

Imperial™

beyond possibility

Imperial is your **'Gateway to Africa'**





With a footprint in over **20 African countries**

Imperial is your **'Gateway to Africa'**

Contents

1	Letter to shareholders
2	Corporate governance report
16	Remuneration report
32	Extract of financial results
48	Shareholder analysis

50	Notice of annual general meeting
57	Form of proxy
59	Notes to the form of proxy
60	Glossary of terms
IBC	Corporate information

Our reporting suite

We are committed to transparent, open and honest reporting and have a suite of reports that cater to the diverse information needs of our broad range of stakeholders.

	Audience	Frameworks applied	Assurance
Integrated report	Our primary report to our stakeholders provides material information on the group's strategy to create sustainable competitive advantage and deliberate social, economic and environmental value.	<ul style="list-style-type: none"> The International <IR> Framework. King IV™. Johannesburg Stock Exchange (JSE) Listings Requirements. Taskforce on Climate-related Financial Disclosures (TCFD) United Nations (UN) Sustainable Development Goals (SDGs) 	Information extracted from underlying reports on which assurance is provided.
Environmental, social and governance (ESG) report	<p>Sets out in detail the group's ESG strategy, impacts and the governance practices and approaches that ensure impacts are appropriately managed. It is aimed at our employees, clients, principals and customers, shareholders, and other key stakeholders and broader society.</p> <p>Information relating to TCFD disclosures is included throughout our reporting suite.</p>	<ul style="list-style-type: none"> King IV. Global Reporting Initiative (GRI). TCFD. UN Global Compact, Women's Empowerment Principles and SDGs. 	Limited assurance on 20 indicators.
Shareholder report	Sets out information relevant for shareholder decision making, including the notice of annual general meeting (AGM), full corporate governance and remuneration reports and summary financial information.	<ul style="list-style-type: none"> South African Companies Act, 71 of 2008 (as amended) (Companies Act). King IV. JSE Listings Requirements. 	Information extracted from underlying reports on which assurance is provided.
Annual financial statements	Sets out the group's full audited annual financial statements, including the audit and risk committee report and the report of the independent auditor.	<ul style="list-style-type: none"> International Financial Reporting Standards (IFRS). Companies Act. JSE Listings Requirements. King IV. 	Assured by external assurance providers.

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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.

Letter to shareholders

Dear shareholders

On behalf of the board of directors (board), you are invited and encouraged to attend the 31st AGM of Imperial Logistics Limited (Imperial, the group or the company) which will be held at 09:30 CAT on Monday, 8 November 2021, through electronic participation.

The forthcoming AGM will be conducted by virtual meeting, as permitted by the Companies Act and the company's memorandum of incorporation (Moi). This is due to COVID-19 and the uncertainty around restrictions placed on public gatherings and/or the COVID-19 lockdown levels that may be applicable when the AGM is to take place. The board recognises the importance of wide shareholder participation at the AGM and this will provide shareholders with the opportunity to attend, participate and to vote online.

The AGM provides the board with the opportunity to present the group's performance for the year ended 30 June 2021 to shareholders. Members of the board, executive management and the group's external auditors will be available online to address any matters relating to the resolutions tabled on the day.

This shareholder report that accompanies this letter includes the group's corporate governance report, remuneration report, an extract of the condensed consolidated financial statements and detailed notice of AGM. Explanatory notes setting out the reasons for the notice and the effects of all the proposed ordinary and special resolutions are contained in the notice of AGM. The group's reporting suite, which includes the integrated report, ESG report and full annual financial statements, is available on the company's website at <https://www.imperiallogistics.com/latest-annual-report.php>.

If you are unable to participate in the meeting, you are welcome to forward any questions you would like to address to the members of the board to the acting company secretary at jeetesh.ravjee@imperiallogistics.com, and we will endeavour to answer them on the day of the meeting.

All the information you need to make informed decisions, and how to vote by proxy, are included in this report.



Yours sincerely

Phumzile Langeni
Chairman

27 September 2021

Corporate governance report

Our approach to corporate governance is aligned to our clearly defined purpose and underpinned by an integrated governance model that goes beyond compliance.

Good corporate governance supports business integrity, ethical behaviour and accountability for decisions with economic, social and environmental (ESE) impacts in the short, medium and long term. Being united by a clearly defined common purpose – connecting Africa and the world and improving people’s lives with access to quality products and services – allows us to create sustainable long-term value, embed good governance principles throughout our business and be a truly purpose-led organisation prioritising people, planet and profit.

Imperial is among South Africa’s larger companies as an employer, supplier, client, taxpayer and investment. We have a direct or indirect impact on tens of thousands of lives in our operations around the world. Our performance and progress are founded on the provision of competitively priced products and services of high quality, conducted in accordance with all laws and regulations, and high ethical standards. There are, however, additional responsibilities attached to a corporation of Imperial’s size and reach. Among the most important of these is the demonstration of our societal relevance, not through redistribution as a charitable donor, but in the businesses we operate.

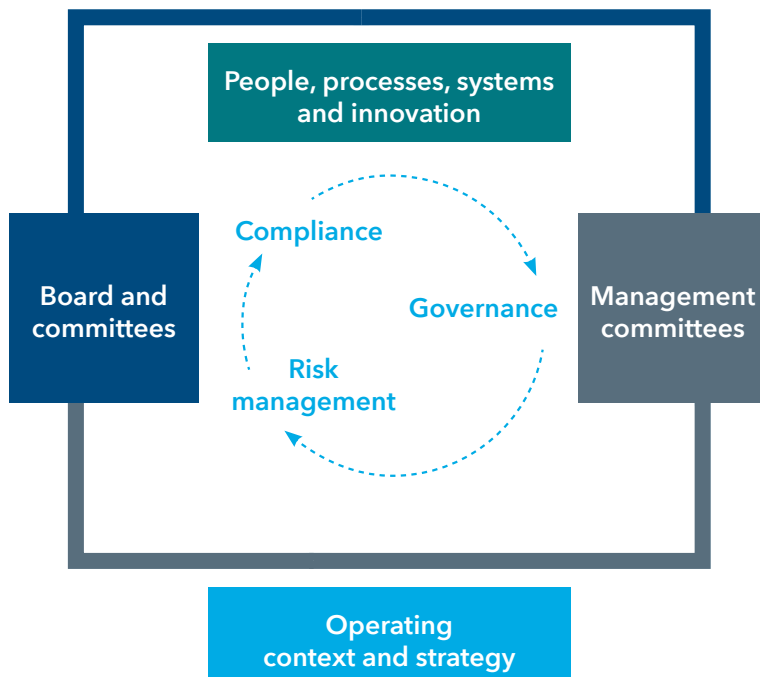
We are mindful of the potential effects of our commercial activities on broader society and, as fiduciaries, we strive at all times to exercise due care in our dealings with stakeholders. We understand that the creation of shareholder value is a necessary but insufficient condition for sustainability,

and therefore subscribe to the view that corporate sustainability is founded on accountability for decisions that have long-term ESE impacts.

Corporate governance is the exercise of ethical and effective leadership by the board to achieve the governance outcomes of ethical culture, good performance, effective control and legitimacy. The group subscribes to and applies the principles of good governance contained in King IV and the board is committed to the good corporate governance principles as set out in King IV. The board believes that these principles and recommended practices are integrated throughout the group, supporting the achievement of King IV governance outcomes.

Our integrated governance model

The group’s governance structure aims to position the group to create and sustain value in relation to the structural and systemic changes in the business environment. The group’s strategic development and related execution is therefore an exercise in integrated thinking. It allows us to focus our investment in the assets and enablers that underpin our ability to create long-term value for stakeholders. We have continued to evolve our human capital management capabilities and are investing in technology as a foundation for organisational effectiveness. Our social and environmental initiatives respond to critical social concerns and continue to receive focus in line with their material importance to the group’s operations around the world.



Operating context and strategy

Imperial's businesses operate across diverse geographies, industries and markets with different socioeconomic, political, regulatory and technological profiles. The complex interplay of opportunities and threats within these environments is closely monitored and addressed with strategies that ensure robust competitive positions. Formal and informal scanning of this environment is an everyday executive responsibility, and the Imperial board is regularly appraised of developments that could impact group performance and sustainability. Similarly, executive management responds tactically to everyday shifts in the operating context. The strategies necessary to remain competitive and create sustainable value for stakeholders over the long term are approved annually by the board.

+ Read more about our context and strategy in our integrated report online.

Governance framework

Authority, responsibility and accountability for the group's ethics, performance and sustainability is held at board level, which the board formally delegates to the chief executive officer (CEO) and in turn to his direct reports and sequentially throughout the organisation. The diversity of Imperial's operations necessitates differences in the nature, structure and processes of delegation, excepting financial expenditure for which authority limits are consistent across the group. The leaders of Imperial are mindful that entrepreneurial creativity and responsiveness is a competitive advantage, and every effort is made to integrate governance processes in the least bureaucratic way possible. Given the dynamic nature of governance and the application of recommended best governance practices, the board continually assesses the group's governance practices and procedures to make timeous adjustments where necessary.

The board subscribes to compliance with applicable laws and regulations in all jurisdictions in which the group operates. During the financial year ended 30 June 2021, Imperial was compliant in all material respects with the requirements of the Companies Act, the Companies Act Regulations, the Listings Requirements, and acted in conformity with its Mol.

Board and committees

King IV principle demonstrated:

Principle 1:	Ethical leadership
Principle 4:	Strategy, implementation and performance
Principle 6:	Role of the governing body
Principle 7:	Composition of the governing body
Principle 8:	Committees of the governing body
Principle 9:	Performance evaluations
Principle 10:	Delegation to management

Imperial board

The Imperial board and its sub-committees are responsible for governance and are constituted with the requisite expertise and experience. The group has a unitary board with eight non-executive directors, seven of whom are independent, and two executive directors.

The responsibilities of the board are clearly defined in a written charter outlining a clear balance of power and authority within the board that ensures no single director has unfettered decision making powers. The board charter governs its role, responsibilities and accountability relating to corporate governance. The board has also adopted, and regularly reviews, a written policy governing the authority delegated to group management and matters reserved for decision by the board. The board establishes strategic objectives and sets key policies to determine the direction of the group. Board meetings are held at least quarterly, with additional meetings called when necessary. The quorum for meetings is a majority of directors. In addition to directors, other senior executives are invited to attend meetings, as required, to ensure comprehensive reporting to the board.

The responsibilities of the board include issues of strategic direction, business plans and annual budgets, major acquisitions and disposals, changes to the board and other matters that have a material effect on the group or are required by legislation. The board regularly conducts assessments of its performance and the performance of individual directors, including the chairman.

Board succession and appointment

Directors are appointed based on their skills, experience and expected level of contribution to, and impact on, the activities of the group.

The board decides on the appointment of directors based on recommendations from the nomination committee. New directors are formally inducted to facilitate their understanding of the group.

Board diversity

The board adopted a formal board diversity policy in 2017 to govern racial and gender diversity at board level. The board takes the policy into account when making board appointments. In accordance with the policy, the board resolved to increase female representation and has four black female non-executive directors, comprising 40% of the board, one being the board chairman.

Changes to the board

During the year, Ms Bridget Duker (née Radebe) was appointed as chair of the audit and risk committee from 1 September 2020, succeeding Mr Graham Dempster, who remains a member of the committee. Ms Harriet-Ann Adesola and Ms Juliet Anammah, both of Nigeria, were appointed as independent non-executive directors to the board with effect from 22 February 2021.

At least one-third of directors retire by rotation each year and may stand for re-election at the AGM in accordance with the Mol. Directors who retire are selected in accordance with a rotational register and are those who have been in office the longest based on the date of their appointment or re-election.

The chairman

The chairman's role is to set the ethical tone of the board and to ensure that the board remains efficient, focused and operates as a unit. Phumzile Langeni is a non-executive director and her role as chairman is clearly defined and separate from that of the CEO through the provisions of the board charter. The chairman provides overall leadership to the board without limiting the principle of collective responsibility for board decisions.

Corporate governance report continued

Phumzile is a shareholder in a black economic empowerment (BEE) partner of the group and is consequently not regarded as independent. The board has also established a formal protocol governing potential conflicts of interest. In accordance with this protocol, in addition to the chairman recusing herself in compliance with the Companies Act where matters in which she has an interest are discussed, any decisions in or regarding the BEE partnership that could benefit or be seen to benefit the chair or her associates are deferred to the unconflicted members of the board. This includes matters such as fundamental business decisions.

Non-executive directors

The group's non-executive directors are individuals of high calibre and credibility who contribute to the board's deliberations and decisions. Their diverse backgrounds ensure a wide range of experience in commerce, finance, law, industry and engineering. They have the necessary skills and experience to make judgements, independent of management, on areas such as strategy, performance, business development, transformation, diversity, ethics and environmental management.

Non-executive directors are required to devote sufficient time to the affairs of the group. While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors may accept, approval from the chairman must be obtained prior to acceptance of additional commitments which may affect the time directors can devote to the group.

The independence of all independent non-executive directors was considered and confirmed by the nomination committee in accordance with King IV's recommended guidelines. The independence of directors who have served on the board for nine years or longer is assessed with reference to objective criteria, which include:

- Whether the director is perceived to be independent of mind, character and judgement.
- If the director has a sufficiently independent voice and is consistently ready to take constructive stands at meetings when necessary.
- If the director has, in the past year, appeared not to exercise independent judgement but rather accepted the views of management without question.
- If there are any other circumstances which are likely to, or appear to, affect the independence of the director.

The lead independent director

Graham Dempster is the lead independent director and was appointed in this role on 30 October 2019. His appointment is in accordance with King IV recommendations.

Board evaluation

The board conducts a facilitated evaluation of the board, the chairman, board committees and individual directors at least every two years. The chairman, assisted by the company secretary, conducts the evaluation process in the intervening years.

During the year, an independent board effectiveness review was undertaken by an experienced external consultant. The review was conducted using a web-based questionnaire supplemented by interviews with the members of the board and the outgoing company secretary.

The overall outcome of the review was that the board is cohesive, supportive and comprises professional, skilled and experienced members, who all make strong contributions in a balanced fashion. There is good diversity on the board and members prepare and contribute well, recent additions to the board allow good balance of contributions. The board operates effectively, and appropriate processes and systems are in place to ensure compliance with legal requirements and to make informed decisions, and for the board to fully discharge its duties with respect to all aspects of its governance role, such as audit, compliance and control. The board sub-committees are considered to be best-in-class in fulfilling their responsibilities. Some general areas identified for enhancement included improved CEO and senior management succession planning, and supplementing the existing skills on the board with skills that complement the group's 'One Imperial' and 'Gateway to Africa' strategy, which was done with the appointment of the new non-executive board directors in February 2021.

The chief executive officer

The board defines the group's levels of authority, reserving specific powers for the board while delegating others to management. The collective responsibility for the executive management of the company's operations vests with the group CEO who reports to the board on the group's objectives and strategy. The CEO plays a critical role in the operations and success of the company. The CEO is accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority.

While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group has unrestricted powers and that appropriate balances of power and authority exist on the board.

The company secretary

The company secretary up to the 2020 AGM was Mr RA Venter. Following the resignation of Mr RA Venter on 9 November 2020, Mr J Ravjee was appointed as acting company secretary.

Directors have unlimited access to the services of the company secretary, who is responsible to the board for ensuring that proper corporate governance principles are adhered to. In terms of the JSE Listings Requirements, the board of directors must consider the competence, qualifications, and experience of the company secretary annually. King IV also recommends that the company secretary should maintain an arm's length relationship with the board and that he should ideally not be a director.

The board is of the opinion that there were no direct or indirect relationships between the company secretary and any of the board members which could comprise an arm's length relationship with the board of directors. The company secretary is not a director of the company. In addition, the competence and performance of the company secretary were reviewed based on interviews with all board members and the results were considered collectively by the board. The board confirmed that the company secretary is adequately qualified and experienced and has effectively performed and carried out his duties during the year.

A formal review of the former company secretary is undertaken as part of the board evaluation process.

Climate-related risks and opportunities

The board, under the leadership of the board chairman, is ultimately responsible for climate-related issues. The board's climate-related responsibilities include assessing the identified climate-related risks and opportunities and the effectiveness of the management thereof and reviewing the resilience of the business strategy considering identified climate-related risks and opportunities.

The board reviews climate-related information at its meetings, including information regarding material risks and opportunities that could result from climate change provided by the social, ethics and sustainability committee (SES).

The board delegates responsibility for people matters and ESG issues to executive management who is tasked with monitoring the integration of ESG into daily business practices. The CEO is ultimately responsible for the management of climate-related issues within the group with climate-related responsibilities that include:

- Oversight of the process to identify and manage climate-related risks and opportunities.
- Operationalisation of the business strategy considering the climate-related risks and opportunities.
- Oversight of the implementation of the ESG strategy.

Independent board

In accordance with the requirements of Regulation 108 of Chapter 5 of the Companies Regulations, 2011 (the Takeover Regulations) the DP World Logistics FZE (DP World) offer required that Imperial form an independent board. Imperial accordingly constituted an independent board comprising the following independent non-executive directors, being GW Dempster (chairman of the independent board), HO Adesola, CJ Anammah, P Cooper, NB Duker, D Reich and RJA Sparks.

The responsibilities and duties of the independent board are set out in the Takeover Regulations. They include assessing the proposed transaction to provide the group's ordinary shareholders, including the holders of deferred shares, Ukhamba, with an opinion on the transaction and the proposed consideration.

The independent board appointed an independent expert, USB South Africa Proprietary Limited, to assist it with expressing a fair and reasonable opinion.

The independent board has unanimously and unconditionally concluded that the consideration for the DP World offer of R66 per share is fair and reasonable and has recommended to the Imperial ordinary shareholders to vote in favour of the transaction and for the holders of deferred shares to accept the offer.

The DP World offer to acquire Imperial was put to shareholders for approval at the general meeting on 17 September, with the requisite majority of shareholders voting in favour of the transaction. The proposed transaction is still subject to other customary completion conditions, including regulatory approvals, which are in progress.

Governance in action

Our board

During the year, the board held 11 meetings. The key focus areas for the year included:

- Ongoing impact of COVID-19.
- Review and approval of significant acquisitions and disposals and other merger and acquisitions-related activity.
- Consider the DP World offer prior to establishing an independent board.
- Oversight of key strategic initiatives and progress.
- The approval of the group-wide ESG and climate change policies and guidelines, and the advancement of ESG reporting standards and global membership and the creation of a corporate social investment (CSI)/ESG committee, a dedicated sub-committee of the SES board committee.

	Meetings (including special meetings)	Independent director	Appointment
Total meetings	11		
Chairman			
P Langeni	10/11	No	June 2004, appointed chairman November 2018
Lead independent director			
GW Dempster	11/11	Yes	February 2015, appointed lead independent director October 2019
Non-executive directors			
HO Adesola	3/3	Yes	22 February 2021
CJ Anammah	3/3	Yes	22 February 2021
P Cooper	11/11	Yes	February 2015
NB Duker	11/11	Yes	September 2019
D Reich	11/11	Yes	September 2019
RJA Sparks	9/11	Yes	August 2006
Executive directors			
M Akoojee	11/11	Yes	March 2017
JG de Beer	11/11	Yes	November 2018

Corporate governance report continued

Our board is well-constituted, diverse and active, and has the depth of experience, skills and expertise relevant to the group's strategy and operating context.

