

Imperial™

beyond possibility

We are strong and resilient.
We are One Imperial.
We are beyond possibility.

Environmental, Social
and Governance
Report 2020



Our purpose

Connecting Africa and the world and improving people's lives with access to quality products and services

Supplementary information available online

Integrated Report 2020

Full corporate governance
report, incorporating
application of King IV™*
principles

Audited consolidated annual
financial statements for the
year ended 30 June 2020

For important information on forward looking statements in this report, refer to the inside back cover.



We urge our stakeholders to make use of our reporting website, which presents the full extent of our reporting for the year.

Stakeholders can access the group's reports, and interim and annual financial results announcements and presentations at <https://www.imperiallogistics.com/inv-reports.php> or scan the QR code to be taken there directly.

All photographs were taken pre-Covid-19. Appropriate health and safety protocols are being followed to protect stakeholders during the pandemic.

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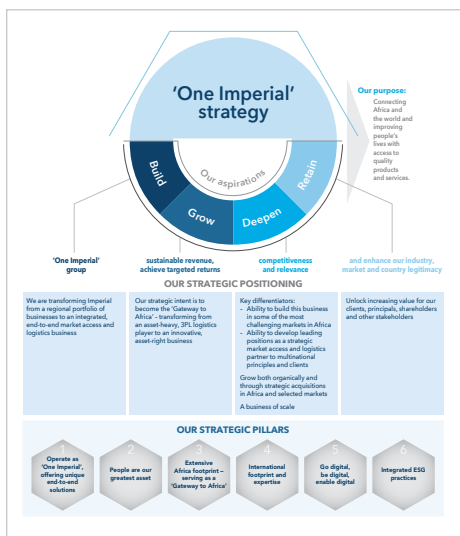
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Our reporting

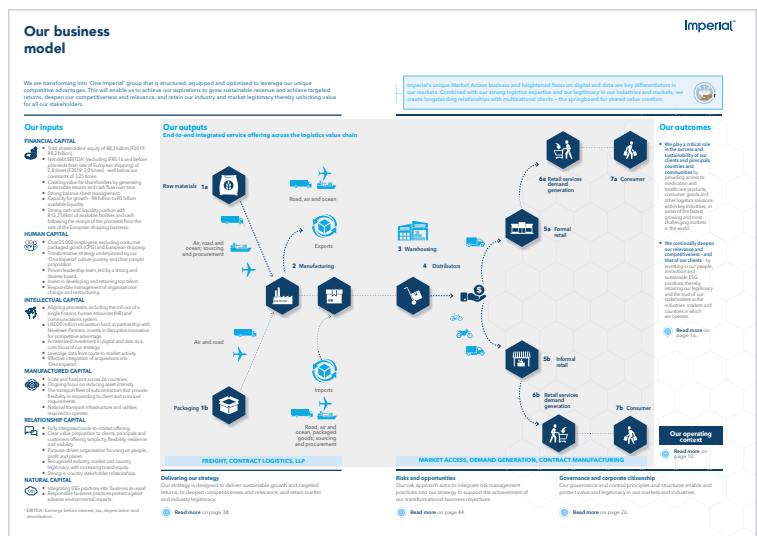
The Imperial Logistics Limited (Imperial) environmental, social and governance (ESG) report to stakeholders, for the period 1 July 2019 to 30 June 2020, supplements our integrated report, and covers our governance, strategies, risks and performance in relation to our material social and environmental issues. It provides readers with an in-depth view of our activities under the following two pillars of our business strategy.



In terms of the six capitals of the International <IR> Framework, this report primarily focuses on our dependence and impact on human and intellectual capital, social and relationship capital and natural capital. For the detailed disclosure on our dependence and impact on all six capitals, readers are referred to our integrated report, specifically our business model. A detailed discussion on our strategy can also be accessed in that report as per the below snapshots.



Our strategy in the integrated report: page 38.



Our business model in the integrated report: page 14.

Scope and boundary

The report covers our group operations, including subsidiaries and investment in associates. More broadly, the risks, opportunities and outcomes associated with our stakeholders are reported insofar as these relationships materially affect our ability to create value in the short, medium and long term. Our key stakeholders – who have a vested interest in and support Imperial – are our employees, clients, principals and customers (collectively referred to as clients), business partners, suppliers, communities, providers of capital, governments and regulators.

Reporting frameworks and assurance

Our ESG report has been prepared in accordance with the Global Reporting Initiative’s G4 Sustainability Reporting Guidelines (GRI Standards), at a core application level. Selected non-financial information has been assured by Deloitte & Touche as per ISAE 3 000 and the independent limited assurance report is included on page 78.

Materiality determination

We define material issues as those factors most likely to influence the decisions of our stakeholders in relation to the capital inputs they provide to the group, and the outcomes they expect to derive in return. The process followed to determine our material issues, which are linked to key stakeholder concerns and associated management priorities, is set out on page 47 of the integrated report. The group’s executive committee was instrumental in determining the material issues for the year, which were reviewed and approved by the group board. They have informed the preparation of the group’s reports.

2020: themes	2020: material issues
Strategic growth underpinned by effective capital management	<ul style="list-style-type: none"> Effectively manage, allocate and deploy capital for long-term value creation. Focus, unify and transform to drive organic and acquisitive growth.
Alignment of culture and people to our purpose-led strategy	<ul style="list-style-type: none"> Drive a purpose-led ‘One Imperial’ culture and accelerate investment in our people and organisational capabilities.
Invest in and transform structure and processes to achieve our strategy	<ul style="list-style-type: none"> Invest in aligning, integrating and optimising systems and practices to support sustainable performance. Implement digital and data initiatives to support strategic delivery and facilitate access to new revenue streams.
Deliver shared value as a purpose-driven organisation	<ul style="list-style-type: none"> Deepen legitimacy and enhance organisational visibility.

Covid-19

Our response to the coronavirus disease 2019 (Covid-19) is covered throughout the report narrative, where the impact of the crisis has been material. Key impacts have been on the workforce, learning and development (covered in the people and culture report) and the health and safety of our stakeholders, transformation in South Africa and our community development initiatives (covered in the social report). The pictures used in this report were taken prior to the Covid-19 outbreak and therefore do not portray our people wearing masks.

Report preparation and presentation

Interviews with executive and non-executive leadership, together with other internal and external sources of information, have been used to prepare the report. The group executive committee has reviewed the report to ensure its integrity. The Imperial board delegates the responsibility of the preparation and presentation of the ESG report to the social, ethics and sustainability (SES) committee. The committee has reviewed and recommended the report to the board for approval.

Board responsibility and approval statement

The Imperial board acknowledges its responsibility to ensure the integrity of the 2020 integrated and ESG reports. In the board’s opinion, the reports address all material issues and matters that may impact the group’s ability to create value over time, and provide a balanced and appropriate overview of the group’s strategy, risks, performance and prospects.

Make contact:



Feedback, questions or requests from stakeholders can be directed to: Rafiek Sharfuddin at rafiek.sharfuddin@imperiallogistics.com.

Section 1



Introduction



Who we are at a glance

We have established a leading Market Access business across Africa and are the premier logistics provider in Southern Africa. We have developed strong expertise and leading market positions in contract logistics and freight in Europe and the United Kingdom. Leveraging our powerful competitive advantages and specialised capabilities, we are positioning the group as the 'Gateway to Africa'.



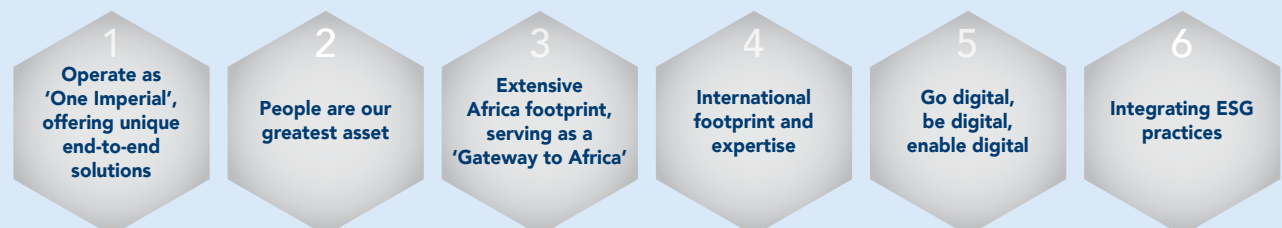
¹ Ranked 28th in the Armstrong & Associates 2019 Gross Revenue list of top 50 third-party logistics (3PL) providers.

² Continuing operations excluding consumer packaged goods and shipping.

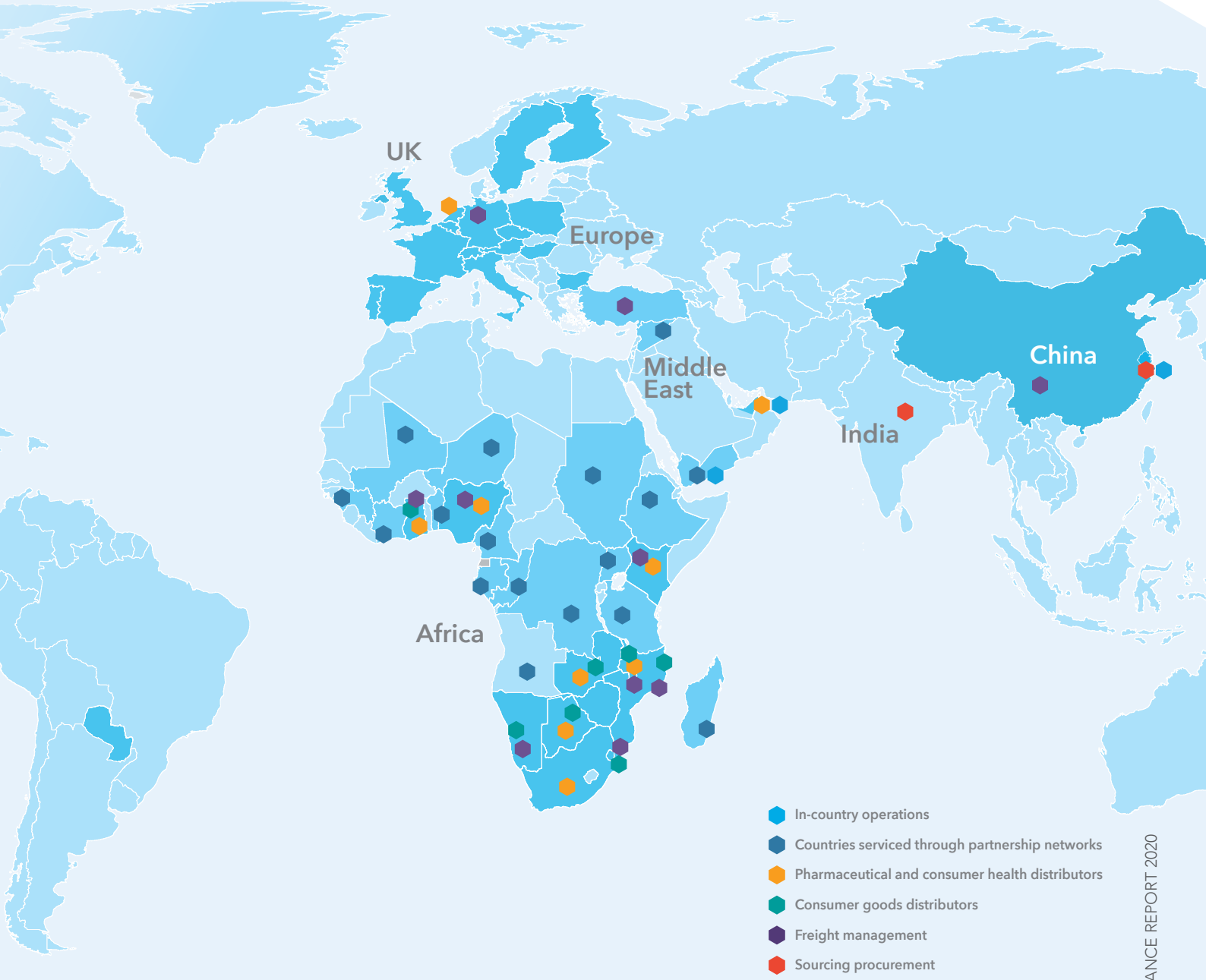
Our purpose

Our purpose is to **connect Africa and the world, improving people's lives with access to quality products and services**. Uninterrupted and efficient supply chains mean survival, recovery, growth and development – essential to the economies in which we operate, supporting the lives and livelihoods of millions of people in our 26 countries of operation.

OUR STRATEGIC PILLARS



Our geographic footprint






Our transformation journey

Our strategy leverages our competitive advantages in Africa to position Imperial as the 'Gateway to Africa' and aims to transform the group from a regional portfolio of businesses to a unified 'One Imperial' brand.

The transformation of our business, which requires a fundamental shift in our operating model, organisational structure, mindset and culture, aims to align the interests of our clients, our people and our shareholders in our pursuit of shared value.

Our strategy and transformation journey are grounded in the 'outside-in' perspectives of our stakeholders and a detailed assessment of strategic, financial and industry trends, expectations and uncertainties. Our transformation will move the group definitively from its current state, which has not generated returns or created value in recent years, to a future state in which we are positioned to unlock, create and sustain shared value for all our stakeholders over the long term.

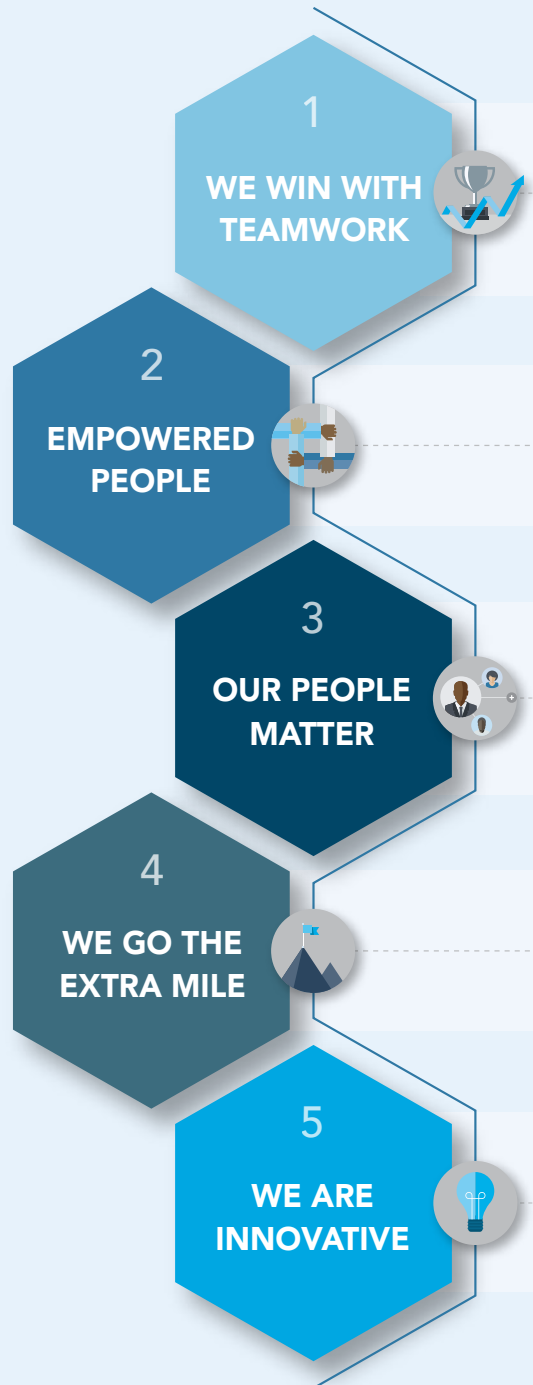
-  Our purpose in the integrated report: page 4.
-  Operating as 'One Imperial' in the integrated report: page 8.
-  Our strategy in the integrated report: page 38.


Our values

To ensure we live our purpose and deliver on our strategy, we must drive a fundamental shift in organisational culture, away from a decentralised and siloed organisation to a culture of operating as 'One Imperial'. During the year, we established the foundation for this shift in a new set of shared organisational values designed to deeply connect our people to our organisational purpose and drive 'One Imperial' thinking.

We conducted two values surveys – the first targeting our top 100 leaders and another rolled out across all our group companies and regions, to identify the values needed to shape a sustainable future for Imperial. In the first phase, the results of the survey indicated that our leaders have a balanced, expansive and forward-thinking set of personal values and a strong desire to transform Imperial. However, both surveys also highlighted that a new values system was needed to drive teamwork, employee empowerment, a shared vision and co-operation.

From the insights gained, we crafted the five organisational values and associated behaviours reported alongside. Six clear leadership behaviours and attributes have also been defined to help our leaders effectively model the culture change and bring life to our values. Roll out of these values started in the first quarter of F2021.



 Our purpose in the integrated report: page 4.



- We collaborate
- We share ideas and opportunities
- We work and win together to achieve common goals
- We hold each other accountable
- We earn each other's trust with transparency
- We celebrate success together



- We take personal accountability for our performance and our behaviour
- We are free to make a difference
- We bring our whole selves to work
- We will go beyond possibility



- Our people's safety comes first
- We value diversity
- We recognise and respect each other as adults and equals
- We recognise performance and commitment
- We encourage lifelong learning and growth
- We provide opportunities to grow careers



- Our clients, principals and customers are at the heart of all we do
- We are fully focused on providing value to our clients, principals and customers
- We act with integrity when we strive to add value
- Our communities are better off because we are here



- We expect to improve every day
- We learn from our mistakes
- Our entrepreneurial spirit drives us to look for new ways of delivering value to our stakeholders
- We go where others dare not go – we are pioneers

Integrating ESG practices

As we transform Imperial to better meet the needs and requirements of our clients, we are also deeply committed to becoming a purpose-driven organisation that creates sustainable, long-term value for all stakeholders. We understand that to achieve this we must prioritise people, planet and profit. Our new business strategy integrates people and ESG practices as two fundamental enablers of growth and sets key objectives for each pillar.

We will continue to invest in our people as our greatest asset – paying particular attention to our talent pipeline and on leveraging skills and expertise across the group. Our strategy will ensure that the business is well-equipped with talented and skilled people and expertise, supported by optimal systems and processes, to drive strategic execution, competitive differentiation, operational efficiency and innovation.

As an underpin to our industry, market and country legitimacy and reputation as a trusted partner, and to prepare for a post-pandemic world, we are accelerating our investment in embedding ESG practices into daily business to ensure proactive management of our impacts beyond compliance requirements. This will ensure that Imperial has the relevant ESG policies and strategies to drive strategic group initiatives, develop key stakeholder relationships and continue to grow our impact and reach through various corporate social investment (CSI) initiatives. Performance against these objectives will be tracked and measured.

Strategic initiatives

People are our greatest asset	Integrating ESG practices
<ul style="list-style-type: none"> • Creating a 'One Imperial' culture. • Transforming leadership diversity and mindset. • Attracting and retaining the best talent and skills. 	<ul style="list-style-type: none"> • Protecting our licence to operate and reputation. • Proactively managing and investing in ESG as part of our daily course of business. • We care about our communities, environment and countries of operation. • Purpose-driven. • People, planet and profit given priority.

Linking performance to remuneration

Key performance measures that will drive behaviours that deliver on our strategic objectives have been developed. To ensure long-term value is created for all stakeholders, our key measures are less short-term focused and balanced across financial and non-financial performance, including 'One Imperial' strategic initiatives. In F2021, these indicators will form the basis of the remuneration policy.

Governance of environmental and social practices

The governance structures below are tasked with ensuring that ESG is given the right level of attention and that responsible ESG practices extend across the organisation and into strategic and daily operational decision making and business practice. Through these structures, we aim to ensure that capital allocation decisions are considerate of national priorities and are socially relevant and environmentally responsible.

Imperial board	The board of directors is ultimately responsible for people management and ESG issues and it is kept abreast of all critical concerns and regulatory matters relating to these aspects. It delegates responsibility for people matters and ESG issues to the group SES committee and the executive management team.
Group SES committee	<p>The SES committee has a statutory mandate to ensure that citizenship and stewardship are intrinsic to our daily business conduct. The committee brings a social conscience to board and group decisions, ensuring balance between the group's need to compete for limited resources in the interest of commercial success, with the need to sustain the health of the ecosystem we live in, with its interconnected social, economic and natural elements.</p> <p>The committee has an approved annual work plan, complies with the requirements of the Companies Act, and follows the established guidelines of the King Report on Corporate Governance in South Africa 2016.</p> <p>The committee meets four times a year. To ensure a balance between independence and practical implementation, the committee is chaired by an independent non-executive director. It has four members – three non-executive directors, including the group chairman, and the group CEO. The chief corporate affairs and investor relations officer, the group head of sustainability, group risk executive, group chief people officer, transformation director, health and safety executive and the group legal executive attend as invitees.</p> <p>Vigorous monitoring through well-established reporting lines, and against relevant frameworks and indicators, ensures implementation of policies at group and divisional levels.</p>
ESG/CSI committee	A dedicated ESG/CSI committee, a sub-committee of the SES board committee, provides oversight and implements good corporate practices relating to CSI, enterprise development and ESG. The committee includes representatives at a group and divisional level and meets quarterly. The committee approves all CSI and enterprise development projects and spend to ensure they align with our strategic objectives and reviews safety and risk matters. The chief corporate affairs and investor relations officer, a member of the group executive committee and responsible for ESG, chairs the committee.

<p>Executive committee</p>	<p>The group executive committee is tasked with monitoring the integration of ESG into daily business practices. ESG falls within the group corporate affairs and investor relations portfolio – the first time that accountability for ESG is held at executive management level.</p>
<p>Safety, health, environmental and quality (SHEQ) committee</p>	<p>The biannual SHEQ committee is attended by divisional safety champions, managing directors (by invitation) and occupational health and safety representatives in South Africa as well as a representative for Market Access. The committee is tasked with implementing SHEQ policies, managing environmental and safety compliance, addressing incidents and near misses, reviewing SHEQ audits, implementing action plans and raising environmental awareness.</p> <p>Logistics International’s SHEQ and Sustainability Department centralises the co-ordination and management of ESG issues in collaboration with representatives from the division’s operational units. The department provides assurance on the quality and sustainability of our initiatives and ensures that specialist knowledge and best practices are shared among group companies.</p>
<p>Policies</p>	<p>Group-wide ESG policies and guidelines, including for CSI and climate change, have been developed and approved by the group executive and SES board committees – a first for the group. These policies and guidelines are being implemented across all operations.</p>

Performance rankings

<p>EcoVadis Group Transportation and Logistics Silver status scoring 48 out of 100 points.</p> <p>Logistics International Chemical Gold status scoring 62 out of 100 points.</p> <p>Automotive Gold status scoring 66 out of 100 points.</p> <p>EcoVadis is an independent international rating agency that evaluates the sustainability performance of global supply chain companies in 150 sectors across 110 countries.</p>	<p>London Stock Exchange FTSE4Good Index Series A global sustainable investment index series.</p> <p>3,8 overall score out of five (2019: 3,7)</p> <p>3,2 environmental score (2019: 3,1)</p> <p>3,4 social score (2019: 3,2)</p> <p>5,0 governance score (2019: 5,0)</p>	<p>CDP (group) B+ rating This is higher than the global average (C) and the Africa regional average (B-). Our next submission is due in August 2020.</p> <p>United Nations (UN) Global Compact The group became a signatory to the UN Global Compact. Imres has been a signatory since 2016.</p> <p>The group’s code of conduct and the SES committee’s annual work plan have subscribed to the 10 principles of the UN Global Compact for over 10 years.</p>
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Looking forward

An immediate priority for Imperial is to initiate processes to help us understand the direct and indirect impacts of our business and ESG and community activities on our industry, society and stakeholders. A socioeconomic impact assessment study is scheduled for the second half of the 2020 calendar year. The initial study will encompass South Africa and Nigeria (two of our major markets). In addition, we will demonstrate our commitment to ESG practices by advancing our scores in global ESG indices and ratings.

Key performance measures

- Maintaining global ESG ratings.
- CSI spend of 1% of net profit after tax (NPAT) for businesses in addition to group initiatives.
- Branding and stakeholder perception assessment.
- No material reputational events.
- Complete socioeconomic impact study in Nigeria and South Africa.
- Execute on waste management objectives.

Letter from the SES committee chairman

The SES committee is the conscience of Imperial. Cornerstones to our approach are to define and outlaw unethical behaviour and encourage good corporate citizenship that seeks no reward for improving the communities in which we operate. We strive to ensure that every one of our people, in every decision and every action, understands that we share a destiny with our stakeholders.

The Covid-19 crisis has served as a timely reminder of our responsibilities not just as a business, but also as a corporate citizen across our 26 countries of operation. Among the foundational principles of our governance standards is that business draws its legitimacy from society and depends on sound and enduring relationships with stakeholders – an acknowledgement that we share a destiny. Ethical and inclusive decisions, therefore, are those that enhance the intangible common good of improving that destiny.

We laud the fact that the 'One Imperial' strategy puts purpose at the heart of our transformation and growth and is a galvanising vision for anyone who cares about progress and possibility. Similarly, 'One Imperial' speaks to the human desire for connection and belonging, to the sense of grand mission that a large organisation offers. Covid-19 has delivered a home truth: our resilience is built on strong relationships, on teams bound together by common cause, kindness and trust. This extends beyond the organisation to trusted relationships with individuals that are our employees, our clients, principals and customers, our communities and governments – each with specific interests and expectations – as well as members of the societies we serve.

