

Imperial™

beyond possibility

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

Integrated Report 2020



Our purpose

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

Supplementary information available online

Environmental, social and governance (ESG) report online

- Introduction
- Letter to stakeholders from the chairman of the social, ethics and sustainability committee
- People and culture report
- Social report
- Environmental report

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

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

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

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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.

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



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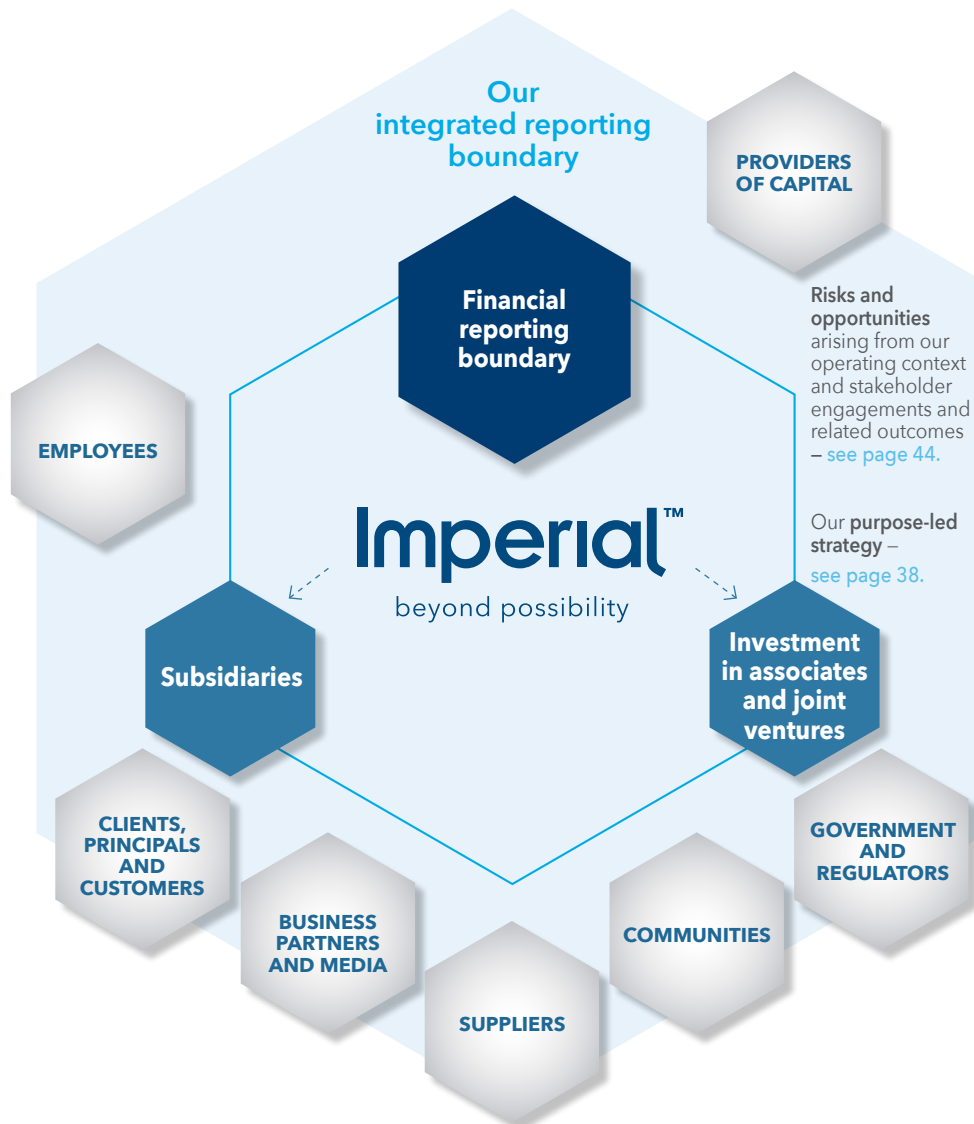
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Our reporting

Our integrated report to stakeholders includes a summary printed report supplemented by full governance, financial and ESG reports online, providing a holistic account of the value we create and how we expect to continue doing so.



Make contact: Feedback, questions or requests from stakeholders can be directed to: Esha Mansingh, chief corporate affairs and investor relations officer at esha.mansingh@imperiallogistics.com or Michelle Neilson, group head of strategic communication at michelle.neilson@imperiallogistics.com.

Scope and boundary

The Imperial Logistics Limited (Imperial or the group) integrated report for the period 1 July 2019 to 30 June 2020 covers our governance, strategy and risk, and our financial, operational and sustainability performance and prospects, in relation to our material issues.

The risks, opportunities and outcomes associated with stakeholders outside of our financial reporting boundary, are dealt with insofar as these relationships materially affect our ability to create value in the short, medium and long term. This report discusses our dependence and impact on the six capitals of the International <IR> Framework, specifically in our business model on page 14, and throughout the report using terms that are true to our strategy and how we define shared value - the dimensions of which are outlined in Envisioning 'One Imperial' on page 5.

A fundamental shift in our strategic transformation journey is organising and positioning Imperial, based on the solutions we offer our clients (our capabilities) and less so on regions. As such, effective 1 July 2020, Imperial operates within two overarching solutions - market access and logistics - and is categorised into three businesses: Market Access, Logistics Africa and Logistics International. This report is aligned to the new organisational structure.

The integrated report also adopts a structure that allows for duplication in certain sections to provide readers with a complete picture of Imperial's context, strategy, associated priorities and actions. This will allow certain stakeholders to read some and not all of the report, depending on their interests and information needs.

Reporting frameworks and assurance

Our internal and external reporting processes comply with the South African Companies Act 71 of 2008, as amended (Companies Act), the King IV Report on Corporate Governance (King IV) and the Listings Requirements of the Johannesburg Stock Exchange (JSE) (share code: IPL). In line with King IV recommendations, our integrated reporting adheres to the principles and requirements of the International Integrated Reporting Council's (IIRC) International <IR> Framework and the draft Framework issued in March 2020. Our ESG report has been prepared in accordance with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines.

Financial information is extracted from the audited consolidated annual financial statements for the year ended 30 June 2020 (AFS), which is prepared on an International Financial Reporting Standards (IFRS) basis, unless otherwise specified. Our external assurance provider, Deloitte & Touche, has issued an unmodified audit opinion on the AFS, available online. Selected non-financial information included in this report and in the supplementary reports available online has been assured by Deloitte & Touche, and their independent limited assurance report is included on page 145.

Pro forma information

To provide a more meaningful assessment of the group's performance for the year, pro forma information and non-IFRS financial measures have been included in this report. The pro forma financial information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows. The directors of Imperial are responsible for compiling the pro forma financial information on the basis applicable to the criteria as detailed in paragraphs

8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on Pro Forma Financial Information, revised and issued in September 2014. The group's external auditor, Deloitte & Touche, has issued an unmodified reporting accountant's report on the pro forma information on 25 August 2020, a copy of which is available for inspection at the group's registered office.

Materiality determination

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

Report preparation and presentation

Interviews with executive and non-executive leadership, together with other internal and external sources of information, particularly strategy documents sent to the board, have been used to prepare our reports. The group executive committee oversees the process and controls applied in the information gathering process and reviews all the content of our reports to ensure their integrity. Our reports are submitted to the group audit and risk committee and group social, ethics and sustainability committee who recommend them to the board for approval.

Board responsibility and approval statement

The board of Imperial Logistics Limited acknowledges its responsibility to ensure the integrity of the 2020 integrated report and ESG report. The group audit and risk committee, together with executive management, are responsible for the preparation and presentation of the report and the group social, ethics and sustainability committee is responsible for the preparation and presentation of the ESG content. Both committees have reviewed and recommended the reports to the board for approval.

In the board's opinion, the reports address all material issues and matters that may impact the group's ability to create value over time, and provide a balanced and appropriate overview of the group's strategy, risks, performance and prospects.

The board believes that this report has been materially prepared in accordance with guidelines of the IIRC's International <IR> Framework.

On behalf of the board



Phumzile Langeni
Chairman



Mohammed Akoojee
Group chief executive officer

22 September 2020

Our purpose

Our purpose is **connecting Africa and the world and improving people's lives with access to quality products and services.**

Uninterrupted and efficient supply chains mean survival, recovery, growth and development - essential to the economies in which we operate, supporting the lives and livelihoods of millions of people in our 26 countries of operation.

Imperial is a purpose-driven organisation focusing on people, profit and planet (ESG).



The Covid-19 crisis has emphasised why we exist, what we do, and how we do it matter - more so than ever before.

In these extraordinarily challenging times, our over 25 000 people are demonstrating that we are more than a business that only strives for sustainable revenue and targeted returns for our shareholders - we focus on people, profit and planet. We make a real difference to people's lives by providing essential services in key industries, and the implications of our strategy, social responsibility and sustainability for Africa's wellbeing are substantial.

Imperial's strategy leverages our competitive advantages in Africa, positioning the group as the 'Gateway to Africa' to our multinational clients, principals and customers. We give them access to some of the fastest growing and most challenging markets in the world, removing the complexity of operating in these markets and partnering with them to improve people's lives and the development of countries across the continent.

Our journey to transform from a regional portfolio of businesses to 'One Imperial', a provider of integrated, end-to-end market access and logistics solutions that deliver simplicity, flexibility and visibility to our clients and principals, is well underway. The transformation of our business, which requires a fundamental shift in our operating model, organisational structure, mindset and culture, aims to align the interests of our clients, principals and customers, our people and our shareholders in our pursuit of shared value.

Our core values

Our values inspire the desired mindset, behaviours and practices that promote the daily realisation of our purpose and shape the path to our vision of 'One Imperial'.



Towards sustainable shared value

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

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

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

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

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

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

Envisioning 'One Imperial'

- **Sustainable trajectory of profitable growth** through accelerated organic growth and selective strategic acquisitions, with revenue doubling over the next five years.
- **Responsive and responsible capital allocation** that is forward looking and aligned to our strategic direction, to ensure long-term value creation.
- **Revitalised organisation** with common and embedded values to unite and inspire our people, and transformed leaders who align our people and capabilities to our strategy.
- **'One Imperial' culture** that enables our people to deliver our strategic and operational objectives and promotes competitive differentiation, ethical conduct, diversity and inclusion, and accelerated innovation.
- **Optimal and integrated systems and practices** with IT, digital and data initiatives at the heart of our enterprise, delivering new growth, a step-change in efficiency and the possibility of disruptive innovation.
- **Deep legitimacy in our industries and markets**, with wide recognition as a trusted partner with exemplary standards of governance and ethics, remains a competitive advantage.
- **Purpose-driven organisation, focusing on people, planet and profit to create sustainable, long-term value for all stakeholders** with ESG practices fully integrated as business as usual across the organisation.

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

Section

Imperial

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26

Our value creation story

Operating as One Imperial

We have established a leading Market Access business across Africa and are the premier logistics provider in Southern Africa. We have developed strong expertise and leading market positions in contract logistics and freight in Europe and the United Kingdom (UK). Leveraging our powerful competitive advantages and specialised capabilities, we are positioning the group as the 'Gateway to Africa'. We aim to be the strategic partner of choice for multinationals seeking access to Africa's growth and development opportunities. Our scope extends to selected markets that are growing their trade flows into and out of Africa.

Imperial offers a unique value proposition as the 'Gateway to Africa' for clients, principals and customers through integrated market access and logistics solutions in five key industries: healthcare, consumer, automotive, chemicals and industrial. We seek out and leverage new technologies to deliver innovative, end-to-end solutions.



OUR SOLUTIONS

Market Access

We take ownership of inventory and responsibility for the full order to cash function. We build complex route-to-market solutions that provide our principals with access to consumers through comprehensive channel strategies that integrate sourcing, contract manufacturing, sales, distribution, marketing and demand generation. Our solutions also create opportunities to leverage our freight and contract logistics capabilities. Our activities currently focus on two key and defensive industries - healthcare and consumer.



Core offerings

- Integrated market access services
- Healthcare and consumer route-to-market
- Multi-market aggregation
- Sourcing and procurement
- Emergency relief and kitting
- Picking and packaging
- Marketing and promotion services
- Contract manufacturing

Key data

- Through operations mainly in East, West and Southern Africa, we provide market access services in **more than 20 countries on the African continent.**

Logistics

We expertly manage the movement of goods on behalf of clients between specified sources and destinations, combining different transportation modes and types. To reduce their time-to-market, improve customer service and mitigate risk, we also work in partnership with our clients to integrate logistics functions in their end-to-end supply chain. When the outsource relationship is fully mature, we act as the lead logistics provider (LLP), managing multiple supply chain functions on our clients' behalf.



Core offerings

- Contract logistics
- Freight:
 - Road freight
 - Air and ocean
 - LLP

Key data

Logistics Africa

- Encompasses logistics activities **across Africa**, including road freight, contract logistics and LLP.

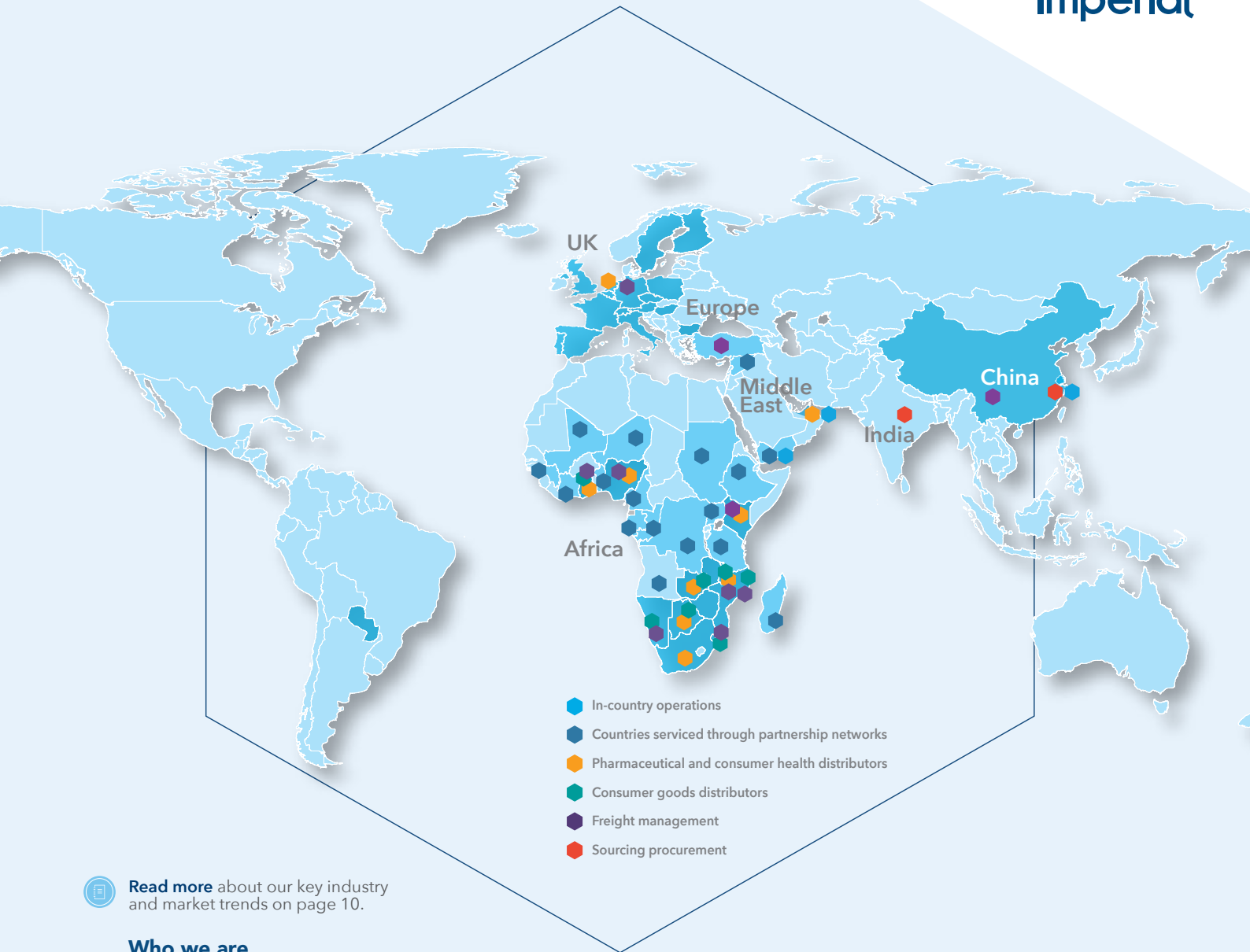
Logistics International


- Encompasses logistics activities **outside Africa**, including road freight, contract logistics, air and ocean and LLP.

[Read more](#) about our solutions from page 78.

KEY CLIENTS

AstraZeneca	H&M Clothing	Pfizer	Tiger Brands
BAT	Heineken	Sappi	Unilever
BMW Group	Merck	Sasol	Volkswagen
Consol	Novartis	Shell	Woolworths
GSK	Pepsico	South 32	World Health Organization



 **Read more** about our key industry and market trends on page 10.

Who we are

-  We are headquartered in Johannesburg and listed on the JSE
-  We are ranked among the top 30 global logistics providers¹
-  We take clients to some of the fastest growing and most challenging markets in the world
-  We employ over 25 000 people in 26 countries
-  We earned revenue of R46,4 billion (USD2,96 billion) and continuing EBITDA of R4,1 billion (USD262 million) in F2020
-  We provide access to quality medication and healthcare products, consumer goods and other products and services
-  We invest in our countries and communities, with a key focus on integrating ESG into our daily business practices
-  We seek out and leverage technology to deliver innovative, integrated, end-to-end solutions

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

Our operating context

The supply chain and logistics industry serves the dynamic needs of a complex world and plays a pivotal role in the African economy – connecting manufacturers and consumers, and directing the flow of goods and services. Our deep understanding of our markets and industries underpins our competitiveness and resilience, and that of our clients, in full view of the emerging risks and opportunities within our strategic scope.

Imperial has a strong track record and experience in operating and growing in Africa, taking our clients and principals to customers in some of the fastest growing and most challenging markets in the world.



KEY BUSINESS-RELATED TRENDS

Across our regions, our businesses were exposed to increasingly difficult economic and market conditions – particularly in South Africa and Europe (including the UK). This tough macroenvironment was exacerbated by the negative impact of Covid-19 on volumes across most sectors.

Market Access

Covid-19 has significantly impacted Africa and its people, with reduced consumer and household demand. Oil-dependent markets were impacted by reduced global demand and lower oil prices, although the latter has recovered somewhat since May 2020. Negative gross domestic product (GDP) growth is expected across most economies and this is likely to weigh heavily on consumer sentiment and curb spending, particularly on non-essential goods. Currency weakness is likely to lead to high inflation despite muted domestic demand. Our sub-Saharan African markets are particularly vulnerable to this due to their dependence on international tourism, and trade and investment, as well as exposure to shifts in risk sentiment.

Most countries in which we operate have relaxed their Covid-19 restrictions and some level of economic recovery has been evident, although activity is not yet back at normalised levels. All our Market Access businesses are currently in operation but volumes remain impacted. We expect a steady recovery in revenue as lockdown restrictions continue to ease.

Despite the impact of Covid-19, ongoing subdued growth and lower consumer spending in certain countries of operation, our primary positioning as a leading market access partner in the healthcare and consumer industries continues to stand us in good stead in Africa. We remain optimistic about the opportunities inherent in Africa's rising consumerism, urbanisation, population growth and the strengthening of healthcare systems. These trends present growth opportunities and continue to drive demand for our market access and logistics capabilities. Our credibility, experience, innovative business models and commercial solutions position Imperial as a uniquely skilled partner to multinational manufacturers and brand owners.

Logistics

Africa

Prevailing weak economic conditions, high unemployment and low consumer spending have been exacerbated by Covid-19 and volumes declined across most sectors. Tobacco, alcohol and fuel volumes, in particular, saw significant declines as a result of lockdown restrictions. We saw increased demand from fast-moving consumer goods (FMCG) and healthcare clients as the pandemic drove heightened demand and consumption of related products. Nearly 90% of this business is currently in operation (based on revenue). We anticipate normal trading to return in the short to medium term as lockdown restrictions are lifted.

International

With industry exposure still largely focused on mature German manufacturing industries – such as automotive, chemicals and steel – our European operation was most impacted by the pandemic. We experienced significant reduction in volumes and activities in March, April and May 2020 as our core industries experienced complete lockdown.

Many countries in Europe, including the UK, have now eased lockdown restrictions and there has been a noticeable increase in activity and volumes since June 2020. Although volumes remain impacted, all businesses in Logistics International are currently operational. In an effort to boost economic recovery, create employment and protect jobs, the European Union (EU) is proposing a comprehensive recovery plan to fully exploit the potential of the EU budget. Alongside the EU initiatives, each member country is providing emergency economic recovery packages. In Germany – our largest market – the government is acting definitively and systematically to protect the German economy and the emergency economic stimulus package in place is the largest in the country's history.

GLOBAL LOGISTICS TRENDS

The global logistics industry is facing immense change, presenting both risks and opportunities for solution providers like Imperial. Key areas of potential disruption for the group include socioeconomic and political trends, the nature of our competition, our ways of doing business, and the changing needs and expectations of our clients, principals and customers. The emergence of Covid-19 has impacted the industry, however, it has also demonstrated the essential role played by the logistics industry and, at Imperial, has renewed our sense of relevance and purpose.



OPPORTUNITIES

- Africa presents one of the fastest growing consumer and healthcare markets in the world.
- Healthcare and consumer sectors in Africa are expected to grow by a five-year compound annual growth rate (CAGR) of 18% and 9% respectively.
- Pre-existing border restrictions, trade wars and other factors limiting the movement of goods and people have been amplified by Covid-19-related lockdowns and restrictions at national level.
- Covid-19 restrictions are accelerating the shortening of global supply chains in favour of local manufacturing and 'on-shoring'.
- The emphasis on local beneficiation presents significant opportunities for our Logistics and Market Access businesses.
- Clients are likely to rethink their supply chain strategies, favouring opportunities for outsourcing, end-to-end offerings, innovative solutions, and increased supply chain visibility and resilience at lower cost.
- The Africa free trade agreement provides growth opportunities, increasing efficiency, reducing complexity and promoting cross-border trade.

OPPORTUNITIES AND CHALLENGES

- Alongside heightened activism from investors, non-governmental organisations, and the public alike, businesses must fully and holistically embrace ESG and shared-value principles and practices.
- The need for digital and other scarce skills sets will intensify competition for skills in a tough economic environment.
- To meet this challenge, organisations must create compelling employee value propositions that reach beyond traditional talent pools.
- Consumer behaviour is shifting, with the contact free economy gathering momentum in higher adoption of ecommerce, online engagement and services such as telemedicine, which is reshaping traditional business models.
- Data provides a significant opportunity.
- Digital and data will be fundamental to accommodating remote and flexible working conditions that necessitate new ways of working and doing business, presenting opportunities for efficiencies and cost savings.
- Digital and data enabled organisations will play a central role in meeting many current market and industry demands.
- Advancement in digitalisation also provides increasing options for automating repetitive processes.

CHALLENGES

- Disintermediation continues to present a threat to the group's client franchise, and the integrity of our end-to-end service offering. This is heightened by new competitors with highly innovative and disruptive operating models.
- To compete and win, against existing and new competitors, requires that organisations become highly client-centric, digitally and data focused, able to understand the current needs of their customers, clients and principals, and to anticipate how these are likely to change in the future.
- Changing consumer behaviour, rapid technological improvements and global competition are increasing demand volatility, impacting supply chain management and planning.

Our operating context continued

KEY INDUSTRY TRENDS Trends overview



Sector trends¹

Healthcare



Demand for healthcare products continues to rise and a five-year CAGR of 18% has been forecast for the healthcare industry in Africa. To better position ourselves for this growth, Imperial is becoming more involved with the generics and medical device markets, forecast to grow significantly by 2023. Over the past year, healthcare generated 21% of total revenue for Imperial and delivered revenue growth of close to 10%.

Key trends and drivers impacting the healthcare sector include evolving population dynamics, growing urbanisation, increasing demand for generic pharmaceuticals (primarily government-driven), technological advances, access to patients and changing patient expectations.

Consumer



Covid-19 has altered purchasing trends and consumer behaviour and demand for increased convenience is growing exponentially, with ecommerce driving growth. Many consumers are expected to continue shopping online once conditions normalise. The consumer sector was under pressure prior to the pandemic due to challenging macroeconomic conditions; however, despite this and the impact of lockdown restrictions on South African operations, our consumer sector achieved c.16% revenue growth, generating c.32% of group revenue this year.

Our extensive footprint across Africa will play a role in meeting increasing needs for market access and logistics solutions in previously inaccessible and challenging markets.

- The consumer market in Africa is forecast to grow at a CAGR of 9% from USD197 billion in 2021 to USD278 billion in 2025.
- Consumer expenditure in Africa is expected to reach USD2,1 trillion by 2025.
- Africa is one of the fastest-growing consumer markets in the world with consumer expenditure expected to reach USD2,5 trillion by 2030.

¹ Revenue allocation is based on the revenue contributed by our five key industries and excludes revenue contributed by other markets.
Note: Data from internal reports.



Up to 50% of current supply chain management tasks can be automated



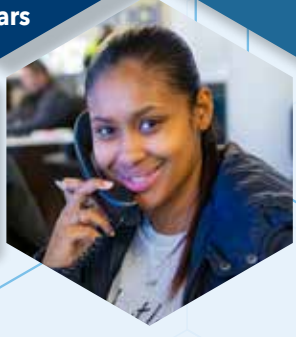
By 2023, all new cars will be able to connect to the internet

72% of consumers buy more environmentally friendly products today than five years ago. This is expected to increase to 81% over the next five years

By 2023, the global wearable medical device market is expected to rise by 237%

75 billion devices are estimated to be networked to the Internet of Things by 2025

Africa is one of the fastest-growing consumer markets in the world with consumer expenditure expected to reach USD2,5 trillion by 2030.



Autonomous vehicles are expected to reduce accidents due to human error by 94%

Automotive



Our automotive and transport-related businesses in Europe were most impacted by Covid-19 as manufacturing of motor vehicles and all related activities ceased completely. However, we delivered single digit revenue growth during the year and an overall decrease in volumes was offset by new business gains.

Electric modes of transport are expected to impact automotive supply chains in the future as these will require alternative component parts with complex requirements. We are prepared for this disruption and have the necessary infrastructure and expertise to transport and store batteries, which are classified as hazchem products and require specialised conditions and adherence to strict safety and health regulations across regions.

Chemicals



The sector is heavily reliant on China which is expected to become the world leader in production and consumption of chemicals. This reliance has resulted in feedstock price volatility, supply chain and logistics challenges, exacerbated by unpredictable customer demand. The sector is also becoming more challenging due to enforcement of stricter regulatory compliance and increasing focus on green logistics, creating opportunities for Imperial.

This year, the sector contributed c.14% to group revenue, with Covid-19-related global supply chain and distribution network disruption negatively impacting performance. Our exposure to agrochemicals mitigated some of the adverse conditions experienced this year.

Energy is a sub-sector of Chemicals and despite the impact of the Covid-19 pandemic, our fuel and gas operations grew revenue by 5% year-on-year mainly due to new business gains in the gas sector.

Industrial



Many of Imperial's sub-sectors were performing consistently prior to Covid-19 but were severely impacted by the non-essential classification under national lockdown restrictions across multiple countries. Some sub-sectors, however, demonstrated resilience as demand for packaging materials for the food and hygiene sectors increased.

This sector contributes 18% of total revenue and Imperial has a well-diversified spread across the sub-sectors in this segment. Diversification and the disproportionate impact of Covid-19 measures across sub-sectors diluted our performance in this sector.

Our asset-right business model employed for the Mining sub-sector ensures greater flexibility and reduced exposure during these uncertain times driven by the Covid-19 pandemic. The majority of c.90% (revenue) of Imperial's mining activities are performed in South Africa. Notwithstanding the overall decline in volumes in the industry, Imperial demonstrated resilience and achieved single-digit revenue growth in F2020, which contributed c.17% to total industrial revenue for the group. Our mining sub-sector has a healthy pipeline of new business opportunities.

Imperial provides various materials such as cement, construction glass and steel and metals to the construction sub-sector.

Our business model

We are transforming into 'One Imperial' group that is structured, equipped and optimised to leverage our unique competitive advantages. This will enable us to achieve our aspirations to grow sustainable revenue and achieve targeted returns, deepen our competitiveness and relevance, and retain our industry and market legitimacy thereby unlocking value for all our stakeholders.

Our inputs

FINANCIAL CAPITAL



- Total shareholders' equity of R8,3 billion (F2019: R8,2 billion).
- Net debt:EBITDA¹ (excluding IFRS 16 and before proceeds from sale of European shipping) of 2,8 times (F2019: 2,0 times) - well below our covenants of 3,25 times.
- Creating value for shareholders by generating sustainable returns and cash flow over time.
- Strong balance sheet management.
- Capacity for growth - R4 billion to R5 billion available.
- Strong cash and liquidity position with R13,2 billion of available facilities and cash following the receipt of the proceeds from the sale of the European shipping business.

HUMAN CAPITAL



- Over 25 000 employees, excluding consumer packaged goods (CPG) and European shipping.
- Transformative strategy underpinned by our 'One Imperial' culture journey and clear people proposition.
- Proven leadership team, led by a strong and diverse board.
- Invest in developing and retaining top talent.
- Responsible management of organisational change and restructuring.

INTELLECTUAL CAPITAL



- Aligning processes, including the roll-out of a single finance, human resources (HR) and communications system.
- USD20 million innovation fund, in partnership with Newtown Partners, invests in disruptive innovation for competitive advantage.
- Accelerated investment in digital and data as a core focus of our strategy.
- Leverage data from route-to-market activity.

MANUFACTURED CAPITAL



- Scale and footprint across 26 countries, including digital platforms.
- Ongoing focus on reducing asset intensity.
- The transport fleet of subcontractors that provide flexibility in responding to client and principal requirements.
- National transport infrastructure and utilities required to operate.

RELATIONSHIP CAPITAL



- Fully integrated route-to-market offering.
- Clear value proposition to clients, principals and customers offering simplicity, flexibility, resilience and visibility.
- Purpose-driven organisation focusing on people, profit and planet.
- Recognised industry, market and country legitimacy, with increasing brand equity.
- Strong in-country stakeholder relationships.

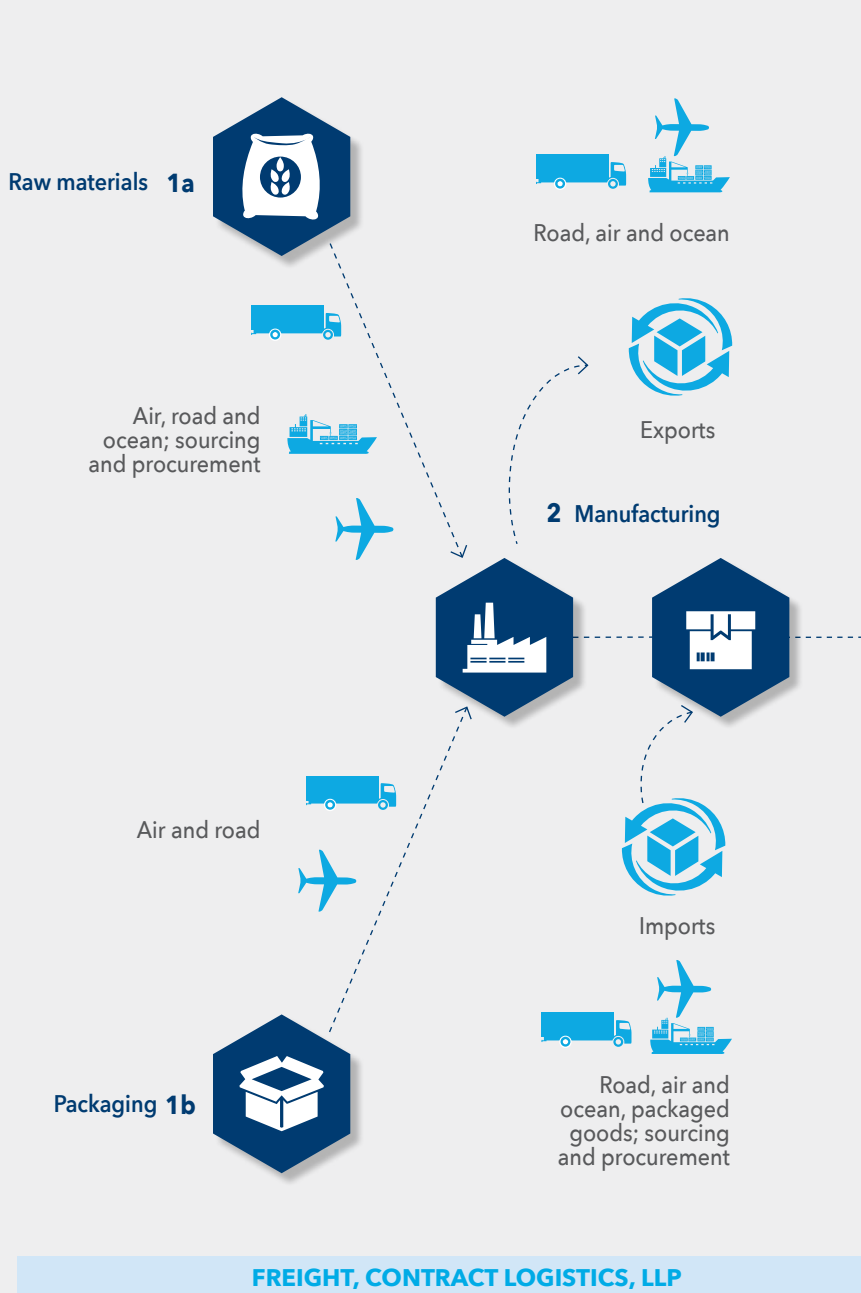
NATURAL CAPITAL



- Integrating ESG practices into 'business as usual'.
- Responsible business practices protect against adverse environmental impacts.

Our outputs

End-to-end integrated service offering across the logistics value chain



Governance and corporate citizenship

Our governance and control principles and structures enable and protect value and legitimacy in our markets and industries.



Read more on page 26.

¹ EBITDA: Earnings before interest, tax, depreciation and amortisation.

Imperial's unique Market Access business and heightened focus on digital and data are key differentiators in our markets. Combined with our strong logistics expertise and our legitimacy in our industries and markets, we create longstanding relationships with multinational clients – the springboard for shared value creation.



Our outcomes

- We play a critical role in the success and sustainability of our clients and principals, countries and communities by providing access to medication and healthcare products, consumer goods and other logistics solutions within key industries, in some of the fastest growing and most challenging markets in the world.
- We continually deepen our relevance and competitiveness - and that of our clients - by investing in our people, innovation and sustainable ESG practices, thereby retaining our legitimacy and the trust of our stakeholders in the industries, markets and countries in which we operate.

Read more on page 16.

Our operating context

Read more on page 10.