Our board provides rigorous oversight underpinned by best practice governance and control processes, and independent interrogation and strategic counsel through a frank and open relationship with executive management.



Non-executive directors

1. Phumzile Langeni (47)

Chairman and non-executive director

BCom (Acc), BCom (Hons), MCom

Phumzile is the co-founder and executive chairman of Afropulse Group Proprietary Limited, an unlisted investment and corporate advisory group. She was appointed by, President Cyril Ramaphosa, the President of the Republic of South Africa, as a Special Investment Envoy, and serves as Deputy Chairman of the Presidential Advisory Council on Investments.

Committees:

Other directorships: Metrofile Limited, Transaction Capital Limited, Primedia Holdings and the Mineworker's Investment Company.

2. Graham Dempster (66)

Lead Independent non-executive director

BCom, CA(SA), Harvard Business School, INSEAD AMP

Graham has over 30 years' experience in the financial services industry both in South Africa and internationally. Graham serves as a non-executive director of a number of JSE listed companies.

Committees:

Other directorships: Long4Life, Motus Holdings Limited, Sun International.

3. Juliet Anammah (53)

Independent non-executive director

BPharm, MBA (France)

Juliet is the chairwoman of Jumia Nigeria and Chief Sustainability Officer at Jumia Group and oversees institutional relationships, corporate communications and ESG. She is an experienced executive with more than 28 years of experience. Before her current role, Juliet was the CEO of Jumia Nigeria, and prior to that spent 16 years at Accenture, as the partner managing Accenture's Consumer Goods Practice in West Africa. Juliet also serves as a non-executive on corporate and non-profit boards. She is a member of the Institute of Directors in South Africa (IoDSA) and Capital Club Lagos Chapter and is the chairperson of the Lagos Chamber of Commerce eCommerce chapter.

Committees:

Other directorships: Jumia Nigeria, Flour Mills of Nigeria, First Bank Holdings (Nigeria), Consultative Action Group for the Poor.

4. Harriet-Ann (Bola) Adesola (60)

Independent non-executive director

LLB (Hons), ACI Arb (UK)

Bola is the chairman of Lagos State Employment Trust Fund and a director of Ecobank Nigeria. Prior to this, Bola was senior vice-chairman, Africa at Standard Chartered Bank (SCB), chairman of SCB Mauritius and a board member of SCB Nigeria and West Africa. Bola was an executive director at First Bank of Nigeria Plc and managing director of Kakawa Discount House, Nigeria and also worked in Citibank in senior leadership roles in Nigeria and Tanzania. She is a director of SCB Ghana Plc, and Chairman of SCB Mauritius Ltd. She is a former Council Member and Honorary Fellow of the Chartered Institute of Bankers Nigeria and serves on several corporate boards. In 2001, Bola co-founded Women in Management, Business and Public service (WIMBIZ) and currently serves on the WIMBIZ Board of Trustees. She is also a member of the IoDSA and of Women Corporate Directors.

Committees:

Other directorships: FinTech Association of Nigeria, Lagos State Employment Trust Fund, UN Global Compact Board, Health Federation of Nigeria.

5. Peter Cooper (65)

Independent non-executive director

BCom (Hons), HDip Tax, CA(SA)

Peter is the recent former CEO of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings (RMI). His early career was in the financial services sector, first as a tax consultant and later specialising in corporate and structured finance with UAL Merchant Bank. He joined Rand Merchant Bank in 1992 as a structured finance specialist and transferred to RMB Holdings in 1997, where he was appointed to the board in 1999.

Committees:

Other directorships: RMI, Momentum Metropolitan Holdings, Shoprite Holdings.

Committees

ALCO ARC NOM

REM SES

Sub-committee chair



6. Bridget Duker (41)

Independent non-executive director

BCom (Hons), CA(SA)

Bridget is an experienced executive and proven business leader with a successful record in helping businesses entrench sound financial processes, transformation and governance. She is the chief operating officer and executive director at Rothschild & Co South Africa. Prior to this she served as group CFO of Ubuntu-Botho Investments. Bridget started her career at Deloitte where she was an audit partner. In this role, she led multi-disciplinary engagement teams servicing JSE listed clients in geographies spanning Africa, Europe and America.

Committees:  

Other directorships: Motus Holdings Limited, Assupol Holdings Limited and Rothschild & Co (South Africa) Proprietary Limited.

7. Dirk Reich (58)

Independent non-executive director

MBA

Dirk is a global logistics industry expert, professional board member and investor. He previously served as the CEO of Cargolux Airlines International, on the management board of Kuehne & Nagel and as a non-executive director on the board of Panalpina. In 2016, he founded R&R International Aviation which offers strategic advice in the fields of aviation, logistics and e-commerce in China.

Committees: 

Other directorships: DFDS, Skycell, Instafreight, Log-hub, R+R International Aviation, PrimaFrio, Swiss Post.

8. Roderick Sparks (62)

Independent non-executive director

BCom (Hons), CA(SA), MBA

Roddy is a former managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA), and the former chairperson of Old Mutual Unit Trusts, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA).

Committees:    

Other directorships: Truworths International, Trencor, UCT Foundation Investment Committee.

Executive directors

9. Mohammed Akoojee (42)

Group chief executive officer

BCom (Acc) (Hons), CA(SA), CFA

Mohammed was appointed group CEO of Imperial on 1 February 2019. He joined the Imperial group in 2009, and prior to his current role, served as the acting CEO of Imperial Holdings in addition to his role as group CFO. His previous roles at Imperial included CEO of the Logistics African Regions division and executive director responsible for mergers and acquisitions, strategy and investor relations for the group. Prior to joining Imperial in 2009, Mohammed worked within the corporate finance and investment banking team at Investec Bank and as an equity analyst for Nedbank Securities.

Committees:  

10. George de Beer (48)

Group chief financial officer

BCompt (Hons), CA(SA)

George is the group CFO of Imperial. George joined Imperial in 2005 and held various executive positions in subsequent years. He was also closely involved with the creation of the Market Access business and his expertise in integrating acquisitions and establishing controls contributed to the evolution of the business from a collection of relatively small transport businesses to the significant business it is today. Prior to joining Imperial, George was the financial director of Imperilog Limited. George is a director of various group subsidiaries (both local and international), chairs the divisional finance and risk review committees and is a trustee of the South African Provident Fund.

Committees: 

Corporate governance report continued

Board sub-committees

The board has established a number of sub-committees, including statutory committees, all of which operate within written terms of reference.

The performance of each committee is regularly assessed in accordance with their terms of reference. No instances of non-compliance were noted.

Each committee has a formal charter, approved by the board, detailing its duties and responsibilities. Each committee has a minimum of three members and sufficient capability and capacity to function effectively. Any member of the board is entitled to attend any committee meeting as an observer and may allow management to attend by standing or ad hoc invitation.

King IV principle demonstrated:

Principle 8: Committees of the governing body

The tables that follow outline the board sub-committee responsibilities and memberships as at 30 June 2021.


Audit and risk committee	TOTAL MEETINGS	4
<p>Responsibility</p> <ul style="list-style-type: none"> Assists the board in discharging its responsibilities, covering internal and external audit processes for the group, and considering the significant risks, the adequacy and functioning of the group's internal controls and the integrity of financial reporting. Sets the group risk culture, framework and strategy, ensuring that robust risk management processes are in place. <p>Composition</p> <p>The group audit and risk committee consists of independent non-executive directors, one of whom is appointed as chairman.</p> <p>The membership of the committee will be tabled at the AGM for approval by shareholders.</p> <p>The committee meets at least four times a year.</p> <p>+ More information about the committee activities during the year can be found in the audit and risk committee report in the annual financial statements.</p>	<p>Chairman: NB Duker¹</p> <p>Members: P Cooper GW Dempster² RJA Sparks</p> <p>Invitees: P Langeni M Akoojee JG de Beer R Engelbrecht E Brand S Chetty T Schulz R Gabriels C Rossouw External auditors Internal audit representatives</p>	<p>4/4</p> <p>4/4 4/4 4/4</p>

¹ Appointed as chairman from 1 September 2020.

² Stepped down as chairman from 1 September 2020 and remained a member.

King IV principle demonstrated:

Principle 5: Reports and disclosure

Remuneration committee	TOTAL MEETINGS	5
<p>Responsibility The committee:</p> <ul style="list-style-type: none"> • Advises and guides the board on director remuneration, setting and implementing remuneration policy. • Approval of general composition of remuneration packages and criteria for executive bonus and incentive awards. • Administration of share-based incentive schemes. 	<p>Chairman: RJA Sparks 5/5</p> <p>Members: P Langeni 5/5 GW Dempster 5/5</p> <p>Invitees: M Akoojee JG de Beer S Woodward</p>	
<p>Composition  The role of the remuneration committee, its membership and meeting attendance are discussed in more detail in the comprehensive remuneration report on page 18.</p>		

King IV principle demonstrated: Principle 14: Remuneration governance

Nomination committee	TOTAL MEETINGS	5
<p>Responsibility Provides the board with advice and guidance regarding:</p> <ul style="list-style-type: none"> • Formal succession plans for the board, CEO and senior management. • Formal processes and policies for the appointment of directors, the identification of suitable members for the board and gender diversity of the board. • Induction and ongoing training and development of directors. 	<p>Chairman: P Langeni 5/5</p> <p>Members: RJA Sparks 5/5 GW Dempster 5/5</p> <p>Invitees: M Akoojee JG de Beer S Woodward</p>	
<p>Composition The nomination committee is chaired by the group chairman, a non-executive director, and is comprised of other independent non-executive directors.</p>		

Asset and liability committee (ALCO)	TOTAL MEETINGS	4
<p>Responsibility ALCO is responsible for implementing best practice asset and liability risk management policies.</p> <p>Its primary objective is to manage the liquidity, debt levels, interest rate and exchange rate risk of the group within an acceptable risk profile.</p>	<p>Chairman: P Cooper 4/4</p> <p>Members: CJ Anammah¹ 4/4 GW Dempster 4/4 P Langeni 3/3 D Reich 4/4 M Akoojee 4/4 JG de Beer 4/4</p> <p>Invitees: WF Reitsma</p>	
<p>Composition The committee is chaired by a non-executive director.</p>		

¹ Appointed May 2021.

Corporate governance report continued

Social, ethics and sustainability committee

TOTAL MEETINGS

4

Responsibility

The role of the social, ethics and sustainability committee encompasses all aspects of sustainability. The committee performs statutory duties, as set out in the Companies Act, for the group and on behalf of subsidiary companies.

In addition to its statutory duties, it assists the group in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on:

- King IV.
- Imperial's sustainability commitments.
- Broad-based black economic empowerment (B-BBEE) requirements, as described in the Department of Trade and Industry's Combined Generic Scorecard (excluding ownership targets) and associated odes of Good Practice.
- Group transformation commitments, as described in the group's transformation strategy and business B-BBEE plans.
- Environmental commitments, as described in Imperial's environmental policy framework.
- Socioeconomic development (SED) commitments, as described in Imperial's SED policy.

Transformation remains a key focus area and the committee will continue to guide Imperial in its goal of increasingly reflecting the local population demographics of South Africa.

During the year, the committee discharged its statutory duties to monitor activities relating to the following:

- SED, including the group's standing in terms of the goals and purposes of the 10 UN Global Compact principles, the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption, the Employment Equity Act and the B-BBEE Act.
- Good corporate citizenship, including the group's promotion of equality, prevention of unfair discrimination and corruption, and contribution to the development of the communities in which it operates or within which its products or services are marketed and where it undertakes sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the group's activities, products and services.
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions, as well as its employment relationships and contribution towards the training and development of its employees.

[+ Read more about our operating context and strategy in our ESG report online.](#)

Composition

The committee comprises non-executive directors, executive directors and other members of management, and is chaired by a non-executive director.

Chairman:	RJA Sparks	4/4
Members:	HO Adesola ¹	1/1
	P Langeni	4/4
	M Akoojee	4/4
	NB Duker	1/1
Invitees:	S Chetty	
	L Rota	
	E Mansingh	
	J Ravjee	
	MR Sharfuddin	
	S Woodward	
	S Zikalala	

¹ Appointed May 2021.

Independent board

Responsibility

In accordance with the requirements of the Takeover Regulations, an independent board was constituted comprising the independent non-executive directors, and 10 meetings were held.

The responsibilities and duties of the independent board are set out in the Takeover Regulations. They include assessing the proposed DP World transaction to provide the group's ordinary shareholders, including the holders of deferred shares, Ukhamba, with an opinion on the transaction and the proposed consideration, as well as settling the transaction implementation agreement with DP World, including remuneration provisions.

The independent board appointed an independent expert, USB South Africa Proprietary Limited, to assist it with expressing a fair and reasonable opinion.

Composition

The committee comprises independent non-executive directors, and is chaired by the lead independent director.

Chairman: GW Dempster

Members: HO Adesola
CJ Anammah
P Cooper
NB Duker
D Reich
RJA Sparks

King IV principle demonstrated:

Principle 3: Responsible corporate citizenship

Principle 16: Stakeholders

+ [Read more](#) about the activities of our committees in the integrated report.

Divisional boards

Responsibility

The group has three primary businesses. Each business is governed by a divisional board. Within these businesses, all significant operating entities are managed through their own entity boards and executive committees.

While the Imperial board delegates authority through the group CEO to his direct reports and they in turn to theirs, the divisional boards and entity boards exercise oversight of assets and control performance within the bounds of Imperial's board-approved strategies and budgets.

Various divisional executive committees control day-to-day operating performance within the parameters set by the group delegation of authority policy, delegated from the Imperial board to the divisional boards.

Composition

The divisional boards consist of group and operational executives. Operational management attends these meetings as invitees.

Corporate governance report continued

People, processes, systems and innovation

People

The successful implementation of the group's corporate governance initiatives relies on competent and ethical people at many levels of the organisation.

Industry, technical and subject matter expertise are required to translate general principles into everyday actions that ensure the protection of stakeholder interests. To this end, Imperial employs and invests in the development of suitably qualified and experienced individuals to implement and sustain the requisite levels of governance throughout the group.

The start of a breakdown in governance is very often a relatively minor ethical infraction which occurs long before laws are broken, or regulations transgressed. In recognising that successful governance relies on matters of character as much as structure and process, Imperial strives to establish and inculcate high ethical standards by means of its code of conduct and code of ethics.

Conduct and ethics

The Imperial code of conduct reflects our commitment to personal integrity and honesty, which we believe are important values that set the foundation for a successful company. We strive to build and maintain mutually beneficial relationships with our customers, investors and all employees. The group's growth and development will occur through constant adherence to our high ethical standards and values.

The group is committed to acting with uncompromising honesty and integrity. The group adopted a formal code of conduct, which serves as an overarching reference for aligning the various codes of ethics and conducts across the group.

The code of conduct provides ethical guidance to all staff, management and directors across all operations. We recognise that no single code can address every situation, therefore the codes are not a substitute for an employee's responsibility to exercise good judgement and to obtain guidance on appropriate business conduct. Ethics content is included in training and induction programmes.

Our commitment to uncompromising honesty and integrity requires that we:

1. Respect others and avoid any form of discrimination.
2. Abide by the laws of the country in which we operate and comply with the codes of conduct of all professional and industry bodies to which the group belongs.
3. Avoid any waste, damage and private use of company assets and resources (including time).
4. Neither give nor receive bribes.
5. At the earliest opportunity, disclose in writing, to the appropriate management, all gifts received from customers or suppliers beyond a token value.
6. Not divulge any confidential information to any party, or improperly use company and customer information.
7. Market the group's products and services accurately and charge the agreed fee or a fair fee where no fee was agreed.
8. Not seek to advance personal interests at the expense of the group or its customers.
9. Not engage in any activity, directly or indirectly, which results or might result in a conflict of individual interests with the interests of the group.
10. Not participate, or involve the group in any way, in any scheme that would cause embarrassment to the group or harm its reputation.

Human rights

Imperial has a responsible, ethical, inclusive and sustainable approach to doing business which is central to our strategy and our purpose.

Imperial recognises that it has a responsibility to respect human rights and avoid complicity in human rights abuses both in the workplace and more broadly within its sphere of influence. Imperial has formally outlined the business principles we believe in, and the commitments Imperial has made through our code of conduct which serves to align decision making and activities across Imperial and addresses a number of areas including human rights. The code of conduct sets standards that all Imperial employees, the CEO and members of the board must follow, as well as the expectations of business partners, contractors and their employees, whom we encourage to act in a way that is consistent with the code.

We adhere to the Universal Declaration of Human Rights as well as the rules and regulations of each country in which we operate. We are guided by the International Bill of Human Rights as well as the International Labour Organisation's Core Labour Standards and its Tripartite Declaration of Principles. We recognise the OECD Guidelines for Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights.

We encourage our employees to express their concerns in an open and direct manner, and to point out any circumstances that might indicate an infringement of internal directives, including allegations of harassment and discrimination. An independent whistle-blowing hotline, managed by Deloitte, services most of our operating countries, enabling stakeholders to report concerns anonymously, with the option to report concerns in a language local to their country.

King IV principle demonstrated:

Principle 1: Ethical leadership

Principle 2: Organisational values, ethics and culture

Processes

Processes are integrated at all levels to ensure that governance strategy is aligned with implementation in the group. These encompass governance and risk oversight policies and procedures, reporting and measurement, as well as decision making processes. Based on the decentralised nature of the group, it does not regulate operational processes in the businesses, although minimum standards are set.

Systems and innovation

Most aspects of governance rely on underlying management information systems and information technology (IT). The investments and risks associated with information systems require dedicated oversight and judgement.






The group's executive vice-president: Digital and IT chairs the Digital and IT forum, which meets regularly and involves Digital and IT representatives from operations. The forum aims to assess and agree on group IT standards and enhance co-operation and knowledge sharing across the businesses. The forum provides feedback to the group audit and risk committee.

Given the group's decentralised management model, Imperial has developed an overarching, standardised IT governance framework, which has been adopted by the businesses with key components and requirements aligned to current best practice benchmarks. Each operation is therefore measured against the group minimum standard.

The objectives of the standardised IT governance framework are to:

- Provide guidance to business and operational IT functions.
- Set a standard measure of IT maturity within the group.
- Align with King IV.

The five principles of the Imperial IT governance framework are:

 <p>1</p> <p>Business alignment and enablement</p> <p>People capacity and development Internal processes and measures</p>	 <p>2</p> <p>Operational performance</p> <p>People capacity and development Internal processes and measures</p>	 <p>3</p> <p>Supplier performance management</p> <p>Formalised service level agreements Structured commercial agreements</p>	 <p>4</p> <p>Business continuity/ disaster recovery</p> <p>Business impact analysis Testing of back-up and recovery</p>	 <p>5</p> <p>Compliance and security</p> <p>Data privacy, security and access control Internal control monitoring</p>
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[+ Read more about our innovation strategy in our integrated report online.](#)

King IV principle demonstrated:
Principle 12: Technology and information governance

Compliance

Legal compliance

As a multinational group, Imperial is subject to a wide range of legislation. It monitors legislative developments on an ongoing basis and has a legal compliance programme to increase awareness of, and enhance compliance with, applicable legislation. Legal compliance is regularly reported to divisional boards and risk committees and is also reported to the group audit and risk committees quarterly. Each business employs legal officers and dedicated compliance officers who regularly conduct assessments to highlight the impact of legislation on their businesses and ensure that operational controls are implemented.

