vehicle load capacity and an overall cost reduction of 19%.
- > **A transport management service for a leading frozen foods manufacturer:** resulted in a 57% reduction in primary logistics costs.
- > **A field services solution that integrates job scheduling, and inventory and transport management:** provides quicker service at the lowest cost.
- > **Outbound logistics optimisation services for a global alcohol beverage company:** aims to reduce logistics costs by 20% a year over two years and is on track to meet this objective.
- > **In-a-Box solutions:** over 200 storage and clinic-in-a-box solutions deployed in Malawi with a further 71 in four other countries and eleven warehouse-in-a-box units in six countries.
- > **A world-class logistics control tower:** as part of a long-term managed services agreement with a major retailer.

## ENHANCING COMPETITIVE ADVANTAGE THROUGH DIGITISATION

The digitisation of information and management processes makes our business leaner and simpler, and speeds up communication between the stakeholders along the supply chain while creating transparency. Differentiating our client value proposition through a mix of standardised and customised system solutions, is driven through our newly established Supply Chain Lab in Berlin which has the capability and partnerships to adapt to disruptive innovations and deliver new IT solutions to market.

Our overarching objectives are to use scalable state-of-the-art systems to provide IT services that improve client engagement, debtor management and procurement cost savings. One example is automated dashboards, which together with telemetry services, gives us the ability to manage our operational performance in real time, so that we can quickly inform clients of any delays. Our IT teams are closely involved in tenders to ensure that we provide our clients with the best solutions.

*We are changing how we do business and address our target markets by developing new channels and consolidating our capabilities to provide our clients with enhanced offerings that are integrated and differentiated.*

*We keep abreast of disruptors to our business model to ensure that our approach to innovation is proactive.*

### Flying robots that perform stocktaking tasks in our logistics warehouses

Our clients expect proactive solutions to improve process chains in complex logistics operations. In Germany, we are developing a pioneering flying robot together with the Fraunhofer Institute for Material Flow and Logistics and Aibotix GmbH. The robot aims to simplify stocktaking processes at warehouses, by reducing inventory costs and providing our clients with more precise stock counts. It also reduces OHS risks for our employees who no longer have to work on high shelves using mechanical means. The device is equipped with ultra-sound sensors that read RFID chips and barcodes, as well as cameras and laser beams to determine distances. As such it is able to count individual items or load carriers stored on high shelves and send the data to a central warehouse management system.

## SUPPLIER ASSESSMENT

We draw on a large network of business relationships to support the role we play in our clients' supply chains. In Africa, we collaborate with around 550 transport partners who are held to the same quality, and health and safety standards as our own companies. Our risk team regularly audits our transport partners to ensure their compliance. These assessments yield a number of benefits, including increased visibility, the ability to identify hidden waste and costs and the opportunity to align a client's and transport partner's business practices.

*We cultivate strong, collaborative relationships with our transport service providers, who are critical business partners in our managed logistics business.*

### Creating value for our transport partners

We create value for our transport partners in a number of mutually beneficial initiatives. Our fixed-term contracts with certain suppliers, for example, transfer the risk of underutilisation to Imperial Logistics. We leverage our vast client network to reduce sub-optimal cargo loads to ensure a maximum earning potential for our transport partners. We also use our buying power to procure certain products (fuel, lubricants, tyres, windscreens and tarpaulins) on behalf of selected transport partners, reducing their input costs and improving their competitiveness.

In the event of hijackings, theft and fraud, Imperial Security Solutions takes responsibility for the investigation. With an exceptional recovery rate, this service protects the interests of our clients and reduces the cost of insurance premiums and excess payments for our transport partners. In the event of a vehicle accident, we use Truck Assist to recover the vehicle and client product, and ensure that the correct procedures are followed during the scene clean-up process, particularly in terms of hazardous loads. With up-to-date information we are able to make informed decisions relating to the scene, injuries to the driver and third parties, and products that are salvageable. Truck Assist also ensures that our transport partners receive market-related recovery rates.

In terms of transformation, we hold workshops and one-on-one information sharing sessions with our transport partners to help them improve their BBBEE ratings.



## Shifting to a lean culture that drives operational efficiency

When working in established patterns of behaviour, we may be blind to potential savings and new ways to create value. Started in 2016, the **LEAN EXCELLENCE** initiative in our international operation encourages our employees to alter their behaviour in accomplishing everyday tasks. The initiative goes beyond cost optimisation and is aimed at creating a culture that encourages employees and managers to break new ground and drive competitiveness in the marketplace.

Some of the key questions we ask are: how can we better use our existing storage capacity? How can we increase employee satisfaction? How can errors be avoided and time saved? How can we increase quality and safety standards?

The outcomes of **LEAN EXCELLENCE** are faster and more streamlined processes, increased productivity, enhanced client satisfaction, improved employee motivation and team cohesion, a safer place to work, the elimination of waste and a stronger reputation as a key strategic partner. In time, the initiative will provide a platform from which we will be able to identify cross-site synergies and share ideas between locations. **LEAN EXCELLENCE** is overseen by a steering committee, and lean performance is reported monthly against a set of key performance indicators.

Critical to our success is encouraging site managers to adopt a more coaching-based role and effective and clear communication with employees to get their buy-in to the concept. When we roll out **LEAN EXCELLENCE** at a site, we appoint lean managers and deliver lean training and a lean methods toolkit. Weekly workshops are held with employees to listen to their ideas and the propositions that have merit are implemented. In addition, our **LEAN EXCELLENCE** teams work with the sustainability and energy management teams to ensure a holistic approach.

**LEAN EXCELLENCE** has been rolled out to 20 sites to date, with a further ten roll outs scheduled for 2018. In January 2017, we held a training session for all lean managers and feedback showed high levels of enthusiasm and support for the initiative. A more formal employee engagement survey is planned for October 2017.

## Training that supports clients' requirements

In Hungary, we partnered with a client to launch an internal training centre for new employees. Opened in March 2017, the centre provides participants with three days of theoretical training and on-the-job exercises on logistics processes. The training is based on our client's requirements, as well as our own specific training content, and ensures that our employees have the right skills to perform operational tasks. Feedback shows enhanced client satisfaction and that our employees are delivering a better quality of service. The training centre also gives new employees the opportunity to network with each other, contributing to stronger teamwork and increased motivation.

## 2017 PERFORMANCE

### Supporting clients and business partners through transformational and transactional digitisation

During the year, we established a groupwide team of IT experts, led by a newly appointed chief information officer (CIO), to drive our client-centric strategy and build our global IT capacity. In addition, we launched the Supply Chain Lab in Berlin in December 2016 to proactively drive innovation through the rapid development, testing and implementation of supply chain solutions tailored to the needs of our clients. The lab works with IT specialists and IT students from start-up companies and involves our employees and clients in the co-design of new solutions. Two initiatives are currently in progress – one dealing with managing the documentation that accompanies supply chain management, and the other addressing idle capacity in warehouses.

In South Africa, IT implementations undertaken during the year aimed to support enhanced client service and the consolidation of the operation. Developments included consolidated back office systems, scalable solutions for clients, a single world-class transport management system and an updated client relationship management tool.

We also developed and implemented a tool for the South African operation that measures and manages supplier performance using defined key performance indicators, including kilometres travelled, revenue, days lost/gained and general process capability ratios. The tool provides quicker access to accurate information and once the data is analysed, we provide feedback to our transport partners through a supplier portal. The portal also enables our transport partners to upload their proof of delivery documentation which positively impacts their cash flow and improves administration time for clients.

In the international operation, our focus is to integrate our complex systems to create uniform applications across the business. In addition, we rolled out the Imperial Freight Management System in 2016, a web-based e-commerce platform that matches shipping space to loads that require transporting. This cargo exchange system was initially only used for our own needs but we have now extended it to independent mariners. The system supports better use of a ship's capacity and reduces the number of empty cargo journeys and unnecessary fuel consumption. It provides ship owners with an easy tool (accessible on their computers, tablets and smartphones) to plan their orders and gives them a status overview and positioning of each vessel. It also reduces administrative workload by making freight-related documents available electronically.

# 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

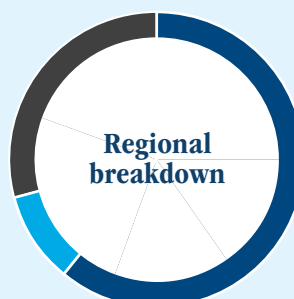
- > **Availability of successors** for executive and other key positions, particularly black candidates in South Africa.
- > **Increasing scarcity of** highly specialised logistics skills.