MARKET ACCESS, DEMAND GENERATION, CONTRACT MANUFACTURING

Delivering our strategy

Our strategy is designed to deliver sustainable growth and targeted returns, to deepen competitiveness and relevance, and retain market and industry legitimacy.

Read more on page 38.

Risks and opportunities

Our risk approach aims to integrate risk management practices into our strategy to support the achievement of our transformational business objectives.

Read more on page 44.

Our impacts and outcomes

The essential services we provide in key industries, and the implications of our strategy, social responsibility and sustainability for the socioeconomic wellbeing and development of Africa and her people, will create and sustain shared value for all our stakeholders over the long term.

We are a growth-driven business, supported by a sound balance sheet and strong capital management, focused on generating higher returns growth and strong free cash flow. This provides the platform to improve the positive outcomes our stakeholders expect from us.



FINANCIAL CAPITAL

Continuing revenue

▲5%
to R46,4 billion
(F2019: R44,0 billion)

Continuing EBITDA

▼11%
to R4,1 billion
(F2019: R4,6 billion)

Continuing operating profit

▼40%
to R1,5 billion
(F2019: R2,4 billion)

Continuing headline earnings per share (HEPS)

▼65%
to 156 cents per share
(F2019: 448 cents per share)

Continuing earnings per share (EPS)

▲>100%
to 22 cents per share
(F2019: 120 cents loss per share)

Continuing free cash conversion of

72%
(F2019: 83%)

Total cash dividend

167 cents per share,
more than continuing HEPS.
No final dividend declared
(F2019: 244 cents per share)

New business revenue

around R6,2 billion secured
on a rolling 12-month basis

Net debt:EBITDA

1,6x
(post R3 440 million proceeds received from European shipping disposal), well below banking covenants of 3,25 times

Net working capital

improved 61% to R544 million,
excluding disposal groups, compared to R1 389 million at June 2019

Despite the impact of Covid-19, continuing free cash inflow (post-maintenance capex and lease payments) of

R1 304 million was generated.

Capacity for growth

R4 billion to R5 billion
available debt post shipping proceeds



Read more in the group chief financial officer's (CFO's) review on page 64.



MANUFACTURED CAPITAL

Return on invested capital (ROIC) of

4,9% versus weighted average cost of capital (WACC) of **7,6%**
(F2019: ROIC of 7,6% versus WACC of 8,5%)

Acquisitions and disposals

Strategic acquisitions to the value of **c.R900 million** were concluded.

Sold our European shipping business at a profit after tax (PAT) multiple in excess of **c.15 times**.

Exited CPG within the original cost estimate, and retaining **revenue of R1,6 billion** in other parts of the group.

Continuing free cash flow per share of

691 cents
(F2019: 1 002 cents)



Read more in the group CFO's review on page 64.



HUMAN AND INTELLECTUAL CAPITAL

Training spend
R128 million
 (F2019: R192 million)

Recognised as the top company for students to work for

in the transport and logistics category in the recent South African Graduate Employers Association study

Key appointments

Appointed a group chief people officer and a group digital officer

12 black and female appointments in senior and executive management

Expected BBBEE scorecard ratings (South Africa)

Covid-19 and related budget constraints will mean we are unable to maintain the current level 2 broad-based black economic empowerment (BBBEE) rating measured against the more stringent amended Department of Trade and Industry (dti) Codes. We expect our verified score for 2020 to drop to a level 4 rating. However, we do expect to retain our level 2 rating measured against the Road Freight Sector Codes.

Black representation in South Africa

At top management

42% against a 2020 target of 63%

with 16% being black women
 (F2019: 47% overall and 20% black women)

At senior management

32% against a 2020 target of 33%

with 16% being black women
 (F2019: 28% overall and 10% black women)

At middle management

45% against a 2020 target of 50%

with 17% being black women
 (F2019: 43% overall and 16% black women)

CPG

Exited CPG in South Africa, retaining c.1 800 jobs

Gender diversity

12%

women representation at top management
 (F2019: 17%)

14%

women representation at senior management
 (F2019: 27%)

32%

women representation at middle management
 (F2019: 31%)

24%

overall women – black representation

Established and advancing our global and regional **women's forums and initiatives** – with numerous initiatives undertaken in support of Women's month and against gender-based violence.

Ranked second in

'women empowerment in the workplace'

category in Gender Mainstreaming Awards 2020

Digital and data

Initiatives focused on digital fleet management, ecommerce and point of sale integration.

Three investments concluded

in a digital distributor, digital freight forwarder and a point-of-care diagnostics enabler, with a combined value of USD4,5 million.

Read more about our human capital progress in our people report on page 100 and our digital and data initiatives in our digital and data report on page 94.

Our overall workforce decreased due to our rationalisation and restructuring activity undertaken, which is reflected in our people data.

Our impacts and outcomes continued

RELATIONSHIP CAPITAL

United Nations (UN) Global Compact

Became a signatory to the UN Global Compact

The group has subscribed to the 10 principles of the UN Global Compact for over 10 years

London Stock Exchange FTSE4GOOD Index Series

A global sustainable investment index series

3,8
overall score out of five
(F2019: 3,7)

EcoVadis Group Transport and Logistics

Silver status
scoring 48 out of 100 points for the group

Total corporate social investment (CSI) spend

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

Enterprise development spend

R29 million
(F2019: R27 million)


Contract renewal rate

c.80%
on existing contracts, with an encouraging pipeline of new opportunities

Product safety

No material incidents

of non-compliance with laws and regulations concerning the health and safety impacts of products and services
(F2019: none)

 **Read more** about our impacts in our ESG report on page 108.

NATURAL CAPITAL

Environmental incidents

No fines or penalties

incurred for environmental incidents
(F2019: none)

Carbon footprint – Scope 1 and 2 emissions

572 667 tCO₂
(F2019: 647 995 tCO₂)

Fuel consumed

200 423 595 litres

(F2019: 214 139 231 litres)

Water purchased

406 105 kilolitres
(F2019: 488 020 kilolitres)

CDP*

B+ rating

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

Expanding our green footprint

Installed a **200,64kWp solar PV system** at a site in South Africa that is expected to provide 355 megawatts of power each year.

Solar PV installations in South Africa produced **736 006 kilowatts** of solar energy.

tCO₂: tonnes of carbon dioxide.

* Formerly the Carbon Disclosure Project.

 **Read more** about our impacts in our ESG report on page 108.

The decreases in our carbon footprint, fuel consumed and water purchased are due to fewer kilometres travelled, the impact of Covid-19 on business activity, the closure of CPG and the consolidation of businesses in South Africa.

Our investment case

Being 'One Imperial' means aligning our people, client and profit propositions, to position Imperial as one business, under one brand.



INVESTMENT PROPOSITION

Imperial is focused on **generating growth, higher returns, and strong free cash flow** supported by a strong balance sheet and sound capital management.



Imperial is a **purpose-driven organisation** focusing on people, profit and planet.



We are led by a **management team with vast experience, skills and track record.**



Imperial **offers a unique value proposition as the 'Gateway to Africa'** for clients and principals through integrated market access and logistics solutions in five key industries: healthcare, consumer, chemicals, industrial and automotive.

We have a **strong track record and experience in operating and growing in Africa**, taking our clients and principals to customers in some of the fastest growing and most challenging markets in the world.



We have **strong expertise in delivering end-to-end innovative solutions.**

Operating as 'One Imperial', through one brand, one culture, one positioning and selling as 'one business', we are able to leverage cross-selling and upselling opportunities.



Our **unique Market Access business and heightened focus on digital and data** are key differentiators.

Imperial is a **resilient and sustainable business**, supported by ongoing delivery against our strategic imperatives.

We have **solid and longstanding relationships** with our multinational client and principal base.

Imperial is committed to paying **dividends.**



Section

2



Creating and protecting value

Chairman's letter to stakeholders

2020 will most certainly conjure up many mixed feelings, irrespective of the corner of the globe you reside in, the sector of business you are in and the hopes you had for it. The impact of Covid-19 has taught us much about how quickly the world can change and has demonstrated our ability as people and nations to collaborate, adapt and find new ways forward in unforgiving circumstances.

12

black and female
leadership appointments

Became a signatory to the
UN Global Compact

Introduction

As I pen this letter, we are at a stage where our emergence from this pandemic seems more realistic and closer than before; but despite the silver lining, the loss of many lives the world over and in our business will remain a constant reminder of the fragility of life, how connected we are, and the impact of globalisation on us all.

Despite the unexpected trials and tribulations that the last two quarters of our 2020 financial year visited upon us, our business has proven its resilience amid continued economic headwinds and the devastating impact of the pandemic. On reflection, the hard, yet necessary, strategic calls made last year made a material difference in our ability to weather this storm, and to continue planting our flag in new sectors of the economies we serve and win new clients and business.

While the strategic choices made last year have underpinned the progress we have made and shown our resilience, the ability of our business and people to adapt and innovate has been the difference in this case.



Phumzile Langeni
Chairman



Covid-19

The World Economic Forum’s aptly crafted theme for its 2021 meeting, ‘The Great Reset’, captures holistically the revolutionary impact that Covid-19 had – and will continue to have – across the world. The learning in 2020 is that those companies and organisations who adapt and can respond quickly to change stand a greater chance of success and survival.

Like every business and organisation, the impact of Covid-19 on our business has been marked; from new health and safety protocols, trucks standing idle at warehouses, employees working from home, to the loss of some of our colleagues – its mark has been indelible.

As the board, we are especially proud of the manner in which the leaders of our business have contributed to the fight

against Covid-19, especially in ensuring that our countries of operation continue to function, albeit under highly constrained conditions.

Be it from ensuring delivery of food and pharmaceutical supplies to our sales channels in the countries we operate in and outside of South Africa, the provision of Covid-19-related services to South Africa at a time when there were no

Chairman's letter to stakeholders

continued

inbound flights, taking the decision to continue paying our thousands of employees during the hard lockdown and after, to the donations made to worthwhile causes in support of the pandemic; Imperial's contribution has been significant and essential. I thank members of the board and executive management who volunteered to contribute 25% of their earnings for a quarter, some of which was donated to the Solidarity Fund in support of its initiatives.

Business performance

Imperial, as expected, delivered a mixed bag of results. Performance was affected by continued economic headwinds in one of our key markets, South Africa, including the much-anticipated sovereign downgrade, the dent on investor confidence and the impact of the pandemic. The green shoots included the benefits of closing CPG, which was effectively handled and saved more jobs than expected; the successful disposal of the European shipping business, which was finalised after year-end; acquisitions to further entrench our 'Gateway to Africa' strategy and market access footprint; and the organisational transformative work underway.

While the first half of the year was characterised by strong results, second-half results were severely impacted by Covid-19, with the last quarter affected by the hard lockdown announcements in most of the countries where we operate. Despite this, continuing revenue grew by 5% to R46,4 billion although continuing operating profit was down 40% to R1,5 billion. While our net debt:EBITDA position was well within our banking covenants and our balance sheet was boosted by the receipt of sale proceeds in July, the board took a decision not to declare a dividend in the second half, after the interim distribution, given the decline in earnings for the full year.

Despite an operating performance that fell short of our expectations, Imperial's financial performance showed underlying resilience in good cash flow generation, well-managed overhead costs and a strong balance sheet. We are confident that the strategic calls we have made and our clear strategic focus for F2021, coupled with the expected improvement in global economic performance and

sentiment, will deliver a much improved F2021 financial performance.

We are cognisant of the many downside risks to our expectations for the shape and rate of economic recovery in our markets, and the related uncertainties. We are hopeful, however, that the pandemic will prove to be a catalyst for faster and more enabling structural reform, for deeper humanity, morality and accountability from leaders in business, government and society, as we move into a post-Covid-19 world.

Strategic focus for 2021 and beyond

The 2021 financial year will be the continuation of an exciting strategic pursuit which has informed strategic decisions announced and executed on since 2019.

Our strategy to transform and grow Imperial is rooted in a thorough understanding of how best we can create shared value for our stakeholders over the long term.

In keeping with the strategic path we have undertaken, which has been communicated to our people, shareholders and other stakeholders, our strategic focus areas for the next few years are:

- Operate as 'One Imperial', offering unique end-to-end solutions (one-stop shop).
- Invest in people as our greatest asset.
- With our extensive Africa footprint and providing end-to-end market access and logistics solutions, serve as a 'Gateway to Africa'.
- Leverage our international footprint and expertise.
- Go digital, be digital, enable digital.
- Integrate ESG practices.

We are excited about this strategic path, which will also see a change in the business reporting structure and how we do business as an organisation. Our strategic journey is specifically underpinned by a strong focus on our people, systems and processes to ameliorate any execution risk and to enhance delivery of results, and our intention to be a purpose-driven organisation that integrates ESG in the way we do business every day will support our ability to create sustainable shared value.

Governance

I invite you to read about our governance journey, in our governance summary on page 26, specifically the 'governance in action' pieces from the chairmen of our board sub-committees. They not only capture some key deliberations and dilemmas we faced during the year, centred around Covid-19, but they discuss important features of Imperial's resilience, and give reasons for confidence in our ability to weather this storm, and to transform and thrive.

During the year under review, we welcomed the appointment of Ms Bridgette Radebe and Mr Dirk Reich as independent non-executive directors with effect from 1 September 2019. Bridgette has also assumed the role of chairman of the audit and risk committee with effect from 25 August 2020. We extend a warm welcome to both Bridgette and Dirk to the board. Having had the benefit of a few months with them, we are delighted about their contribution to our board and deliberations.



We bid farewell to Ms Thembisa Skweyiya, who resigned on 31 December 2019. On behalf of the board, a special note of thanks to you, Thembisa, for your tireless contribution, wise counsel and steer of the social and ethics committee. We wish you well in your future endeavours.

On the executive front, at the end of February 2020, we bid farewell to Mr Nico van der Westhuizen after 26 years with Imperial. At the time of his retirement, Nico was the chief executive officer (CEO) of Imperial Logistics South Africa (ILSA). Thank you, Nico, for all your dedicated service and stewardship over the years. Edwin Hewitt, who has extensive business and executive experience, assumed the role of CEO of ILSA (now Logistics Africa) with effect from 1 March 2020, and we welcome Edwin to the executive team.

Appreciation

Despite what has been one of the most testing periods of any time I can remember, I extend great appreciation to, our CEO, Mohammed Akoojee, our CFO, George de Beer, the members of the Imperial executive team, and to our employees, for their herculean effort in what has been a period of unconventional and unexpected challenges both professionally and personally. Your endless effort, courage, decisiveness and vision have contributed to the resilient organisation we are today. We as the board thank you sincerely for all your efforts and the strides you have made.

Our deepest condolences to the families of our 11 colleagues who succumbed to the pandemic and to those who lost their lives in the line of duty, we stand with you in your grief and bereavement.

I thank all our stakeholders, including our shareholders, who continue to engage with us constructively on key matters that impact on our business and our society.

Lastly, my special appreciation to my colleagues on the board, who despite not receiving a manual on how to navigate these uncharted shores, continue to be a pillar of strength to me, the executive team and the organisation in its entirety. Your counsel, steady hand and wisdom during this difficult time is a testament of your commitment to Imperial and her continued success.



Phumzile Langeni
Chairman



Our governance

We subscribe to, and apply, the principles of good governance in King IV. The board believes that the King IV principles and recommended practices are sufficiently embedded in the operational life of the group. The board expects and encourages continuous work to achieve the governance outcomes of ethical culture, good performance, effective control and legitimacy.

Our governance framework

Our approach to corporate governance is executed through our integrated governance model, which extends our commitment to good governance beyond compliance. It supports business

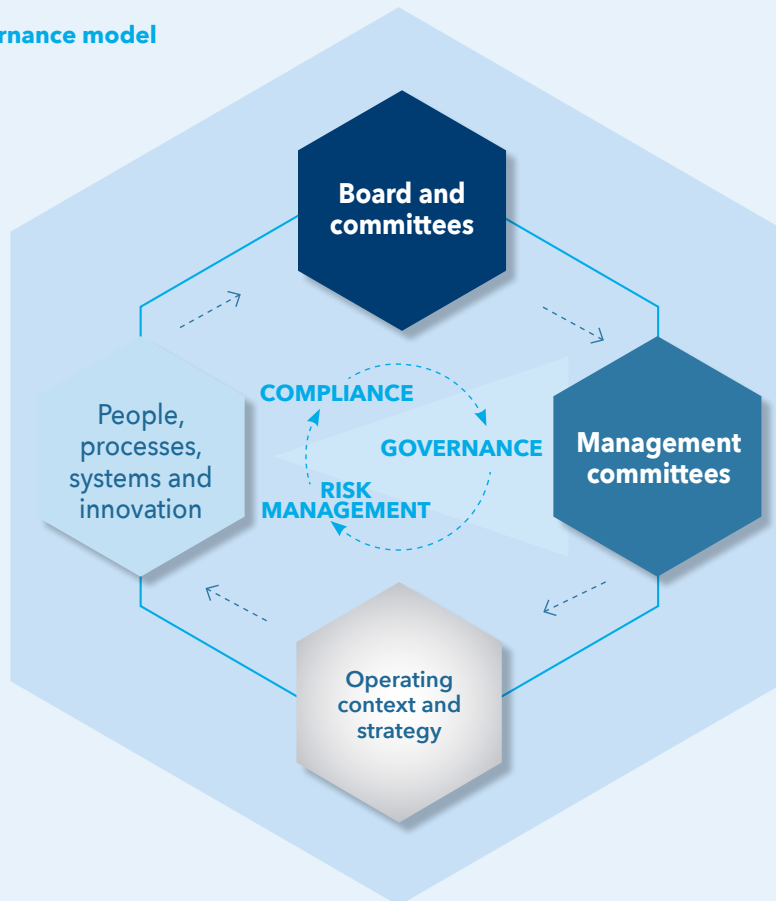
integrity, ethical behaviour and accountability for decisions that have economic, social and environmental impacts in the short, medium and long term. Being a responsible corporate citizen underpins our industry, market

and country legitimacy, securing our commercial licence to operate, providing a competitive advantage.



Our full corporate governance report, incorporating our application of the principles of King IV, is available online.

Our integrated governance model



Our businesses operate in diverse geographies, industries and markets, with varying socioeconomic, political, regulatory and technological profiles. The complex interplay between opportunities and threats within these environments is closely monitored and addressed through strategies, approved annually by the board, that ensure robust competitive positions and longer-term resilience.

Formal and informal scanning of the environment is a day-to-day management responsibility, and the board is regularly appraised of developments that could have a bearing on the performance and sustainability of the group. Similarly, executive management responds tactically to everyday shifts in the operating context.

Our leaders 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 best governance practices, the board continually assesses the group's governance practices and procedures and makes adjustments where necessary.

OUR BOARD

Ultimate responsibility for governance rests with our board and its committees. The group has a unitary board comprising six non-executive directors, five of whom are independent, and two executive directors.

The authority, responsibility and accountability of the group's ethics, performance and sustainability resides with the board, which formally delegates responsibility to the CEO and his direct reports and so forth throughout the organisation in accordance with written limits of authority.

Skills and experience

The group has a well-constituted and diverse board, with expertise and experience relevant to the strategy and operating context within which the group operates, and provides the necessary independence and oversight underpinned by strong governance and control processes that support strategic delivery and corporate reputation.

The board's diverse background ensures a wide range of experience in commerce, finance, law and industry. The non-executive directors have the necessary skills and expertise to make judgements, independent of management, in strategy design, integrated performance, business development, transformation, diversity, ethics and ESG management.

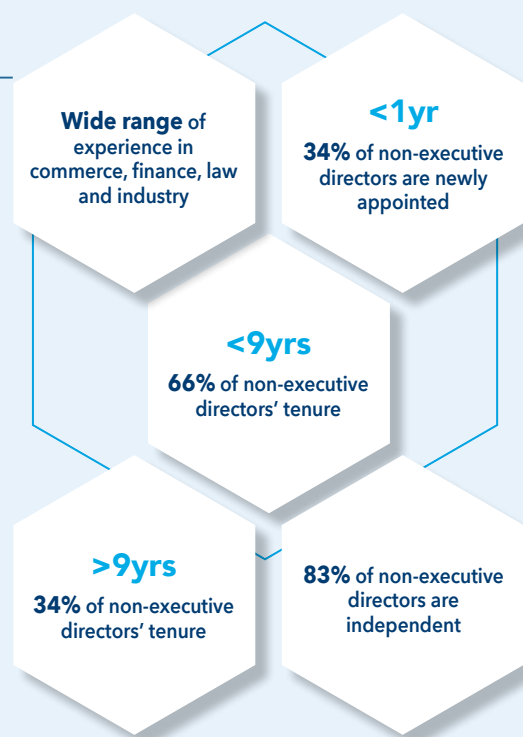
Responsibilities of the board

- Board responsibilities are clearly defined in a written charter, which outlines a clear balance of power and authority within the board to ensure that no single director has unfettered powers of decision making.
- These include guiding and approving the strategic direction, business plans, 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 has adopted and regularly reviews a written policy governing authority delegated to group management and matters reserved for decision by the board.

Board diversity

The board adopted a formal board diversity policy in 2017, governing racial and gender diversity.

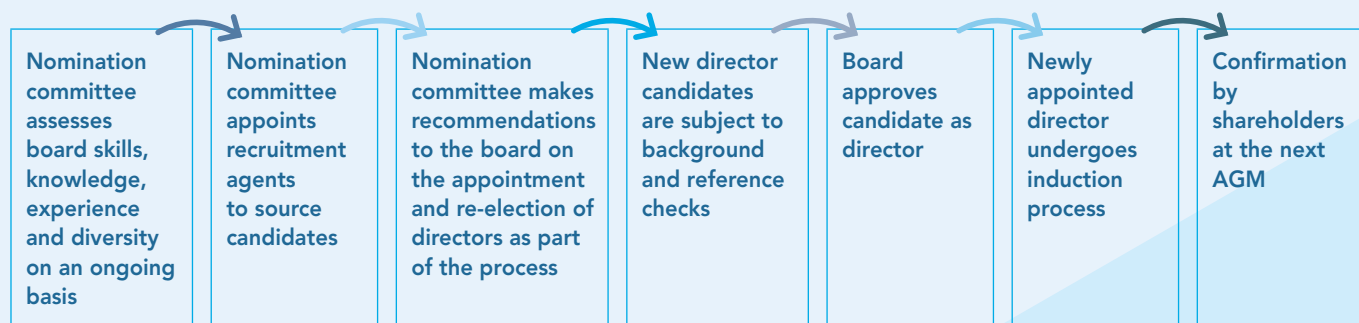
The board takes the policy into account when making board appointments. In accordance with the policy, the board resolved to increase female representation and has two black female non-executive directors, including the board chairman.



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 APPOINTMENT PROCESS



Our governance continued

Separation of roles and responsibilities

The role of the chairman of the board is clearly defined and separate from that of the CEO through the provisions of the board charter. 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 can have unrestricted powers and that an appropriate balance of power and authority exist on the board.

Chairman

- An experienced non-executive director.
- Presides over and provides effective leadership of the board.
- Sets the ethical tone of the board.
- Ensures that the board remains efficient, focused and unified.
- Ensures all perspectives are heard and considered.
- Ensures all relevant information is placed before the board for decisions.
- Free of conflict at the time of appointment.
- No executive function or responsibility.

Lead independent director

- Strengthens the independence of the board.
- Leads in the absence of the chairman.
- Acts as an intermediary between the chairman and other members of the board when necessary.
- Serves as an additional channel to deal with shareholders' concerns where contact or resolution through normal channels has failed.
- Chairs discussions and decision making where the chairman has a conflict of interest.
- Leads the performance appraisal of the chairman.

Group CEO

- Responsible for the executive management of the group's operations.
- Reports to the board on the group's strategy and objectives.
- Accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority.
- Recommends the business plans and budgets to the board for consideration and approval.
- Has a role and function formalised in a mandate.

Independence

The nomination committee is responsible for assessing the independence of non-executive directors. During the year, the independence of Mr RJA Sparks was rigorously and critically assessed by the committee and confirmed, notwithstanding his tenure as a non-executive director of the group.

Phumzile Langeni is the current non-executive chairman of the board. She is a shareholder in a BBBEE partner of the group and is consequently not considered to be independent. The board has therefore established a formal protocol to govern potential conflicts of interest. In addition to the chairman recusing herself where matters in which she has an interest are discussed, in compliance with the Companies Act, any decisions in or regarding the BBBEE venture that could benefit or be seen to benefit the chairman or her associates are deferred to the unconflicted members of the nomination committee in accordance with the formal protocol. This includes matters such as dividend payments and fundamental business decisions.

Changes to the board

Ms NB Radebe and Mr D Reich were appointed as independent non-executive directors, effective 1 September 2019.

Ms T Skweyiya resigned from the board on 31 December 2019.

Mr RJA Sparks retired as lead independent director on 30 October 2019. He remains an independent member of the board and was appointed as the chairman of the social, ethics and sustainability committee on 1 January 2020. Mr GW Dempster was appointed as the lead independent director with effect from 30 October 2019.

Ms NB Radebe has been appointed as chairman of the audit and risk committee from 25 August 2020, when Mr GW Dempster will step down as chairman but will remain a committee member.

Board and board 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 and compliance with its terms of reference is regularly assessed in accordance with their terms of reference. No instances of non-compliance were noted.



More information, including details of the divisional boards, is provided in the full corporate governance report online.

The board and committees below and on the pages that follow reflect the composition and members at publication date.

Board of directors

Non-executive directors		Executive directors
P Langeni (Chairman)	NB Radebe* ¹	M Akoojee
GW Dempster* (Lead independent director) ²	D Reich* ^{1,3}	JG de Beer
P Cooper*	RJA Sparks* ⁴	

* Independent.

¹ Appointed 1 September 2019.

² Appointed as lead independent director on 30 October 2019.

³ Swiss.

⁴ Retired as lead independent director on 30 October 2019.

Board focus areas for the year

- Transformation and strategic realignment of the group.
- Restructuring of the group's portfolio of businesses and disposal of assets not aligned with the strategy.
- Response to Covid-19.

Board committees

Nomination committee

Membership	Responsibility	Attendance at
P Langeni (Chairman) GW Dempster ¹ RJA Sparks	Provides advice and guidance on succession planning, director appointments and director induction and training.	100%

¹ Appointed from 1 January 2020.

Key activities for F2020

- Reviewed board composition, tenure and succession.
- Reviewed executive succession plans.

Our governance continued

Asset and liability committee (ALCO)

Membership	Responsibility	Attendance at
P Cooper (Chairman) GW Dempster D Reich ¹ M Akoojee JG de Beer	Responsible for implementing best practice asset and liability management policies. Its primary objective is to guide and enhance the effective management of liquidity, debt, interest rate, exchange rate and investment risk within acceptable risk parameters.	100%

¹ Appointed from 1 September 2019.

GOVERNANCE IN ACTION – FROM THE ALCO CHAIR

ALCO is responsible for implementing best-in-class asset and liability risk management policies, and monitoring the sophisticated practices that bring them to life in the group.

Management's sound and decisive responses to Covid-19, especially in dealing with the disruption in financial markets, attest to many years of developing and refining the group's capital management advantage. Imperial finds itself in an enviable position in its asset-liability balance and this is – in some part – thanks to energetic and forward-thinking leadership. This committee has a good relationship with executives, operating as a sounding-board on what is financially viable and what may be too ambitious. Covid-19 has certainly revealed the intangible benefits of high functioning teams, where the shared wisdom of the group is more than the sum of knowledge of individual members.

A recent visit to five African countries in which Imperial has operations, gave committee members a heightened feel for the opportunities the continent offers Imperial. It was enlightening to put human stories to the numbers, and to better understand the implications for our people, communities and countries of the group's commitment to growing enduring value equitably in Africa. Observers frequently bemoan the lack of investment into Africa and the crowding out of funds for already developed parts of the globe. But it seems that with a little imagination, carefully nurtured relational capital, and prudent allocation of monetary capital, Africa promises exciting business opportunities for Imperial.

It is one of the committee's tasks to interrogate new growth prospects, questioning if investments are aligned to strategy, if we have the managerial and financial capacity to make them work and if we can successfully integrate them into Imperial operations while making them value accretive. Typically, it is not the first question that counts, but the second, third and fourth questions that are meaningful and ensure that our deliberations lead us to decisions that are logical, reasonable and responsible, even and especially if it appears to be counter-intuitive.

'Vivid' is a word that often characterises our discussions, especially when the mechanics of considering the indicators is dealt with and our focus turns to the big capital decisions that move our strategy forward. Such decisions demand a clarity of vision, an attention to detail, of a higher order. 'Vivid' hints at the standards we demand in seeing the picture of asset growth in sharp focus; in understanding the various moving parts and grasping the knowable risks.

The committee considers socio-political instability to be the most ominous risk to our assets. Conversely, the yearning for self-improvement and social betterment on our continent is also our greatest opportunity. It is evident that in some areas of operation, logistical systems and practices are more advanced than in our South African home base. What can we learn from how our Kenyan operation delivers medical supplies, or how our Nigerian operations leverage brand loyalty? The continuing challenge must be to assist in sharing best practice across the group's operational footprint.

Investment decisions may only be proven good or bad in years to come. One of our tasks is to ensure that we get to those decisions in a rational and consistent manner that is cognisant of past mistakes. Where, after investing, a differing set of facts emerge that may be evidence of possible value destruction, the challenge is always to assist management in taking those brave, sometimes counter-intuitive decisions in mitigation.

This committee would like to believe that when it comes to making decisions about assets and liabilities, Imperial's executives are being held accountable to the right questions that get well beneath the skin of the salient financial data, to the benefit of both our organisation and – to the extent possible – the financial and social ecosystem that we grow and grow within.

Audit and risk committee (ARC)

Membership	Responsibility	Attendance at
GW Dempster (Chairman) ¹ P Cooper NB Radebe ² RJA Sparks	Assists the board in its responsibilities, covering the internal and external audit processes for the group, taking into account significant risks, the adequacy and functioning of the group's internal controls and the integrity of financial reporting. Sets the group's risk culture, framework, strategy and ensures that robust risk management processes are in place.	<h1>100%</h1>

¹ Stepped down as chairman from 25 August 2020 and remains a member of the audit committee.

² Appointed to the committee from 1 September 2019 and as chairman from 25 August 2020.

GOVERNANCE IN ACTION – FROM THE ARC CHAIR

ARC assists the board in fulfilling its fiduciary duty to shareholders by overseeing the trustworthiness of our financial reporting, reviewing the internal and external audit process and assessing the functionality of internal controls and setting our appetite and tolerance for risk. The committee also takes an active role in determining if the group's risk management systems are adequate.

Our audit and risk processes withstood the disruption of Covid-19, but we have learnt some important lessons. Risk practitioners tend to focus on sovereign, market and operational risks, while broader global issues are far more difficult to assess. The Covid-19 pandemic has sensitised us to the higher likelihood of global 'black swan' events, with complex and compounding impacts, and has encouraged a more searching approach to analysing business resilience. Covid-19 has, therefore, necessitated a more inclusive, systemic and long-term approach to risk.

Before the pandemic struck, Imperial had partnered with a leading consulting firm to improve our financial management and reporting system and this initiative is now more urgent. An operating environment and operational context as complex as ours demands re-engineered and digital processes that deliver deep financial insight rapidly and accurately. The committee is overseeing the implementation of new systems in Imperial's finance function, which will improve visibility of our financial and operational health; enhancing confidence in our controls and governance and supporting swift strategic decision making. In the previous financial year, we appointed a non-executive director of the group onto each divisional financial and risk review committee (FRRC), which has improved our visibility and depth of understanding of the processes and issues.

The group's strategy of growth is bold, and the execution and implementation of the expansion does require management to make a logical and detailed case for each material investment. Executive leadership is aware of the risks of taking on too much too soon, in relation to capacity constraints in funds or human resources.

The board is aligned on the principle that not all strategic initiatives can be fulfilled in the next five years and careful prioritisation and sequencing will be key. The responsibility of ARC in this regard is to interrogate the controls and risks arising from planned investments.

The committee has considered the Independent Regulatory Board for Auditors (IRBA) mandatory audit firm rotation requirement to early rotate the group's external auditors, Deloitte & Touche, due to their current tenure. However, due to the challenges and uncertainties posed by Covid-19 and the current portfolio rationalisation and restructuring activity by the group, the committee decided to postpone the auditor rotation to F2022 for the F2023 financial year. In terms of the IRBA requirements, Imperial has to rotate auditors effective for financial years commencing on or after 1 April 2023.

The blend of committee members includes experience and youth, technical experts and generalists, capable of applying healthy scepticism. We apply a culture of no-fear debate, with views aired freely and reasonably. Similarly, discussions with executive directors are conducted in a frank tone and in a spirit of trust. We appreciate the openness of our discussions with executives and shareholders can take comfort that the CFO and his team handled currency fluctuations, changing interest rates, asset impairments and other challenges accentuated by Covid-19 exceptionally well. Their swift and decisive responses have bolstered our financial resilience in uncertain times, as has their credible relationships with our banking partners.

The committee is satisfied that Imperial has the necessary solvency and liquidity to meet its financial obligations over the next 18 months. The group also has the financial headroom and flexibility to invest in the medium-term growth and business transformation initiatives that will safeguard the success of our 'One Imperial' strategy in the difficult times that no doubt lie ahead.

Our governance continued

Remuneration committee (Remco)

Membership	Responsibility	Attendance at
RJA Sparks (Chairman) GW Dempster ¹ P Langeni	Advises and guides the board on directors' remuneration, setting and implementing the remuneration policy, approval of general composition of remuneration packages and criteria for executive bonus and incentive awards, and administration of share-based incentive schemes.	100%

¹ Appointed from 1 January 2020.

GOVERNANCE IN ACTION – FROM THE REMCO CHAIR

Remco is primarily responsible for guiding the board on directors' remuneration, in a context of widening inequity in our environments. This includes setting and implementing remuneration policy, and administrating share-based incentive schemes.

The committee is alive to the ethical tightrope it must tread. Executives should not have to be incentivised to do their best in delivering shareholder gains and acting as stewards to the organisation. That is their job. And yet incentive schemes are standard practice in corporations. For proponents, incentive schemes are a legitimate shareholder tool to build a winning organisation; for cynics they are a necessary evil to attract and retain top talent.

The foundation of leadership is passion for organisational purpose, a bias for action and entrepreneurial intent. Our leaders are committed to this, regardless of incentive, but we acknowledge the reality of global skills mobility whereby the best talent can move to where the money is. Working within this reality, the committee is dedicated to an ethical and shareholder friendly remuneration policy.

At Imperial, in line with global trends, we are structuring key performance indicators (KPIs), and the associated thresholds and incentives, to be more strategically meaningful - in particular in including non-financial KPIs in the mix. One of the main criticisms of incentive schemes is that they promote short-termism or worse, greed. Our policy mitigates against this in various ways, even reserving discretionary powers to reduce payouts if our short-term incentive (STI) formula contradicts long-term value creation.