To maximise synergies and co-operation, the legal and compliance officers meet in a quarterly forum where the key objectives are to:

- Monitor and report on emerging and key legislative and compliance matters.
- Ensure completeness of compliance with the legislative universe.
- Formulate group plans to facilitate the implementation of new legislation.
- Co-ordinate group responses to draft legislation requiring comments, where applicable.

Contract compliance

Businesses have dedicated legal functions to review contract terms and conditions and monitor contract compliance on an ongoing basis. Existing contracts are monitored to ensure they are up to date and in line with legislative and commercial changes.

Conflicts of interest

The group has a formal conflicts of interest policy that guides directors on acting in the best interests of the group, with due care and diligence in discharging their responsibilities as directors. The policy requires directors to declare and avoid conflicts of interest in accordance with the Companies Act, and to account to the group for any advantages gained in discharging their duties on behalf of Imperial.

Insider trading

No group director or employee with inside information about the group may deal, directly or indirectly, in Imperial securities; this includes allocations of, and dealings in, the group's share incentive schemes. Imperial's closed periods are from 1 January to the interim results reporting date, and 1 July to the full-year results reporting date. The group has also adopted a policy requiring directors, executives, the company secretary and directors of major subsidiaries to obtain permission from designated individuals before trading in the group's securities.

No infringements were reported during the year.

Anti-bribery and corruption

The group's detailed anti-bribery and corruption policy promotes standards and behaviour needed to prevent bribery, corruption, and anti-competitive collusive practices in the various jurisdictions in which the group operates. We recognise the legal importance of complying with all anti-bribery, anti-corruption and anti-competitive collusive laws, regulations and/or policies. The policy applies to all employees and covers all operating businesses in the group. Internal audit co-ordinates all reported matters. Tip-offs are also sent to the CEOs of the respective businesses and investigated accordingly. Detailed feedback is given at the respective financial and risk review committees and group audit and risk committee.

The group's policy is to conduct all its business with transparency and integrity, enforcing a zero-tolerance approach to bribery and corruption. The group is committed to performing with honesty and acting professionally in all business dealings and relationships. Furthermore, it is dedicated to operating, implementing, and enforcing effective systems that counter bribery and corruption. The nature of the group's business requires interaction with persons within various levels of governments, multinational client companies and third-party service providers throughout Africa and the world. Imperial is committed to upholding all laws in all countries in which it does business. This includes South African and international anti-bribery laws, as well as the group's own code of conduct, code of ethics and anti-bribery policy.

Whistle-blowing hotlines and tip-offs

Whistle-blowing hotlines and tip-offs are in place in all regions in which the group operates. This service, operated by independent service providers, enables all stakeholders to report concerns anonymously.

It is the responsibility of all employees and stakeholders to report known or suspected unethical or illegal conduct. Retaliation against whistle-blowers is not tolerated.

Internal audit co-ordinates all reported matters. Tip-offs are also sent to the CEOs of the respective businesses and investigated accordingly. Detailed feedback is given at the respective financial and risk review committees and group audit committee.

King IV principle demonstrated:

Principle 13: Compliance governance

Risk management

Risk management model

Imperial has an embedded enterprise risk model to identify and assess relevant risks facing the group at strategic, business and operational levels and is aligned to the group corporate governance policy and international best practice to safeguard the interests of stakeholders. The group's risk model is based on ISO 31000: 2009 – Risk Management Principles and Guidelines.

The risk assessment process also identifies areas of opportunity, for example: where effective risk management can be turned into a competitive advantage, or where taking certain risks could result in reward for the group. Any risk taken is considered within the group's risk appetite and tolerance levels, which are updated annually. Our process for identifying, assessing, and managing climate-related risks is integrated into our overall risk management.

The group's businesses have different market, operating and financial characteristics. Risk management responsibility and accountability, therefore, vests largely with business management structures. They report to the divisional finance and risk review committees, which are overseen by the group audit and risk committee. The group audit and risk committee formalise, standardises and monitors this process, guiding management and assessing their effectiveness in implementing the approved risk management framework.

The board determines the level of acceptable risk and requires operations to manage and report on risk accordingly. Issues and circumstances that could materially affect the group's reputation constitute unacceptable risk.

A system of internal control is implemented in all key operations and is tailored to each business's characteristics. It provides reasonable, rather than absolute, assurance that the group's business objectives will be achieved within prescribed risk tolerance levels. The associated risk areas and control processes are monitored and reported on across the group. Internal audit aligns its procedures with the risks identified. Formal feedback is provided to both divisional finance and risk review committees, as well as at quarterly risk committee meetings.

The group also maintains a comprehensive insurance programme to ensure that material financial consequences relating to risk events do not result in undue financial impact on group businesses.

In reviewing risk management reports and internal controls, the board has:

- Considered what the group's risks are and how they have been identified, evaluated and controlled.
- Assessed the effectiveness of the related risk management process, particularly reports of significant process failures or weaknesses.
- Considered if the necessary action is being taken timeously to rectify any significant failures or weaknesses.
- Considered whether results from the review process indicate the need for more extensive monitoring.

Risk management process

Our risk management process involves identifying both current and emerging risks to our direct operations, our suppliers, and the rest of our value chain. Our risk assessment process considers risks in the short (one to five years), medium (five to 10 years) and long (more than 10 years) term.

Risk identification and assessment are made by using both a bottom-up and a top-down approach. In terms of the bottom-up approach, the group companies are responsible for identifying risks to their business (both internal and external) and quantifying the potential impact of each risk. These risks are reported to the individual responsible for risk within each business – encompassing Market Access, Logistics Africa and Logistics International – and recorded in a business risk register. The management and individual responsible for risk within the business are responsible for identifying and assessing risks to the division. The business risk registers, containing predominantly operational risks, are reviewed on a quarterly basis by the businesses and then elevated to group level.

In terms of the top-down approach, the group risk executive is responsible for identifying risks at group level and quantifying the potential impact of each risk. Group level risks include risks to our reputation and brand. Risk identification is informed by reviewing the current and future business environment in which we operate.

The business risk registers and the group level risks are reported to the group audit and risk committee, which assists the board in recognising material risks and ensuring that the requisite risk management culture, practices, policies and systems are implemented and functioning effectively. Business management is responsible for the development and implementation of plans to mitigate business level risks and the monitoring of the implementation of these plans. The group risk executive is responsible for managing risks at a group level and for ensuring that the business level risks are being adequately addressed.

Risks are assessed in terms of impact and likelihood on a scale of 1 to 10, with 1 being no impact and not anticipated to occur and 10 being catastrophic impact and certain to occur in the reporting period. The impact and likelihood ratings are combined so that each risk is given an inherent and residual risk rating of low, moderate, high or critical. All risks with a residual risk rating of moderate to critical are considered

substantive and need to be addressed. These risks may harm the objectives and functions of the companies, resulting in loss of effectiveness and reputation. They may also have prolonged negative impact and extensive consequences, possibly leading to the collapse of the business if not addressed.

Key group risks

Imperial has identified key group level risk categories in addition to business and industry-specific risks identified by the operating entities.

The group strives to realise opportunities through the manner in which it addresses each risk. The risk categories are discussed in the integrated report, together with key mitigating actions and are linked to the group's material issues.

+ Read more about our risk management approach in our integrated report online.

Internal controls

The board is:

- Accountable for the process of risk management and the systems of internal control which are reviewed regularly for effectiveness.
- Accountable for establishing appropriate risk and control policies and communicating these throughout the group.
- Satisfied that there is an effective process in place for identifying, evaluating and managing the group's significant risks.
- Satisfied that the system of internal control is effective and that group-wide strategies are in place to mitigate the consequences and impact of the group's significant risks to an acceptable level.

Internal financial controls and financial reporting

The board acknowledges its responsibility for instituting internal control systems that provide reasonable assurance that:

- Assets are safeguarded against material loss.
- Transactions are properly authorised and recorded.
- Proper accounting records are maintained to ensure reasonable reliability and integrity of financial and operational information, including the annual financial statements.

Internal controls also provide assurance that the group's resources are utilised efficiently and that the activities of the group comply with applicable laws and regulations.

Financial results are reported monthly to the business executive committees and quarterly to the divisional boards and the Imperial board. Each business prepares detailed monthly management accounts, as well as budgets and a three-year plan, which are approved by the board. Performance against budgets is monitored and variances analysed. Profit and cash flow forecasts are reviewed, and material changes analysed.

A comprehensive system enables management to monitor trends and measure the productive use of capital. Accounting policies are disseminated throughout the group and monitored to ensure compliance.

Internal audit

The internal audit department's responsibilities are set out in a written charter approved by the board. Internal audit is an independent, objective assurance and consulting activity established to support and improve the group's operations. It follows a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

The group internal audit executive, based at the group's corporate head office, co-ordinates internal audit activities and reports administratively to the CFO and functionally to the chairman of the audit committee, and has unrestricted access to the group CEO and audit committee chairman.

The group internal audit executive reports formally at all audit committee meetings during the year. The audit plan for the group and its businesses use a risk-based approach and is approved by the group audit committee. The group internal audit executive also attends and co-ordinates the activities of all quarterly divisional finance and risk review committees and attends all group risk committee meetings.

Internal audit has confirmed that nothing has come to its attention to indicate that there was any material breakdown in the system of internal or financial control in the group during the year. This conclusion is based on the internal audit work it performed in terms of the approved combined internal audit plan for the year, the scope of work, the results of evaluations and the overall audit opinion ratings for the audited areas, together with feedback on follow-up audits.

The risk management maturity self-assessment conducted during the year at business and group level confirmed the sound implementation of risk management across the group, as well as the high degree to which management had embraced risk management.

Combined assurance

The group's combined assurance model ensures:

- The completeness of the group-wide inherent risk profile.
- That key mitigation factors and processes are documented and aligned to the group's risk management model.
- An adequate level of assessment of the control environment by assurance providers, both internal and external.

The combined assurance model aligns with the group's integrated governance model, with key assurance provider roles overlapped, which strengthens the robustness of assurance across key elements.

King IV principle demonstrated:

Principle 11: Risk and opportunity governance

Principle 15: Assurance

Remuneration report

Our approach to remuneration is consistent with, and supports, our strategic value drivers and purpose and is underpinned by the establishment of equitable market-related pay practices.

Background statement – from the Remco chair

Introduction

Remco is primarily responsible for guiding the board on directors' remuneration, which includes setting and implementing remuneration policy, and administering share-based incentive schemes.

The first principle of our work is to incentivise and retain – fairly and competitively – highly skilled executives and employees to achieve the long-term goals of the organisation, in harmony with the interests of our shareholders. It goes almost without saying that as the principles of 'stakeholder capitalism' take hold in global business, in word and deed, the common interest of both shareholders and executives must over time correlate to the reasonable expectations of all key stakeholders.

With this in mind, Remco has sought to align Imperial's remuneration philosophy and principles, and their application to pay-for-performance awards, to the expectations of our shareholders. The lion's share of this work was done last year, which served us well in fulfilling our responsibilities this year. Shareholders raised no material concerns about remuneration in our annual governance roadshow in September 2020, which was attended by our board chairman, lead independent director and myself. Further, shareholders endorsed our remuneration policy and implementation, by 99,09% (2020: 98,28%) and 97,30% (2020: 71,97%) respectively, in their non-binding advisory vote at the last AGM.

We are grateful that shareholders have confirmed our view that Imperial's remuneration policy is appropriate and aligned with their expectations and current best practice. We believe the policy represents a healthy balance between the interests of shareholders and the group on the one hand, and the executives on the other, and that it supports long-term, strategically aligned sustainable value creation.

Remuneration context

We are duty bound by King IV to ensure that remuneration decisions are 'fair, reasonable and transparent'.

The expectation of shareholders and other stakeholders alike that the basis for our remuneration decisions aligns with this governance principle, has only deepened. Regulators around the world are following suit by enforcing disclosure of fair pay ratios. In South Africa, through the amendments mooted to the Companies Act, these are likely to comprise those between lowest and highest paid, and gender parity (equal pay for equal work). The amendments would also implement a binding vote by shareholders for remuneration policy and implementation.

The context for remuneration decisions is made additionally complex by the uncertainty that is now a feature of doing business. As such, linear formulas for pay for performance are increasingly unhelpful, and nuanced deliberation is needed. Those of us responsible for devising and applying remuneration policy must walk a tightrope between incentivising and retaining top talent, especially highly skilled and increasingly globally mobile executives, which infers not only competitive remuneration and benefits but also that they are not unfairly penalised nor unduly rewarded for factors outside of their control; while ensuring that stakeholders' expectations are met and the impact on value creation of tough operating environments is not borne exclusively by shareholders or employees.

More specifically, the levels of poverty and inequality in many of the markets in which we work (including six of the ten most unequal societies in the world, by Gini coefficient)¹, have boiled over into social unrest in some of our markets. This makes it critical that executive remuneration is defensible. We continue to make decisions cognisant of what our people perceive to be fair and reasonable, relative to the overall employee value proposition the group offers, as well as the views of regulators and other social actors and opinion formers within the socioeconomic context of our predominantly African market scope.

Working within this reality, the committee is dedicated to shareholder friendly and ethical remuneration policy. I was interested in reading that recently China's president, Xi Jinping, promised to "regulate excessively high incomes and encourage high-income groups to return more to society."² This seems fair. I believe the packages we offer our directors strike a fine balance by incentivising and rewarding the talent and character we need, without pushing this beyond what is reasonably acceptable for ordinary society.

Remuneration decisions

In the main, little changed in our approach in the year. Our remuneration philosophy, our principles and our processes remained consistent. This was despite the complication of a full year of trading under COVID-19 conditions and its potential impact on our decisions related to incentives; as well as the implications of the DP World offer, particularly on long-term incentive schemes. The latter required Remco to defer our meeting to decide on remuneration awards, which would usually take place in May or June, to the end of August.

The potential difficulty in deliberating on short-term incentives was eased by Imperial's commendable financial performance in the year, despite the lingering impact of COVID-19 on our markets and business, and the swift progress made in the organisational transformation and strategic positioning to give substance to our 'One Imperial' and 'Gateway to Africa' aspirations. Remco was therefore able to apply our formula for calculating short-term incentives purely, with no discretionary deviations needed.

¹ 1. South Africa – 63.0; 2. Namibia – 59.1; 3. Zambia – 57.1; 5. Eswatini – 54.6; 6. Mozambique – 54.0; 9. Botswana – 53.3 (<https://worldpopulationreview.com/>, 2021).

² (The Guardian, 2021).

Certain members of Remco, through their participation in the independent board, considered the implications of the DP World offer on Imperial's LTI schemes. The outcome of our agreement with the offeror was detailed in the circular posted to shareholders and has been communicated to affected employees. The offeror included confirmation that there will be no change to the process of goal setting and performance management for the next year.

At Imperial, in line with global trends, we are structuring key performance indicators, and the associated thresholds and incentives, to be more strategically meaningful – in particular in including non-financial KPIs in the mix. To this end, new strategic KPIs came into effect during the year. This was achieved through a significant engagement process with executive management and included the addition of KPIs related to the 'One Imperial' initiatives pertinent to our strategic enablers of finance, digital and IT; and our newly minted ESG strategy, which includes both quantitative and qualitative targets related to our impacts and independent ESG rankings.

We commission regular benchmarking of the remuneration packages of the executive directors and senior staff members with the assistance of various compensation partners. During the year, the committee considered and approved:

- The general composition of executive reward packages (see page 20).
- Executive short-term incentives (STIs) for the year (see page 21), including KPIs for F2022.
- Executive long-term incentive (LTI) awards, capped at 100% of total guaranteed pay (TGP), for F2020 and did not approve LTI awards for F2021 in view of the DP World offer.
- Updates to executive remuneration where changes in responsibility occurred.

Conclusion

We are satisfied that our policy and its implementation is suitably benchmarked against peers, is in the interests of shareholders and balances the incentivisation of short-term profit with long-term value creation. We reserve discretionary powers to reduce pay-outs if our STI formula contradicts long-term value creation, and we encourage long-term strategic thinking among executives, in balance with short-term constraints, by rewarding them for being proactive and 'integrative' in their decision-making. We continue to ground our approach to remuneration in firm business rationale and the ethical context in which we operate – not only on the continent but also in view of global trends – to ensure that our pay-for-performance decisions are both nuanced and beyond reproach.

This assessment will again be put to the test when the group's remuneration policy and our implementation decisions are tabled for shareholder approval by separate non-binding advisory votes at the AGM on 8 November 2021.

Yours sincerely



Roddy Sparks
Chairman

Remuneration report continued

Rewarding our people has a direct impact on operational expenditure, performance, strategic delivery and execution, organisational culture, transformation, employee behaviour and ultimately the sustainability of the group.

Remuneration committee governance

Committee chairman

The remuneration committee (Remco) is chaired by RJA Sparks, who is an independent non-executive director.

Role of the committee

Remco advises and guides the board on:

- Accurate and transparent disclosure of directors and prescribed officers' remuneration.
- The establishment and implementation of remuneration policies for non-executive directors, executive directors, prescribed officers and other executives, to ensure that the company remunerates directors and executives fairly and responsibly.
- Approval of the general composition of remuneration packages and the criteria for executive bonus and incentive awards.
- Increases to non-executive directors' fees.
- Material changes to the group's pension and provident funds and medical aid schemes where appropriate.
- Administration of share-based incentive schemes.

Committee membership

At year-end, the members of the committee were RJA Sparks, the committee chair, P Langeni and GW Dempster. The group CEO and CFO attend committee meetings by invitation and assist the committee in its deliberations, except where items relating to their own remuneration and performance are discussed. No director is able to decide his or her own remuneration.

Meeting attendance

Member	Meetings
Chair: RJA Sparks	5/5
Members: P Langeni	5/5
GW Dempster	5/5

Key committee activities during the year

During the past year, the following activities have shaped the work of the committee:

- The impact of the COVID-19 pandemic.
- Oversight of the embedment of non-financial, strategic key performance indicators (KPIs) in performance processes.
- Review of performance against financial and non-financial targets.
- Stakeholder engagement with relevant stakeholders through the annual board roadshow in September 2020.

2021 AGM

In keeping with King IV recommendations, the group's remuneration policy and remuneration implementation policy will be tabled for shareholder approval by separate non-binding advisory votes at the AGM on 8 November 2021. Should 25% or more of the voting rights exercised at the AGM vote against the remuneration policy and/or the implementation thereof, the board will in good faith start:

- An engagement with dissenting shareholders to ascertain the reasons for dissenting votes.
- Taking steps to address valid objections and concerns raised, including amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

It is our aim to ensure that our governance and disclosure relating to executive remuneration is transparent and that we do not compromise on performance criteria when external factors beyond our control stifle or enhance performance. Throughout the group, we aim to compensate individuals fairly for a specific role, with due regard to their performance and skills.

Changes to the group's remuneration policy and its implementation

We believe that Imperial's core remuneration policy is appropriate and aligned with the interests of shareholders and current best practice. We are of the view that the policy continues to represent a healthy balance between the interests of shareholders and the company on the one hand, and the executives on the other, and that it supports long-term, strategically aligned sustainable value creation in the group. As a result, no significant changes have been made to the group's remuneration policy.