#### 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.



Page 35: more information on hiring locally in Imperial Logistics African Regions.

## 03 Ensuring stakeholder health and safety



### WHY THIS IS A PRIORITY

The nature of our businesses, whether we are transporting people and products by road in South Africa or warehousing and distributing of pharmaceuticals in Africa and hazardous goods in the international operation, requires that our health and safety controls are robust and protect all our stakeholders and ensure the wellbeing of our employees.

Failure to manage health and safety may result in increased costs, or a compliance breach that could lead to prosecution and the loss of key employees.

### RISKS AND CHALLENGES

#### ALL REGIONS

- > **Health and safety risks.**

#### SOUTH AFRICA

- > **Road safety** given that South Africa has one of the highest per capita road death rates globally.
- > **Reputational risk** from incidents involving sub-contractors.



## HEALTH AND SAFETY MANAGEMENT AND COMPLIANCE

Our safety committees across all regions meet quarterly and where necessary, we use external consultants to drive OHS compliance and best practice. We investigate all accidents and incidents, whether or not they result in injury or occupational disease, to have a clear understanding of what constitutes unacceptable risk and the preventative measures we need to implement. OHS checks are conducted monthly in all companies by internal safety specialists and external certified experts.

### IMPERIAL LOGISTICS AFRICA

South African statistics, together with our research, indicate that driver fatigue and speed are the biggest causes of fatal accidents. Our fatigue management policy provides guidelines on working hours, rest periods, healthy eating, exercise and accident prevention due to fatigue. It also ensures compliance with the Amended Occupational Health and Safety Act (2008) and our agreement with the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI). The policy is reviewed twice a year to take into account new risks arising from driver experiences.

Our drivers in South Africa are required to pledge their compliance to Imperial Logistics' code of conduct for responsible driving. The code covers issues including the use of cellphones while driving, exceeding speed limits, wearing safety belts and observing rest hours. We provide continuous driver training facilitated by accredited in-house driver trainers or external service providers that meet our training standards.

The following measures are also in place to enforce a strong safety culture:

- > Tracking of driver behaviour using advanced vehicle tracking and monitoring systems to ensure that optimal driving techniques are applied.
- > Breathalyser testing and speed control mechanisms in vehicles.
- > Regular mandatory maintenance and safety inspections of vehicles.
- > Independent reviews of accidents to provide better insight into root causes.
- > On-board cameras to assist with accident analysis, and help drivers understand near misses and identify prevention measures.
- > Audits on driver safety.

All members of the NBCRFLI in South Africa are eligible to join its Wellness Fund Health Plan and contributions are made through the wage bill. The fund entitles members and up to two eligible spouses to certain medical benefits, and drivers testing positive for HIV are immediately referred to the fund's HIV treatment programme at no additional cost.

### IMPERIAL LOGISTICS INTERNATIONAL

Our management systems meet the following internationally recognised quality, environment, health and safety standards:

- > The International Labour Office's guidelines on OHS management (NLF/ILO-OSH 2001).
- > ISO's specifications for OHS management (BS OHSAS 18001) and standards related to quality management systems (ISO 9001).
- > The Authorised Economic Operator's guidelines on safety and security for customs procedures.
- > Verband der Automobilindustrie's quality management for service providers to the automotive industry (VDA 6.2).

We engage with our employees on the prevention of work-related incidents and illnesses, and how to manage stress. On return to work from a long absence due to illness, we interview employees and use their feedback to inform a healthier working environment.

The trucks we use to transport bulk liquid chemicals are fitted with a number of safety measures, including active brake assist, tyre-pressure warning systems, light emitting diode (LED) daytime running lights, lane departure warning systems, built-in rain and light sensors, semitrailer coupling sensors and breathalysers linked to engine immobilisers.

*The Road Transport Management System (RTMS) in South Africa is an industry-led, voluntary self-regulation scheme that promotes a number of road safety initiatives. RTMS is applicable in 89% of our companies which are all RTMS accredited.*

*We take strict measures to ensure the safety of our drivers and the potential impact they may have on other road users. This is a critical area of focus for us in South Africa where roads are among the most dangerous in the world. In the rest of Africa, this is less of a focus as only 20% of our revenue is derived from road transportation. All our drivers have valid professional driving permits and undergo regular health examinations.*

*In Germany, we hold memberships in employer liability insurance associations to ensure our full compliance with our strict health and safety obligations as an employer.*

*Our employees receive ongoing training on the safe handling of chemicals, how to use protective clothing and adherence to health and safety regulations.*

## Supporting the primary healthcare needs of our truck drivers

### R823 000

CONTRIBUTED TO THE TRUCKING WELLNESS PROGRAMME  
(2016: R805 000).

We support the Trucking Wellness programme, a primary healthcare initiative run by the NBCRFIL in South Africa. The programme operates 22 permanent roadside wellness centres along major routes, as well as a fleet of 15 mobile wellness centres that travel across the country to visit road freight companies. Visitors can access basic medical assistance, and other support such as information and counselling, from registered nurses and counsellors.

We sponsor five permanent roadside centres, two of which are situated at our premises. The centres operate mostly at night, the most convenient and accessible time for long-distance truck drivers, and its wellness services are available to truck drivers, their partners, commercial sex workers and the broader community.

During the year, the Trucking Wellness programme delivered healthcare education to 86 692 visitors and provided treatment to 44 691 patients. Over 50 nurses and peer educators are employed by the programme.

## 2017 PERFORMANCE

### EMPLOYEE HEALTH AND SAFETY

	2017	% change	2016	2015
<b>Africa</b>				
Road kilometres travelled (million)	422	(5%)	443	473
Road accidents (company)	105✓	(42%)	181	78
Road injuries (company)	43✓	(39%)	70	28
Road injuries (per million kilometres travelled)	0,102✓	(35%)	0,158	0,0059
Road fatalities (company)	4	300%	1	5
<b>International</b>				
Road kilometres travelled (million)	85	8%	79	71
Road accidents (company)	209#	57%	133	42
Road injuries (company)	9✓	13%	8	9
Road injuries (per million kilometres travelled)	0,106✓	5%	0,101	0,127
Road fatalities (company)	0	0	0	0

Note: The increase in road accidents and injuries during 2016 when compared to 2015 is due to more stringent safety reporting criteria introduced during that reporting year.

✓ Satisfied with performance.

# Area for improvement.

### Training our truck drivers to drive well

Imperial Logistics South Africa has completed the first phase of standardising in-house driver training across all operating companies. All instructors have received training on our new training delivery methods and have been assessed to ensure they meet our minimum standards. In 2018, we will start the second phase of the programme to deliver the training to our heavy-duty vehicle drivers. We expect to complete the roll out by 2019 and thereafter all instructors will be assessed internally on an annual basis.

In partnership with Scania, a world-leading provider of transport solutions, Imperial Logistics International provides our truck drivers in Poland with theoretical and practical eco-driver training. Started in March 2016, 30 drivers have been trained to date. Driving style is analysed using telematic devices and criteria such as braking, speed, idling and fuel consumption. Based on this information, a trainer will prepare practical instructions on how each participant can improve their driving style. We estimate that the fuel savings from the correct implementation of these instructions is between 0,5 and one litre per 100 kilometres travelled. The project provides multiple benefits including reduced wear and tear on parts, emissions reduction and increased road safety.

**2017 PERFORMANCE – continued****Ensuring our passengers are safe**

During the year, we acquired 55% of Itumele Bus Lines (IBL), a public transportation company, making passenger safety an additional priority. IBL is RTMS certified and a number of safety measures are in place including roadworthy testing every six months, annual driver training and medical fitness tests, monitoring of driving behaviour and hours, as well as passenger loading, pre-trip inspections on vehicles and onsite brake testing. We have also introduced a driver incentive scheme which rewards drivers for good driving.

**Keeping our employees safe**

Imperial Logistics International appointed a head of health and safety in November 2016, responsible for guiding our OHS officers and communicating OHS issues to management. In addition, nine health and safety guidelines, developed together with topic experts, were released to further improve the safety culture among employees. The guidelines, which cover both regulatory requirements and company standards, will standardise the management of OHS across the business.

A uniform set of key OHS performance indicators is being developed by the QEHS and sustainability department as part of a new QEHS policy. This continues to be a work in progress and will enhance OHS management and reporting going forward.