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. However, this does not absolve us from asking tough ethical questions about global shifts in executive remuneration, with research in America suggesting a widening gap, such that "top CEOs make 300 times more than typical workers"². The committee also recognises that we live in entrepreneurial times; incentives ensure executives have enough 'skin in the game' to promote a sense of ownership and accountability, and are a key factor in ensuring competitiveness in our reward structures. Indeed, one of our requirements, introduced in 2019, is that senior executives have a minimum shareholding requirement in addition to their share ownership via incentive schemes.

Covid-19 has created a new ethical landscape, with renewed emphasis on the power of trust. We want performing executives to enjoy the fruits of their expertise and dedication and to earn compensation at least in line with what they could command elsewhere; but not at the cost of a trust deficit with employees, shareholders and broader society. Our strategic ambition to be the 'Gateway to Africa' hints at the leadership role we intend to play on the continent; this should apply as much to remuneration as it does to our services. The risk in paying our performing executives too little, is that they get head-hunted by our competition; the risk in paying them too much is that we erode stakeholder trust.

Transparency helps us tread this fine line and the committee welcomes the high standards set by King IV in this regard; we will continue to meet or exceed them. Transparency is one safeguard against irrational and unjustifiable remuneration; the others are consistency, fairness, a feel for proportion, and sensitivity to our stakeholders. We value and invite robust discussion about remuneration, an issue that sparks strong feeling and one that demands not only a firm business rationale but also an ethical case that is beyond reproach.

² Economic Policy Institute, Mishel, L. & Davis, A., 2015, <https://www.epi.org/publication/top-ceos-make-300-times-more-than-workers-pay-growth-surpasses-market-gains-and-the-rest-of-the-0-1-percent/>

Social, ethics and sustainability committee (SES)

Membership	Responsibility	Attendance at
RJA Sparks (Chairman) ¹ P Langeni M Akoojee NB Radebe ²	Assists the board in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship.	100%

¹ Appointed from 1 January 2020.

² Appointed from 1 May 2020.

GOVERNANCE IN ACTION – FROM THE SES CHAIR

The SES committee is the conscience of Imperial; it defines and outlaws any unethical behaviour and encourages an attitude of good corporate citizenship, which seeks no reward for improving the communities in which it operates.

The Covid-19 crisis has served as a timely reminder of our responsibilities not just as a business, but as a corporate citizen across our 26 countries of operation. As a South African listed company, South African governance standards are based on the principle that business draws legitimacy from society and long-term resilience depends on sound and enduring relationships with stakeholders; on an acknowledgement that we share a destiny. Ethical decisions, therefore, are those that enhance an intangible common good towards improving that destiny.

The committee is proud of how our people responded to Covid-19, stepping up to ensure logistics supply lines stayed open and that goods and services flowed to those we serve and those in need. In particular, the committee acknowledges the contributions and sacrifices thousands of our people made to deliver essential health and safety supplies to where they were needed – and continuing to meet high, service delivery levels. We were also able to provide ongoing support to all our staff, including paying salaries to every employee during lockdown periods and ensuring that stringent safety measures were in place at all operations. This is in addition to the voluntary salary and fee cuts taken by directors and executive management.

In keeping with its commitment to develop and support its communities and countries of operation at the time of most critical need, Imperial sourced and delivered thousands of cubic metres of personal protective equipment (PPE) and medical-grade sanitisers to the private and public sectors in South Africa and Europe, some on a cost recovery basis. Our contribution to humanitarian causes in South Africa included R5 million to the Solidarity Fund, R5 million to the Giving for Hope Foundation in support of small, medium and micro-enterprises (SMME) and R500 000 to Gift of the Givers. We also worked with charitable organisations to provide vehicles and resources to deliver food parcels and other basic needs to communities in South Africa most impacted by the crisis. One of our flagship CSI projects, Unjani Clinics, assisted government as an additional Covid-19 screening measure, reaching 75 000 patients.

The committee's job is to ask pointed questions about unintended consequences and unaccounted for impacts of our activities. For instance, how does a 'for profit' organisation, in answering to its shareholders, rationalise its contribution to society? Across many dimensions, this contribution invariably carries direct and immediate costs but produces incremental and intangible future returns. A credible response to this question is that business can be a force for social progress and human advancement and that this is good for business. The answer lies in the notion of sustainability and, more specifically, shared value.

We laud the fact that the 'One Imperial' strategy puts purpose at the heart of strategic decision making and is a galvanising vision for anyone who cares about progress and possibility. Similarly, 'One Imperial' speaks to the human desire for connection and belonging, to the sense of grand mission that a large organisation offers. Covid-19 has delivered a home truth: our resilience is built on strong relationships, on teams bound together by common cause, kindness and trust. This extends beyond the organisation to trusted relationships with key individuals within clients and principals, communities and governments. Our credibility with these stakeholders cannot be bought with high-minded phrase-making and must be grounded in truth-telling. This committee has tough, sometimes anguishing conversations that will have a lasting effect on people's lives. For example, during this time of economic contraction, right-sizing is a reality for Imperial. The committee ensures that retrenchments are only ever a last resort, and that this has been properly determined, and they are carried out not only lawfully, but also in a spirit of sensitivity.

'Transformation' is a positive word for Imperial, especially as we transform the business in accordance with our strategy, and with high expectations. In the South African context, 'transformation' sets minds racing for solutions to a difficult challenge, racial injustice is a prominent feature of South Africa's historical landscape. Our government has prioritised its promise to redress past wrongs and we align to this intent. Inclusion and collaboration are cornerstones in our culture journey. Efforts to create opportunities for local people, whether in Africa or elsewhere, have been emphasised and are part of improving our employee value proposition. Common decency demands that management challenges barriers of culture and race, and seeks and nurtures talent in underrepresented groups.

True diversity, beyond achieving required measures of race and gender representation, is achieved through valuing, combining and leveraging different perspectives, life experiences and ways of doing things for the good of Imperial's stakeholders, specifically our clients, people and local communities. The committee intends to ensure that real progress is made in understanding, and systematically removing, barriers to inclusion. As we strive to meet ambitious race, gender or other local requirements, we also commit to the guiding spirit behind the requirements, which envisages a country and a continent where all can aspire to dignified lives and equitable opportunity.

Our leadership

Our board



NON-EXECUTIVE DIRECTORS

1. Phumzile Langeni (46)

CHAIRMAN AND NON-EXECUTIVE DIRECTOR
BCom (Acc), BCom (Hons), MCom

A stockbroker by training, Phumzile is the executive chairman and co-founder of Afropulse Group Proprietary Limited, an investment and corporate advisory group. Phumzile was appointed on 16 April 2018 by His Excellency Cyril Ramaphosa, the President of the Republic of South Africa, as one of four Special Investment Envoys tasked with raising USD100 billion over a five-year period.

Relevant skill set: strong business acumen and experience, public sector leadership and development, ESG, stakeholder relations, communication, diversity and board experience.

Other directorships: Mineworkers Investment Company, Primedia Holdings, Massmart Holdings Limited, Metrofile Limited, among others.

2. Graham Dempster (65)

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.

Relevant skill set: strong business acumen and experience, banking, M&A,

risk management, finance and board experience.

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

3. Peter Cooper (64)

INDEPENDENT NON-EXECUTIVE DIRECTOR
BCom (Hons), HDip Tax, CA(SA)

Peter is the immediate past 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.

Relevant skill set: strong business acumen and knowledge, strategy, finance, capital management and board experience.

Other directorships: RMH, RMI, OUTsurance, MMI.

4. Bridget Radebe (40)

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. In 2017, Bridget took on the role of group CFO of Ubuntu-Botho Investments. Prior to this, Bridget had an extensive career at Deloitte where she was an audit partner. In this role she led multi-disciplinary engagement teams servicing JSE listed clients in Africa, Europe and America. Her client portfolio included Imperial Holdings Limited as well as other large listed corporations in the manufacturing, logistics and retail sectors.

Relevant skill set: auditing and controls, finance and board experience.

Other directorships: A2X Markets, International Women's Forum (South Africa), Assupol Holdings.

5. Dirk Reich (57)

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 ecommerce in China.

Imperial has a well-constituted, diverse and active board, with experience and expertise relevant to the group's strategy and operating context. It 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 teams.



We are led by a team with deep experience, relevant skills and market credibility.



Relevant skill set: strong business acumen and experience, strategy, global logistics, ecommerce and board experience.

Other directorships: DFDS, Skycell, InstaFreight, Log-hub, R&R International Aviation.

6. Roddy Sparks (61)

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).

Relevant skill set: strong business knowledge and acumen, leadership of a large complex organisation, strategy, financial services, ESG and board experience.

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

EXECUTIVE DIRECTORS

1. Mohammed Akoojee (41)

GROUP CHIEF EXECUTIVE OFFICER
BCom (Acc) (Hons), CA(SA), CFA

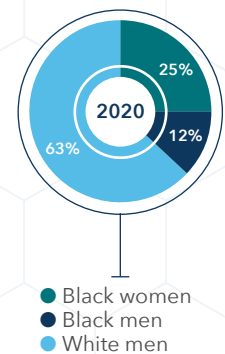
Mohammed was appointed group CEO of Imperial on 1 February 2019. He joined the Imperial Group in 2009 and, prior to his current role, served as the acting CEO of Imperial Holdings in addition to his role as group CFO. His previous roles at Imperial included CEO of the Logistics African Regions division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

2. George de Beer (47)

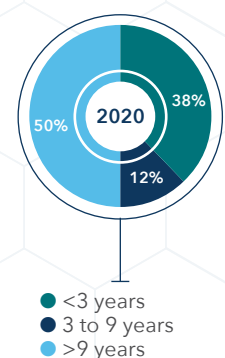
GROUP CHIEF FINANCIAL OFFICER
BCompt (Hons), CA(SA)

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 African Regions division and his expertise in integrating acquisitions and establishing controls contributed to the evolution of the division 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 FRRCs and is a trustee of the South African Provident Fund.

Race diversity



Board tenure



Our leadership continued

Our executive committee

Our executive committee consists of an experienced leadership team who collaborate to deliver the group strategy and create value through the day-to-day operations of the group.



1. Mohammed Akoojee (41)

GROUP CHIEF EXECUTIVE OFFICER
BCom (Acc) (Hons), CA(SA), CFA

More information on previous page.

2. George de Beer (47)

GROUP CHIEF FINANCIAL OFFICER
BCompt (Hons), CA(SA)

More information on previous page.

3. Hakan Bicil (49)

CEO: LOGISTICS INTERNATIONAL
MBA (Logistics)

Effective July 2020, Hakan serves as the CEO of the Logistics International business. Previously, he was the CEO of Imperial International BV & Co KG. Prior to this, Hakan was chief commercial officer at CEVA Logistics. He has also held senior management positions at Panalpina (executive vice-president strategic business development), at the TOLL Group (managing director Europe and Middle East) and at Kuehne & Nagel (senior vice-president global business development).

4. Edwin Hewitt (54)

CEO: LOGISTICS AFRICA
Mtech (Met Eng), IMP (MIT, USA), MDP (UP)

Effective July 2020, Edwin is the CEO of the Logistics Africa business. This follows his appointment as CEO of Logistics South Africa in March 2020. He has an exceptional reputation for translating strategy into operational excellence and for simplifying organisational complexity. Most recently, he played a key role in driving the effective closure of our CPG business - ensuring that the impact on our people and clients was minimised in the process. Edwin has led companies such as DAWN and Capital Africa Steel as CEO, and also served as the chief restructuring officer of PPC and group executive director of Murray & Roberts.



5. Esha Mansingh (34)

CHIEF CORPORATE AFFAIRS AND INVESTOR RELATIONS OFFICER

BA (Communication Science), Financial Management (cert)

Esha is responsible for investor relations, internal and stakeholder communications, brand positioning, sustainability and ESG for the group. She is also the chairman of Imperial's Global Women's Forum. Prior to this, Esha served as the group head of investor relations and media spokesperson for Imperial Holdings Limited. Esha's previous roles include the head of investor relations at Kumba Iron Ore Limited, a subsidiary of the Anglo American plc group, and investor relations officer and media spokesperson for Harmony Gold Mining Company. She currently serves as a director and trustee of the Imperial and Motus Community Trust and the Unjani Clinics NPC. Esha is also a founding member and director of the Investor Relations Society of South Africa.

6. Cobus Rossouw (51)

CHIEF DIGITAL OFFICER

BEng (Hons) (Industrial), BCom (Hons) Logistics

Cobus is responsible for orchestrating the group's digital evolution that includes disruptive venture investments, digitisation benefiting client engagement and operations excellence, and the development of new digital value propositions. Before joining Imperial in 2009, Cobus co-founded Volition which he led to evolve into Resolve to underpin the Lead Logistics Provider business within Imperial. Prior to that, Cobus was logistics director of Cadbury South Africa.

7. Johan Truter (47)

CEO: MARKET ACCESS

Effective July 2020, Johan serves as the CEO of Imperial's Market Access business. Integral to our 'Gateway to Africa' strategy, Johan guides this business across the globe as it works to facilitate trade flows into and out of Africa. His extensive experience in navigating the complex African continent - and proven success in developing and implementing market access solutions and value-add logistics - sees him well placed as a strategic partner to multinational clients wanting to enter and grow in emerging economies. Johan previously served as CEO of the African Regions - growing the business from humble beginnings to the go-to strategic partner in Africa to brand owners looking for unique consumer and healthcare market access and logistics solutions. He initially joined the group with the acquisition of Broco in 2004 - a business of which he was joint founder and managing director.

8. Steve Woodward (61)

CHIEF PEOPLE OFFICER

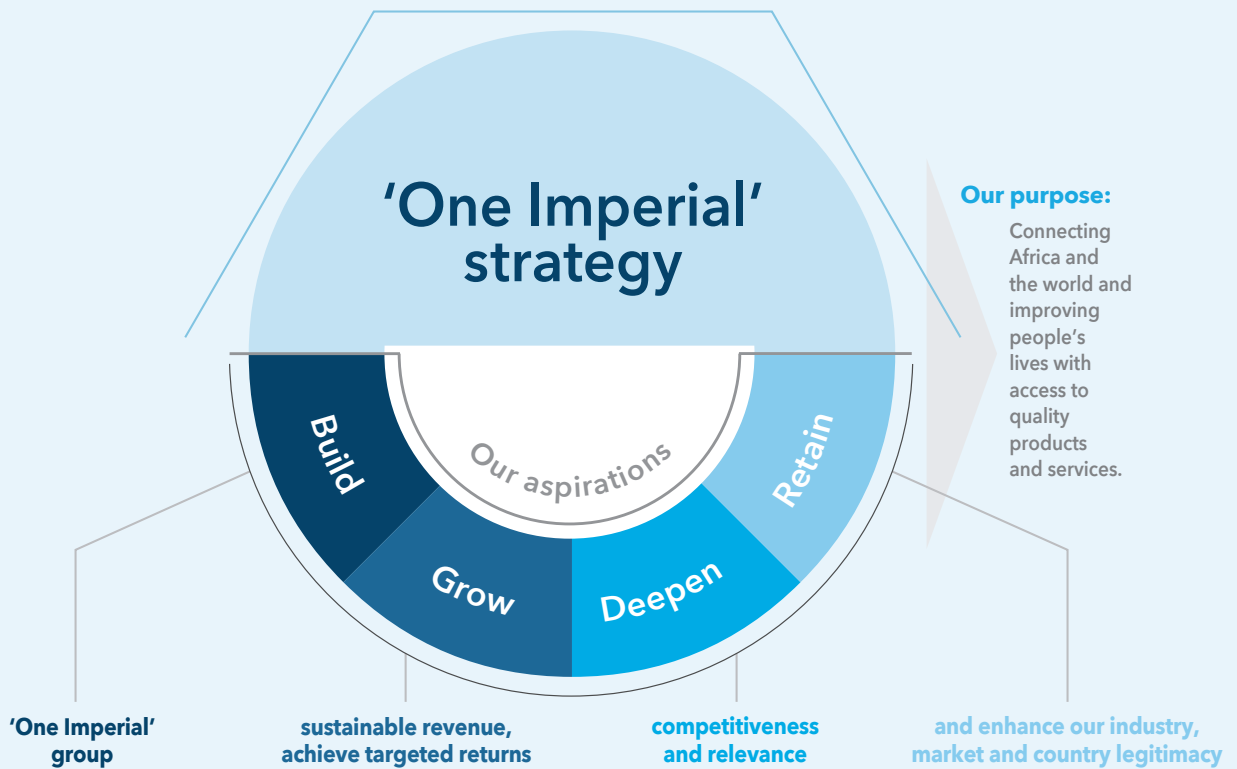
BA (Psychology/English), MBA

Steve is responsible for driving our cultural transformation and people-related and human resource initiatives - and for developing and implementing integrated, world-class people policies and practices. An experienced global business leader, Steve has held numerous senior executive positions in large corporations in the US, Europe and Africa. He worked for SABMiller for 20 years in human resources, corporate strategy and senior general management. Prior to SAB, Steve worked in the mining industry for Anglo American and De Beers for 10 years in the fields of labour relations and human resources.

Our strategy

Our purpose-driven strategy aligns our people, client and profit propositions and reimagines 'One Imperial', equipped to grow and unlock value in a post-pandemic world. Our integrated and innovative solutions, supported by best-in-class and emerging technologies and a culture of client-centred collaboration, will enable us to compete and win in our chosen markets and industries in a new world.

We operate as 'One Imperial', with one positioning, one culture, under one brand, servicing our clients as one business able to provide integrated, end-to-end solutions, serving as the 'Gateway to Africa'.



OUR STRATEGIC POSITIONING

We are transforming Imperial from a regional portfolio of businesses to an integrated, end-to-end market access and logistics business

Our strategic intent is to become the 'Gateway to Africa' - transforming from an asset-heavy, 3PL logistics player to an innovative, asset-right business

Key differentiators:

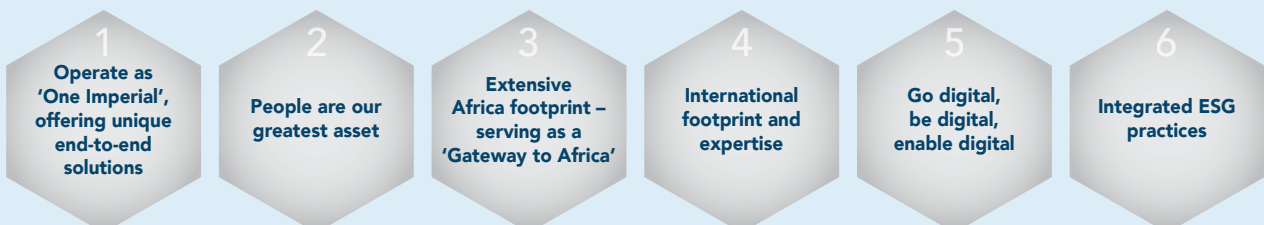
- Ability to build this business in some of the most challenging markets in Africa
- Ability to develop leading positions as a strategic market access and logistics partner to multinational principals and clients

Grow both organically and through strategic acquisitions in Africa and selected markets

A business of scale

Unlock increasing value for our clients, principals, shareholders and other stakeholders

OUR STRATEGIC PILLARS



Executing our strategy

We are organising, optimising and positioning Imperial for growth based on the solutions we offer, supported by investment in our key strategic enablers. Our immediate focus remains to deliver the best from our current operations, ensuring they are lean, service our clients profitably, execute the basics brilliantly to maximise their organic growth potential, while delivering our longer-term strategic initiatives.

Our strategic pillars

Pillar	What it means	Strategic initiatives
Operate as 'One Imperial', offering unique end-to-end solutions	<p>Our clients, principals and customers want to engage with a business that will provide integrated and innovative solutions, and that facilitates local relevance to enable them to compete and win in their chosen markets. Clients and principals want simplicity, flexibility and visibility of their supply chains. Imperial provides end-to-end access to markets, with the flexibility to adjust to different needs. Operating as 'One Imperial' with one brand positioning, one collaborative culture, one strategy and group-wide systems and processes to facilitate one client experience is necessary and will provide end-to-end visibility and insights for Imperial and our clients. Our scale and unique integrated logistics and market access solutions - rooted in a deep understanding of the industries in which we operate - will drive the competitiveness and resilience of our clients.</p> <p>Key performance measures</p> <ul style="list-style-type: none"> • Organic revenue and operating profit growth - Logistics: 2 times GDP growth + inflation; Market Access: low double-digit growth. • Growth in continuing HEPS compared to the prior year. • Good free cash flow generation with a free cash conversion ratio of 70% to 75%. • Maintain or increase contract renewal rates with strong new business rates. • Progress forward and backward integration initiatives. • Client satisfaction (net promoter score). • Branding and stakeholder perception assessment. • Improve Barrett employee culture survey score. • Cost improvement. 	<ul style="list-style-type: none"> • Understanding industries, client and principals needs. • Offering unique integrated logistics and market access solutions - 'one stop shop'. • Becoming a trusted brand. • Sharing capabilities for economies of scale and skills, to facilitate cross-selling and upselling. • Ability to forward and backward integrate.
People are our greatest asset	<p>With ongoing investment in our talent pipeline - and a focus on leveraging skills and expertise across the group - our strategy will ensure that the business is well-equipped with talented and skilled people and expertise, supported by optimal systems and processes, to drive strategic execution, competitive differentiation, operational efficiency and innovation.</p> <p>Key performance measures</p> <ul style="list-style-type: none"> • Improve employee turnover. • Increase employee engagement. • Improve employee diversity in line with business targets. • Improve Barrett employee culture survey score. • Implementing the right organisational structure to support the strategy, coupled with good succession planning. 	<ul style="list-style-type: none"> • Creating a 'One Imperial' culture. • Transforming leadership diversity and mindset. • Attracting and retaining the best talent and skills.

Our strategy continued

Pillar	What it means	Strategic initiatives
Extensive Africa footprint, serving as a 'Gateway to Africa'	<p>Our uniquely positioned Market Access and Logistics Africa businesses give our principals and clients access to some of the fastest growing and most challenging markets in the world, reducing the complexity and risk involved in operating in those markets. Expanding our footprint and scale – and our enviable local knowledge and footprint – we provide end-to-end access to markets, customers and consumers. Our focus now is to expand our geographical footprint on the African continent.</p>	<ul style="list-style-type: none"> • Becoming the leading market access/logistics partner in Africa. • Focusing on key industries: healthcare, consumer, automotive, chemicals and industrial. • Expanding footprint and scale. • Ensuring local relevance.
	<p>Key performance measures</p> <ul style="list-style-type: none"> • Expanding into new geographies, industries and capabilities. • Effective capital allocation of R3 billion to R5 billion debt capacity (medium-term guidance) into key strategic areas. • Adding new strategic clients and principals. • Achieve ROIC target of WACC + 3%. • Achieve free cash conversion targets. • Organic revenue and operating profit growth. 	
International footprint and expertise	<p>We understand the demands of the African continent and have the proven expertise to partner with multinational clients wanting to enter and grow in emerging economies. Our broad, multinational client base benefits from our strong international logistics expertise and experience, with access to first-world technology and industry trends. This will ensure that we provide quality, customised and fit-for-purpose solutions and a seamless client experience which includes reduced complexity and risk, facilitating trade flows into and out of Africa. Through our broad spectrum of expertise, we will also grow outside of Africa in selected markets.</p>	<ul style="list-style-type: none"> • Connecting trade flows into and out of Africa. • Targeting multinational client base that can be leveraged into Africa. • Creating cross-selling and upselling opportunities. • Enhancing our client marketing opportunities and positioning. • Growing into selected new markets and capabilities outside Africa.
	<p>Key performance measures</p> <ul style="list-style-type: none"> • Adding new strategic clients and principals. • Organic revenue and operating profit growth. • Maintaining or increasing contract renewal rates with strong new business gains. • Exploring and executing options to strategically align the international portfolio. 	

Pillar	What it means	Strategic initiatives
Go digital, be digital, enable digital	<p>Imperial's digital strategy centres on the use of best-in-class and emerging technologies to provide clients with the innovative solutions they require to differentiate themselves. We embrace market disrupters and leverage innovation so that our clients will not only survive but thrive well into the future. Digitalisation, data, new technologies and automation – including the rise of ecommerce, online consumer engagement and telemedicine – will shape our business model and help to futureproof our business. As such, prioritising investment in digital and data initiatives as core enablers to our strategy is critical in transforming Imperial, improving efficiency, facilitating revenue growth and creating new revenue streams.</p> <p>Key performance measures</p> <ul style="list-style-type: none"> • Venture fund: progress against the fund mandate and strategic objectives, specifically including alignment with and sharing of learnings with business. • Digital capabilities: design, approval and implementation of specific digital capabilities as prioritised by business and functions. • IT strategy and enterprise architecture: alignment between businesses and functions, with sign-off of roadmaps (priorities, phasing, funding, resources). • Data-driven decisions: aligning digital and IT to support businesses and functions in an agile way, evidenced by specific case studies. 	<ul style="list-style-type: none"> • Becoming data and insights driven, internally and for our clients. • Leveraging technology platforms to provide visibility and integrate with point of sale. • Establishing partnerships and expand our ecosystem. • Expanding our services into ecommerce, ecommerce fulfilment and digital freight exchanges.

Pillar	What it means	Strategic initiatives
Integrating environmental, social and governance practices	<p>As a purpose-driven organisation, Imperial focuses on people, profit and planet. We make a difference to people's lives and play a key role in the development of Africa and her people. We facilitate access to quality products and services for millions of people in our countries of operation, which include food, fuel, medicine, and many other products that improve the quality of people's lives. To deliver our purpose and protect our commercial and social licences to operate, we are accelerating our investment in embedding ESG into our daily business to ensure proactive management of our impacts beyond compliance requirements.</p> <p>Key performance measures</p> <ul style="list-style-type: none"> • Maintaining global ESG ratings. • CSI spend of 1% of net PAT impact for businesses in addition to group initiatives. • Branding and stakeholder perception assessment. • No material reputational events. • Complete socioeconomic impact study in Nigeria and South Africa. • Execute waste management objectives. 	<ul style="list-style-type: none"> • Protecting our licence to operate and reputation. • Proactively managing and investing in ESG as part of our daily course of business. • We care about our communities, environment and countries of operation. • Purpose-driven. • People, planet and profit focused.

Our strategy continued

How our strategy addresses our challenges

The last two years have entailed significant strategic focus, rationalisation and restructuring as we undertook the following:

- Refined our positioning as the 'Gateway to Africa' and 'One Imperial'.
- Simplified and reduced complexity.
- Assessed, addressed and exited non-core, low return on effort and underperforming businesses.
- Significantly reduced costs.
- Concluded and integrated strategic acquisitions.
- Defined our path as a transformational organisation rather than a transactional


one, with significant focus on our people and organisational design, digital, data and ESG as core enablers of our strategy.

The Covid-19 crisis has further amplified the need to position Imperial for growth and longevity well beyond the pandemic. Our decisive strategic actions over the last 18 months have stood us in good stead and the tough decisions and trade-offs we made as a business – such as removing significant costs, the closure of the CPG business, and the disposal of the European shipping business and Pharmed, and focusing the business on cash flow generation and capital

management – have contributed to Imperial's resilience as we now navigate these uncertain times.

Despite Covid-19-related restrictions, our business remains focused on strategic delivery and growth opportunities. While the virus has added complexities to our day-to-day operations, we are not deviating from our strategic journey of transforming Imperial from a portfolio of regional businesses to an integrated end-to-end market access and logistics business – with the strategic intent of becoming 'One Imperial' and a 'Gateway to Africa'.

Challenge	Strategic response	Progress made
Growing the business – focused capital allocation	<ul style="list-style-type: none"> ● Solid organic and acquisitive growth expected to F2025. ● All acquisitions will be assessed on the following criteria: <ul style="list-style-type: none"> – Achieving our strategic objective of 'Gateway to Africa'. – Strong organic growth profile. – Must achieve required returns (WACC + 3%). – The extent to which Imperial can add value and leverage synergies and drive growth opportunities. ● Integration, efficiency, cross-selling and upselling opportunities across Market Access and Logistics. ● Capital will also be allocated to group-wide systems, digital and data initiatives, processes and people – all of which are critical to our growth strategy and achieving 'One Imperial'. 	<ul style="list-style-type: none"> ● Four new acquisitions in Market Access and Logistics businesses in Africa, mainly in healthcare and consumer industries to the value of c.R900 million. ● Acquired minorities and moved Imperial Clearing and Forwarding in South Africa into Logistics International. ● Acquired Turkish air and sea freight forwarding company, Mex Logistics. ● Established LLP capability. ● Contract renewal rate across our divisions on existing contracts is c.80%, with an encouraging pipeline of new opportunities. ● New business revenue of approximately R6,2 billion secured in F2020. ● Expanded Simplified Solutions in Healthcare, adding four new principals. ● Expanded Market Access capability in South Africa and signed our first principal. ● Expanded demand generation, light contract manufacturing and brand partnership services. ● Added sourcing and procurement capabilities to industries other than healthcare.
Asset intensity	<ul style="list-style-type: none"> ● Transforming Imperial from an asset-heavy 3PL logistics player to an innovative asset-right business using data and technology as a differentiator, achieved through: <ul style="list-style-type: none"> – Investment in digital and data initiatives. – Asset-light acquisitions. – Transforming contract logistics and road freight to move from asset-heavy industries to asset-light industries. – Improve efficiency, reduce costs and investment in hard assets, reducing our asset intensity. 	<ul style="list-style-type: none"> ● Property, plant, equipment, transport fleet (including right-of-use assets) and working capital as a percentage of revenue for each business: <ul style="list-style-type: none"> – Market Access: c.29%. – Logistics Africa: c.32%. – Logistics International: c.35%. ● Significant growth and capital allocated in Market Access, which is an asset-light, cash generative business.

Challenge	Strategic response	Progress made
<p>Simplifying the business from a complex, regional portfolio into an integrated Market Access and Logistics business</p>	<ul style="list-style-type: none"> Transforming into an integrated logistics and market access business, offering an end-to-end service. Provide simplicity, flexibility and visibility to our clients and principals. New organisational structure focused on two solutions (market access and logistics). Regional structure will be secondary. 	<ul style="list-style-type: none"> Organised Imperial based on the solutions we offer and less so on regions. Imperial now operates within two overarching solutions – market access and logistics. Heads of key industries appointed for Market Access. Reorganised commercial function to sell as ‘One Imperial’. Cost saving of c.R200 million in South Africa planned from F2021.
<p>Commoditised businesses</p>	<ul style="list-style-type: none"> Exiting non-core, underperforming, low return on effort businesses. Investing in new age businesses. Focusing on data and technology to remain relevant. 	<ul style="list-style-type: none"> Sold our non-core European shipping business at a competitive price. Entered into an agreement for the sale of Pharmed. Exited CPG. Further consolidation of freight business in South Africa. Progressing well with the acquisition of ecommerce fulfilment, digital freight capabilities and point of sale integration initiatives.
<p>Under-investment in digital, data and innovation</p>	<ul style="list-style-type: none"> Move away from asset-heavy, traditional ‘walls and wheels’ logistics, to forward thinking and innovative solutions; proactive ongoing investment in digital and data initiatives is top of mind and core to strategy. Capital will be allocated to: <ul style="list-style-type: none"> Our innovation fund with significant activity and opportunities identified. Executing digital and data initiatives to facilitate transformational shift. 	<ul style="list-style-type: none"> Appointed a group chief digital officer. Three investments concluded in our venture fund: digital distributor, digital freight forwarder and a point-of-care diagnostics enabler. Progressing well with the acquisition of ecommerce fulfilment and ecommerce capabilities. <p> Read more about our key digital and data initiatives in our digital and data report on page 94.</p>
<p>Moving from a decentralised model to operating as ‘One Imperial’</p>	<ul style="list-style-type: none"> Transitioning to ‘One Imperial’ brand through brand migration and architecture process. Aligning our processes and organisational design to ‘One Imperial’, through the roll-out of single finance, HR, IT and communications systems. Client value proposition centred on selling as ‘One Imperial’, and leveraging cross-selling and upselling opportunities. People proposition is centred on collaboration and being part of a ‘One Imperial’. Investing in talent pipeline and leveraging skills and expertise across the group. 	<ul style="list-style-type: none"> Appointed a group chief people officer. Key black and female management appointments made. Commenced transformation of our culture which is key to achieving ‘One Imperial’ strategic intent. Established a shared set of values to drive a fundamental shift in the current culture. Established and advancing our global and regional women’s forums and initiatives. Imperial was recognised as the top company for students to work for under the transport and logistics segment, in the recent South African Graduate Employers Association study.
<p>Creating shared and sustainable value - focusing on ESG</p>	<ul style="list-style-type: none"> Shifting to a purpose-driven organisation. A strategy pillar includes investing in and integrating ESG initiatives into daily business activities, which will be tracked and measured. 	<ul style="list-style-type: none"> Continuing to invest in our communities through strategic CSI initiatives across regions focusing on healthcare, education, safety, skills and sport development. Integrated ESG into our strategy and business practices, including establishing a CSI/ESG committee. Developed and rolling out group-wide ESG and climate change policies and guidelines, a first for the group. Advancing ESG reporting standards and global membership - Imperial is now a signatory of the UN Global Compact.

Our risks and opportunities

Renewing our approach to strategic risk management will enable a more inclusive, systemic and long-term approach to risk. This is aimed at creating and protecting value by managing risks, encouraging innovation and improving performance.

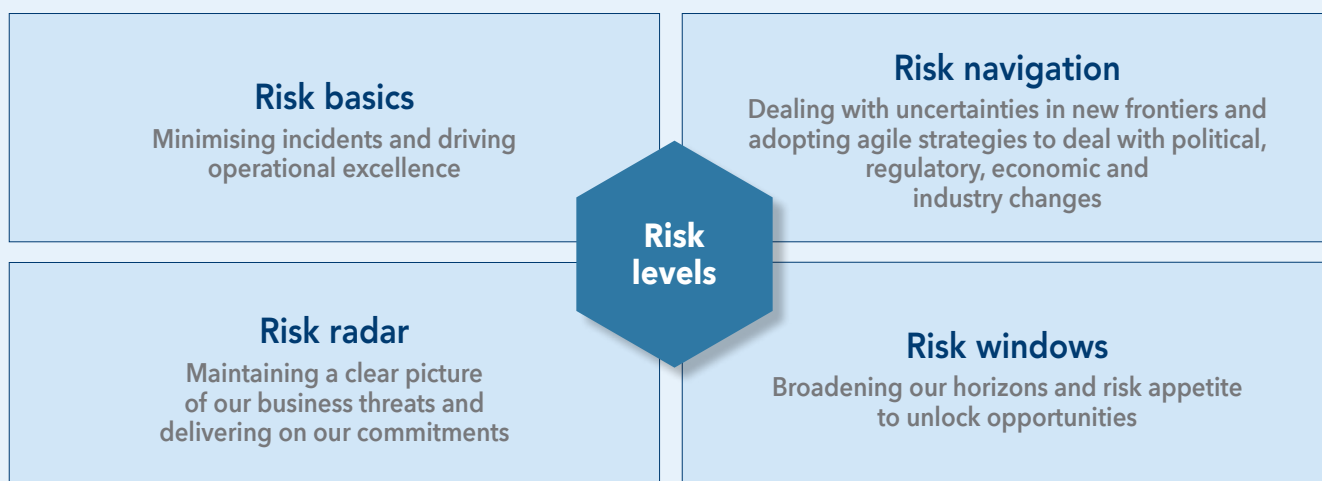
We are a resilient and sustainable business supported by ongoing delivery against our strategic imperatives, within our means and tolerances for risk in a highly dynamic environment.