Our new business strategy elevates our approach to ESG management, and we intend to be measured against the strategic objectives set under this pillar. The integration of ESG practices into our everyday business activities extends to investing in our employees, cultivating a diverse and inclusive work environment, serving our clients exceptionally and transparently, strengthening the communities in which we live and work and promoting environmental stewardship. Our robust governance systems, risk management and controls,

and regular monitoring of ESG trends ensure that ESG is effectively managed as a business fundamental. We seek continuous improvement in these areas to underpin our long-term success and ability to deliver value for our stakeholders.

To give weight to our commitment and to continue to meet and improve our responsibilities in terms of human rights, labour, environment and anti-corruption, the Imperial Group is now a formal signatory to the UN Global Compact. We will also engage in collaborative projects which advance the broader development goals, particularly the Sustainable Development Goals. An annual statement to this effect will be published going forward.

The committee is exceptionally proud of how our people responded to Covid-19, stepping up to ensure that our clients' supply chains remained uninterrupted and effective – that goods and services could flow to those we serve and those most in need. In particular, we acknowledge the contributions and sacrifices thousands of our people made to deliver essential health and safety supplies, while also meeting high standards of service delivery and ethical conduct. We remember with great sadness the 11 colleagues who succumbed to the virus and extend our heartfelt condolences to their families and colleagues.

This committee has tough, sometimes anguishing conversations that have a lasting effect on people's lives. For example, during this time of economic contraction, rightsizing is a reality for Imperial. The SES committee ensures that retrenchments are only ever a last resort, and that this has been properly determined and carried out not only lawfully, but also in a spirit of sensitivity.

The importance of health and safety has taken on a new criticality since the advent of Covid-19, however, for Imperial the safety of our drivers and public road users has always been a major focus area. In particular, we continue to leverage technology to reduce accidents. Sadly, towards the end of the financial year, we reported one employee fatality in an accident caused by a third-party vehicle. We regret the death of our colleague, Mr TJ Thupaemang, and again offer our

deepest sympathies to his family and friends. As we drive 'One Imperial' thinking and action, we will develop standardised approaches to safety to ensure that we are proactive in our actions and that we leverage the extensive experience and expertise in the group to deliver best safety practices.

To support our people during this unprecedented time, we prioritised their safety and paid salaries of approximately R160 million to operational employees whose services were not required during periods of lockdown between March 2020 and June 2020. Voluntary salary and fee cuts of 25% were taken by directors and executive management. In keeping with our commitment to develop and support our communities and countries in this time of critical need, Imperial sourced and delivered thousands of cubic metres of personal protective equipment and medical-grade sanitisers to the private and public sectors in South Africa and Europe, some on a cost recovery basis. In addition, our contribution to humanitarian causes in South Africa included R5 million to the Solidarity Fund, R5 million to the Giving for Hope Foundation in support of small, medium and micro-enterprises and R500 000 to Gift of the Givers. We also worked with charitable organisations, providing vehicles and resources to deliver food parcels and other basic needs to communities in South Africa most impacted by the crisis. One of our flagship CSI projects in South Africa, Unjani Clinics, assisted government as an additional Covid-19 screening measure, reaching 75 000 patients.

'Transformation' is a positive word for Imperial, as we transform the business in accordance with our strategy and with high expectations. Our government has prioritised its promise to redress past wrongs and we align ourselves with this intent, with inclusion and collaboration being the cornerstones of our culture journey. Efforts to create opportunities for local people, whether in Africa or elsewhere, have been emphasised and are part of our employee value proposition. Besides these efforts, which are critical to our legitimacy in our countries of operation, common decency demands that our management teams challenge barriers to culture, race and

gender, and that they actively seek and nurture talent in underrepresented groups.

True diversity, beyond achieving required measures of race and gender representation, is achieved through valuing, combining and leveraging different perspectives, life experiences and ways of doing things for the good of Imperial's stakeholders, specifically our clients, people and local communities. The committee intends to ensure that real progress is made in understanding, and systematically removing, barriers to inclusion. As we strive to meet ambitious race, gender and other local requirements, we also commit to the guiding spirit behind the requirements, one which envisages a country and a continent where all can aspire to leading dignified lives and being afforded equitable opportunities. The establishment of the Global Women's Forum – a first for the group – is one initiative that will drive our gender diversity objectives across all group operations. We are also pleased to have been acknowledged as the top transport and logistics company for students to work for in the recent South African Graduate Employers Association study.

Current projections show that we will drop from a Level 2 BBBEE ranking to Level 4 against the more stringent dti Codes¹. Although the Covid-19 crisis has been a factor in this deterioration, executives will forgo a portion of their short-term incentive for not meeting employment equity targets notwithstanding a number of key black and female management appointments during the year. This shows that accountability for BBBEE is held at the highest level of our business. It is also notable that even in the constrained circumstance of a lockdown, we nevertheless procured goods and services worth a little under R7 billion from 50% black-owned business, 30% female black-owned business and smaller qualifying businesses.

Throughout Africa there is a drive for advancement and development. Imperial welcomes the imperative of local beneficiation targets and the desire of African governments to see their people engaged in meaningful work. Further, Africa's economy will only thrive when more consumers earn more and disposable income levels rise.

Our business model and strategy, and our relevance as an organisation with deep roots in Africa, is based on this imperative. We are able to help our clients and our principals meet government policy on localisation; and we are able to find a way to boost jobs and local innovation, and to deliver quality goods to Africa's people as they become more affluent, and to take the goods produced on the continent to markets elsewhere in the world.

One example of a critical development area for Africa, where we can make a significant contribution, is access to quality and affordable healthcare. Imperial seeks to contribute to creating enabling environments, such that Africa begins to operate at levels of efficiency and delivery that wealthier nations take for granted.

In Africa, about 40% of medicine costs consist of supply chain, distribution and other non-core costs. For every percentage point we knock off that premium, millions of Africans benefit. Our business is dedicated to doing just that. We are the nexus of a logistics network that includes governments, multinational principals, regulators and donors; and we are relied upon to improve the pricing and the reliability of supply of quality medicine into Africa. Our 'One Imperial' drive to streamline and rationalise business contributes to lowering costs and improving supply. Similarly, our Market Access solution allows principals to introduce new products to underserved markets quickly. Our control towers have become part of the healthcare infrastructure in certain regions, enabling hospitals and other healthcare providers to collaborate and operate more efficiently.

We believe that the most powerful change agent for improving the lives of a burgeoning continent is innovation, bringing goods and services at lower cost to millions of people. Resolve, an Imperial business, has enjoyed industry recognition for rolling out 239 medical stores across Malawi in only six months; of which 117 are powered by off-grid solar photovoltaic systems. This is part of its In-a-Box™ innovation that delivers prefabricated modular units fitted out for healthcare infrastructure.

Stakeholders increasingly expect organisations to participate in a circular economy that limits environmental impact, contains the waste of resources and uses resources efficiently. Successfully delivering on our strategy, which prioritises people, profit and planet, will help us meet these expectations. There is still significant scope for improvement in our environmental performance and the newly developed group-wide climate change and environmental sustainability strategy framework, approved by the executive and SES committees, will drive the integration of sustainable environmental practices into our everyday operations.

Our CSI spend is helping Nigerians get their sight back, enabling opportunities for South African nurses, bringing libraries to school children, sharing road safety messages with children, and offering learnerships to deserving youth. Our projects are covered in the social report.

We thank all our colleagues and partners who make the work of the committee meaningful and indeed possible, and who are helping Imperial to improve the destiny we share with Africa and her people.



Roddy Sparks
Chairman of the SES committee

¹ Department of Trade and Industry's Broad-based Black Economic Empowerment (BBBEE) Codes of Good Practice.

Demonstrate consistently ethical business conduct

Adopting the highest standards of governance and ethics is a critical aspect of our client proposition and ability to secure and maintain partnerships with multinational clients and principals as well as attract high-calibre leaders and employees. Our commitment to acting with uncompromising honesty and integrity begins with our leaders, who set the correct tone from the top, and extends into our business practices, not only as a moral imperative but also a commercial one. Our business practices, reputation and commitment to ethics have enabled us to acquire business in countries where regulation is underdeveloped and governance standards are inconsistent.

We are subject to a vast array of legislation across multiple jurisdictions and sectors, including that pertaining to product responsibility, labour practice, health and safety, environmental management and information management. This requires an unwavering focus on regulatory compliance and strong governance practices.

Link to material themes and issues

Theme	Material issue
Deliver shared value as a purpose-driven organisation	<ul style="list-style-type: none"> Deepen legitimacy and enhance organisational visibility.

Our risks

- **Reputation:** loss of client, employee or stakeholder trust from failure to implement the policies, controls and culture to ensure ethical business conduct.
- **Compliance:** managing the complex regulatory environment and changes across multiple jurisdictions.

Management approach

We choose to do ethical and compliant business even at the cost of competitiveness. Our processes are robust, starting with due diligence and including regular internal and client audits as well as whistle-blowing hotlines for the anonymous reporting of unethical incidents. We have zero tolerance for unethical behaviour and have the processes in place to discourage, identify and prosecute wrongdoings.

Our framework to manage ethics is set out below.

Group code of conduct

The Imperial group code of conduct applies to all employees and guides them in meeting our expectation that our business is always conducted in accordance with our values, the applicable law and professional standards.

The code of conduct considers the 10 principles of the UN Global Compact, the Universal Declaration of Human Rights, the eight core work standards of the International Labour Organization (ILO), the ILO's declaration of principles about multinational enterprises and social policy (MNE Declaration), the OECD principles for multinational enterprises and the Responsible Care® Global Charter 4. This ensures we align our strategies and operations with universal principals on human rights, labour, environmental performance and anti-corruption.

The code of conduct covers conflicts of interest, anti-corruption, fair competition, anti-money laundering and anti-terrorism, the

handling of company assets and data protection and security, among other imperatives. It also highlights the importance we place on employee health and safety and environmental conservation.

 **Code of conduct:** Imperial website.

Group anti-bribery and corruption policy

The group anti-bribery and corruption policy promotes the appropriate standards and behaviour to prevent bribery, corruption and anti-competitive collusive practices in the various jurisdictions in which we operate.

Regular internal audits, as well as client audits, confirm that we are implementing acceptable anti-bribery and corruption practices. No related material concerns were identified during the reporting year.

 **Anti-bribery and corruption policy:** Imperial website.

Human rights

We adhere to the principles embodied in the Universal Declaration of Human Rights, the South African Constitution and the ILO's Declaration on Fundamental Principles and Rights at Work. Our human capital policies and procedures protect against any discrimination and human rights abuse.

Our assessments indicate that there are no instances of material risks relating to freedom of association or collective bargaining, child labour, or forced or compulsory labour within Imperial.

Our supply chain

We will not hesitate to terminate agreements and relationships in our supply chain that contravene international human rights standards. In Market Access, our supplier contracts require adherence to ethical practices, but not all suppliers are audited as our supplier base largely consists of reputable and well-established multinational principals and logistics service providers. Imres operates a comprehensive set of measurements and guidelines for its suppliers and other partners in the supply chain to minimise the risk of human rights violations. In Europe, a supplier code of conduct holds service providers and sub-contractors to our values and policies. Suppliers and employees are screened to ensure the division complies with international anti-terrorist financing regulations.

Training

Training and awareness initiatives promote an ethical and non-discriminatory culture. Standardised training on the anti-bribery and corruption policy is delivered through an eLearning tool.

Employees also receive training on the Foreign Corrupt Practices Act, as many of our international clients are subject to the Act or similar legislation. For our employees in the healthcare businesses, refresher training is undertaken annually.

In South Africa, senior managers receive training on the Competition Act and a guideline on competition law is available in Europe.

Whistle-blowing hotlines

We encourage our employees to express their concerns in an open and direct manner, and they are required to point out any circumstances that might indicate an infringement of laws and internal directives. An independent whistle-blowing hotline, managed by Deloitte, services most of our operating countries, including Europe and China, enabling stakeholders to report concerns anonymously. Stakeholders can report concerns in a language local to their country. Retaliation against whistle-blowers is not tolerated. The group's SES committee is mandated to oversee the management of the hotline and the actions taken.

Regulatory compliance

Group company management teams are responsible for keeping abreast of regulatory changes and governance standards that pertain to their markets and businesses to ensure our licences are maintained. Regular compliance audits are conducted across all operations and compliance training is delivered to employees. Various tax-related tools and local tax specialists ensure that we adhere to tax legislation across multiple African countries.

When acquiring a business, compliance with local and international laws and regulations is included in the due diligence process. All acquisitions are measured against our compliance standards and are subjected to compliance risk assessments.

Our engagements with regulators and memberships in local chambers of commerce and similar entities help us identify and prepare for upcoming legislation and enable us to contribute to policy development. This is key in our healthcare businesses where constructive relationships with regulators and governments ensure the sustainable supply of quality medicines.

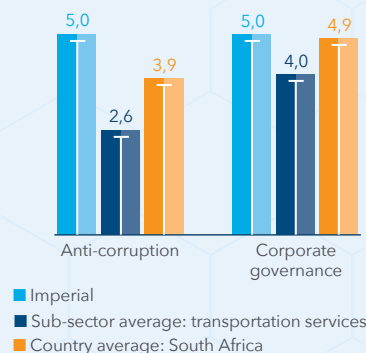
The role of head office is to share compliance learnings and new processes across jurisdictions.

2020 review Group

- Of the 41 whistle-blowing reports, five tip-offs concerned Market Access and 34 concerned Logistics Africa. One tip-off was received for Logistics International and one was a miscellaneous report. Of the three alleged corruption reports, one was confirmed and the individual concerned dismissed. At the time of reporting, all reports had been investigated and closed.
- 1 359 employees in our African operations successfully completed the anti-bribery and corruption training using the eLearning tool. Logistics International successfully delivered compliance training in F2019 with no additional training required in F2020.
- No public legal cases regarding corruption were brought against Imperial or its employees during the reporting period.
- No legal actions are pending or were completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.

- Compliance audits have not identified any material concerns and Imperial did not incur any significant fines or non-monetary sanctions for regulatory non-compliance.
- There were no substantiated complaints or loss of client data.

FTSE4Good Index Series



Looking forward

- Launch eLearning training on the group's code of conduct in F2021. In Europe, we will improve our compliance training by rolling out online training for white and blue-collar workers accessible on mobile devices and personal computers.
- Extend the online anti-bribery and corruption training to a broader audience, including employees at all levels and potentially suppliers as part of the onboarding process.
- Potential future regulatory changes in Africa could arise to protect the local manufacture of pharmaceuticals, particularly given the Covid-19 pandemic. We will keep abreast of this developing trend.

Key data

	2020	2019	2018
Whistle-blowing hotline			
Total number of tip-offs registered	41	62	75
By category:			
Fraud	5	6	9
Governance	3	2	6
Human resources ¹	26	31	46
Enquiry	1	2	1
Other crime	–	–	1
Corruption	3	11	7
Theft	3	6	3
Fleet management irregularities	–	2	1
Procurement irregularities	–	2	1

¹ Includes no incidents of alleged discrimination.

GRI indicators

General: 102-12, 102-15, 102-16, 102-17

Economic: 205-3, 206-1

Social: 406-1, 407-1, 408-1, 409-1, 418-1, 419-1

Section

2



People and culture report

Become an employer
of choice in all markets

Why redefining our people proposition matters

Our people are the most critical enablers of our strategy. They are central to the effectiveness of our business transformation and their level of engagement, relevant skills and diverse ideas determine the efficiency of our client-focused solutions, improved performance and accelerated growth.

Our culture enables our people to achieve and is the connective tissue that binds the group, ultimately determining how things are done. It is fundamental to strategic and operational delivery, competitive differentiation, ethical conduct, diversity and inclusion, collaboration, and innovation and disruption. The values survey conducted in F2020 highlighted a need to shift our organisational culture to ensure that value is not destroyed by a culture misaligned with our people's values, and a structure that does not demonstrate our people's value to us.

We are cultivating a workforce that embraces 'One Imperial' thinking – unified by a single purpose-led strategy, and with ever-increasing synergy, collaboration and integration in how the business is run. The transformation of how we manage our people, underpinned by our culture journey, will ensure that we grow into 'One Imperial' with the right talent to build it, the right leadership to guide us and the right organisational architecture to support it.

In an organisation as large as Imperial, historically comprising multiple owner-managed businesses, shifting our culture will take time, particularly given the uncertainty created by the Covid-19 pandemic, the fundamental changes being made to our operating model and the critical need to accelerate digitisation and innovation – all of which put additional demands on our people and require vast amounts of energy. These shifts are, however, all interconnected and we are clear on how to achieve success, beginning with our leadership and transforming our human resources (HR) capabilities to ensure they are consistent with – and a powerful catalyst for – the 'One Imperial' culture we desire.

With an enabling collaborative culture, 'One Imperial' thinking and a clearly articulated employee value proposition, we aim to strengthen our employer of choice brand in all our markets.

 **Our values:** page 8.

Our focus areas

Implement a people strategy that clearly articulates our people proposition.

Create the 'One Imperial' culture, with a common purpose and set of values.

Standardise our key HR systems and processes.

Ensure employees have the right skills and capabilities, and develop an available future fit talent pool able to deliver business objectives and strategy.

Transform our leadership diversity and organisational culture to attract diverse talent.

Covid-19 impact on the workforce

Our focus during the crisis is first and foremost on protecting our people and operations from infection. As the pandemic evolves, the continued safety and wellbeing of our employees remains a priority. Our efforts are comprehensively discussed in the 'Response to Covid-19' section on page 37.

Non-executive board director fees were reduced by 25% from April 2020 to end June 2020, and the group's executive committee took a 25% salary cut over the same period. We paid salaries of around R160 million to operational employees whose services were not required during periods of lockdown between March 2020 and June 2020. During the more stringent South African lockdown, employees working remotely were only required to take three days of leave and, as a gesture of gratitude, a once-off gratuity was paid to all essential workers for their dedication. In Germany, automotive, steel and road workers as well as some employees in shared services were put on short-time-work conditions and their pay was subsidised by the government.

Remote and flexible working conditions have become the norm and are likely to remain for the foreseeable future. This requires changes to working models and enhanced digital competencies. In addition, the pandemic has caused uncertainty and employees are concerned about job security and their physical and mental wellbeing. Significant improvement has been made in employee engagement, with the launch of new communications and collaboration channels to reassure employees and maintain their trust and motivation. Our people have appreciated the further support measures provided by way of our employee health and wellness initiatives and online training on Covid-19, helping them transition to new ways of working.

 **Response to Covid-19:** page 37.

 **Driver fitness and employee health programmes:** pages 43 and 44 respectively.

Business restructures

Retrenchments are viewed as a last resort and take place only after other operating costs have been scrutinised and reduced, and after consultations have been held with employees and labour organisations to find alternative solutions. We also upskill people as far as possible, to redeploy them into other positions. However, when downsizing is undertaken due to difficult operating environments, we follow fair procedures in compliance with legislation, collective bargaining agreements and applicable company policies.

Covid-19 has necessitated further restructuring and business unit consolidation in South Africa to reduce costs and complexity, and to right-size the business for a more challenging economic

environment that is likely to recover slowly. Regrettably, we estimate that this will impact around 1 000 roles and have begun a Section 189 of the Labour Relations Act retrenchment process in the Logistics Africa division. We will also exit underperforming businesses and businesses that are not aligned with our growth strategy, impacting the employees working in these operations.

The ambient business within the consumer packaged goods (CPG) division ceased trading at the end of September 2019 and we sold the Cold business to Vector Logistics in November 2019. We retained over 1 800 employees (excluding staff in the Cold business). These employees were accommodated mainly in the Dedicated Contracts and Health Sciences businesses.

Link to material themes and issues

Theme	Material issue
Strategic growth underpinned by effective capital management	<ul style="list-style-type: none"> Focus, unify and transform to drive organic and acquisitive growth.
Alignment of culture and people to our purpose-led strategy	<ul style="list-style-type: none"> Drive a purpose-led 'One Imperial' culture and accelerate investment in our people and organisational capabilities.
Invest in and transform structure and processes to achieve our strategy	<ul style="list-style-type: none"> Invest in aligning, integrating and optimising systems and practices to support sustainable performance.



Materiality boundary

	Market Access	Logistics Africa	Logistics International
'One Imperial' culture	■	■	■
People strategy	■	■	■
Talent management	■	■	■
Diversity and inclusion	■	■	■

Relationship to strategy

- Operate as 'One Imperial'.
- Our people are our greatest asset.

GRI indicators

General: 102-8, 102-15, 102-41, 102-44

Economic: 202-2

Social: 401-1, 404-2, 405-1

Performance overview

Highlights Culture

- Developed a culture change strategy, which includes a new set of values for Imperial, six clearly defined leadership behaviours and a revised people strategy focused on aligning HR processes and systems to the 'One Imperial' culture.

Leadership development

- Started the development of a future fit and purpose-led leadership development framework aligned with the Imperial values and desired leadership behaviours.
- Started assessing leaders for their current and future capability potential and their fit with our strategy and values. This will inform our succession planning for critical roles.
- 414 women participated in the Women's Development Programme, which develops self-mastery and resilience to change (F2019: 220).
- Delivered programmes to equip our leaders and managers with the skills to lead their teams through the new ways of working rapidly introduced to respond to Covid-19.

Diversity and inclusion

- Made a number of key black and female management appointments in South Africa.
- 2 513 women in South Africa benefitted from development programmes.
- Conducted a diversity, inclusion and equality survey in Kenya.
- Formally constituted the Global Women's Forum, tasked with ensuring that gender equality and women's empowerment are prioritised across all operations and regions.

- Imperial is a key contributor to a learning programme that is equipping 297 learners with skills in the fields of business administration, wholesale, retail, freight management and coding.
- Ranked second in the Women Empowerment in the Workplace category of the 2020 Business Engage Awards.

Employee experience

- Developing a technology platform that will broaden our communication coverage, promoting inclusivity, collaboration and knowledge sharing across geographies.
- Adopted a job grading system, which will correct job grade anomalies and drive competitive salaries.
- 10 343 employees in South Africa participated in a development programme.
- Piloted an easily accessible digital learning solution in our African operations.
- Recognised as the top transport and logistics company for students to work for in the recent South African Graduate Employers Association study. This bears testament to the success of our revamped graduate programme and our increased brand visibility and positioning.



Key performance indicators

Training (group)
R128 million
 training spend
 (F2019: R192 million)

Training hours delivered (group)
893 682 hours
 with 99% of hours benefitting
 South African employees
 (F2019: 628 228 hours)

Employee learnerships
 (South Africa)
633 employees
 registered for a learnership
 (F2019: 627 employees)

Tertiary learning (South Africa)
523 employees
 registered for tertiary qualifications
 (F2019: 481 employees)

Graduate programme (South Africa)
52 participants
 of whom 85% are black students and
 71% are women
 (F2019: 38 graduates)

Black representation
 (South Africa)
 At top management
**42% against a
 2020 target of 63%**
 with 16% being black women
 (F2019: 47% overall and 20%
 black women)

At senior management
**32% against a
 2020 target of 33%**
 with 16% being black women
 (F2019: 28% overall and 10%
 black women)

At middle management
**45% against a
 2020 target of 45%**
 with 17% being black women
 (F2019: 43% overall and 16%
 black women)

Black appointments (South Africa)
91%
 of appointments made in the year went
 to black candidates. At management
 level this equated to 58%
 (F2019: 89%)
90%
 of internal promotions went to
 black employees

Gender diversity (group)
12%
 women representation
 at top management
 (F2019: 17%)

14%
 women representation
 at senior management²
 (F2019: 27%)

24%
 women representation overall
 (F2019: 24%)

Group
 Every day our **25 232¹**
people in 26 countries
 impact the lives of millions
 of people

Region	Percentage	Employee Count
Market Access	37%	3 286 employees
Logistics Africa	51%	13 264 employees
Logistics International	12%	9 651 employees

● Market Access (3 286 employees)
 ● Logistics Africa (13 264 employees)
 ● Logistics International (9 651 employees)

¹ Continuing operations excluding CPG and shipping.
² Female representation in F2020 was impacted by the closure of the CPG business.

Detailed data table: page 30.

Note: graph reflects the number of employees at end June 2020.

Our people strategy





Our people strategy has been revised to support our operational and strategic transformation and enhance our ability to attract and retain the best talent and skills. Key outcomes will be progressing the 'One Imperial' culture journey, a consistent 'One Imperial' employee experience, the ability to place the right talent in the right places in the right jobs and the development of an organisation development practice.

A key aspect of the people strategy is to transform the HR function from a focus on transactional HR services to the delivery of strategic transformational HR services that support business growth. We will measure the success of the people strategy using employee turnover, internal and external employee value proposition measures, and employee engagement.

Pillars of our people strategy

Performance and talent management	Leadership and learning	Diversity and inclusion	Organisational effectiveness	Culture journey
Supporting business performance by providing an integrated framework that aligns business strategy with team and individual goals and performance outcomes.	Supporting employee productivity by ensuring employees have the right skills and capabilities, leveraging a pool of future fit talent to execute on business processes.	Driving a diverse and inclusive workforce, particularly in the talent pipeline, to unlock the value of inclusive interactions, and diversity of world view and industry experience.	Enabling the business to operate in a simple and collaborative manner, through systematic organisation development including organisation design, effectiveness and change management.	Enabling a 'One Imperial' culture with a shared purpose and set of values, connecting employees with each other and the communities in which we operate, and which embraces the richness of our diverse sub-cultures.

Enablers of the strategy

 <p>Accessible HR information and systems</p>	 <p>Line manager capability</p>	 <p>Business leader sponsorship</p>	 <p>Standardisation of key HR systems and processes</p>
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Management approach

Each group company has a people strategy managed and overseen by their head of HR. The effectiveness of these strategies is reviewed twice a year by executive teams and senior management. Divisional people strategies are aligned to the group's people strategy and are being restructured to accommodate the changes being implemented at group level.