We value the views of shareholders and welcome any comments and suggestions which would assist us in further improving our policies and frameworks in the future.

Remuneration policy

Remuneration strategy

Imperial is committed to attracting, retaining and motivating a skilled and professional workforce that is effectively managed within a performance-driven environment, ensuring the long-term sustainability and transformation of the group in alignment with its strategy.

Remuneration philosophy

Imperial's reward philosophy provides the foundation for our guiding principles which in turn determine how reward processes operate.

The group's reward philosophy aims to:

- Implement fair and equitable pay structures aligned to best practice.
- Recruit high-performing talent with relevant skills in a highly competitive labour market.
- Retain employees who enhance the group's performance and support the achievement of its strategy and vision.
- Motivate and reward individual and team performance enabling ongoing growth and sustainability.
- Recognise business-specific goals and reward employees appropriately for achieving them.
- Manage the total cost of employment in a cost-effective and appropriate manner, aligned with the group's core values and strategic objectives.
- Enable transformation across the group with remuneration practices that are fair, equitable and supportive of diverse needs and free of unfair discrimination.
- Comply with applicable legislation, organisational policies and conditions of service.

Remuneration principles

The remuneration principles that underpin our remuneration policy are:

Equitable pay

Individuals are compensated fairly for a specific role, with due regard to skills and performance.

Competitive pay levels

Remuneration is competitive relative to the labour market.

Transformation

We are committed to attracting, retaining and fast-tracking talent to support organisational transformation.

Cost management

We set and manage reward levels and practices that provide a compensation package that is fiscally responsible, market competitive and sustainable over time.

Pay-for-performance

We continue to strengthen the link between remuneration and performance through our performance management system.

Performance targets

Incentive plans, performance measures and targets are structured to operate consistently throughout the business.

Transparency and governance

The process of reward management is transparent and conducted in good faith and under sound governance, with appropriate levels of confidentiality.

Strategic alignment

We will provide a consistent compensation strategy, aligned to group and business objectives, where possible.

Remuneration report continued

Components of remuneration

The group's employees are key determinants of its success. Employee remuneration, particularly guaranteed pay, is a significant component of the group's total operating costs.

The group's remuneration policy seeks to attract and retain quality employees at all levels. Remuneration is structured to be competitive and relevant in the sectors in which the group operates, and businesses review their remuneration policies regularly.

Remuneration information – continuing operations only	2021	2020
Total number of employees	25 432	25 232
Total compensation paid to employees (Rm)	11 447	10 517
Total compensation as a % of revenue	22	23

The compensation of most of our unionised employees is determined collectively or based on sector norms. We strive to maintain positive day-to-day working relationships with our unionised employees, and to balance their democratic industrial relations rights with the rights of the group to conduct its activities.

Imperial has various formal frameworks for performance management that link directly to either increases in TGP, or annual STI bonuses. Performance management and assessment sessions take place regularly throughout the group, where company performance, achievement of personal performance goals and delivery on key strategic imperatives are discussed and monitored.

Salaried employees

Cost to company

- TGP is monitored and benchmarked on an ongoing basis.
- Remuneration levels consider industries, sectors and geographies from which skills are acquired, or to which skills are likely to be lost, the general market and the market in which each business operates.
- TGP and the mix of fixed and variable pay are designed to meet each business' industry, operational needs and strategic objectives, based on stretch targets that are verifiable and relevant.
- The structure of remuneration for unionised employees is driven by collective bargaining and sectoral determinations.
- General adjustments to guaranteed pay levels are effective from 1 July each year. In unionised environments, collective bargaining arrangements may come into operation at other agreed times.
- Annual increase parameters are set using guidance from group budgeting processes, market movements, individual performance, the performance of the business and/or company and other relevant factors.
- Increases above inflation depend on business or departmental and individual performance.

Short-term incentives

Businesses pay short-term bonuses aligned to industry best practice and in some cases include a guaranteed bonus. However, in most cases, bonuses depend on financial and strategic performance of each business or operating company.

Long-term incentives

Only salaried employees at senior management level qualify for LTIs.

Other benefits

Company car (where applicable), travel allowances, pension and provident fund, medical aid (includes both regular and budget options).

Employees paid by the hour

Cost to company

- Annual increases in remuneration and bonuses are generally determined at industry level through collective bargaining and negotiations between the industry and trade unions.
- The group aims to remunerate employees fairly and in line with sound business and remuneration principles, beyond the minimum wage. Increases for deserving employees are merit based.
- Where appropriate, employees receive ongoing training and promotion, with concomitant rate increases. These promotions are discussed and authorised by supervisors and line management.

Short-term incentives

Bonuses are determined annually in line with agreements signed with various unions. Where appropriate, individuals are awarded additional bonuses in line with their performance. These bonuses are reviewed and approved by business management.

Long-term incentives

No LTIs.

Other benefits

Pension and provident fund (compulsory), and medical aid (includes both regular, budget options) and some hourly paid employees belong to bargaining council medical aid schemes and pension funds.

Executive directors and prescribed officers

Policy

Executives are responsible for leading others and making significant decisions about the short- and long-term operation of the business, its assets, funders and employees. They require specific skills and experience and are held to a higher level of accountability.

Imperial's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the group's strategy to optimise long-term shareholder value. The group's remuneration policy also aims to align the entrepreneurial ethos and long-term interests of senior managers and executives with those of shareholders.

The remuneration policy aims to conform with best practice. It is structured around the following key principles:

- Total rewards are set at levels that are responsible and competitive within the relevant market.
- Incentive-based rewards are capped and earned through the achievement of implementation of key strategic initiatives and demanding growth and return targets, consistent with shareholder interests over the short, medium and long term.
- Incentive plans, performance measures and targets are structured to operate soundly throughout the business cycle.
- The design and implementation of LTI schemes are prudent and do not expose shareholders to unreasonable financial risk.

Elements of executive remuneration

Executive remuneration comprises the following key elements:

- 1 **Fixed remuneration**
- 2 **Annual STIs**
- 3 **Share-based LTI**
- 4 **Other benefits, which may include vehicle benefits, pension or provident fund contributions, medical insurance, death and disability insurance**

The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and therefore between those aspects of their remuneration linked to short-term performance and those linked to longer-term shareholder value creation.

The group's general philosophy for executive remuneration is that the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation. There should also be an appropriate balance between rewarding operational performance (through annual incentive bonuses) and rewarding long-term sustainable performance (through long-term and/or share-based incentives).

1 **Fixed remuneration**

Fixed remuneration is the TGP before STIs. The fixed remuneration of each executive is based on roles in similar companies, comparable in terms of size, market sector, business complexity and international scope. TGP is benchmarked annually.

When determining fixed remuneration, factors considered include inflation and salary trends, group and business performance, individual performance and changes in responsibilities.

Executive directors are entitled to vehicle benefits, pension or provident fund contributions, medical insurance and death and disability insurance. Providing these benefits is considered market competitive for executive positions and included in fixed remuneration.

2 **Annual STI**

All executives are eligible for a performance-related STI. The incentive is non-contractual and non-pensionable for all executives except the Logistics International CEO (see page 30). The committee reviews incentives annually and determines the level of each incentive payment based on performance criteria set at the beginning of the performance period.

The F2022 criteria differ depending on the position of each executive and the business in which they operate. Criteria include:

- **Revenue growth for the group and businesses**
The measurement starts to pay out above a base target for year-on-year organic revenue growth.
- **Operating performance for group and businesses**
The measurement starts to pay out above a base target for year-on-year organic earnings before interest and tax (EBIT) growth.
- **Headline earnings growth for the group and businesses**
The measurement starts to pay out above a base target for headline earnings growth.
- **Return on invested capital (ROIC) for the group and businesses**
The base target for ROIC is the weighted average cost of capital (WACC).
- **Strategic execution**
The measurement tracks the achievement of specific KPIs related to the group's strategic business pillars. These strategic goals and targets are cascaded through the organisation.

Remuneration report continued

Annual STI

The committee sets the minimum performance targets at which annual STIs become payable and the targets at which the maximum incentive is paid. STIs are capped at maximum levels as a percentage of TGP.

The committee has the discretion to make adjustments to payments in exceptional circumstances where an application of the formula will result in payments that are not aligned with shareholder expectations or fair remuneration practice

The F2020 STI allocations were negatively impacted by the effects of COVID-19 and the ensuing lockdowns, for which no adjustment was made.

	Maximum STI as % of TGP
Executive directors	150%
Senior management	50% to 100%
Other senior staff	20% to 35%

CEO and CFO STI performance measures for F2022

	Weighting
Group year-on-year organic revenue growth*	20%
Group year-on-year EBIT growth*	20%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%
Group year-on-year headline earnings growth*	15%
Strategic execution, including achieving transformation and gender targets	30%
– Digital and IT priorities	
– People priorities	
– ESG priorities	

* The threshold is determined as 90% of the group target for each measure. Payment will be zero if the actual is below 90% and will be pro-rated if it is between 90% and 100%.

3 Share-based long-term incentives

Executive participation in LTI schemes is based on criteria such as seniority, performance during the year and retention drivers. Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, is eligible to participate in LTI schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

The group has two LTI plans in use – a share appreciation rights (SARs) scheme and a conditional share plan (CSPs).

The deferred bonus plan (DBPs) is no longer offered. In light of a general market move away from incentive instruments that are not performance linked, the board decided to make no further allocations of DBPs and to replace the DBPs with performance linked CSPs allocations of equal value. Unvested DBPs allocated in previous years will continue to vest in accordance with the rules of the DBPs scheme with the last allocation made in 2018 vesting in 2021.

A portion of matching shares will be applied to achieve the minimum shareholding requirements (MSR).

Share appreciation rights

Selected participants receive annual grants of SARs, which are conditional rights to receive Imperial shares equal to the difference between the exercise price and the grant price. Vesting of all rights is subject to performance conditions set at the date of award being met and participants remaining employed with the group for the vesting period. The performance conditions and performance period are determined by the board annually in respect of each new grant of rights.

The targets and measures relating to each issue are detailed in a letter of grant. After a three-year vesting period, the rights may be exercised by a participant within four years after vesting; this was changed to two years in 2016. Upon exercise by a participant, the difference between the exercise price and the grant price is paid by either:

- Delivering Imperial shares that will be purchased on the open market.
- Delivering Imperial shares that will be purchased through call options (hedges).
- As a fall-back provision only, by the issue of new shares.
- Settling the value in cash.

Conditional share plan

Employees receive grants of conditional awards and the vesting period is subject to performance conditions. The performance conditions for the CSPs are based on performance targets set by the board. The conditional awards entitle a participant to be settled in Imperial Logistics shares to the extent performance conditions have been met.

The current performance conditions applicable to annual CSPs allocations are as follows:

- ROIC between 0% and 3% in excess of WACC: 50%.
- HEPS versus peer group between 50th percentile and upper quartile: 50%.

CSPs are only awarded to the most senior employees and have replaced annual DBPs performance awards for allocations from 1 July 2019.

Allocation of SARs and CSPs

Allocations of SARs and CSPs are made annually based on the following criteria:

- Performance of the participant.
- The job grading of the participant.
- Long-term contribution of participants.

The quantum of allocations of SARs and CSPs are calculated using a model developed by PricewaterhouseCoopers (PwC) and is determined using the expected value of an allocation expressed as a percentage of TGP. The percentage allocated is determined based on the level of seniority of the participant, which also determines whether a participant receives both SARs and CSPs or only SARs or only CSPs.

The expected value of CSPs is determined in the financial year of allocation based on a valuation methodology taking into account the average volume-weighted average share price (VWAP) of the two days before the date of award, and the estimated achievement of related performance conditions. The expected value of SARs is determined in the financial year of allocation using a valuation methodology based on a valuation methodology taking into account the average VWAP of the two days before the date of award, the life of the instrument, the expected rate of share price growth and the estimated achievement of related performance conditions.

The eventual gains from long-term share-based incentives vary from year to year depending on vesting and exercise patterns, as well as the impact on share price performance and external factors such as market sentiment, interest rates and exchange rates. On award, both the expected value and the face value are disclosed. The face value is based on the VWAP for the two days before the award date.

Benchmark awards for SARs and CSPs	Expected value as % of TGP
Executive directors and executive committee members	100%
Senior management	50% to 70%
Other senior staff	20% to 35%

Proposed impact of DP World offer on LTI schemes

The proposed DP World transaction will have the following impact on the LTI schemes:

- **DBPs**
All rights under the DBPs will have vested prior to the implementation of the proposed transaction.
- **CSPs and SARs**
Rights granted under the CSPs and SARs that will vest prior to the implementation of the proposed transactions will be subject to the fulfilment of current performance conditions and will either be settled in Imperial ordinary shares as per the LTI scheme rules, or cash at the consideration of R66 per Imperial ordinary share as per the proposed transaction as soon as reasonably possible after it has been implemented.

The board has resolved to apply the rules of the CSPs and SARs to the rights granted under each scheme which have not vested prior to the implementation of the proposed transaction and therefore:

- A time-based pro rata will be applied to the unvested rights, where a portion of these will vest on the change of control of Imperial under the proposed transaction, and
- Has determined, following consultation with the group's external, independent remuneration advisor and using its discretion, that 65,17% of the value of the time pro-rated portion will be settled in cash as soon as reasonably possible after the proposed transaction has been implemented, while the remaining 34,83% of the time value of the pro-rated portion of unvested rights will lapse.

The rules of the CSPs and SARs will be amended to take into account the delisting of Imperial from the JSE after the implementation of the proposed transaction to provide that the remaining unvested rights in the CSPs and SARs LTI schemes be cash settled, in terms of the amended rules at the scheme consideration of R66 per Imperial ordinary share.

Reduction, forfeiture and clawback of share scheme awards

Share scheme awards are subject to reduction or forfeiture (in whole or in part) if:

- There is reasonable evidence of misbehaviour or material error by a participant.
- The financial performance of the group or the relevant business unit for any financial year(s) in respect of which an award is based has subsequently appeared to be materially inaccurate.
- The group or the relevant business unit suffers a material downturn in its financial performance, for which the participant can be seen to have some culpability.
- The group or the relevant business unit suffers a material failure of risk management, for which the participant can be seen to have some responsibility, or in any other circumstances where the committee determines that it is reasonable to subject the awards of one or more participants to reduction or forfeiture.

Vesting of any awards may be postponed while there is an ongoing investigation or other procedure being carried out to determine whether the forfeiture provisions apply in respect of a participant, or if further investigation is warranted.

Remuneration report continued

Termination of employment

Resignation or dismissal

If a participant's employment terminates due to resignation or dismissal on the grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the employee or otherwise or if he/she resigns to avoid dismissal on the grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting date, all SARs, CSPs and DBPs awards will lapse, unless the board determines otherwise.

Retrenchment, death, ill health, disability or other reasons for cessation of employment

If a participant ceases to be an employee due to retrenchment, death, ill health, disability or reasons other than resignation or dismissal, a pro rata portion of the unvested SARs and/or unvested CSPs and/ or DBPs will vest on the date of cessation of employment.

The pro rata portion of the SARs, DBPs and CSPs that vest reflect the number of months served since the date of grant and the extent to which the performance conditions have been satisfied. The balance of the unvested SARs, DBPs and CSPs will lapse.

Retirement

In the event of retirement at the normal age, SARs, CSPs and DBPs vest on the dates originally set, subject to fulfilment of performance conditions as if the participant continued to be employed.

Share buy-backs and hedges

The group buys back shares or purchases hedges to limit its exposure to deliver shares in terms of share-based LTI schemes. The group's liability for SARs awards is hedged through a combination of shares purchased and the purchase of call options, after allowing for attrition over the vesting period. DBPs and CSPs obligations are hedged by the group with shares held in treasury for that purpose.

Minimum shareholding requirement

The group adopted a MSR for executive directors and prescribed officers in line with best practice developing in the market. Each executive's MSR target is determined using the executive's fixed remuneration.

The target must be achieved within five years from 1 July 2019 (or from joining in the case of new appointees), unless otherwise determined by the committee after considering market conditions and related factors. It is not the intention of the scheme to compel executives to incur debt to acquire Imperial shares but rather that executives should retain shares acquired through the share incentive schemes up to the MSR target.

Compliance with the MSR will be measured annually and executives subject to MSR will have to declare the extent of their personal shareholdings in the company at each year-end or as and when directed by the company. The committee will assess compliance with the MSR before making future discretionary LTI awards.

MSR targets are set as follows:

	MSR target
CEO	1,75 times fixed remuneration
CFO	1,50 times fixed remuneration
Prescribed officers	1,00 times fixed remuneration

4 Other benefits

Retirement schemes

Executives participate in contributory retirement schemes which include pension and provident funds established by the group. Executive retirement is governed by retirement scheme rules, subject to the ability of the company to enter into fixed-term contracts to extend the services of any executive within certain prescribed limits.

Non-executive directors' fees

The committee reviews and recommends to the board fees payable to non-executive directors. The board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and considerations relating to the retention and attraction of high-calibre individuals. PwC provided a benchmark for the current year.

The group has decided to maintain a structure where directors' fees are not split between membership and attendance fees, as the efforts and contribution of non-executive directors goes well beyond their attendance at formal board or sub-committee meetings, and the group has not had significant instances of non-attendance of meetings.

Implementation of remuneration policy

Historical Imperial share schemes

Motus employees who had been awarded rights in Imperial's share schemes prior to the unbundling and separate listing of Motus continue to participate in those schemes. Upon exercise, their SARs will be settled by Motus in Motus shares and their DBPs were settled by Motus in Imperial and Motus shares. There are no DBPs outstanding.

Total share scheme allocations

A total of 1 519 596 SARs at an average price of R162,06 allocated to Imperial employees before the unbundling of Motus and 15 095 874 SARs at an average price of R50,17 allocated to Imperial employees after the unbundling of Motus remain unexercised in terms of the SARs scheme.

A total of 250 035 DBPs allocated to Imperial employees after the unbundling of Motus remain unvested. A total of 7 622 115 CSPs remain unvested.

The SARs allocated since F2016 lapse two years after vesting. The core earnings per share (EPS) performance measure was replaced by HEPS from the F2017 allocation.

More detail about share schemes is included in the annual financial statements online.

Annual share scheme allocations

The group will not be making annual F2021 allocations of SARs and CSPs, unless the DP World transaction is not concluded.