Risk management approach

Our renewed risk approach aims to improve the integration of existing risk management practices into the strategy, structure and operating processes of 'One Imperial', as an integral function of management decision making. Enhancing our risk management processes will encompass the design, integration, implementation and improvement of risk management across all levels of the business. This will support our ability to identify, define, assess and mitigate the risks related to our current and transformational business objectives, and to realise benefits from the strategic opportunities that we have identified. Discussion of these opportunities is embedded throughout this report.

Components of integrated risk management



Responding to Covid-19

We play a critical role in the supply of essential services and products in the many countries in which we operate, and measures implemented to contain the Covid-19 pandemic have impacted our operations by varying degrees.

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

Our protective measures include strict access control procedures, temperature and health screening, hand sanitisation dispensers, PPE and stringent cleaning and disinfectant programmes for high-risk areas, including trucks used across shifts. Workplaces are continuously monitored using risk assessments and regular Covid-19 updates.

Business continuity plans, pandemic protocols and handbooks set the controls needed to prevent the spread of the virus within our buildings and warehouses, to ensure our employees and their families are kept healthy. Non-essential employees are working from home and essential employees work in shifts and in different offices to meet social distancing requirements. Where feasible, teams are split to ensure continuity in the event of an infection.

Throughout the Covid-19 pandemic, we have worked hard to maintain a sound financial position and to execute our strategy. We will continue to address the risks presented by Covid-19 while executing on our strategic imperatives to build a resilient and sustainable business with a clear purpose in a post-pandemic world.



[Read more](#) on page 100.

Top strategic risks

Our strategic risks are closely linked to the challenges our strategy addresses, and the opportunities it presents. Read more about our strategic responses and the progress we have made on page 42.

Strategic risks

Macroeconomic uncertainty and volatility of trade and demand dynamics in key markets

Potential impact:

- Exposure to a variety of domestic and global economic and market conditions may impact business activity and therefore profitability.
- Currency volatility and foreign exchange management in key markets.
- Heightened uncertainty around country regulations and client demands during the Covid-19 pandemic may result in slower than planned recovery in the markets in which we operate.

CHALLENGE: growing the business

Maintain cash flow by managing underperforming assets, optimising capital investment and reducing cost base

Potential impact:

- Inability to appropriately manage capital levels and contain costs may constrain growth and reduce cash flows.
- Market factors, particularly related to Covid-19, may increase cost pressure and constrain profitability and growth.
- Reduced investment in strategic initiatives, particularly digital and innovation and acquisitive growth strategies, due to capital being tied up in non-core assets.

CHALLENGE: asset intensity, commoditised businesses

Legacy and structural impediments to effective strategic execution

Potential impact:

- Ability to deliver 'One Imperial' culture and integrated strategy may be limited by disparate and fragmented legacy systems.

CHALLENGE: simplifying the business from a complex, regional portfolio into an integrated Market Access and Logistics business

Integrating new business acquisitions, projects and partnerships

Potential impact:

- Inability to unlock synergies and inadequate integration may have an adverse effect on operations.
- Increased risk of entering markets that are not well understood and reliance on third-party partnerships in those markets.

CHALLENGE: growing the business

Exposure to large principals and dynamic support channels

Potential impact:

- Increased competition and heightened risk of disintermediation by clients may constrain profitability and business model viability.
- Dependence on fewer profitable contracts or clients poses significant financial risk in case of non-renewal.

CHALLENGE: growing the business

Brand integration and reputational awareness

Potential impact:

- Inability to deliver 'One Imperial' brand and strategic integration.
- Reputational impact of non-compliance with laws and regulations by employees and third-party partners.
- Ability to reposition Imperial away from being viewed as a traditional logistics company.

CHALLENGE: moving from decentralised model to operating as 'One Imperial'

Accelerated digital enablement and innovation

Potential impact:

- Accelerated pace of change driven by disruptive digital technologies may increase the risk of technological obsolescence.
- Lack of investment in group-wide IT systems to improve efficiency and decision making may impact on our people's ability to deliver operational excellence and increase the risk of business disruption.
- Inability to deliver new solutions may result in loss of competitive differentiation and operational effectiveness.

CHALLENGE: invest in digital, data and innovation

Our risks and opportunities continued

Strategic risks

Attracting and retaining talent

Potential impact:

- New technologies require new skills, and an understanding of the skills needed for the future, while retaining the right skills for today.
- Inability to attract and retain necessary skills at all levels may result in existing operational capacity not being fully utilised.
- Limited pool of qualified skills and ageing workforce increases need for compelling and competitive employee value proposition.
- Under-investment in transformation and diversity.

CHALLENGE: moving from decentralised model to operating as 'One Imperial'

Socioeconomic and political instability in markets of operation

Potential impact:

- Greater government and regulatory intervention and scrutiny is exacerbated by increasingly volatile economic and socio-political conditions in most of our markets of operation, with some of our business in declining industries and markets.
- Business expansion into new markets, services, revenue streams and territories may increase risk exposure.

CHALLENGE: growing the business

ESG integration

Potential impact:

- Increased scrutiny and investor activism on climate change practices and the ability of companies to deliver ethical business practices and sustainable supply chain management, requires increased integration and disclosure of ESG practices.

CHALLENGE: creating shared and sustainable value - focusing on ESG



Imperial defines material issues as those factors most likely to influence the decisions of our stakeholders in relation to the capital inputs they provide to the group, and the outcomes they expect to derive in return.

Determining material issues

This year, we sought to test the material issues identified for the previous year in the context of shifts in Imperial's operating environment and consequent changes in its risks and opportunities (amplified by Covid-19), the development of Imperial's strategy and its business transformation. This approach included a review of select strategy documents and those submitted to the board.

These materials were chosen as they provide information that had already been selected by key executives for elevation to the board for interrogation, deliberation and approval. They were therefore likely to reflect the issues deemed most relevant, and therefore material, to group and operational

leadership, and most pertinent to the group's ability to generate short-, medium- and long-term value in view of the 'triple context' (social, economic and environmental trends).

The following inputs informed the determination of the material issues for the year:

- Review of internal documents including Imperial's purpose, strategy and related initiatives.
- Interviews with and input from individual members of the group executive team.
- A review and feedback workshop held with key members of the Imperial team.
- Material matters raised by key stakeholder groups elicited from relevant relationship owners.

The group's executive committee was instrumental in determining the material issues for the year, and they were reviewed and approved by the group board. The material issues have informed the preparation of the integrated report and the ESG report, and are discussed in detail throughout the narrative.

Material issues construct

Our material issues are grouped by theme and supported by sub-aspects, with the context to each theme explaining how the related issues connect into the group's value creation story. The issues are ordered according to those expected to remain relevant over time (continuous) and those that have a more defined time horizon (one- to five-year timeframe), in which we expect to fulfil the associated management priorities.

Material issues structure

The diagram below provides an overview of the material issues grouped by theme and the pages that follow show the detailed sub-issues with priorities, and links to strategic pillars and associated risks.

Theme	Material issue
Strategic growth underpinned by effective capital management	1. Effectively manage, allocate and deploy capital for long-term value creation.
	2. Focus, unify and transform to drive organic and acquisitive growth.
Alignment of culture and people to our purpose-led strategy	3. Drive a purpose-led 'One Imperial' culture and accelerate investment in our people and organisational capabilities.
Invest in and transform structure and processes to achieve our strategy	4. Invest in aligning, integrating and optimising systems and practices to support sustainable performance.
	5. Implement digital and data initiatives to support strategic delivery and facilitate access to new revenue streams.
Deliver shared value as a purpose-driven organisation	6. Deepen legitimacy and enhance organisational visibility.

Our material issues continued

THEME: Strategic growth underpinned by effective capital management

Our first material issue outlines the crucial role that optimal capital management will play in achieving our strategy, within our means and risk tolerances; creating a leaner and more efficient finance structure and operating model will

enhance this critical underpin, enabling responsive and responsible capital allocation that is forward looking and aligned with our strategic direction.

Our second material issue focuses on what we need to do to unlock value, through a clear strategy and growth path that leverages our competitive

advantages in Africa; positioning the group as the 'Gateway to Africa' to our multinational clients and principals, giving them access to some of the fastest growing and most challenging markets in Africa, and partnering with them in improving the quality of life of their customers across the continents we serve.

1 Effectively manage, allocate and deploy capital for long-term value creation

Key stakeholder concerns

Employees

Organisational change; income and job security; process automation.

Clients, principals and customers

Continued market relevance; long-term sustainability of partnerships; working with trusted business partners; operational efficiency supporting a lower cost to serve.

Communities

Employment opportunities.

Investors

Return on investment; cash generation; growth; aligning capital allocation with strategic growth plans and long-term sustainability; reduced fixed costs.

Regulators

Financial compliance; adequate controls; financial integrity.

Continuous

- Maintain capital and liquidity management discipline to support financial flexibility.
- Continue to manage our cash flows, working capital and overall balance sheet health with focus and discipline to maintain resilience, particularly in low growth economic conditions.
- Continually right-size businesses to ensure cost efficiency as markets change.
- Maintain our exacting standards for financial integrity, risk management and compliance and further reduce risk exposure by continuously improving core controls and processes.
- Maintain strong forex management processes to mitigate volatility risk.

Short to medium term (one to five years)

- Deliver efficient cost management to optimise the fixed cost base and support sustainable growth.
- Responsibly deploy capital to value-enhancing initiatives.
- Invest in acquisitions that are strategically aligned, have strong organic growth profiles, are value enhancing and achieve required returns.
- Free up and enhance capacity through standardisation, improved efficiencies and automation across our transactions and processes to ensure continued excellence, enhanced compliance and future sustainability.
- Ensure adequate investment in core systems, processes and people to support growth and strategy.
- Invest proactively in digital and data initiatives that drive transformational change and strategy.
- Restructure the finance operating model to ensure balanced investment that drives long-term value creation.
- Use data to enhance strategic decision making, including investment decisions, to create business value.

Relationship to strategy

- Operate as 'One Imperial'
- Go digital, be digital, enable digital
- Our people are our greatest asset

 [Read more](#) on page 38.

Associated risks and opportunities

- Maintain cash flows by managing underperforming assets, optimising capital investment and reducing cost base.
- Digital enablement and innovation.
- Socioeconomic and political instability in markets of operation.

 [Read more](#) on page 44.

2 Focus, unify and transform to drive organic and acquisitive growth

Key stakeholder concerns

Employees

Delivery in a challenging operating environment; unprecedented organisational change; income security; progressive employment practices.

Clients, principals and customers

Integrated provider of high-value solutions; low risk access to African markets; customised, client-centred solutions for complex supply chains; continued market relevance; serving clients/principals as 'One Imperial'.

Investors

Deliver on strategy and targets; return on investment; cash generation; growth; leveraging competitive advantage as a leading integrated market access and logistics provider in Africa.

Continuous

- Operate as 'One Imperial', and consistently deliver on organic growth plans.
- Strategic acquisitions that are value enhancing and deliver the required return rates and rapidly integrate to drive synergies.
- Leverage our service offerings to facilitate cross-selling and upselling.
- Harmonise client and principal demands and development needs by providing efficient, affordable and pervasive access to products and services that improve quality of life in our markets.
- Leverage our partnerships with clients, principals, innovation partners and suppliers to differentiate, optimise and disrupt in our industries.
- Drive an outward-facing, long-term commercial mindset to drive strategy and responsiveness to opportunities and risks.

Short to medium term (one to five years)

- Maintain our focus on strategic delivery despite the disruption and uncertainty exacerbated by Covid-19.
- Shift from a regional portfolio of businesses to a consolidated client-focused operating model delivering end-to-end solutions in our chosen industries.
- Operate as a unified group under the 'One Imperial' brand and culture, to enable cross-selling and upselling opportunities across our market access and logistics solutions.
- Enhance our client value proposition by offering differentiated, integrated, relevant and innovative solutions that deliver simplicity, flexibility and visibility to our clients and principals.
- Fully align our portfolio of businesses to our strategy and return expectations.
- Expand our Market Access and Logistics businesses into selected new markets and territories.
- Ensure that acquisitions are swiftly and successfully integrated into 'One Imperial'.
- Invest in people, systems, processes, digital and data to enable growth.
- Develop current and future leaders to drive the group's strategy, and the desired culture and the 'One Imperial' approach that is fundamental to achieving our growth potential.
- Develop relevant KPIs designed to drive behaviours that deliver on strategic objectives.

Relationship to strategy

- Operate as 'One Imperial'
- Extensive Africa footprint
- International footprint and expertise

 [Read more](#) on page 38.

Associated risks and opportunities

- Macroeconomic uncertainty and trade demand volatility in key markets.
- Maintain cash flows by managing underperforming assets, optimising capital investment and reducing cost base.
- Legacy and structural impediments to effective strategic implementation.
- Integrate new business acquisitions, projects and partnerships.
- Exposure to large principals and dynamic support channels.
- Brand integration and reputational awareness.
- Digital enablement and innovation.
- Socioeconomic and political instability in markets of operation.

 [Read more](#) on page 44.

Our material issues continued

THEME: Alignment of culture and people to our purpose-led strategy

Our people are the most critical enablers of our strategy; central to the effectiveness of our business transformation and key to improving our performance. Our culture is fundamental to enabling our people to deliver on our strategic and operational objectives, as well as to achieve competitive differentiation, ethical conduct, diversity and inclusion, and innovation and disruption; it is the connective tissue that binds together an organisation and ultimately determines 'how things are done'.

Employee feedback, however, indicates that our people experience Imperial as inconsistent and uninspiring. In addition, our entrepreneurial origins and acquisitions have left us with a legacy of non-standardised HR platforms, processes and practices, along with a siloed and short-term, transaction-focused organisational culture. We have also identified a lack of fit between our people's values and the desired Imperial values, and what Imperial values are currently perceived to be.

Our third material issue focuses on how our organisational culture will be changed in the short to medium term to ensure that value is not destroyed by a culture misaligned with our people's values, and a structure that does not demonstrate how valuable our people are to us. Our priorities indicate how we will revitalise our organisation with values that inspire and unite our people, creating a sense of meaning and belonging, while transforming our leadership and investing in our people and organisational capabilities, to align these to our strategy, and ensure they support our culture journey.

3 Drive a purpose-led 'One Imperial' culture and accelerate investment in our people and organisational capabilities

Key stakeholder concerns

Employees

Unprecedented change amplifying uncertainty, effective and integrated change management; fit between personal and Imperial values; meaningful and purposeful work; working environment supportive of personal and career growth, clear processes and communications; diversity and transformation; safe working environment; investment in training and skills development; adapting to new ways of working.

Clients, principals and customers

Appropriate and future-fit skills and workforce innovation.

Communities

Employment opportunities; diversity and transformation.

Investors

Remuneration policy and KPIs that reward strategic delivery; organisational responsiveness to changes in operating conditions.

Regulators

Human and labour rights; employment equity; occupational health and safety.

Continuous

- Ensure that people throughout the organisation engage with, and commit to, our purpose, values and business strategy.
- Continue to enhance transformation and diversity across the organisation despite the constraints of low growth.
- Attract, develop and retain employees with the right management and technical skills to drive strategic delivery and propel growth*.
- Continue to ensure workplace safety.

Short to medium term (one to five years)

- Prevent the further spread of Covid-19, and comprehensively manage its impact on the lives and livelihoods of our people.
- Deeply connect our people to our organisational purpose and entrench a value system that facilitates employee empowerment, shared vision and cooperation.
- Establish shared organisational values, modelled by leadership to drive a fundamental shift in organisational culture.
- Implement effective change management processes to ensure understanding of, and buy-in to, the need for deeper organisational change.
- Increase the opportunity, capacity and capability of our people to achieve operational excellence.
- Refocus our HR function on transformational work, skills development and leadership development.
- Develop an integrated framework that aligns business strategy with team and individual goals as well as performance outcomes to support business performance.
- Embed and standardise best people management practices across the group, and leverage digital systems, to underpin a competitive employee value proposition*.

Relationship to strategy

- Our people are our greatest asset
- Go digital, be digital, enable digital
- Operate as 'One Imperial'

Associated risks and opportunities

- Legacy and structural impediments to effective strategic implementation.
- Brand integration and reputational awareness.
- Digital enablement and innovation.
- Attracting and retaining talent.

 [Read more](#) on page 38.

* Indicates an item that remains similar to, or unchanged, since 2019.

 [Read more](#) on page 44.

THEME: Invest in and transform structure and processes to achieve our strategy

We can only create and sustain value by ensuring that our structures and processes are efficient, future-fit and support our strategic aims. Our systems, processes and practices are core enablers of our strategy and performance; however, the group's growth by acquisition, and traditionally decentralised management model, has meant that these systems are disparate and fragmented, with little coherent

systems architecture. Efficient and integrated processes and systems underpin our ability to perform on every level and deliver on strategic imperatives. Particularly as we shift towards a 'One Imperial' culture and structure, the quality and connectivity of our systems and processes will play a vital role in our success or failure.

Our fourth material issue focuses on optimising and integrating current systems and practices to support operational

excellence and sustainable performance, and our fifth focuses on positioning IT, digital and data initiatives at the heart of our enterprise, to deliver new growth, a step-change in efficiency and the possibility of disruptive innovation. We understand that our technological prowess will impact our ability to differentiate, remain relevant, ensure client satisfaction, and to grow our revenue. This will require significant investment over the short to medium term but will ensure that we are able to continue to generate value for our shareholders and clients into the future.

4 Invest in aligning, integrating and optimising systems and practices to support sustainable performance

Key stakeholder concerns

Clients, principals and customers

Organisational resilience and flexibility; operational excellence; administrative duplication.

Investors

Systems supporting long-term growth and performance; systems capabilities aligned with strategic execution.

Suppliers

Administrative complexity (eg for payment).

Continuous

- Continually improve process efficiency*.
- Ensure adherence to governance processes and other internal controls*.
- Ensure that processes remain resilient and adaptive in the face of unanticipated disruption.

Short to medium term (one to five years)

- Address the immediate challenges presented by the Covid-19 pandemic while anticipating and preparing for longer-term implications for ways of working.
- Integrate fragmented and non-standardised systems and processes by designing and implementing organisation-wide architectures.
- Optimise systems and invest in fit-for-purpose technology solutions to support strategy delivery.
- Invest in group-wide systems and initiatives to drive and support our growth strategy; specifically, align core processes by implementing a single finance, HR and communications system.
- Invest in digital and data initiatives to drive growth and create new revenue streams.

Relationship to strategy

- Operate as 'One Imperial'
- Extensive Africa footprint
- International footprint and expertise
- Go digital, be digital, enable digital
- Our people are our greatest asset
- Integrating ESG practices

Associated risks and opportunities

- Legacy and structural impediments to effective strategic implementation.
- Attracting and retaining talent.
- Digital enablement and innovation.

 **Read more** on page 38.

 **Read more** on page 44.

* Indicates an item that remains similar to, or unchanged, since 2019.

Our material issues continued

5 Implement digital and data initiatives to support strategic delivery and facilitate access to new revenue streams

Key stakeholder concerns

Employees

Initiatives to facilitate skills and talent development; reduce duplicated efforts; improve efficiencies and data analytics.

Clients, principals and customers

Improved efficiencies; data and technology driven innovation and supply chain visibility; digital capabilities ensuring continued market relevance; technologically driven changes to business models in the industry.

Investors

Enhanced revenue growth; new revenue streams.

Continuous

- Drive standardisation and harmonisation of information technology and hardware across Imperial.
- Focus on data and master data accuracy and relevance.

Short to medium term (one to five years)

- Become a digital enterprise able to leverage our data assets to drive our clients' relevance and competitiveness.
- Invest in high-potential start-ups in relevant supply chain and logistics technology areas to support future growth and differentiation.
- Ensure that information technology systems are structured, scalable and geared to support efficient growth.
- Translate data into meaningful and actionable insights, maximising the value gained from access to significant volumes of proprietary data.
- Target repetitive business processes for automation to improve efficiency.

Relationship to strategy

- Operate as 'One Imperial'
- Go digital, be digital, enable digital



[Read more](#) on page 38.

Associated risks and opportunities

- Integrating new business acquisitions, projects and partnerships.
- Digital enablement and innovation.
- Attracting and retaining talent.



[Read more](#) on page 44.

THEME: Deliver shared value as a purpose-driven organisation

We are deeply committed to becoming a purpose-driven organisation that creates sustainable, long-term value for all stakeholders. This includes investing in integrating ESG practices in ‘business as usual’ across the organisation. Being a responsible corporate citizen underpins

our industry, market and country legitimacy, which is a competitive advantage for multinational clients that expect conduct that is beyond reproach, and which minimises their supply chain risk and enhances their reputation in difficult and complex markets. Our legitimacy ensures that we are recognised as a trusted partner, with the highest standards of governance and ethics.

This material issue is in essence the foundation stone of our value creation proposition, and focuses on the steps we are taking to understand and measure our positive and negative impacts, to enable us to generate shared value for all our stakeholders and enhance our reputation, the ultimate measure of the credibility of the ‘One Imperial’ brand.

6 Deepen legitimacy and enhance organisational visibility

Key stakeholder concerns

<p>Employees</p> <p>Being part of an inspirational, responsible and caring organisation and respected brand.</p>	<p>Clients, principals and customers</p> <p>Market legitimacy across operations; trusted corporate partners; high ethical and governance standards.</p>	<p>Communities</p> <p>Environmental and social impact; climate change; social investment; good governance and corporate responsibility.</p>	<p>Investors</p> <p>Long-term economic, environmental and social sustainability; global ESG and sustainability ratings.</p>	<p>Regulators</p> <p>Environmental and social impact; adequate governance practices; meeting regulatory requirements.</p>
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Continuous

- Maintain credibility and reputation for ethical, effective and independent leadership at board level*.
- Maintain good governance standards*.
- Maintain corporate citizenship credentials in all our markets*.
- Deepen industry leadership and legitimacy as a core competitive advantage.

Short to medium term (one to five years)

- Strengthen brand recognition and visibility through a detailed brand architecture process, transitioning all businesses to the Imperial brand.
- Initiate processes to help us understand the direct and indirect impacts Imperial has on society and stakeholders.
- Integrate ESG in our strategic and operational decision making and business as usual.
- Consistently demonstrate defensible safety practices.
- Consistently ensure socioeconomic value creation and environmental stewardship*.

Relationship to strategy

- Operate as ‘One Imperial’
- Extensive Africa footprint
- International footprint and expertise
- Go digital, be digital, enable digital
- Our people are our greatest asset
- Integrating ESG practices

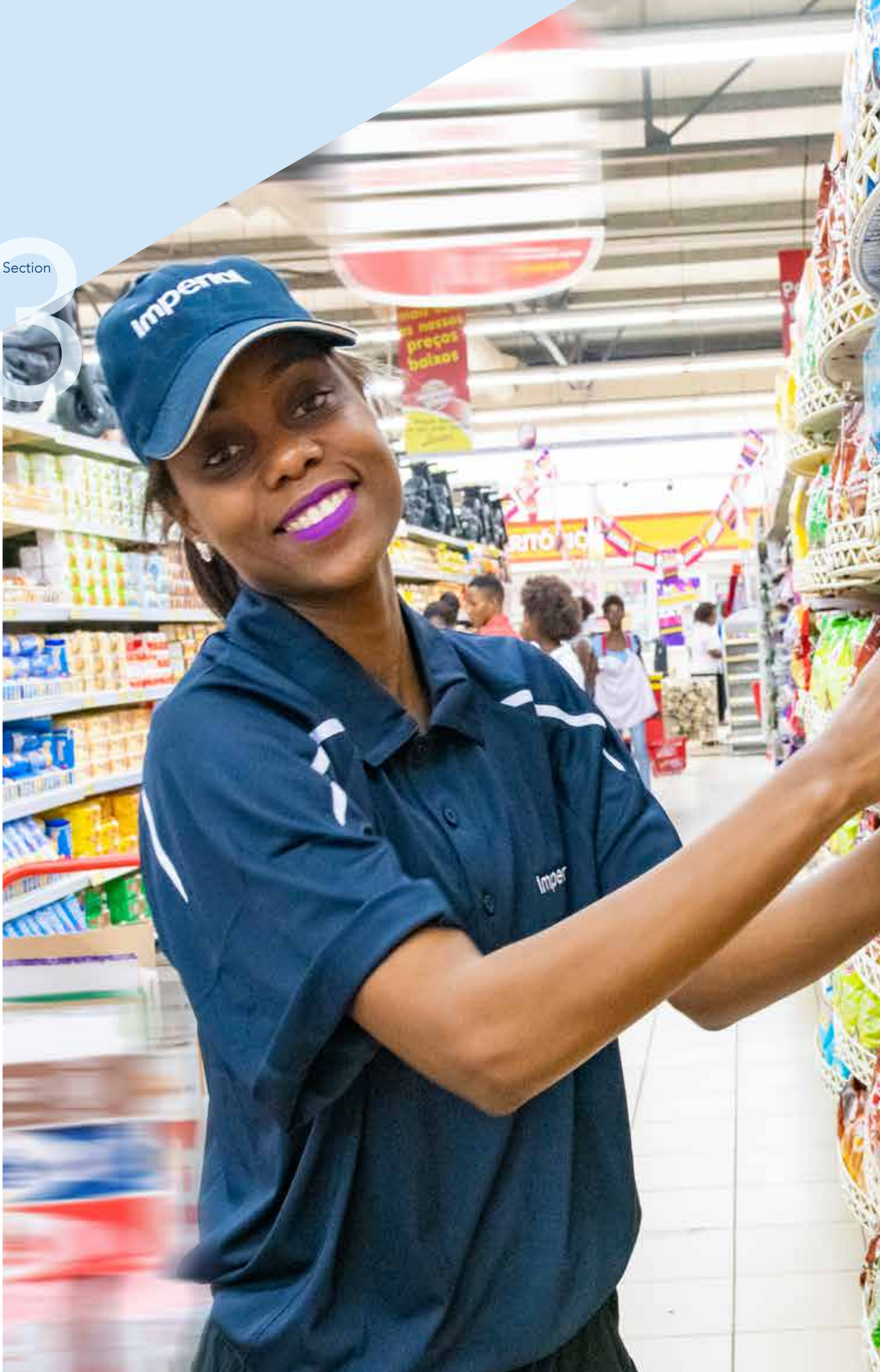
Associated risks and opportunities

- Legacy and structural impediments to effective strategic implementation.
- Brand integration and reputational awareness.
- ESG integration.

 **Read more** on page 38.

 **Read more** on page 44.

* Indicates an item that remains similar to, or unchanged, since 2019.



Delivering and rewarding value

Group chief executive officer's review

The past year has been extraordinary and challenging and one of two distinct halves. Dominated by the Covid-19 pandemic in the second half to February 2020, we were on track to deliver our guidance for financial performance that we communicated to the market at our interim results 2020. This was severely impacted in the second half, particularly in the last quarter of our financial year during the peak of the Covid-19 pandemic. During a time of great uncertainty, we had to navigate many unforeseen challenges and I am proud of how Imperial and its people have risen fearlessly to these challenges, demonstrated resilience and captured the opportunities.

Our primary focus remains on protecting our people and operations from Covid-19 infection. This, while still delivering high service levels to our clients and supporting our countries and communities in a time of great need. Why we exist and what we do matter, and I am humbled to lead the way for our 25 000 people - who through this crisis have demonstrated that as a business we will continue to do what is expected of us, even in the most challenging of times. Our purpose has become clearer through the crisis. We make a difference to people's lives and based on our strategy, we will play a key role in the development of Africa and its people.

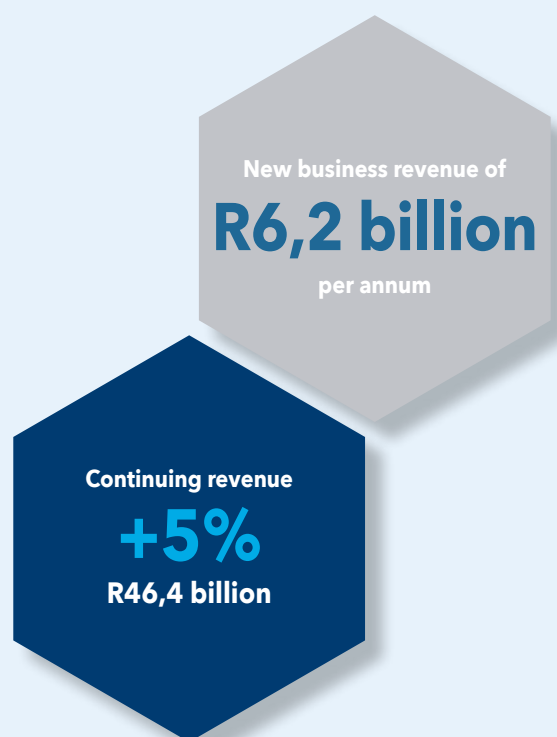
Reflecting on the past financial year, as a business and as a leadership team we had to navigate many unforeseen challenges due to Covid-19; we undertook a significant strategic review and process to position the business for resilience and value creation; we are transforming our culture and organisational design to operate as 'One Imperial' for the first time; we made tough decisions to exit and dispose of underperforming and non-core businesses; we made critical new senior appointments; and we had to swiftly adapt to new ways of working.

The actions that we took as a business in the past 12 to 18 months have contributed to Imperial's resilience in a time when many other companies are floundering. Therefore, despite the unprecedented changes together with challenging trading conditions exacerbated by the Covid-19 pandemic, Imperial increased revenue from continuing operations, generated strong free cash flow, maintained a strong balance sheet and effectively managed costs, as reflected in our 2020 financial results.

At the same time, while the virus added complexities to our day-to-day operations, we have not deviated from our strategic journey of transforming Imperial from a portfolio of regional businesses to an integrated end-to-end Market Access and Logistics business - with the strategic intent of becoming 'One Imperial' and a 'Gateway to Africa'. We recorded significant strategic progress in F2020 towards achieving this intent and transformation. The amplified efforts from our teams across the business ensured that we delivered a strong financial position in the F2020 year that will support our growth and strategic ambitions from the 2021 financial year onwards.

Covid-19

Imperial plays a critical role in the supply of essential services and products in the countries in which we operate - delivering medication, food and other necessities. During the crisis, our primary focus is to protect our people and operations from



infection and to ensure that all our operations are safe and hygienic. Our operations have strict access control procedures, additional hygiene, stringent cleaning and disinfecting processes. Staff training has been customised to heighten awareness of risks and necessary preventative measures with online training provided and Covid-19 induction programmes in place. Various platforms have been created where best practice information is shared - and where collective problem solving and solution sharing can take place.

Dedicated resources to support and monitor Covid-19-related risk have been appointed at each operation to ensure that communication reaches all operational levels; to take control of suspected Covid-19 cases in accordance with the necessary protocols; and to ensure compliance by means of documented compliance inspections.

Staff not required at the operations have been requested to work from home, while others have been placed on different shift systems or in different offices to increase social distance. In many operations, a two team methodology is in place to ensure continuity in the event of one team testing positive for Covid-19.

Mohammed Akoojee
Group chief executive officer



Effective, ongoing internal and external communication has been key to our organisational response to Covid-19. All employees have been provided with practical, easy to understand information in the form of mailers and posters – as well as divisional communiqués which outline actions specific to regional operations.

Up to the end of July 2020, 385 employees tested positive, with the majority making a full recovery. Sadly, 11 of our colleagues succumbed to the virus and we have

extended our deepest condolences to their families and colleagues.

As reflected in our F2020 results, most of our businesses have seen significant impacts on volumes due to lockdown restrictions. The month of April was the worst affected with South Africa trading at c.55% of volumes, African Regions c.70% and Europe c.50%. Many of our markets have now eased lockdown restrictions and significant recovery has been recorded during July and August 2020 across our

operations – although volumes remain at pre-Covid-19 levels. We lost revenue of c.R4,0 billion and operating profit of c.R1,0 billion during the lockdown peak from March to May 2020.

A variety of initiatives were introduced to support stakeholders and countries of operation, such as adding capacity to assist clients in meeting increased demand. We contributed R5 million each to the Solidarity Fund and Giving for Hope Foundation and R500 000 to the Gift of the

Group chief executive officer's review continued

Givers Foundation in South Africa. Imperial sourced and delivered PPE and sanitisers to public and private sectors in South Africa and Europe. We partnered with charity organisations, providing vehicles and resources to deliver food parcels and other basic needs to communities most impacted by the crisis. Over 75 000 patients were screened for Covid-19 through the Unjani Clinics, a CSI initiative supported by Imperial. The Imperial non-executive directors reduced their fees by 25% from April until end June 2020 and the group executive committee took a 25% cut in salaries for the same period. We continued to pay salaries of c.R160 million to staff not required at the operations between March and June.

Throughout the pandemic, we have retained our focus on maintaining a sound financial position, generating cash and executing our strategic imperatives to make us resilient for the future.

The pandemic has provided lessons for us that will fundamentally change the way we live and work in the future. Being an essential services provider with a unique value proposition, Imperial is well positioned to capture the many opportunities that will arise from changing market trends, which include:

- Shortening supply chains and support for local manufacturing – significant logistics and market access opportunity.
- As clients rethink their supply chains, there will be greater demand for visibility and resilience – providing data and technology solutions will be a key differentiator.
- Clients will look to outsource more and focus on core capabilities which will present a strong pipeline of new opportunities.
- Further changes in industry structures, consumer behaviour, marketing positioning must be anticipated and accommodated. The logistics industry is resilient and will become more relevant and stronger as these changes take place.
- Consumer behaviour will change and the rise of the contact free economy will continue. Ecommerce, online consumer engagement, telemedicine, etc will shape business models, which provides an excellent opportunity in

Africa as current service levels have significant room for improvement.

- Remote and flexible working conditions will increase. This will present opportunities for efficiencies and cost saving.
- Increased demand for products and investment in capacity in the healthcare industry. Imperial is ideally positioned based on our end-to-end value chain – with sourcing, procurement, distribution, market access, mobile clinics etc – and c.21% of our revenue is generated from the healthcare industry.
- With greater government and regulatory intervention and scrutiny, there is increasing pressure on businesses to holistically and visibly embrace the principles of ESG.
- Organisations will need to give priority to employees, communities and financial performance.

The Covid-19 crisis has further amplified the need to position Imperial for growth and longevity well beyond the pandemic. Our decisive strategic actions over the last 18 months have stood us in good stead and the tough decisions we made as a business have contributed to Imperial's resilience as we now navigate these uncertain times.