**PRODUCT RESPONSIBILITY**

As a distributor of consumer goods including food and over-the-counter medical products, we are contractually bound to inform our principals of any potential risks to consumer health and safety. We procure all goods directly from principals and products are barcoded to enable traceability. At Imperial Health Sciences, our controls ensure that medicines entering African countries through our channels are genuine. We assist our clients to serialise their products, so that from the point of production to the point of usage, there is a chip, barcode or traceability measure to verify that the product is not counterfeit.

As the pharmaceutical industry is highly regulated, our pharmaceutical operations are subject to internal and external regulatory reviews. We appoint registered pharmaceutical professionals to ensure we comply with legislation and principal-specific standards and processes. We also implement the warehousing and distribution procedures needed to reduce the risk of product deterioration. Similarly, principals of consumer goods regularly audit our warehousing and distribution standard operating procedures. Our trained health and safety teams provide further assurance that we adhere to standards and regulations with oversight from the Imperial Logistics risk team.

We undertake regular trade visits to retailers and any concerns over product handling are communicated to the responsible executive for correction.

Where products fail to meet required standards, these are destroyed in accordance with the guidelines stipulated by the principals. We obtain certificates of destruction as proof that products have been adequately disposed of.

*We consider regulatory requirements, best practice and industry guidelines, as well as our own expertise, to ensure the safe receipt, storage and distribution of goods.*

*All Imperial Health Sciences and Pharmed operations are licensed with their local regulatory authorities, and Imperial Health Sciences is ISO 9001: 2008 certified in Ghana, Kenya and South Africa.*

**Reducing the exposure of our employees to hazardous substances**

Tank cleaning stations are a fundamental part of transporting liquid products by road, however the tanks usually contain hazardous residue which requires our employees to enter the tank to ensure proper cleaning. This creates a significant safety risk and rescues are often complicated and dangerous.

In Krems, Austria, we use a new environment friendly automatic closed cleaning circuit. It is used for the most difficult cleaning treatments, which comprise around 12% of the station's total treatments. The cleaning circuit minimises tank entry by around 95% and reduces the amount of water required by recapturing, pre-filtering, heating and reusing the cleaning mixture without compromising the quality of the cleaning process. In addition, wastewater is recycled so that in total water consumption is reduced by around 5,3%. The cleaning process is also quicker, taking 48 minutes as opposed to 59 minutes in the conventional system, delivering better service times to our clients. Currently this new technology is supporting around 50 cleaning processes a month and feedback from our clients and employees is positive.

We invested €1,5 million in the circuit and expect our return on the investment to be about eight years. Based on the success of the project, we will consider implementing this technology when renovating cleaning stations in the future.



# 04

## Maintaining ethical business practices



### WHY THIS IS A PRIORITY

Ethics compliance, labour relations and respecting human rights are key considerations given that we:

- > Are a labour intensive business.
- > Have partnerships with health ministries, donor organisations and the pharmaceutical and petrochemical industries.
- > Operate in Africa where cross-border transportation of goods is susceptible to corruption.

Legislation that impacts our businesses relates to product responsibility, labour practice, health and safety, environment and the security of information management systems. Our compliance programmes and measures must be appropriate to effectively protect our operations, board members, directors and management from being held liable for compliance breaches. A material compliance breach could have an adverse reputational impact and result in the loss of trust among our stakeholders and business partners, as well as financial penalties.

The fair and responsible treatment of our employees is a key issue across all our operations. In South Africa, the fragmentation of unions and their political involvement can create difficult relationships which may impact us directly through route disruption, or indirectly when strike action occurs in the industries in which our clients operate. In addition, there have been incidents where industrial action has turned violent, placing individuals at risk and damaging property.

In Germany, IG Metall (the union for metal and steel workers) is extending its collective wage agreements with substantially higher wages, to include production-related logistics services in the steel, aviation and ship building industries, as well as the automotive sector which is a core focus for us.

In the African Regions, the long-term security and development of human rights is gaining recognition and to secure work from international aid donors and governments requires that we have relevant human rights policies and practices.

### RISKS AND CHALLENGES

#### ALL REGIONS

- > Compliance with laws and regulations across multiple jurisdictions.
- > **Increased regulatory requirements** related to specific sectors and general social and environmental imperatives.

#### SOUTH AFRICA

- > **Industrial action** during wage negotiations.

#### AFRICAN REGIONS

- > **Human rights risks.**

#### INTERNATIONAL

- > Changes in **collective wage agreements.**

## REGULATORY COMPLIANCE AND GUARDING AGAINST CORRUPTION

## IMPERIAL LOGISTICS AFRICA

Company management teams are responsible for keeping abreast of regulatory changes in their individual markets of operation and driving ethical business practices. Ethical or compliance concerns are raised at company board meetings.

Our fully integrated governance, risk management, compliance and audit software tool mitigates compliance risk and provides visibility on regulatory requirements. Imperial Logistics African Regions uses a legal and tax compliance programme to further enhance and monitor compliance and regular tax health checks are undertaken. Compliance is also ensured through our engagement with in-country regulators and memberships in local chambers of commerce and similar entities. Where necessary, we use consultants to keep abreast of relevant regulatory changes in the United States.

In Africa, we procure almost exclusively from international principals who comply with either the Foreign Corrupt Practices Act or a similar legislation. The Act's requirements are covered in Imperial Health Sciences' induction training and our executives regularly confirm their understanding of the Act and compliance with the Imperial Holdings anti-bribery and corruption policy.

When acquiring a business, compliance to local laws and regulations is part of our due diligence process.

## IMPERIAL LOGISTICS INTERNATIONAL

The centralised compliance department in Germany is responsible for implementing the systems and processes necessary to manage compliance across all jurisdictions, with a particular focus on anti-bribery and cartel regulation. It comprises auditing and legal expertise and reports directly to the Imperial Logistics International B.V. & Co. KG board.

Imperial Logistics International's code of conduct applies to all our employees and businesses in that operation. It goes beyond merely defining compliance guidelines, and aims to create a corporate culture where open dialogue is encouraged among our clients and employees. It sets out general rules of ethical and social conduct, and communicates our understanding of mutual respect, honesty and integrity. A section of the code deals with anti-competitive behaviour, describing the principles of fair business policy. The handling of confidential information and company property is also covered, as are our policies relating to the environment, security and taxes. Our anti-bribery policy covers payments to government officials, facilitation payments, gifts and entertainment, and political and charitable contributions.

*Our adherence to ethical business practices has provided an advantage in attracting business volumes in African countries where regulation is underdeveloped.*

*We conduct regular compliance audits across Imperial Logistics Africa, and compliance and policy training is provided to our employees.*

*Training covers taxation and new rules and regulations pertaining to the United States Agency for International Development (USAID) and the Centre for Disease Control.*

*Whistle-blowing hotlines are available to employees to report unethical conduct.*



**2017 PERFORMANCE****Strengthening our compliance programme in Africa**

We are implementing a compliance tool which has been rolled out to Namibia, Swaziland and Zambia, with the balance of the roll out scheduled for 2018. The implementation is supported with the relevant training.

One fine relating to an environmental issue was incurred during the reporting period for the unlawful commencement of a listed activity in terms of the provisions of Section 24G of the National Environmental Management: Waste Act. Tax health checks were undertaken in Imperial Health Sciences Nigeria, Kenya and Ghana; and compliance audit reviews were performed in our Mozambique and Botswana operations. Whistle-blowing awareness was undertaken in Botswana, Mozambique, Namibia, Nigeria and Swaziland.

**Supporting the delivery of ethical business practices**

A number of initiatives were undertaken in the international operation to support ethical business practices during the year. We delivered compliance training to our employees, with a particular focus on the anti-bribery policy, and in the Imperial Shipping business on competition laws. We have developed a supplier code of conduct to ensure that our service providers adhere to our values and policies, and we published an internal sponsoring and donations policy and are developing a guideline on competition law. In addition, we have reached agreement with our internal worker councils on implementing an electronic system to screen our employees and business partners going forward.



*SDW: strengthening legitimacy; more information on Imperial group regulatory compliance.*



*IAR full corporate governance report online for more information on ethics and regulatory compliance.*





## MANAGING EFFECTIVE LABOUR RELATIONS

### IMPERIAL LOGISTICS AFRICA

We continuously work to build union relationships, and four of our senior executives in South Africa serve in strategically relevant positions on industry bodies such as the NBCRFLI, which represents the majority of our South African workforce. Our executives are actively involved in labour relations and have contributed to the negotiation of two consecutive medium-term wage settlements of three years each, implemented across the industry. During this period, no substantive issues may be negotiated at company level which to date has successfully mitigated the risk of strike action. The current agreement ends in February 2019.