Create a 'One Imperial' culture

Why this matters


Productivity	Culture	Leadership
Happy individuals are 13% more productive ¹ .	A strong positive culture can enhance employee engagement by 30%, resulting in potential increases of up to 19% in operating income and 28% in earnings growth ² .	68% of leaders feel they create empowering environments but only 36% of employees agree ³ .

Feedback received in the values survey (20% response rate⁴) indicates that there is a mismatch between respondents' personal values, their experience of current organisational values and their desired values for the business. Our culture was described as numbers focused, siloed, short term and transactional. In addition, our entrepreneurial origins and acquisitions have left us with a legacy of non-standardised HR platforms, processes and practices

To achieve our desired strategic and operational transformation, we must create a shared system of beliefs and values – a 'One Imperial' culture. The culture journey will be established by our leaders, with a clear purpose statement and shared values, and will be cascaded throughout the organisation to shape employee behaviours and understanding. Our systems, structures and processes are also being restructured to support our desired culture change.

Flattening our structures, empowering employees to make decisions and be responsive – and providing exciting career paths for our people with an attractive employee value proposition – are just some of the initiatives we are undertaking to create a culture in which people are inspired to service our clients, principals and customers (collectively referred to as clients) and create positive change in the industries and economies in which we operate.

Culture change strategy

Values	<p>Our new values are designed to revitalise our organisation and inspire and unite our people, creating a sense of meaning and belonging. They are the foundation of our culture journey and we intend to live and be measured by them.</p> <p> Our values: page 8.</p>								
Leadership	<p>We have defined the following leadership behaviours and attributes to drive culture change.</p> <p>The Imperial leader</p> <table border="1"> <tbody> <tr> <td>Connects individuals to the 'One Imperial' purpose.</td> <td>Enables a safe environment which fosters risk-taking, vulnerability and innovation.</td> <td>Acknowledges efforts, rewards contributions and has meaningful conversations.</td> </tr> <tr> <td>Authentically cares about individuals and encourages others to do the same.</td> <td>Fosters an environment that encourages collaboration and inclusivity.</td> <td>Drives performance through a growth mindset, clear output and value creation.</td> </tr> </tbody> </table> <p>We are developing a leadership development model to align, educate and coach leaders to lead and execute the transformation of our business and culture. The model aims to ensure our leadership team is caring and characterised by strategic business agility and capability, improved engagement capability to lead people through change, and driven to create value for all stakeholders. This will form the foundation of our revised people strategy, permeating the way we recruit, onboard, manage performance, develop talent and reward our people.</p>			Connects individuals to the 'One Imperial' purpose.	Enables a safe environment which fosters risk-taking, vulnerability and innovation.	Acknowledges efforts, rewards contributions and has meaningful conversations.	Authentically cares about individuals and encourages others to do the same.	Fosters an environment that encourages collaboration and inclusivity.	Drives performance through a growth mindset, clear output and value creation.
Connects individuals to the 'One Imperial' purpose.	Enables a safe environment which fosters risk-taking, vulnerability and innovation.	Acknowledges efforts, rewards contributions and has meaningful conversations.							
Authentically cares about individuals and encourages others to do the same.	Fosters an environment that encourages collaboration and inclusivity.	Drives performance through a growth mindset, clear output and value creation.							
Change management	<p>A group-wide change management programme communicates the shared purpose, values and associated behaviours to inspire employees and elicit their buy-in to our strategic transformation and culture change journey. Our change management processes are being executed methodically and sensitively, with oversight and support provided centrally to leaders tasked with driving these processes within their businesses.</p>								
Core HR systems and processes	<p>Our revised people strategy focuses on transforming our HR processes to deliver consistent and calibrated approaches to performance and talent management, and the consistent application of equitable compensation and reward practices underpinned by one HR information management system (see page 25).</p>								
Organisation design	<p>The redesign of our organisational structure and operating model to enable 'One Imperial' will remove duplication of effort, standardise practices to achieve efficiencies, remove hierarchy, enhance employee experience and provide meaningful career paths.</p>								

¹ Source: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3470734.

² Source: Adkins, A. (2016). U.S. employee engagement reaches new high in March.

³ Source: https://www.accenture.com/_acnmedia/Thought-Leadership-Assets/PDF-2/Accenture-Getting-To-Equal-2020-Research-Report.pdf.

⁴ Considered acceptable under the difficult circumstances presented by Covid-19.

Create a 'One Imperial' culture continued

Key challenge and initiatives

Operation: group

Challenge: lack of effective communication across the group.

A brand concept, to be rolled out in September 2020, will communicate the following intentions to employees:

- A singular vision led by the CEO and driven by each individual.
- That our people are an integral part of the group's success.
- The extent of Imperial's experience and resources to enable the African expansion strategy – together, we go Beyond Possibility.

In addition, we will pilot a single communication and engagement technology platform that will broaden our communication coverage, promoting inclusivity, collaboration and knowledge sharing across geographies. Accessible by personal computer and through mobile phones, the platform will provide easy and quick access to the group's policies, and information and news on the strategy, culture journey and the group's ESG activities. It will also provide employees with the opportunity to connect with one another to share ideas and best

practice. The pilot will start in October 2020 and will cover all job levels, reaching 1 600 desktop users and 400 non-desktop users.

Logistics International's industrial business introduced a platform where employees can share ideas to achieve efficiencies or improve the effectiveness of processes, including on health and safety issues. Employees earn credit points for ideas submitted that lead to initiatives, entitling them to benefits.

2020 review

- Established a transformation office to co-ordinate and guide the implementation of strategic initiatives to transform Imperial and lead the change journey.

Looking forward

- Launch the leadership development model in the first half of F2021. Leadership development will be delivered at all managerial levels.
- Continue to implement the group-wide communication and change management plans to embed the new organisational values.
- Reward and recognise employees living the values to reinforce behaviours and sustain the change.
- Adopt a people-centric approach when considering the use of technology to automate processes and drive efficiencies.



Standardised HR systems and processes

Why this matters

A genuine employee value proposition requires us to have a consistent approach to the employee experience throughout our different businesses and across the employee lifecycle. As we mature our HR management framework, the group will be better positioned to quickly respond to human capital priorities and risks, and make informed decisions based on accurate information. A mature framework will also mean that we are better able to integrate future acquisitions.

Key challenge and initiatives

Operation: group

Challenge: manual HR transactions and data management processes result in a heavy administrative burden for the HR function at the cost of transformational work and skills and leadership development. It also hinders data management processes and perpetuates inconsistent HR practices across the group.

We are implementing a minimum set of standards for HR processes to support business performance and productivity.

A group-wide HR information management system has been approved, which will add tangible business value by enabling people data analytics in real time and will provide customised talent offerings, improved talent management and enhanced HR processes, ultimately improving the employee experience. In addition, the system will achieve efficiencies in workforce planning and HR administration, reducing staff costs, and it will improve the governance of our people data.

2020 review

- Enhanced collaboration and sharing of best practice between the divisional HR teams.
- Adopted the Paterson grading system, which grades jobs based on their level of complexity, decision making and the skills required. The system will correct job grade anomalies across our businesses and drive competitive salaries. The grading system is being rolled out with pay scales benchmarked to local markets.
- Finalised the group remuneration strategy and policy, job evaluation policy and the short-term incentive scheme. The new remuneration framework aligns reward and incentives to the achievement of the group's new strategy.
- Continued to link job profiles to learning and development interventions to develop standardised career paths for our businesses in other African markets. The project is progressing well.
- Implementing a new SAP solution with an organisational management module to improve data quality and reliability, and achieve a more transparent and standardised data architecture for Logistics International. The system will provide the foundation for an integrated talent management approach and integration with the group-wide HR information management system.
- Logistics International continued to develop the quality of central HR services (administration, payroll, recruitment and HR solutions) to provide improved transactional people services and to build value-adding partnerships with business.

Looking forward

- Start the HR system implementation in Market Access and Logistics Africa. Further preparation is needed before implementation can begin in Logistics International. Over the next three years, we will also upgrade and consolidate our payroll systems.
- Uplift our strategic HR capability to build centres of excellence at group level for compensation, talent management, organisation development and leadership development. This will ultimately create the organisational architecture needed to drive an engaged workforce able to deliver optimal performance.
- Deliver a consistent performance management approach to identify and calibrate high performers across the group. Strategic goals will be cascaded using an aligned goal setting process followed by a consistent methodology for assessing and managing performance across business units, teams and individuals. Performance will be measured on productivity as well as values and culture output.
- Roll out the job grading methodology across the group in the third quarter of F2021.
- Establish a job evaluation committee in each division to evaluate all new hires for selected job bands.
- Develop a consistent and calibrated approach to talent management, recruiting for both values and skill, and measure and develop talent in line with the leadership development model.
- Launch an Imperial global website career portal.

Organised labour¹

Stakeholder engagement

Key employee and labour organisation concerns:

organisational change, income and job security, process automation, minimum wages and salaries.

We maintain strong relationships with labour unions to ensure we understand and address employee concerns, particularly during times when restructures are necessary.

20% (F2019: 34%) of employees in South Africa belong to the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI). Last year we secured a three-year wage settlement with the NBCRFLI, providing some security against labour disruptions for most of our operations in South Africa. Regular shop floor meetings take place with all recognised unions.

In Germany, 68% (F2019: 69%) of employees (automotive and steel-related operations) are covered by collective bargaining agreements with the industrial union of metalworkers, IG Metall. We are working with our German peers to develop a more standardised collective bargaining framework, which offers industry workers similar working conditions, however, legal restrictions curb the potential to standardise agreements, which in turn, impacts our ability to automate some HR services.

Effective employee grievance mechanisms are in place across the group and comply with relevant local legislation.

¹ Union membership is uncommon in other African markets.

Effective talent management and learning and development

Why this matters

Talent and skill	Age ¹
Core to any successful strategy is a well-equipped, talented and skilled workforce.	Approximately 37% of our workforce is between the ages of 41 and 55 and 10% are older than 56. The average age is 38.

Learning and development are critical drivers of improvement, innovation and growth. In addition, the skills needed by the healthcare businesses are vastly different to the skills required by the automotive business. We must therefore develop the depth of highly specialised logistics, industry and people skills needed to meet our current and future business needs, as well as the current and future needs of our clients. Learning and development are also important tools for embedding our desired culture.

Talent management is a development area for the group. Our goal is to establish a consistent approach that effectively identifies internal and external talent, provides our employees with growth opportunities and clear career paths, and attracts and develops skilled young talent with diverse backgrounds and industry know-how.

The first step towards achieving our goal is a group-wide assessment of the top three management levels, which will inform our succession planning for critical roles. Supported by the new HR information management system, the new Imperial Talent Management Way will provide us with a clearer view of the skills we have in the organisation and where talent can make the greatest impact in the group, also providing employees with mobility opportunities. In addition, we will be better able to understand the aspirations of our people and work with them throughout the job cycle from recruitment to career management and ultimately exit.

Management approach

Our learning and development programmes range from leadership development and facilitating workplace entry, to tertiary education support and industry collaboration and research. The Imperial Learning Academy designs and delivers learning and development programmes for the group and African group companies. Programmes are designed to support business needs, deliver customised client solutions and advance personal growth, as well as drive innovation and diversity. Development is structured around on-the-job learning, coaching and classroom or online learning in a 70:20:10 ratio approach.

Stakeholder engagement

Key employee concerns: working environment supportive of personal and career growth, investment in training and skills development, adapting to new ways of working.

Key client concerns: appropriate and future fit skills and workforce.

Key challenges and initiatives

Operation: group

Challenges: our lack of standardised recruitment, onboarding, performance management and development processes impedes our ability to identify potential talent within the organisation and puts proper succession at risk, particularly for specialist or technical roles that are filled by an aging workforce. In addition, we must adjust our working models to attract younger generations who want to identify with the culture of an organisation, value organisations that provide clear career development and paths, and are attracted to technologically advanced and innovative organisations.

We will increase our investment in developing younger people to gain depth and diversity in our talent pipeline. Accelerated training, coaching and mentoring are used to fast track junior employees working in technical and specialist roles.

Building a talent pipeline

In our African operations, talented employees can apply for study assistance and bursary schemes for tertiary education programmes that support the competencies required by the group. In Logistics International, coaching is provided to newly promoted managers and leaders wanting to improve their leadership capability and grants are offered to certain employees wanting to study part time.

In South Africa, we partner with industry and professional bodies to develop and prepare young people for current and future opportunities.

Youth Development Programme

A **24-month** rotational Future Fit Associates Graduate Programme, targeting qualified logistics, financial management, industrial engineering, data science and business development students. Graduates complete a structured internship, attend a management development programme and receive mentoring.

12 and 24-month learnerships, apprenticeships and internships, which provide work experience, training and mentorship in various disciplines, enhancing the skills of our employees and the employability of unemployed learners in the sector.

Bursaries for the children of Imperial employees.

¹ Data available for 53% of the workforce, excluding Logistics International.

2020 review

Group

- Assessed leaders for their current and future capability potential and their personality preferences in the workplace to ensure the right fit with our strategy and values. The assessments for Logistics Africa and head office are complete and indicate that we must focus on leadership development, accelerate the progress of our top performers (19% of those assessed) into meaningful roles, and that there is a critical need to fast track black talent into these top management levels. Assessment feedback will be provided to managers and individual development plans agreed with those identified as high-performance talent.

Africa

- Increased collaboration with group company leaders, HR directors and employees as well as with industry associations and experts to gain more robust insight when developing the workplace skills plan matrix. This ensures that development and learning aligns to business strategy and that we provide a holistic experiential approach to development that enables all-rounder capability. The collaboration will also assist the Learning Academy to source, design and develop impactful and purposeful formal and informal training programmes that support the culture journey and organisational transformation, and build workforce resilience to change, challenges and disruption.
- Introduced a new programme to embed a culture of operational excellence in road freight management and contract logistics. The success of the pilot has resulted in further roll out of the programme to other business areas.
- 414 women participated in the Women's Development Programme, which develops self-mastery (F2019: 220). In total 25 participants will start the Executive Development Programme, which develops strategic business agility, in March 2021. The programme has been delayed due to Covid-19.
- Investigating a leadership development programme to address skills gaps at senior and middle management levels in the Market Access division, with the Strathmore University in Kenya identified as a possible partner.
- 71% of the participants in the redesigned graduate programme (South Africa) are women. Of the 2020 intake, 65% of the 30 graduates are women, narrowly missing our F2019 reported target of 67%.
- 10 343 employees in South Africa participated in a development programme:
 - 523 are enrolled in university courses, 112 being women.
 - 633 are participating in an Imperial Learning Academy learnership, 228 being women.
 - 4 513 attended short learning programmes, 984 being women
 - 4 674 registered for online programmes, 1 189 being women.
- Rolled out free online learning programmes. Courses aim to build mental strength and resilience during Covid-19 to assist managers and employees to remain connected and productive. Focus areas are wellness (ergonomics, managing through the pandemic, working from home and work-life balance) and leadership development (leading at a distance, managing virtual teams and leading virtual meetings). Other online programmes centre on technical and behaviour readiness programmes to ensure employees are future fit as well as deliver training on anti-bribery and corruption, ethics and client centricity. The

eLearning platform was extensively used by employees in African markets beyond South Africa during the Covid-19 pandemic.

- R7,3 million invested in the Thabang Fund to date (started in 2017). The fund is used to develop black semi-skilled and unskilled employees in South Africa and their children. In total 1 450 employees and their children have benefitted since 2017.
- R1,7 million invested in the education of 88 students participating in the family bursary schemes, which award bursaries to the children and legal dependants of our employees based in South Africa. R4,7 million has been set aside for these programmes to 2023.
- 158 employees, impacted by retrenchment, participated in a reskilling programme to repackage and refresh their skills.
- Training spend in South Africa decreased 38% due to Covid-19 restrictions on face-to-face training and budget constraints. However, we still achieved the 1% required by the Skills Development Act. Most of the Market Access division's training was planned for the second half of the financial year and has been severely impacted by Covid-19.

Logistics International

- Evaluating a new training service provider to deliver training content and track mandatory training data (for example regulatory compliance), which will link to the integrated talent management framework once it is developed, enabling the easier identification of multiple potential successors. This, together with the leadership assessments, will provide a more standardised talent management process across the division.
- Increased our efforts to actively source recruits in IT given that these skills are scarce in Europe. Initial results are positive.
- Delivered training to leaders and managers on leading their teams through Covid-19, including enhancing their ability to recognise mental health issues (supported by health and safety officials and the company doctor). Leaders and managers were also trained on how to prevent the spread of the virus and how to manage suspected cases.
- Budget restrictions have impacted training investment, resulting in a 4% decrease in spend, as well as our eLearning objectives reported last year.

 **Detailed data table:** page 30.

Looking forward

- Finalise the management assessments for the Market Access and Logistics International divisions.
- Ensure clear succession plans are in place for the first two senior management levels and all business critical positions across the group.
- Categorise talent pools into talent segments and identify and develop retention interventions per talent segment. This work will begin with Logistics Africa and head office.
- Develop a people balance sheet measuring the value of our people and our plans for strengthening our capability.
- Increase our investment in developing new talent to gain depth and diversity in our talent pipeline.
- Introduce a leadership development programme for operations in East and West Africa.
- Provide holistic experiential future fit skills training to support the shift to digitisation.
- Training budgets may continue to be impacted in the short term due to global economic pressures.

Diversity and inclusion

Why this matters

Competitiveness	Performance
Diverse teams with varied experiences, backgrounds and styles are better able to understand and meet the needs of a diverse client base, contributing to our relevance in markets and improving our ability to compete for business.	Gender diverse teams outperform others by 25%. Companies with both ethnic and cultural diversity outperform others by 36% ¹ .

The 'One Imperial' culture and our new values are the foundation for establishing a diverse and inclusive workforce that respects differences, and unlocks the value to be gleaned from inclusive interactions, and diverse world views and industry experience. In South Africa, we acknowledge that we have not moved fast enough to align the leadership profile more closely with the national demography. Urgent attention continues to be given to this priority, with particular focus placed on transforming our talent pipeline.

Management approach

Each South African business implements their own employment equity plan, which the Transformation department monitors at a divisional level. Performance against annual employment equity targets is regularly reported at company and divisional chief executive level and critical issues are escalated to the group social, ethics and sustainability (SES) board committee.

In South Africa, the incentives for executives and managing directors are linked to transformation progress. These key performance measures remain despite the tougher economic environment, as we expect our leaders to develop new approaches to meet our targets despite environmental factors. All group companies are required to spend 2,7% of their annual payroll on developing black employees (direct training and overhead costs).

We retain and develop the management teams of acquired businesses in Africa to preserve client-centric agility. We encourage these teams to employ local talent and programmes on tribalism raise awareness on diversity and inclusion. Expatriates are only hired to assist with technical issues or in critical senior roles where local talent is scarce. Only four senior managers working in other African markets are South African expatriates.

Stakeholder engagement

Key employee and regulator concerns: development and growth opportunities for women and black people and employment equity.

In South Africa, there are around 22 employment equity forums that meet quarterly to consider transformation matters and identify employment equity barriers. Diversity workshops and these forums encourage open, honest and sensitive conversations among employees. Employee engagement surveys at group and company level are used to understand concerns related to diversity.

¹ Source: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>.

Key challenges and initiatives

Operation: African operations

Challenges: addressing gender and demographic disparities requires changes in our work environment to one that is inclusive, empowering and based on trust and mutual respect. An added challenge in South Africa is our ability to meet employment equity targets given a smaller workforce and low employee turnover at top and senior management levels, exacerbated by the need to right-size some operations and the moratorium placed on recruitment during Covid-19. In the rest of Africa, scarcity of talent challenges our diversity objectives.

Accelerated talent development, strategic sourcing and targeted attraction and retention initiatives are used to create a black talent pool for our businesses in South Africa, particularly in key specialist and business critical roles, while at the same time ensuring that deep industry and institutional knowledge is not lost. A job-shadowing initiative for potential black successors to leaders who are close to retirement has been implemented in some business areas to transfer skills and institutional knowledge and nurture candidates into these leadership roles.

Equally important is our commitment to gender diversity and transforming Imperial to accommodate women. Our graduate programme in South Africa serves as a pipeline of female successors. Pleasingly, female talent entering the South African operation is increasing and good progress was made during the year to recruit and promote women.

2020 review South Africa

- Made a number of key black and female management appointments in South Africa, including at the group executive level and executive and senior management level of the South Africa operation. While black representation at top management level declined 5%, it improved at senior and middle management levels by 4% and 2% respectively.
- Regrettably, business restructures have meant that our employment equity target for top management level was missed and the senior management level target was marginally missed by 1%. Our targets for middle and junior management levels were met. The group employment equity plan is under review and the changes are being communicated to the consultative forums and employees. The new plan will be finalised at the end of August 2020.
- 16% of senior managers in South Africa are black women, achieving our F2020 target of 13%.
- 85% of training spend in South Africa was used to develop black employees (F2019: 92%).
- Contributed to a learnership for differently abled people. The programme is equipping 297 learners with skills in the fields of business administration, wholesale, retail, freight management and coding. In December 2019, 192 graduates celebrated the successful culmination of their hard work.
- Implemented a number of formal and informal development initiatives and the global and regional women's forums to uplift and empower women. 2 513 women across multiple work levels benefitted from a development programme.

- Launched a gender diversity campaign to coincide with women’s month to promote Imperial as an employer of choice. The campaign showcases Imperial’s female leaders, sharing their stories, successes, challenges and motivational advice.

Market Access

- Conducting a diversity, inclusion and equality survey in Kenya. Once complete, remedial actions will be implemented to address identified gaps or concerns.
- There are no women in top management, and female representation at senior, middle and junior management level was 8%, 31% and 38% respectively.

 **Detailed data table:** page 30.

Looking forward
Group

- Develop a group-wide diversity plan that will encourage employees to discuss and share cultural values and practices.

- Leverage the women’s forums to drive the accommodation of women in a male-dominated environment and prioritise gender balance in the talent pipeline for future leadership positions that become available.
- Conduct diversity, inclusion and equality surveys beyond Kenya and increase diversity awareness in the Market Access division.

South Africa

- Continue to ensure that black employees are adequately represented in all occupational levels, but particularly at management levels.
- Retain top performing black employees, and maintain a new appointment ratio of 70% black people and an internal promotions ratio of 50% black candidates.
- Maintain 70% black representation and 50% women representation on the annual graduate programme intake as a pipeline for management positions.

Our story

Driving gender diversity	
<p>The Global Women’s Forum (GWF) aims to create an enabling culture for the women of Imperial, and provides a platform for networking across the group.</p>	<p>The GWF was officially constituted on 3 October 2019 with group chairman, Phumzile Langeni, as a guest speaker at the inaugural meeting. The forum is one of the initiatives implemented within Imperial to ensure that gender equality and women’s empowerment are prioritised across the group.</p> <p>The GWF promotes development and advancement opportunities for women, focusing on mentoring and training, graduate programmes, ensuring gender parity when promoting and appointing external candidates, and setting targets for women in senior leadership roles.</p> <p>The GWF meets quarterly and reports on key issues to the group executive committee and SES committee. The regional operations participate in the forum and implement the forum’s initiatives.</p> <p>Most group companies have approved budgets ring-fenced to develop and mentor women. Focus is also being placed on dedicated facilities for women, including rooms to express breastmilk for new mothers and separate dedicated changing rooms and bathrooms for female drivers. Another critical focus is ensuring a safe work environment for women, particularly those working night shifts.</p>



Key data

	2020		2019	2018
NUMBER OF EMPLOYEES				
Total number of employees at June (group)	26 201		27 463	29 944
Regional breakdown				
Market Access (%)	12		11	11
Logistics Africa (%)	51		56	59
Logistics International (%)	37		33	30
VOLUNTARY TURNOVER RATE				
Market Access (%)	8	▼	12	–
Logistics Africa (%)	2	▼	21	–
Logistics International (%)	16	▼	18	–
WOMEN REPRESENTATION (GROUP)				
Overall (%)	24	■	24	24
Top management (%)	12	▼	17	16
Senior management (%)	14	▼	27	12
Middle management (%)	32	▲	31	32
Junior management (%)	29	▲	26	26
EMPLOYEE REPRESENTATION (EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS)				
South Africa – NBCRFLI representation (%)	20		34	39
Germany (%)	68		69	66
TRAINING¹				
Market Access				
Training and development spend (R)	423 453 ^{2*}	▼	2 733 092	52 488
Average training and development spend per employee (R)	129	▼	885	17
Number of training hours	3 113 ^{2*}	▲	2 824	3 843
Average training hours per employee	1,0	▲	0,9	1,2
Logistics Africa				
Training and development spend (Rm)	99,1 ^{2*}	▼	159,7	135,1
Average training and development spend per employee (R)	7 471	▼	10 503	7 582
Number of training hours	887 966 ^{2*}	▲	622 692	435 020
Average training hours per employee	66,9	▲	40,9	24,4
Employees registered for tertiary qualifications	523	▲	481	360
Employees registered for a learnership	633	▲	627	237
Participants in the graduate programme	52	▲	38	68
Percentage of graduates that are black (%)	85	▲	63	88
Percentage of graduates that are women (%) ³	71		–	–
Logistics International				
Training and development spend (Rm)	28,7 ^{2*}	▼	29,9	31,2
Average training and development spend per employee (R)	2 974	▼	3 257	3 472
Number of training hours ⁴	2 603*	▼	2 712	5 199
UNEMPLOYED LEARNERS IN SOUTH AFRICA				
Learners registered for a learnership, apprenticeship or internship	174	▼	559	701
Percentage of learners who are black (%)	91	▼	97	98
Percentage of learners who are black women (%)	42	▼	52	–
Percentage of learners who are differently abled (%)	46	▲	43	–

Note: some metrics for 2018 are not available as these were calculated for Imperial Holdings prior to unbundling.