STRATEGY

Strategic positioning

We are transforming Imperial from a portfolio of regional businesses to an integrated, end-to-end market access and logistics business. It is our strategic intent to become the 'Gateway to Africa' – transforming from an asset-heavy, 3PL logistics player to an innovative, asset-right business. Our ability to build this business and serve our clients and principals in some of the most challenging markets in Africa is a key differentiator for Imperial. We will seek to grow the business both organically and through strategic acquisitions in Africa and selected markets – remaining a business of scale and unlocking increasing value for our clients, principals, shareholders and other stakeholders.

The core strategic focus of Imperial is therefore to grow our African footprint and facilitate trade flows into and out of Africa. This will result in Imperial having an integrated logistics and market access

offering, positioned as 'One Imperial' and focused on Africa – which leverages our competitive advantages and capabilities mainly in the healthcare, consumer, chemicals, industrial and automotive industry verticals. To leverage expertise across the business, be a more client-centric organisation, and better position ourselves for the future – given ever-changing macro and industry trends – we are focusing our service offering and positioning on capabilities in these core industries and less so on regions. Allowing us to more effectively deliver integrated solutions across our networks and regions, this 'One Imperial' approach will deepen our competitiveness and relevance – and retain our market share and industry legitimacy. As mentioned earlier, Imperial will therefore operate within two overarching solutions – market access and logistics – and within three businesses: Market Access, Logistics Africa and Logistics International, with Logistics encompassing contract logistics, freight and LLP services.

As Imperial embarks on this growth journey, IT, digital and data will be positioned at the heart of the business – as technological prowess will determine the strength of Imperial's differentiation, market relevance, customer experience, and revenue. Another critical part of our growth strategy is to leverage cross-selling and upselling opportunities between our market access and logistics solutions – integrating digital and data into our business models and growth plans.

We are also focused on developing and retaining top talent, integrating ESG practices and preparing our business for a post-pandemic world. This is to ensure that Imperial will be a resilient, sustainable business that demonstrates its purpose through its actions and initiatives, focusing on people, profit and planet.

Achieving our strategic ambitions will require that we make significant capital investments in digital and data initiatives, technology, and strategic acquisitions over the next five years – as well as assess and align our international portfolio with our core competitive advantages.

Despite significant progress having been made in achieving key strategic milestones, we have a long road ahead in ensuring that we transform the culture of the business so that we can effectively operate as and reap the benefits of a 'One Imperial' group.

Through this journey, our focus remains on delivering the best from our current operations by making them lean, servicing our clients profitably, executing flawlessly and growing organically, while still executing on our strategy for growth.

Our strategy is categorised according to the following six pillars:

1. **Operate as 'One Imperial', offering unique end-to-end solutions (one-stop shop):** Our clients, customers and principals want to engage with a business that is able to provide integrated and innovative solutions, and that facilitates local relevance to enable them to compete and win in their chosen markets. Clients and principals want simplicity, flexibility and visibility of their supply chains and route-to-market. Imperial's value proposition to its clients, customers and principals is accordingly to provide end-to-end access to markets - with the flexibility to adjust to different needs. Operating as 'One Imperial' with one brand positioning, one collaborative culture, one strategy and group-wide systems and processes to facilitate one client experience is necessary and will provide end-to-end visibility, efficiency and insights for us and our clients and principals. Our scale and unique integrated logistics and market access solutions - alongside a deep understanding of the industries in which we operate - will drive resilience for both Imperial and our clients.
2. **People are our greatest asset:** With ongoing investment in our talent pipeline - and a focus on leveraging skills and expertise across the group - our strategy will ensure that the business is well-equipped with talented and skilled people and expertise, systems and processes that enable strategic execution and efficiency.
3. **Extensive Africa footprint providing end-to-end market access and logistics solutions, serving as a 'Gateway to Africa':** As a leading market access and logistics business in over 20 countries in Africa, Imperial takes principals' and clients' products

to some of the fastest growing and most challenging markets in the world - reducing the complexity involved in operating in those markets. Expanding our footprint and scale - and with enviable local knowledge and footprint - we provide end-to-end access to markets, customers and consumers. Our focus is now to expand on this geographical footprint on the African continent.

4. **International footprint and expertise:** We understand the demands of the African continent and have the proven expertise to partner with multinational clients wanting to enter and grow in emerging economies. Our broad, multinational client base benefits from our strong logistics expertise and experience, with access to first-world technology and industry trends. This will ensure that we provide quality, customised and fit-for-purpose solutions and a seamless client experience which includes reduced complexity and risk - facilitating trade flows into and out of Africa. Through our broad spectrum of expertise, we will also grow outside of Africa in selected markets that enhance our 'Gateway to Africa' strategy.
5. **Go digital, be digital, enable digital:** Imperial's digital strategy centres on the use of best-in-class and emerging technology to provide clients, principals and customers with the innovative solutions they require to differentiate themselves from their competitors. We embrace market disrupters and leverage innovation so that our relevance and service offering will not only survive - but thrive - well into the future. Digitalisation, data, new technologies, point of sale integration and automation - including the rise of ecommerce, online consumer engagement, point of sale devices and telemedicine - shape our business models and help futureproof our business and our industry. Investment in and prioritising digital and data initiatives as core enablers to our strategy, which includes expanding our services into ecommerce, ecommerce fulfilment, point of sale integration and digital freight exchanges, will be critical in transforming Imperial as well as improving efficiency, facilitating revenue growth and creating new revenue streams.

6. **Integrating ESG practices:** As a purpose-driven organisation, Imperial focuses on people, profit and planet. We make a difference to people's lives and play a key role in the development of Africa and its people. Imperial enables access to quality products and services for millions of people in our countries of operation. This includes food, fuel, medicine, and countless other products that improve everyday life. In delivering our purpose and protecting our licence to operate, we proactively manage and invest in ESG as part of our daily course of business.

Progress against strategy

2019 and 2020 have been years of significant strategic focus, rationalisation and restructuring as we undertook the following:

- Refined our strategic vision and intent as 'Gateway to Africa' and 'One Imperial'.
- Simplified and reduced complexity by reorganising from regions into capabilities.
- Assessed, addressed and exited non-core, low return on effort and underperforming businesses.
- Significantly reduced costs.
- Concluded strategic acquisitions.
- Defined our path as a transformational organisation rather than a transactional one.
- Placed significant focus on our people and organisational design, digital, data and ESG as core enablers of our strategy.

Growing our Africa footprint

In the past 12 months we concluded acquisitions to the value of c.R900 million (mainly in the second half) in our Market Access and Logistics Africa businesses. We added significant new principals to our Market Access segment and expanded our capabilities into demand generation, light contract manufacturing and brand partnership services. Through acquiring 60% shareholding in Axis Group International, we added sourcing and procurement capabilities to industries other than healthcare. Effective August 2020, Imperial acquired a 49% shareholding in Pharmafrique Proprietary Limited (trading as Kiara Health) for approximately R76 million. Pharmafrique is a pharmaceutical manufacturing and healthcare services company based in

Group chief executive officer's review continued

Johannesburg which serves as the local manufacturing partner for a global leader in generic and biosimilar medicines. This acquisition is in line with Imperial's strategy to backward integrate into contract manufacturing as part of our market access service to multinationals on the continent. Access to this capability will create a pipeline of new principals and products for our market access and logistics services in the healthcare industry in South Africa. Going forward we will prioritise our capital allocation for those areas that most amplify our primary strategic positioning and focus, being the 'Gateway to Africa' offering market access and logistics solutions.

Despite numerous unsuccessful management efforts and initiatives undertaken over the past months to return Pharmed to profitability, Imperial has entered into an agreement to sell the company to the Arrie Nel Pharmacy Group. We believe that this business would be better placed to grow in the hands of Arrie Nel - where the closer alignment of strategic focus and capital allocation capabilities will enable the required growth investments. We anticipate this deal to be concluded in the first quarter of F2021. The disposal of Pharmed does not represent our exit from the healthcare industry in South Africa but merely the exit from non-core wholesale activities.

Logistics Africa - rightsizing and reorganising for growth

We appointed a new CEO in March and have been simplifying the structures, operating model and processes - and accordingly transforming the business and mindset under this new leadership. This will result in c.R200 million per annum of cost savings from F2021, providing the platform for growth.

We have reorganised our commercial and business development structures to sell as 'One Imperial'. This involved moving Managed Solutions Southern Africa (cross-border and Namibia road freight management) into Logistics Africa from Market Access - to allow for the creation of a focused asset-light road freight management capability in the region.

Imperial exited the CPG business in South Africa within the original cost

estimate - retaining c.1 800 jobs and R1,6 billion revenue in other parts of the group - and also consolidated significant parts of our freight business in South Africa.

Digital, data and IT

As Imperial embarks on its growth journey, IT, digital and data will be positioned at the heart of the business - as technological prowess will determine the strength of Imperial's differentiation, market relevance, customer experience, and revenue. We are accordingly progressing significant and focused investments in IT, digital and data which will include the roll-out of one finance, HR and communication systems across the group, and 10 digital and data projects. These projects will be led by our chief digital officer - a new and critical role for our business. In F2020, our USD20 million venture fund in partnership with Newtown Partners continues to record significant activity, leveraging disruptive innovation and new technologies for competitive advantage. We concluded three investments in our venture fund: digital distributor, digital freight forwarder and point-of-care diagnostics enabler; and are progressing well with the acquisition of ecommerce fulfilment and ecommerce capabilities.

Commercial

Another critical part of our growth strategy is to leverage cross-selling and upselling opportunities between our market access and logistics solutions. In order to ensure that this remains top of mind for business, I have established a monthly One Imperial Commercial Strategy Forum which includes the CEOs and commercial heads from our Market Access and Logistics businesses, as well as our chief digital officer. Imperial is also considering the creation of a commercial lab to explore the most effective options for selling as 'One Imperial', in line with our value proposition, or clients' needs and expectations. Furthermore, we have recently appointed industry heads in our Market Access business (consumer and healthcare) to drive sales and value proposition to clients, principals and customers from a 'One Imperial' perspective.

Our people

We remain focused on developing and retaining top talent and entrenching a

'One Imperial' culture. Common values for the business have been established in close liaison with staff at various levels and are being implemented. Creating a more diverse workforce through developing and employing more females, broader race groups, younger people and people with diverse skills sets and experience is a key performance area for Imperial.

In the last 12 to 18 months, we made the following key appointments at executive and senior management level:

- Appointed a group chief people officer.
- Appointed a group digital officer.
- Key black and female management appointments made at both group and divisional executive committee and senior management levels including the following:
 - First female (Indian) appointed to the executive committee.
 - First black female managing director (MD) appointed in South Africa to manage Imperial Advance.
 - First female MD appointed in Market Access to manage Imres.
 - Black male appointed as chief commercial officer in Logistics Africa (South Africa).



- Black male appointed as MD of Imperial Health Sciences business in South Africa.
- Black female appointed to the Logistics Africa executive committee as chief people officer.
- Newly appointed coloured female CFO for Logistics Africa.
- Three Indian males appointed as group head of functions (M&A, legal and risk).
- Indian male appointment as MD of market access healthcare in South Africa.
- Newly appointed female as the vice-president for group organisational effectiveness.

We have commenced transformation of our culture which is key to achieving our 'One Imperial' strategic intent and established a shared set of values to drive a fundamental shift in our current culture. We have also advanced our global and regional women's forums and initiatives. Imperial was recognised as the top company for students to work for under the transport and logistics segment in the recent South African Graduate Employers Association study. This bears testament to the success of our revamped graduate programme and our increased brand visibility and positioning.

While we have made progress against our people and transformation-related objectives in the past 12 months, there is still work to be done and I am driving this hard to ensure that we transform our business on all levels. Our remuneration policy and related KPIs at both group and divisional levels for F2021 have been aligned to focus more on delivery against strategic objectives, organic growth of each business and cash flow generation. We have also made good progress on developing a people balance sheet and putting in place formal performance measurement processes to identify, develop and retain our talent.

Integrating ESG and brand positioning

As we are integrating ESG practices and preparing our business for a post-pandemic world, significant progress has been made in ensuring that Imperial has the relevant ESG policies and strategies in place to drive strategic group initiatives, develop key stakeholder relationships and continue to grow our impact and reach through our various CSI initiatives. I am also pleased to report that Imperial is now a signatory of the UN Global Compact, which includes adopting the Women's Empowerment Principles contained therein. Initiatives to communicate Imperial's story, client, people and investor propositions, and improve brand visibility as part of 'One Imperial' have progressed significantly and will be rolled out to stakeholders from September.

International business

In aligning our international portfolio, the first step was to undertake a phased disposal of our shipping business - with the European shipping business sold in July 2020 at an attractive profit after tax multiple of c.15 times. While the proceeds of the sale of the European shipping business are being used to optimise the financial position of Imperial in the short term - and provide capacity to facilitate growth in the medium term - the significant impact of Covid-19 has required us to prioritise our capital allocation for those areas that most amplify our primary strategic positioning and focus. While we continue to explore potential air/ocean opportunities, all options are being explored for our International business to ensure that it supports our 'Gateway to Africa' strategy.

Operating performance

Imperial delivered its market guidance for the first half of F2020 but the second half's trading performance was severely impacted by the decline in volumes across all regions due to various levels of Covid-19 restrictions, partially offset by new contract gains and acquisitions. While revenue in H2 F2020 grew by 7% mainly due to the benefit of new contract gains and acquisitions, continuing operating profit was down 100% (R1,1 billion) largely due to the impact of Covid-19 on revenue, associated once-off costs and impairments, and further restructuring mainly in South Africa to reduce costs.

Despite challenging conditions Imperial pleasingly increased revenue from continuing operations by 5%; generated strong free cash flow with a cash conversion of 72%; maintained a strong balance sheet with net debt:EBITDA well within



Group chief executive officer's review continued

banking covenants; effectively managed costs; and recorded significant progress against our strategy. Imperial's contract renewal rate across its operations on existing contracts remains strong at c.80%, with an encouraging pipeline of new opportunities. New business revenue of approximately R6,2 billion per annum was secured to the end of June 2020, up 11% compared to the prior 12 months.

Market Access

The Market Access business delivered a solid performance in challenging circumstances, growing revenue by 18% to R12,4 billion and decreasing operating profit marginally by 1% to R710 million. Despite the negative impact of Covid-19 on trading and volumes, results benefited from significant new contract gains of c.R1,7 billion annualised revenue and the inclusion of new acquisitions concluded in the second half of the 2020 financial year.

Our strong position as a leading healthcare and consumer market access player in Africa stood us in good stead, particularly during the pandemic. While our healthcare businesses performed well and we are still able to service various channels in most markets in our consumer business, demand has reduced due to lower activity, mainly in markets where sales of liquor and tobacco were negatively impacted due to Covid-19-related trading restrictions. Most countries in which we operate have now relaxed their Covid-19 restrictions and some level of recovery has been evident since May 2020. We expect a steady recovery in revenue as lockdown restrictions ease although our healthcare medical supplies and kitting business (Imres) continues to benefit from a strong order book, although the supply and delivery of products from India and the lack of air freight capacity impacted performance negatively.

Logistics Africa

In an already difficult, low-growth and increasingly competitive trading environment - exacerbated by the impacts of Covid-19, Logistics Africa recorded revenue growth of 3% but operating profit declined by 34%. Results were negatively impacted by Covid-19-related trading restrictions, associated once-off costs and lower margins in the healthcare businesses in South Africa. Results were

supported by new contract gains of c.R2 billion annualised revenue, the benefit of cost-saving initiatives undertaken in F2019 and excellent cost management during Covid-19.

Around 90% of this business is currently in operation. We anticipate normal trading to return in the short to medium term given that lockdown restrictions on alcohol and tobacco have been lifted. This business will also benefit from further cost reduction initiatives of c.R200 million planned in F2021.

Logistics International

Most impacted by the Covid-19 pandemic, revenue and operating profit from Logistics International decreased by 7% and 78% respectively in Euro terms. Revenue of c.€78 million was lost during the peak of Covid-19 as this business has significant exposure to the automotive and industrial sectors (c.65% of revenue), where the impact of the pandemic was most severe. The high fixed cost base (c.50%) in this business, once-off impairments due to Covid-19 and low water levels in South America negatively impacted operating profit. The Rand performance was negatively impacted due to the translation of losses incurred in Q4 F2020 in Logistics International into Rand at significantly weaker exchange rates. The average exchange rate in Q4 F2020 was R19,77/Euro versus R16,50/Euro for the first nine months of F2020.

A marked decrease in volumes across most operations resulted in the operating margin declining to 0,7% from 3,1% in the prior year.

Results for the 12 months were supported by the benefits of the significant cost-cutting initiatives in the prior year, contract renewals and new business gains of c.R2,5 billion (€128 million) per annum of annualised revenue. All businesses in Logistics International are currently in operation, and while volumes remain impacted, there is a steady increase.

Managing the material matters

Imperial defines material issues as those factors most likely to influence the decisions of our stakeholders in relation to the capital inputs they provide to the group, and the outcomes they expect to derive in return. This year, we sought to test the material issues identified for the previous year in the context of shifts in Imperial's operating environment and consequent changes in its risks and opportunities (amplified by Covid-19), the development of Imperial's strategy and its business transformation.

Accelerating strategic growth is the departure point for our value creation story. In the last few years, Imperial has become significantly smaller due to the unbundling of Motus and the disposal of non-strategic and underperforming businesses. More critically, our deployment of capital has yielded only mediocre growth and returns well below our global and local peers. To create shareholder value, we must return to a sustainable trajectory of profitable growth through accelerated organic growth and selective strategic acquisitions, which meet our required rate of returns and investment criteria. Our strategy aims to



almost double revenue over the next three to five years and is supported by strategic deployment of capital to ensure long-term value creation.

We need to unlock value through a clear strategy and growth path that leverages our competitive advantages in Africa; positioning the group as the 'Gateway to Africa' to our multinational clients and principals, giving them access, visibility, reliability and flexibility in some of the fastest growing and most challenging markets in Africa, and partnering with them in improving efficiencies in their supply chain and the quality of life of their customers across the continent we serve.

Optimal capital management will play a crucial role in achieving our strategy, within our means and risk tolerances; creating a leaner and more efficient finance structure and operating model will enhance this critical underpin, enabling responsive and responsible capital allocation that is forward looking and aligned with our strategic direction.

Our people are the most critical enablers of our strategy - central to the effectiveness of our business transformation and key to improving our performance. Our culture is fundamental to enabling our people to deliver on our strategic and operational objectives, as well as to competitive differentiation, ethical conduct, diversity and inclusion, collaboration and innovation and disruption; it is the connective tissue that binds together an organisation and ultimately determines 'how things are done'.

We are focusing on how our organisational culture will be changed in the short to medium term to demonstrate the value of our people. Our priorities indicate how we will revitalise our organisation with values that inspire and unite our people, creating a sense of meaning and belonging, while transforming our leadership and investing in our people and organisational capabilities, to align these to our strategy, and ensure they support our culture journey.

We will create and sustain value by ensuring that structures and processes are efficient, future-fit and support our strategic aims. Our systems, processes and practices are core enablers of our strategy and performance. Efficient and integrated processes and systems underpin our ability

to perform on every level and deliver our strategic imperatives. Particularly as we shift towards a 'One Imperial' culture and structure, the quality and connectivity of our systems and processes will play a vital role in our success or failure.

We need to optimise and integrate current systems and practices to support operational excellence and sustainable performance, positioning IT, digital and data initiatives at the heart of our enterprise, to deliver new growth and revenue streams, a step-change in efficiency and the possibility of disruptive innovation. We understand that our technological prowess will impact our ability to differentiate, remain relevant, ensure client satisfaction, and to grow our revenue. This will require significant investment over the short to medium term but will ensure that we are able to continue to generate value for our shareholders and clients into the future.

We are committed to becoming a purpose-driven organisation that creates sustainable, long-term value for all stakeholders. This includes investing in integrating ESG practices in 'business as usual' across the organisation. Being a responsible corporate citizen underpins our industry, market and country legitimacy, which is a competitive advantage for multinational clients and principals that expect conduct that is beyond reproach, and which minimises their supply chain risk and enhances their reputation in difficult and complex markets. Our legitimacy ensures that we are recognised as a trusted partner, with the highest standards of governance and ethics.

This is in essence the foundation of our value creation proposition, and focuses on the steps we are taking to understand and measure our positive and negative impacts, to enable us to generate shared value for all our stakeholders and enhance our reputation, the ultimate measure of the credibility of the 'One Imperial' brand.

Prospects

This is a difficult and demanding time for us as the virus continues to spread. Many of our markets are facing increasing uncertainty and volatility, being in various levels of lockdown and restrictions. We therefore anticipate the Covid-19 pandemic will continue impacting our operations and performance in the short term. However, a significant recovery was

recorded across the business in July and August 2020.

At this stage, for the 2021 financial year, subject to stable currencies, steady recovery in volumes and revenue on the back of easing Covid-19 restrictions, and a recovery in economies in which we operate from current levels, we expect Imperial's continuing operations to deliver revenue, operating profit and continuing HEPS growth compared to the 2020 financial year, as well as good free cash flow generation with a cash conversion ratio of between 70% and 75%.

Imperial's balance sheet is strong and resilient, with sufficient headroom in terms of capacity and liquidity to facilitate our strategic growth aspirations. The dividend will be reassessed at the interim results in February 2021 based on trading conditions in the next six months.

While we will continue to meet the demands and manage the implications of the pandemic in the short term, we will spend significant time and energy on delivering our strategy - to transform our business to one that delivers strong growth, returns and cash flows.

Expressing gratitude

I extend my sincerest thanks to our board members and my executive colleagues for their unconditional support and guidance especially during this unprecedented crisis. My appreciation also goes to our shareholders, funders, clients, principals and clients for their confidence in Imperial and their patience and support as we navigate through the challenging landscape. To our over 25 000 employees, who are the backbone of our business, I express my thanks for your loyalty, dedication and commitment through a difficult and extraordinary year. Together we impact millions of lives for the better. I look forward to working with all stakeholders as we continue to build a great business - one that is strong and resilient, that operates as 'One Imperial', and is beyond possibility.



Mohammed Akoojee
Group chief executive officer

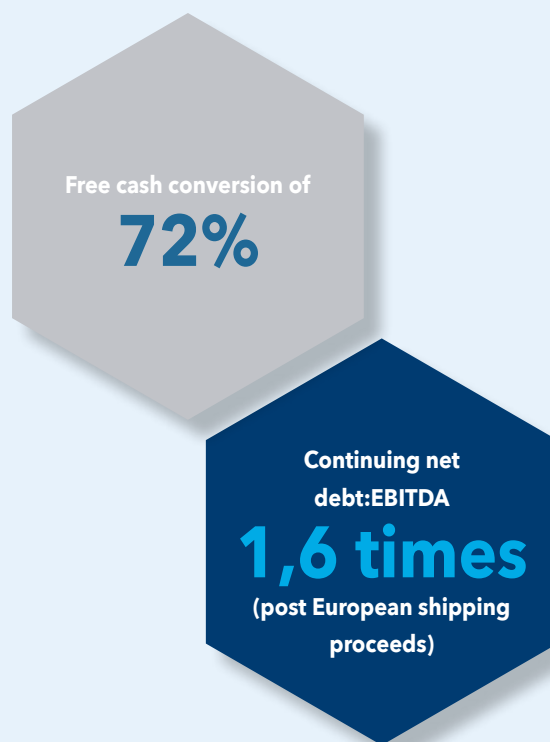
Group chief financial officer's review

"In an ever-evolving logistics industry, increasing efficiency and agility are critical to competing effectively. We are organising ourselves more effectively as 'One Imperial', with a focus on delivering our strategy and preparing for a post-Covid-19 world."

Imperial delivered strong results in the first half of F2020, with challenging economic and market conditions dominating the second half, particularly in South Africa and Germany. Covid-19 restrictions imposed across all regions exacerbated the tough environment, severely reducing volumes across most sectors. However, new contract gains and acquisitions offset the impact of lower volumes to some extent. While revenue from continuing operations in H2 F2020 increased by 7%, mainly due to the benefits of these contract gains and acquisitions, continuing operating profit for H2 F2020 was down R1,1 billion in H2 F2019. This was largely due to the negative impact of Covid-19 on trading performance and the associated once-off costs of reducing fixed overheads, and further restructuring mainly in South Africa.

During the second half of the year, we focused on closely managing our cash flows, overhead costs and capital position to maintain the strength of our balance sheet in view of the ongoing uncertainty and to mitigate the impact of Covid-19. Despite these economic challenges, we grew revenue from continuing operations, generated good free cash flow, maintained a strong balance sheet and made significant strategic progress.

We incurred once-off costs of around c.R40 million to reduce fixed overheads and further rationalise, consolidate and restructure our portfolio, the benefits of which will be realised from F2021 onwards. We also successfully concluded the sale of our European shipping business, realising R3,4 billion in proceeds. Our net debt:EBITDA following the receipt of the proceeds of this disposal on 31 July 2020 is 1,6 times, converting foreign EBITDA using the spot rate at year-end, well below our banking covenants of 3,25 times, further bolstering our financial position and freeing up capital to invest in the group's strategic initiatives.



Our strategic transformation journey is well underway, with the aim of organising and positioning Imperial based on the solutions we offer to our clients, which leverage our capabilities and competitive advantages, and less so on regions. From 1 July 2020, Imperial's operating model comprises three businesses: Market Access, Logistics Africa and Logistics International. For IFRS reporting, our primary segmentation for this financial year remains our regional disclosure.

Group performance against medium-term guidance

	F2020	Medium-term guidance (over three years)
Revenue and operating profit	5% revenue growth 40% decrease in operating profit	<ul style="list-style-type: none"> Logistics: 2 times GDP growth plus inflation Market Access: Low double-digit growth
Cash conversion continuing capex	72%	Targeted cash conversion of 70% to 75%
Debt capacity	R4 billion to R5 billion (post-European shipping proceeds)	R3 billion to R5 billion
Net debt:EBITDA used for bank covenant calculation (excluding IFRS 16)	<ul style="list-style-type: none"> 2,8 times at 30 June 2020 1,6 times post-European shipping disposal proceeds 	<2,5 times
ROIC	4,9% (WACC: 7,6%)	WACC + 3%
Dividend	Interim dividend of 167 cents; no final dividend	Will be reviewed - depending on prevailing market conditions
Net working capital	5,1% of revenue	4% to 5% of revenue

George de Beer
Group chief financial officer



Our strategic focus











In an ever-evolving logistics industry, increasing efficiency and agility is required to compete effectively. In the past few years, Imperial has undertaken significant corporate activity to refine the group's strategic focus and positioning, including the unbundling of Motus and the disposal of non-strategic and underperforming businesses. The transformation of the

group from a regional portfolio of businesses to an integrated logistics group, will build on this progress, requiring significant investment in the right organisational structure, processes, systems, people and culture to support longer-term sustainable and profitable growth.

We want the finance function to be a strategic business partner that uses data-backed insights obtained through analysis, harmonised data, industry leading technology and best-in-class processes to assist our stakeholders with their decision making, while maintaining robust control and oversight over our processes.

Group chief financial officer's review continued

Our transformational journey will shift the group from:

Current state of	...to a future state of...
 <p>Increased cost to serve</p>	 <p>Shared services centre for core common processes to reduce cost to serve across our business</p>
 <p>Lowering enterprise productivity</p>	 <p>Best-fit technology and automation to reduce manual effort and improve productivity</p>
 <p>Disparate ways of working</p>	 <p>Harmonised processes across core finance functions, promotes consistency, reduces risks and improves compliance</p>
 <p>Limited financial visibility</p>	 <p>Transparency and visibility of financial, and operational data drives quicker and improved decision making, faster financial close and improved financial compliance</p>
 <p>Limited business agility</p>	 <p>Consolidate solution footprint in cloud to integrate acquisitions and launch new products/ services faster enabling growth</p>

Focus areas

The finance function plays a key enabling role in supporting strategic delivery. We have identified three focus areas to deliver additional value - supporting insight-driven decision making powered by right-time data and analytics, driving excellence in our finance operations and service provision, and enhancing financial integrity, risk management and compliance.

From bottom line to front line	<ul style="list-style-type: none"> Elevate the role of Imperial Finance from its current focus on transactional and backward looking activities and pivot toward forward looking, strategic business decision support.
Brilliant basics as a springboard	<ul style="list-style-type: none"> Free up capacity through simplified, standardised, harmonised and automated processes. Simplify finance records and consolidate the finance technology landscape to provide a single source of truth.
Eating the elephant one bite at a time	<ul style="list-style-type: none"> Adopt a phased approach to build and implement our initiative pipeline in an agile manner, unlocking value rapidly throughout the process.

To achieve our objectives, we have planned a multi-step journey that will shift our culture from being inward, financially focused and siloed to being a strategic business partner supporting our businesses and divisions.

Multi-step journey to finance of the future

Short to medium term		Medium term	
DESIGN THE FOUNDATION	BUILD THE CORE, PROVE WITH A PILOT	SCALE THE ADOPTION	FINANCE OF THE FUTURE
<p>Simple, standard sustainable</p> <ul style="list-style-type: none"> Blueprint the foundation Set up shared service centre 	<p>Enable value realisation</p> <ul style="list-style-type: none"> Build 'One Imperial' Finance Pilot shared service centre in South Africa Standardise for single version of the financial truth 	<p>Realise the value</p> <ul style="list-style-type: none"> Centralise additional functions Implement advanced analytics and automation Managed application and cloud outsourcing services 	<p>Innovation, digitalisation and sustainable growth</p> <ul style="list-style-type: none"> Touchless finance FinTech evolution

We are implementing a group-wide finance solution to ensure that the group is equipped with the appropriate foundational systems and processes necessary for strategic execution. This has entailed designing a finance operating model that supports our transformation by setting up centres of excellence and shared services, which will aggregate all central services on a single business support platform for the group.

In the short term, we will deploy 'One Imperial' finance platform to standardise finance processes across the group and provide opportunity for automation and technology enhancements that leverage artificial intelligence to drive operational efficiencies. These investments will not only free up our people from manual work, allowing them to work more strategically, but will also promote enhanced

compliance and support our overall control environment.

As we build forward looking finance functions across the group that provide strategic business decision support, using a streamlined system architecture that provides insights through right-time data, we anticipate better strategic decision making and improved operational efficiency.

The following strategic drivers will guide the 'One Imperial' Finance operating model:

We will transform from an accounting-driven organisation into business value architects	We will deliver group-wide services independently of businesses or functions	We will accommodate global and regional characteristics through standardised archetypes based on our business
We will use digital tools and technologies and leverage automation	We will leverage our partner ecosystem to source capabilities and to drive value at speed	We will optimise decision making by leveraging right-time data to make the right business decisions
We will use industry recognised language, processes and roles where possible	We will accommodate new ways of working agilely with stakeholders	We will embrace a culture of cost efficiency, cost transparency and value creation
We will reinforce governance and financial control through leading policies and platform solutions	We will structurally organise to support a self-directed and empowered workforce	We will increase collaboration across businesses, functions and finance

Strong financial position

Despite challenges posed by Covid-19, our balance sheet management remains resilient, with sufficient headroom and capacity. The pandemic had a significant impact on our earnings, largely in South Africa and the Eurozone, and our efforts to maintain strict cash flow, working capital and overall balance sheet management have ensured that we have not breached any of our debt covenants and have generated positive cash flows. We proactively engaged with a number of our lessors to negotiate extended lease agreements, and with our debt providers to keep them informed, and manage the ongoing uncertainty created by Covid-19 and the potential impact on our debt covenants.

Our cash and liquidity position remains strong with R13,2 billion of available facilities and cash post the proceeds of the European shipping disposal. Net debt (excluding lease obligations and before the receipt of the European shipping disposal proceeds) of R8,4 billion increased by 47% compared to June 2019 mainly due to investment in capital expenditure, acquisitions and foreign exchange translations at the end of the year when converting foreign debt to Rand.

We have continued to focus on reducing our fixed overheads, these being people, infrastructure and IT systems, and releasing capital in underperforming and non-core businesses. Our international operations have been significantly restructured to reduce the central overhead, and we continue to work on reducing our fixed

overhead in South Africa. Imperial announced the sale of the European shipping business on 4 May 2020, while retaining our interest in the South American shipping business (still available for sale). This transaction was concluded on 31 July 2020 and more detail is provided in the financial performance section that follows.

Our ability to optimise our capital allocation to achieve our strategy within our means and risk tolerances, is crucial to delivering growth in the long term. Creating a leaner and more efficient structure and investing to drive a 'One Imperial' brand and culture, will enable responsive and responsible capital allocation that is forward looking and aligned with our strategic direction. We will prioritise capital allocation, based on detailed scenario analysis, to fund organic

Group chief financial officer's review continued

growth and be the 'Gateway to Africa', focusing on working capital in our market access solution, as well as investing in technology and data to deepen our digital capabilities.

Outlook

Due to the uncertainty created by Covid-19 and the possibility of reintroduced restrictions, we will remain focused on maintaining our resilience by closely monitoring and managing our balance sheet and cash flows, and reducing our cost base where possible until we have more certainty about the trading environment.

This is a difficult and demanding time for many as the Covid-19 pandemic continues.

Many of our markets are facing increasing uncertainty and volatility, being in various levels of lockdown and restrictions. We therefore anticipate the impact of the Covid-19 pandemic to significantly impact our operations and performance in the short term.

At this stage, for F2021, subject to stable currencies, steady recovery in volumes and revenue on the back of easing Covid-19 restrictions, and a recovery in economies in which we operate from current levels, we expect Imperial's continuing operations (excluding businesses held for sale) to deliver:

- Revenue growth compared to the prior year.
- Operating profit growth compared to the prior year.

- Growth in continuing HEPS compared to the prior year.
- Good free cash flow generation.

The balance sheet of the business remains sound, with sufficient headroom in terms of capacity and liquidity to facilitate our strategic growth aspirations.

The payment of a dividend will be reassessed at the interim results in February 2021, based on trading conditions for the next six months.

We will find our new normal in a post-Covid-19 world and be agile enough to scale our business accordingly. We will continue to leverage cost efficiencies, with selected capital expenditure while right sizing our businesses where appropriate.

Group financial performance

Summarised consolidated statement of profit or loss
for the year ended 30 June 2020

R million	% change	2020	2019~
CONTINUING OPERATIONS			
Revenue	5	46 380	44 039
Net operating expenses		(42 282)	(39 423)
Profit from operations before depreciation and recoupments	(11)	4 098	4 616
Depreciation, amortisation, impairments and recoupments		(2 639)	(2 203)
Operating profit	(40)	1 459	2 413
Impairment to properties net of recoupments		(194)	(6)
Amortisation and impairment of intangible assets arising on business combinations		(393)	(400)
Foreign exchange gain (loss)		93	(47)
Other non-operating items		52	(1 111)
Profit before net finance costs		1 017	849
Net finance cost	26	(762)	(605)
Profit before share of results of associates and joint ventures		255	244
Share of results of associates and joint ventures		22	39
Profit before tax		277	283
Income tax expense		(159)	(386)
Profit (loss) for the year from continuing operations		118	(103)
DISCONTINUED OPERATIONS			
Net loss from CPG		(305)	(1 923)
Net loss (profit) from the European shipping business		(39)	214
Net profit from Motus Holdings Limited (Motus)			5 392
Net (loss) profit for the year		(226)	3 580
Net profit (loss) attributable to:			
Owners of Imperial			
		(303)	3 438
- Continuing operations		42	(232)
- Discontinued operations		(345)	3 670
Non-controlling interest			
		77	142
- Continuing operations		76	129
- Discontinued operations		1	13

~ Restated for adoption of IFRS 16 - Leases and re-presented for the European shipping business as a discontinued operation in terms of IFRS 5 - Non-current Assets Held For Sale and Discontinued Operations.