In the few companies where unionised staff do not fall under the jurisdiction of the NBCRFLI, measures are in place to manage labour relations, including some recognition agreements. Regular shop floor meetings are held with all representative unions.

Union membership on the continent beyond South Africa is fairly uncommon.

### IMPERIAL LOGISTICS INTERNATIONAL

Germany's minimum wage requirements include foreign companies located in Germany and covers transit traffic. For example, the minimum wage applies to a Polish driver who transports goods from Poland to the Netherlands through Germany. The requirement relating to transit traffic is being challenged by the European Commission which argues that the law contradicts European freedom of services and trade. In addition, the administration time and effort required to comply with the regulation is onerous for transport companies. There is still no resolution on this issue and while proceedings are in progress, the minimum wage law is not applied to transit traffic. In the interim, we have amended our truck driver remuneration models with a shift to regular pay to meet minimum wage legislation.

As IG Metall starts to represent more of our employees in our production-related logistics businesses, we have introduced clauses into our client service contracts to mitigate the risk of labour cost increases as a result of these changes and we are ring-fencing our production-related operations. Collective wage agreements are now in place for some sites in the automotive and steel sectors.

*In South Africa, we are a member of the Road Freight Association which provides us with the opportunity to contribute to solving road freight industry concerns and social issues, as well as the development of road legislation.*

*In Germany, we proactively engage with unions to negotiate wages that remain competitive. Other topics discussed include fair working conditions, and the health and safety of employees.*

## Listening to our employees

For Itumele Bus Lines, we identified labour relations as a major risk to business success. Following research, we implemented a new, advanced labour relations model that follows the principles of Germany's co-determination model. Based on trust, respect and accountability, the model is contributing to a more engaged workforce, sound employee relations, improved productivity and industrial stability. More broadly, it has resulted in a safe and reliable passenger transport service. Our success was tested in the April 2017 transport industry strike during which Itumele Bus Lines' employees undertook a secret ballot per the co-determination agreement with 83% voting against strike action. The model requires a high level of engagement with our employees on their contribution to business processes. We are working hard to establish trust between management and employees, and the exceptional results achieved in the employee engagement survey undertaken in April 2017, and which compare favourably to world-class organisations, bears testimony to our efforts.

## PROTECTING HUMAN RIGHTS IN THE AFRICAN REGIONS

Our line and human resource managers in Imperial Logistics African Regions are responsible for ensuring that any human rights abuses are mitigated. This is overseen by company managing directors, as well as the CEO and human resources executive of Imperial Logistics African Regions. Policies and procedures govern human rights and ensure that local legislation is adhered to. Where required, we consult local labour attorneys for guidance on labour matters.

*Formal grievance processes are in place in Imperial Logistics African Regions, enabling our employees to report alleged human rights abuses.*

## 2017 PERFORMANCE

### No strike action occurred in South Africa

DURING THE REPORTING PERIOD AND A NEW MINIMUM WAGE WAS SET, BENEFITTING 8,5% OF IMPERIAL LOGISTICS SOUTH AFRICA'S EMPLOYEES.

## 05 Being locally relevant in markets of operation



### WHY THIS IS A PRIORITY

We create value for society through our business activities and the way in which we conduct them. However, to retain our commercial and social licenses to operate, we must continually work to enhance our local relevance in each unique country of operation by responding to critical national priorities.

In South Africa, transformation is a moral and commercial imperative that takes up a good deal of management's time. Black ownership is a significant criterion for tenders and contract renewals, particularly in the public sector.

In the African Regions, the perception is sometimes that South African-owned businesses do not contribute to the local societies within which they operate. However, our success in expanding our operations on the continent depends on our local knowledge, which informs how we need to customise our service offerings to market-specific client requirements. To this end, we seek to retain and develop local management and hire local people, contributing to the socioeconomic wellbeing of those markets.

Our relevance among the communities in which we operate is strengthened further by the support we provide through our CSI activities.

### RISKS AND CHALLENGES

#### SOUTH AFRICA

- > **Increased pressure to meet BBBEE requirements**, specifically black ownership.

#### AFRICAN REGIONS

- > **Negative sentiment** towards South African-owned businesses.

## ACCELERATING TRANSFORMATION PROGRESS IN SOUTH AFRICA

Our relevance in the South African market requires a focus on all elements of the BBBEE scorecard, which is independently verified every year. Progress is monitored by the transformation department and reported to the divisional board.

This section of our report covers black ownership, enterprise and supplier development and socioeconomic development. Employment equity and skills development are discussed on pages 20 and 17 respectively.

Our enterprise development strategy aims to create value for black-owned and black women-owned small, micro and medium-sized enterprises (SMMEs) by:

- > Empowering and supporting them at different stages of their growth to develop and expand, ensuring their sustainability.
- > Capacitating them to fully integrate into our supplier base, positively impacting our preferential procurement and BBBEE scorecard targets.

Around 97% of our enterprise development contributions are either cash or asset based, with the remainder being time spent to train and mentor SMMEs. We enable increased revenue for start-ups by giving them access to markets and our clients, which in turn contributes to sustainable job creation and increased household income. More broadly, our contributions support the development of black-owned transport enterprises in the industry and improved healthcare through the Unjani Clinics network.

Within our supply chain, we support the sustainability and development of selected suppliers by providing them with medium- to long-term capital funding through interest-free, unsecured loans. The funding helps these businesses to increase their capacity and capability to meet our procurement demands. Shorter payment terms are also granted to some smaller suppliers. Where feasible, we give preference to BBBEE-compliant suppliers.

Our CSI spend aligns to the target set by the dti Codes of 1% of net profit after tax and recipients must meet the following minimum requirements:

- > Be a registered non-profit or non-governmental organisation.
- > Have a beneficiary base that is at least 75% black.
- > Be able to provide a Section 18A receipt for donations received.

In South Africa, we are a founding member of the Public Health Enhancement Fund and the Social Compact Forum, a collaboration between the Department of Health and private health sector organisations. The fund provides a vehicle through which private sector contributions aid government to address healthcare priorities, and the forum provides an engagement platform to tackle healthcare challenges. One project is a R20 million initiative to fund the education of 100 medical students from rural areas in response to South Africa's chronic shortage of doctors and to increase the profession's racial demographics.



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

*Our enterprise development initiatives centre on helping people to establish, expand or improve their businesses, leading to long-term economic growth for themselves, their families and their communities.*





## Making a sustainable contribution to transformation

During the year, we launched a new enterprise and supplier development initiative, giving impetus to our transformation programme. The Sinawe Fund – meaning ‘we are together’ – will transform our current enterprise development strategy from a pure cost centre to a profit centre, and will provide deserving suppliers within our value chain with access to growth opportunities. We will manage the fund together with The Awethu Project (Awethu), an SMME investment company with specialist skills as an enterprise and development service provider focused on growing black businesses and start-ups.

This best practice model is a ‘hybrid’ solution which combines our experience and expertise in supply chain and transportation management with Awethu’s ability to develop entrepreneurs on business issues such as human resources, finance and governance. As part of this solution we commit to provide specialist logistics mentorship for the participating SMMEs and Awethu will provide pre- and post-investment support customised to the SMMEs individual growth stages and development gaps.

In addition to supporting a pipeline of sustainable black businesses, the initiative will create value for both Imperial Logistics and our clients. The successful integration of SMMEs into our procurement processes and supply chain will boost our preferential procurement scores and clients will have access to competent suppliers that provide real and measurable improvements in supply chain efficiencies. Clients are also able to co-invest in the fund, supporting the development of their own SMME suppliers and improving their preferential procurement scores.



## Providing SMME suppliers with business development support

Two interest-free, unsecured loans have been provided to SMME suppliers operating within our Tanker Services value chain. One loan has been used to purchase a truck in a 100% black-owned and 30% black women-owned business. The business has also been provided with back-office operational assistance in terms of finance, OHS and quality compliance. Following the loan, the business has hired one full-time driver and three part-time operations personnel. The second loan was used to purchase two trucks, enabling our supplier to invest in new capital at preferential rates and terms. Four jobs have been created through this financial assistance.