¹ There is no direct link between training spend and training hours, as training hours includes training delivered by our principals.

² Most planned training is generally undertaken in the second half of the financial year. The impact of Covid-19 lockdowns and social distancing requirements have impacted face-to-face classroom training. In addition, we have also moved to online training, which was provided to group companies across Africa free of charge.

³ Reported for the first time.

⁴ Total number of training hours delivered to all employees is not currently recorded centrally, however, once the new learning management system is implemented the scope of this metric will be expanded.

Key

■ Satisfied with performance.

▼ Area for improvement.

* Assured (see the independent limited assurance report).

EMPLOYMENT EQUITY (SOUTH AFRICA)

Occupational levels	Men		Women		Foreign nationals	Black representation		2020 target (%)
	Black	White	Black	White		Total	2020 actual (%)	
Top management	5	11	3	–	–	19	42	63
Senior management	13	42	12	9	1	77	32	33
Middle management	272	325	163	194	10	964	45	45
Junior management	1 016	257	529	196	19	2 017	77	77
Semi-skilled	6 247	116	1 205	195	63	7 826	95	95
Unskilled	1 936	10	645	1	33	2 625	98	98
Non-permanent	33	4	17	1	–	55	91	
Total employees	9 522	765	2 574	596	126	13 583	89	
Differently abled people	54	12	42	1	10	119	81	45

Note: the Imperial scorecard covers all South African operations, including employees in South Africa who work for the Market Access division.

3



Nouns
Nouns are naming words

Types of nouns

- Proper nouns always in Capital letters
- name of a person: Thandi, Sipho
- place: Soweto, Gauteng
- surname: Mrs Mpungose, Hlatshwayo
- river: Vaal river, Indian ocean
- mountain: Mount Everest, Drukenberg

bus	buses
box	boxes
brush	brushes
business	businesses
fish	fishes
story	stories
hobby	hobbies
lorry	lorries
bully	bullies
baby	babies
community	communities
family	families

Capital letters of the Republic of South Africa
Title: President

As the president of the country, I am responsible for the welfare of all South Africans. My duty is to ensure that the country is developed and that the people are happy and healthy. I will work hard to improve the lives of all South Africans and to ensure that the country is a better place for everyone.

Social report

Support relevant social imperatives



Why supporting relevant social imperatives matters

Covid-19 has revealed and confirmed to us that why we exist, what we do, and how we do it matter – more so than ever before. In these extraordinarily challenging times, our 25 232¹ people are demonstrating that we are more than a business that strives for sustainable revenue and targeted returns for our shareholders. We make a real difference to people’s lives and play a key role in the development of Africa and its people by facilitating access to quality products and services, including food, fuel, medicine, and many other products that improve the quality of everyday life. The implications of our strategy, social responsibility and sustainability for Africa’s wellbeing are substantial.

While always a priority for the group and our clients, principals and customers (collectively referred to as clients), the emergence of Covid-19 tested our safety practices and quality control measures. We have extensive experience in transporting and warehousing a diverse array of products, ranging from fuel and chemicals to food, alcohol and medication, all of which require robust safety controls to protect our employees and consumers. Our expertise allowed us to quickly adapt our practices to

safeguard our employees, stakeholders and businesses during this unprecedented time.

Beyond our day-to-day operations, the initiatives in which we invest and actively participate, are chosen based on their ability to tangibly impact access to healthcare and better education, drive diversity as well as community and sports development and raise road safety awareness, producing sustainable benefits for those in our regions of operation.

Our focus areas

Protect our people, operations, clients and suppliers from Covid-19 infections.	Enforce defensible health and safety practices.	Support access to affordable quality healthcare in Africa.	Improve our transformation credentials in South Africa.	Strengthen the communities in which we live and work.	Raise road safety awareness in South Africa.
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Link to material themes and issues

Theme	Material issue
Deliver shared value as a purpose-driven organisation	<ul style="list-style-type: none"> Deepen legitimacy and enhance organisational visibility.

Relationship to strategy <ul style="list-style-type: none"> Our people are our greatest asset. Integrating ESG practices.
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Materiality boundary

	Market Access	Logistics Africa	Logistics International
Covid-19 management	■	■	■
Road transportation		■	■
Health and safety	■	■	■
Access to healthcare	■	■	
Black economic empowerment		■	
Corporate social investment (CSI)	■	■	■
Road safety awareness		■	

Socioeconomic
Violent protests and civil unrest arising out of a challenging economic environment, and in South Africa, poor service delivery, exacerbated by the job losses, job scarcity and diminished disposable spend brought about by Covid-19.

Reputation
Loss of credibility from failure to meet client expectations, failure to meet product quality and safety requirements and failure to implement controls to prevent the spread of Covid-19. Accidents caused by Imperial drivers or our sub-contractors also impact our reputation.



Safety and compliance
Long-distance driving, operating forklifts and working at heights are high-risk activities. This year, the impact of Covid-19 on the health of the workforce (high rates of absenteeism) is an added risk, particularly employees who are vulnerable to Covid-19, as is driver fatigue from the added pressures arising out of the pandemic. Failure to manage health and safety risks effectively can result in major incidents, fatalities and increased costs.

Transformation
Exclusion from participating in new tenders and contract renewals due to failure to increase black ownership of our South African operations, and lagging behind our competitors and clients in terms of employment equity at senior management levels.

GRI indicators General: 102-9, 102-12, 102-15, 102-44 Economic: 203-1, 203-2, 204-1 Social: 403-2, 403-3, 413-1, 413-2, 416-2
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¹ Continuing operations excluding consumer packaged goods and European shipping.

Performance overview

Highlights

Resilience and agility

- Quickly mobilised our operations to protect our people, businesses, clients and suppliers from Covid-19 infections while maintaining high-service levels for our clients, despite supply chain interruptions caused by lockdowns.

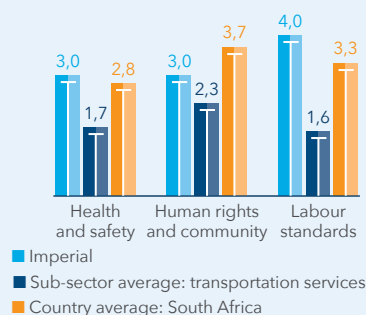
Covid-19 support (South Africa)

- R10,5 million donated to various initiatives to help communities and small businesses impacted by the Covid-19 crisis.
- Sourced and delivered thousands of cubic metres of personal protective equipment (PPE) and medical-grade hand sanitisers for public and private sectors in South Africa and Europe.

Driver health (South Africa)

- Contributed to the development of a new driver health and wellness programme, which assesses driver fitness and addresses driver fatigue and the psychological stressors arising from Covid-19.

FTSE4Good Index Series



Access to healthcare

- Resolve Solution Partners, a group company, won a Platinum Award at the 30th Annual Logistics Achiever Awards for the 239 medicine stores deployed across Malawi.
- Partnered with the International Finance Corporation (IFC) to co-develop In-a-Box™ modular solutions for Covid-19 screening, triage and treatment.
- Unjani Clinics in South Africa celebrated its millionth patient engagement, marking the effectiveness of the healthcare delivery model.

Unemployed youth (South Africa)

- 174 unemployed learners participated in a learnership, apprenticeship or internship, gaining work experience and receiving a stipend while they learn.

Scholar road safety awareness (South Africa)

- 66 schools reached, including 20 reached in F2019, and 58 931 scholars educated on road safety and the K53 method of driving.
- Launched the *Be safe, Be smart* roadshow, which delivers education on Covid-19 and hygiene to primary and secondary school scholars, supporting schools in their reopening after lockdown.

Road fatalities

Sadly, towards the end of the financial year, we reported one employee fatality in an accident caused by a third-party vehicle. We deeply regret the death of our colleague Mr TJ Thupaemang and again offer our deepest sympathies to his family and friends. Driver and public safety remain top of mind and we continue to leverage technology and driver education to reduce accidents. In addition to our own safety measures, our road safety awareness and education is extended to scholars and the general public as part of our CSI initiatives.



Performance overview continued

Key performance indicators

Product safety

No material incidents of non-compliance with laws and regulations concerning the health and safety impacts of products and services
(F2019: none)

Market Access¹

0,063

road accidents per million kilometres
(F2019: 0)

0

road injuries per million kilometres
(F2019: 0)

0

road fatalities per million kilometres
(F2019: 0)

Logistics Africa¹

0,246

road accidents per million kilometres
(F2019: 0,210)

0,066

road injuries per million kilometres
(F2019: 0,047)

0,004

road fatalities per million kilometres
(F2019: 0,006)

Logistics International¹

0,399

road accidents per million kilometres
(F2019: 0,423)

0,041

road injuries per million kilometres
(F2019: 0,172)

0

road fatalities per million kilometres
(F2019: 0)

Expected BBBEE ratings² (South Africa)

Current projections show that our verified BBBEE score for 2020 will be a

Level 4 rating

against the more stringent amended Department of Trade and Industry's Broad-based Black Economic Empowerment Codes of Good Practice (dti Codes). The lower score is largely due to the impact of Covid-19 and related budget constraints.
(2019: level 2³)

Level 2 rating

against the Road Freight Sector Codes
(2019: level 2)

Imperial board

Nine board members, of which **37%** are black directors
(F2019: 44%)

Developing black employees (South Africa)

85% (R84 million) of training spend was used to develop black employees
(F2019: 92%)

Black representation (South Africa)

42%

at top management
(F2019: 47%)

32%

at senior management
(F2019: 28%)

45%

at middle management
(F2019: 43%)

Enterprise development spend (South Africa)

R29 million
(F2019: R27 million)

Total CSI spend (group)

R21,1 million
(F2019: R22,2 million)

¹ Reported for Imperial employees only. Excludes third parties.

² The broad-based black economic empowerment (BBBEE) scorecard will be published at the end of September 2020.

³ Revised from the reported Level 3 rating in the 2019 sustainable development report following the final verification after publication.

Response to Covid-19

Our primary duty and responsibility during Covid-19 is to lead and act in the best interest of all our stakeholders. First and foremost, our focus is on protecting our people, operations, clients and suppliers from infection, and fulfilling the critical role we play in ensuring the continued supply of the essential products and services needed to respond to this threat.

Up to the end of July 2020, 385 employees had tested positive for the virus. While most have made a full recovery, we are sad to report that 11 of our colleagues (seven in South Africa) succumbed to the virus and we extend our heartfelt condolences to their families and colleagues.

Based on the learnings from our European operation, which went into lockdown before South Africa, we were able to adopt safety measures early, enabling 98% of the South African workforce in the essential services businesses to work during the country's strict national lockdown.

Containing the spread


Business continuity plans and pandemic protocols and guidelines set the stringent safety and strict access controls needed to prevent the spread of the virus within our buildings and warehouses and keep our employees and their families healthy. While many employees continue to work from home, essential employees work on different shift systems and in separate offices to allow for increased social distancing and to ensure continuity when a member of a team tests positive for the virus. Interaction between departments has been limited to essential engagement, and virtual meetings are encouraged.

Our protective measures include daily temperature and health screening, hand sanitisation dispensers, PPE and rigorous hygiene, cleaning and disinfectant programmes for high-risk areas, including trucks used across shifts. Workplaces are continuously monitored using risk assessments and, in South Africa, weekly documented compliance inspections.

All African group companies have a dedicated Covid-19 champion who promotes awareness, ensures that communication reaches all operational levels, monitors compliance by means of documented compliance inspections and manages suspected Covid-19 cases in line with the National Institute for Communicable Diseases protocols. Measures have also been implemented to support contact tracing. In Logistics International, similar duties are managed by a crisis team, which co-ordinates with the company doctor to adapt preventative measures, when required. A dedicated Covid-19 champion manages all suspected cases and emergencies on a 24/7 basis.

Supporting our people

Salaries amounting to around R160 million were paid during periods of lockdown to staff restricted from working. Training across the group as well as mailers, posters and an animated video, deliver practical and easy-to-understand information on the virus, the associated risks and preventative measures that safeguard against infection; this is also done for outsourced security guards and cleaners in South Africa. In South Africa, toolbox talks and an online employee Covid-19 induction programme reinforce these messages, and simulation exercises test our readiness to deal with positive cases in the workplace. All three divisions shared safety information, best practice approaches and solutions to challenges. Employees in South Africa have access to online screening (managed by an occupational health nurse) and counselling services.

 **Covid-19 impact on the workforce:** page 18.

 **Driver fitness and employee health programmes:** pages 43 and 44 respectively.



Response to Covid-19 continued

Supporting our clients

Where needed, we have put additional capacity in place to meet increased client demand for the delivery of medication, medical supplies, food, basic goods and other essential goods and services, including fuel in South Africa. Pleasingly, we have been able to maintain high-service levels for these stakeholders despite supply chain interruptions during lockdowns.

Supporting our communities

A number of initiatives were implemented to support our communities in South Africa, Africa and Europe during the pandemic. Our contributions are covered on page 55.

Stakeholder engagement

Key client and employee concerns: business continuation and our ability to provide healthy and safe working conditions.

Key to our Covid-19 response is effective and ongoing communication with our stakeholders. Group CEO, Mohammed Akoojee, frequently engages with employees and leadership outlining our approach to Covid-19 and the actions taken to ensure employee safety and meet government regulations and client expectations. The #aboveandbeyond campaign, which thanked our employees for their dedication and hard work during this time, and a short inspirational video showcasing the

critical role Imperial plays in assisting people, boosted morale. We also published a guideline for our employees who are parents to help them manage the anxiety their children may be experiencing and to make informed age-appropriate decisions with regards to their children's safety. We continue to leverage social media and other channels to engage with employees and to urge their continued adherence to health protocols.

Our clients have been kept updated on our readiness and commitment to operational excellence. We are engaging with them transparently, sharing our concerns, insights, lessons learnt and business continuity plans.

Supplier communication, including with our sub-contractor partners who provide transportation services, centres on delivering products and services responsibly and in a prophylactic manner. In South Africa, the use of sub-contractors has been substantially scaled back in favour of our own fleet.

We are engaging with the dti on how logistics services can better support South Africa during this period. The group CEO has participated in thought leadership discussions, including a virtual roundtable discussion hosted by Goldman Sachs, on how to restart the South African economy post-lockdown.

Our story

Playing our part in the delivery of PPE

Chartered nine Imperial-specific flights carrying over 2 000m³ of PPE from China during April 2020 for public and private sector hospitals, clinics and medical facilities across South Africa.

Imperial partnered with Business for South Africa in April 2020 when the quality and timeous supply of medical and protective equipment was critical in South Africa – putting together an integrated end-to-end logistics solution. We were tasked with managing the supplier orders for PPE, exporting from China and importing into South Africa. This included the certification, clearance, consolidation and pallet building as well as special procurement of Imperial-exclusive chartered flights (as opposed to normal airfreight). We were also responsible for the distribution of this equipment from loading in China to unloading in South Africa, and warehousing the goods in our Health Sciences facility in Centurion, Pretoria. All PPE was then distributed by Imperial to hospitals, clinics and medical facilities across South Africa as directed by the National Department of Health.

We sourced, delivered and distributed the PPE and medical equipment on a cost recovery basis.

During this time, we also collaborated to provide bulk supplies of medical-grade hand sanitiser and gloves to five major state hospitals at no cost and supplied five trucks to Imperial Health Sciences to deliver sanitisers, masks and gloves to government facilities and hospitals.

In Europe, Logistics International played its part by:

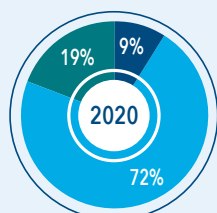
- Distributing 45 ocean containers, providing around 920 000 protective suits for healthcare workers in Weimar, Germany. The consignment is shipped from China on behalf of the Kassenärztliche Vereinigung (Statutory Health Insurance Association).
- Providing free-of-charge logistics and transportation services of raw materials for Albemarle's new hand sanitiser production line in Germany. We quickly adapted our hazardous materials (hazmat) warehouse to store 17 000 litres of ethanol for Albemarle. We also transport the finished product to the hospital in Goslar.
- Leveraging the size and capacity of our hazmat warehousing and transport network to support chemicals manufacturer, Schirm, in the urgent storage and distribution of hand sanitiser for the police, the Federal Ministry of the Interior and hospitals in Hamburg, Germany. We successfully set up all operations within 24 hours of the initial request and within 14 days made 40 deliveries of 616 000 litres of sanitiser, with around half of these drops being outside normal business hours.

Defensible health and safety practices

Why this matters

Kilometres travelled (group)	Products picked	Hazardous substances
376,2 million ¹ road kilometres travelled.	In excess of 25 million cases of consumer products picked in Africa.	A significant player in the bulk and packed fuel and gas sector in South Africa and in the European chemical industry.

Kilometres travelled



- Market Access (31,7 million km)
- Logistics Africa (271,9 million km)
- Logistics International (72,6 million km)

¹ Excludes distances travelled by our sub-contractors.

Safety is a standard requirement in client and principal contracts. Across the healthcare, chemicals and automotive industries we are differentiated by our security and safety practices. We leverage our expertise, consider best practice and industry guidelines and use a number of awareness mechanisms to embed responsible safety, health, environmental and quality (SHEQ) practices and mindset in our operations.

Our road transportation business is based primarily in South Africa where the frequency of accidents and fatalities is alarming. Our drivers across the group operate large vehicles in heavy traffic every day and are sometimes under time-pressure to meet client requirements. In addition, some of our trucks transport chemicals or materials such as steel, which can add to the severity of an accident should one occur. In South Africa, our transportation fleet includes buses, making passenger safety another key focus area.

While road safety is continuously monitored by management, road incidents are not always within our control, potentially resulting in safety metric fluctuations. In South Africa, 92% (F2019: 88%) of the fatal road incidents involving an Imperial truck, were beyond the control of our drivers – involving third-party vehicle overtaking, and reckless cycling and pedestrian behaviours.

Management approach

Our approach to safety covers safe road transportation services, product quality and employee wellness. Our quality and safety management frameworks and systems align to relevant legislation in each country of operation and are designed to ensure we consistently meet client and principal SHEQ requirements.

A network of safety committees and representatives across the group ensure that safety standards are implemented and areas for

improvement identified. Committees oversee the implementation of SHEQ policy, set prevention plans, review occupational health and safety (OHS) compliance and audit findings and address incidents and near misses.

We investigate all accidents and incidents whether or not these result in injury or occupational disease. This enables a clear understanding of unacceptable risk and the preventative measures needed. The sustainability management system records incidents, fatalities and non-conformances, and is used to monitor accident trends and ensure that remedial action is implemented for all non-conformances.

In the event of a road accident, approved and accredited service providers are used to recover vehicles and product, and ensure that appropriate procedures are followed during scene clean-up processes, particularly when hazardous loads are involved. Technology systems provide real-time information, enabling us to make informed decisions relating to the scene, driver and third-party injuries and salvageable product. Trauma counselling and medical evaluation are provided to drivers following a major accident.

All fatal accidents are thoroughly investigated internally (led by the managing director of the company concerned) and by an external independent accident investigator, or an authority in the case of Logistics International, to provide an unbiased view.

In South Africa and Europe, annual safety self-assessments are conducted by internal safety specialists or external certified experts (with oversight from internal audit) to ensure our policies, procedures and safety initiatives are relevant, adhere to legislation, and continue to meet our SHEQ standards and those of our clients and principals. Where required, independent external audits or client and principal audits are conducted at sites to ensure we adhere to standard operating procedures. In Europe, OHS compliance is also monitored by the authorities.

Our road safety policies and standards are regularly updated to include new risks identified by driver experiences. Drivers who disregard safety procedures are appropriately disciplined.

Our asset-right strategy balances the use of our own fleet with the use of transport service providers. These business partners are held to the same road safety standards as our group companies. Key sub-contractors are regularly audited in South Africa and Europe to ensure compliance with our safety standards. Sub-contractor risk is not as material in other African markets as our sub-contractors are large courier companies.

Defensible health and safety practices continued

Stakeholder engagement

Key client concerns: reducing road accidents and driver fatigue, which has played a role in the preventable incidents in South Africa over the past year as well as product quality, consumer safety and OHS practices.

Key regulator concern: employees vulnerable to Covid-19 infection.

We ensure our drivers understand their responsibilities on the road and implement the best road safety practices to protect them and other road users. Regular driver training programmes, toolbox talks, safety meetings and briefing and debriefing sessions are used to share lessons learnt from incidents and address non-compliance with road safety procedures.

Journey management plans include information on resting points and the control centre monitors all stops. We are investigating

various fatigue monitoring tools (eye gyms and fatigue meters), with a pilot underway in Tanker Services Fuel and Gas.

Specialised safety training is provided to employees working in the healthcare, consumer goods, chemical and automotive businesses that require specialised safety and quality control procedures. Certification of quality and safety systems and frameworks is obtained where it makes sense to do so and require the continuous audit and updating of our policies, standards and procedures to ensure they are relevant.

We took part in forum discussions at the South African Institute of Occupational Safety and Health, which focused on controls for employees vulnerable to Covid-19 infection. These employees have been identified and controls implemented to provide additional protection, including remote working or adjusting work circumstance to minimise physical interaction.

Key challenges and initiatives

Operation: group

Challenges: our current safety strategy requires review and our measurement and reporting require updating. In addition, our policies currently operate at the business unit level and must be consistently and uniformly applied across 'One Imperial'. Our major area of concern remains driver and public safety, and we will be conducting an assessment to ensure we prioritise key issues.

Project Blue Fleet

We are implementing Project Blue Fleet in our African operations to shift our focus from reacting to accidents to proactively avoiding accidents. This will be supported by driving organisational discipline and standardising best practices and processes across the African operation. The project addresses the following key road safety risks.

Risks	Processes and procedures	Risks addressed
1 Speed	Briefing and debriefing Covers information on loads, client, route and potential safety hazards. Hazard information is shared with other drivers.	1, 2, 4, 5, 8
2 Fatigue	Management of working hours Checking that a driver had adequate rest before a trip and ensuring that driving hours do not exceed prescribed working hours.	2
3 Distraction	Journey management Provides guidance on routes and resting points and reinforces information delivered in the briefing sessions.	1, 2, 6
4 Driver behaviour	Accident management Investigations and video footage from onboard cameras, installed in most trucks, determine the causes of accidents and the remedial action required.	
5 Driver health	RTMS In South Africa, the Road Transport Management System (RTMS) is an industry-led, voluntary self-regulation scheme which promotes road safety initiatives. Certification is awarded based on annual independent external inspections. We use RTMS to embed standardised road safety management practices and enhance our safety culture.	
6 Road conditions		
7 Third parties (pedestrians and cyclists)	Internal and external safety audits Our inhouse safety audit protocols have been benchmarked with those of some of our major clients and principals.	1, 4, 8
8 The general condition of trucks operating on motorways	Vehicle fitness Drivers conduct vehicle inspections daily. We adhere to rigorous vehicle service and maintenance programmes for both truck tractors and trailers, managed against targets and checked by senior management. Buses undergo roadworthy testing every six months.	8

Project Blue Fleet’s focus areas

Trucks and trailers	Digital fleet management	Telematics
Acquire trucks and trailers with the latest safety technology, for example, lane control, brake assist and fatigue monitors.	Accurate and real-time alerts and reporting.	Clocking and tags to manage hours, monitors to manage speed and harsh braking etc. and onboard cameras to support fatigue management, training and accident investigations.
Operations excellence		
Operations excellence underpins all of Project Blue Fleet road safety initiatives, focusing on the human elements of road safety. This includes briefings and debriefings, driver management, driver training, toolbox talks, safety meetings and a workshop management system.		



Defensible health and safety practices continued

Driver training

In South Africa, Imperial has established and well-resourced inhouse training facilities for drivers with training delivered by trainers who meet a minimum standard. Drivers receive training on fuel conservation, driver wellness, fatigue management, customer care and driving articulated vehicles; and whenever there are changes to legislation. This is over and above the annual training on dangerous goods, emergency preparedness and accident investigation; programmes accredited with the Transport Education Training Authority (TETA). Firefighting, first aid and tyre management training is outsourced to independent service providers who meet our training standards.

In Europe, truck drivers are required by law to attend five different theoretical and practical courses within five-year periods to extend their Code 95 certification.

Across the group, we collaborate with original equipment manufactures to deliver training when new truck models are introduced.

During F2020, we purchased Lowveld Bus Service in South Africa. An initial safety assessment has been performed and the business will be assisted to roll out best operating procedures. RTMS accreditation will be pursued towards the end of 2021. We also acquired MDS Logistics in Nigeria, an asset-heavy business that provides road transportation services. Online training is planned for the drivers of MDS Logistics, focusing on fatigue management and defensive driving techniques. The training will be aligned with our accredited training in South Africa.

Technology

Technology and advanced vehicle tracking systems are used to monitor driver behaviour and technique and limit speed. In South Africa, DriveCam is installed in more than 60% of our trucks. The recorder captures incident-specific video and calculates safety scores for each driver. Used together with telematics, mapping and analytics we can predict and prevent high-risk behaviour and fleet managers can reward good driving and identify those who need improvement. In some European operations, onboard computers are connected to an eLearning platform, which together with telematics, is used to train drivers.

Operation: Logistics Africa

Challenge: violent protests and civil unrest due to a challenging economic environment, disrupting our operations and forcing detours, which increases costs and places our employees, assets and communities at risk, particularly when we are transporting hazardous goods.

We leverage our relationships with the South African Police Service, traffic authorities and non-governmental organisations (NGOs) to receive real-time information on protest action along routes or at destinations. This helps us to plan alternative routes and warn drivers through our robust en-route communication processes. Emergency response planning is a feature of driver training and helps drivers to respond appropriately in these circumstances.