The current performance conditions set for the allocations of SARs and CSPs are the achievement of the following targets set by the committee:

Performance condition	Percentage of award subject to condition
Growth in HEPS relative to growth in HEPS of a peer group of 16 JSE-listed companies	50%
ROIC between 0% and 3% in excess of WACC	50%

Current peer group	Industry/sector
AVI Limited	Consumer goods
Barloworld Limited	Industrials
Bidvest Limited	Industrials
Clicks Group Limited	Consumer services
Grindrod Limited	Industrials
KAP Industrial Holdings Limited	Industrials
Massmart Holdings Limited	Consumer services
Mr Price Group Limited	Consumer services
Pick n Pay Stores Limited	Consumer services
RCL Foods Limited	Consumer goods
Pepkor Limited	Consumer services
Super Group Limited	Industrials
The Spar Group Limited	Consumer services
Tiger Brands Limited	Consumer goods
Truworths International Limited	Consumer services
Woolworths Holdings Limited	Consumer services

Remuneration report continued

The extent to which each performance condition has been met is determined on the vesting date as follows:

HEPS growth over the performance period	% vest
If the HEPS growth for the company is:	
– below the lower quartile of the peer group	0% of SARs vest
– below the 50th percentile of the peer group	0% of CSPs vest
If the HEPS growth for the company is:	
– equal to the lower quartile of the peer group	30% of SARs vest
– equal to the 50th percentile of the peer group	30% of CSPs vest
– equal to or above the upper quartile of the peer group	100% of SARs and CSPs vest

Linear vesting occurs between 30% and 100%, depending on the company's performance relative to the peer group. Executive directors receive CSPs only, which start to vest at the 50th percentile.

ROIC	% vest
If the average ROIC for the company over the performance period is:	
– less than the average WACC over the performance period	0% of SARs or CSPs vest
– equal to WACC over the performance period	30% of SARs or CSPs vest
– equal to or above the WACC plus 3% target	100% of SARs or CSPs vest

Linear vesting occurs between 30% and 100%, depending on the company's performance if ROIC is between WACC and WACC + 3%.

The minimum HEPS and ROIC target threshold level takes into account the important objective of incentivising key employees during times when business conditions are challenging.

Exceptional CSPs allocations

As previously disclosed, on the unbundling and separate listing of Motus, the group made exceptional CSPs allocations to certain members of management who were viewed as essential to the continued success of Imperial in the future. The CSPs is subject to the performance criteria as set out below. The awards were considered exceptional but warranted in the circumstances to serve both as a retention tool and an incentive aligned to the interests of shareholders. The awards were detailed in a SENS announcement published on 5 December 2018 and in the 2019 integrated annual report.

The cumulative performance conditions applicable to the exceptional CSPs award are set out below:

Condition	Target	Weighting
HEPS	Compared to peer group with 30% vesting if performance is above the lower quartile and 100% vesting if performance is in the upper quartile of the peer group	35%
ROIC	2% over WACC. 0% vests if performance is below target	20%
Operating profit growth	Inflation plus twice GDP growth in primary territories. >10% growth in African Regions, weighted for the operating profit contribution of each territory. 0% vests if performance is below target	20%
Succession planning	Must be in place at each vesting date. The board must approve the adequacy of succession.	15%
Discretionary	To assess non-quantifiable performance over the vesting period.	10%

Proposed non-executive directors' fees

At the AGM to be held on 8 November 2021, shareholders will be requested to approve the non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as directors, which will be valid with effect from 1 July 2022 until the date of the next AGM.

Shareholders approved the fees for the year from 1 July 2021 to 30 June 2022 at the AGM of 9 November 2020.

An inflationary increase of 5% (rounded to the nearest 500) is proposed in respect of directors' fees for the period from 1 July 2022 to 30 June 2023 and 18% for the chairman fees for the same period.

In light of the increasing expansion of the group outside of South Africa and the resultant appointment of directors who are not South African, fees for foreign directors who are not South African and are based outside of South Africa are proposed in Euro, appropriate for directors based in Europe, and US Dollars for directors not based in Europe or South Africa. This is to ensure our competitiveness when considering the appointment of foreign directors with international expertise.

	Fees from 1 July 2021 to 30 June 2022	Fees from 1 July 2022 to 30 June 2023	Euro fee from 1 July 2022 to 30 June 2023	Dollar fee from 1 July 2022 to 30 June 2023
Chairman*	R1 298 000	R1 531 640		
Deputy chairman and lead independent director*	R579 600	R608 580		
Board member	R331 800	R348 390	€90 825	US\$60 375
Assets and liabilities committee chairman*	R212 100	R222 705		
Assets and liabilities committee member	R141 750	R148 838	€38 325	US\$13 125
Audit and risk committee chairman*	R437 850	R459 743		
Audit and risk committee member	R218 400	R229 320		
Divisional finance and risk committee member	R109 200	R114 660		
Remuneration committee chairman*	R158 550	R166 478		
Remuneration committee member	R105 000	R110 250		
Nomination committee chairman*	R158 550	R166 478		
Nomination committee member	R105 000	R110 250		
Social, ethics and sustainability committee chairman*	R212 100	R222 705		
Social, ethics and sustainability committee member	R141 750	R148 838		US\$13 125

* Fee paid in addition to a member's fee.

In determining the proposed fees, cognisance was taken of market trends and the additional responsibilities of non-executive directors in terms of increased legal and governance requirements.

Executive directors receive no director or committee fees for their services as directors in addition to their normal remuneration as employees.

Once-off fee for the members of the independent board

The following fees to the members of the independent board for their services rendered in relation to the proposed DP World transaction, which *inter alia* comprised of 10 independent board meetings.

	Proposed once-off fee*
Independent board chairman	R165 880
Independent board member	R82 940

* Non-resident directors will be paid the equivalent fee in Euro and US Dollars respectively.

Remuneration report continued

Non-executive directors' remuneration

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 30 June 2021.

	Directors' fees R000	Subsidiary and sub-committee fee R000	2021 Total R000	2020 Total R000
Non-executive directors				
HO Adesola ¹	270	63	333	–
CJ Anammah ¹	270	59	329	–
P Cooper	363	747	1 110	933
GW Dempster	998	771	1 769	1 635
NB Duker	363	747	1 110	454
P Langeni	1 628	715	2 343	2 101
D Reich	2 772	–	2 772	1 850
ST Skweyiya ²				524
RJA Sparks	363	1 150	1 513	1 349
Total	7 027	4 252	11 279	8 846

¹ Appointed 22 February 2021.

² Retired from the board on 31 December 2019.

Note: Fees paid for F2021 year were approved at the 2020 AGM.

Executive remuneration

The group remunerated its executive directors during the year as further explained below:

M (MOHAMMED) AKOOJEE – GROUP CEO 2021 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2021 total taxable remuneration	2020 total taxable remuneration
10 591	525	120	14 998	26 234	3 001	29 235	19 441

Fixed compensation and benefits

Mohammed received total fixed compensation and benefits of R11 236 000 (2020: R10 343 121) for the year. His remuneration was externally benchmarked against companies of a similar size, complexity and geographic spread.

STI

Mohammed received an STI of R14 998 000 (2020: R7 116 000), based on performance measures applicable to the group CEO.

2021 measures	Weighting	Performance against target
Group year-on-year organic revenue growth	10%	7%
Group year-on-year EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%	9,8%
Group year-on-year HEPS growth	15%	13,4%
Strategic execution, including achieving transformation targets	40%	38,8%
Maximum as percentage of fixed compensation	150%	133,5%

In determining the strategy execution element of his STI, the committee considered Mohammed's performance against the clear targets set for each of the group's six strategic pillars.

Non-executive directors' remuneration continued

JG (GEORGE) DE BEER – GROUP CFO

2021 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2021 total taxable remuneration	2020 total taxable remuneration
5 443	492	179	8 130	14 244	–	14 244	9 351

Fixed compensation and benefits

George received fixed compensation and benefits of R6 114 000 (2020: R5 696 891) for the year. His remuneration was externally benchmarked against companies of a similar size, complexity and geographic spread.

STI

George received an STI of R8 130 000 (2020: R3 654 000), based on performance measures applicable to the group CFO.

2021 measures	Weighting	Performance against target
Group year-on-year organic revenue growth	10%	7%
Group year-on-year EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%	9,8%
Group year-on-year HEPS growth	15%	13,4%
Strategic execution, including achieving transformation targets	40%	38,8%
Maximum as percentage of fixed compensation	150%	133,5%

In determining the strategy execution element of his STI, the committee considered George's performance against the clear targets set for each of the group's six strategic pillars.

Remuneration report continued

Prescribed officers' remuneration

Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management.

J (JOHAN) TRUTER – CEO: MARKET ACCESS

2021 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2021 total taxable remuneration	2020 total taxable remuneration
4 489	604	314	4 663	10 070	987	11 057	6 668

Fixed compensation and benefits

Johan's fixed compensation and benefits for 2021 were R5 407 000 (2020: R4 553 138) for the year. The remuneration for this position was externally benchmarked against companies with a similar size, complexity and geographic spread.

STI

Johan received an STI of R4 663 000 (2020: R2 115 000).

2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	7,6%
Divisional EBIT growth	20%	16,5%
Divisional free cash conversion	20%	16,0%
Strategic execution, including achieving transformation targets	30%	29,2%
Maximum as percentage of fixed compensation	100%	86,3%

In determining the strategy execution element of his STI, the committee considered Johan's performance against the clear targets set for each of the group's six strategic pillars.

H (HAKAN) BICIL – CEO: LOGISTICS INTERNATIONAL

2021 remuneration (CHF000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2021 total taxable remuneration	2020 total taxable remuneration
521	71	18	1 510	2 120	–	2 120	754

Fixed compensation and benefits

Hakan received fixed compensation and benefits of CHF610 000 (2020: CHF597 463). The remuneration for this position was externally benchmarked against similar positions in Europe where he is based.

STI

Included in the STIs awarded to Hakan was an amount related to strategy execution specifically the successful disposals of the European and South American shipping businesses. These disposals were successfully executed by Hakan and the Logistics International team during tough trading conditions, compounded by COVID-19, and realised c.R4.7 billion for the group.

2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	9,4%
Divisional EBIT growth	40%	40,0%
Divisional free cash conversion	30%	30,0%
Maximum as percentage of fixed compensation	100%	96,4%

In determining the strategy execution element of his STI, the committee considered Hakan's performance against the clear targets set for each of the group's six strategic pillars.

Prescribed officers' remuneration continued
E (EDWIN) HEWITT – CEO: LOGISTICS AFRICA
2021 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2021 total taxable remuneration	2020 total taxable remuneration
5 262	395	120	5 552	11 329	–	11 329	1 648

Fixed compensation and benefits

Edwin received total fixed compensation and benefits during the period of R5 777 000 (2020: R1 648 022). Edwin joined the group in March 2020.

STI

Edwin received an STI of R5 552 000 (2020: Rnil).

2021 measures	Weighting	Performance against target
Group financial performance	20%	17%
Divisional organic revenue growth	10%	10%
Divisional EBIT growth	10%	10%
Achievement of budgeted cost savings	10%	10%
Divisional free cash conversion	20%	20%
Strategic execution, including achieving transformation targets	30%	29,1%
Maximum as percentage of fixed compensation	100%	96,1%

In determining the strategy execution element of his STI, the committee considered Edwin's performance against the clear targets set for each of the group's six strategic pillars.

Extract of financial results

Summarised consolidated statement of profit or loss

for the year ended 30 June 2021

	R million	Notes	% change	2021	2020
CONTINUING OPERATIONS					
Revenue			13	52 208	46 380
Net operating expenses				(47 222)	(42 282)
Profit from operations before depreciation, impairments and recoupments				4 986	4 098
Depreciation, amortisation, impairments and recoupments				(2 650)	(2 639)
Operating profit before the items listed below*			60	2 336	1 459
Impairment of properties net of recoupments				(118)	(194)
Amortisation and impairment of intangible assets arising on business combinations				(404)	(393)
Foreign exchange gains				210	93
Remeasurement of financial liabilities and capital items		6		(477)	52
Profit before net finance cost				1 547	1 017
Net finance cost		7	(3)	(742)	(762)
Profit before share of results of associates and joint ventures				805	255
Share of results of associates and joint ventures				3	22
Profit before tax				808	277
Income tax expense				(274)	(159)
Profit for the period from continuing operations			353	534	118
DISCONTINUED OPERATIONS					
Net loss from Consumer Packaged Goods (CPG)				593	(344)
Net profit (loss) from the European Shipping Business				593	(305)
					(39)
Net profit (loss) for the year				1 127	(226)
Net profit (loss) attributable to:					
Owners of Imperial					
– Continuing operations				358	42
– Discontinued operations				593	(345)
Non-controlling interests					
– Continuing operations				176	77
– Discontinued operations				176	76
					1
Profit (loss) per share (cents)					
Continuing operations					
– Basic			777	193	22
– Diluted			736	184	22
Discontinued operations					
– Basic				319	(183)
– Diluted				305	(177)
Total operations					
– Basic			418	512	(161)
– Diluted			415	489	(155)

* Refer to the glossary of terms on page 60.

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2021

R million	2021	2020
Net profit (loss) for the year	1 127	(226)
Other comprehensive (loss) income	(1 168)	909
Items that may be reclassified subsequently to profit or loss	(1 202)	975
Exchange (losses) gains arising on translation of foreign operations	(1 262)	1 004
Movement in hedge accounting reserve	81	(40)
Income tax relating to items that may be classified to profit or loss	(21)	11
Items that may not be reclassified subsequently to profit or loss	34	(66)
Remeasurement of defined benefit obligations	48	(100)
Income tax on remeasurement of defined benefit obligations	(14)	34
Total comprehensive (loss) income for the year	(41)	683
Total comprehensive (loss) income attributable to:		
Owners of Imperial	(83)	475
Non-controlling interests	42	208
	(41)	683

Extract of financial results continued

Earnings per share information

for the year ended 30 June 2021

	R million	% change	2021	2020
Headline earnings reconciliation				
Earnings (loss) – Total operations			951	(303)
– Continuing operations	752		358	42
– Discontinued operations			593	(345)
Recoupment from the disposal of property, plant and equipment (IAS 16)			(34)	(54)
Loss on disposal of intangible assets (IAS 38)				4
Impairment of property, plant and equipment, and transport fleet (IAS 36)			86	89
Impairment of right-of-use-assets (IFRS 16)			41	140
Impairment of intangible assets (IAS 36)			35	121
Impairment of goodwill (IAS 36)			40	223
Impairment of investment in associates and joint ventures (IAS 28)			11	2
Loss (profit) on disposal of subsidiaries, associates and businesses (IFRS 10), (IAS 28)			520	(17)
Remeasurements included in share of results of associates and joint ventures			(3)	
Foreign exchange gain reclassified to profit or loss (IAS 21)			(364)	(160)
Tax effects of remeasurements			(77)	(89)
Non-controlling interests' share of remeasurements			4	(6)
Net headline earnings adjustments for discontinued operations			(589)	248
Headline earnings	214		621	198
– Continuing operations	109		617	295
– Discontinued operations			4	(97)
Headline earnings per share (cents)				
Continuing operations				
– Basic	113		332	156
– Diluted	110		317	151
Discontinued operations				
– Basic			2	(51)
– Diluted			2	(50)
Total operations				
– Basic			334	105
– Diluted			319	101
ADDITIONAL INFORMATION				
Net asset value per share (cents)			3 626	3 783
Dividend per ordinary share (cents)			83	167
Number of shares in issue (million)				
– total ordinary shares			202,9	202,1
– net of ordinary shares repurchased			192,0	193,5
– weighted average for basic			185,8	188,6
– weighted average for diluted			194,4	195,2
Deferred ordinary shares to convert to ordinary shares (million)			3,3	4,2

Summarised consolidated statement of financial position

at 30 June 2021

R million	Note	2021	2020
ASSETS			
Goodwill and intangible assets	8	6 121	7 084
Investment in associates and joint ventures		201	198
Property, plant and equipment		2 937	3 326
Transport fleet		3 132	5 186
Right-of-use assets		4 297	5 422
Deferred tax assets		1 384	1 510
Investments and other financial assets		337	271
Inventories		2 473	2 676
Tax in advance		133	221
Trade, other receivables and contract assets		8 079	7 934
Cash resources		1 235	3 374
Assets of disposal group			598
Assets of discontinued operations			4 726
Total assets		30 329	42 526
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium		1 030	1 030
Shares repurchased		(865)	(789)
Other reserves		366	1 397
Retained earnings		6 431	5 682
Attributable to owners of Imperial		6 962	7 320
Put arrangement over non-controlling interests		(284)	(266)
Non-controlling interests		1 081	1 218
Total equity		7 759	8 272
Liabilities			
Retirement benefit obligations		899	1 109
Interest-bearing borrowings		5 273	11 765
Lease obligations		4 866	6 080
Deferred tax liabilities		609	901
Other financial liabilities		912	1 415
Trade, other payables and provisions		9 765	10 066
Current tax liabilities		246	375
Liabilities associated with disposal group			356
Liabilities of discontinued operations			2 187
Total liabilities		22 570	34 254
Total equity and liabilities		30 329	42 526

Extract of financial results continued

Summarised consolidated statement of changes in equity

for the year ended 30 June 2021

R million	Share capital and premium	Shares repurchased	Other reserves	Retained earnings	Attributable to owners of Imperial	Put arrangement over non-controlling interests	Non-controlling interests	Total equity
At 30 June 2019	1 030	(586)	761	6 569	7 774	(527)	913	8 160
Total comprehensive income for the year			844	(369)	475		208	683
Share based cost charged to profit or loss			36		36		2	38
Share based equity reserve transferred to retained earnings on vesting			(9)	9				
Treasury shares delivered to settle share based obligations		22	(22)					
Share based equity hedge cost			(1)		(1)			(1)
Transferred from other reserves to retained earnings			(3)	3				
Ordinary dividends paid				(530)	(530)			(530)
Repurchase of ordinary shares		(225)			(225)			(225)
Non-controlling interests acquired, net of disposals							329	329
Net decrease in non-controlling interests through buy-outs			(209)		(209)	261	(106)	(54)
Non-controlling interests share of dividends							(128)	(128)
At 30 June 2020	1 030	(789)	1 397	5 682	7 320	(266)	1 218	8 272
Total comprehensive loss for the year			(1 068)	985	(83)		42	(41)
Share based cost charged to profit or loss			(6)		(6)			(6)
Share based equity reserve transferred to retained earnings on vesting			85	(85)				
Treasury shares delivered to settle share based obligations		25	(25)					
Share based equity hedge benefit			42		42			42
Ordinary dividends paid				(157)	(157)			(157)
Repurchase of ordinary shares		(101)			(101)			(101)
Increase in put arrangement over non-controlling interests						(66)		(66)
Non-controlling interests acquired, net of disposals			7		7		5	12
Net decrease in non-controlling interests through buy-outs			(60)		(60)	48	(62)	(74)
Realisation on disposal of subsidiaries			(6)	6				
Non-controlling interests share of dividends							(122)	(122)
At 30 June 2021	1 030	(865)	366	6 431	6 962	(284)	1 081	7 759

Summarised consolidated statement of cash flows

for the year ended 30 June 2021

R million	2021	2020
Cash flows from operating activities		
Cash generated by operations before movements in net working capital	4 908	4 536
Movements in net working capital	(1 046)	559
Cash generated by operations before interest and taxes paid	3 862	5 095
Net interest paid	(707)	(918)
Tax paid	(519)	(367)
	2 636	3 810
Cash flows from investing activities		
Net disposal (acquisition) of subsidiaries and businesses	4 195	(276)
Expansion capital expenditure	(554)	(747)
Net replacement capital expenditure	(179)	(735)
Net movement in associates and joint ventures	(69)	45
Net movement in investments, loans and non-current financial instruments	(80)	(59)
	3 313	(1 772)
Cash flows from financing activities		
Hedge cost premium paid	(4)	(2)
Settlement of interest-rate swap instruments	(46)	(11)
Repurchase of ordinary shares	(101)	(225)
Dividends paid	(279)	(658)
Cash paid on change in non-controlling interests	(122)	(277)
Net (decrease) increase in interest-bearing borrowings	(5 922)	2 828
Payments of lease obligations	(1 801)	(2 032)
	(8 275)	(377)
Net (decrease) increase in cash resources	(2 326)	1 661
Effects of exchange rate changes on cash resources in a foreign currency	(25)	279
Cash resources at beginning of year	3 586	1 646
Cash resources at end of year	1 235	3 586
Free cash flow	656	1 043

Extract of financial results continued

Notes to the summarised consolidated financial statements

for the year ended 30 June 2021

1. BASIS OF PREPARATION

The provisional summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and its Interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2021 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council, and also, at a minimum contain the information required by IAS 34 – Interim Financial Reporting and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited and the Companies Act of South Africa, 2008. These summarised consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended 30 June 2021.