We provided a R1 million interest free loan and general business support, contract assistance and advice to a black-owned transport business, employing several people who were previously without work. This has enabled the business to purchase a suitable fleet of trucks to service our milling operation. Regular meetings take place to ensure that finance commitments are met.

Our enterprise development initiatives extend to outsourcing the waste management and cleaning services at our wash bays and yards to black-owned enterprises. We have provided mentoring support on financial processes and our aim is to help these businesses to grow and hire more people through marketing initiatives and the sourcing of contracts beyond those provided by Imperial Logistics.



## 2017 PERFORMANCE

## Retained a Level 3 BBBEE rating

Our BBBEE strategy is aligned to the new dti Codes, despite the Road Freight Sector Codes having not yet been gazetted. Our leadership position in the industry will be maintained through a focus on all elements of the BBBEE scorecard.

We aim to accelerate our transformation strategy through the inclusion of a strategic partner for Imperial Logistics South Africa, which will increase its black ownership to 51%. This will give Imperial Logistics sustainable competitive advantage in the South African market through enhanced transformation beyond just ownership. We are confident that we will identify the appropriate business partner able to contribute towards the transformation of our leadership, enhance the availability of executive talent and support our drive towards diversity and the strengthening of our client relationships.

We have also increased our focus on preferential procurement across all spend categories. Our procurement spend with 51% black-owned businesses was R2,9 billion, 21% of the 40% targeted spend, and with 30% black women-owned businesses we spent R1 billion, equating to 8% of the targeted 12%.

**R21 million spent on enterprise and supplier development in South Africa,**  
2,3% OF THE ANNUAL TARGET OF 3% OF NET PROFIT AFTER TAX. TO DATE, OUR ENTERPRISE DEVELOPMENT INITIATIVES ARE ESTIMATED TO HAVE CREATED BETWEEN 30 TO 35 JOBS.  
(2016: R10 million)

Some 7% of our enterprise development spend was invested as a grant in the operational expenditure requirements of the Unjani Clinics network. The Unjani Clinics project gives black women professional nurses the opportunity to own a primary healthcare clinic and to provide quality affordable primary healthcare services to the people in their communities that are employed but do not have medical aid. In addition to monetary support, Pharmed sells certain products to the network at a discounted rate.



*SDW: strengthening legitimacy; more information on the Unjani Clinics network.*

## R16,3 million spent on CSI projects

### Assisting our employees' children to access tertiary education

Our Next Generation Scholarship Programme acknowledges the loyal service of our employees by providing them with financial assistance towards their children's tertiary education.

**R1,6 million awarded as bursaries**

WHICH COVER FULL TUITION COSTS AND AN ANNUAL STIPEND OF R10 000 FOR BOOKS AND STATIONARY  
(2016: R1,9 million).

### Investing in education

Our contribution to inclusive growth includes investments in the following education initiatives:

- > **Imperial and Ukhamba Community Development Trust:** dedicated to advancing education in public schools primarily in under-privileged communities south of Johannesburg. We contribute to the Trust's Saturday sports and holiday programmes, and invest in upgrading one Grade R play area annually as part of our Mandela Day initiative.
- > **Bursaries for pharmaceutical students:** supporting the development of this scarce skill and helping to secure a pipeline of talent for Imperial Logistics.
- > **Making a Difference:** an initiative that provides scholars with leadership development opportunities.
- > **Ligstraal School:** a special needs school for black learners with a mental disability and living in poor socioeconomic circumstances and whose parents are dependent on social grants.

## Ensuring access to affordable, quality medicines

Providing medicine to people living in remote areas has proven to be one of the most difficult and enduring challenges in global health. In developing countries, pharmacies play an important role in healthcare for these communities as often they are the first point of contact with the health sector and the primary point of access to medicines and other day-to-day goods. However, inadequate business skills, poor systems and lack of access to working capital prevents pharmacies in local communities from stocking sufficient high quality and affordable medicines.

Lulama, a pharmacy development programme, is a financing partnership between the public and private sectors that aims to strengthen independent, community pharmacies in under-served areas, and enable access to quality, life-saving medicines. The programme combines the skills, systems and processes of the private sector with the development support of the public sector. A total of 30 pharmacies have been selected to participate in the pilot project and will benefit from working capital and access to an affordable product bundle of high quality medicines and consumer goods, as well as training in business and logistics management. We provide support services in stock management and financial advice.

## Supporting communities in need

To help our communities in South Africa, some of our more material projects supported during the year include:

- > **Robin Hood Foundation:** mobilises resources from businesses and individuals to support those in impoverished and Aids-affected communities.
- > **Meals on Wheels:** a welfare service that cares for the elderly by providing old-age homes, frail-care centres, service centres for senior citizens and a meal delivery service. We supported the organisation's programme to empower the elderly by teaching them how to prepare low-cost and nutritious meals, plant vegetable gardens and sell homemade produce.
- > **Smile Foundation:** provides surgical intervention for children with cleft lips and palates and other facial anomalies. The foundation also provides pre- and post-operative care for beneficiaries, as well as invests in the public healthcare system through the purchase of medical equipment, upgrading of plastic and reconstructive surgery facilities and the sponsorship of academic skills.
- > **Thembalitsha Foundation:** equips individuals with skills through its nine community-based healthcare, education and training projects.
- > **Shalom Orphanage:** provides a home for street and destitute children in Heidelberg, feeding between 55 and 60 children.
- > **Abused and Abandoned Kids Educational Excursions:** supports six homes and youth care centres for abused and neglected children in Gauteng.

## Partnering with clients to protect rhinos

For the fourth consecutive year and together with some of our principals, 666 family hampers and 1 638 hampers for children were donated to the SANPARK Rangers, as well as a cash donation to purchase ranger equipment. In total the initiative raised R1,6 million in recognition of the rangers in the Kruger National Park who are fighting against rhino poaching.



*SDW: strengthening legitimacy; more information on Imperial's social performance.*



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

## ENSURING LOCAL RELEVANCE

## IMPERIAL LOGISTICS AFRICA

Imperial Logistics developed by acquiring entrepreneurial businesses with specialised capabilities in new regions. When acquiring a business, we retain and develop key individuals in management positions and hire local people to promote a cohesive work environment and to leverage their local knowledge. Expatriates are only used to assist with technical issues such as aligning financial reporting requirements to group processes. We provide training and development programmes to create a pipeline of local talent and our remuneration levels exceed local minimum wage requirements which helps to retain local employees. Through these practices, we aim to achieve a more engaged and aligned workforce in the African Regions.

In Namibia, we are engaging with industry bodies on the draft New Equitable Economic Empowerment Framework which is under revision following public consultation. The framework will supersede all other local transformation and empowerment policies.

Where we can, we procure goods and services locally to support local development, access specific African markets and gain customs, excise and taxation benefits, as well as decreased exposure to foreign exchange fluctuations. Some 70% of Worldwide Healthcare's products in Nigeria are sourced locally.

We work with national governments to deliver innovative solutions that secure a sustainable supply of quality medicines. Initiatives range from an electronic logistics management information system in Rwanda to logistics solutions that ensure the efficient delivery of medicines to healthcare facilities in Malawi. Imperial Health Sciences is a board member of the People that Deliver initiative which strives to ensure strong supply chains with trained professionals to facilitate the distribution of drugs and other health supplies in developing countries.

## IMPERIAL LOGISTICS INTERNATIONAL

In Germany, we make donations to charitable organisations; schools; university, hospital and soccer associations and we support local non-profit organisations and industry association sponsorships. We also encourage employee initiatives which contribute to team building and employee motivation.

*Hiring locally and procuring from within our countries of operation, not only supports the economic growth of these countries but also provides us with benefits in terms of local knowledge and mitigation against currency risk.*

## Our Imperial Health Sciences Supply Chain Academy

## 277 people trained

BY THE IMPERIAL HEALTH SCIENCES SUPPLY CHAIN ACADEMY

(2016: 364 people).

The Imperial Health Sciences Supply Chain Academy contributes to health-related supply chain management skills and knowledge, particularly in terms of warehousing best practice. Our employees are trained at the Academy, as well as health and logistics practitioners in public health facilities, government health departments and private logistics companies. The internationally recognised Warehouse Management Operations course is hosted in South Africa and provides delegates with the opportunity to learn from local subject matter experts, gain on-the-job warehouse experience and visit world-class ISO:9001 certified warehousing facilities. The programme is offered in English, French and Portuguese.