Operation: group

Challenge: developing customised transportation and warehousing solutions that reduce the risk of product deterioration and ensure that quality control standards are met across a wide range of products.

Product safety

When transporting and storing pharmaceuticals and certain consumer goods – particularly food – temperature control, expiration management and packaging are key. Effective stock tracking and tracing systems and specific product handling training are also critical. Our solutions include purpose-built vehicles with insulated bodies and warehouse design capabilities that support better inventory management to guard against the expiration of consignment stock.

Material handling equipment¹ in our warehouses is serviced regularly and trained equipment operators undergo regular medical examinations. The Market Access division's annual warehouse safety reviews cover electrical compliance, thermographic scans, lighting, building construction, firefighting measures and detections systems, emergency evacuation, lighting equipment and training, among others.



¹ Material handling equipment is mechanical equipment used for the storage, movement, control and protection of materials and products.

Imperial Health Sciences and Imperial Dedicated Contracts (IDC) are licenced with their local healthcare regulatory authorities. Registered pharmaceutical professionals ensure compliance with legislation and client and principal-specific standards and processes. In Kenya, our effective product recall and pharmacovigilance² (drug safety) systems mean we can quickly track stock sold to wholesalers and stop them from being on-sold to consumers if an issue is identified. The Kenyan Pharmacy and Poisons Board uses our specialised skills to pilot changes in drug safety processes. Imres operates an enhanced serialisation capability, which enables traceability at all levels along the supply chain and authentication controls use Raman spectral techniques to identify molecules, providing a quick way to analyse medicines.

In the chemical and energy industry, our services range from importing raw materials, including customs clearance, to warehousing and distribution of dangerous substances. We maintain the highest SHEQ standards in these activities, including cleaning protocols.

 **Managing hazardous substances:** page 76.

In the demanding automotive industry, operating costs directly correlate to tight quality control processes, which are needed to manage supply and effectively identify and correct defects. We develop and implement robust quality assurance processes and, where relevant, employee performance is measured against quality aspects. Our management systems meet the VDA 6 (Verband Der Automobilindustrie/VDA Automotive) standard for suppliers to the industry.



Operation: group

Challenges: increasing levels of employee stress in a fast-paced world of change, as well as anxiety brought about by the changes needed to respond to Covid-19. Wellness is intrinsically related to driver safety. In South Africa, government healthcare facilities are stretched and underresourced and the cost of medical aid is beyond the reach of many. Common health concerns among drivers include blood pressure, vision, diabetes and hearing.

Driver fitness

In South Africa, truck and bus drivers undergo annual health examinations, with dangerous goods drivers older than 54 required to undergo medical fitness tests twice a year. Assessments are also undertaken to ensure drivers are well rested before embarking on a trip and driving hours are monitored. In Europe, the frequency of health checks is informed by medical doctors and ranges from a few months to three years, depending on patient health.

Trucking Wellness Programme

The Trucking Wellness Programme is a partnership with the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI). During the year, we invested R327 700 in two of the programme’s permanent roadside wellness centres – one in Tugela and the other in Ventersburg – which provide free primary healthcare services, including HIV testing, and other support from registered nurses and counsellors. In total, 5 143 people received healthcare education in F2020 and 3 063 received treatment (F2019: 7 140 educated and 3 809 treated).



² Pharmacovigilance is the pharmacological science of monitoring the effects of medical drugs after they have been licensed for use, particularly to identify and evaluate previously unreported adverse reactions.

Defensible health and safety practices continued

We also contributed to a new driver health and wellness awareness programme, which addresses physical health concerns, driver fatigue and the psychological stressors arising from Covid-19. The programme, which will run for 12 months, covers fitness, nutrition, obesity, chronic illnesses, sleep quality, stress management and Covid-19. Following consultations, personal health goals are established and monitored. The programme is overseen by a qualified occupational health practitioner. The NBCRFLI also provided temporary onsite clinics, in partnership with pathology laboratory services to facilitate Covid-19 testing and counselling.

The NBCRFLI Wellness Fund Health Plan provides medical insurance for bargaining council employees, with employees contributing 1% of their salary to the fund and Imperial matching this. The fund's HIV treatment programme is offered at no additional cost. The fund provides members and up to two eligible spouses with access to certain medical benefits. For F2020, our employer contribution to the health plan fund totalled R8,6 million (F2019: R7 million).

While we will continue to support the NBCRFLI Wellness Fund Health Plan as the largest contributor, as of June 2020, we will no longer invest directly in the Tugela and Ventersburg wellness centres.

Employee health programmes

Over 13 000 employees working in South Africa, and their immediate families, have access to Independent Counselling and Advisory Services (ICAS). The free service is confidential and available 24/7 via a toll-free line. The service was used extensively during the year.

ICAS provides the following services:

- Personal face-to-face counselling and confidential telephone counselling with qualified counsellors and registered clinicians.
- Life management, including legal, financial (advice, tax and debt counselling) and family care services.
- Professional trauma debriefing and counselling.
- HIV counselling.
- Access to health and wellbeing information through an online portal.

During the year, business-led competitions, quizzes and employee engagement programmes have driven employee awareness on health and wellbeing, creating open trust-based communication between leaders and employees.

In Europe, our flexitime scheme in Germany supports a healthy work-life balance and is managed in line with operational requirements. At many of our sites, especially in the automotive sector, lifting and carrying is part of daily work. To avoid possible occupational injury or illness, employees regularly rotate jobs. Medical check-ups are available to all employees and health days are held to highlight the importance of sport, exercise and work-life balance. The health days are very well received by our employees and support a caring culture that positively impacts employee productivity.

2020 review Group

- Shared best SHEQ operating practices and standards across similar group companies in Africa and improved the collaboration between all three of the group's divisions on safety matters. We have also expanded our safety metrics to include injuries and fatalities per million hours worked, including non-road-related injuries and fatalities, days lost to injury, the injury severity rate and injury incident rate per 100 employees. These measures will be audited in F2021.

Africa

- Implemented measures to protect truck drivers from Covid-19 infections, including disinfecting trucks after each shift, temperature screening, Covid-19 driver and crew safety packs and daily health declarations. Isolation facilities and agreements with emergency service providers ensure we are able to house and transport long-distance drivers who fall ill while across borders. For example, we set up a Ministry of Health approved quarantine facility at our WP Transport operation in Namibia. Where Covid-19 legislation allows, drivers are repatriated.
- Tanker Services in partnership with Cranefield Aviation training and IQ Business have customised 'human factor training' used in the aviation industry for road transportation. The eLearning programme is being tested with truck drivers in South Africa and focuses on improving attitudes to life's challenges, heightening emotional intelligence and encouraging conscientious, compliant and team behaviour.



- Continued to deliver driver safety awareness interventions and training to support defensive driving and contributed to the development of new standards for TETA, which enhance transport-related training for truck drivers, supervisors and managers.
- Started retraining controllers to enable them to manage road safety in their daily interaction with drivers.
- More than 80% of selected transportation companies¹ in South Africa achieved RTMS recertification, including all heavy duty vehicle operations and Interstate Bus Lines (IBL). Tanker Services Food and Chemicals achieved Safety and Quality Assessment System (SQAS) certification awarded by Sasol.
- Fewer kilometres were travelled due to smaller fleets, the impact of Covid-19 on business activity and border restrictions. In Logistics Africa, the number of road accidents remained the same as F2019 at 67 and road injuries increased by three, however, the fewer kilometres travelled resulted in higher frequency rates for accidents and injuries. Of the accidents in Logistics Africa deemed to be avoidable, two resulted in two avoidable fatalities (F2019: three accidents resulted in three avoidable fatalities).
- Conducted 11 large dedicated sub-contractor audits, around 25% of the sub-contractor base in South Africa (F2019: 83).
- Continued to deliver online health and wellness programmes and awareness interventions, with 312 employees in African markets beyond South Africa completing the online programmes.
- Implemented new shipment containers that provide thermal protection to improve the cold chain distribution process for insulin. The solution moves full pallets of stock, reducing the handling of the product and the volume of cold chain packaging needed. The use of the more efficient cold chain containers will be made available to all relevant clients.
- Moved World Wide Commercial Ventures Limited's (WWCVL) operations in Lagos, Nigeria, to a new warehouse with improved infrastructure design to meet pharmaceutical product specifications.

Logistics International

- Established a division-level committee to drive a more standardised approach to health and safety.
- Continued to progress the conversion from OHSAS 18001 to the more stringent ISO 45001 standard. The first internal audits have certified that the new measures have been implemented well. External certification will be completed by November 2020, ahead of our 2021 target.
- Issued strict Covid-19 guidelines to drivers, including avoiding risky areas like rest stops and unnecessary contact with loading personnel. Drivers must refuel as far as possible at our premises and contactless freight document transfer points prevent drivers having to visit offices. All drivers have been issued with Covid-19 PPE and hand sanitiser.
- The reduction in road accidents from 32 in F2019 to 29, and road injuries from 13 in F2019 to three is attributable to driver training and the sharing of lessons learnt among drivers.
- Held a Safety Day for truck drivers in Lengede, Germany. Simulators allowed drivers to experience the impact of a truck overturning and how wearing a seatbelt and keeping a safe

following distance can save lives. Drivers also received advice on healthy eating and simple exercises for rest periods; feedback from drivers was positive.

- At the automotive site in Wallersdorf, Germany, the health day focused on back health for administrative employees and those working in the warehouses, and nutrition for shift workers. Employees could take a spine flexibility test and received tips and exercises to manage back health. Shift workers received recommendations on eating healthily despite constantly changing working times.
- In Poland, early cancer detection and prevention screening examinations were made available to women and men over 45, free of charge. 85 employees took advantage of the offering.

 **Detailed data table:** page 62.

Looking forward Group

- Shift our focus to a more proactive approach to safety versus our past reactive measures. This will be supported by driving organisational discipline and standardising best safety practices and processes across the group. This work will begin in Africa in F2021. A focus on safety will also be driven through the roll out of the Imperial values.
- Continue to explore digital solutions and advanced technology to enhance road safety practices and the collation and analyses of data to improve safety decision making and quality control.

Africa

- Continue to focus on enhancing our road safety culture, including reassessing the competency of our trainers to enhance the quality of training delivered and implementing biannual internal self-assessments. We will also investigate new methods of safety communication including industrial theatre.
- Launch a reporting platform in South Africa that integrates onboard truck computers and cameras as well as satellite tracking systems to enhance safety in our road transportation services. We will continue to install DriveCam when replacing old trucks and a plan is in place to install the technology in IBL buses.
- Recertify our transport and warehousing sites in South Africa that are ISO 9001:2015 and ISO 14001 accredited, and certify IDC's new food services sites with the BRCGS Global Standard for Food Safety (target: September 2020).
- Standardise product quality and safety processes for pharmaceuticals and consumer goods across African markets, where possible.
- Evaluate the early adoption of serialisation and authentication capabilities in Africa to ensure consumers receive quality medicines and secure the intellectual property of our clients.

Logistics International

- Develop a central reporting and document management platform, with a clear reporting structure, to enhance our accident investigation and risk assessment processes.
- Establish a training database with safety templates and best practice examples to transfer specialised and professional knowledge.

¹ Excludes truck rental and small commercial delivery vehicles.

Defensible health and safety practices continued

Our stories

<p>Imperial takes top honours at professional driver awards</p>	
<p>The 2019 Shell Professional Driver of the Year Competition is held annually to recognise South Africa’s most skilled heavy vehicle operators.</p>	<p>The competition includes tests of theoretical knowledge and practical application, requiring drivers to demonstrate their abilities by safely manoeuvring heavy vehicles through obstacle courses and challenging terrains.</p> <p>Demonstrating our deep commitment to road safety, Imperial Logistics employees won many of the awards at this event, including:</p> <ul style="list-style-type: none"> • Driver of the Year, Lion Mdhuli (Tanker Services, Alberton). • First place in the theory test, Faeem Bedi (Tanker Services, Island View). • Driver Trainer of the Year, Johannes Arpin (Tanker Services, Kroonstad). • First place in the Shell VIP Light Motor Vehicle category, Darshan Moodaly (Fuel and Gas operations director).
<p>Highlighting Imperial Transport’s efficient telematics solution in Poland</p>	
<p>All drivers working for our transportation business in Poland have been issued with a tablet enabled with the SPEDION app – enhancing driver safety, efficiency and environmental conservation.</p>	<p>The android-based SPEDION app is a modern, efficient telematics system that provides the following benefits:</p> <ul style="list-style-type: none"> • Enhanced fleet management – the monitoring of routes and driving and resting times means that trucks are tracked in real time, estimated times of arrival can be determined with maximum precision and delays are quickly identified. This enables optimal route planning, flexible rescheduling if necessary, efficient order processing and fuel savings. • Faster communication with drivers as freight planners can upload digital documentation. • Tyre pressure and temperature monitoring and the analysis of fuel consumption, motivating better driving behaviour and reducing environmental impact. <p>Given the precautions needed to prevent the spread of Covid-19, we are investigating alternative functionality such as remote driver management and communication (for example, check-ins and video or voice messages).</p>
<p>Providing the automotive industry with hazmat services</p>	
<p>Our parallel expertise and resources in the automotive and hazmat sectors won Imperial contracts to store and charge lithium-ion batteries for electric vehicles and store air bags for a major automotive manufacturer.</p>	<p>During the year, Logistics International was awarded a contract to store lithium-ion batteries (classified as hazardous chemicals) and charge them in readiness for delivery to the aftermarket network of a major automotive manufacturer.</p> <p>The lithium-ion batteries will be stored at two Imperial hazmat warehouses with a combined footprint of around 25 000m². The warehouses meet the stringent safety regulations governing the storage of rechargeable batteries, including state-of-the-art fire prevention systems. Environmental and safety measures are in place, from the delivery of raw materials to battery manufacture and transportation to the assembly plant and aftermarket network.</p> <p>The demand for high-output lithium batteries is expected to increase as the move to lower carbon emission vehicles accelerates. We are also leveraging our specific expertise to serve other lithium-ion battery markets such as green energy power storage, backup power and high-tech manufacturing.</p> <p>We also won a contract to store air bag components for the client. Classified as explosives, the components are stored in a fully certified hazmat warehouse where ambient temperature and humidity levels are monitored. All employees handling these goods are receiving specialist training. The warehouse management system has various security features and compiles the required statutory reports for regulatory authorities.</p>

Affordable, quality healthcare in Africa

Why this matters

Our footprint	Range of products	Our reach
Imperial owns and operates over 100 000m ² of warehouse space in the healthcare industry spanning 27 locations.	We manage innovator, generic and over-the-counter pharmaceuticals.	We provide point of care and pharmaceutical retail deliveries to more than 3 573 delivery points in Kenya, 1 300 in Ghana and 52 000 across Nigeria.

Healthcare is one of Africa’s critical development challenges and needs. According to the World Health Organization (WHO), the continent carries 25% of the world’s disease burden, but its share of global health expenditures is less than 1%. In addition, it manufactures less than 2% of the medicines it consumes¹. Inadequate resource allocation, funding, customs gridlock and counterfeit pharmaceuticals are major challenges to healthcare delivery on the continent. In addition, Africa lacks strong surveillance and delivery systems at all levels (community, district, provincial and national) supported by high-quality laboratory services and logistical systems.

A significant portion of the total delivered cost of medicines in Africa – up to 40% – is made up of supply chain, distribution and other non-core costs. As the costs associated with importing products into Africa continues to rise, we are able to leverage our relationships, network, experience and skills to ensure our pharmaceuticals remain affordable.

Management approach

Over the past 20 years, mainly through our Market Access and Logistics Africa businesses, we have developed a wide distribution network, efficient service delivery and strong governance and compliance practices, enabling us to build strong relationships with multinational principals, donors, regulators and governments. These relationships give us access to better pricing and ensure a reliable supply of quality medicine into Africa.

Our continuous work to enhance the efficiencies of our supply chain models, including consolidating healthcare channels, also contributes to the affordability of medicine for Africans.

Our quality-assured hubs into Africa ensure that a consolidated inventory of medicine is available quickly and cost efficiently to several markets, including Angola, Ethiopia, Ghana, Kenya, Namibia, Tanzania, Uganda, Zambia and Zimbabwe. The simplified solutions in the healthcare model provide a highly efficient way for principals to grow volumes in multiple small to medium-sized markets in sub-Saharan Africa and shortens the healthcare supply chain, removing layers of mark-up, to reduce the price to patients and connect more patients to quality products.

Our control towers enable hospitals, other healthcare providers and suppliers to improve processes, collaborate more closely and operate more efficiently at lower cost.

Stakeholder engagement

Key concerns for local governments: universal access to basic healthcare and affordable drugs as well as the lack of healthcare capacity and skill.

Our in-country expertise and our capabilities position us to assist governments to grow local pharmaceutical logistics and supply chain capacity as well as healthcare service networks. We also work to find ways using cheaper infrastructure and enterprise development models to extend the reach of healthcare services to smaller and hard to serve markets, including rural areas. With South Africa’s National Health Insurance (NHI) in mind, the Unjani Clinics NPC (non-profit company) hopes to provide government with a proof of concept supported by real evidence of what can be achieved by empowering nurses in primary healthcare settings.



¹ Source: https://www.un.org/africarenewal/sites/www.un.org.africarenewal/files/Africa_Renewal_En_Dec2016_Mar2017_0.pdf

Affordable, quality healthcare in Africa continued

The following relationships contribute to our legitimacy in the healthcare sector:

- Board membership in People that Deliver, enabling us to contribute to upskilling pharmaceutical supply chain workforces in developing countries.
- Ghana Chamber of Pharmacy membership, through which we presented a paper to the Ministry of Trade on establishing a dedicated pharmaceutical industrial park.
- Surgipharm acts as vice-chairman of the Kenya Association of Pharmaceutical Industry and chairs the sub-committee for supply chain services.
- WWCVL is a member of three² industry forums in Nigeria, which engage with the government on pharmaceutical policies.

Key challenge and initiatives

Operation: African operations

Challenge: the majority of Africans rely on underfunded public health facilities with only a small minority having access to well-funded, quality private healthcare.

In-a-Box™ solutions

Resolve Solution Partners provides turnkey modular infrastructure solutions suitable for urban and rural areas. Our In-a-Box™ solutions are fully outfitted prefabricated facilities that can be constructed in a few days.

Warehouse-in-a-Box™ supports better distribution of pharmaceuticals, Clinic-in-a-Box™ delivers essential medical services to communities, and Storage-in-a-Box™ and Cold-Storage-in-a-Box™ expand healthcare supply chains. The

Unjani Clinics

Partnership with National Treasury's Job Fund and other corporates in South Africa.

R4,9 million invested, bringing Imperial's investment to date to R36,4 million.
(F2019: R3,8 million)

Provides primary healthcare to **more than 39 900 patients** a month nationally.

More than 265 permanent jobs created and people upskilled, including 75 professional nurses.

The Unjani Clinics initiative responds to a number of government concerns in South Africa, including transforming the healthcare system, job creation and entrepreneurship. It empowers black women professional nurses to operate and ultimately own primary healthcare container clinics in their communities. In addition, each clinic creates between three and five sustainable jobs.

The clinics offer an affordable, quality primary healthcare service and supply of quality medicines to those who are uninsured and underserved but employed and able to pay a small fee towards their healthcare needs. For patients, the clinics reduce time and travel costs incurred accessing state facilities, which are underresourced. The network reaches around 480 000 patients annually.

facilities align with international warehousing practices, and supply chain and design principles. The units are pharmaceutically compliant and meet WHO storage standards.

The materials used to build In-a-Box™ facilities are significantly cheaper than traditional building methods and have a lifespan of more than 30 years. In addition, each solution can accommodate water storage facilities, waste treatment options and solar power to overcome poor or non-existent utility supply in rural areas. Insulated walls, doors and roof panels, and energy efficient lighting, further reduce energy costs.

The In-a-Box™ solutions also contribute to job creation and local business development during construction.

2020 highlights

- 792 In-a-Box™ solutions are providing quality healthcare infrastructure in 15 African countries, including South Africa (F2019: 714).
- In partnership with the IFC, we are developing the following solutions to assist the fight against Covid-19:
 - ◆ **Test-in-a-Box™:** mobile screening and triage units.
 - ◆ **Hospital Wards:** modular infectious disease hospital wards to treat intensive care patients.

The successful and rapid implementation of these solutions depends on public and private funding availability, capacity building and training to ensure high-quality services, a secure supply of equipment and consumables and strong government support. Pilot solutions are being developed in Ghana, Kenya, Nigeria and South Africa.

Professional nurses and clinic assistants receive three days of training on basic business management and the onsite electronic patient management and ordering systems. They are supported with ongoing engagement, mentoring and guidance, including networking and conference sessions.

Strict criteria guide the selection of nurses, who must comply with the five-year enterprise development agreement, which also covers patient confidentiality, regulatory compliance and responsible product use. Compliance is monitored through operational and financial audits. Another success factor is community buy-in. The process to choose a site includes a community survey reaching at least 200 people to determine the need for and support of a private clinic in the area.

² WWCVL memberships: Nigerian Representatives of Overseas Pharmaceutical Manufacturers, Indian Pharmaceutical Manufacturers in Nigeria and Association of Industrial Pharmacists of Nigeria.

Patients have access to a confidential feedback facility and complaints line, while Facebook, Twitter and Google Map reviews function as additional engagement channels. Unjani Clinics NPC monitors and manages these engagement mechanisms, following up with nurses when complaints or negative feedback are received. Funders are happy with the impact the project is having; applications are received daily from nurses interested in joining the network and patient feedback is overwhelmingly positive.

The network comprises 75 operational clinics (F2019: 63) funded through the enterprise development spend from a number of partners¹, including Imperial (26 clinics) and the Jobs Fund (21 clinics). Imperial-funded clinics facilitate around 63% of patient engagements.

Basic sonar scans are offered in 57 clinics and an average of 1 991 ultrasounds are performed each month. Approximately 40 000 affordable sonars have been conducted since the introduction of the service in 2017. The network works with local partners to provide free HIV screening and pre- and post-test counselling in Ekurhuleni, Tshwane and, most recently, the North West province.

As essential service providers, all Unjani Clinics remained operational during the national Covid-19 lockdown. At end June 2020, over 75 000 patients had been screened with high-risk cases referred to government testing stations as the cost of the Covid-19 test is generally not affordable for most patients. Nurses were supported through the following measures:

- Nurse education and regular updates on the virus and the National Institute for Communicable Diseases' protocols, enabling them to make informed clinical decisions.
- A Covid-19 screening app developed together with a technology partner.
- PPE, sanitiser and hospital-grade detergent. The Elma South Africa Foundation donated R750 000 for PPE and an anonymous donor provided USD10 000 to provide Covid-19 relief to the clinics, including disinfection and sanitisation.



2020 highlights

- Celebrated Unjani Clinics' millionth patient engagement.
- 10 professional nurses graduated from the five-year enterprise development programme, taking title ownership of their clinics. Seven of the graduates chose to remain in the network.
- Welcomed AVI Community Trust, GlaxoSmithKline Consumer South Africa and Mediclinic South Africa as new funders. The Elma Growth Foundation has committed a further R2,5 million to Unjani Clinics NPC in 2021.
- Registered as a service provider of the National Department of Health's Central Chronic Medicine Dispensing and Distribution Programme, enabling state patients to collect prescribed chronic medication at an Unjani Clinic. Parts of Ekurhuleni are already operational with other sites undergoing assessment.
- When four of the Unjani Clinic nurses tested positive for Covid-19, the facilities were sanitised and three continued to operate with the help of trained locum nurses.
- Included in the Top 100 proposals of the MacArthur Foundation's 100&Change competition and a finalist in the private sector category of AEC's Empowerment of Women in the Community Award.
- Sister Patricia Chauke of Unjani Clinic Malamulele received the Job Fund's Beneficiary Innovation Award.

As a result of Covid-19, the target to grow the Unjani Clinics network to 100 clinics has been extended to the end of 2021. Unjani Clinics NPC is exploring a blended finance model (affordable for the nurse and delivering sufficient returns for loan providers) to ease its reliance on grant funding and achieve scale. Due diligence is underway with implementation planned for the medium term. Other goals include upgrading and improving systems to enhance reporting and achieve efficiencies, including on healthcare outcomes, and obtaining Office of Health Standards Compliance accreditation as a service provider to the NHI.

The prevalence of vision impairment and blindness in Nigeria is reportedly among the highest globally, with an estimated 4,25 million adults older than 39 being visually impaired or blind.

We are investing in the world-class eye hospital in Abuja, Nigeria, which provides affordable specialised ophthalmology services. At full capacity, the hospital can perform 15 000 surgeries annually. The hospital's cutting edge medical and surgical eyecare provides an attractive alternative for paying patients, negating the need to travel overseas for care. Revenue generated from the care provided to paying patients is used to cross-subsidise community services. 40 beds are allocated for underprivileged patients.

Weekly outreach camps provide underserved patients in communities within a 100 kilometre radius of Abuja with free eye examinations and high-quality surgical eye care. Transportation to and from the hospital, surgeries, boarding and lodging, medication and post-operative review are provided to these patients free of charge. Worldwide Healthcare provides funding to the outpatient clinic.

Affordable, quality healthcare in Africa continued

Tulsi Chanrai Eye Hospital

Partnership with the Tulsi Chanrai Foundation.

USD1 million to be invested by Imperial to 2021.

118 rural eye camps held, screening around 16 123 underserved patients since January 2019.

4 353 surgeries performed since January 2019 to March 2020, of which 3 228 were at no-charge.