Operating profit from continuing operations decreased by 40%, negatively impacted by Covid-19 across all businesses and markets in which we operate.

The R6 million decrease in profit before tax to R277 million is mainly attributed to:

- The decrease in operating profit;
- Impairment to both owned and leased properties classified as right-of-use assets;
- An increase in finance costs mainly due to the once-off gain that arose on the redemption of the preference shares of R63 million in the prior year that resulted in a reduction to finance cost in that period; offset partially by
- A decrease in the amortisation of intangibles arising on business

combinations as certain intangible assets were fully amortised in the prior year; and

- R67 million foreign exchange losses on foreign exchange contracts compared to a R47 million loss in the prior year, and a gain of R160 million due to reduction in capital in foreign subsidiaries.

Other non-operating items mainly comprised gains on the remeasurement of the put option liability and contingent consideration liability offset partially by goodwill impairments which arose mainly due to higher discount rates used in valuations, and the net loss on the sale of businesses during the year.

Significant contributors to the higher effective tax rate were deferred tax assets that were not recognised for some loss-making entities.

The loss from discontinued operations comprises CPG and the European shipping business in the current financial year and Motus, the European shipping business and CPG in the prior financial year.

The decrease in non-controlling interests is mainly due to weaker performances across most businesses but mostly impacted by an increase in the share of losses in Pharmed, a decrease in the share of income from Surgipharm and non-controlling share of losses in MDS Logistics.

Pro forma earnings and headline earnings per share
for the year ended 30 June

Cents	% change	2020	2019~
BASIC EARNING PER SHARE			
Earnings (loss) per share	(109)	(161)	1 773
Imperial Logistics	(84)	(161)	(1 008)
Continuing operations		22	(120)
Discontinued operations (CPG)	(84)	(162)	(992)
Discontinued operations (Shipping)		(21)	104
Discontinued operations (Motus)			2 781
Headline earnings (loss) per share^	(84)	105	663
Imperial Logistics	(13)	105	121
Continuing operations	(65)	156	448
Discontinued operations (CPG)	(63)	(161)	(433)
Discontinued operations (Shipping)		110	106
Discontinued operations (Motus)			542

~ Restated for adoption of IFRS 16 - Leases and re-presented for the European shipping business as a discontinued operation in terms of IFRS 5 - Non-current Assets Held For Sale and Discontinued Operations.

^ 2019 HEPS re-presented for the early adoption of Headline Earnings Circular 1/2019.

Group chief financial officer's review continued

Financial position at 30 June

R million	% change	2020	2019~
Goodwill and intangible assets	5	7 084	6 719
Investment in associates and joint ventures	(62)	198	520
Property, plant and equipment	26	3 326	2 647
Transport fleet	(2)	5 186	5 309
Right-of-use assets	13	5 422	4 780
Investments and other financial assets	20	271	225
Net working capital	(61)	544	1 389
Net assets of disposal group and discontinued operations	839	2 781	296
Retirement benefit obligation	(17)	(1 109)	(1 343)
Net debt excluding lease obligations	47	(8 391)	(5 697)
Lease obligations	2	(6 080)	(5 969)
Other financial liabilities	32	(1 415)	(1 075)
Net income tax assets	27	455	359
Total shareholders' equity		8 272	8 160
Total assets	18	42 526	36 060
Total liabilities	23	(34 254)	(27 900)
Net debt:equity % (excluding lease obligations)		101,4	69,8
Net debt:equity % (including lease obligations)		174,9	143,0

~ Restated for the adoption of IFRS 16 - Leases and IFRIC 23 - Uncertainty over Income Tax Treatments.

The significant variances on the financial position at 30 June 2020 when compared to 30 June 2019 are explained as follows:

- The increase in goodwill and intangible assets is mainly due to the new acquisitions and currency movements which were somewhat offset by the reclassification of goodwill to net assets of disposal groups.
- Investments in associates and joint ventures decreased mainly due to the consolidation of MDS Logistics following the acquisition of a majority shareholding during the year.
- Property, plant and equipment increased mainly due to currency movements and the new businesses acquired.
- The increase in right-of-use assets is mainly attributed to currency movements and new leases during the period, offset by the depreciation and

impairment charge to the income statement.

- Net assets of disposal groups increased due to the reclassification of assets and liabilities relating to the European shipping business and the Pharmed Group to disposal groups at year-end.
- Retirement benefit obligations decreased by the reclassification of the retirement benefit obligations in the European shipping business to disposal groups at year-end.
- Investments and other financial assets increased mainly due to currency movements offset partially by the delivery of Motus shares to participants of the deferred bonus plan (DBP) scheme that was settled in September 2019.
- The increase in other liabilities is mainly due to an increase in contingent consideration relating to the

acquisitions in the African Regions - partially offset by a decrease in the put option liability as a result of minority buyouts in Eco Health and Imres, as well as revaluation of the put option liability and contingent consideration during the year.

- Part of the decrease in net working capital is attributed to the reclassification of net working capital to net assets of disposal groups, net working capital improved from last year mainly due to excellent capital and cash flow management in F2020.
- The movement in net debt excluding lease liabilities is explained in the cash flow summary that follows.
- The increase in the lease liability is mainly due to lease payments during the period offset partially by new leases that were capitalised during the period as well as currency movements.

Movement in total equity for the 12 months to 30 June 2020

Total equity of R8 272 million decreased by R375 million from R8 647 million previously reported on 30 June 2019.

The following table details the changes in equity during the year:

Decrease in equity for the period to June 2020	Rm
IFRS 16 adjustment to opening equity at 1 July 2019~	(487)
Comprehensive income	683
Net profit attributable to Imperial shareholders	(303)
Net profit attributable to non-controlling interests	77
Increase in the foreign currency translation reserve	1 004
Decrease in the hedge accounting reserve	(29)
Revaluation of retirement benefit obligation, net of tax	(66)
Movement in share-based reserve net of transfers to retained earnings	37
Ordinary dividend paid	(530)
Repurchase of Imperial Logistics shares	(225)
Non-controlling interest acquired, net of disposals and shares issued	329
Net decrease in non-controlling interests through buyout	(54)
Non-controlling share of dividends	(128)
Total decrease	(375)

~ Restated for the adoption of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments.

Pro forma cash flow summary to June 2020 including CPG and European shipping in both periods excluding Motus in the comparative period

R million	2020	2019 ^{^*}
Cash flows from operating activities		
Cash generated by operations before movements in net working capital	4 536	5 239
Movements in net working capital	559	(21)
Cash generated by operations before interest and taxes paid	5 095	5 218
Net interest paid	(918)	(894)
Tax paid	(367)	(580)
Cash generated by operations	3 810	3 744
Cash flows from investing activities		
Net acquisition of subsidiaries and businesses	(276)	(25)
Expansion from capital expenditure	(747)	(471)
Net replacement capital expenditure	(735)	(623)
Net movement in other associates and joint ventures	45	286
Net movement in investments, loans and non-current financial instruments	(59)	(169)
Cash utilised in investing activities	(1 772)	(1 002)
Cash flows from financing activities		
Hedge cost premium paid	(2)	(161)
Settlement of interest-rate swap instruments	(11)	(13)
Repurchase of ordinary shares	(225)	(262)
Dividends paid	(658)	(792)
Cash paid on change in non-controlling interests	(277)	(137)
Capital raised from non-controlling interests		200
Settlement of non-redeemable, non-participating preference shares		(378)
Payment of lease obligations	(2 032)	(1 684)
Cash utilised in financing activities	(3 205)	(3 227)
Movement in net debt before currency adjustments	(1 167)	(485)
Free cash flow	1 043	1 437

* For the cash flows including Motus in the prior year, please refer to the AFS online. The cash flows relating to Motus that have been excluded are operating cash outflow of R1 343 million, investing cash outflow of R231 million and financing cash outflow of R1 498 million.

[^] Restated for IFRS 16 – Leases.

Group chief financial officer's review continued

The balance sheet movement in net debt of R2 694 million includes currency movements of R1 327 million and other non-cash movements that are excluded from the cash flow movement of R1 167 million.

The following are the significant cash flow items:

- Cash generated by operations before movements in net working capital of R4 536 million decreased by R703 million mainly due to lower operating profit which translated into the lower cash flow.
- A decrease in net working capital from 30 June 2019 resulted in a cash inflow of R559 million. The decrease is mainly attributable to excellent capital and cash flow management in F2020. Net working capital was below our guidance of 4% to 5% of revenue at year-end, with a 12-month average of 5,1%. We expect this to normalise as revenue levels recover.
- Net capital expenditure increased to R1 482 million from R1 094 million in F2019 primarily due to higher investment in fleet expansion as a result of the purchase of Lowveld Buses in South Africa, to support new contract gains, fleet replacement in South Africa, and investment in specialised new fleet in International.
- Interest of R918 million and tax of R367 million were paid during the year.
- Dividends amounted to R658 million during the year.
- Other significant cash outflow items included lease liability payments of R2 032 million, share buybacks of R225 million and changes to non-controlling interests of R277 million.

The cash flow benefited from an inflow arising from movements in other associates and joint ventures mainly due to the sale of associates in the South African division during the period.

Free cash flow (post-maintenance capex and including discontinued operations) generation was resilient despite a decrease to R1 043 million from R1 437 million in the prior year. Free cash outflow from discontinued operations of R261 million (2019: R507 million) is included. Free cash flow (post-maintenance capex and excluding discontinued operations) decreased to an inflow of R1 304 million from a cash inflow of R1 944 million in F2019. This

resulted in a continuing free cash flow to continuing headline earnings ratio of 4,42 times.

Liquidity

The group's liquidity position remains strong with R13,2 billion of unutilised banking facilities, following the receipt of the proceeds from the disposal of the European shipping business. In total, 76% of the group debt is long term in nature and 57% of the debt is at fixed rates.

Dividend

An interim cash dividend of 167 cents per ordinary share was declared in the first half and paid to shareholders in March 2020. Our targeted payout ratio is 45% of continuing HEPS, subject to prevailing circumstances. As the interim dividend (paid from prior year reserves) was more than continuing HEPS for the full financial year to 30 June 2020 - and exceeding the targeted payout ratio - a final dividend was not declared. Therefore, the total cash dividend for F2020 is 167 cents per share (F2019: 244 cents per share).

Acquisitions

• Geka Pharma (Namibia)

Imperial concluded the acquisition of a 65% stake in Geka Pharma, a distributor of pharmaceutical, medical, surgical and allied products in Namibia for c.R80 million which includes a contingent consideration of R31 million. Geka Pharma has been supplying pharmaceuticals to the healthcare industry in Namibia for more than 45 years. As previously communicated, this transaction is in line with Imperial's strategy to expand into healthcare in Namibia - leveraging its consumer footprint. The acquisition was effective 1 January 2020.

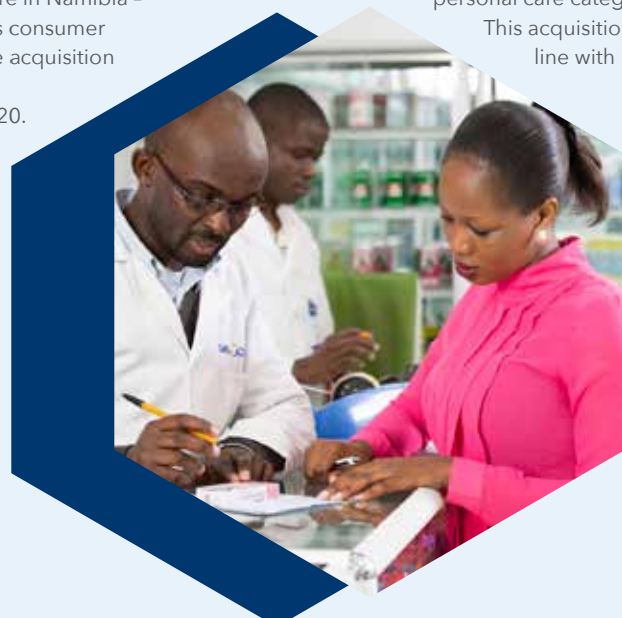
• MDS Logistics (Nigeria)

Imperial's acquisition of a further 8% equity stake in MDS Logistics, Nigeria's leading provider of integrated supply chain solutions, was concluded in January 2020. This transaction included Imperial transferring some existing profitable contracts to MDS Logistics, and paying a further USD2,4 million in cash. This takes our shareholding in the business from 49% to 57%. MDS Logistics provides a unique bouquet of logistics solutions through 48 distribution centres and 53 offsite inventory management centres covering over 30 states and a catchment area of over 400 cities and villages. Securing majority control in MDS Logistics will drive integration with Imperial's operations in Nigeria - facilitating the implementation of our value-added logistics offering through an end-to-end solution including transport, warehousing, distribution and market access, and as such leveraging our capabilities in this market.

• Far East Mercantile (Ghana)

Effective 1 January 2020, Imperial acquired a 51% interest in Far East Mercantile Ghana (ACP Holdings based in Mauritius) for approximately c.USD20,3 million, which includes a contingent consideration of approximately USD9,5 million. The trading operations are based in Ghana and is well established as an importer and distributor of FMCG. With eight branches across Ghana, the business represents over 30 global brands in various consumer food, beverages and personal care categories.

This acquisition is in line with Imperial's



strategy to accelerate its growth in Africa, with a strategic focus on the consumer goods and healthcare sectors. Imperial will leverage synergies in the business' expansive Ghanaian network and market access solutions to enhance its capabilities, primarily in healthcare and consumer, in the region. The business currently has direct coverage of over 22 000 retail and wholesale outlets in Ghana and is an integral part of Imperial's strategy to increase its presence in the burgeoning West African consumer markets.

● **Axis Group International**

Effective end December 2019, Imperial acquired a 60% shareholding in Axis Group International which specialises in sourcing and procurement in Asian markets, for a total purchase consideration of USD12 million, which includes a contingent consideration of USD7,3 million. This is a strategically aligned transaction as it will facilitate trade between Imperial's present client base and companies based in China and other Asian markets through the group sourcing and purchasing of products in these markets - and providing market access to companies wanting to trade in these particular regions.

● **Imperial Sasfin Logistics minority buyout**

Imperial acquired the remaining minority shares within the entity previously known as Imperial Sasfin Logistics for R12 million. The change in ownership through this transaction was required to facilitate one of Imperial's strategic objectives to be an international logistics provider managing clients' international freight requirements on a door-to-door basis. The business has been renamed Imperial Clearing and Forwarding.

● **Air/Ocean freight business in Turkey**

Imperial entered into a partnership with Turkish freight forwarder M Ekspres (known as MEX) in June 2020, creating a new multi-modal freight management business housed within Imperial's freight management capability - specialising in traffic to, from and transiting Turkey. The business is based in Istanbul and provides air and ocean import and export forwarding services to existing clients of both Imperial and MEX, as well as new customers. In addition, it plans to

leverage the fast-growing range of global destinations served from Istanbul's new airport, as a gateway for traffic to the African continent. This is aligned to Imperial's strategy to serve as a 'Gateway to Africa' and facilitating trade flows into and out of the continent.

Acquisitions concluded post-year-end

● **Market access healthcare manufacturing in South Africa**

Effective August 2020, Imperial acquired a 49% shareholding in Pharmafrique Proprietary Limited (trading as Kiara Health) for c.R76 million. Kiara Health is a pharmaceutical manufacturing and healthcare services company based in Johannesburg which serves as the local manufacturing partner for a global leader in generic and biosimilar medicines. This acquisition is in line with Imperial's strategy to backward integrate into contract manufacturing as part of its market access service to multinationals on the continent. Access to this capability will create a pipeline of opportunities for our market access and logistics services in the healthcare industry in South Africa.

Disposals (concluded post-year-end)

● **European shipping operations**

Effective 31 July 2020, Imperial disposed of its interest in our European shipping business to the Cologne-based Häfen und Güterverkehr Köln AG (HGK). The aggregate purchase price of €171 million (approximately R3,4 billion) was settled by HGK in full and in cash on the date of implementation. The shipping business is non-core to Imperial's strategic imperative - which is to grow our African footprint and reach, and position the group as the 'Gateway to Africa' in the medium to long term.

The proceeds from this sale have been used to pay down existing debt in the short term and will be invested in new growth areas in line with our strategy in due course.

The South American shipping business will continue to operate on a standalone basis and remains available for sale.

● **Pharmed**

Imperial has entered into an agreement for the sale of our Pharmed business in South Africa to the Arrie Nel Pharmacy Group. Focused on independent

healthcare professionals, Pharmed is our South African pharmaceutical wholesaler - providing prescription and homeopathic medicine, surgical, dental and veterinary products to independent pharmacies, corporate pharmacies, private hospitals and dispensing doctors.

The South African wholesaler landscape has become increasingly competitive and it has become clear that a retail network and significant scale - and the associated investment - are essential if such a business is to survive and thrive. Pharmed, with its high-cost base and limited scale, has accordingly become increasingly uncompetitive and continues to underperform.

Despite numerous management efforts and initiatives undertaken over the past months to return the business to profitability, it is evident that the business would be better placed to grow in the hands of an owner such as Arrie Nel - where the closer alignment of strategic focus and capital allocation capabilities will enable the required growth investments. We anticipate this deal to be concluded in the first quarter of the 2021 financial year, subject to Competition Commission approval.

It is important to note that the disposal of Pharmed does not represent our exit from the healthcare industry in South Africa but merely the exit from non-core wholesale activities. The high growth and resilient healthcare industry remains key to our 'Gateway to Africa' strategy and we remain committed to the many multinational principals and clients we serve across the African continent. We will continue to serve such principals and clients through our logistics business - and through the ongoing expansion of our healthcare market access business in South Africa.



George de Beer
Group chief financial officer

Group chief financial officer's review continued

Five-year review

	Financial definitions	2020~ Rm	2019~ Rm	2018* Rm	2017^ Rm	2016^ Rm
PROFIT OR LOSS						
Revenue		46 380	44 039	48 565	118 567	118 849
Operating profit		1 459	2 413	2 868	6 538	6 382
Net financing costs		(762)	(605)	(569)	(1 680)	(1 440)
Share of result of associates and joint ventures		22	39	56	103	138
Income tax expense		(159)	(386)	(620)	(1 060)	(1 221)
Tax rate (%)		62,2	158,3	35,6	30,1	28,6
Net profit attributable to non-controlling interests		76	129	168	(36)	184
Headline earnings		295	870	1 139	2 700	2 994
CASH FLOWS						
Cash generated by operations (before capital expenditure on rental assets, net financing costs and tax paid)		5 095	5 332	3 336	9 076	8 143
Cash flow from investing activities (including capital expenditure on rental assets)		(1 772)	(1 233)	960	(3 648)	(3 199)
Net debt (raised) repaid		(1 167)	(3 557)	1 472	437	(1 657)
Payment of lease obligations		2 032	1 684	-	-	-
Free cash flow	1	1 043	1 437	1 420	4 296	2 536
FINANCIAL POSITION						
Total assets		42 526	36 060	75 841	68 853	69 835
Operating assets	2	31 880	32 443	35 028	61 025	58 783
Operating liabilities	3	11 944	12 510	11 484	26 000	24 777
Net working capital	4	544	1 389	1 827	8 956	9 804
Net interest-bearing debt	5	8 391	5 697	5 198	15 088	15 279
Lease obligations		6 080	5 969	5 850		
Imperial owners' interest		7 320	7 774	22 321	20 742	20 173
Non-controlling interest		1 218	913	886	667	909
Contingent liabilities		786	489	958	649	770
RATIOS						
Efficiency						
Revenue to average net operating assets (times)	6	2,3	2,0	2,7	3,4	3,5
Revenue relating to sales of goods to average inventory (times)	7	5,0	4,8	4,2	4,0	4,4
Revenue to average net working capital (times)		48,0	27,4	25,8	12,6	12,5
Profitability						
Operating profit to average net operating assets (%)	8	7,3	11,1	15,9	18,9	19,0
Operating profit to average gross operating assets (%)		4,5	7,2	9,7	10,9	11,0
Operating margin (%)	9	3,1	5,5	5,9	5,5	5,4
Return on average shareholders' interest (%)	10	0,6	(1,5)	9,1	12,7	15,4
Return on invested capital (%)	11	4,9	7,6	12,4	12,4	12,8
Weighted average cost of capital (%)	12	7,6	8,5	8,5	9,0	9,5
Solvency						
Interest cover by operating profit (times)		1,9	4,0	5,0	3,9	4,4
Net interest-bearing debt to EBITDA (times)		2,0	1,2	1,5	1,7	1,7
Total equity to total assets (%)		19,5	22,6	33,8	29,4	28,4
Net interest-bearing debt as a percentage of total equity (%)		101,4	69,8	50,0	74,5	77,2
Liquidity						
Free cash flow to net profit for the year (times)		8,84	(13,95)	1,20	1,67	0,80
Free cash flow to headline earnings (times)	13	3,54	1,65	1,25	1,59	0,85
Unutilised facilities		10 620	11 786	13 911	12 450	10 046

~ As per the numbers reported in the Imperial Logistics Limited audited annual financial statements for the year ended 30 June 2020 with the exception of the 2019 free cash flow that excludes Motus.

* As previously reported except for the financial position that has been restated for the adoption of IFRS 16 - Leases and IFRIC 23 - Uncertainty over Income Tax Treatments.

^ As previously reported.

	Financial definitions	2020~ Rm	2019~ Rm	2018* Rm	2017^ Rm	2016^ Rm
INVESTING IN THE FUTURE						
Cost of new acquisitions		933	22	537	1 796	352
Net capital expenditure		1 482	1 273	507	2 663	4 138
Capital commitments		114	212	216	1 448	1 309
STATISTICS						
Number of transport fleet vehicles (owned)		5 068	6 520	7 596	7 288	7 238
Number of employees		25 232	27 463	29 944	49 364	51 256
Employee costs		10 517	9 749	10 351	16 623	16 528
Wealth created per employee		587	530	587	511	498
Total taxes and levies paid	14	347	564	779	1 510	1 661
SHARE PERFORMANCE						
Basic headline earnings per share (cents) continuing operations		156	448	585	1 390	1 552
Dividends per share (cents)		167	244	710	650	795
Earnings yield (%)	15	4,0	8,7	8,0	8,6	10,4
Price earnings ratio (times)	16	25,2	11,5	12,5	11,6	9,6
Net asset value per share (cents)	17	3 783	3 960	11 464	10 550	10 261
Market prices (cents)						
- closing		3 933	5 143	19 589	16 100	14 948
Total market capitalisation at closing prices	18	7 948	10 350	39 564	32 384	31 118
Value of shares traded		12 674	30 675	45 495	34 198	37 985
Value traded as a percentage of average capitalisation (%)		139	123	126	108	111
EXCHANGE RATES						
Euro to Rand						
- average		17,32	16,18	15,34	14,81	16,10
- closing		19,51	16,06	16,01	14,92	16,31
US Dollar to Rand						
- average		15,67	14,18	12,86	13,58	14,51
- closing		17,37	14,10	13,71	13,06	14,70
British Pound to Rand						
- average		19,74	18,35	17,31	17,23	21,47
- closing		21,46	17,95	18,10	17,02	19,58
Nigerian Naira to Rand						
- average		0,04	0,04	0,04	0,04	0,05
- closing		0,04	0,04	0,04	0,04	0,07
Botswana Pula to Rand						
- average		1,40	1,33	1,29	1,29	1,34
- closing		1,47	1,33	1,32	1,26	1,35

~ As per the numbers reported in the Imperial Logistics Limited audited annual financial statements for the year ended 30 June 2020 with the exception of the 2019 free cash flow that excludes Motus.

* As previously reported except for the financial position that has been restated for the adoption of IFRS 16 - Leases and IFRIC 23 - Uncertainty over Income Tax Treatments.

^ As previously reported.

See financial definitions on page 76.

Group chief financial officer's review continued

Definitions

1. Free cash flow - calculated by deducting replacement capital expenditure and lease payments from the cash flow from operating activities.
2. Operating assets - total assets less loans receivable, tax assets and assets of disposal group.
3. Operating liabilities - total liabilities less interest-bearing borrowings, tax liabilities and put option liabilities.
4. Net working capital - inventories plus trade, other receivables and contract assets less trade and other payables and provisions.
5. Net interest-bearing debt - interest-bearing borrowings, less cash resources.
6. Revenue to average net operating assets (times) - revenue divided by average net operating assets.
7. Revenue relating to sales of goods to average inventory (times) - revenue relating to sales of goods divided by average inventory.
8. Operating profit to average net operating assets (%) - operating profit divided by average net operating assets.
9. Operating margin (%) - operating profit divided by revenue.
10. Return on average ordinary shareholders' interest (%) - net profit attributable to owners of Imperial divided by average shareholders' interest (calculated by using the opening and closing balances) attributable to shareholders.
11. Return on invested capital (%) - 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 we operate. Invested capital is a 12-month average of shareholders' equity plus non-controlling interests, plus net interest-bearing debt (interest-bearing borrowings long term and short term minus non-financial services cash and cash equivalents), plus lease obligations.
12. Weighted average cost of capital (%) - calculated by multiplying the cost of each capital component by its proportional weight and then summing, therefore:
$$\text{WACC} = (\text{after tax cost of debt \% multiplied by average debt weighting}) + (\text{cost of equity multiplied by average equity weighting}).$$
13. Free cash flow to headline earnings ratio - free cash flow divided by headline earnings.
14. Total taxes and levies paid - made up of South African normal taxation, foreign taxation, rates and taxes, skills development and unemployment insurance fund levies.
15. Earnings yield (%) - the headline earnings per share divided by the closing price per share.
16. Price earnings ratio (times) - the closing price of a share divided by the headline earnings per share.
17. 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).
18. Total market capitalisation at closing prices (Rm) - total ordinary shares in issue before treasury shares multiplied by the closing price per share.

Value-added statement - continuing operations

for the year ended 30 June 2020

	2020 Rm	%	2019* Rm	%
Revenue	46 380		44 039	
Paid to suppliers for materials and services	(31 577)		(29 496)	
Total wealth created	14 803		14 543	
WEALTH DISTRIBUTION				
Salaries, wages and other benefits (note 1)	10 517	71	9 749	67
Providers of capital	1 292	9	1 635	11
- Providers of debt	762	5	605	4
- Providers of equity	530	4	1 030	7
Government (note 2)	347	2	564	4
Reinvested in the group to maintain and develop operations	2 647	18	2 595	18
- Depreciation, amortisation, net of impairments and recoupments	2 639		2 203	
- Future expansion	8		392	
	14 615	100	14 365	100

Notes

	2020 Rm	2019 Rm
1. Salaries, wages and other benefits		
Salaries, wages, overtime, commissions, bonuses and allowances	9 440	8 813
Employer contributions	1 077	936
	10 517	9 749
2. Central and local governments		
Income tax	134	347
Withholding and secondary tax on companies	25	39
Rates and taxes	104	77
Skills Development Levy	34	36
Unemployment Insurance Fund	50	65
	347	564

* Restated for IFRS 16 - Leases and for the European shipping business discontinued operations.

Performance review Solutions



Solutions

Our strategic transformation combines our competitive advantages and specialised capabilities into two clearly defined solutions: market access and logistics. With hard earned insight and unwavering focus, we design solutions that closely meet the needs of our clients, principals and customers - and then execute them flawlessly. Imperial has a unique story to tell in competitive and changing markets; this is how we plan to deliver on that promise.

- Market Access
- Logistics



Our client value proposition

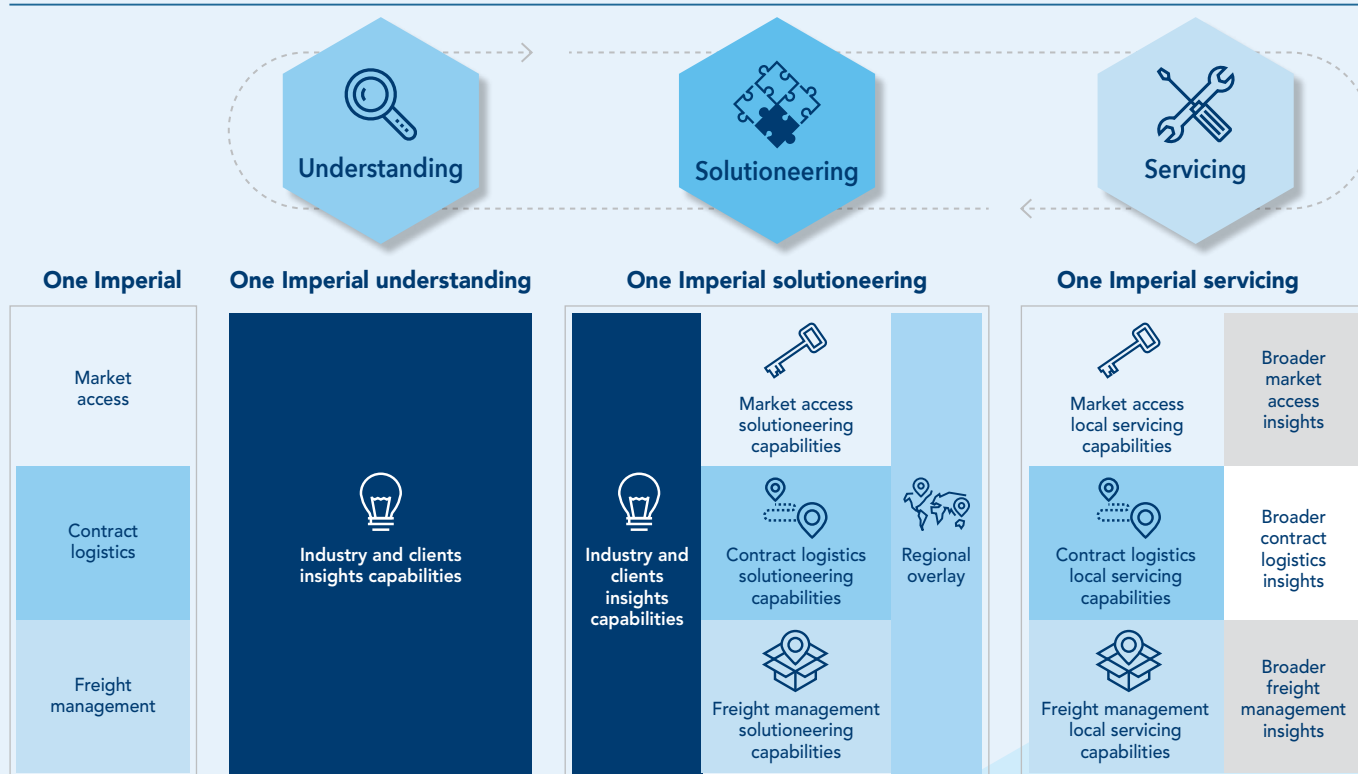
Our clients, principals and customers want to engage with a service provider of integrated and innovative solutions for simple, flexible, efficient and visible supply chains. They also expect us to facilitate their local relevance, which underpins the credibility of their brands. We answer their needs with a value proposition to provide end-to-end access to markets with the flexibility to adjust to different needs, while providing the end-to-end visibility and insights that enable clients to compete and win, and to stay relevant and resilient.

Ultimately, we aim to offer integrated market access and logistics solutions that enable our principals and clients, and the customers they serve, to thrive.

ACCESS	RESILIENCE	SIMPLICITY	FLEXIBILITY	VISIBILITY
<ul style="list-style-type: none"> We provide end-to-end access to markets, customers and consumers. We take clients' and principals' products to some of the fastest growing and most challenging markets in the world, reducing the complexity and risk involved in operating in those markets. 	<ul style="list-style-type: none"> We have the right capabilities to be resilient, and ensure the resilience of our clients' supply chains. Our services and quality can be trusted. 	<ul style="list-style-type: none"> We offer integrated logistics and market access through 'One Imperial', to ensure a seamless client experience. We leverage the best people and technology, adopting simple processes to make doing business in Africa easy. 	<ul style="list-style-type: none"> We are an international player with a strong local presence in key markets. We have a deep understanding of our clients' and principals' businesses, their needs and the industries and markets in which they operate. We provide customised and fit-for-purpose solutions. 	<ul style="list-style-type: none"> We work with clients in an open and transparent manner, always operating in the best interests of our clients and principals, and their customers. We are a responsible corporate citizen, giving clients comfort in our industry and market legitimacy. We are a trusted partner who adopts the highest standards of governance and ethics.

Our customer engagement model

Our new customer engagement model offers specialist capabilities, which combine to meet the needs and expectations of our principals, clients and customers.



Performance review

Solutions: Market Access

Market Access

Integral to our 'Gateway to Africa' strategy, our market access solutions see us taking ownership of inventory and responsibility for the full order to cash function. We build complex route-to-market solutions that provide our clients and principals with access to consumers through comprehensive channel strategies that integrate sourcing, sales, distribution and marketing.

Through our operations in mainly East, West and Southern Africa, we are able to provide market access services in more than 20 countries on the African continent. Our activities currently focus on two key and defensive industries - healthcare and consumer. Our solutions also create opportunities to leverage our freight and contract logistics capabilities.

Over the short and medium term, we plan to expand our footprint into new regions, including South Africa, Francophone and North Africa, and to leverage our expertise in other key industries. We aim to differentiate Imperial by leveraging our unique 'Gateway to Africa' positioning and value-added services to grow our multinational client franchise.

Our core offerings

- Integrated market access and logistics solutions.
- Distributorships in the healthcare and consumer industries.
- Efficient access to smaller markets through a multi-market aggregation model.
- Sourcing and procurement services.
- Emergency relief and kitting services.
- Demand generation, marketing and promotion services.
- Contract manufacturing services.

Our unique value proposition

Our extensive experience in navigating the complex African continent - and proven success in developing and implementing market access solutions and value-add logistics - sees us uniquely placed as a strategic partner to clients and principals wanting to enter and grow in emerging and challenging economies.

Our clients, principals and customers expect:



We offer them:



Operating context

Africa is one of the fastest growing consumer markets in the world. In recent years, household consumption growth has exceeded GDP growth, paralleled by increases in affluence, population growth, urbanisation, internet access and mobile phone usage. Africa’s emerging economies present exciting opportunities for expansion across various industries including the healthcare and consumer sectors, which are expected to grow by CAGR of 18% and 9% respectively.

The operating environment in most of our African markets continued to see some level of volatility. The Covid-19 pandemic is having a significant impact on Africa and its people – with consumer and household


spend impacted negatively as a result of job losses, job scarcity and diminished disposable spend. Oil-dependent markets are being impacted by reduced global demand and low oil prices.