# 06

## Minimising the environmental footprint



### WHY THIS IS A PRIORITY

Our ability to minimise our environmental footprint contributes to our competitiveness. Firstly, environmental considerations are a growing feature of tender requirements and secondly, fuel consumption is a major driver of logistics costs and emissions tax in countries where this is legislated. In addition, there is increased focus on environmental performance by various stakeholders.

Our biggest environmental impact is the CO<sub>2</sub> emissions associated with our road transportation and manufacturing businesses, with goods transported by inland waterway being less harmful. Our transportation of hazardous goods such as liquids and gases, is also key as it raises the risk of spillages which can contaminate water and soil.

Beyond our control, are the direct impacts of extreme weather conditions on our operations. We look for ways to guard against these risks, by either diversifying our product mix to mitigate against poor harvests or using flexible transportation options. For example, our mix of owned and sub-contracted shipping vessels in Europe enables flexibility during times of lower volumes and, in South America, our shipping fleet consists of boats able to operate in most weather conditions, which has provided us with the additional opportunity to service competitors that are unable to operate due to extreme weather.

The increasing costs associated with fuel and energy are material to both our transport and manufacturing operations. All large companies in Europe are required to implement energy management systems and improve their energy performance to enable the European Union to achieve its energy targets. Other aspects such as the European emissions standards which limit the exhaust emissions of passenger cars and trucks, and energy taxes, also contribute to our input costs. However, in some African countries our ability to reduce resource consumption and costs is curtailed by a lack of suitable infrastructure, which means that we need to use fuel-driven generators and access water from boreholes.

### RISKS AND CHALLENGES

#### ALL REGIONS

- > **Costs** associated with energy consumption.
- > **Country-specific environmental legislation.**
- > **Direct impact of climate change** on day-to-day operations.

#### AFRICAN REGIONS

- > **Lack of suitable infrastructure.**

#### INTERNATIONAL

- > **Increasing environmental regulations** and new laws.



## ENVIRONMENTAL COMPLIANCE AND AWARENESS

Where companies have their own environmental policies and procedures, these align to the overarching divisional policy and in certain operations the performance of dedicated sustainability managers is linked to environmental performance. The setting of targets, with the exception of waste management, is devolved to individual companies. For companies such as Imperial Retail Logistics (IRL), consumption of energy is heavily dependent on volumes from principals which are in turn impacted by market pressures, making it difficult to forecast resource consumption. Our focus in these companies is therefore less on target setting and more on controlling usage spikes, ensuring the integrity of data, implementing effective and efficient environmental management processes and making use of innovative technologies.

In Europe, we are ISO 50001 certified in energy management and a number of our sites are certified in accordance with the ISO 14001 environmental management standards.

We use awareness campaigns to drive new technologies and the acceptance of environmental performance as a key performance indicator and to influence employee behaviour.

Our driver training programmes include lessons on how to achieve optimum fuel efficiency from vehicles. Skippers are trained to read the geometry of the river bed and the hydrodynamic effects of the river and use these to save energy. Fuel consumption meters are installed in most wheelhouses and measure the separate consumption of the main engines. This keeps our skippers constantly informed and able to work out the ideal ratio between speed and fuel consumption.

*Our environmental framework and policy standards set out our commitment to reducing our environmental impact and complying with environmental legislation in all countries of operation. Our environmental data is tracked by Imperial Holdings using an internationally accredited sustainability management system which is supported by a guideline for data collection.*



## ENERGY CONSUMPTION AND EMISSIONS EFFICIENCY

## IMPERIAL LOGISTICS AFRICA

## Fuel

Our vehicle replacement policies require that, where feasible, we purchase new trucks for our transportation fleets that are the highest Euro-rated vehicles available. In South Africa, this is limited to Euro 3 trucks due to a lack of refineries able to meet Euro 6 fuel specifications. All new vehicles are tested for their suitability and fuel consumption.

We use route optimisation software to enable efficient fleet planning and optimal travelling distances; and to reduce fuel usage, carbon emissions and delivery times. More broadly, these practices ease road congestion and reduce the potential for road traffic accidents. Route planning is tightly managed to ensure that we use the appropriate vehicles to transport goods and that ideal route plans are adhered to as precisely as possible.

We further conserve fuel by fitting aerodynamic streamlining kits to certain trucks.

## Purchased electricity

Lighting and cooling are the two largest consumers of energy in a logistics warehouse. We use energy meters, installed at warehouses and depots, to measure consumption in real time and identify usage trends which inform our conservation measures. Our energy saving initiatives include energy saving lighting systems, motion sensors and photovoltaic (solar) installations.

In Nigeria, we have insulated Worldwide Healthcare's warehouses to reduce its generator load and our new Imperial Health Sciences warehouse in Kenya makes use of thermo-shield coating on the roof, energy efficient air-conditioning systems and a photovoltaic system to reduce electricity consumption.

## IMPERIAL LOGISTICS INTERNATIONAL

In Europe, energy consumption is reported to the Imperial Logistics International management board and a central energy management team is located in the QEHS and sustainability department to continuously monitor and improve efficiencies.

Our road transport fleet consists of Euro 6 compliant trucks which emit 67% fewer particles and 80% less nitrogen oxide than Euro 5 vehicles, and benefit from lower toll charges. Our staff car policy regulates the engine power and emissions criteria of all our staff vehicles, and our company car fleet includes a plug-in hybrid.

Our fleet of eco-trailers is used to transport the heavy engine components of a large German automobile manufacturer. The reduced weight of these trailers enables us to transport up to three tonnes more cargo without exceeding maximum permissible total weight. If used optimally, operating costs are reduced due to fewer haulages and fuel savings on return journeys when the vehicle load capacity is lower.

Our shipping fleet consists of a combination of push boats and motor vessel barges to enhance efficiency and conserve fuel. The Imperial Freight Management System provides further fuel efficiency through dynamic route planning in real time. Our clients benefit from lower costs, shorter delivery times and quick access to information.

## Purchased electricity

Our energy efficiency projects include LED lighting systems in our warehouses, lighting control systems, renewable energy sources and energy-saving enhancements to our IT infrastructure. Our move away from traditional personal computer (PC) workstations to slim-line terminal points, which access a central server, has saved up to 75% in energy and we have adapted the software application to save energy overnight. The terminal points also have a higher operating life than conventional PCs and they are 30% cheaper. Administration and support is also more efficient as terminals are managed from a central point from which all applications can be updated.

In addition, we have switched our data centre to up-to-date, energy efficient storage technology and equipment which has resulted in less power consumption, faster access to information, greater storage capacity and hardly any mechanical faults. Space required for servers has reduced by up to 70%.

*The division's technical team is responsible for researching new and emerging technologies relating to fleet and warehouse management, fuel efficiency and fuel reduction technology, and energy efficiency.*

*In South Africa we use a vehicle management system in the Mercedes-Benz truck fleet to measure mileage, operational status and consumption, as well as to evaluate driving style. Used optimally, FleetBoard can result in a 10% reduction in fuel consumption.*

*In Europe, our fleet of prime movers is equipped with systems to adjust gear selection and cruise control settings, delivering savings in fuel consumption of up to 5%.*

## Using dry air climate control systems to reduce energy use

The logistics and supply chain management of chilled and frozen products is a high consumer of electricity which is required to refrigerate cold storage, receiving and dispatch areas. Where feasible, Imperial Cold Logistics uses dry air climate control systems to reduce electricity consumption and other overhead costs, as well as limit produce damage and waste. We have successfully implemented this technology in five Imperial Cold Logistics' operating sites.

Desiccant dehumidifiers use materials that attract and hold water vapour thereby removing moisture from the air. In refrigeration plants, the dry air climate control system can reduce electricity consumption by as much as 25% and less maintenance is required on the plant, facility walls, doors and shelving due to the absence of a wet and ice-laden environment. In addition, our employees are better protected from injury as their working environment is free of ice and water-covered floors. The system also removes the need for plastic strip curtains traditionally required to maintain temperatures in refrigerated spaces. The drier sterile environment helps to maintain compliance with food safety standards, as dry air protects products from ice damage, reducing product returns and waste.

