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Overview

We compete for success based on our ability to place the customer at the centre of our businesses, and continually improving how we do things by listening to customer feedback and responding quickly to their needs.

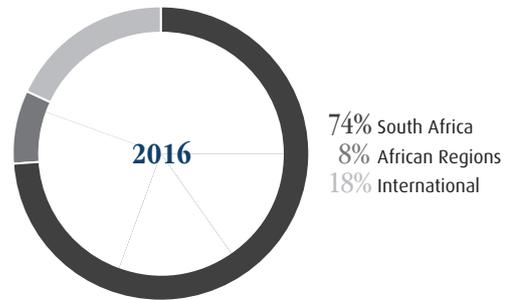
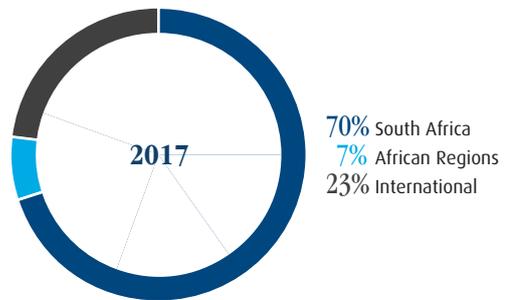
To achieve these key differentiators, our leadership team must be experienced and agile, and have the right skills to execute the group and divisional strategies, and to make effective decisions that impact our customers and processes, as well as motivate our employees.

Number of employees

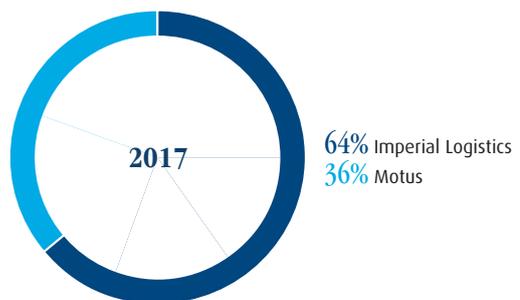
49 364
(2016: 50 291)

Our workforce

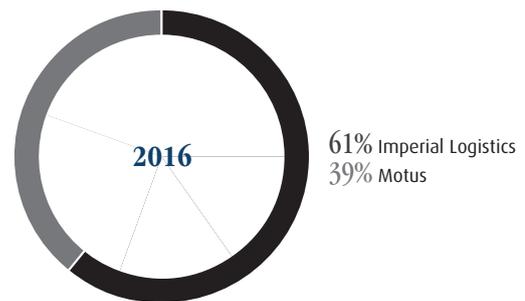
GEOGRAPHIC SPLIT



DIVISIONAL SPLIT



Note: 100 employees working at Imperial Holdings.



OUR HUMAN CAPITAL RISKS AND CHALLENGES	OUR RESPONSES	WHAT SUCCESS LOOKS LIKE
<p>Loss of key talent due to the organisational changes taking place within Imperial amid fierce competition for skills at middle management and lower levels.</p>	<ul style="list-style-type: none"> > The restructuring of our business has provided new opportunities to promote talented individuals into key positions. In addition, there has been regular interaction between our executive, senior and middle management teams to address concerns around the changes to the divisions and reporting structures. 	<ul style="list-style-type: none"> > An engaged and highly competent workforce motivated by people-focused leaders who are agents of change. > Cohesive teams working towards a common purpose. > Increased capability for longer-term strategic thinking that sustains value creation.
<p>Insufficient depth of relevant skill sets and ways of thinking to meet future business needs.</p>	<ul style="list-style-type: none"> > Our talent management programme aims to enhance leadership capability and ensure that our human capital is strategically aligned to our future requirements. We are also building a foundation of core human capital data which will support the identification of talented individuals and provide accurate insight into where there may be skills gaps in the future, enabling us to deliver relevant and meaningful training interventions. 	<ul style="list-style-type: none"> > A pipeline of local talent in countries of operation contributing to our knowledge of local markets. > A skilled workforce that drives our competitive advantage.
<p>Slow transformation of our workforce in South Africa hampered by tough economic conditions that limit growth, slow attrition at senior management level and a limited pool of black (African, Coloured and Indian) leadership in the industry.</p>	<ul style="list-style-type: none"> > Employment equity plans for each division set out targets and initiatives to meet them. In addition, we place emphasis on fast-tracking talented black employees through our training and development programmes while ensuring that deep industry and institutional knowledge is not lost. 	<ul style="list-style-type: none"> > Diverse thinking that influences decision making and the long-term strategy. > A diverse workforce able to meet the needs of a diverse customer base. > Enhanced reputation and social relevance. > Improved ability to compete.
<p>Labour disruptions.</p>	<ul style="list-style-type: none"> > We actively participate in industrial labour councils and enter into medium-term labour agreements that provide some mitigation against labour disruptions. We also diversify our supply chain channels and regularly review our operational labour plans to ensure continuity of service to our customers. 	<ul style="list-style-type: none"> > Continuous service delivery during tough economic and socio-political times.