These summarised consolidated financial statements have been prepared under the supervision of WS Buckton, CA (SA) and were approved by the board of directors on 7 September 2021.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated financial statements are in accordance with IFRS and are consistent with those of the annual financial statements for the year ended 30 June 2020.

3. BASIS OF SEGMENTATION

In line with the group's strategy, effective 1 July 2020, management of the group has been reorganised from a regional focus to the solutions we offer, with the following major reporting segments:

- > Logistics Africa
 - Freight
 - Contract Logistics
- > Logistics International
 - Freight
 - Contract Logistics
- > Market Access

The reorganisation resulted in the representation of the segment reports, as some entities moved across segments and across capabilities. In addition, the trading results of the South American shipping business has been moved from Logistics International to businesses held for sale.

	2021	2020
4. FOREIGN EXCHANGE RATES		
The following major rates of exchange were used in the translation of the group's foreign operations:		
SA Rand:Euro		
– closing	16,93	19,51
– average	18,35	17,32
SA Rand:US Dollar		
– closing	14,27	17,37
– average	15,40	15,67
SA Rand:Pound Sterling		
– closing	19,72	21,46
– average	20,70	19,74

5. COVENANT COMPLIANCE, CASH AND LIQUIDITY

The group has externally imposed capital requirements in terms of debt covenants on bank facilities. The covenant, which is calculated on a basis pre IFRS 16 Leases, requires the group to maintain a net debt to EBITDA ratio of below 3,25:1.

At 30 June 2021 the group's net indebtedness for borrowed monies for covenant calculation purposes was R4 056 million and the net indebtedness to EBITDA ratio was 1,3 times. The covenant ratio when calculated on a comparative basis was 2,8 times at 30 June 2020. The improvement in the ratio was a direct consequence of the decrease in net debt which was R8 391 million at 30 June 2020 compared to R4 038 million at 30 June 2021. The receipt of the proceeds from the sale of the Shipping Businesses in Europe and South America and the implementation of strict capital management measures during the year resulted in the improvement in the net debt to EBITDA ratio.

At 30 June 2021, the group held cash resources of R1 235 million and had undrawn credit facilities of R14 413 million.

5. COVENANT COMPLIANCE, CASH AND LIQUIDITY continued

The following table summarises the maturity profile of the group's financial liabilities at 30 June 2021 based on undiscounted contractual cash flows with the focus on the short-term:

R million	Carrying value	< 6 months	6 – 12 months	> 12 months
Financial liability				
Interest-bearing borrowings	5 273	741	1 671	2 861
Lease obligations	4 866	626	832	3 408
Non-current derivative liabilities	19		19	
Put option liabilities	515	18		497
Contingent consideration liabilities	150	131		19
Other financial liabilities	228			228
Trade payables	8 997	4 432	4 565	
	20 048	5 948	7 087	7 013

R million	2021	2020
6. REMEASUREMENT OF FINANCIAL LIABILITIES AND CAPITAL ITEMS		
Remeasurement of financial instruments not held-for-trading	69	300
Remeasurement of put option liabilities	39	277
Gain on remeasurement of contingent consideration liabilities	30	23
Capital items	(546)	(248)
Impairment of goodwill	(40)	(223)
Loss on disposal of subsidiaries, businesses and associates	(520)	(23)
Impairment reversal (impairment) of equity investments	1	(26)
Profit on disposal of associates and joint ventures		40
Impairment of investments in associates and joint ventures	(11)	(2)
Business acquisition costs	(41)	(21)
Net gain on termination of leases	65	7
	(477)	52
7. NET FINANCE COST		
Net interest paid	(703)	(744)
Fair value loss on interest-rate swap instruments	(39)	(18)
	(742)	(762)
8. GOODWILL AND INTANGIBLE ASSETS		
Movement in goodwill during the year were as follows:		
Goodwill		
Cost	7 265	7 814
Accumulated impairment	(2 752)	(2 712)
	4 513	5 102
Carrying value at beginning of year	5 102	4 910
Net acquisition and disposal of businesses	67	477
Impairment charge	(40)	(223)
Currency adjustments	(616)	1 057
Reclassified to assets of discontinued operations		(1 119)
Carrying value at end of year	4 513	5 102
Intangible assets	1 608	1 982
Goodwill and intangible assets	6 121	7 084
9. FAIR VALUE OF FINANCIAL INSTRUMENTS		
Fair value hierarchy		

The group's financial instruments carried at fair value are classified in two categories defined as follows:

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Extract of financial results continued

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2021

9. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Fair value of financial assets and financial liabilities carried at amortised cost

The fair values of the group's financial assets and financial liabilities approximate their carrying values.

The following table presents the valuation categories used in determining the fair values of financial instruments carried at fair value.

R million	Level 2	Level 3
Financial assets		
Unlisted investments		155
Foreign exchange contracts	8	
Financial liabilities		
Interest-rate swap derivatives	19	
Contingent consideration liabilities (arising on business combinations)		150
Foreign exchange contracts	11	

Transfers between fair value hierarchy levels

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between the fair value hierarchies during the period.

The following table shows a reconciliation of the opening and closing carrying values of the put option liability (at present value) and the contingent consideration liability (at level 3 fair value) at 30 June 2021.

R million	Put options liabilities	Contingent consideration liabilities	Total
Carrying value at beginning of the year	646	336	982
Arising on business combinations	66	12	78
Remeasurements through profit or loss	(39)	(30)	(69)
Settlements	(48)	(120)	(168)
Currency adjustments	(110)	(48)	(158)
Carrying value at end of year	515	150	665

Sensitivity information

The carrying values of the put option liabilities and the contingent consideration liabilities were estimated by applying an income approach valuation method including a present value discount technique. The measurements are based on significant inputs that are not observable in the market. Key assumptions used in the valuations includes the assumed probability of achieving profit targets, expected future cash flows and the discount rates applied. The assumed probability was based on historical performances but adjusted for expected growth.

R million	Carrying value	Increase in carrying value	Decrease in carrying value
FINANCIAL INSTRUMENT KEY ASSUMPTION			
Put option liabilities Earnings growth	515	10	(12)
Contingent consideration liabilities Assumed profits (level 3)	150	10	(16)

R million	2021	2020
10. CONTINGENCIES AND COMMITMENTS		
Capital expenditure commitments	257	114
Contingent liabilities	256	786

11. BUSINESS COMBINATIONS

Refer to business combinations on page 43.

12. EVENTS AFTER THE REPORTING PERIOD

The following events have occurred after the reporting period:

- Deep Catch acquisition
- J&J Group acquisition
- B-BBEE transaction
- DP World offer

Segmental information – continuing operations

for the year ended 30 June 2021

PROFIT OR LOSS for the year ended 30 June

R million	Imperial Logistics		Logistics Africa		Market Access		Logistics International		Businesses held for sale~		Head Office and Eliminations	
	2021	2020^	2021	2020^	2021	2020^	2021	2020^	2021	2020^	2021	2020^
Revenue	52 208	46 380	15 804	15 567	15 127	11 661	21 158	18 114	503	1 050	(384)	(12)
– Freight	24 132	21 892	11 306	11 213			12 826	10 679				
– Contract Logistics	13 186	12 378	4 498	4 354			8 332	7 435	356	589		
– Market Access	15 274	12 122			15 127	11 661			147	461		
– Head Office and Eliminations	(384)	(12)									(384)	(12)
Profit from operations before depreciation, impairments and recoupments	4 986	4 098	1 997	1 710	956	852	1 990	1 456	22	48	21	32
– Freight	2 555	2 040	1 557	1 314			998	726				
– Contract Logistics	1 475	1 270	440	396			992	730	43	144		
– Market Access	935	756			956	852			(21)	(96)		
– Head Office and Eliminations	21	32									21	32
Operating profit*	2 336	1 459	987	756	806	711	542	(13)	(14)	(21)	15	26
– Freight	1 183	678	809	671			374	7				
– Contract Logistics	354	144	178	85			168	(20)	8	79		
– Market Access	784	611			806	711			(22)	(100)		
– Head Office and Eliminations	15	26									15	26
Depreciation, amortisation, impairments and recoupments	(3 172)	(3 226)	(1 151)	(1 043)	(304)	(299)	(1 657)	(1 811)	(37)	(68)	(23)	(5)
– Freight	(1 618)	(1 686)	(812)	(651)			(806)	(1 035)				
– Contract Logistics	(1 226)	(1 232)	(339)	(392)			(851)	(776)	(36)	(64)		
– Market Access	(305)	(303)			(304)	(299)			(1)	(4)		
– Head Office and Eliminations	(23)	(5)									(23)	(5)
Net finance cost	(742)	(762)	(339)	(316)	(159)	(174)	(188)	(175)	(59)	(106)	3	9
– Freight	(364)	(344)	(229)	(185)			(135)	(159)				
– Contract Logistics	(217)	(232)	(110)	(131)			(53)	(16)	(54)	(85)		
– Market Access	(164)	(195)			(159)	(174)			(5)	(21)		
– Head Office and Eliminations	3	9									3	9
Pre-tax profits*	1 313	504	474	358	414	615	143	(543)	(80)	(121)	362	195
– Freight	544	22	495	498			49	(476)				
– Contract Logistics	20	(207)	(21)	(140)			94	(67)	(53)			
– Market Access	387	494			414	615			(27)	(121)		
– Head Office and Eliminations	362	195									362	195
ADDITIONAL SEGMENT INFORMATION												
Analysis of revenue by type												
– Sale of goods	15 763	12 647	797	431	15 030	11 628	85	138	148	449	(297)	1
– Rendering of services	36 445	33 733	14 781	15 022	97	33	21 009	17 972	355	601	203	105
External revenue	52 208	46 380	15 578	15 453	15 127	11 661	21 094	18 110	503	1 050	(94)	106
Inter-group revenue			226	114			64	4			(290)	(118)
	52 208	46 380	15 804	15 567	15 127	11 661	21 158	18 114	503	1 050	(384)	(12)
Analysis of depreciation, amortisation, impairments and recoupments	(3 172)	(3 226)	(1 151)	(1 043)	(304)	(299)	(1 657)	(1 811)	(37)	(68)	(23)	(5)
Depreciation and amortisation	(2 675)	(2 552)	(1 032)	(1 043)	(152)	(142)	(1 447)	(1 292)	(37)	(69)	(7)	(6)
Recoupments and impairments	(93)	(281)	(54)	55	(2)	1	(21)	(338)		1	(16)	
Amortisation and impairment of intangible assets arising from business combinations	(404)	(393)	(65)	(55)	(150)	(158)	(189)	(181)				1
Share of results of associates and joint ventures	3	22	3	2	(3)	4	3	16				
Operating margin (%)	4,5	3,1	6,2	4,9	5,3	6,1	2,6	(0,1)				
Impairment of goodwill	(40)	(223)	(11)	(46)	(29)	(172)		(5)				
Items excluded from pre-tax profits	(505)	(227)										
Impairment of goodwill	(40)	(223)										
Loss on disposal of subsidiaries and businesses	(520)	(23)										
Profit on disposal of associates		40										
Impairment of associates and loans advanced to associates	(11)	(2)										
Impairment of equity investments	1	(26)										
Net gain on termination of leases	65	7										

* Refer to glossary of terms on page 60.

^ Restated to align to the new segmentation and transfers of businesses cross segments.

~ Business held for sale incorporate Pharmed and South American Shipping businesses.

Extract of financial results continued

Segmental information – continuing operations continued

for the year ended 30 June 2021

FINANCIAL POSITION at 30 June

R million	Imperial Logistics		Logistics Africa		Market Access		Logistics International		CPG		European shipping division		Head Office and Eliminations	
	2021	2020 [^]	2021	2020 [^]	2021	2020 [^]	2021	2020 [^]	2021	2020 [^]	2021	2020 [^]	2021	2020 [^]
Assets														
Goodwill and intangible assets	6 121	7 084	243	297	2 301	2 947	3 288	3 824					289	16
Property, plant and equipment	2 937	3 326	1 460	1 509	310	342	1 100	1 374					67	101
Transport fleet	3 132	5 186	2 872	3 146			260	2 040						
Right-of-use assets	4 297	5 422	1 143	1 732	278	314	2 875	3 376					1	
Investments in associates (excluding loans advanced to associates)	182	160	55	14	108	44	19	102						
Investments	155	92	25	22			9	11					121	59
Inventories	2 473	2 676	270	285	2 092	2 208	111	183						
Trade, other receivables and contract assets	8 079	7 934	2 650	2 473	2 303	1 943	3 181	3 534					(55)	(16)
Operating assets~	27 376	31 880	8 718	9 478	7 392	7 798	10 843	14 444					423	160
– South Africa	9 141	9 638	8 718	9 478									423	160
– Rest of Africa	7 392	7 798			7 392	7 798								
– International	10 843	14 444					10 843	14 444						
Liabilities														
Retirement benefit obligations	899	1 109					899	1 109						
Trade and other payables and provisions	9 765	10 066	3 187	3 295	2 669	2 462	3 775	4 112					134	197
Other financial liabilities	397	769	13	13	365	649		49					19	58
Operating liabilities~	11 061	11 944	3 200	3 308	3 034	3 111	4 674	5 270					153	255
– South Africa	3 353	3 563	3 200	3 308									153	255
– Rest of Africa	3 034	3 111			3 034	3 111								
– International	4 674	5 270					4 674	5 270						
Net working capital*~	787	544	(267)	(537)	1 726	1 689	(483)	(395)					(189)	(213)
– South Africa	(456)	(750)	(267)	(537)									(189)	(213)
– Rest of Africa	1 726	1 689			1 726	1 689								
– International	(483)	(395)					(483)	(395)						
Net debt	4 038	8 391	2 159	2 684	1 196	1 302	424	4 460					259	(55)
– South Africa	2 418	2 629	2 159	2 684									259	(55)
– Rest of Africa	1 196	1 302			1 196	1 302								
– International	424	4 460					424	4 460						
Lease obligations	4 866	6 080	1 365	1 981	304	348	3 195	3 751					2	
– South Africa	1 367	1 981	1 365	1 981									2	
– Rest of Africa	304	348			304	348								
– International	3 195	3 751					3 195	3 751						
Net capital expenditure~	(733)	(1 482)	(151)	(784)	(89)	(81)	(212)	(280)		24	(32)	(357)	(249)	(4)
– South Africa	(400)	(764)	(151)	(784)						24			(249)	(4)
– Rest of Africa	(89)	(81)			(89)	(81)								
– International	(244)	(637)					(212)	(280)			(32)	(357)		
Items excluded from total assets to arrive at operating assets	2 953	10 646												
Loans to associates	19	38												
Other non-current financial assets	182	179												
Deferred tax assets	1 384	1 510												
Tax in advance	133	221												
Cash resources	1 235	3 374												
Assets of disposal groups		598												
Assets of discontinued operations		4 726												
Items excluded from total liabilities to arrive at operating liabilities	11 509	22 310												
Interest bearing borrowings	5 273	11 765												
Lease obligations	4 866	6 080												
Deferred tax liabilities	609	901												
Put liability	515	646												
Current tax liabilities	246	375												
Liabilities associated with disposal groups		356												
Liabilities associated with discontinued operations		2 187												

* Net working capital relating to the CPG discontinued operation that was recovered or settled through the ordinary course of business and not through sale was shown separately in the prior year reported segment but combined in the Logistics Africa segment in the current year.

[^] Restated to align to the new segmentation and transfers of businesses cross segments.

~ Refer to glossary of terms on page 60.

Business combinations during the year

During the year the group acquired various businesses that are individually immaterial for a total consideration of R86 million. The fair value of the total assets of R135 million exceeded the fair value of the total liabilities assumed of R116 million by R19 million, the non-controlling interests proportionate share of the net assets acquired amounted to R5 million.

Reasons for the acquisitions

The group acquired a 60% shareholding in Parcel Ninja (Proprietary) Limited in February 2021 for R70 million, resulting in goodwill of R54 million. Parcel Ninja is based in South Africa and is an e-commerce logistics business, offering South African e-tailors an outsourcing solution for their fulfilment needs.

The other businesses were acquired to complement and expand into the automotive industry and healthcare industry in South Africa, and expand offerings in Nigeria and Ghana.

Details of contingent consideration for acquisitions concluded during the year

The contingent consideration requires the group to pay the sellers an additional total amount of R12 million over three years if the entities' revenue and net debt exceeds certain targets. At year-end the contingent consideration liability was reassessed based on what is expected to be paid, and no remeasurement was required.

Acquisition costs for acquisitions concluded during the year

Acquisition costs for business acquisitions concluded during the year amounted to R2 million and have been recognised as an expense in profit or loss in the "Remeasurement of financial liabilities and capital items" line.

Impact of the acquisitions on the results of the group for acquisitions concluded during the year

From the dates of acquisition, the businesses acquired during the year contributed revenue of R1 124 million and operating profit of R37 million. Intangible assets arising out of the business combinations were amortised by R1 million and the group incurred funding cost of R1 million calculated on the cash consideration paid on acquisitions.

Had all the acquisitions been consolidated from 1 July 2020, they would have contributed revenue of R1 983 million and operating profit of R90 million. The amortisation of intangible assets would have been R3 million and the funding cost R2 million.

Separate identifiable intangible assets for acquisitions concluded during the year

As at the acquisition date the fair value of the separate identifiable intangible assets arising out of the Parcel Ninja acquisition amounted to R12 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the multi-year excess earnings method (MEEM) valuation technique for contract-based intangible assets. The valuation of the intangibles assets as well as the discount rates applied were determined by management with the assistance of a reputable independent expert independently from the group.

The significant unobservable valuation inputs used were discount rates of 23% to 24% and terminal growth rates of 4,9%. The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

Other details for acquisitions concluded during the year

Trade and other receivables had gross contractual amounts of R28 million with an insignificant amount considered doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the resulting goodwill is deductible for tax purposes.

Extract of financial results continued

Independent auditor's report on provisional summarised financial statements

TO THE SHAREHOLDERS OF IMPERIAL LOGISTICS LIMITED

Opinion

The provisional summarised consolidated financial statements of Imperial Logistics Limited, as set out on pages 32 to 43, which comprise the summarised consolidated statement of financial position as at 30 June 2021, the summarised consolidated statement of profit or loss, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Imperial Logistics Limited for the year ended 30 June 2021.