2020 highlights

- Served 30 729 outpatients since opening. As a preventative measure to the spread of Covid-19, free surgeries and outreach camps were temporarily halted from around March 2020.
- Received funding for free community surgeries from Azura Power (600 surgeries), Ishk Tolaram (500 surgeries) and Uplifting the Needy Foundation (180 surgeries).
- Installed an edging machine in the Optical unit, helping to shorten the time to deliver spectacles.
- Patient feedback on service charges, health professionals' services, waiting times, the facilities and overall satisfaction has been overwhelmingly positive.

In the medium term, Tulsi Chanrai Eye Hospital aims to increase bed capacity to 100 and establish a premier training institute to develop enhanced ophthalmic skills across Nigeria.

2020 review

- **Ghana:** working with the military and donor agencies to deliver PPE to Covid-19 centres across the country.
- **Kenya:** assisted the Mission Hospitals network, providing concessionary pricing for certain products.
- **Nigeria:** WWCVL, as part of the Chemotherapy Access Partnership², worked to reduce the price of oncology medicines by up to 50%, enabling cancer patients to access lower-priced, high-quality treatments at hospital pharmacies. WWCVL also donated essential medicines, with a retail value of around N3 million (R132 000), as well as a cash donation of N17,5 million (R774 000), to the Young Professionals Organisation for a Covid-19 isolation centre in Lagos and other Covid-19 relief efforts.
- **Nigeria, Ghana and Kenya:** signed with Teva Pharmaceutical Industries, one of the world's largest makers of generic drugs, and we expect to commence distributing generics in Nigeria

and Ghana in October 2020. In Kenya, we are in the advanced stages of negotiation with several branded generic manufacturers.

- **In-a-Box™ Ethiopia, Mali and Mozambique:** refurbished multiple regional pharmaceutical warehouses in Ethiopia, constructed four regional pharmaceutical warehouses in Mali and refurbished multiple warehouses in Mozambique damaged by tropical cyclone, Idai.
- **South Africa:** acquired a 49% shareholding in Pharmafrigue Proprietary Limited, a pharmaceutical manufacturing and healthcare services company, which serves as the local manufacturing partner for a global leader in generic and biosimilar medicines. We also funded four new Imperial Unjani Clinics in Botshabelo and QwaQwa (Free State), Mayfield (Ekurhuleni) and Mahikeng (North West province).
- **Imres,** which sources and procures emergency medical and pharmaceutical supplies and kits for large global donor aid organisations and governments, delivered relief supplies for the Ebola outbreak in the Democratic Republic of the Congo and is assembling and shipping PPE kits to assist the WHO during the Covid-19 pandemic.

Looking forward

- Continue to expand our cheaper generic offerings.
- Continue to accelerate the digitisation journey to achieve efficiencies, and reduce working capital and operational cost in the pharmaceutical supply chain.
- Consider mobile phone-based money transfer services (M-Pesa) for sub-scale pharmacies in Kenya that lack access to banking facilities, enabling them to purchase pharmaceutical products.
- Develop a project to increase the access of smaller wholesalers in Nigeria to pharmaceutical products.
- Invest a further R5 million in the Unjani Clinics network in F2021 and provide five modular healthcare buildings to extend five existing clinics.

¹ Other partners include Johnson & Johnson Family of Businesses, Rand Mutual Assurance, Tiso AEL Development Trust, Pfizer South Africa, Pfizer Foundation, GlaxoSmithKline Consumer South Africa, AVI Community Trust and Mediclinic South Africa.

Our story

Enhancing access to essential medicine in Malawi

Resolve Solution Partners won a Platinum Award at the 30th Annual Logistics Achiever Awards for 239 medicine stores deployed across Malawi, including two units on islands in Lake Malawi.

Resolve Solution Partners successfully designed, engineered and deployed the medicine stores in just six months, providing access to essential medicine for some of the poorest rural patients across Malawi.

The project required synchronising 20 deployment teams across three regions during Malawi’s rainy season. Challenges included bridges and roads being regularly washed away and trucks only being able to cover an average of 200 kilometres per day. Despite these challenges, the project was completed within budget and the planned timeframe.

The 239 units represent the equivalent storage capacity of a 14 200m² warehouse with 3 560 pallet positions and 4 750 shelves. 50% of the units are off the grid, powered by solar photovoltaic systems.



² Partnership between Nigeria’s Federal Ministry of Health, the Clinton Health Access Initiative, Inc., the American Cancer Society, Pfizer Inc., Worldwide Healthcare and EMGE Resources Limited.

Transformation in South Africa

Why this matters

An equitable society	Unemployment
BBBEE is a national strategy that seeks to create an equitable and sustainable South Africa in which the black majority can participate meaningfully in the mainstream economy.	South Africa's unemployment rate rose to 30,1% in the first quarter of 2020, equating to around 7,1 million people without work ¹ . The impact of Covid-19 on the economy is expected to exacerbate this.

As a moral and commercial imperative, we strive to continually improve our transformation credentials in line with the requirements of the amended dti Codes. Our BBBEE rating provides significant benefits for our clients and enhances our ability to compete for new business and retain existing clients – particularly in the mining, chemical and energy sectors, which are under increasing pressure to achieve transformation targets. It also strengthens our employer brand and ability to attract and retain talent.


Our priorities are to:

- Drive employment equity targets at management levels and develop the skills of black people.
- Achieve 25% of total procurement spend with 50% black-owned businesses and 7% with 30% black women-owned businesses.
- Achieve 20% of total procurement spend with qualifying small enterprises (QSEs) and exempt micro-enterprises (EMEs).
- Spend 3% of the South African net profit after tax (NPAT) on enterprise and supplier development (aligned to the dti Codes target).
- Spend 1% of the South African NPAT on socioeconomic development (aligned to the dti Codes target).

Management approach

A dedicated Transformation department provides guidance to business, monitors progress and regularly reports progress to the Imperial executive committee and board. Our rating measured against the current Road Freight Sector Codes is submitted to the JSE Limited.

We measure our transformation progress against the more stringent dti Codes, despite the revised Road Freight Sector Codes having not yet been gazetted. Our BBBEE scorecard covers all South African operations, including the employees based in South Africa who work for the Market Access business. The independently verified² 2020 scorecard will be available at the end of September on the Imperial website.

 **BBBEE scorecard:** <https://www.imperiallogistics.com/transformation.php>.

All CEOs and managing directors of Imperial group companies in South Africa are held accountable for the BBBEE performance of their businesses, with their incentive package linked to transformation progress. The management teams of each business unit are involved in the planning and implementation of transformation initiatives.

Prior to investing in an enterprise development project, thorough due diligence is conducted and clear objectives and key performance indicators are set. In this process, we ensure that the quality of Imperial's services is maintained or enhanced, and that critical workforce and supplier skills are not lost. Following a project investment, we provide support, monitor progress and continually engage with the stakeholders concerned to ensure that the anticipated return is realised.

Stakeholder engagement

Key client concerns: ownership status, collaboration on small, medium and micro-enterprise (SMME) development and localisation projects.

Key Department of Employment and Labour, employee and trade union concerns: the impact of Covid-19 and the necessary organisational restructure on the gains made in employment equity.

Key SMME concerns: access to markets and procurement opportunities.

Key community concerns: employment opportunities and social investment.



¹ Source: <https://tradingeconomics.com/south-africa/unemployment-rate>.

² Verified by a South African National Accreditation System (SANAS) accredited verification agency.

Our approach to transformation is collaborative; we work with our clients, partners, suppliers and the public sector to drive progress. Through our membership in the Road Freight Association, we continue to provide input to advance efforts to finalise the revised Road Freight Sector Codes, which have slowed due to ministerial changes in the Department of Transport and the lapse of the charter council's term.

The amended dti Codes have revised the target for spend with 50% black-owned suppliers from 40% to 50%, placing more pressure on the group to increase our spend with this category of suppliers.

We are also members of other business organisations in South Africa, including Business Leadership South Africa, Business for South Africa (B4SA), the National Business Initiative and Business Engage. These relationships help us to build stronger relationships with government. Going forward, we will actively support South Africa's development and growth plan post-Covid-19 through various stakeholder engagements, including membership in the World Economic Forum and Africa Economic Forum.

Key challenges and initiatives

Operation: South Africa

Challenge: achieving closer alignment between the group's leadership profile and South Africa's demography.

A number of key black and female management appointments have been made during the year, and we invested R84 million in training and upskilling black people. However, the organisational restructuring needed to respond to current economic circumstances has negatively impacted these gains.

 **Diversity and inclusion:** page 28.

Sinawe Fund

Partnership with Awethu Project (Awethu) – an SMME investment company.

R20 million invested by Imperial for the period June 2017 to June 2022.

Three SMME beneficiaries supported by the Sinawe Fund.

134 people employed by the SMME beneficiaries. (F2019: 152).

The Sinawe Fund beneficiaries were identified through a robust screening process, with Imperial confirming their quality and pricing were best in class, and that they had healthy futures as Imperial suppliers. Each SMME received growth financing, primarily in the form of equity investment through a black private equity fund managed by Awethu Project Capital. They also receive technical and general management support customised to their growth stages and development gaps. Over and above our investment in the fund, Imperial provides the SMMEs with specialist

Operation: South Africa

Challenge: the different products and services provided by group companies make it difficult to centralise procurement practices, introduce a group procurement policy and identify BBBEE compliant suppliers able to meet our expectations in terms of quality, price, capability and capacity.

Discussions were held between the Transformation department and business finance departments responsible for procurement, to better understand procurement shortfalls.

Workshops and one-on-one information sharing sessions with sub-contractors and suppliers, on their BBBEE ratings and to identify opportunities to improve, were scheduled for April 2020 and have not taken place due to Covid-19. However, we have communicated our minimum compliant requirements with these stakeholders. The project to identify opportunities to centralise certain procurement categories has been put on hold.

Operation: South Africa

Challenge: supporting SMMEs during challenging economic times.

Our enterprise and supplier development programme aims to capacitate small businesses to meet our procurement demands and integrate them into our supply chain. Our two flagship programmes are the Sinawe Fund (three beneficiaries who provide services to more than one group company) and the Unjani Clinics network.

 **Unjani Clinics network:** page 48.

logistics mentorship and access to markets through our procurement processes and supply chains. Key to achieving success is finding ways to professionalise these businesses without losing their entrepreneurial culture.

Going beyond transforming our own supply chain, the Sinawe Fund is available to our clients to achieve transformation at scale in the transport and logistics sector.

Transformation in South Africa continued

2020 review

- Covid-19 and related budget constraints have meant we will be unable to maintain the current Level 2. BBBEE rating measured against the dti Codes. We expect our verified score for 2020 to drop to a Level 4 rating. However, we do expect to retain our Level 2 rating measured against the Road Freight Sector Codes.
- Imperial Advance, our strategic BBBEE entity which is 50% black-owned and more than 30% black women-owned, achieved a Level 2 BBBEE rating in September 2019. The business provides specialised assets and bulk road transportation for the mining, chemical and energy sectors, and has established a strong sales pipeline during F2020.
- Pleasingly, there has been improvement in the BBBEE compliance status of our suppliers, although there is still some work to do.
- Procurement spend with 50% black-owned businesses was R3 056 million (17% lower than F2019). Spend with 30% black women-owned businesses was R1 176 million (2% lower than F2019). Spend with QSEs and EMEs totalled R2 689 million.
- Invested R29 million (F2019: R27 million) in enterprise and supplier development, meeting the NPAT target. In total 66% of this spend was in the Sinawe Fund and 16% in the Unjani Clinics network.
- While difficulties have been experienced, the Sinawe Fund beneficiaries have been able to sustain their activities during the Covid-19 pandemic. Services from Imperial group

companies directed to the beneficiaries has improved compared to F2019. Margin contraction in the trucking industry and the poor economic climate have made growth for two of the SMMEs more difficult than originally envisaged. One SMME will exit the fund agreement in the coming year.

- Socioeconomic development spend decreased 49% to R4,5 million due to our exit from the consumer packaged goods business finalised in September 2019. We have nevertheless achieved the 1% NPAT target for 2020.

 **Detailed data table:** page 62.

Looking forward

- Achieve a Level 3 BBBEE rating in 2021 against the more stringent dti Codes. Employment equity and skills development are the two areas where we can improve.
- Continue to find ways of increasing our procurement spend with black-owned suppliers.
- Collaborate with clients on enterprise and supplier development initiatives and identify more SMMEs that we can assist in acquiring our old assets and growing their businesses by leveraging our supply chain.
- Develop strategic partnerships with clients to support rural communities in areas where our businesses operate, particularly in the mining sector.

Our story

Supporting Canterbury CPT's transformation to 51% black ownership

Imperial has benefitted in the short term from its participation in the Sinawe Fund by adding to its BBBEE scorecard – both in terms of supplier development and increased preferential procurement spend with these suppliers – and in the medium term expects to receive healthy returns from the recovery and continued growth of the SMME beneficiaries.

The Sinawe Fund aims to support transformation and at the same time deliver attractive commercial returns to all participants, making the model sustainable and scalable. Implementing an equity-based development fund requires the right balance between size and valuation of a small company, the spirit of the remaining owners post-transaction and the economics of making a private capital investment of less than R10 million financially feasible. Canterbury CPT, identified as a high-potential business with a strong service delivery track record based on 20 years as a supplier to Imperial, met the selection criteria. In addition, it wanted to transform from a white-owned business to 51% black ownership and to onboard senior black talent.

In June 2018, the Sinawe Fund acquired a 51% interest in the business. Awethu then assisted Canterbury to identify, screen and place a high-potential senior black manager. Lebogang Moeletsi, an Imperial employee with a background in logistics, distribution and finance and a strong desire to gain entrepreneurial experience, joined the business in October 2019 and was allocated a 20% interest of the shareholding acquired by the fund.

Despite the negative economic impact of the Covid-19 pandemic on the business, Canterbury has done well to diversify its revenue streams away from Imperial as a sole customer. With a Level 1 BBBEE rating and an experienced management team, the business is accessing new markets and is excited about the future growth and wealth creation that this partnership presents.

Community development

Why this matters

Critical evaluation of shared value	An equitable society
In a post-pandemic world, organisations will be expected to give employees, communities and growth in share price equal priority.	A new report from the United Nations Development Programme finds that 10 of the world's 19 most unequal countries are in sub-Saharan Africa.

We are committed to making an active and sustainable contribution towards strengthening the communities in which we live and work. Our strategic CSI projects are aimed at delivering a visible and sustainable positive impact and are rolled out across all regions of operation. Projects are selected based on our strategic objective to effectively deliver meaningful value creation for Imperial and its beneficiaries. This commitment to the wellbeing of the communities in which we operate not only bolsters stakeholder trust but also boosts employee morale and attracts talent.

Management approach

CSI, which includes enterprise development, is overseen by the ESG/CSI committee, a sub-committee of the group's SES committee. The committee approves all CSI projects and spend. Our CSI policy and implementation guidelines apply group-wide and each division is encouraged to spend around 1% of its NPAT on CSI initiatives. Sponsorships are viewed as notably distinct from CSI projects.

We partner with our clients, various institutions, well-established non-profit organisations, NGOs and government departments involved in credible programmes. We also actively encourage the participation of our employees in CSI initiatives.

Group-wide, we have identified healthcare and education as our primary CSI focus areas as we believe this is where our group companies are able to make the most effective impact. In South Africa, entrepreneurship and road safety are additional focus areas

and CSI projects must have a beneficiary base that is at least 75% black. Refugee assistance is an added CSI focus area for Market Access, with our efforts centred on Ghana, Kenya, Mozambique and Nigeria where we have scale and our brand is well established. Group companies also support projects relevant to their local communities.

Stakeholder engagement

Key employee concerns: being part of an inspirational, responsible and caring brand.

Key community concerns: developing local skills, job opportunities and access to affordable healthcare.

As a result of the Covid-19 crisis, we had multiple requests for support in the form of testing kits, PPE and logistics services from NGOs and global humanitarian aid organisations. All requests are assessed.

Key challenge and initiative

Operation: South Africa

Challenge: the education system in South Africa is dogged by stark inequalities with crumbling infrastructure in many schools, overcrowded classrooms and poor educational outcomes.

Imperial and Motus Community Trust

Partnership with the National Department of Basic Education in South Africa.	R5 million to be invested by Imperial each year starting in F2020.	45 school libraries reaching over 50 000 learners. (F2019: 40 school libraries reaching over 45 000 learners)
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The Imperial and Motus Community Trust contributes to advancing education in South Africa through fully resourced libraries for public schools, primarily in underprivileged communities in Johannesburg Central, Johannesburg South, Sedibeng West and Ekurhuleni South. The libraries are open every weekday until 16:00 as well as on three Saturdays of every month.

Each child from grade 1 to grade 6 must attend two compulsory reading periods every week. Reading levels are tested every two years and, to date, assessments have shown that the compulsory reading programmes and related activities (such as book clubs, book quizzes and spelling competitions) are contributing to better than average reading, comprehension and numeracy scores.

The Trust employs two qualified teachers to upskill educators on how to use the resource centres and equipment. At June 2020, 69 people were employed by the Trust, including trained library assistants. The project has also helped to grow two small businesses offering signage and building services.

Since its establishment in 2003, trustees have approved financial outlays of over R50 million for school libraries and resources centres, as well as teaching and learning programmes, extra-curricular activities and teacher training.

Community development continued

2020 review Group

Invested **R21,1 million** (F2019: R22,2 million) in CSI projects, of which 59% was spent in South Africa.

Covid-19 response

Donated R5 million to the Solidarity Fund, R5 million to the Giving for Hope Foundation in support of SMMEs and R500 000 to Gift of the Givers humanitarian organisation to support Covid-19-related initiatives in South Africa. We also worked with charitable organisations to provide vehicles and resources to deliver food parcels and other basic needs to communities most impacted by the crisis. For example, we facilitated grocery deliveries from Durban to Johannesburg for Gift of the Givers.




Africa

Unjani Clinics


75 clinics providing affordable primary healthcare to people living in low-income communities. 267 people are employed by the project.

The women professional nurses operating the Unjani Clinics received support and education to enable the network to act as an additional Covid-19 screening measure to support government efforts. Over 75 000 patients were screened for Covid-19 through the network.

 **Affordable, quality healthcare in Africa:** page 48.

Tulsi Chanrai Foundation

Supporting a world-class eye hospital in Abuja, Nigeria, which has served over 16 123 underserved patients and performed over 3 220 subsidised eye surgeries since January 2019.

 **Affordable, quality healthcare in Africa:** page 50.

Imperial and Motus Community Trust

45 libraries and resource centres south and east Johannesburg, reaching over 50 000 learners and supporting 69 jobs.


Five school libraries were established during F2020 with two still to be handed over in September 2020 to Phephane and Intokozo primary schools¹.

 See page 55.

Learnerships

Contributed to learnerships for differently abled people in the fields of business administration, wholesale, retail, freight management and coding. In December 2019, 192 graduates celebrated the successful culmination of their hard work.

174 unemployed learners participated in a learnership, apprenticeship or internship, gaining work experience and receiving a stipend while they learn. 91% of learners are black.


 **Learning and development:** page 26.

Be safe, Be smart campaign

Delivered road safety awareness at secondary schools, assisting 58 931 aspirant drivers to prepare for their K53 learner's licence.

Held road safety awareness events at four major holiday driving stops over the December festive season, ranging from providing safety tips to 'chill zones' for motorists to relax in.

A Covid-19 Health and Wellness Roadshow is being rolled out to educate children on Covid-19 and hygiene, and support schools in their reopening after lockdown.

 **Road safety awareness:** page 59.

Central Gauteng Lions women's league

Invested in the Central Gauteng Lions women's league to develop women in cricket in South Africa.

Voices of Change

Contributed to the hosting of the third annual Voices of Change event in South Africa (August 2020). The virtual event was attended by more than 500 people across South Africa. The aim of the event was to encourage men, women and organisations to play leading roles and collaborate on gender parity in the workplace, to activate awareness, enable shared learning and identify interventions that will help to empower women.

¹ Handover delayed due to school closures as a result of Covid-19.

Animal Defenders International

Supplied Animal Defenders International (ADI) with four eight-ton cranes and one four-ton vehicle to transport 12 tigers and five lions from OR Tambo International Airport to ADI's wildlife sanctuary in the Free State. The 17 big cats were rescued from Guatemalan circuses.

Kenyan Refugee Schools Undertaking

During the year we partnered with the Caring Women's Forum (CWF) and the United Nations High Commissioner for Refugees (UNHCR) to deliver the Kenyan Refugee Schools Undertaking. Imperial has invested USD100 000 (R1,7 million) in the project, which will commence in the 2020 calendar year. Covid-19 may impact the timing of some of the deliverables given the closure of schools.

Project deliverables include:

- 5 000 refugee children to receive a set of school books.
- 60 refugee teachers to be provided with teacher training.
- 600 refugee students to benefit from 200 new school desks.
- 265 refugee students enabled to write their high school learning exams.

Imperial Wanderers Stadium


We have reinforced our commitment to sports development as a means of uniting nations and people by securing the naming rights to the Wanderers cricket stadium in Johannesburg. At this time, when sports events are not viable due to Covid-19, the stadium is being used as a drive-through Covid-19 testing station.

Imperial Wanderers Stadium has partnered with People Opposing Women Abuse (POWA), an NGO that advocates for women's rights and provides shelter, counselling and legal advice for victims of abuse. Imperial is a proud partner of this initiative and we will leverage our relationships with schools to maximise this partnership, educating boys on how to treat girls and teaching girls how to receive assistance.

Logistics International

SOS Children's Villages

Partnered with SOS Children's Village in Kecskemét, Hungary. SOS Children's Villages International is a non-profit organisation, which provides humanitarian and developmental assistance to socially disadvantaged children in 137 countries, protecting their interests and rights.

 See page 58.

Corporate giving

- In Europe, corporate and employee giving assisted the following charities:
 - ◆ **Germany, head office in Duisburg:** St. Raphael Children's and Youth Hospice, which provides psychological support to families with sick children. The donation contributes towards the financing of services not covered by health insurance.
 - ◆ **Germany, Stuttgart:** KinderHelden (children's heroes), which manages volunteer mentorship programmes for children and young people with learning difficulties. Children and mentors learn, play, explore the city and participate in group events.
 - ◆ **Germany: Arbeiter-Samariter-Bund (the Workers' Samaritan Federation):** manages the wünschewagen (car of wishes) project, where volunteers use a vehicle equipped for patient transport to fulfil the dreams of terminally ill people, for example, by taking them to concerts, soccer matches or a short trip to the sea etc.
 - ◆ **Hungary, Győr:** collected and prepared Christmas gift packs, including food and sanitary and baby care products for a local children's home.
 - ◆ **Spain:** Palletways Iberia collaborated with the Aphisa Association, which offers a home to people with intellectual disabilities and helps them to integrate into society. It also assists the families of children living in the homes. The donation is being used to replace old furniture.
- Supported the police union in Germany to produce a children's drawing booklet focusing on traffic education.



Community development continued

Looking forward

- Continue to support our flagship CSI projects, including the Unjani Clinics network (R5 million), the Imperial and Motus Community Trust (R5 million) and road safety awareness (R1,5 million) in South Africa. We will also undertake site visits to the Kenya refugee camps once Covid-19-related restrictions are lifted to provide further support to the project and ensure expected project outcomes are met.
- Investigate the feasibility of adapting the school library model to include the transfer of ownership to schools.
- Expand our CSI projects into new markets of operation in Africa.

Our stories

<p>Supporting SOS Children's Villages International</p>	
<p>SOS Children's Villages International provides children and young people – many of whom are orphaned or whose parents are not able to take care of them – with the opportunity to grow up within family structures, building interpersonal bonds with fellow residents.</p>	<p>Our contribution to the village in Kecskemét, Hungary, covers the costs of accommodation and education for the children. In total, 10 foster families, hosting around 60 children between them, live in the village. To integrate the children into society, they attend public kindergarten and schools and are allowed to visit friends outside the village or invite their friends to visit them. Our operations in Hungary will allow us to maintain a regular presence with the children. In addition, we hope to involve them in company events and, in time, explore the opportunity of offering internships for some of the young people. In July and August 2020, a further EUR1 708 (R24 612) was donated to the village in employee fundraising events, a blood drive and matched funds from Imperial.</p>
<p>Celebrating International Women's Day (8 March)</p>	
<p>Imperial's Global Women's Forum celebrated International Women's Day by participating in a number of initiatives, and drawing attention to the difference individuals can make and that gender equality is essential for economies and communities to thrive.</p>	<p>The forum celebrated International Women's Day by participating in a number of initiatives, including preparing 600 care packages for child rape victims in South Africa, the collection of clothing, shoes, cosmetics and hygiene products for TrebeCafe – a shelter for homeless women and victims of domestic abuse in Germany – and raised gender awareness in all our African Regions businesses.</p>



Road safety awareness in South Africa

Why this matters

Road fatalities	Pedestrian crashes
Around 40 people are killed on the country's roads each day and 15 000 annually ¹ .	A South African child is more likely to be killed walking on roads, with pedestrian crashes being the leading cause of injury and death for children under the age of 15 ² .

Road fatalities are a major contributor to unnatural deaths. Around 3 200 people are killed every day on roads around the world, with most being in low and middle-income countries. South Africa's road mortality rate per 100 000 citizens is one of the worst in the world and road crashes account for the largest unnatural killer of children¹.

The Imperial *Be safe, Be smart* campaign is a direct response to the devastating lack of road safety awareness among children and supports government, which has identified road safety education in schools as a need. We partner with Active Education, the Department of Basic Education and the Department of Transport to ensure the success of the campaign. Every activation is supported by a community safety member or member of the traffic department. Based on our social media engagement, the campaign is well received by communities, teachers and learners.

Key challenge and initiatives

Operation: South Africa

Challenge: raising road safety awareness among children, particularly underprivileged children who are not exposed to road safety measures as their communities lack road markings and their journey to school is either on foot or in vehicles that sometimes do not have seat belts.