Employee insight

We engage with our employees in face-to-face interactions and through surveys and electronic platforms, and our bi-annual leadership conferences are used to share the group's strategy with our executives and senior managers. Some 85% of our employees in South Africa are covered by collective bargaining agreements and our performance against these agreements is reported regularly through our active engagement with labour representatives and shop stewards.

In Germany, we proactively engage with unions to negotiate wages that remain competitive and to discuss issues such as fair working conditions, and the health and safety of our employees.

Formal grievance mechanisms, which comply with local legislation, are in place across the organisation.

Over and above individual company-specific engagement surveys, in July 2016 we undertook the Imperial Group Climate Survey to acquire insight into the work-life experience of our employees in South Africa.

The survey was anonymous, allowing our employees to voice their concerns in a safe environment. It assessed employees' perceptions of their job, the workplace, the leadership climate and the effectiveness of communication and inclusion, as well as the level of employee engagement. These insights have identified areas of strength that can be enhanced and pinpointed areas for improvement. A total of 19 factors were measured and scores of 55% and lower are regarded as unsatisfactory.

A total of 3 604 employees at junior management level and higher, as well as professional specialists, were invited to participate and we achieved a 66% response rate. The biggest movements compared to our last groupwide survey undertaken in 2013 were a 7% increase in fair employment practices and a 6% decrease in terms of remuneration (market-related remuneration, parity of remuneration and clearer links between performance and pay). Imperial Logistics and Motus have been tasked with understanding the issues that have resulted in negative perceptions and implementing plans to address these.



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

OVERALL INDEX SCORE BY DIVISION

Imperial Logistics:

63%

Vehicle businesses prior to consolidation:

65% (importers)

70% (retail, rental and aftermarket parts)

AREAS OF STRENGTH

The top three scores were fair employment practices (75%), customer service delivery (72%) and leadership climate (70%). A further 12 factors achieved average scores of 65% or higher.

OVERALL AVERAGE INDEX SCORE FOR IMPERIAL:

66% (2013: 65%)

AREAS OF IMPROVEMENT

The bottom three scores were effective and fair career management processes (61%), job stress and wellbeing (53%) and remuneration (48%).

TURNOVER INTENTION

40% of respondents indicated that they would consider leaving Imperial based on remuneration, better career prospects and other reasons not listed.

Our human capital priorities

Our history is that we have grown through the acquisition of independent businesses, fostering an entrepreneurial spirit but also giving these businesses substantial autonomy in managing their human capital practices.

In addition, the majority of businesses acquired were white-owned and run by long-serving white men, thereby making our employment equity performance largely dependent on the rate of employee attrition. Our growth into a complex and multinational organisation based in South Africa requires a more mature and standardised approach to people-related practices, including structured career development for executives and a strong drive to increase black representation at management level. In addition, we need to resolve the fragmented approach to human capital management by building strong capable human resources teams within our divisions and developing systems that provide accurate and integrated core data to inform strategic people-related decisions.

Based on these needs, the Imperial Group Climate Survey and our human capital risks and challenges, the following human capital priorities have been identified. The table below sets out where accountability for managing these priorities lie.

01 | Employ and develop executives who can lead the continual change necessary for progress and performance

GROUP	IMPERIAL LOGISTICS	MOTUS
Ensure executive compensation systems for long-term performance and retention.	<ul style="list-style-type: none"> > Ensure appropriate remuneration for divisional executives, benchmarked relative to organisational size, level and complexity. 	
Ensure succession depth at group and divisional leadership level.	<ul style="list-style-type: none"> > Prioritise leadership development and succession planning. > Accelerate the transformation of divisional leadership. 	



02 | Implement human capital policies and practices to enhance productivity, diversity and succession

GROUP	IMPERIAL LOGISTICS	MOTUS
<p>Devolve people management to the divisions to enable alignment with business specific needs and different market realities.</p>	<ul style="list-style-type: none"> > Ongoing implementation of a common framework for leading people management practices and processes based on reliable core data. > Implement a people and payroll solution designed to deliver improved business analytics and reporting capabilities to support talent management and succession planning. 	<ul style="list-style-type: none"> > Following the bedding down of the new management structure, focus has shifted to improving people management practices and processes. > Key human capital initiatives underway include talent management, core data, human capital and payroll technology, and business re-engineering.
<p>Oversight of fair and responsible people policies and practices, including those related to transformation, diversity and reward and remuneration.</p>	<ul style="list-style-type: none"> > Formalise processes and policies that support change management, transformation and diversity, and enhance organisational engagement. 	
	<ul style="list-style-type: none"> > Implement talent management at all levels to drive productivity, and build a robust succession pipeline for transformation and diversity. 	
	<ul style="list-style-type: none"> > Accelerate employment equity in South Africa and, for Imperial Logistics, gender diversity in Germany. 	
	<ul style="list-style-type: none"> > Ensure that training and development initiatives support a skilled workforce as well as employment equity and diversity plans. 	