In our opinion, the accompanying provisional summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Imperial Logistics Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the provisional summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Provisional summarised consolidated financial statements

The provisional summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the provisional summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Imperial Logistics Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 7 September 2021. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the provisional summarised consolidated financial statements

The directors are responsible for the preparation of the provisional summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the provisional summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on whether the provisional summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Deloitte & Touche

Registered Auditors
Per: MLE Tshabalala
Partner

7 September 2021

5 Magwa Crescent
Midrand
South Africa
2090

Five-year review

	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017* Rm
PROFIT OR LOSS					
Revenue	52 208	46 380	44 039	48 565	118 567
Operating profit	2 336	1 459	2 413	2 868	6 538
Net financing costs	(742)	(762)	(605)	(569)	(1 680)
Share of result of associates and joint ventures	3	22	39	56	103
Income tax expense	(274)	(159)	(386)	(620)	(1 060)
Tax rate (%)	34,1	62,2	158,3	35,6	30,1
Net profit attributable to non-controlling interest	176	76	129	168	(36)
Headline earnings	617	295	870	1 139	2 700
CASH FLOWS					
Cash generated by operations (before capital expenditure on rental assets, net financing costs and tax paid)	3 862	5 095	5 332	3 336	9 076
Cash flow from investing activities (including capital expenditure on rental assets)	3 313	(1 772)	(1 233)	960	(3 648)
Net debt repaid (raised)	3 596	(1 167)	(3 557)	1 472	437
Payment of lease obligations	1 801	2 032	1 684	–	–
Free cash flow	656	1 043	1 437	1 420	4 296
FINANCIAL POSITION					
Total assets	30 329	42 526	36 060	75 841	68 853
Operating assets	27 376	31 880	32 443	35 028	61 025
Operating liabilities	11 061	11 944	12 510	11 484	26 000
Net working capital	787	544	1 389	1 827	8 956
Net interest-bearing debt (excluding lease obligations)	4 038	8 391	5 697	5 198	15 088
Lease obligation	4 866	6 080	5 969	5 850	–
Imperial owners' interest	6 962	7 320	7 774	22 321	20 742
Non-controlling interest	1 081	1 218	913	886	667
Contingent liabilities	256	786	489	958	649
RATIOS					
Efficiency					
Revenue to average net operating assets (times)	2,9	2,3	2,0	2,7	3,4
Revenue relating to sales of goods to average inventory (times)	6,1	5,0	4,8	4,2	4,0
Revenue to average net working capital (times)	78,4	48,0	27,4	25,8	12,6
Profitability					
Operating profit to average net operating assets (%)	12,9	7,3	11,1	15,9	18,9
Operating profit to average gross operating assets (%)	7,9	4,5	7,2	9,7	10,9
Operating margin (%)	4,5	3,1	5,5	5,9	5,5
Return on average shareholders' interest (%)	5,0	0,6	(1,5)	9,1	12,7
Return on invested capital (%)	9,0	4,9	7,6	12,4	12,4
Weighted average cost of capital (%)	7,7	7,6	8,5	8,5	9,0
Solvency					
Interest cover by operating profit (times)	3,1	1,9	4,0	5,0	3,9
Net interest-bearing debt to EBITDA (times)	1,3	2,0	1,2	1,5	1,7
Total equity to total assets (%)	25,6	19,5	22,6	33,8	29,4
Net interest-bearing debt as a percentage of total equity (%)	52,0	101,4	69,8	50,0	74,5
Liquidity					
Free cash flow to net profit for the year (times)	1,23	8,84	(13,95)	1,20	1,67
Free cash flow to headline earnings (times)	1,06	3,54	1,65	1,25	1,59
Unutilised facilities	14 413	10 620	11 786	13 911	12 450

* 2017 numbers do not include the effect of IFRS 16 and IFRIC 23 in line with the standards, and include Motus.

Extract of financial results continued

Five-year review continued

	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017* Rm
INVESTING IN THE FUTURE					
Cost of new acquisitions	86	933	22	537	1 796
Net capital expenditure	733	1 482	1 273	507	2 663
Capital commitments	257	114	212	216	1 448
STATISTICS					
Number of transport fleet vehicles (owned)	5 015	5 068	6 520	7 596	7 288
Number of employees	25 432	25 232	27 463	29 944	49 364
Employee costs	11 447	10 517	9 749	10 351	16 623
Wealth created per employee	646	587	530	587	511
Total taxes and levies paid	389	347	564	779	1 510
SHARE PERFORMANCE					
Basic headline earnings per share (cents)	332	156	448	585	1 390
Dividends per share (cents)	83	167	244	710	650
Earnings yield (%)	7,0	4,0	8,7	8,0	8,6
Price-earnings ratio (times)	14,3	25,2	11,5	12,5	11,6
Net asset value per share (cents)	3 431	3 783	3 960	11 464	10 550
Closing market prices (cents)	4 742	3 933	5 143	19 589	16 100
Total market capitalisation at closing prices	9 622	7 948	10 350	39 564	32 384
Value of shares traded	6 474	12 674	30 675	45 495	34 198
Value traded as a percentage of average capitalisation (%)	74	139	123	126	108
EXCHANGE RATES					
Euro to Rand					
– average	18,35	17,32	16,18	15,34	14,81
– closing	16,93	19,51	16,06	16,01	14,92
US Dollar to Rand					
– average	15,40	15,67	14,18	12,86	13,58
– closing	14,27	17,37	14,10	13,71	13,06
British Pound to Rand					
– average	20,70	19,74	18,35	17,31	17,23
– closing	19,72	21,46	17,95	18,10	17,02
Nigerian Naira to Rand					
– average	0,04	0,04	0,04	0,04	0,04
– closing	0,03	0,04	0,04	0,04	0,04
Botswana Pula to Rand					
– average	1,38	1,40	1,33	1,29	1,29
– closing	1,31	1,47	1,33	1,32	1,26

* 2017 numbers do not include the effect of IFRS 16 and IFRIC 23 in line with the standards, and include Motus.

Financial definitions can be found in the glossary of terms on page 60.

Value added statement

for the year ended 30 June 2021

	2021		2020*	
	Rm	%	Rm	%
Revenue	52 208		46 380	
Paid to suppliers for materials and services	(35 775)		(31 577)	
Total wealth created	16 433		14 803	
WEALTH DISTRIBUTION				
Salaries, wages and other benefits (note 1)	11 350	70	10 433	70
Providers of capital	899	5	1 292	9
– Providers of debt	742	4	762	5
– Providers of equity	157	1	530	4
Government (note 2)	401	2	273	2
Reinvested to the group	3 783	23	2 805	19
– Depreciation, amortisation, impairments and recoupments	2 650		2 639	
– Future expansion	1 133		166	
	16 433	100	14 803	100
Notes				
1. Salaries, wages and other benefits				
Salaries, wages, overtime, commissions, bonuses and allowances	10 235		9 356	
Employer contributions	1 115		1 077	
	11 350		10 433	
2. Central and local governments				
Income tax	244		134	
Withholding and secondary tax on companies	30		25	
Rates and taxes	30		30	
Skills development levy	31		34	
Unemployment Insurance Fund	66		50	
	401		273	

* Prior year figures have been restated.

Shareholder analysis

Top ten shareholders

The top ten shareholders based on the number of shares held in the company at 30 June 2021 were as follows:

	Share class	Number of shares ('000)	% of issued voting capital net of treasury shares
Public Investment Corporation	Ordinary	22 641	11,5
M&G Investments (London)	Ordinary	20 666	10,5
PSG Asset Management	Ordinary	18 796	9,5
Ukhamba Holdings (Proprietary) Limited	Ordinary	17 550	8,9
Ukhamba Holdings (Proprietary) Limited	Deferred ordinary	5 205	2,6
Abax Investments	Ordinary	14 517	7,4
Capital Research Global Investors (Los Angeles)	Ordinary	9 029	4,6
Lynch Family Holding	Ordinary	7 319	3,7
Vanguard Group (Philadelphia)	Ordinary	6 488	3,3
De Canha Family Holding	Ordinary	6 404	3,2

Stock exchange performance

	2021	2020
Number of shares in issue (million)	203	202
Number of shares traded (million)	156	276
Value of shares traded (R million)	6 474	12 674
Market price (cents per share)		
– Closing price	4 742	3 933
– High	5 150	6 096
– Low	3 280	2 446
Earnings yield % (total) ¹	7,0	2,7
Earnings yield % (continuing) ¹	7,0	4,0
Price-earnings ratio (total) ¹	14,2	37,5
Price-earnings ratio (continuing) ¹	14,3	25,2

¹ Calculated using headline earnings per share.

Distribution of shareholders (listed ordinary shares)	Number of shareholders	Number of shares ('000)	% of ordinary shares listed
Public shareholders	5 602	144 432	71,2
Non-public shareholders			
– Shareholder holding more than 10%	2	47 171	23,2
– Directors, their associates and employees	4	354	0,2
– Treasury shares	3	10 949	5,4
	5 611	202 906	100,0

Spread of listed holdings	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	4 392	78,27	843	0,42
1 001 – 10 000	781	13,92	2 578	1,27
10 001 – 100 000	297	5,29	10 075	4,97
Over 100 000	141	2,51	189 410	93,35
	5 611	100,0	202 906	100,0

Shareholder type	Number of shares ('000)	% of voting shares
Financial institutions, pension and provident funds	62 226	31,60
Unit trusts	98 041	49,72
Individuals	13 508	6,85
Directors and employees	393	0,18
Corporate holdings	17 789	9,01
Listed ordinary shares (net of treasury shares)	191 957	97,36
Unlisted deferred ordinary shares	5 205	2,64
Total voting shares in issue net of treasury shares	197 162	100,0
Treasury shares	10 949	
Total shares in issue	208 111	

Directors' interests in shares	2021		2020	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Non-executive				
GW Dempster	99		99	
RJA Sparks	40 000		40 000	
	40 099	–	40 099	–
Executive				
M Akoojee	276 518		236 638	
JG de Beer	76 817		76 817	
	353 335		313 455	
Total	393 434	–	353 554	–

Notice of annual general meeting

Imperial Logistics Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1946/021048/06)
ISIN: ZAE000067211
JSE share code: IPL
(Imperial or the company)

Notice is hereby given that the 31st annual general meeting (AGM) of shareholders will be conducted entirely through electronic communication, as permitted by the Companies Act, 71 of 2008 (Companies Act) and by the MoI, on Monday, 8 November 2021 at 09:30 CAT, or any adjournment or postponement thereof, to transact the following business and to consider and, if deemed fit, to pass, with or without amendments the resolutions proposed in this notice of AGM.

Due to the COVID-19 (coronavirus) pandemic and the measures put in place by the South African Government in response to the COVID-19 pandemic, particularly the restrictions regarding public gatherings, the AGM will not be held in person and will only be accessible through electronic communication.

The minutes of the meeting held on 9 November 2020 will be available for inspection from 30 September 2021 until 17:00 on Friday, 5 November 2021 and up to 30 minutes immediately preceding the meeting by making a prior written request to Imperial at jeetesh.ravjee@imperiallogistics.com or esha.mansingh@imperiallogistics.com.

This document is important and requires your immediate attention.

If you are in any doubt about what action you should take, consult your broker, central securities depository participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all or some of your shares in Imperial, please forward this document together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

This notice of AGM is only available in English. Copies may be obtained from the registered office of the company and the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001.

Registered and corporate office

Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng (PO Box 3013, Edenvale, 1610), South Africa.

Included in this document are the following:

- The notice of AGM setting out the resolutions to be proposed at the meeting, together with explanatory notes. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A form of proxy for completion, signature and submission to the transfer secretaries by shareholders holding Imperial ordinary shares in certificated form or recorded in sub-registered electronic form in 'own name'.

Reference in this notice of AGM to the term 'MoI', including references to a provision in the company's MoI, in this notice of AGM (including all of the relevant ordinary and special resolutions contained herein) is used throughout to refer to the company's memorandum of incorporation.

Record date

The record date for the purpose of determining which shareholders of the company are entitled to receive notice of the AGM is Thursday, 23 September 2021. The record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 29 October 2021.

Accordingly, only shareholders who are registered in the register of members of the company on Friday, 29 October 2021 will be entitled to attend, speak and vote at the AGM. Therefore, the last day to trade in order to be eligible to participate and vote at the meeting is Tuesday, 26 October 2021.

If the AGM is adjourned or postponed, the above dates and times will change, but the forms of proxy submitted for the initial AGM will remain valid in respect of any adjournment or postponement of the AGM.

Electronic participation in the AGM

The company has retained the services of The Meeting Specialist Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. Our transfer secretaries, Computershare Investor Services Proprietary Limited, will act as scrutineer.

Shareholders who wish to electronically participate in and/or vote at the AGM are required to contact TMS on proxy@tmsmeetings.co.za or alternatively contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 09:30 CAT on Wednesday, 3 November 2021. Shareholders are strongly encouraged to submit votes by proxy before the meeting. If shareholders wish to participate in the AGM, they should instruct their CSDP or broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in the shareholder custody agreement. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker, to accommodate such requests.

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. TMS is further obliged to validate (in correspondence with the company and, in particular, the transfer secretaries, Computershare Investor Services Proprietary Limited, and your CSDP) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

While the company will incur all costs for the hosting by TMS of the AGM by way of a remote interactive electronic platform, shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the company and/or TMS. None of the company or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

Presentation of reports

The following items do not require formal resolutions, however, shareholders are given the opportunity to ask questions and make comments about the reports.

1. PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

"To present the audited consolidated group annual financial statements of Imperial and its subsidiaries for the year ended 30 June 2021, including the directors' report, the audit and risk committee report and the external auditor's report, as approved by the board in terms of section 30(3) of the Companies Act."

2. PRESENTATION OF THE SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

"To present the report of the social, ethics and sustainability committee for the year ended 30 June 2021, included in the ESG report online, as required in terms of regulation 43(5)(c) of the Regulations to the Companies Act, 2011."

Resolutions

3. ORDINARY RESOLUTION 1 – APPOINTMENT OF THE AUDITOR

"Resolved that Deloitte & Touche be appointed as auditors of the company and Mr MLE Tshabalala as designated partner until the date of the next AGM."

The audit and risk committee has recommended the reappointment of Deloitte & Touche as external auditor of the company from this AGM until the conclusion of the next AGM of the company with Mr MLE Tshabalala (Independent Regulatory Board for Auditors No 500769) as designated partner.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus one (1) vote to be cast on the resolution.

4. ORDINARY RESOLUTION 2 – REAPPOINTMENT OF RETIRING DIRECTORS

"Resolved that the re-election of the following independent, non-executive directors, who retire by rotation in terms of the MoI but, being eligible and offering themselves for re-election, be authorised and confirmed by a separate vote with respect to each re-election:

2.1 Mr GW Dempster

2.2 Mr RJA Sparks."

A brief curriculum vitae of each of the directors being submitted for confirmation in terms of resolution 2 is contained on pages 6 and 7 of this shareholder report.

The performance and contribution of each of the above directors offering themselves for re-election have been reviewed by the board and the board recommends that each of these directors be re-elected.

Percentage voting rights

The minimum percentage of voting rights that is required for each of the resolutions in 2.1 and 2.2 to be adopted is 50% (fifty percent) of the voting rights plus one (1) vote to be cast on each resolution.

5. ORDINARY RESOLUTION NUMBER 3 – APPOINTMENT OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the reappointment of the following independent non-executive directors, be elected as members of the company's audit and risk committee in terms of section 94(2) of the Companies Act by a separate vote in respect of each member:

3.1 Mr P Cooper

3.2 Mr GW Dempster (subject to the passing of ordinary resolution 2.1)

3.3 Ms NB Duker

3.4 Mr RJA Sparks (subject to the passing of ordinary resolution 2.2)."

A brief curriculum vitae of each of the directors offering themselves for election as members of the audit and risk committee is contained on pages 6 and 7 of this shareholder report.

The board has reviewed the expertise, qualification and relevant experience of the appointed audit and risk committee members and recommends that each of these directors be re-elected."

Percentage voting rights

The minimum percentage of voting rights that is required for each of the resolutions 3.1 to 3.4 to be adopted is 50% (fifty percent) of the voting rights plus one (1) vote to be cast on each resolution.

Notice of annual general meeting continued

6. ORDINARY RESOLUTION 4 – CONFIRMATION OF DIRECTORS

"Resolved that the appointment of the following directors, who were appointed since the previous AGM be confirmed by a separate vote with respect to each director:

- 4.1 Ms HO Adesola.
- 4.2 Ms CJ Anammah."

A brief curriculum vitae of each of the directors being submitted for confirmation in terms of resolution 4.1 and 4.2 is contained on pages 6 and 7 of this shareholder report.

Percentage voting rights

The minimum percentage of voting rights that is required for each of resolutions in 4.1 and 4.2 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

7. ORDINARY RESOLUTION 5 – CONFIRMATION OF THE GROUP'S REMUNERATION POLICY

"Resolved that, as a non-binding advisory vote, as recommended in the King Code of Governance for South Africa 2016, commonly referred to as King IV, the group's remuneration policy as set out in the remuneration report on pages 19 to 24 of this shareholder report be hereby confirmed."

8. ORDINARY RESOLUTION 6 – CONFIRMATION OF THE IMPLEMENTATION OF THE GROUP'S REMUNERATION POLICY

"Resolved that, as a non-binding advisory vote, as recommended in King IV, the implementation of the group's remuneration policy as set out in the remuneration report on pages 19 to 24 of this shareholder report be hereby confirmed."

9. ORDINARY RESOLUTION 7 – AUTHORITY TO ISSUE ORDINARY SHARES

"Resolved that, in terms of the Listings Requirements, the MoI and the Companies Act, the authorised but unissued ordinary shares be and are hereby placed under the control of the directors by way of a general authority that shall remain valid until the next AGM and the directors authorised to allot and issue those shares at their discretion, which authority shall include the authority to issue any option/convertible securities that are convertible into ordinary shares, provided that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital (10 145 293, excluding treasury shares) at 27 September 2021."

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus one (1) vote to be cast on the resolution.

10. ORDINARY RESOLUTION 8 – AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital at 27 September 2021, provided that:

- *The authority shall be valid until the date of the next AGM of the company, provided it shall not extend beyond 15 months from the date of this resolution.*
- *An announcement giving full details, including the impact on net asset value and EPS in the case of convertible securities, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue.*
- *The company's securities which are the subject of the general issue of shares for cash, in the aggregate in any one financial year may not exceed 5% of the applicant's issued share capital (10 145 293, excluding treasury shares) of that class.*
- *The securities issued under this authority during the period must be deducted from the number above.*
- *In the event of a sub-division or consolidation of issued securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio.*
- *In determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period.*
- *Any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties.*
- *Any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.*
- *Any such general issues are subject to exchange control regulations and approval at that point in time."*

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of the MoI, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

Percentage voting rights

In terms of the Listings Requirements, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

11. SPECIAL RESOLUTION NUMBER 1 – NON-EXECUTIVE DIRECTORS' FEES

"Resolved that in terms of section 66(9) of the Companies Act, the company be and is hereby authorised, by a separate vote in respect of each item, to remunerate its directors for their services as directors and/or pay any fees related thereto and on any other basis as may be recommended by the remuneration committee and approved by the board of directors for the period from 1 July 2021 to 30 June 2022 as follows:

	Fees from 1 July 2021 to 30 June 2022	Fees from 1 July 2022 to 30 June 2023	Euro fee from 1 July 2022 to 30 June 2023	Dollar fee from 1 July 2022 to 30 June 2023
Chairman*	R1 298 000	R1 531 640		
Deputy chairman and lead independent director*	R579 600	R608 580		
Board member	R331 800	R348 390	€90 825	US\$60 375
Assets and liabilities committee chairman*	R212 100	R222 705		
Assets and liabilities committee member	R141 750	R148 838	€38 325	US\$13 125
Audit and risk committee chairman*	R437 850	R459 743		
Audit and risk committee member	R218 400	R229 320		
Divisional finance and risk committee member	R109 200	R114 660		
Remuneration committee chairman*	R158 550	R166 478		
Remuneration committee member	R105 000	R110 250		
Nomination committee chairman*	R158 550	R166 478		
Nomination committee member	R105 000	R110 250		
Social, ethics and sustainability committee chairman*	R212 100	R222 705		
Social, ethics and sustainability committee member	R141 750	R148 838		US\$13 125

* Chairman's fee paid in addition to a member's fee.