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## A sustainable push for the environment

Together with Dutch company Van der Velden Marine Systems and the Veka shipyard, we developed an idea put forward by our Fleet Manager in the shipping business, to introduce two new generation pusher boats. Like an aeroplane that retracts its landing gear after take-off, the Hercules XVII and Hercules XVIII pusher boats operating in Paraguay are equipped with hydraulically retractable flanking rudders which enable them to travel faster, run more quietly and conserve fuel. Rudders are used to steer push boats and push convoys during special manoeuvres such as docking and embarkation. Our world-first flanking rudders are hydraulically retracted when they are not needed, smoothly closing against the body of the boat. Another benefit is that corrosion on the propellers, nozzles and main rudders is almost completely eliminated as the rudders are better protected against external and mechanical effects while on the move.

Initial trials proved that the boats are able to move six loaded barges with around 17 000 tonnes of cargo at increased distances of around 900 metres per hour. Depending on the depth of water, fuel consumption dropped between five and 7,5% which extrapolated over a year is at least 120 000 litres less fuel.

Other technologies used on the push boats include the real-time measurement of each engine's gas oil consumption. This is transmitted to our Asunción office over short time intervals for analysis and adjustment to driving behaviour. Our crews have received training on how to optimally operate the push boats.

Water from toilets and the greywater from showers and kitchens is cleaned and discharged into waterways, and river water is processed through an innovative drinking water treatment facility, securing the supply of drinking water and reducing the need for bottled water.

The travel comfort of our crew is also enhanced through sound insulation and vibration dampeners, and a double hull bottom ensures maximum safety. The boats also boast on-board gyms supporting the wellbeing of the crews.

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## New ways of working that support a client's sustainability drive

During the year, Imperial Automotive Logistics supported a major automobile manufacturer in switching its transport operations from trucking to rail service. In an agreement with a German railway infrastructure provider, we now load cargo using the railway sidings located at the manufacturer's spare parts warehouse. It is expected that up to four trains will transport cargo from the warehouse to the port every day. The switch improves service efficiency and reduces both the client's and our carbon footprint, with around 17 500 fewer truck journeys, saving around 88 tonnes of CO<sub>2</sub> every year.



## WATER AND WASTE MANAGEMENT

We install water meters at our warehouses in South Africa to provide accurate data, identify usage patterns, highlight discrepancies in municipal bills and identify potential water leaks. Throughout Africa, wastewater recycling units, supplemented with rainwater harvesting systems, are used by certain companies in their wash bays to reduce demand on municipal water supplies and the amount of effluent discharged into sewers.

In the international operation, hazardous waste from the chemical manufacturing process is disposed of in accordance with the requirements of Germany's Waste Management Act. Wastewater treatment plants are used to clean wastewater and re-use it for other industrial purposes at various sites, particularly those related to chemical production which is water intensive. Wastewater treatment plants are also used to improve the quality of water discharged by shipping vessels. Paperless systems or processes are also implemented where possible.

*The nature of the products transported by Imperial Logistics Specialised Freight requires a key focus on guarding against spillages. Performance is monitored using technology systems and reviewed monthly by management committees. Internal assessments and independent audits are also undertaken. Pleasingly, hydrocarbon spillages have reduced year on year.*

## Building water vessels that support our sustainability drive

During 2017, Imperial Gas Barging purchased two new modern vessels, the hulls of which were designed together with universities to provide employees with better health and safety equipment and to minimise water pollution through on-board wastewater treatment. In addition, instead of one large engine, the vessels operate two smaller engines with technology that optimises fuel efficiency and reduces emissions.

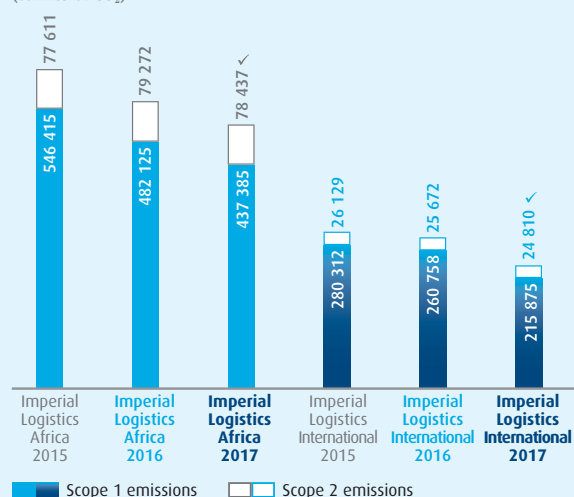
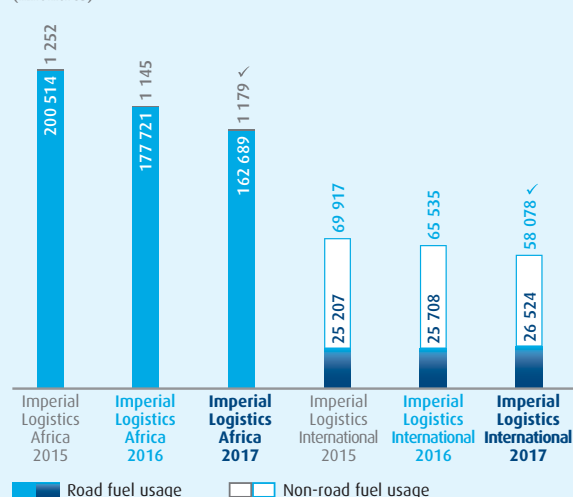
With their modern equipment, these vessels are attractive to clients and demonstrate our ability to develop sustainable solutions that are also cost effective. The vessels will be operational later in 2017, and health and safety statistics are expected to improve and the quality of the water discharged from the vessels should outperform the requirements set by European law.



## 2017 PERFORMANCE

ENVIRONMENTAL FOOTPRINT	2017	% change	2016	2015
<b>Africa</b>				
Total Scope 1 and Scope 2 emissions (tonnes of CO <sub>2</sub> )	515 822✓	(8%)	561 397	624 026
Purchased electricity (megawatts)	83 031#	4%	79 989	79 644
Water consumption (kilolitres)	627 642✓	(8%)	679 727	680 215
Number of environmental incidents	53#	(7%)	57	80
Fines or penalties for environmental incidents	1#	100%	0	0
<b>International</b>				
Total Scope 1 and Scope 2 emissions (tonnes of CO <sub>2</sub> )	240 685✓	(16%)	286 430	306 441
Purchased electricity (megawatts)	54 111#	4%	52 194	56 890
Water consumption (kilolitres)	236 947#	3%	230 180	225 993
Number of environmental incidents	0	0	0	1
Fines or penalties for environmental incidents	0	0	0	0

✓ Satisfied with performance.    # Area for improvement.

Breakdown of Scope 1 and Scope 2 emissions  
(tonnes of CO<sub>2</sub>)Breakdown of fuel usage  
(kilolitres)

## Responsibly managing environmental performance following best practice standards and leveraging accurate data

During the year, Imperial Logistics Africa launched the following five environmental performance standards:

- > energy management;
- > greenhouse gas and climate change management;
- > waste management;
- > water and wastewater management; and
- > the prevention of soil and groundwater contamination.

Given our recent depot consolidations and closures, specifically in IRL and Imperial Cold Logistics in South Africa, we are relocating energy and water meters as required. We are also paying greater attention to accurate data capturing on management systems and IRL is working to automate energy, water and waste data capturing on an integrated platform to free up its employees to focus on business-critical processes.

## 2017 PERFORMANCE – continued

## 4% increase in electricity purchased in South Africa

During the year, Imperial Logistics Consumer Products moved into a new and larger warehouse, significantly increasing the electricity purchased for this business. In addition, economic pressures have impacted the rate at which we are able to deploy energy saving initiatives. Despite this, the following projects have been completed during the year or are underway:

- > The installation of motion sensors in Imperial Logistics Specialised Freight's offices.
- > A 112 kilowatt peak solar plant installed at Goldfields Logistics' Germiston office, as well as the installation of energy efficient lighting, light sensors and air-conditioning sensors at the Germiston and Bothaville offices.
- > A project by Imperial Logistics Consumer Products to position each of its depots in the most effective energy tariff band to access further cost savings.
- > Quarterly targets for energy consumption set by Imperial Cold Logistics.
- > The introduction at IRL of mobile alerts should an exceptional surge in electricity consumption occur.

## Target: 80% of waste to be recycled by 2020

A medium-term target has been set to recycle 80% of our general waste in South Africa, reducing waste to landfill. Awareness training and procedures are being developed to assist companies to reach this target, and where feasible we will use the latest technology to ensure continuous improvement. We have formed strategic partnerships with two major waste companies and our agreements range from the responsible collection and disposal of waste to full onsite waste management (waste segregation, recycling and safe disposal) depending on the needs of each business.