The *Be safe, Be smart* campaign includes the Imperial Schools Road Safety Programme (comprising the initiatives set out below), which was started in 2018 in partnership with Shell South Africa. A critical enabler of the programme's success and optimal road safety awareness is the use of illustrations and visually rich and exciting lessons that teach learners how to navigate scenarios.

Scholar road safety awareness

This initiative helps secondary school students, mostly from disadvantaged communities, prepare for their K53 learner's licence test, and educates them on pedestrian safety, and the importance of wearing safety belts when travelling in taxis and other vehicles. We provide practical advice on obtaining a learner's licence and guidance on the defensive driving system as well as mock learner's licence tests. By educating future drivers we empower the youth to be smarter, safer and law-abiding road users³.



¹ Source: SA Road Safety Strategy 2011-2020: <https://www.arrivealive.co.za/documents/Road%20Safety%20Strategy%20for%20South%20Africa%202011.pdf>.
² Source: Saferspaces: <https://www.saferspaces.org.za/understand/entry/road-safety-in-the-south-african-context>.
³ Dedicated website at www.imperialroadsafety.co.za

Road safety awareness in South Africa continued

School bus driver training

This programme educates bus drivers on the basic principles of defensive driving and how to safely transport children in high-risk environments.

Truck blind-spot exercise

To help people better understand the limitations experienced by drivers of heavy-duty goods trucks, they are invited to sit in a truck's cabin and count the number of children standing in the vehicle's blind spot. The exercise teaches responsible pedestrian behaviour, including giving truck drivers the right of way to avoid dangerous and potentially fatal incidents.

Health and wellness roadshow

As an immediate need, a Covid-19 Health and Wellness Roadshow is being rolled out to support schools in their reopening after lockdown (see page 61) and has been extremely well received.

2020 review

- Invested R1,5 million in road safety awareness.
- The Covid-19 pandemic interrupted our mandated target to reach 85 schools nationwide before the Easter school holidays in April 2020. To date, we have reached 66 schools (including the 20 reached in F2019) across six provinces, delivering the K53 programme to 58 931 (F2019: 15 122) aspirant drivers. Road safety education resumed in August 2020 with the reopening of schools. As K53 is part of the school curriculum and the sizes of these classes are small, we hope to reach our target by December 2020.

- Delivered training to 50 school bus drivers (F2019: 50).
- Rolled out the Festive Season Road Safety Campaign over four peak traffic days in December 2019. Campaigns were held at four major holiday driving stops. Safety tips covered resting, texting and driving, visibility, obeying the rules of the road, buckling up and being mindful of other road users. We also included fun activities such as a 'chill zone' for motorists to relax in, a Chillax Mascot to entertain children and a facilitated 'kids zone' to help children expend excess energy. Safety messages were also delivered to truck drivers. In total, 5 550 motorists were reached and 2 095 pledges to exhibit responsible road behaviour received. 72 981 people were reached over social media.
- Held a number of road safety activations over the four-day test series between South Africa and England at the Imperial Wanderers Stadium in January 2020. Demonstrations illustrated the effects of alcohol and stadium visitors were encouraged to pledge to being responsible road users.

Looking forward

- Invest a further R1,5 million in road safety awareness.
- Align the schools programme to the Department of Basic Education's planned migration to online learning when this becomes effective. This will include paperless learning material, digital class presentations and engaging digital platforms with interactive content. Digital mechanisms will become key for many of our road safety initiatives. However, this will be a challenge in underprivileged schools.



Our stories

Teaching learners about how to prevent the spread of Covid-19

Leveraging our reach with the Imperial Schools Road Safety Programme, we started educating learners in June 2020 on hygiene practices and providing schools with posters and wash stations.



The Department of Basic Education has engaged with various stakeholders to prepare for the reopening of schools. Key to these efforts is every school's ability to provide a healthy safe environment for learners in line with the department's hygiene guidelines. This is particularly relevant for underprivileged schools where there are major barriers to hygiene.

The national footprint of the *Be safe, Be smart* campaign, positions Imperial to support schools during this time and elevate our involvement at grassroots level. The following initiatives are underway:

- The Imperial *Be safe, Be smart* Covid-19 roadshow, which delivers Covid-19 and hygiene education within social distancing protocol at primary and secondary schools. Learners are educated on washing and sanitising hands frequently, using protective face masks at all times, avoiding touching eyes, mouth and nose with unwashed hands and practicing cough and sneeze etiquette. The fundamentals are taught using a simple song and learners are encouraged to share this information with their families and friends. 23 schools have been visited to date with 5 125 learners reached. 575 litres of sanitiser and 230 dispensers have been distributed.
- Posters to reinforce the message of frequent hand washing.
- Wash stations placed around the school and can be used with sanitiser or soap and water. A recycled 2-litre cold drink bottle is used as the tank to ensure the stations are cost effective and easily replaceable.

The Imperial *Be safe, Be smart* Covid-19 roadshow aims to reach 50 schools in three provinces before the end of December 2020.

Driving road safety awareness among primary school children in Dinokana

In October 2019, as part of Transport Month, we delivered road safety awareness at eight primary schools in Dinokana, 29 kilometres from Zeerust, along the N4 toll route.

Our facilitators delivered a fun road safety talk on being safe when walking to and from school. Driver trainers from group company, Tanker Services, held an informative session with taxi and bus drivers on defensive driving practices. All trainees pledged to ensure a safe commute for their passengers to and from school.

Using a Volvo truck with a tanker, learners were taught about blind spots and the difficulties of driving a heavy-duty vehicle and how to make themselves visible before crossing a road. 3 000 reflective bags and 3 000 reflective sashes were handed out.

In addition, a number of taverns were visited, speaking to patrons about their visibility when walking home in the dark. 100 reflective beanies were handed out.



Key data

	2020		2019	2018
ROAD SAFETY				
Market Access				
Road kilometres travelled (million)	31,7*		39,4	27,2
Road accidents (company)	2*	▲	0	1
Road accidents per million kilometres	0,063*	▲	0	0,037
Road injuries (company)	0	■	0	0
Road injuries per million kilometres	0	■	0	0
Road fatalities (company)	0*	■	0	0
Road fatalities per million kilometres	0*	■	0	0
Logistics Africa				
Road kilometres travelled (million)	271,9*		318,4	359,5
Road accidents (company)	67*	■	67	100
Road accidents per million kilometres	0,246*	▲	0,210	0,278
Road injuries (company)	18	▲	15	31
Road injuries per million kilometres	0,066	▲	0,047	0,086
Road fatalities (company)	1*	▼	2	2
Road fatalities per million kilometres	0,004*	▼	0,006	0,006
Logistics International				
Road kilometres travelled (million)	72,6*		75,7	79,0
Road accidents (company)	29*	▼	32	20
Road accidents per million kilometres	0,399*	▼	0,423	0,253
Road injuries (company)	3	▼	13	0
Road injuries per million kilometres	0,041	▼	0,172	0
Road fatalities (company)	0*	■	0	0
Road fatalities per million kilometres	0*	■	0	0

The Imperial sustainability management system collates, processes, tracks and communicates road safety data from all group company sites. Data is collected monthly and local administrators and internal audit perform regular data integrity checks. The system also collates lessons learnt, which are used to inform development plans.

Note: the table reflects the number of accidents, injuries and fatalities among our employees.

	2020		2019	2018
SAFETY				
Logistics Africa				
Number of non-road injuries	33	▼	70	81
Number of non-road fatalities	0	■	0	0
Road and non-road injury rate per million hours worked	0,65	▼	1,48	1,62
Road and non-road fatality rate per million hours worked	0,01	▼	0,03	0,03
Days lost due to injury	91	▼	144	271
Injury severity rate per million hours worked	1,16	▼	2,51	3,93
Injury incident rate per 100 employees	0,26	▼	0,58	0,63
Logistics International				
Number of non-road injuries	64	▼	70	0
Number of non-road fatalities	0	■	0	0
Road and non-road injury rate per million hours worked	1,81	▼	2,35	0
Road and non-road fatality rate per million hours worked	0	■	0	0
Days lost due to injury	0	■	0	0
Injury severity rate per million hours worked	0	■	0	0
Injury incident rate per 100 employees	0,69	▼	0,90	0

Note: the table reflects the number of accidents, injuries and fatalities among our employees.

Note: Market Access has not been reported in the above safety table as the operation has been mostly asset light in the past with low numbers of incidents. However, acquisitions during F2020 will mean that we will report these metrics for the division going forward.

Key

■ Satisfied with performance.

■ Area for improvement.

* Assured (see the independent limited assurance report).

	2020		2019	2018
TRANSFORMATION (SOUTH AFRICA)				
Black representation				
<i>Imperial board</i>				
Black women (%)	25		33	–
Black men (%)	12		11	–
White men (%)	63		56	–
<i>Management (South Africa)¹</i>				
Top management (%)	42	▼	47	–
Senior management (%)	32	▲	28	–
Middle management (%)	45	▲	43	–
Preferential procurement				
Procurement spend with 50% black-owned businesses (Rm)	3 056	▼	3 661 ²	–
As a percentage of the 50% targeted spend (%)	25	▼	27	–
Procurement spend with 30% black women-owned businesses (Rm)	1 176	▼	1 195	–
As a percentage of the 12% targeted spend (%)	10	▲	8	–
Procurement spend with QSEs and EMEs	2 689	▼	2 858	–
As a percentage of the 15% targeted spend (%)	22	▼	26	–
Enterprise development				
Enterprise development spend (Rm) ³	29	▲	27	26
<i>Breakdown of spend</i>				
Sinawe Fund (%)	66		74	77
Unjani Clinics (%)	16		15	12
Other (%)	18		11	11
<i>Sinawe Fund</i>				
Number of SMMEs in the Imperial supply chain supported by the fund	3		3	3
Number of people employed by the SMME beneficiaries	134		152	138
<i>Unjani Clinics</i>				
Investment in Unjani Clinics (Rm)	4,9	▲	3,8	3,0
Number of clinics	75		63	49
Number of people employed	267		Over 205	Over 150
Number of patient consultations at June (cumulative since January 2013)	Over 1,37 million		Over 915 000	Over 540 000
Qualifying socioeconomic spend (South Africa)				
Qualifying socioeconomic spend on the BBBEE scorecard (Rm) ³	4,5	▼	8,8	–

Note: the BBBEE verification process was underway at the time of publication.

¹ Covers all South African operations, including employees in South Africa who work for the Market Access division.

² Restated to reflect the final verified number after publication.

³ Based on our enterprise development and socioeconomic development spend, we are confident that full points will be achieved for both pillars in the 2020 BBBEE scorecard (September 2020).

	2020		2019	2018
CSI (GROUP)				
Market Access (Rm)	7,9	▲	3,8	–
Logistics Africa (Rm) ¹	12,4	▼	17,6	–
Logistics International (Rm)	0,8	■	0,8	–
Total CSI spend (Rm)	21,1*	▼	22,2	17,0

Note: some metrics for 2018 are not available as these were calculated for Imperial Holdings prior to unbundling.

¹ Some of the qualifying socioeconomic development spend in the transformation table above, which recognises industry-specific initiatives, is included in the CSI spend attributable to Logistics Africa.

Key

■ Satisfied with performance.

■ Area for improvement.

* Assured (see the independent limited assurance report).

Section

4



Environmental report

Demonstrate
environmental stewardship

Why environmental stewardship matters

Part of our client proposition is to ensure we are resilient in a changing world and to help our clients, principals and customers (collectively referred to as clients) maintain their resilience. From an environmental perspective, we aim to achieve this by integrating sustainable environmental practices into our everyday operations, being innovative to reduce our environmental footprint and help our clients minimise their climate change-related supply chain risks.

Contract logistics and freight management activities are main contributors to environmental threats such as air pollution, global warming and resource depletion. Stakeholders increasingly expect organisations to participate in a circular economy that limits environmental impact, contains the waste of resources and uses resources efficiently. Successfully delivering on our new strategy, which prioritises people, planet and profit, will enable us to meet these stakeholder expectations.

As a first step, a group-wide climate change and environmental sustainability strategy framework has been developed and approved by the executive and social, ethics and sustainability committees. It confers responsibility for addressing climate change and other environmental issues on the CEOs of each division. The strategy framework guides divisions on the group's approach to climate change and waste, water and biodiversity management. There is still significant scope for improvement in our environmental performance and this will continue to be a focus going forward.

Our focus areas


Reduce our environmental footprint by using resources efficiently and implementing solutions to reduce our carbon footprint and better manage our waste.

Responsibly manage hazardous substances to guard against environmental contamination.

Trends

Some of the trends impacting road freight in Europe include electric truck fleets and more city centres implementing vehicle restrictions to limit pollution and traffic congestion, giving rise to electric cargo bikes for inner-city deliveries. As online shopping and ecommerce grows, consumers will expect express deliveries, further impacting on city logistics. While lack of charging infrastructure in South Africa limits our opportunities to introduce electric vehicles, we will continue to test alternatives. In Bologna, Italy, Palletways is testing small electric trucks to deliver goods to the limited traffic zone in the city centre.

In the automotive industry, original equipment manufacturers (OEMs) are moving to electric vehicle production as stricter environmental regulations drive the need for more sustainable, emission-free transportation. Our expertise in the chemicals and energy sector positions us to support the transition to renewable energy sources, with a contract already secured in Germany to store and charge lithium-ion batteries.

 **Providing the automotive industry with hazmat services:** page 46.

Link to material themes and issues

Theme	Material issue
Deliver shared value as a purpose-driven organisation	<ul style="list-style-type: none"> Deepen legitimacy and enhance organisational visibility.

Our risks

Climate change

Interruptions to day-to-day operations due to damage to property and assets, and detrimental traffic patterns, risk of road accidents and delays in the supply chain due to severe weather conditions.

Environmental contamination

Road accidents that result in damaged tankers while transporting hazardous substances could result in environmental pollution as well as fines or penalties.

Environmental legislation

Compliance with environmental legislation across multiple jurisdictions and the ability to respond timeously to new environmental regulatory requirements. In Europe, new legislation is emerging on nitrous oxide emissions, impacting our road operations, and particulate matter from all combustion processes. Carbon taxes are applicable in South Africa and certain operations in Europe, which impact our cost structures from transportation to storage.

Materiality boundary

	Market Access	Logistics Africa	Logistics International
Fuel consumption		■	■
Electricity consumption	■	■	■
Water consumption		■	
Hazardous substances		■	■
Waste management		■	

Relationship to strategy

- Integrating ESG practices.

GRI indicators

General: 102-11, 102-15, 102-44
Economic: 201-2
Environment: 302-1, 303-1, 305-1, 305-2, 306-2, 306-3, 307-1

Related content

Imperial's CDP submission: <https://www.imperiallogistics.com/policies.php>.



Performance overview

Highlights

Green financing facility

- Working with ING Bank to access a green finance facility with preferential benefits to be used to implement various environmental projects. The preferential benefits depend on the outcomes of an annual EcoVadis rating process. The submission to gain an EcoVadis Transport and Logistics sector rating for the group is underway.
- Logistics International achieved EcoVadis Gold status for the automotive and chemical businesses.

South Africa

- Interstate Bus Lines (IBL) installed a 200,64 kilowatt peak (kWp) solar photovoltaic (PV) system, which is expected to achieve estimated carbon emissions savings of around 351 tonnes of carbon dioxide (CO₂) annually.
- Solar PV installations have been successfully implemented at four sites, producing 763 006 kilowatt hours of solar energy in 2020.
- Waste generated and recycled is reported for the first time.

Nigeria

- Moved our pharmaceutical business in Lagos, Nigeria, to a new warehouse, reducing our reliance on diesel generators for a more stable electricity supply. We renovated the warehouse facility, introducing energy efficient lighting and air-conditioning. The facility supports better workflows and provides employees with a nicer and safer working environment.

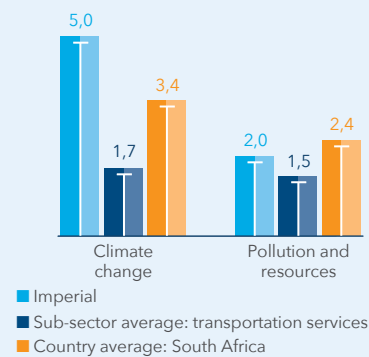
Logistics International

- Achieved ISO 50001 (energy management system) and ISO 14001 (environmental management system) recertification.
- Collated waste metrics for the first time as the division continues to enhance its understanding of waste generation in its operations.

Recognition

- Resolve Solution Partners won the Silver Award and the Environmental Award in the Logistics Achiever Awards. The awards recognise organisations for environmental and social stewardship and for proactively minimising the environmental impact of their supply chain processes.

FTSE4Good Index Series



Key performance indicators

	Market Access	Logistics Africa	Logistics International	Group
Fuel consumed	6 355 622 litres (F2019: 8 037 483 litres)	112 698 911 litres (F2019: 131 304 857 litres)	81 369 062 litres (F2019: 74 796 891 litres)	200 423 595 litres (F2019: 214 139 231 litres)
Electricity purchased	6 356 603 kilowatt hours (F2019: 6 649 859 kilowatt hours)	35 307 912 kilowatt hours (F2019: 64 613 178 kilowatt hours)	28 428 430 kilowatt hours (F2019: 35 615 290 kilowatt hours)	70 092 945 kilowatt hours (F2019: 106 878 327 kilowatt hours)
Carbon footprint ¹	20 171 tCO₂ (F2019: 24 827 tCO ₂)	338 668 tCO₂ (F2019: 421 108 tCO ₂)	216 082 tCO₂ (F2019: 205 797 tCO ₂)	574 921 tCO₂ (F2019: 651 732 tCO ₂)
Water purchased	19 307 kilolitres (F2019: 22 005 kilolitres)	326 109 kilolitres (F2019: 397 801 kilolitres)	60 689 kilolitres (F2019: 68 214 kilolitres)	406 105 kilolitres (F2019: 488 020 kilolitres)

¹ Scope 1, 2 and 3 emissions.

Spills (group)
28 000 litres of ammonia solution by an Imperial sub-contractor
(F2019: one)

Environmental incidents (group)
No fines or penalties incurred for environmental incidents
(F2019: none)

Waste (South Africa)¹
5 820 tonnes
of waste generated

Waste (South Africa)¹
1 070 tonnes
of waste recycled

CDP (group)
B+ rating
This is higher than the global average (C) and the Africa regional average (B-). Our next submission is due in August 2020.

¹ Reported for the first time.

Detailed data table: page 77.

Management approach

Our approach to environmental sustainability is to achieve efficiencies in terms of resource conservation, cost reduction and optimal waste management. The new climate change and environmental sustainability strategy framework is presented as a set of policies and implementation plans to guide divisions in the group's approach to climate change and waste, water and biodiversity management. It also includes a social and environmental responsibility code of conduct for the supply chain. The framework has been distributed group-wide for implementation.

The strategy framework commits the group to:

- Adopting the highest environmental standards in all areas of our operations, by meeting and exceeding all relevant legislative requirements.
- Assessing our organisational activities and identifying areas where we can minimise our impacts.
- Minimising waste through careful and efficient use of all materials and energy.
- Purchasing sustainable products wherever feasible, for example, recycled low environmental impact products and energy from renewable resources.
- Striving towards zero waste to landfill through waste reduction, reuse and recycling.
- Minimising the use of water.
- Improving the efficiency of buildings through environmentally sustainable design with new and refurbished projects.
- Training employees to enhance their understanding of our environmental policy and approaches and to encourage changes in behaviour.
- Reducing risks from environmental, health or safety hazards for employees and others in the vicinity of our operations.
- Adopting a green transport strategy.
- Including environmental and ethical considerations in investment decisions, where appropriate.
- Assisting in developing solutions to environmental problems in our own business and in our sector.
- Continuously assessing the environmental impact of all our operations and setting meaningful and realistic targets to improve our performance.

In South Africa, Imperial Dedicated Contracts' Gauteng and Port Elizabeth operations and Imperial Cargo Business' Paarl operation are ISO 14001 certified as required by a client, and are audited annually by an external service provider to ensure certification is maintained and environmental degradation is prevented.

Logistics International operates an ISO 50001 certified energy management system and ISO 14001 certified environmental management system, both recertified during the year. External audits take place annually to ensure ISO certifications are retained. The energy management system covers 90% of the European operation, including sites in Germany, Luxembourg, Netherlands, Poland, Hungary, Sweden and the UK. The data from these systems enables us to respond to changing environmental legislation and government plans.

Environmental management systems

Our internationally accredited sustainability management system collates, processes, tracks and communicates data across all operations, covering owned, managed and leased sites.

The system and ongoing improvements in data collection enable individual businesses to set environmental targets against reliable baselines. The system also allows our companies to share information on environmental issues and initiatives. Internal audit performs regular data integrity checks and limited assurance by external independent service providers is undertaken annually on selected indicators.

While intensity ratios have not been established for the group's carbon footprint, intensity ratios are in place for vehicles purchased to reduce our emissions.

Environmental compliance

Internal audits are conducted in South Africa and Europe to assess critical environmental compliance processes and controls. Where required, external compliance assessments are also undertaken.

Target setting

Emissions reduction targets are set for certain group companies rather than at group-level, which we consider more appropriate given that most of our emissions result from fuel consumption. Consumption depends on distances travelled and loads transported, which are in turn, influenced by client trading volumes and market dynamics.

Stakeholder engagement

Key client and regulator concerns: our environmental performance, how we guard against spills, environmental compliance and our ability to meet their environmental requirements. An added concern in South Africa is the discharge of effluent from our wash bays into the sewerage system.

Key bank, rating agency and community concerns: our environmental impact and climate change.

In some operations, our ability to drive environmental initiatives depends on client willingness, as we use their facilities and must meet their operating standard processes. We work with our clients on solutions to optimise fuel consumption and share with them our research findings and the outcomes of new technologies and solutions tested to deliver energy, water and waste efficiencies. Our clients also have access to our carbon emissions data. An added benefit is Logistics International's Carbon Compensation Scheme, which allows our clients to offset the CO₂ emissions of their vehicle fleets. Pleasingly, the service is gaining traction and may open up new revenue streams for the division's fleet management business.

Our discharge systems are included in our regular environmental performance audits.

We collaborate with our OEMs on ways to make vehicles less emission intensive. Similarly, as a major user of fuel, we engage with our fuel suppliers on improving product ranges to optimise fuel consumption. Our supplier engagements enable us to identify and test new vehicles or product ranges that could potentially reduce our carbon footprint.

In South Africa, a key focus for the year was creating awareness on the impact of human behaviour on the environment, particularly electricity usage. Management raised awareness on energy saving and renewable energy solutions. Regular toolbox talks raise awareness on environmental compliance and lessons learnt from major environmental incidents are shared and preventative actions implemented to prevent repeats.

Looking forward

- Integrate environmental practices into daily operations.
- Achieve the EcoVadis rating required to access the green finance facility.

- Invest in a digitised fleet, leveraging existing and new technology to transform the road freight business and gain efficiencies, including better vehicle performance and fuel and tyre consumption. In addition, better visibility and analytics will enable more informed decision making on issues such as route optimisation.
- Implement systems to enhance our waste management in South Africa and Europe, including improving the integrity of our waste data to better understand our waste streams, reducing waste to landfill and tapping into potential revenue-generating streams associated with waste management. Once all employees return to work, an initial project will be undertaken at Imperial Dedicated Contracts (IDC) (South Africa), which generates the most waste out of our businesses, to understand the different waste streams and associated costs. In time, we will investigate the feasibility of extending similar initiatives in other African markets of operation.

Our stories

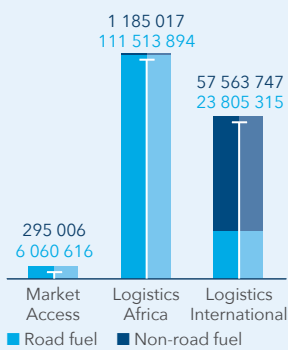
<p>Working with our OEM to improve fuel efficiency</p>	<p>Once WP Transport’s entire truck fleet has been converted to Scania’s new generation trucks, emissions reductions of 225 tonnes and fuel savings of R2,5 million will be achievable for 2021.</p> <p>WP Transport, based in Namibia, operates a fleet of 50 trucks, mostly with superlink tautliner trailers. The fleet operates throughout Namibia, Angola, Botswana, South Africa, Zambia and Zimbabwe, travelling around 10 million kilometres a year.</p> <p>To limit the environmental impact of our fleet and reduce operating costs, we partnered with OEM, Scania Namibia, to replace our fleet with new generation trucks over two years. 24 trucks have been replaced to date.</p> <p>We use the data from our onsite Scania accredited workshop and the onboard computers in the new trucks to compare emissions and fuel consumption between the two fleets. Overall, the new fleet achieves 110 tonnes of emissions reductions – nitrous oxide (-3,8%), particulate matter (-11,2%), hydrocarbons (-7,0%), carbon monoxide (-3,1%) and CO2 (-2,2%). Achievable fuel cost saving amounts to R1,3 million. Scania’s new technology means that service intervals have lengthened by around 30%, reducing truck down time, and oil consumption is less.</p> <p>The OEM’s advancement in technology is critical to WP Transport achieving its goal to reduce its emissions by 15% by 2022.</p>
<p>Testing vehicles that are less emission intensive</p>	<p>Working with our clients, we are testing an electric powered vehicle in Hungry and shifting to an liquified natural gas (LNG) fleet in the UK.</p> <p>In Hungry, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer. The 236 kilowatt electric motor provides a range of around 220 kilometres on a single battery charge – the same distance the shuttle trucks typically travel each day. Compared with a conventional diesel-powered truck, the electric vehicle abates around 1,7 tonnes of CO₂ emissions a day.</p> <p>In the UK, we are moving towards a road transport fleet that is powered by LNG. LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. The trials have enabled us to accommodate a request from a major client in the UK to switch to low-emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant.</p> <p>During planning, we discovered that LNG service stations were only available on eight of these routes. As a result, the decision was taken to install an LNG refuelling facility at our Oxford site, reducing our dependency on roadside facilities. Although LNG trucks are 50% more expensive than their diesel equivalents, LNG provides lower fuel consumption, produces fewer climate-damaging gases and almost no particulates, has a lower fuel purchase price and enjoys tax concessions.</p>

Reducing our environmental footprint

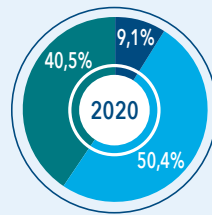
Why this matters

Kilometres travelled	Fuel consumption	Warehouse space
376,2 million road kilometres travelled using a fleet of over 5 000 owned trucks in South Africa and Europe.	Among the highest consumers of fuel in South Africa. Fuel is a major driver of logistics cost.	Operate around 2,4 million square metres of storage capacity that requires electricity for refrigeration, lighting and HVAC ¹ systems.