Executive directors do not receive directors' fees.

Fees are stated excluding value added tax."

Reason and effect

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

Shareholders approved the fees for the year from 1 July 2021 to 30 June 2022 at the AGM of 9 November 2020.

An inflationary increase of 5% (rounded to the nearest 500) is proposed in respect of directors' fees for the period from 1 July 2022 to 30 June 2023 and 18% for the chairman fees for the same period.

In light of the increasing expansion of the group outside of South Africa and the resultant appointment of directors who are not South African citizens, fees for foreign directors who are not South African citizens and are based outside of South Africa are proposed in Euro and US Dollar appropriate for directors based there to ensure the competitiveness of Imperial when considering the appointment of foreign directors with international expertise.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

12. SPECIAL RESOLUTION NUMBER 2 – APPROVAL FOR THE PAYMENT OF FEES TO THE MEMBERS OF THE INDEPENDENT BOARD

"Resolved that in terms of section 66(9) of the Companies Act, the company be and is hereby authorised, by a separate vote in respect of each item, to remunerate the members of the independent board for their services in relation to the DP World offer and the Ukhamba offer."

	Proposed once-off fee*
Independent board chairman	R165 880
Independent board member	R82 940

* Non-resident directors will be paid the equivalent fee in Euro and US Dollars respectively.

Reason for and effect of special resolution number 2

The reason and effect of special resolution 2 is to authorise Imperial to pay the above proposed fee to the members of the independent board for their services rendered in respect of the scheme and the Ukhamba offer in terms of section 66(9) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

Notice of annual general meeting continued

13. SPECIAL RESOLUTION NUMBER 3 – GENERAL AUTHORITY TO REPURCHASE COMPANY SECURITIES

"Resolved that, the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to acquire securities issued by the company, in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the Listings Requirements of the JSE (the Listings Requirements), it being recorded that the Listings Requirements currently require, inter alia, that the company may make a general repurchase of securities only if:

- *Any such repurchase of securities is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited).*
- *Authorised by the company's Mol.*
- *The general authority shall be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this special resolution number 2.*
- *When the company has cumulatively repurchased 3% of the number of securities in issue on the date of passing of special resolution number 2, and for each 3% thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the Listings Requirements.*
- *At any time, only one agent is appointed to effect any repurchase on the company's behalf.*
- *The company or any of its subsidiaries does not repurchase securities during a prohibited period unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been provided to the JSE prior to the commencement of the prohibited period.*
- *A resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries, as the case may be, have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was done, there have been no material changes to the financial position of the group.*
- *Any general repurchase by the company of its own ordinary shares or a general repurchase by any of its subsidiaries of the company's shares shall not, in aggregate in any one financial year exceed 5% (five percent) of the company's issued ordinary shares as at the date of passing of this special resolution number 2.*
- *In determining the price at which the securities are repurchased by the company any of its subsidiaries in terms of this general authority, the maximum price at which such securities may be repurchased will not be greater than 10% (ten percent) above the weighted average of the market value for such securities for the five business days immediately preceding the date of repurchase of securities.*

The directors of the company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- *The company and the group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of AGM.*
- *The consolidated assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of AGM.*
- *The share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of AGM.*
- *The working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of AGM and the directors have passed a resolution authorising the repurchase, resolving that the company and its subsidiary(ies), as the case may be, have satisfied the solvency and liquidity test as defined in the Companies Act and since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.*

Pursuant to and in terms of paragraphs 11.23 and 11.26 of the Listings Requirements, the directors of the company hereby state that:

- *The intention of the company and its subsidiaries is to utilise the general authority to repurchase, if at some future date the cash resources of the company are in excess of its requirements.*
- *The method by which the company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.*

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in this report of which this notice forms part:

- *Major shareholders – page 48.*
- *Share capital of the company – page 48."*

Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contains all information required by law and the Listings Requirements.

13. SPECIAL RESOLUTION NUMBER 3 – GENERAL AUTHORITY TO REPURCHASE COMPANY SECURITIES

continued

No material changes to report

Other than the facts and developments reported on in the integrated report, there are no material changes in the affairs or financial position of the company and its subsidiaries that have occurred subsequent to the 30 June 2021 year-end until the date of the notice of AGM.

Reason and effect

The reason for and effect of special resolution 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire their own securities on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

Statement of board's intention

The board has considered the impact of a repurchase of up to 5% (five percent) of the company's securities, under a general authority in terms of the Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such securities, it is deemed appropriate that the company or a subsidiary be authorised to repurchase the company's securities.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

14. SPECIAL RESOLUTION NUMBER 4 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 44

"Resolved that in terms of section 44 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 44 of the Companies Act, to any group company for such amounts and on such terms and conditions as the board of the company may determine for the purpose of or in connection with the subscription for securities to be issued by the company or any related and inter-related companies or for the purchase of securities of the company or related and inter-related companies, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

Reason

Imperial is from time to time, as an essential part of conducting its business, required to provide direct or indirect financial assistance in the form of loans, guarantees, the provision of security or otherwise as contemplated in section 44 of the Companies Act for the purpose of or in connection with the subscription for securities to be issued by the company or related and inter-related companies or for the purchase of securities of the company or related and inter-related companies. The financial assistance is generally provided in the form of guarantees to capital market investors who invest in bonds and other financial instruments issued by subsidiaries of the company.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subscribe for such securities and Imperial seeks approval for the board of the company until the next AGM to authorise the provision by the company of financial assistance to investors in securities to be issued by the company or related and inter-related companies as contemplated in section 44 of the Companies Act. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MoI and the provisions of the Companies Act.

Approval is not sought for loans to directors and no such financial assistance will be provided under this authority.

Effect

Special resolution 4 will grant the directors of the company the authority until the next AGM to authorise the provision by the company of financial assistance as contemplated in section 44 of the Companies Act.

Compliance with section 44(3)(b)

The directors of Imperial will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

Notice of annual general meeting continued

15. SPECIAL RESOLUTION NUMBER 5 – AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 45

"Resolved that in terms of section 45 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45 of the Companies Act, to any related or inter-related company or corporation for such amounts and on such terms and conditions as the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

Reason

Imperial is a listed holding company with a large number of subsidiary companies which together comprise the Imperial group of companies. Imperial is not an operating company and all operations in the Imperial group are conducted by subsidiary companies of Imperial.

Imperial is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary and associate companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Imperial seeks approval for the board of the company until the next AGM to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MoI and the provisions of the Companies Act.

Effect

Special resolution 5 will grant the directors of the company the authority until the next AGM to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45 of the Companies Act.

Compliance with section 45(3)(b)

The directors of Imperial will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

16. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN AGM OF SHAREHOLDERS

In terms of section 61(8)(d) of the Companies Act, an AGM must provide for the transacting of business in relation to any matters raised by shareholders, with or without advance notice to the company.

Voting and proxies

A shareholder entitled to attend and vote at the AGM may appoint one or more persons as its proxy to attend, speak and vote (or abstain from voting) in its stead. A proxy need not be a shareholder of the company.

A form of proxy is attached for the convenience of certificated shareholders and (own name) dematerialised shareholders who are unable to attend the AGM but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by TMS on proxy@tmsmeetings.co.za or by the company's transfer secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) or by fax to +27 11 688 5238 by no later than 09:00 CAT on Friday, 5 November 2021 for administrative purposes. Alternatively, a duly completed form of proxy may be handed to the chairperson of the AGM prior to such proxy exercising the shareholder's rights at the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote at the AGM should the shareholder decide to do so.

Dematerialised shareholders, other than with 'own name' registration, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes should contact their CSDP or broker and instructed their CSDP or broker as to how they wish to cast their votes at the AGM in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the AGM in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the custody agreement entered into between such dematerialised shareholders and their CSDP or broker.

By order of the board



J Ravjee
Acting company secretary

27 September 2021

Form of proxy

Imperial Logistics Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1946/021048/06)

ISIN: ZAE000067211

JSE share code: IPL

(Imperial or the company)

Form of proxy

For use only by Imperial ordinary shareholders who:

- Hold their shares in certificated form (certificated ordinary shareholders)
- Have dematerialised their shares with 'own name' registration (dematerialised ordinary shareholders)

at the AGM of shareholders to be conducted entirely through electronic communication, as permitted by the Companies Act and by the MoI at 09:30 CAT on Monday, 8 November 2021 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act as read with the Listings Requirements (the AGM).

If the AGM is adjourned or postponed, the above date and times will change, but the forms of proxy submitted for the initial AGM will remain valid in respect of any adjournment or postponement of the AGM.

Dematerialised ordinary shareholders who do not have 'own name' registration who wish to attend or send a proxy to represent them at the AGM must inform their CSDP or broker of their intention to attend or be represented at the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend or be represented at the AGM and vote. If they do not wish to attend or be represented at the AGM, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. In the absence of such instructions, the CSDP or broker will be obliged to vote in accordance with the instructions contained in the custody agreement mandate between the shareholder and their CSDP or broker. These shareholders must not use this form of proxy.

I/We (please print name in full)

Of (address)

Telephone number

Cellphone number

Email address

being an ordinary shareholder(s) of the company holding _____ ordinary shares in the company do hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the AGM

as my/our proxy to vote for me/our behalf at the AGM (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolution to be considered at the AGM.

		Number of votes (one per share)		
		In favour of	Against	Abstain
3.	Ordinary resolution 1 – Appointment of the auditor			
4.	Ordinary resolution 2 – Reappointment of retiring directors			
	Ordinary resolution 2.1 – GW Dempster			
	Ordinary resolution 2.2 – RJA Sparks			
5.	Ordinary resolution 3 – Appointment of the members of the audit and risk committee			
	Ordinary resolution 3.1 – P Cooper			
	Ordinary resolution 3.2 – GW Dempster			
	Ordinary resolution 3.3 – NB Duker			
6.	Ordinary resolution 3.4 – RJA Sparks			
	Ordinary resolution 4 – Confirmation of directors			
	Ordinary resolution 4.1 – HO Adesola			
7.	Ordinary resolution 4.2 – CJ Anammah			
	Ordinary resolution 5 – Confirmation of the group's remuneration policy			
8.	Ordinary resolution 6 – Confirmation of the implementation of the group's remuneration policy			
9.	Ordinary resolution 7 – Authority to issue ordinary shares			
10.	Ordinary resolution 8 – Authority to issue shares for cash			
11.	Special resolution 1 – Directors' fees			

Form of proxy continued

				Number of votes (one per share)		
				In favour of	Against	Abstain
		Fees from 1 July 2022 to 30 June 2023	Euro fees from 1 July 2022 to 30 June 2023	Dollar fees from 1 July 2022 to 30 June 2023		
11.1	Chairman*	R1 531 640				
11.2	Deputy chairman and lead independent director*	R608 580				
11.3	Board member	R348 390	€90 825	US\$60 375		
11.4	Assets and liabilities committee chairman*	R222 705				
11.5	Assets and liabilities committee member	R148 838	€38 325	US\$13 125		
11.6	Audit and risk committee chairman*	R459 743				
11.7	Audit and risk committee member	R229 320				
11.8	Divisional finance and risk committee member	R114 660				
11.9	Remuneration committee chairman	R166 478				
11.10	Remuneration committee member	R110 250				
11.11	Nomination committee chairman	R166 478				
11.12	Nomination committee member	R110 250				
11.13	Social, ethics and sustainability committee chairman*	R222 705				
11.14	Social, ethics and sustainability committee member	R148 838		US\$13 125		
12.	Special resolution 2 – Approval for the payment of fees to members of the independent board					
				Proposed once-off fee		
	Independent board chairman			R165 880		
	Independent board member			R82 940		
13.	Special resolution 3 – General authority to repurchase company securities					
14.	Special resolution 4 – Authority to provide financial assistance in terms of section 44					
15.	Special resolution 5 – Authority to provide financial assistance in terms of section 45					

* Chairman's fee paid in addition to a member's fee.

Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

Signed at _____ on _____ 2021

Signature _____

Assisted by (where applicable) _____

Notes to the form of proxy

Notes and summary of salient rights in terms of section 58 of the Companies Act

1. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the space provided, with or without deleting 'the chairperson of the AGM'. A proxy need not be a shareholder of the company. The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder is entitled to one (1) vote on a show of hands and, on a poll, one (1) vote in respect of each ordinary share. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of shares represented by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he deems fit in respect of all the shareholder's votes.
3. If a shareholder does not indicate on this form that his proxy is to vote in favour of or against any ordinary resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, the proxy shall be entitled to vote as he deems fit.
4. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless the chairperson of the AGM waives this requirement.
7. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company.
8. Where there are joint holders of shares, any one of such shareholders may sign the form of proxy provided that if more than one of such holders is present or represented at the AGM, the holder whose name stands first in the register of the company in respect of such shares, or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with the company or the transfer secretaries.
10. A proxy may delegate his/her authority to act on behalf of a shareholder to another person subject to any restriction therefore set out in this instrument of proxy.
11. The proxy appointment made herein shall remain valid for a period of one year from the date of signature unless revoked by the shareholder by cancelling it in writing or making a later inconsistent appointment of proxy and delivering a copy of the revocation instrument to the proxy and the company.
12. A vote given in accordance with the terms of this form of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy of the authority under which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company before the commencement of the AGM (or any adjournment thereof).
13. Completed forms of proxy and the authority (if any) under which they are signed must be received by TMS on proxy@tmsmeetings.co.za or lodged with or mailed to the company's transfer secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), to be received no later than 09:00 CAT on Friday, 5 November 2021 for administrative purposes. Alternatively, a duly completed form of proxy may be handed to the chairperson of the AGM prior to such proxy exercising the shareholder's rights at the AGM.
14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).

Glossary of terms

Asset intensity	> PPE, transport Fleet, right-of-use assets and working capital as a percentage of revenue.
Earnings yield (%)	> the headline earnings per share divided by the closing price of a share.
EBITDA	> profit from operations before depreciation and recoupments.
EBITDA used for bank covenants	> earnings pre-IFRS 16 leases after non-controlling interests before interest, taxes and depreciation.
Continuing free cash conversion	> calculated by dividing continuing EBITDA less continuing capital expenditure by continuing EBITDA.
Free cash flow	> calculated by deducting replacement capital expenditure and lease payments from the cash flow from operating activities.
Free cash flow from continuing operations to headline earnings from continuing operations ratio	> free cash flow from continuing operations divided by headline earnings from continuing operations.
Free cash flow per share	> calculated by dividing free cash flow by the weighted average number of shares used in the basic earnings per share calculation.
Margin above WACC %	> is the difference between ROIC and WACC.
Net asset value per share	> equity attributable to owners of Imperial divided by total ordinary shares in issue net of shares repurchased (the deferred ordinary shares only participate to the extent of their par value of 0,04 cents).
Net debt	> is interest-bearing borrowings, less cash resources.
Net debt to EBITDA used for bank covenants	> net bank debt divided by EBITDA used for bank covenants.
Net debt:equity %	> net debt as a percentage of equity.
Net debt:equity % (including lease obligations)	> net debt including lease obligations as a percentage of equity.
Net capital expenditure	> is the aggregate of the expansion and replacement capital expenditure net of proceeds on sale.
Net interest-bearing debt	> interest-bearing borrowings less cash resources.
Net working capital	> is inventories plus trade, other receivables and contract assets less trade and other payables and provisions.
Net income tax (liabilities) assets	> current tax assets less current tax liabilities plus deferred tax assets less deferred tax liabilities.
Operating assets	> total assets less loans receivable, tax assets and assets of disposal group.
Operating liabilities	> total liabilities less interest-bearing borrowings, tax liabilities and put option liabilities.
Operating margin (%)	> operating profit as a percentage of revenue.
Operating profit before items listed below (operating profit)	> Operating profit includes profit from business operations (gross profit minus operating expenses and depreciation). Operating profit does not include impairment and recoupment of properties as well as amortisation and impairment of intangible assets arising on business combinations.
Operating profit to average net operating assets (%)	> operating profit divided by average net operating assets.
Pre-tax profits	> calculated as profit before tax, impairment of goodwill and profit or loss on sale of investment in subsidiaries, associates and joint ventures and other businesses
Price earnings ratio (times)	> the closing price of a share divided by the headline earnings per share.
Pro forma information	> pro forma financial information is the result of adjusting IFRS information about the group at a specific date or for a particular period.
Return on invested capital (ROIC) (%)	> this is the return divided by invested capital. > return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which Imperial operates, increased by the share of results of associates and joint ventures. > invested capital is a 12-month average of total equity plus interest-bearing borrowings and lease obligations less cash resources.
Return on average ordinary shareholders' interest (%)	> net profit attributable to owners of Imperial divided by average shareholders' equity (calculated by using the opening and closing balances) attributable to Imperial shareholders.
Revenue relating to sale of goods to average inventory (times)	> revenue relating to sale of goods divided by average inventory.
Revenue to average net operating assets (times)	> revenue divided by average net operating assets.
Total taxes and levies paid	> made up of South African normal tax, dividends tax, foreign tax, rates and taxes, skills development and unemployment insurance fund levies.
Total market capitalisation at closing prices (Rm)	> total ordinary shares in issue before treasury shares multiplied by the closing price per share.
Weighted average cost of capital (WACC) (%)	> calculated by multiplying the cost of each capital component by its proportional weight, therefore: $WACC = (\text{after tax cost of debt \% multiplied by average debt weighting}) + (\text{cost of equity multiplied by average equity weighting})$. The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Imperial operates.

Corporate information

Imperial Logistics Limited

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

Directors

P Langeni[#] (chairman), M Akoojee (group chief executive officer), H Adesola^{##}, J Anammah^{##}, GW Dempster (lead independent non-executive director), P Cooper^{##}, RJA Sparks^{##}, NB Duker^{##}, D Reich^{###}, JG de Beer (group chief financial officer)

[#] *Non-executive*

^{##} *Independent non-executive*

^{*} *Nigerian*

^{**} *Swiss*

Acting group company secretary

J Ravjee (Appointed November 2020)

Executive vice-president: corporate affairs and investor relations

E Mansingh

Business address and registered office

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Bedfordview, 2007

Share transfer secretaries

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1st Floor, Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Auditor

Deloitte & Touche
5 Magwa Crescent
Midrand
South Africa
2090

Sponsor

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