### Improving energy management

The successful implementation and certification of Imperial Logistics International's ISO 50001 energy management system is valid for three years and covers Germany, Luxembourg, Poland, Hungary and Sweden. The project required that we assess all energy sources to determine baseline consumption and working groups were formed within our business units to develop and implement energy efficiency measures. We have introduced a central energy management team and four sub-teams in business units, and we are developing an energy management manual.

To reduce double reporting, the ISO 50001 system and the Imperial sustainability management system will be integrated going forward. We will monitor data monthly and undertake an external audit annually. This will optimise data, ensure that our certification remains valid and will facilitate the re-certification process in 2019.

## Target: reduce energy consumption in the international operation by 1,5% by the end of the 2017 calendar year.

Some of the initiatives undertaken during the year to achieve this target include:

- > The consolidation of our decentralised IT infrastructure into two global data centres and the introduction of new IT hardware that together have reduced energy consumption by 23% and provided an energy cost saving of €12 000 a year. In addition, the data centres provide standardised applications and improved systems performance that support future business growth, have simplified the monitoring of key performance indicators and reduced the number of IT support teams.
- > The conversion of 100 trucks to Euro 6, realising a toll fee saving of €111 510 a year and meeting our goal to increase this part of our fleet to 244 carbon-friendly Euro 6 trucks by 2018.
- > A new energy efficient LED lighting system installed in the Bishofsheim warehouse which has provided better working conditions for employees and realised an annual cost saving of just over €20 000 and an energy saving of 111 400 kilowatt hours a year.
- > A project to install new energy efficient charging stations and forklifts expected to realise a saving of up to 12 kilowatt hours and six kilograms of CO<sub>2</sub> a day and around €450 a year.

## Testing new technologies to reduce harmful gases

We are testing a hydrogen unit which produces hydrogen energy from water, injecting hydrogen into the fuel system when it is needed. The system enhances the combustion process and reduces the emission of harmful gases. Initial tests, undertaken on a diesel-operated warehouse forklift, have provided positive results, reducing carbon monoxide emissions by 14%. Hydrocarbons reduced by 80% due to diesel consumption being replaced with hydrogen consumption. Going forward, the initiative will be rolled out to an active fleet of forklifts with our objective being to phase out the use of diesel-operated forklifts in most of our warehouses.

## Using rainwater harvesting systems to reduce demand on municipal water supply

During 2017, Tanker Services Fuel & Gas installed a rainwater harvesting system at its Mobeni branch in Durban, South Africa. The system comprises seven 55 000 litre water tanks, pumps, rainwater gutters and filtration systems. The water is used to supply toilets, showers and basins and is purified through carbonised filters and ultraviolet (UV) filtration devices installed on all supply lines feeding to showers and basins. The UV filtration devices are inspected daily and a routine testing and maintenance programme ensures that gutters are clean and filters replaced. The system is designed to keep a three-month supply of water and an estimated 90% saving is expected on the municipal water bill, equating to around R12 700 a month. Tanker Services Fuel & Gas intends to roll out similar systems to its other company-owned sites with plans already underway for the Germiston branch.

## A new warehouse in Dubai that has reduced shipping kilometres

Imperial Medical Solutions' newly built warehouse in Dubai enables our clients to benefit from this ideal location and has simplified the routing of products from our supplier in India to clients in Africa, which previously required that shipments were routed through the Netherlands. This has reduced freight and fuel costs, as well as emissions through reduced shipping kilometres. In addition, clients in Africa receive their orders earlier and medicines are delivered to customers sooner.

## Reducing toxic waste

As a specialist in the shipping of gaseous substances, Imperial Gas Barging must use filters during the transfer of gases to and from the shipping vessel. We have shifted to new reusable gas masks instead of one-way gas filters and the change is expected to reduce the number of toxic filters we use by several thousands per year, reducing the amount of hazardous waste generated.



*SDW: strengthening legitimacy; more information on Imperial group's environmental performance.*



*CDP: more information on how Imperial is managing its environmental impact.*

# Looking forward

*Imperial Logistics is a diverse business that has grown through acquisition. The consolidation of the division challenges us to retain what has made us successful, particularly our passionate people, while unlocking the benefits of an integrated business.*

A slow growth environment, together with lack of job creation, are expected to continue to place pressure on the South African operation into 2018. The devaluation of the Pound as a result of Brexit is expected to impact regional competitiveness in the international operation. However, for the year to June 2018, we expect to grow revenue and operating profit from our continuing operations.

We will continue to look for opportunities to expand in Africa and Europe, diversify our revenue streams and drive the 'asset right' approach by understanding where it makes sense to sub-contract work (mostly in cyclical industries) or run a fleet on more profitable routes. Where the market permits, we will focus on niche areas to achieve higher-than-market returns. Our focus on cost containment will continue to ensure that we are competitive in our markets and able to increase our market share. We will also continue to look for new service offerings, for example, in South Africa we are developing new multi-temperature distribution capabilities which will enable us to offer additional cost-effective routes-to-market, including for convenience and liquor stores, pharmacies, the hospitality and food service industries and the informal market.

Our transformation initiatives in South Africa will be accelerated with key initiatives being the completion of the black ownership transaction, driving the implementation of the Sinawe enterprise development fund

and continuing to develop our pipeline of black talent for future leadership. Black senior management is targeted to grow to 22% and black women in senior management to 11% by 2020. We expect to continue achieving maximum points for skills development, which requires that around 500 black people participate in our learnerships, apprenticeships and internships each year.

In the African Regions, we will continue to invest in local talent to ensure that our companies remain sustainable and relevant. Where our employees are not local to the country in which they are working, we will formally train them on labour laws to ensure that the rights of all our employees are respected. We will expand our succession planning process into our lower management structures and in the medium term, performance evaluations will increase to twice a year. Over the longer term, we will implement a formal salary band structure per country to ensure a uniform and consistent salary structure.

The new human capital management technology being implemented for the international operation will standardise the appraisal and employee assessment processes, as well as succession planning and job profiling which will inform training and development needs. An alternative personnel sourcing model is being designed to counteract the specific staffing challenges in the market and a new approach to training and development will drive





improved individual and team performance and will be supported by skills assessment and targeted development programmes. An employee engagement survey will be conducted in 2018.

The new payroll and human capital management system being implemented in Imperial Logistics Africa will enable proactive management of labour relations through a more centralised approach to reporting and data availability. Labour relations executives will continue to work on building relationships with senior union leaders and the NBCRFI management in South Africa to ensure stability in the industry and the negotiation of future medium-term agreements.

In 2018, we will deliver training on Imperial Logistics International's competition regulations, supplier code of conduct and sponsoring and donations policy. We will also implement new compliance software to facilitate the future screening of employees and business partners in the international operation.

During 2018, we will conduct feasibility studies on photovoltaic installations at selected depots in South Africa and the implementation of the environmental performance standards will be monitored using internal audits. We expect to realise benefits from our new resource efficient Imperial Health Sciences facility in Centurion from the third quarter of 2018 and, in the medium term, Goldfields Logistics expects to invest a further R2 million in energy saving initiatives in its building network. For IRL, battery bays are large consumers of energy,

and a pilot study has indicated potential cost savings from a new initiative. However, the roll out will require capital and IRL is investigating the feasibility of continuing with this project. In the rest of Africa, we hope to formalise energy targets in 2018.

Imperial Logistics International is working towards a uniform and centrally managed environmental management system. The QEHS policy under development will include key performance indicators for energy, emissions, safety and other sustainability matters. The policy and management review will be launched in phases starting from the end of 2017. We will also investigate the feasibility of introducing electric trucks to our international fleet.

Many of our clients in Europe use EcoVadis to evaluate our performance in relation to the environment, working conditions, social responsibility, fair business practices and sustainable procurement. Selected companies will perform new assessments with the aim of improving our EcoVadis rating by the end of 2017.



*IAIR page 40: more information on Imperial Logistics' strategy and guidance for the division.*

#### **GRI G4 index**

GRI G4-2, G4-4, G4-8, G4-9, G4-12, G4-19, G4-26 to 27, G4-51, G4-56, G4-58, EC8, LA6, LA7, LA9, LA10, LA12, EN3, EN8, EN15 to 16, EN24, EN27, EN29, HR4 to HR6, S08



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