Fuel consumed (litres)

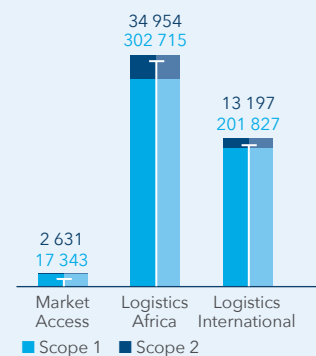


Electricity purchased (kilowatt hours)



- Market Access (6 356 603 kWh)
- Logistics Africa (35 307 912 kWh)
- Logistics International (28 428 430 kWh)

Scope 1 and Scope 2 emissions (tCO₂)



Africa 345 416 kilolitres

of water purchased from municipalities in Africa, of which **94%** is attributable to South Africa.
(2019: 419 806 kilolitres)

Waste management

We dispose of large quantities of hazardous and non-hazardous waste from waste oil, grease and oil rags (vehicle and equipment servicing) to pharmaceutical and food waste on behalf of our clients.

Our transportation activities are the biggest contributor to our carbon footprint, followed by purchased electricity. By achieving lower than average carbon emissions in our transportation activities, we can in turn, pass this benefit on to our clients' carbon footprints. Our Market Access division is not transport intensive, so initiatives are of a smaller scale and mostly focus on electricity saving.



¹ Heating, ventilation and air-conditioning.

Key challenges and initiatives

Operation: logistics divisions

Challenge: in South Africa, limitations in national infrastructure and availability of 50ppm diesel for Euro 5 engines² constrains our ability to use more fuel-efficient trucks. In Europe, newer more powerful trucks with attractive functionality often use more fuel, making balancing performance and keeping fuel consumption constant a challenge. Overseas, we also have to meet more stringent European Union emissions regulations.

Initiatives in Logistics Africa

- A vehicle replacement programme that ensures trucks are not more than 10 years old. Where possible, trucks are replaced with Euro 5 trucks.
- Strict truck service and maintenance programmes.
- Driver training on how to conserve fuel and, in some group companies, drivers are incentivised to achieve improved fuel consumption.
- Route optimisation software to achieve optimal travelling distances, saving fuel and shortening delivery times.
- Vehicle management systems that measure mileage, fuel consumption and tyre and vehicle maintenance. Some systems also track driving behaviour.
- Regular testing of alternative fuel-efficient trucks such as natural gas trucks.

Initiatives in Logistics International

- A modern truck fleet with a focus on Euro 6 engines, the highest Euro-rating.
- Driver training on how to conserve fuel. Fuel performance is tracked on an increasing number of trucks.
- Route planning systems to save fuel and shorten delivery times.

Operation: group

Challenge: unfortunately, load shedding in South Africa continues as municipal electricity infrastructure buckles under demand, raising our reliance on generators, which not only increases our emissions but also increases operating costs in the way of diesel cost and maintenance. This is also true for some other African countries. In addition, capital constraints in tough economic conditions limit the extent to which solar PV projects can be implemented. In Europe, there is still good scope to reduce the energy consumption of our operations. The challenge is to balance business expectations against a project's payback period.

In South Africa, energy meters measure consumption in real time and identify opportunities to implement energy saving initiatives. Other projects include energy efficient lighting systems and motion sensors as well as air-conditioning timers. Solar PV installations have been successfully implemented at four sites and will continue to be a potential alternative, however, this year Covid-19 has meant the delay of some of our feasibility studies.

² The highest Euro-rating feasible in South Africa.

Imperial Health Sciences' warehouse in Kenya is insulated to assist with temperature control and uses solar power to heat water. The smaller projects implemented in other African countries include energy efficient lighting and air-conditioning systems, light sensors and the increased use of natural daylight in warehouses.

Logistics International is prioritising energy efficient lighting systems and energy-saving enhancements to IT infrastructure.

Operation: African operations

Challenge: the increasing incidence of prolonged droughts exacerbates water shortages due to poor water infrastructure in some African countries, including South Africa. This impacts our cleaning processes, which for our food, beverage and chemicals businesses, is a critical factor in product quality and preventing product deterioration.

Where feasible, we use rainwater harvesting systems across our African businesses. In South Africa specifically, wastewater recycling units are installed at some wash bays to reduce our demand on municipal water and the volume of effluent discharged into sewers. Imperial Managed Solutions in Kenya recycles wastewater using a licenced recycling plant. Borehole water is used in certain operations in Kenya, Nigeria, South Africa and Zambia, in line with regulatory requirements. In South Africa, water meters provide accurate consumption data, highlight discrepancies in municipal bills, assist to identify water leaks and provide a platform for effective water management initiatives.

Operation: Logistics Africa

Challenge: most of our waste in South Africa, between 60% to 70%, is treated in line with client disposal and destruction requirements. This means that we are only able to implement recycling strategies for less than 40% of the volume of the waste we handle and is within our control.

Waste is disposed of in accordance with the relevant local and national waste management legislation across our countries of operation. Where required, specialist certified service providers are used and traceability, disposal and destruction certificates issued. In Europe, all waste (client and Imperial's waste) is disposed of in line with legislative requirements.

Reducing our environmental footprint continued

Client requirements

Our integrated manufacturing logistics solutions enable us to dispose of waste before, during and after the production process. In the international steel and power station sectors, Imperial specialises in the disposal of ancillary and waste products for our clients. Pharmaceutical waste and other products that fail to meet required standards are destroyed in line with client requirements.

Controlled waste

The management of waste within our control is an area of improvement for the group and has been prioritised as part of the ESG pillar of our strategy. We will focus on introducing recycling policies and practices in both our operations and in collaboration with our clients in terms of their products and packaging. We are also working to collate and improve our waste reporting to better understand the waste streams under our control.

In Logistics Africa, a formal waste management system covers all group companies. We also work with our two accredited waste management service providers to find solutions to address waste management challenges and enhance recycling procedures.

Logistics International tracks waste per site, collaborates with recycling service providers, educates employees on recycling and is working towards embedding effective recycling processes and decreasing disposal costs.

2020 review Africa

- Road fuel usage decreased 15% due to smaller fleets in line with our asset-right strategy and fewer kilometres travelled as a result of restrictions to contain the spread of Covid-19. Electricity purchased dropped 45% in South Africa mostly due to the consolidation of businesses, which is expected to continue for the remainder of the calendar year as well as the closure of the consumer packaged goods business. Scope 3 emissions were 46% lower as a result of travel restrictions and the increased use of video-conferencing.
 - Water purchased from councils decreased by 18% due to consolidation and closure of some major water consuming businesses in South Africa, smaller fleets, lower business activity and increases in water sourced from alternative sources (mostly boreholes) of 4% and 27% for South Africa and the balance of African markets, respectively. In addition, the recent droughts in Namibia resulted in less frequent washing of vehicles.
 - Solar PV installations in South Africa produced 763 006 kilowatt hours of solar energy.
 - Completed an in-depth analysis to understand the impact of South Africa's carbon tax in terms of non-road-related equipment such as boilers and generators on site. Some businesses exceed the 10 megawatt hour combined stationary combustion tax threshold. We have started the process to register with the Department of Environmental Affairs and the South African Revenue Service.
 - In South Africa, we installed a solar PV system at a Bloemfontein site (see page 75) and motion sensors to control lights in the offices and warehouse at our Garfield Road site in Alberton, Gauteng, as well as rainwater harvesting tanks.
- Imres opened a hub in Dubai to service Africa, removing the need to route product through the Netherlands. This has considerably reduced our environmental footprint and shortened travel times. Imres also installed an energy efficient light emitting diodes (LED) system in its new leased warehouse in Lelystad, Netherlands.
 - Moved World Wide Commercial Ventures Limited's (WWCVL) operations in Lagos, Nigeria, to a new warehouse, reducing our reliance on diesel generators for a more stable electricity supply (see page 75).
 - WP Transport, based in Namibia, started converting its truck fleet to Scania's new generation trucks (see page 71) and will investigate the feasibility of natural liquid gas as a substitute for diesel fuel in trucks, which could potentially reduce its carbon emissions by as much as 25% and operating costs by 20%.
 - 5 820 tonnes of waste was generated in South Africa, with 59% classified as safe disposal materials¹ (food and edibles that have exceeded their shelf life), 26% being general waste (materials and rubble taken to landfills) and 15% being hazardous waste (oil, grease, sump effluent and oil filters etc.). 1 070 tonnes (18%) of this waste was recycled, with 71% (target: 80%) of the general waste stream being recycled. The metrics have shown that much of our general waste is rubble, needing to go to landfill, and that our key recyclable items are paper, cardboard, cans and bottles as well as metals.
 - Imres recycled 61 320 kilograms (100%) of packaging material (boxes and paper) in the 2019 calendar year, and has implemented a few simple waste initiatives, including the donation of computers to schools. It has also banned bottled water and plastic and paper cups.



¹ Safe disposal materials are unlikely to be recycled because the impact of reusing the materials has not been fully researched.

Logistics International

- Road fuel usage decreased 9% due to fewer kilometres travelled and lower company travel by employees as a result of restrictions to contain the spread of Covid-19. In addition, the division's use of biodiesel increased 211% as Food Tankers in Sweden made a complete switch to this fuel type. Non-road fuel usage increased 18% due to increased shipping activity compared to F2019, when shipping was impacted by low water levels. The 20% decrease in electricity purchased is mostly due to Covid-19's heavy impact on warehouse activity, however, there was also a slight improvement in energy consumption due to new LED lighting. Scope 3 emissions were 30% lower as a result of travel restrictions. Water consumption reduced 11% due to better reporting and site closures.
- Started to monitor waste streams in more detail to understand our waste generation and where improved waste management

initiatives could be implemented. Results are showing that most waste is generated by our clients and that Imperial has limited influence.

- Reported waste metrics for the first time, while not as robust as our other environmental metrics, the data gives us a base from which to make improvements. The quality of the data has improved over the year with a better understanding among businesses on what they need to report.
- Reduced the number of printers in the German operation by 25%, which will reduce the amount of paper used, reduce costs and is driving a change towards paperless office behaviour. The new printers track printed sheets, which will enable us to measure paper usage. It is hoped that the reduced printer fleet will also contribute to a reduction in electricity consumption.

 **Detailed data table:** page 77.

Our stories

<p>Highlighting our new solar PV system at IBL in South Africa</p> <p>IBL installed a 200,64 kWp solar PV system, which is expected to provide 355 megawatts of power each year and achieve estimated carbon emissions savings of around 351 tonnes of CO₂ annually.</p>	<p>IBL's head office in Bloemfontein operates a large mechanical workshop. The increasing frequency of power outages in the Mangaung Metropolitan Municipality was identified as a high risk to the business. While generators are used at the site, the company wanted to implement a more sustainable and greener solution to mitigate ever increasing electricity costs, provide a consistent power supply and lower its carbon footprint.</p> <p>Following a robust feasibility study, IBL installed a 200,64 kWp solar PV system. While still tied to the grid, IBL is less dependent on municipal power. Operational in October 2019 and measured over six months to March 2020, the 608 solar panel system has achieved an average saving of approximately 10 000 kilowatt hours per month in purchased electricity compared to the same period in the prior year. This equates to an average monthly cost saving of R9 000, taking into account electricity tariff increases.</p> <p>Based on the project's success, IBL is exploring the feasibility of more installations at other depots.</p>
<p>Highlighting our new pharmaceutical facility in Nigeria</p> <p>WWCVL's new facility is more energy efficient, supports better workflows and provides our employees with a nicer and safer working environment.</p>	<p>In October 2019, WWCVL moved into its new facility in Lagos. The move was necessary as the old location, consisting of two separate sites, no longer met our health and safety requirements, was not able to accommodate our growth and was not connected to a reliable source of power. As a pharmaceutical business that must maintain controlled temperatures to ensure product safety, the building's old infrastructure and equipment, and our high reliance on generators, meant that we were consuming energy inefficiently. One site did not even have a water source, which meant water had to be purchased daily for all requirements.</p> <p>The cost to build a new warehouse was estimated at USD25 million with a minimum of 30 months needed for construction. Alternatively, a new location was sourced with dilapidated warehouses but with connection to utilities and the space to accommodate growth for the next six years. The site was renovated with a budget costing only 8% of the cost to build a new facility and was completed within six months.</p> <p>The renovated facility boasts modern and energy efficient equipment and electrical fittings, and is designed to support efficient workflows for goods and people, maximise storage space and improve cooling within the warehouse. Additional windows were provisioned for the offices, increasing natural light, reducing electricity consumption and creating a healthier work environment. Underground water tanks support rainwater harvesting and the old furniture and fittings were refitted to the new office design. Ceiling mounted air-conditioners were installed in passages as opposed to individual offices, further reducing power requirements. Automatic perimeter lights were also installed.</p>

Managing hazardous substances

Why this matters

Fuel delivered	Hazardous substances
More than 2,6 billion litres of fuel delivered in South Africa.	A significant player in the bulk and packed fuel and gas sector in South Africa and the European chemical industry, as well as a primary supplier of fuels into various countries in sub-Saharan Africa.

Growing global consumer activism with increased focus on green logistics, means that a key differentiator for our chemical and energy operations and our clients is demonstrable environmental protection measures.

We have specialised capabilities (skills, processes and equipment), based on four decades of experience, to handle, move and store hazardous products in line with increasingly stringent occupational health and safety standards and rigorous regulatory requirements across regions.

Key challenge and initiatives

Operation: logistics divisions
Challenge: managing the storage and distribution of hazardous substances while protecting our employees and guarding against spills and environmental contamination.

All environmental incidents and spills are thoroughly investigated and reported. The lessons learnt are used to continuously improve processes.

South Africa

Our robust safety, health, environmental and quality (SHEQ) practices cover specialised training, journey management and driver and vehicle fitness. Periodic compliance verification is undertaken on the quality of equipment maintenance. Imperial is the only accredited cyanide transporter in Southern Africa, with accreditation from the International Cyanide Management Institute.

When transporting fuel, customised advanced dispenser technology minimises the risk of fuel product contamination. Tanker Services use an automated system to brief and debrief drivers. The system does not allow a driver to clock in unless they have had the required 12 hours' rest and have taken their chronic medication. It also stores driver certificates, licences, training, ratings, medical information and incident reports.

IDC uses SQAS¹ third-party assessments to evaluate its performance in transporting hazardous and low hazardous products at its Gauteng and KwaZulu-Natal depots. The system enables clients to assess our performance. The European Chemical Industry Council manages the SQAS system and ensures its integrity.

IDC is also a member of the Responsible Care® initiative, a voluntary commitment by the global chemical industry to drive continuous improvement in SHEQ performance.

Europe

We operate 17 dangerous goods warehouses in Europe that have robust temperature control systems and the latest safety-enhancing technology, including:

- State-of-the-art fire prevention systems, automatic fire doors and resistant floor coating. An example is our hazardous material (hazmat) warehouse in Rieste, Germany, where the walls and doors are fireproof and smoke detectors on pallet racks activate an integrated sprinkler system and automatically send an alert to the local fire brigade when activated. Water used to fight fires is prevented from penetrating floors so that it can be safely collected for professional disposal.
- Specialised high-security gas cylinder chambers, sophisticated gas warning systems, technical ventilation to avoid high-risk air mixes, explosion protection and CO₂ fire extinguishing systems. Absorption units rapidly filter escaping gas, ensuring that only uncontaminated waste air is fed back into the atmosphere.

Trucks transporting chemicals and loading areas are fitted with state-of-the-art equipment. For example, some trailers have multi-chamber tanks, where some can be heated and others are rubber-lined to transport corrosive chemicals. Other safety features include stability systems, level indicators and immobilisers that prevent vehicle movement if ladders are lowered or valves are open.

Frequent training and instructions are delivered to drivers and product handlers to ensure the safe handling of hazardous substances. Technical aids and modern assistance systems also support decision making.

2020 review

- 28 000 litres of ammonia solution was spilt in Witbank, South Africa, by an Imperial sub-contractor.

¹ Safety and Quality Assessment for Sustainability.

Key data

	2020		2019	2018
FUEL CONSUMPTION				
Market Access				
Road fuel usage (litres)	6 060 616*	▼	8 037 483	13 126 290
Non-road fuel usage (litres)	295 006		–	–
Logistics Africa				
Road fuel usage (litres)	111 513 894*	▼	130 186 325	143 375 188
Non-road fuel usage (litres)	1 185 017	▲	1 118 532	1 063 923
Logistics International				
Road fuel usage (litres)	23 805 315*	▼	26 004 574	25 051 935
Non-road fuel usage (litres)	57 563 747	▲	48 792 317	61 319 452
Total fuel consumption (litres)	200 423 595*	▼	214 139 231	243 936 788
PURCHASED ELECTRICITY				
Market Access (kilowatt hours)	6 356 603*	▼	6 649 859	6 192 376
Logistics Africa (kilowatt hours)	35 307 912*	▼	64 613 178	67 148 135
Logistics International (kilowatt hours)	28 428 430*	▼	35 615 290	29 812 455
Total purchased electricity (kilowatt hours)	70 092 945*	▼	106 878 327	103 152 966
EMISSIONS				
Market Access				
Scope 1 emissions (tCO ₂)	17 343*	▼	21 845	35 623
Scope 2 emissions (tCO ₂)	2 631*	▲	2 560	3 537
Total Scope 1 and Scope 2 emissions (tCO ₂)	19 974*	▼	24 405	39 160
Scope 3 emissions (tCO ₂)	197*	▼	422	442
Total emissions for Market Access (tCO₂)	20 171*	▼	24 827	39 602
Logistics Africa				
Scope 1 emissions (tCO ₂)	302 715*	▼	355 352	386 687
Scope 2 emissions (tCO ₂)	34 954*	▼	63 962	68 484
Total Scope 1 and Scope 2 emissions (tCO ₂)	337 669*	▼	419 314	455 171
Scope 3 emissions (tCO ₂)	999*	▼	1 794	1 795
Total emissions for Logistics Africa (tCO₂)	338 668*	▼	421 108	456 966
Logistics International				
Scope 1 emissions (tCO ₂)	201 827*	▲	187 788	216 731
Scope 2 emissions (tCO ₂)	13 197*	▼	16 488	15 995
Total Scope 1 and Scope 2 emissions (tCO ₂)	215 024*	▲	204 276	232 726
Scope 3 emissions (tCO ₂)	1 058*	▼	1 521	1 391
Total emissions for Logistics International (tCO₂)	216 082*	▲	205 797	234 117
WATER PURCHASED FROM MUNICIPALITIES				
Market Access (kilolitres)	19 307*	▼	22 005	18 320
Logistics Africa (kilolitres)	326 109*	▼	397 801	485 709
Logistics International (kilolitres)	60 689*	▼	68 214	96 320
Total water purchased from municipalities (kilolitres)	406 105*	▼	488 020	600 349
WASTE (LOGISTICS AFRICA)¹				
General waste (tonnes)	1 501		–	–
Safe disposal (tonnes)	3 438		–	–
Hazardous waste (tonnes)	881		–	–
Total waste (tonnes)	5 820		–	–
Recycling (tonnes) ²	1 070		–	–
Percentage of general waste (%)	71		–	–
Waste oil recycled (litres)	49 213		–	–
SPILLS				
Number of significant spills	1	■	1	–
ENVIRONMENTAL COMPLIANCE				
Fines or penalties for environmental incidents	0	■	0	0

¹ First year of reporting.

² Paper, cardboard, cans and bottles.

Methodology used: Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition). The boundary used is operational control.

Key

■ Satisfied with performance.

■ Area for improvement.

* Assured (see the independent limited assurance report).

Independent limited assurance report



Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Risk Advisory
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
www.deloitte.com

The directors

Imperial Logistics Limited
Jeppe Quandam
79 Boeing Road East

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF IMPERIAL LOGISTICS LIMITED

We have performed our limited assurance engagement in respect of the selected non-financial key performance indicators (KPI) (subject matter) to be published in the Imperial Logistics Limited integrated report for the year ended 30 June 2020.

Subject matter

The subject matter comprises the selected key performance indicators disclosed in accordance with the management's basis of preparation, as supported by the Global Reporting Initiative Standards (GRI Standards), as prepared by the responsible party, during the year ended 30 June 2020.

The terms of management's basis of preparation comprise the criteria by which Imperial Logistics Limited's compliance is to be evaluated for purposes of our limited assurance engagement. The KPIs include:

Category	Indicators	Metric
Safety	Kilometres travelled	Kilometres
	Road accidents	Absolute
	Accidents per million kilometres	Ratio
	Road fatalities (company)	Absolute
	Fatalities per million kilometres	Ratio
Environmental	Diesel consumed – normal engine	Litres
	Petrol consumed – normal engine	Litres
	Electricity consumed	Kilowatt hours
	Scope 1 emissions	Carbon emission tonnes (tCO ₂ e)
	Scope 2 emissions	Carbon emission tonnes (tCO ₂ e)
	Scope 3 emissions – air travel	Carbon emission tonnes (tCO ₂ e)
Social	Municipal water consumed	Litres
	Training hours	Hours
	Training spend	Rand
	CSI spend	Rand

Directors' responsibility

The directors, being the responsible party, and where appropriate, those charged with governance are responsible for the KPIs information, in accordance with management's basis of preparation.

The responsible party is responsible for:

- Ensuring that the subject matter information is properly prepared and presented in accordance with management's basis of preparation.
- Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information.
- Designing, establishing and maintaining internal controls to ensure that the KPIs are properly prepared and presented in accordance with management's basis of preparation.

Assurance practitioner's responsibility

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

We shall not be responsible for reporting on any non-financial KPI transactions beyond the period covered by our limited assurance engagement.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We have performed our procedures on the subject matter, the non-financial KPIs of Imperial Logistics Limited, as prepared by management in accordance with management's basis of preparation for the year ended 30 June 2020.

Our evaluation included performing such procedures as we considered necessary which included:

- Interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter.
- Identifying and assessing areas of likely misstatement for limited assurance engagements, designing and performing audit procedures, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Imperial Logistics Limited's internal control.
- Inspecting supporting documentation and performed analytical review procedures.
- Evaluating whether the selected KPI disclosures are consistent with our overall knowledge and experience of sustainability processes at Imperial Logistics Limited.

Our limited assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

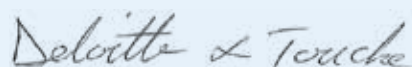
In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the non-financial KPI information has been presented, in all material respects, in accordance with management's basis of preparation.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected non-financial KPIs as set out in the subject matter paragraph (of our report) for the year ended 30 June 2020, are not prepared, in all material respects, in accordance with management's basis of preparation.

Restriction on use and distribution – for special purpose engagements

Our report is made solely to the directors of Imperial Logistics Limited in accordance with our engagement letter dated 5 May 2020 for the purpose of providing limited assurance over the subject matter disclosed in the Imperial Logistics Limited integrated report for the year ended 30 June 2020.



Deloitte & Touche
Registered auditors

Per Mark Victor
Partner

10 September 2020

5 Magwa Crescent, Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052, South Africa

Corporate information

IMPERIAL LOGISTICS LIMITED

Registration number: 1946/021048/06
Ordinary share code: IPL
ISIN: ZAE000067211

Business address and registered office

Imperial Logistics Limited
Jeppe Quondam
79 Boeing Road East
Bedfordview, 2007

Postal address

PO Box 3013
Edenvale 1610
South Africa

Company secretary

RA Venter

Chief corporate affairs and investor relations officer

E Mansingh

Directors

P Langeni* (Chairman)
GW Dempster** (Lead independent director)
M Akoojee# (Group CEO)
JG de Beer# (Group CFO)
P Cooper**
NB Radebe**
D Reich**¹
RJA Sparks**

* Non-executive director

** Independent non-executive director

Executive director

¹ Swiss

Executive committee

M Akoojee (Group CEO)
JG de Beer (Group CFO)
H Bicil
E Hewitt
E Mansingh
JVW Rossouw
JA Truter
S Woodward

Share transfer secretaries

Computershare Investor Services
Proprietary Limited
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Midrand
2066

Sponsor

Merrill Lynch SA Proprietary Limited
The Place, 1 Sandton Drive
Sandton, 2196

Forward looking statements

Certain statements made in this report constitute forward looking statements. Forward looking statements are typically identified by the use of forward looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of, eg future plans, present or future events, or strategy that involve risks and uncertainties. Such forward looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward looking statement. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries. Forward looking statements contained in this report speak only as of the date of this report. The company undertakes no duty to, and will not necessarily, update any of them in light of new information or future events, except to the extent required by applicable law or regulation. Furthermore, the forecast financial information herein has not been reviewed or reported on by Imperial's audit firm.



www.imperiallogistics.com

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beyond possibility