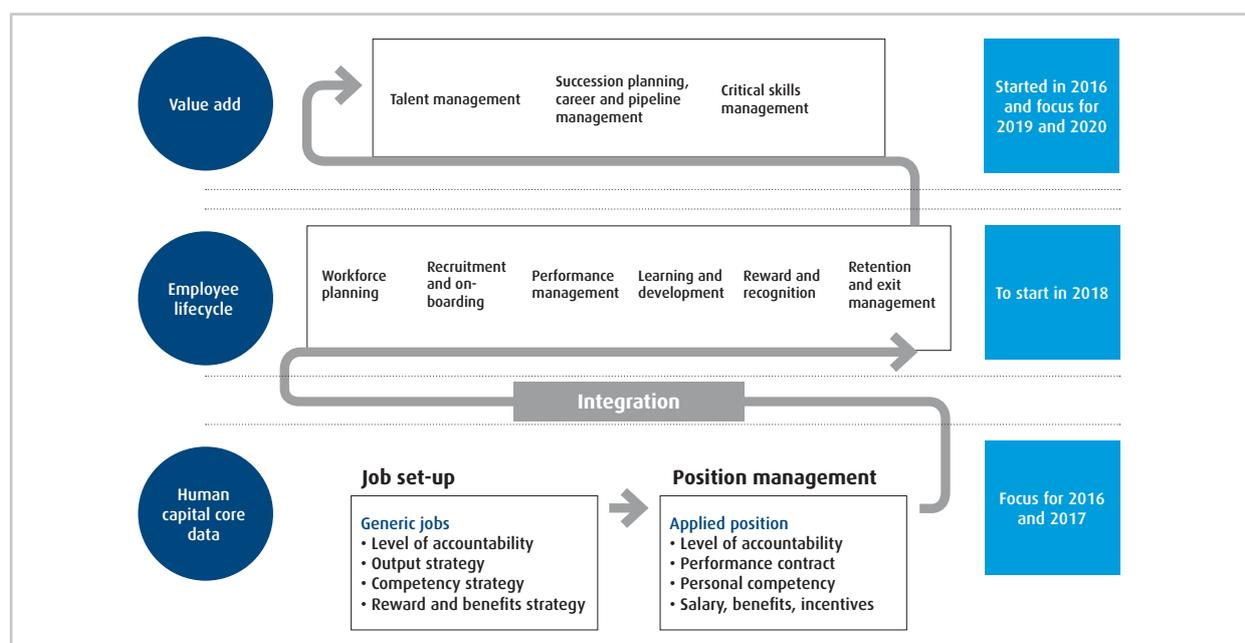


# Our approach

*Our success relies heavily on our people. The enhancement of our human capital practices will reduce people-related risk and optimise our potential to deliver on our strategic objectives.*

Our focus is to rebuild our human capital foundation through a baseline of employee data. This will give us the ability to integrate transactional people elements such as workforce planning, recruitment, development and performance management, in turn, underpinning the integrity and quality of value-adding people processes such as talent management and succession planning.

## OUR PEOPLE PRACTICES FRAMEWORK



Imperial Holdings, at a group level, oversees the governance aspects of human capital management and together with divisional leadership, manages the talent and succession processes at the top three leadership levels of the organisation. As our strategies become clearer, we have refined our organisational effectiveness framework and devolved talent management and succession planning for lower management levels and other critical positions into the divisions which have clearer insight into their specific talent needs. Talent management is linked to performance and remuneration incentives for the chief executive officers (CEOs) of Imperial Holdings, Imperial Logistics and Motus. Learning and development remain key to supporting transformation and the specialised skills required by each division.

The focus of our talent management programme, started in 2016, is twofold: firstly, to develop our leaders and secondly, to identify potential successors. At this point in time the process is more subjective in nature given the lack of objective data relating to performance and potential, the two core criteria for talent management. However, as we gain better insight into our workforce profile, the shift towards a more objective approach is improving. In its first phase, the talent management programme focused on our executives and senior managers, with annual strategic talent reviews and regular performance reviews tracking their development against customised personal development plans. Close to 30% of our executives and senior managers will retire in the next eight years and targeted activities are in place to identify and develop potential successors, as well as mentoring programmes to ensure a transfer of institutional knowledge.

We intend to use a balanced scorecard and goal-cascading approach to align the performance of our employees to organisational performance. The rate at which face-to-face performance reviews are undertaken varies across our businesses and roles, for example sales representatives undergo more frequent reviews. Consistently poor performance is managed in line with legislation and labour agreements in each country of operation.

We believe in a fair and equitable approach to remuneration devoid of discriminatory elements. As our people practices framework matures, we will implement a clearly defined remuneration and reward framework, with improved links between bonus pay and performance that goes beyond what is expected. During the year, we implemented a new minimum wage for our South African businesses which is above the South African prescribed minimum.



*IAR page 67; more information on our remuneration structures.*

Our people philosophy must promote equality, grow an inclusive culture and create greater opportunities for all our employees. We face clear transformation challenges in South Africa and our transformation agenda must include cultural readiness initiatives, accelerated talent development, strategic sourcing and targeted attraction and retention initiatives. This will be a key focus for the next three to five years. Based on the demographics of a particular skill set in the South African market, we give preference to black candidates when recruiting externally.

Performance against annual employment equity targets is monitored at group level by the social, ethics and sustainability committee. Growth in black representation at senior and middle management level is linked to the performance and remuneration incentives of our South African-based executives and senior managers.



*SDW: strengthening legitimacy, Imperial Logistics review (page 20) and Motus review (page 16); more information on transformation in South Africa.*

We encourage our employees to access opportunities to grow and take accountability for their own performance and career development. We offer on-the-job learning, coaching, technical training and management development programmes to optimise current performance and focus on further career development. We operate the following three academies: Imperial Logistics Academy, Imperial Health Sciences Supply Chain Academy and Imperial Technical Training Academy.



*SDW: Imperial Logistics review (page 17) and Motus review (page 18); more information on training and development.*

Our new human capital technology will require change management initiatives and we have designed a change management approach.

Retrenchments are viewed as a last resort, however, where downsizing is required fair practice is followed, underpinned by retaining the best person for the job based on education, experience and past performance; and in line with labour agreements.