Covid-19 will present substantial challenges in the short term, with negative GDP growth expected across most economies. Disruptions to both the supply and demand sides of the economy will persist until the disease is contained. This economic reality will weigh heavily on consumer sentiment and curb spending, especially on non-essential goods.

Currency weakness is likely to lead to high imported inflation despite muted domestic demand. Our sub-Saharan African markets

are particularly vulnerable due to their dependence on international tourism and trade and investment – as well as their exposure to shifts in risk sentiment.

Most countries in which we operate have relaxed their Covid-19 restrictions and some level of recovery has been evident since May 2020, although activity is not yet back to normalised levels. All businesses in Market Access are currently in operation although volumes remain impacted. We expect a steady recovery in revenue as lockdown restrictions ease.

 [Read more](#) about our operating context on page 10.

Market trends

Healthcare	Consumer
<ul style="list-style-type: none"> • Growing pharmaceutical market. • Increasing demand for generic medicines. • Digital innovation and disruption. • Harmonisation of the regulatory environment in Africa. • Healthcare companies increasingly open to strategic partnerships. • Increasing investment in local manufacturing. • The rise of ecommerce. 	<ul style="list-style-type: none"> • Growing consumer market. • Increasing affluence, population growth, urbanisation, mobile phone usage and access to the internet. • Growing brand recognition and importance. • Increasing presence and acceptance of quality and affordable no-name brands. • Multinationals seeking to grow in Africa. • Increasing investment in local manufacturing.

How we support the Imperial strategy

Market Access is central to the group’s ‘Gateway to Africa’ strategy. Applying our deep expertise, we provide access to challenging and rewarding markets across the continent, which drives the group’s growth by:

- Positioning Imperial as unique in its ‘Gateway to Africa’ offering.
- Servicing a number of lead principals in the defensive healthcare and consumer industries, with plans to expand into other strategically aligned industries, including automotive and chemical.
- Driving demand for inbound logistics and creating demand for air/ocean logistics, thereby expanding opportunities to cross-sell and upsell our other services.
- Leveraging digital and data to offer value-added services to clients, principals and customers.
- Unlocking operational efficiencies and new revenue streams across the value chain.

Our strategy

We aim to provide clients, principals and customers with complete, best-in-class solutions, giving them easy access to end-consumers through an integrated sourcing, sales, distribution and marketing service. Our strategic initiatives are aligned to our focus areas and are designed to drive growth, consolidate our competitiveness and relevance, and retain our legitimacy.

Performance review

Solutions: Market Access continued

Strategic objectives

Principal and customer focused	Technological and digital enablement	Backward and forward integration	Geographical expansion
Provide people with more affordable and better quality consumer and healthcare products.	Build a future-proof organisation through digitalisation.	Expand our capabilities to capture more of the value chain.	Sell and service across our regions and markets.
Increase sales and market share for our principals.	Integrate with point of sale.		Strengthen and expand our leading market positions in the geographies in which we operate.

Core strategic initiatives

- Increase our relevance in the healthcare and consumer industries.
- Expand our market access offering to other industries in select markets.
- Expand our solutions to capture the integrated value chain.
- Evolve from a portfolio of distributor businesses to an integrated marketing, sales and distribution (market access) business under the 'One Imperial' brand.
- Make targeted acquisitions in select emerging markets.
- Embrace and implement the Imperial people strategy.
- Differentiate through digitalisation, continual innovation and leveraging our data assets.

Healthcare initiatives

- Expand multi-market aggregation model that delivers simplified solutions in healthcare in Africa.

- Diversify integrated healthcare services by establishing centralised capability in demand generation, sales, marketing, medical and regulatory affairs, and client relationship management.
- Backward integrate (contract manufacturing and value-added services) and forward integrate through technology (ecommerce and point of sale solutions) to control more of the value chain.
- Extend footprint in South Africa, Francophone and North Africa and evaluate clustering opportunities for expansion into other selected emerging markets.
- Leverage our world-class source and procure capabilities; create a portfolio of generic pharmaceuticals and medical consumables, equipment and devices, to distribute into our markets by leveraging the Imperial network.

Consumer initiatives

- Focused principal engagement to become the best-in-class distributor and strategic partner, supported by investment in enabling technology and deepening market intelligence.
- Expand sources of growth through category optimisation and expansion to ensure a balanced portfolio.
- Expand capabilities to include contract packaging, brand activation and promotion, sourcing and procurement, and brand partnerships.
- Extend footprint with focus on South Africa and Anglophone West Africa.
- Integrate our marketing, sales and distribution business, ensuring standardisation across businesses and territories, and operate under 'One Imperial' brand.

Supported by our key enablers

PEOPLE AND CULTURE	SYSTEMS	PROCESSES	DIGITAL AND DATA
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Measured by our strategic KPIs

- Driving organic growth.
- Adding new principals in consumer and healthcare.
- Building the right organisational structure to implement the strategy, coupled with good succession planning.
- Expanding into new geographies, industries and capabilities.
- Client, principal and customer satisfaction, through net promoter score.



Focus areas

Our six focus areas and associated targets for F2021 - F2023 will concentrate the minds of management as we seek to drive growth and successfully transform our business without disruption to service levels.

Capture end-to-end value chain	Further extend the scope of services up and down the value chain leveraging technology and digital services where relevant.	<ul style="list-style-type: none"> Organic capability build (F2021) Business IT initiatives: Analytics - IT (F2021)
Strategic partner in Africa to brand owners	Become the leading player in Africa providing integrated consumer and healthcare market access and logistics solutions.	<ul style="list-style-type: none"> One Market Access business integration (F2021 - F2022) Wholesale and distribution template (F2021 - F2022)
'One Imperial'	Develop 'One Imperial' blueprint to deliver consistent, integrated and compliant services and brand experience across different markets.	<ul style="list-style-type: none"> Business IT initiatives: Integrated planning (F2021 - F2022) Forward and backward integration (F2021 - F2023)
Clear purpose	Connect every patient and consumer with quality products every day.	<ul style="list-style-type: none"> Geographic expansion (F2021 - F2023)
Culture and people	Embed the values and behaviours that bring 'One Imperial' to life in our operations; attract the best local talent by telling our 'One Imperial' and 'Gateway to Africa' story; and identify and empower leaders for senior management positions to deepen our succession pipeline and drive localisation.	<ul style="list-style-type: none"> Commercial excellence (F2021 - F2023) Business IT initiatives: Agile operations (F2021 - F2023)
Technology and digital innovation	Integrate all data from across our various businesses, giving us better visibility on inventory, promoting better demand planning and forecasting; and improving quality of information for our principals and customers. We will continue to monitor and seek exposure to the boom in ecommerce as a platform of trade in Africa.	<ul style="list-style-type: none"> Control towers (F2021 - F2022) Mobile commerce (F2021 - F2022) Point of sale integration (F2022) Value from data (F2021 - F2023) Ecommerce (F2022 - F2023)

Performance

The Market Access business delivered a resilient performance in challenging circumstances, growing revenue by 18% and decreasing operating profit marginally by 1%. Despite the negative impact of Covid-19 on trading and volumes, results benefited from significant new contract gains of c.R1,7 billion annualised revenue and the inclusion of new acquisitions concluded in the second half of F2020.

Pro forma Market Access segment results

	Half year 1 unaudited			Half year 2*			Full year unaudited		
	2020	2019	% change	2020	2019	% change	F2020	F2019 [^]	% change
Market access									
Revenue (Rm)	5 769	5 402	7	6 674	5 103	31	12 443	10 505	18
EBITDA (Rm)	561	475	18	339	380	(11)	900	855	5
Operating profit (Rm)	485	407	19	225	311	(28)	710	718	(1)
Operating margin (%)	8,4	7,5		3,4	6,1		5,7	6,8	
Return on invested capital (%)	15,5	15,9					12,1	14,2	
Weighted average cost of capital (%)	13,1	13,3					12,7	14,1	
Net debt including IFRS 16 – lease liability (Rm)	1 764	1 534	15				1 924	1 274	51
Net debt excluding IFRS 16 – lease liability (Rm)	1 342	1 111	21				1 360	813	67
Working capital (Rm)	1 584	1 459	9				1 810	1 169	55

Note: Continuing operations, excluding businesses held for sale (mainly Pharmed), head office costs and eliminations.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases, where applicable.

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.

Performance review

Solutions: Market Access continued

Operating margin, however, declined from 6,8% in the prior year to 5,7% mainly due to lower volumes resulting from the impact of Covid-19 restrictions in countries of operation.

Our strong position as a leading healthcare market access player in Africa stood us in good stead, particularly during the pandemic. The healthcare segment delivered resilient results, supported by a good performance from our business in West Africa - where we continue to operate as the leading distributor of pharmaceuticals in Nigeria and recorded market share gains in Ghana. We have in excess of c.120 days' paid-up stock in Nigeria, which positions us well to deal with the currency risks in the country. Our healthcare operations in East Africa (Surgipharm) also contributed positively, growing revenue and operating profit during the year in a market that showed no growth.

Our healthcare medical supplies and kitting business (Imres) continues to benefit from a strong order book, although the supply and delivery of products from India and the lack of air freight capacity impacted performance negatively.


While we are still able to service various channels in most markets in our consumer business, lower activity was recorded mainly in markets where sales of liquor and tobacco were negatively impacted due to Covid-19-related

trading restrictions. As a result of reduced volumes, revenue and operating profit from our consumer businesses in Namibia and Mozambique declined during the year, with margins generally under pressure. Our newly acquired consumer business in Ghana contributed positively to results and is performing in line with expectations.

In the past 12 months we have concluded and integrated acquisitions which included the acquisition of a 65% stake in Geka Pharma; acquiring a 51% interest in Far East Mercantile Ghana; and a 60% shareholding in Axis Group International. After year-end, we acquired a 49% shareholding in Pharmafrique Proprietary Limited (trading as Kiara Health) - a step in expanding our market access footprint in South Africa.

Our South African wholesaling business Pharmed - with its high cost base and limited scale - has become increasingly uncompetitive and continues to underperform. Despite numerous management efforts and initiatives

undertaken over the past months to turn the business to profitability again, it is evident that the business would be better placed to grow in the hands of another owner. As such, management has decided to dispose of this business and it is consequently classified as 'assets held for sale'.

 **Read more** about our strategic acquisitions and disposals in the CFO's review from page 72.

Net capital expenditure of R161 million was incurred during the year largely on additions to fleet, warehouse equipment and some warehouse leasehold improvements.

ROIC decreased from 14,2% to 12,1% and is marginally lower than WACC due to lower profits as a result of Covid-19 and higher invested capital from recent investment in acquisitions.



The pro forma regional performance results for African Regions is included below for noting:

Logistics African Regions	Half year 1 unaudited			Half year 2*			Full year unaudited		
	2020	2019	% change	2020	2019	% change	F2020	F2019 [^]	% change
Revenue (Rm)	6 359	6 339		7 037	5 766	22	13 396	12 105	11
EBITDA (Rm)	606	569	7	370	433	(15)	976	1 002	(3)
Operating profit (Rm)	511	479	7	240	338	(29)	751	817	(8)
Operating margin (%)	8,0	7,6		3,4	5,9		5,6	6,7	
Return on invested capital (%)	15,9	16,4					12,1	15,1	
Weighted average cost of capital (%)	13,4	13,2					12,7	14,3	
Net debt including IFRS 16 – lease liability (Rm)	1 724	1 608	7				1 914	1 239	54
Net debt excluding IFRS 16 – lease liability (Rm)	1 288	1 161	11				1 325	836	59
Working capital (Rm)	1 584	1 561	1				1 822	1 182	54

Note: Continuing operations, excluding head office costs and eliminations.

[^] Prior year numbers have been restated for the impact of IFRS16 - Leases, where applicable.

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.

Strategic progress and outlook

As is evident throughout this report, during the 2020 financial year Market Access recorded significant progress against its strategic objectives. We are confident that our strategy is sound and we are encouraged by the talent that our unique positioning attracts. Our growth

strategy and the business transformation that will future-proof our business ultimately depends on the calibre, alignment and engagement of all of our employees, and our success depends on having the right people on board. We appointed two seasoned executives with excellent track records in the consumer and healthcare industries, which attests to our attractiveness as a destination for talented leaders.

We have attracted new principals in both consumer and healthcare in existing territories, as well as successfully integrating our new acquisitions by introducing our principals to these new markets. We are expanding our market access capability in South Africa and this is proving highly successful as multinationals recognise our unique offering and unrivalled presence in Africa. We are also planning a supply chain control tower that ensures integration of all data from our various businesses, allowing better visibility of sales effectiveness, inventory planning and forecasting.

Our expansion into Ghana's consumer space, into Namibian healthcare via the acquisition of Geka Pharma - and our investment in Axis Group International, which gives us source and procure capability out of China and South East Asia - affirms our position as the trusted strategic partner in Africa. We will also continue to prioritise our capital allocation for those areas that amplify our primary strategic positioning and focus, being Africa and Market Access - and we will continue to explore growth opportunities accordingly.

Our approach and strategy should assure stakeholders that our proposition is highly attractive to high-profile multinational players seeking a foothold in Africa, one of the world's most exciting growth stories.



Performance review

Solutions: Logistics

Logistics

Our logistics business plays an integral role in achieving our 'Gateway to Africa' and 'One Imperial' positioning, enabling us to leverage cross-selling and upselling opportunities with our Market Access business. Our logistics solution encompasses contract logistics, freight management and lead logistics provider (LLP) services. These are offered within and across two businesses, Logistics Africa and Logistics International.

Logistics Africa was previously Logistics South Africa and now includes logistics activities across the continent. It offers road freight, contract logistics and LLP in Africa. Logistics International offers road freight, contract logistics, air/ocean and LLP activities outside of Africa, most notably our contract logistics and freight businesses in Europe and the UK.

With a focus on technology and data, we leverage technology and digital innovation to improve efficiency (through automation) and provide differentiated services to our clients and principals by developing integrated system solutions that provide full end-to-end visibility. We will continue to develop and enhance industry specialisation capabilities and, where relevant, will reduce our reliance on tangible assets, emphasising solution management over asset management.

Our core offerings

We aim to be the leading logistics partner to our clients, leveraging our international footprint and expertise. Our core offerings include:

- Contract logistics.
- Freight.
 - Road freight management services.
 - Air and ocean freight management services.
 - LLP.

Our unique value proposition

Our commitment to operating as 'One Imperial' means we offer our clients, principals and customers an end-to-end integrated logistics solution that – in combination with our Market Access business – enables them to grow and remain relevant in Africa.

Our clients, principals and customers expect:



We offer them:



Operating context

Logistics Africa currently operates mainly in South Africa where prevailing weak economic conditions, high unemployment and low consumer spending were exacerbated by Covid-19 and volumes declined across most sectors, due to lockdown restrictions.

Logistics International operates mainly in the Eurozone and the UK and is largely focused on mature German manufacturing industries – such as automotive, chemicals

and steel, and was most impacted by the Covid-19 pandemic, with significant reduction in volumes and activities in March, April and May, as many industries experienced complete lockdown.



Read more about our operating context on page 10.

How we support the Imperial strategy

- Operate in key industries: consumer, healthcare and automotive.
- Rationalise portfolio to move to asset-light capabilities.
- Venture into new key industries and capabilities.
- Ability to influence distribution logistics and create opportunities to further cross-sell and upsell services across the different businesses (market access, freight, contract logistics).
- Well positioned to use technology and data to differentiate Imperial.

Market trends

Logistics

- Greater emphasis on holistic approaches to global supply chain design.
- Shortening supply chains and increased support for local manufacturing, creating significant logistics and market access opportunity.
- Shift towards intelligent supply chains evolving into customer-centric, agile, asset-light networks that are connected and cost effective.
- Shift towards ‘direct-to-customer’ and ‘direct-to-consumer’ operating models.
- Growing need from supply chain leaders to outsource more parts of the value chain to unlock efficiencies and boost growth.
- Evolution of 3PLs to include the complete supply chain cycle and functions like customer service, order management, sales support, ecommerce and IT integration.
- ‘Uberisation’ of logistics (sharing economy) – last mile pick-up and delivery, local point-to-point, shared warehousing and transport.
- Fit-for-purpose industry-focused solutions for specialised freight versus high volume commodity shipments. Increased adoption of cloud-based systems, digitisation and automation of processes and adoption of the internet of things and advanced analytics to improve visibility, planning and cost optimisation.
- Increasing focus on sustainability.
- Leveraging widespread use of mobile phones in Africa to unlock potential for smarter procurement and payment systems, and access hidden markets.

Our strategy

Achieving our strategic objectives will enable us to consistently and competitively provide clients, principals and customers with a fully integrated ‘One Imperial’ managed, multi-modal network, that sustainably grows our business and drives the ‘One Imperial’ and ‘Gateway to Africa’ imperatives.

Strategic objectives

‘Gateway to Africa’	Sustainable revenue growth	Client centricity and improved competitiveness	Industry specialisation	Simplification and standardisation	Digital and technology
Creating an international, in-country multi-modal network applying an asset-right model.	Retention and growth of existing clients, and new clients in existing service segments. New revenue streams and services.	Cross-selling and upselling strategic accounts. Custom-designed solutions to address clients’ unique requirements.	Enhance industry specialisation capabilities where there are greater barriers to entry and generally higher financial returns.	Focus on standardisation and integration of leading practice processes and systems to unlock value in current operations.	Invest in digital innovation and leverage integrated technology and data platforms to create opportunities for new products and services.

Supported by our key enablers

PEOPLE AND CULTURE	SYSTEMS	PROCESSES	DIGITAL AND DATA
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Measured by our strategic KPIs

- Revenue growth (driven by organic growth and selected strategic acquisitions).
- Margin growth.
- Improved market share.
- Exit unprofitable, non-performing and non-core businesses.
- Create value for clients, principals and customers.

Performance review

Solutions: Logistics continued

Our logistics solutions

We tailor insight-led relationships to our clients, which serve to deepen their competitiveness and relevance in their industries and markets.

Contract logistics

In keeping with our 'One Imperial' and 'Gateway to Africa' strategies, our contract logistics services include developing market entry strategies, consulting, production logistics, warehousing, distribution, spare parts logistics and value-added services. Our unique value proposition enables our clients to establish and grow their brands in Africa. Our focus is on leading in Africa by offering clients and principals an integrated supply chain solution grounded in an on-the-ground African presence.

Our key initiatives

- Operational excellence through standardisation of processes to ensure synergies, and operational improvements to reduce overheads and improve customer satisfaction.
- Rationalising our portfolio to focus on industries where we can offer asset-right solutions.
- Entering the ecommerce market to improve last mile delivery across Africa.
- Offering customised solutions to address specific client requirements.
- Realising efficiencies, cost reduction and increased margins through digitalisation, automation and data-driven decision making.
- Identifying new revenue generating opportunities by adopting technology and digital tools and platforms.

Region-specific initiatives

Africa

Expand service offering into target industries across the continent.

International

Geographical expansion within existing industries and strategic capabilities.

Freight

Road freight

The market is highly fragmented, commoditised and competitive, with new entrants introducing digital, client-centric offerings. We will reposition our African and International road freight management offering as more agile and adaptive to changing market demands, optimising resource deployment and extracting synergies across all our capabilities.

Our robust African freight forwarding capability and overall focus on Africa supports our value proposition. We will continue to focus on integrated solutions that improve real-time end-to-end visibility; and we will continue to invest in people and technology that deliver this competitive edge for the group.

Our key initiatives

- Capture synergies through integration by adopting the 'One Imperial' operating model, simplifying and strengthening business support through rationalisation, and supporting the air and ocean business where appropriate.
- Driving revenue growth and margin protection by exploring new customers in existing service segments, enhancing our offerings with new product segments and value-added services, and driving Palletways' growth.
- Using technology as a booster by introducing the One Network solution standard, and using technology to support synergy across businesses.
- Driving industry specialisation by extending existing operations and enhancing our offerings.

Region-specific initiatives

Africa

Expand service offering into target industries through new capabilities.

Focus on the **chemicals industry** given its positive prospects.

International

Geographical expansion of our groupage services as well as right sizing our existing freight organisation.

Air/ocean freight

A globally supported and robust air and ocean freight forwarding capability is a necessary offering in our 'Gateway to Africa' strategy to facilitate trade flows into and out of Africa. It can also generate sustainable organic growth through direct cross-selling opportunities.

Our key initiatives

- Create an international network through targeted partnerships or acquisitions to meet client needs and further enhance the 'Gateway to Africa' objective.
- Grow through partnerships, mergers or acquisitions, acquiring air/ocean capability to enter the market and gain initial competency and scale.
- Establish an experienced, effective and connected sales force by attracting key people and teams to develop our customer network and customer relation matrix (global, regional, local).
- Capture synergies by working closely with Road Freight, LLP and Contract Logistics and deliver an integrated solutions architecture.
- Leverage Palletwaves and Palletwings model to increase reach and expand network.
- Use technology as a booster to develop fully integrated system solutions that provide end-to-end visibility across different service lines and operations, and to increase network reach by scaling in asset-light practices and by owning platforms that drive and consolidate volume across an integrated 'One Imperial' network.

Lead logistics provider

There is increasing demand for a supply chain integrator that assembles and manages a solution for clients, by collaborating with regional and specialist service providers. This aligns to our 'One Imperial' strategy, and directs us to create a vision of a homogeneous LLP capability across all our regions. This capability will enable us to design and operate integrated multi-modal freight management solutions that complement

our freight management, contract logistics and market access solutions.

Our key initiatives

- Improving competitiveness by realising our potential for outcomes-based remuneration.
- Investing in customised solutions that address unique client needs, provide access to new markets, and provide capabilities and offerings where Imperial does not currently have a presence.

- Offering 'Gateway to Africa' services in geographies where Imperial does not have a 3PL presence.
- Enabling capabilities in freight management, contract logistics and market access.
- Offering a high level of automation and best-in-class technology solutions tailored to clients, based on our flexible IT model and digital first approach.

Focus areas

Growing our business and delivering on our strategic objectives requires a clear sense of purpose and positioning, and a focus on optimal integration of our people, partnerships and processes to serve the needs of our clients, principals and their customers.

		Logistics Africa	Logistics International
World class	<ul style="list-style-type: none"> • Develop blueprint to deliver consistent, integrated and compliant services and brand experience across different markets, as 'One Imperial'. • 'Brilliant basics': focus on standardisation and integration of practices to unlock value in current operations. 	<ul style="list-style-type: none"> • Portfolio rationalisation (F2021 - F2022) • Industry specialisation (F2021 - F2022) • Organisation of the future design (F2021 - F2023) • Operational excellence (F2021 - F2023) • Client centric commercial excellence focus (F2021 - F2025) 	<ul style="list-style-type: none"> • Acquire, partner, integrate and scale Air/Ocean capability (F2021 - F2024) • Portfolio rationalisation (F2021 - F2024)
One-stop shop and international relevance	<ul style="list-style-type: none"> • Establish air and ocean capability as an additional growth engine and align International business to support our strategic intention to connect Africa to the world. • Optimise our exposure to hard assets to achieve an asset-right position in line with the specialised requirements of major clients. 		
Growth engines	<ul style="list-style-type: none"> • Continue to develop and enhance specialised capabilities where there are greater barriers to entry and generally higher financial returns. • Target strategic accounts by offering purpose built, specialised solutions that optimise the full value chain across regions and solutions. • Increase network reach by scaling in an asset-light way and owning the platforms to drive and consolidate volume. 		
Focus on technology and data	<ul style="list-style-type: none"> • Leverage technology and digital innovation to improve efficiency (through automation) and differentiate ourselves from competitors. • Give clients integrated system solutions with full end-to-end visibility and great user interfaces. • Leverage data to turn insights into actions, thus developing new products, services and revenue streams. 	<ul style="list-style-type: none"> • Project Blue Fleet (F2021) • Harnessing data to drive growth (F2021 - F2022) • Ecommerce fulfilment (F2021 - F2022) • IT transformation (F2021 - F2022) • Warehousing management (F2021 - F2023) • Process automation (F2021 - F2023) 	<ul style="list-style-type: none"> • Harnessing data to drive growth (F2021 - F2022) • Process automation (F2021 - F2022) • Innovation lab (F2021 - F2022) • Mobile apps (F2021 - F2022) • Digital fleet management (F2021 - F2022) • IT transformation (F2021 - F2023)

Performance review

Solutions: Logistics continued

Performance

Logistics Africa

Logistics Africa (previously South Africa and now encompassing logistics activities throughout the continent) encompasses road freight, contract logistics and LLP in Africa. Logistics will continue to play an integral role in achieving our 'Gateway to Africa' and 'One Imperial' strategic imperatives – leveraging freight, contract logistics and supply chain support, cross-selling and upselling opportunities with our Market Access business.

Pro forma Logistics Africa segment results

Logistics Africa	Half year 1 unaudited			Half year 2*			Full year unaudited		
	2020	2019	% change	2020	2019	% change	F2020	F2019 [^]	% change
Revenue (Rm)	8 016	7 407	8	6 856	7 048	(3)	14 872	14 455	3
EBITDA (Rm)	1 075	959	12	601	1 011	(41)	1 676	1 970	(15)
Operating profit (Rm)	658	616	7	109	548	(80)	767	1 164	(34)
Operating margin (%)	8,2	8,3		1,6	7,8		5,2	8,1	
Return on invested capital (%)	14,1	12,8					9,0	12,7	
Weighted average cost of capital (%)	9,2	10,2					8,1	9,8	
Net debt including IFRS 16 – lease liability (Rm)	4 016	3 636	10				4 226	2 796	51
Net debt excluding IFRS 16 – lease liability (Rm)	2 308	2 067	12				2 426	1 282	89
Working capital (Rm)	(285)	644					(786)	(358)	

Note: Continuing operations, excluding head office costs and eliminations.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.

Logistics Africa

	Full year*		
	F2020	F2019 [^]	% change
Freight Management			
Revenue (Rm)	8 706	9 096	(4)
EBITDA (Rm)	1 052	1 133	(7)
Operating profit (Rm)	543	709	(23)
Operating margin (%)	6,2	7,8	
Contract Logistics			
Revenue (Rm)	6 166	5 359	15
EBITDA (Rm)	624	837	(25)
Operating profit (Rm)	224	455	(51)
Operating margin (%)	3,6	8,5	

Note: Continuing operations.

* Unaudited.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

In an already difficult, low-growth and increasingly competitive trading environment – exacerbated by the impacts of Covid-19, Logistics Africa recorded revenue growth of 3% but operating profit declined by 34%. Results were negatively impacted by Covid-19-related trading restrictions, associated once-off costs from further restructuring to reduce costs, and lower margins in the healthcare businesses in South Africa. Results were supported by new contract gains of c.R2,0 billion annualised revenue, the benefit of cost-saving initiatives undertaken in F2019 and excellent cost management during Covid-19. This business will also benefit from further cost reduction initiatives of c.R200 million planned in F2021.

The lockdown restrictions resulted in a decline in volumes across most sectors – particularly in tobacco, alcohol and fuel. As a result, operating margin decreased to 5,2% from 8,1% in F2019. Performance for the year was also adversely impacted by the absence of project work in Africa – which tends to be cyclical – and was included in the prior year.

Revenue and operating profit in the freight business declined by 4% and 23% respectively. The performances of our LLP and road freight businesses were subdued by the lower demand and volumes mainly relating to Covid-19. Significantly lower volumes due to cross-border travel restrictions, and increasingly poor economic conditions in Zimbabwe, negatively impacted the cross-border freight business.

Contract Logistics increased revenue by 15%, benefiting from the retention of CPG contracts that are now operating under more viable commercial terms, and increased demand from healthcare and consumer clients. Operating profit declined by 51% due to the impact of trading restrictions in certain sectors and

associated once-off costs mainly due to restructuring and to reduce costs. The healthcare business in South Africa also negatively impacted results due to contract renewals at lower margins in a competitive environment.

As previously communicated, the ambient business within CPG ceased trading at the end of September 2019 and we sold the cold business to Vector Logistics in November 2019. We retained over 1 800 employees (excluding staff in the cold business) and approximately 80% (revenue) of contracts from the ambient business. These contracts and staff were accommodated mainly in the dedicated contracts and health sciences businesses. As the contracts are being transitioned, some of the benefits were achieved in

H2 F2020 – with the full benefit only being realised from the 2021 financial year. As the business wound down, CPG incurred a free cash outflow of R595 million in H1 F2020 with no further trading losses in H2 F2020.

Net capital expenditure from continuing operations (excluding IFRS 16) of R717 million was incurred during the year and mainly comprised expanding the fleet to accommodate new contracts and replacement of transport fleet.

ROIC declined from 12,7% to 9,0% and is below our hurdle rate of WACC + 3% mainly due to lower profits resulting from the negative impacts of Covid-19.

The pro forma regional performance results for South Africa is included below for noting:

	Half year 1 unaudited			Half year 2*			Full year unaudited		
	2020	2019	% change	2020	2019	% change	F2020	F2019 [^]	% change
Logistics South Africa									
Revenue (Rm)	7 426	6 470	15	6 493	6 385	2	13 919	12 855	8
EBITDA (Rm)	1 030	930	11	570	924	(38)	1 600	1 854	(14)
Operating profit (Rm)	632	553	14	94	512	(82)	726	1 065	(32)
Operating margin (%)	8,5	8,5		1,4	8,0		5,2	8,3	
Return on invested capital (%)	13,4	11,9					9,0	11,3	
Weighted average cost of capital (%)	8,8	10,0					8,1	9,3	
Net debt including IFRS 16 – lease liability (Rm)	4 056	4 200	(3)				4 436	3 585	24
Net debt excluding IFRS 16 – lease liability (Rm)	2 362	2 251	5				2 661	1 469	81
Working capital (Rm)	(286)	535	(153)				(626)	(116)	

Note: Continuing operations, excluding businesses held for sale (mainly Pharmed), head office costs and eliminations.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.

Performance review

Solutions: Logistics continued

Logistics International (continuing operations)

Logistics International encompasses road freight, contract logistics, air/ocean and LLP activities outside of Africa – most notably our contract logistics and freight businesses in Europe and the UK.

Pro forma Logistics International region segment results

Logistics International	Half year 1 unaudited			Half year 2*			Full year unaudited		
	2020	2019	% change	2020	2019	% change	F2020	F2019 [^]	% change
Revenue (Rm)	8 982	9 229	(3)	9 633	9 630		18 615	18 859	(1)
EBITDA (Rm)	1 004	917	9	583	894	(35)	1 587	1 811	(12)
Operating profit (Rm)	372	315	18	(316)	273	(216)	56	588	(90)
Operating margin (%)	4,1	3,4		(3,3)	2,8		0,3	3,1	
Return on invested capital (%)	4,1	6,0					0,5	3,7	
Weighted average cost of capital (%)	5,6	5,8					5,3	6,0	
Net debt including IFRS 16 – lease liability (Rm)	6 722	7 016	(4)				8 176	7 084	15
Net debt excluding IFRS 16 – lease liability (Rm)	3 679	3 296	12				4 459	3 634	23
Working capital (Rm)	687	456	51				(438)	506	(187)
Revenue (€m)	551	565	(2)	534	601	(11)	1 085	1 166	(7)
EBITDA (€m)	62	56	11	33	56	(41)	95	112	(15)
Operating profit (€m)	23	20	15	(15)	16	(194)	8	36	(78)
Operating margin (%)	4,2	3,5		(2,8)	2,7		0,7	3,1	
Return on invested capital (%)	4,1	6,8					1,0	3,7	
Weighted average cost of capital (%)	5,6	6,5					5,3	6,0	
Net debt including IFRS 16 – lease liability (€m)	428	426					419	437	(4)
Net debt excluding IFRS 16 – lease liability (€m)	234	193	21				229	225	
Working capital (€m)	44	28	57				(23)	33	(170)

Note: Continuing operations, excluding head office costs and eliminations.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

* Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.

International

	Full year		
	F2020	F2019 [^]	% change
Freight Management			
Revenue (€m)	617	623	(1)
EBITDA (€m)	43	94	(55)
Operating profit (€m)		29	(100)
Operating margin (%)	(0,0)	4,6	
Contract Logistics			
Revenue (€m)	468	543	(14)
EBITDA (€m)	52	18	196
Operating profit (€m)	8	7	20
Operating margin (%)	1,8	1,3	

Note: Continuing operations.

[^] Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

Most impacted by the Covid-19 pandemic, revenue and operating profit from Logistics International decreased by 7% and 78% respectively in Euro terms. Revenue of c.€78 million was lost during the peak of Covid-19 as this business has significant exposure to the automotive and industrial sectors (c.65% of revenue), where the impact of the pandemic was most severe.

The high fixed cost base (c.50%) in this business, once-off impairments due to Covid-19 and low water levels in South America negatively impacted operating profit. The Rand performance was negatively impacted due to the translation of losses incurred in Q4 F2020 in Logistics International into Rands at significantly weaker exchange rates. The average exchange rate in Q4 F2020 was R19,77/Euro versus R16,50/Euro for the first nine months of F2020.

A marked decrease in volumes across most operations resulted in the operating margin declining to 0,7% from 3,1% in the prior year. Results for the 12 months were partially supported by the benefits of the significant cost-cutting initiatives in the prior year, contract renewals and new business gains of c.R2,5 billion (€128 million) per annum of annualised revenue.

Despite a marginal decrease of 1% in revenue, operating profit (in Euros) generated by freight management declined by 100% mainly due to a significant impact and related costs in road freight activities resulting from Covid-19-related restrictions and lower than expected results from the South American shipping business due to low water levels in H2 F2020 in addition to Covid-19-related restrictions on exports that impacted volumes.

Results in the freight business were supported by a good performance from our express palletised distribution business (Palletways) as corrective measures taken to eliminate costs,

changing our pricing model to address the increased costs caused by network imbalances in the prior year and appointing additional members, reaped benefits. This despite Covid-19-related challenges in many of Palletways' markets.

The sale of the European shipping operations was concluded on 31 July 2020. The South American shipping business will continue to operate on a standalone basis and remains available for sale.



Read more about the disposal of the European shipping operation in the CFO's review from page 72.

Contract logistics decreased revenue by 14% but increased operating profit by 20% (in Euros). Automotive contract logistics businesses most impacted as all original equipment manufacturers (OEMs) implemented plant shutdowns in March and April. Volumes in the chemicals-related businesses were less impacted, supported by new business gains, but still markedly lower than in the previous year.

As many countries in Europe have eased lockdown restrictions since June 2020 and OEMs in Germany are slowly returning to production, we have seen an increase in activity but still down from pre-pandemic levels. The recovery of Logistics International is very much dependent on the duration of the crisis and time taken to restore the broken supply chains - in addition to an already low-growth macro environment. All businesses in Logistics International are currently in operation, and while volumes remain impacted, there is a steady increase.

Net capital expenditure from continuing operations (excluding IFRS 16) of R267 million was incurred during the year mainly for warehousing equipment and the replacement of truck fleet.

The ROIC of 3,7% declined to 1,1% and is lower than WACC due to significantly lower profits caused by the negative impact of Covid-19.

Strategic progress and outlook

Covid-19 has presented an opportunity whereby clients have become keenly aware of their dependence on uninterrupted and resilient supply chains. From a sales perspective this is exciting for us. We have an open-ended opportunity to extract further efficiencies within clients' and principals' supply chains.

Our ambition is fuelled by our passion for our unique offering and a bold strategy. To be a leading logistics provider in Africa requires that we differentiate, that we optimise margins and develop unique world-class solutions founded in internal collaboration between different parts of the business and investment in smart technology and data. Management is focused, energised and eager to show results. Our 'One Imperial' aspiration will demand of us that we develop the controls and measures that drive integration and deliver business insights, transparency and one version of the truth; to optimise collaboration. We are working extensively to roll out the foundational systems and procedures of a singular client-facing entity are locking into place. Management is incentivised, aligned and empowered to deliver on this unique opportunity to grow our logistics solution to its full potential.

Performance review Digital and data



Digital and data

Connecting Africa and the world, and driving differentiation, optimisation and disruption, means we must acquire, develop and deploy leading digital capabilities. Our digital strategy aims to achieve brilliant basics, to grow our core business sustainability, and to embed the capability to secure and scale new business at pace.



Our digital platforms and capabilities are a critical enabler of all our strategy pillars and enhancing these will create value across our six value lenses: enabling growth, improving efficiency, enhancing experience, mitigating risk, building our brand and optimising capital.

Go digital, be digital, enable digital

Becoming ‘One Imperial’ and positioning ourselves as the ‘Gateway to Africa’ means placing IT and digital initiatives at the heart of our enterprise. Our technological prowess will determine the strength of Imperial’s differentiation, market relevance, client experience, revenue and growth. Our digital focus areas have been designed with these imperatives in mind, and with an eye towards accelerating our transformation journey from a digital deficit to a digital advantage, leveraging specific digital excellence in parts of the business to benefit ‘One Imperial’.

Our entrepreneurial beginnings, portfolio business model and recent inorganic growth have left us with a legacy of decentralised IT solutions and initiatives which are not all ideal to scale and progress to the ‘One Imperial’ business model, culture, and brand. This, in combination with the accelerating pace of digital capabilities and the related escalation in expectations of key stakeholders, has highlighted the need for a unifying digital strategy underpinned by cohesive IT architecture and

standardised processes, which enables digital optimisation and innovation across the group.



Our digital focus areas

Our strategy of ‘Go digital, be digital, enable digital’ is how we will become market leaders and accelerate digital enablement within the group.

Enterprise architecture	Leverage the business strategy to derive the IT imperatives and guide the development of a holistic enterprise architecture.
Digital innovation	Accelerate the adoption of innovation within the business and maximise strategic value from venture fund investments.
Solution centric	IT focus on catering for solutions to Logistics and Market Access as well as enabling functions, to improve client experiences.
Client engagement	Within the markets we operate, support market growth and client experience through innovation, data insights and digital platforms.

Digital outcomes

- Brilliant basics: transform the core business to drive up investment capacity.
- Growth bets: Grow the core business to fuel and sustain growth.
- New value propositions: Identify and scale growth of new business at pace.

Our digital strategy

Our digital strategy is key to transforming Imperial, enabling growth and strategy by providing coherent processes and systems that support core business and strategic delivery, and by facilitating access to new value propositions and revenue streams. Ultimately our digital strategy should enable us to build partnerships across our ecosystem, and to identify, pre-empt, integrate and own potentially disruptive technologies and businesses.

Our digital strategy is both a driver of and facilitated by our ‘One Imperial’ strategy; a unifying digital strategy is not possible without an integrated and unified approach to the business, and our ability to truly become ‘One Imperial’ cannot be fulfilled without underlying foundational IT processes and initiatives being in place. Our digital initiatives and imperatives are similarly foundational to our ability to capture new opportunities, becoming data driven, amplify value, differentiate, meet and anticipate our clients’ needs, and to innovate.

How we support the ‘One Imperial’ strategy

Amplify value	<ul style="list-style-type: none"> • Shift from being the custodian of IT, to becoming the amplifier of business value.
Capture opportunities	<ul style="list-style-type: none"> • Accelerate Imperial’s response to capturing business opportunities through the use of technology and data.
Disrupt ourselves	<ul style="list-style-type: none"> • Become our own disrupter by challenging legacy business processes based on digital technology-led innovations.
Differentiate in the market	<ul style="list-style-type: none"> • Enable businesses to differentiate themselves by deploying technology solutions and becoming data driven.
Client centricity	<ul style="list-style-type: none"> • Align our way of working to product-oriented teaming, more closely linked to solutions that allow for better, more customer-focused IT services.
Digital, powered by IT	<ul style="list-style-type: none"> • Drive digital transformation through an integrated digital and IT delivery method, ensuring that maximum digital and data benefits are realised at scale.

Performance review

Digital and data continued

Key digital initiatives

Our digital strategy centres on using best-in-class and emerging technology to provide clients with the innovative solutions they require to differentiate themselves from their competitors. We embrace market disrupters and leverage innovation so that our clients will not only survive but thrive now and into the future.

We aim to provide clients and principals with best-in-class and complete solutions, to access their end-consumers through an integrated sourcing, logistics and sales service. Our strategic digital and data initiatives are aligned with our focus areas and designed to deliver growth.

Structured value-focused initiatives

Digital fleet management	Ecommerce and fulfilment	Mobile commerce
We will leverage existing and new technology to transform road freight operations. This initiative will improve asset management in the field, increasing efficiency and reducing costs by providing visibility, analytics and actionable insights.	We are driving direct-to-consumer warehousing and delivery management capabilities through digital enablement. We will leverage this capability to further enable our market access reach.	By using available digital methods and tools to automate sales force, merchandising and cash-van processes, to enable traders, and to ensure an end-to-end integration of our order-to-cash processes.
Business benefits include: <ul style="list-style-type: none"> Increased decision making effectiveness. Reduced operational costs, including capex, diesel spend, overtime, tyre spend and insurance. Improved vehicle utilisation. 	Business benefits include: <ul style="list-style-type: none"> Leveraging existing warehouses and delivery channels to reduce delivery times and costs. Micro-picking, small unit delivery and reverse logistics capabilities. End-to-end visibility. 	Business benefits include: <ul style="list-style-type: none"> Improved customer/trader experience. Increased orders placed for available stock. Reduced errors in order taking.
Digital and data outcomes <ul style="list-style-type: none"> Improved fleet utilisation, diesel consumption and optimised driver cost. Enhanced visibility and reliability to improve service delivery. Predictable continuous freight flow management. 	Digital and data outcomes <ul style="list-style-type: none"> Contract logistics excellence. Channel extension to direct-to-consumer. Entry into new specific industries with high business-to-customer propensity. 	Digital and data outcomes <ul style="list-style-type: none"> Standardised processes enabled through technology. Improved visibility of demand patterns. Channel development for principals. Data-driven decision making. Generate new revenue streams.



Control towers	Point of sale integration	Value from data
With focus expanding from logistics to supply chain control towers, the benefit of process integration across different supply chain role players is increasing beyond operational efficiency to optimal product availability.	We will enhance the ability to harvest and interpret point of sale system data to gain better insights into our consumer demand patterns and overall supply chain.	We will use data to drive decision making for growth and efficiency and to add value to create future opportunities. We have a large amount of data that needs to be translated into meaningful, actionable insights and precise decision making.
Business benefits include: <ul style="list-style-type: none"> • Increased operating efficiency. • Enhanced operational visibility. • Improved product availability and optimised inventory. 	Business benefits include: <ul style="list-style-type: none"> • Improved principal understanding. • Improved demand forecasting. • Increased decision making effectiveness. 	Business benefits include: <ul style="list-style-type: none"> • Improved business performance through timeous insights. • Create predictive models based on historical data. • Monetise data.
Digital and data outcomes <ul style="list-style-type: none"> • Reduced standing times. • Improved reliability. • Supply chain optimisation. 	Digital and data outcomes <ul style="list-style-type: none"> • Reduced returns. • Channel development. • Demand creation. • Generate new revenue streams. 	Digital and data outcomes <ul style="list-style-type: none"> • Business performance insights. • Service measurement and improvement. • Waste minimisation. • Generate new revenue streams.



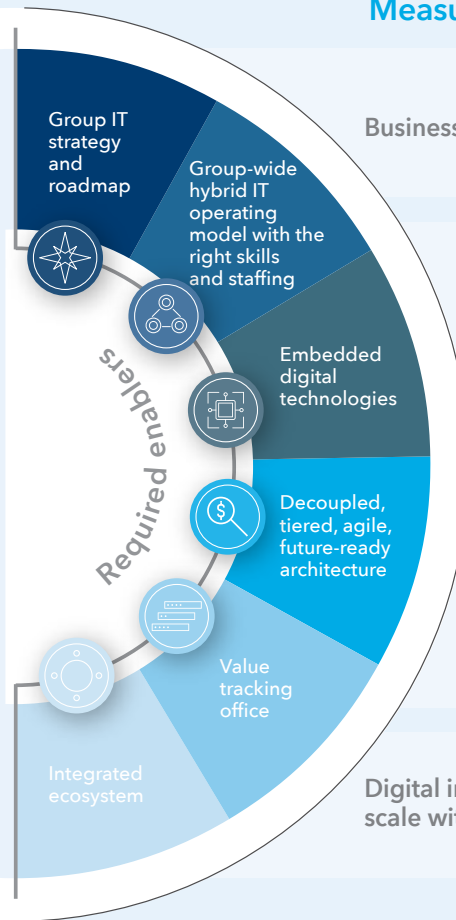
Performance review

Digital and data continued

TECHNOLOGY ENABLEMENT INITIATIVES

As we embark on our growth journey, IT, digital and data need to be positioned at the heart of our business.

The key outcomes of our IT initiatives include the standardisation and harmonisation of all technology across the group, supported by an integrated ecosystem with cloud and cloud-enabled technologies that allow the monetisation of data through a data storage and insight generation platform. Imperial will become an efficiently structured IT organisation that is geared for growth, providing consistent service experience through a consolidated support and infrastructure environment that is appropriately secured against internal and external threats.



Measured by our strategic KPIs

Business perception of IT



Responsiveness to business demand



Time-to-value



Transactional volume through digital platforms



Digital initiatives which achieve scale with the related benefits



Technology enablement initiatives Key IT initiatives

Our IT initiatives are targeted at supporting business operations and strategy through standardisation and centralisation of IT infrastructure, developing and implementing business-specific solutions across Logistics and Market Access, and driving enterprise-wide solutions across key functional areas including finance, HR and communications.

Shared IT	We will deploy core IT components that enable growth for the future including infrastructure, security, data and analytics enablement, core mobile technology platforms and IT services.
Business IT	We are implementing business specific solutions that converge towards end-state enterprise architecture which support the value chains of the respective businesses.
Functions IT	We are driving enterprise-wide solutions across finance, HR and communications that support the delivery of 'One Imperial' ethos.

Innovation venture fund

Our disruptive innovation fund, in partnership with Newtown Partners, makes available an initial capital investment of USD20 million to provide a mechanism to invest in innovative developments. We refined our investment principles and focus areas to fund high-potential start-ups in freight logistics, supply chain management and healthtech that use emerging technologies and disruptive business models to drive value.

During the year, we concluded our first three investments in a digital distributor, digital freight forwarder and a point-of-care diagnostics enabler.

Field Intelligence is a **technology-enabled pharmaceutical distributor** for community pharmacies in Nigeria and Kenya.

Field Intelligence enables disruptive new sources of customer value by proactively managing stock levels and expiry, as well as working capital finance, with more opportunities to address more of the value chain as it scales.

Shypple is a **digital freight forwarder**, based in the Netherlands, that currently serves predominantly the port of Rotterdam and Schiphol airport.

Price and supply chain transparency, as well as certainty of supply and demand are disruptive drivers of future value in air and ocean freight forwarding and key to Shypple's value proposition.

RedBird supplies **proven rapid diagnostic tests (RDTs)** and related hardware to pharmacies in Ghana.

RDTs disrupt traditional healthcare diagnosis because they are effective in low resource, point-of-care environments and require little training. RedBird augments this capability with flexible financing and patient healthcare monitoring software.

Each of these minority investments have a time-to-value of five to seven years and were selected on the basis that they exhibit capabilities that may become strategically relevant to Imperial at that time and at commercial scale. These startups are positioned to grow rapidly in their home markets before leveraging their disruptive competitive advantage to enter new geographical markets and service areas, reorganising value chains, addressing new customer segments more effectively than before and displacing incumbents in the process. As they scale, some of these startups will become increasingly integrated into Imperial's value chain, where they will continue to both disrupt existing markets and enhance the competitiveness of our value proposition to clients.

Investing in innovative technology, relevant to our business and aligned to our strategy will allow us to mitigate the risk of disruption, positioning the group at the forefront of innovation and allowing us to capitalise on the ongoing evolution of technology.

Our pragmatic approach to investing in innovation will support the strategic alignment of our investments as we continue to investigate new investment opportunities and partnerships. Our pipeline includes a range of opportunities from entering the pipeline and doing due diligence research through to granting an investment mandate.

Outlook

In the coming year, we aim to align and initiate formalised roadmaps prioritising digital capabilities, enterprise architecture and data-driven decisions. This will be measured by roadmap completion and signoff, and implementation progress. Our focus will be on the implementation of digital fleet management, mobile commerce and process automation capabilities in the shorter term, with ecommerce and fulfilment implementation being completed in the medium term. Beyond the value of specific initiatives, we are excited that our consolidated digital strategy, and specifically our innovation venture fund, will become a powerful catalyst for awakening the realisation within the organisation that innovation – whether it is improving and refining our processes and systems, or doing something entirely new to drive value for Imperial and our clients – is everyone's business.

Performance review

People



People

As the most critical enabler of our strategy, our people are central to effective organisational transformation, improved performance and accelerated growth. The transformation of how we manage our people, underpinned by our culture journey, will ensure that we grow into 'One Imperial', with the right talent to build it, the right leadership to guide it and the right organisational architecture to support it.



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

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

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

Covid-19 impact on the workforce

Our focus during the crisis is first and foremost to protect our people and operations from infection. As the pandemic evolves, the continued safety and wellbeing of our employees remains a priority. Stringent safety and strict access control procedures remain in place and rigorous hygiene, cleaning and disinfecting procedures have also been implemented - with dedicated resources in place to support and monitor Covid-19-related risks at each operation.

Employee training has been customised to heighten awareness of risks and preventative measures. While many employees continue to work from home, different shift systems have been introduced to allow for increased social distancing and to ensure continuity when a member of a team tests positive for the virus. Across the group, salaries of c.R160 million were paid to operational staff whose services were not required at the operations during periods of lockdown between March 2020 and June 2020.

Remote and flexible working conditions have become the norm and are likely to remain for the foreseeable future. This requires changes to working models and enhanced digital competencies. In addition, the pandemic has caused uncertainty and employees are concerned about job security and their physical and mental wellbeing. New communications and collaboration channels are in place to reassure employees and maintain their trust and motivation. Our people have appreciated the further support measures provided by way of our employee health and wellness initiatives and online training on Covid-19 to help them transition to new ways of working. We continue to leverage social media and other channels to engage with employees and to urge their continued adherence to health protocols.



Performance review

People continued

Key performance indicators

Group
25 232 employees*
 working in 26 countries
 (F2019: 27 463)

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

Training hours delivered (group)
893 682 hours
 (F2019: 628 228)

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

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

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

Black representation
 (South Africa)

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

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

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

Gender diversity
12%

women representation
 at top management
 (F2019: 17%)

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

24%
 women representation overall
 (F2019: 24%)

Black appointments (South Africa)

91%
 of appointments made in the year went
 to black candidates. At management
 level this equated to 58%
 (F2019: 89%)

90%
 of internal promotions went to
 black employees

* At 30 June 2020, excluding CPG and European shipping.

Our people strategy

Our people strategy has been revised to support our operational and strategic transformation and enhance our ability to attract and retain the best talent and skills. Key outcomes will be progress on the 'One Imperial' culture journey, a consistent 'One Imperial' employee experience, the ability to place the right talent in the right places in the right jobs and the development of an organisation development practice. A key aspect of the people strategy is to transform the HR function from a focus on transactional HR services to the delivery of strategic transformational HR services that support business growth. We will measure the success of the people strategy using employee turnover, internal and external employee value proposition measures and employee engagement.

Pillars of our people strategy

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

 <p>Accessible HR information and systems</p>	 <p>Line manager capability</p>	 <p>Business leader sponsorship</p>	 <p>Standardisation of key HR policies and processes</p>
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Create a 'One Imperial' culture

Feedback received in the 2020 values survey (20% response rate¹) indicates that there is a mismatch between the respondents' personal values, their experience of the current organisational values and their desired values for the business. Our culture was described as 'numbers focused, siloed, short term and transactional'. In addition, our entrepreneurial origins and acquisitions have left us with a legacy of non-standardised HR platforms, processes and practices.

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

¹ Considered acceptable under the difficult circumstances presented by Covid-19.

Performance review

People continued

Culture change strategy

Values	<p>Our new values are designed to revitalise our organisation and inspire and unite our people, creating a sense of meaning and belonging. They are the foundation stones of our culture journey and we intend to live and be measured by them.</p>						
Leadership	<p>We have defined the following leadership behaviours and attributes to drive culture change.</p> <p>THE IMPERIAL LEADER:</p> <table border="1" data-bbox="383 616 1444 817"> <tr> <td data-bbox="391 616 726 705">Connects individuals to the 'One Imperial' purpose.</td> <td data-bbox="742 616 1077 705">Enables a safe environment which fosters risk-taking, vulnerability and innovation.</td> <td data-bbox="1093 616 1428 705">Acknowledges efforts, rewards contributions and has meaningful conversations.</td> </tr> <tr> <td data-bbox="391 716 726 806">Authentically cares about individuals and encourages others to do the same.</td> <td data-bbox="742 716 1077 806">Fosters an environment that encourages collaboration and inclusivity.</td> <td data-bbox="1093 716 1428 806">Drives performance through a growth mindset, clear output and value creation.</td> </tr> </table> <p>We are developing a leadership development model to align, educate and coach leaders to lead and execute the transformation of our business and culture. The model aims to ensure our leadership team is caring and characterised by strategic business agility and capability, improved engagement capability to lead people through change, and driven to create value for all stakeholders. This will form the foundation of our revised people strategy, permeating the way we recruit, onboard, manage performance, develop talent and reward our people.</p>	Connects individuals to the 'One Imperial' purpose.	Enables a safe environment which fosters risk-taking, vulnerability and innovation.	Acknowledges efforts, rewards contributions and has meaningful conversations.	Authentically cares about individuals and encourages others to do the same.	Fosters an environment that encourages collaboration and inclusivity.	Drives performance through a growth mindset, clear output and value creation.
Connects individuals to the 'One Imperial' purpose.	Enables a safe environment which fosters risk-taking, vulnerability and innovation.	Acknowledges efforts, rewards contributions and has meaningful conversations.					
Authentically cares about individuals and encourages others to do the same.	Fosters an environment that encourages collaboration and inclusivity.	Drives performance through a growth mindset, clear output and value creation.					
Change management	<p>A group-wide change management programme communicates the shared purpose, values and associated behaviours to inspire employees and elicit their buy-in to our strategic transformation and culture change journey. Our change management processes are being executed methodically and sensitively, with oversight and support provided centrally to leaders tasked with driving these processes within their businesses.</p>						
Core HR systems and processes	<p>Our revised people strategy focuses on transforming our HR processes to deliver consistent and calibrated approaches to performance and talent management, and the consistent application of equitable compensation and reward practices underpinned by one HR information management system.</p>						
Organisation design	<p>The redesign of our organisational structure and operating model to enable 'One Imperial' will remove duplication of effort, standardise practices to achieve efficiencies, remove hierarchy, enhance employee experience and provide meaningful career paths.</p>						

Performance overview

- Established a transformation office to coordinate and guide the implementation of strategic initiatives to transform Imperial and lead the change journey.
- Preparing to launch a single communication and engagement technology platform that will broaden our communication coverage, promoting inclusivity, collaboration and knowledge sharing across geographies. The platform will provide easy and quick access to the group's policies, and information and news on the strategy, culture journey and the group's ESG activities. It will also provide employees with the opportunity to connect with one another to share ideas and best practice. The pilot will start in October 2020.

Looking forward

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

Standardised HR processes and systems

A genuine employee value proposition requires a consistent approach to the

employee experience throughout our different businesses and across the employee lifecycle. We are implementing a minimum set of standards for HR processes to support business performance and business productivity.

Challenge

Manual HR transactions and data management processes result in a heavy administrative burden for the HR function at the cost of transformational work, and skills and leadership development. They also hinder data management processes and perpetuate inconsistent HR practices across the group.

Performance overview

- Approved a group-wide HR information management system, which will add tangible business value

by enabling people data analytics in real time and will provide customised talent offerings, improved talent management and enhanced HR processes, ultimately improving the employee experience. In addition, the system will achieve efficiencies in workforce planning and HR administration, reducing staff costs, and it will improve the governance of our people data.

- Adopted the Paterson Grading System, which grades jobs based on their level of complexity, decision making and the skills required. The system will correct job grade anomalies across our businesses and drive competitive salaries. The grading system is being rolled out with pay scales benchmarked to local markets.

Looking forward

- Start the HR system implementation in Logistics Africa and Market Access. Further preparation is needed before implementation can begin in Logistics International. Over the next three years we will also upgrade and consolidate our payroll systems.
- Uplift our strategic HR capability to build centres of excellence at group level for compensation, talent management, organisation development and leadership development. This will ultimately create the organisational architecture needed to drive an engaged workforce able to deliver optimal performance.
- Deliver a consistent performance management approach to identify and calibrate high performers across the

group. Strategic goals will be cascaded using an aligned goal setting process followed by a consistent methodology for assessing and managing performance across business units, teams and individuals. Performance will be measured on productivity as well as values and culture output.

- Roll out the job grading methodology across the group by the third quarter of F2021.
- Establish a job evaluation committee in each division to evaluate new hires for selected job bands.
- Develop a consistent and calibrated approach to talent management, recruiting for both values and skill, and measure and develop talent in line with the leadership development model.
- Launch an Imperial global website career portal.

Business restructures

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

Covid-19 has necessitated further restructuring and business unit consolidation in South Africa to reduce costs and complexity, and to right-size the business for a more challenging economic environment that is likely to recover slowly. Regrettably, we have initiated a Section 189 retrenchment process in the Logistics Africa division. We will also exit underperforming businesses and businesses that are not aligned with our growth strategy, impacting the employees working in these operations.

Effective talent management and learning and development

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

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

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

Challenge

Our lack of standardised recruitment, onboarding, performance management and development processes impedes our ability to identify potential talent within the organisation and puts proper succession at risk, particularly for specialist or technical roles that are filled by an ageing workforce.

In addition, we must adjust our working models to attract younger generations who want to identify with the culture of an organisation, value organisations that provide clear career development and paths and are attracted to technologically advanced and innovative organisations.

Performance overview

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

Performance review

People continued

- 414 women participated in the Women's Development Programme, which develops self-mastery (2019: 220). 25 participants start the Executive Development Programme, which develops strategic business agility, in March 2021. The programme was delayed due to Covid-19. A leadership development programme to address skills gaps at senior and middle management levels in the Market Access business is being investigated.
- Delivered training to Logistics International leaders and managers on leading their teams through Covid-19, including enhancing their ability to recognise mental health issues (supported by health and safety officials and the company doctor). Leaders and managers were also trained on how to prevent the spread of the virus and how to manage suspected cases.
- 71% of the participants in the 24-month rotational Future Fit Associates Graduate Programme (South Africa) are women.
- 10 343 employees in South Africa participated in a development programme, ranging from university courses to online programmes, with 2 513 being women.
- Rolled out free online learning programmes for Market Access and Logistics Africa, including technical and behaviour readiness programmes and courses that build mental strength and resilience during Covid-19 to assist managers and employees to remain connected and productive.
- R7,3 million invested in the Thabang Fund to date (started in 2017). The fund is used to develop black semi-skilled and unskilled employees in South Africa and their children. 1 450 employees and their children have benefited since 2017.
- R1,7 million invested in the education of 88 children and legal dependants of our employees based in South Africa. R4,7 million has been set aside for these programmes to 2023.
- 158 employees, impacted by retrenchment, participated in a reskilling programme to repackage and refresh their skills.

- Training spend in South Africa decreased by 38% due to Covid-19 restrictions on face-to-face training and budget constraints. However, we still achieved the 1% required by the Skills Development Act.
- Evaluating a new training service provider for Logistics International to deliver training content and track mandatory training data, which will link to the integrated talent management framework once it is developed, enabling the easier identification of multiple potential successors.
- Recognised as the top transport and logistics company for students to work for in the recent South African Graduate Employers Association study.

Looking forward

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

Diversity and inclusion

The 'One Imperial' culture and our new values are the foundation for establishing a diverse and inclusive workplace that respects differences and unlocks the value to be gleaned from inclusive interactions, and diversity of world view and industry experience. Urgent attention is being given to this priority, with particular focus placed on transforming our talent pipeline.

In South Africa, the incentives for executives and managing directors are linked to transformation progress. These key performance measures remain despite the tougher economic environment, as we expect our leaders to develop new approaches to meet our targets despite environmental factors.

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

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

Challenge

Changing our work environment to one that is inclusive, empowering and based on trust and mutual respect. An added challenge in South Africa is our ability to meet employment equity targets given a smaller workforce and low employee turnover at top and senior management levels, exacerbated by the need to right-size some operations and the moratorium placed on recruitment during Covid-19.

Performance overview

- Made a number of key black and female management appointments at both group executive management and South African executive and senior management levels. While black representation at top management level declined 5%, it improved at senior and middle management levels by 4% and 2% respectively.

- Regrettably, business restructures have meant that our employment equity targets for top management were missed and the senior management level target was marginally missed by 1%. Our targets for middle and junior management were met. The group employment equity plan is under review and the changes are being communicated to the consultative forums and employees. The new plan will be finalised at the end of August 2020.
- 16% of senior managers in South Africa are black women, exceeding our F2020 target of 13%.
- 85% of training spend in South Africa was used to develop black employees (2019: 92%).
- Contributed to a learnership for differently abled people. The programme is equipping 297 learners with skills in the fields of business administration, wholesale, retail, freight management and coding. In December 2019, 192 graduates celebrated the successful culmination of their hard work.
- Conducting a diversity, inclusion and equality survey in Kenya. Once complete, remedial actions will be implemented to address identified gaps or concerns.
- Launched a gender diversity campaign in South Africa to coincide with Women's Month to promote Imperial as an employer of choice. The campaign showcases Imperial's female leaders, sharing their stories, successes, challenges and motivational advice.

Employment equity

	Men (number)		Women (number)		Foreign nationals (number)	Total (number)	Black representation %	
	Black	White	Black	White			2020 actual	2020 target
Occupational levels								
Top management	5	11	3	0	0	19	42	63
Senior management	13	42	12	9	1	77	32	33
Middle management	272	325	163	194	10	964	45	45
Junior management	1 016	257	529	196	19	2 017	77	77
Semi-skilled	6 247	116	1 205	195	63	7 826	95	95
Unskilled	1 936	10	645	1	33	2 625	98	98
Non-permanent	33	4	17	1	0	55	91	
Total employees	9 522	765	2 574	596	126	13 583	89	
Differently abled people	54	12	42	1	10	119	81	45

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

Looking forward

- Develop a group-wide diversity plan that will encourage employees to discuss and share cultural values and practices.
- Continue to ensure that black employees are adequately represented in all occupational levels in South Africa, but particularly at management levels.
- Prioritise gender balance in the talent pipeline for future leadership positions that become available.
- Maintain 70% black representation and 50% women representation on the annual graduate programme intake (South Africa).
- Conduct diversity, inclusion and equality surveys beyond Kenya and increase diversity awareness in the Market Access business.



Read more about our people online.



Environmental, social and governance


We understand that to become a purpose-driven organisation that creates sustainable, long-term value for all stakeholders we must prioritise people, planet and profit. We are increasing our investment in sustainable integrated ESG practices across our operations as a strategic pillar and an underpin to our industry, market and country legitimacy and reputation as a trusted partner.





Environmental

Stakeholders increasingly expect organisations to participate in a circular economy that limits environmental impact, contains the waste of resources and uses resources efficiently. Successfully delivering on our new strategy will enable us to meet these stakeholder expectations.


 **Read more** about our environmental stewardship on the pages that follow and online in the ESG report.



Social

Imperial's strategy, sustainability and social responsibility unquestionably impact human lives. In addition to our critical role in the supply of essential services and products, our extensive experience in safety practices and quality control measures, enables us to quickly adapt our practices to safeguard our employees, stakeholders and business.


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

 **Read more** about how we support relevant social imperatives on the pages that follow and online in the ESG report.



Governance

Governance structures, including the board, group SES committee, executive management and the ESG/CSI subcommittee of the SES, are tasked with ensuring that ESG is given the right level of attention and that responsible ESG practices extend across the organisation and into strategic and daily operational decision making and business practice.

 **Read more** about our governance of environmental and social practices below.



Governance of environmental and social practices

Through our ESG governance structures we aim to ensure that capital allocation decisions are considerate of national priorities and are socially relevant and environmentally responsible.

Group-wide ESG policies and guidelines, including CIS and climate change, have been developed and approved by the group executive and SES board committees - a first for the group. These policies and guidelines are being implemented across all operations.



Performance review

ESG continued

Performance rankings

EcoVadis
Group
Transportation and Logistics
Silver status
scoring 48 out of 100 points

Logistics International
Chemical
Gold status
scoring 62 out of 100 points

Automotive
Gold status
scoring 66 out of 100 points

London Stock Exchange
FTSE4GOOD Index Series
A global sustainable investment
index series
3,8 overall score out of five
(F2019: 3,7)

3,2 environmental score
(F2019: 3,1)

3,4 social score
(F2019: 3,2)


5,0 governance score
(F2019: 5,0)

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

UN Global Compact
Became a signatory to the UN Global Compact
Imres has been a signatory since 2016.
The group's code of conduct and the SES committee's annual work plan have been informed by the 10 principles of the UN Global Compact for over 10 years.

Looking forward

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

 **Read more** about our ESG governance online.

Support relevant social imperatives

Covid-19 has highlighted that Imperial's strategy, sustainability and social responsibility unquestionably impact human lives. In addition to our critical role in the supply of essential services and products, our extensive experience in safety practices and quality control measures, enabled us to quickly adapt our practices to safeguard our employees, stakeholders and business during this unprecedented time. Up to

the end of July 2020, 385 employees had tested positive for the virus, with the majority making a full recovery. Sadly, 11 of our colleagues succumbed to the virus and we extend our heartfelt condolences to their families and colleagues.

In addition, we reported one employee fatality in an accident caused by a third-party vehicle towards the end of the financial year. We deeply regret the death of our colleague Mr TJ Thupaemang, and again offer our deepest sympathies to his family and friends. All fatal accidents are thoroughly investigated, including by an external independent accident investigator, or an authority in the case of Logistics International, to provide an unbiased view.

Healthcare is one of Africa's critical development challenges and needs. Over the past 20 years, mainly through our Market Access and Logistics Africa businesses, we have developed a wide distribution network, efficient service delivery and strong governance and compliance practices, enabling us to access better pricing and ensure a reliable supply of quality medicine into Africa. We assist governments to grow local

pharmaceutical logistics and supply chain capacity as well as healthcare service networks. We also work to find ways to use cheaper infrastructure and enterprise development models to extend the reach of healthcare services to smaller and hard to serve markets, including rural areas.

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

A key focus for the group is leveraging our memberships in organisations such as Business Leadership South Africa, Business for South Africa (B4SA), the National Business Initiative and Business Engage to build strong relationships with government. Going forward, we will actively support South Africa's development and growth plan post-Covid-19 through various stakeholder engagements, including membership in the World Economic Forum and Africa Economic Forum.

Driving gender diversity

The Global Women's Forum (GWF) aims to create an enabling culture for the women of Imperial and provides a platform for networking across the group.

The GWF was officially constituted on 3 October 2019 with group chairman, Phumzile Langeni, as a guest speaker at the inaugural meeting. The forum promotes development and advancement opportunities for women, focusing on mentoring and training, graduate programmes, ensuring gender parity when promoting and appointing external candidates, and setting targets for women in senior leadership roles. The GWF reports on key issues to the group executive committee and SES committee.

Most group companies have approved budgets ring-fenced to develop and mentor women. Focus is also being placed on dedicated facilities for women, including rooms to express breastmilk for new mothers and separate dedicated changing rooms and bathrooms for female drivers. Another critical focus is ensuring a safe work environment for women, particularly those working night shifts.

The GWF celebrated International Women's Day by participating in a number of initiatives, including preparing 600 care packages for child rape victims in South Africa, the collection of clothing, shoes, cosmetics and hygiene products for homeless women and victims of domestic abuse in Germany and raised gender awareness in our African businesses.

Key performance indicators

Product safety

No material incidents of non-compliance with laws and regulations concerning the health and safety impacts of products and services

(F2019: none)

Market Access

0,063

road accidents per million kilometres

(F2019: 0)

0

road injuries per million kilometres

(F2019: 0)

0

road fatalities per million kilometres

(F2019: 0)

Logistics Africa

0,246

road accidents per million kilometres

(F2019: 0,210)

0,066

road injuries per million kilometres

(F2019: 0,047)

0,004

road fatalities per million kilometres

(F2019: 0,006)

Logistics International

0,399

road accidents per million kilometres

(F2019: 0,423)

0,041

road injuries per million kilometres

(F2019: 0,172)

0

road fatalities per million kilometres

(F2019: 0)

Expected BBBEE ratings¹ (South Africa)

Covid-19 and related budget constraints will mean we are unable to maintain the current level 2² BBBEE rating measured against the more stringent amended dti Codes. We expect our verified score for 2020 to drop to a level 4 rating. However, we do expect to retain our level 2 rating measured against the Road Freight Sector Codes.

Developing black employees (South Africa)

85% (R84 million)

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

Learnerships (South Africa)

174 unemployed learners

participating in a learnership, apprenticeship or internship, gaining work experience and receiving a stipend while they learn.

Enterprise development spend (South Africa)

R29 million

(F2019: R27 million)

Total CSI spend (group)

R21,1 million

(F2019: R22,2 million)

¹ The BBBEE scorecard will be published online at the end of September 2020.

² Revised from the reported level 3 rating in the 2019 integrated report following the final verification after publication.

Performance review

ESG continued

Performance overview

Health and safety

- Maintained effective and ongoing communication with our stakeholders during the pandemic, sharing our business continuity plans, insights and lessons learnt with clients, principals and customers, delivering Covid-19-related training to our employees and engaging with our transportation subcontractors on delivering products and services responsibly and in a preventative manner.
- Shared best SHEQ operating practices and standards across similar group companies in Imperial and improved the collaboration between all three of the group's divisions on safety matters. We have also expanded our safety metrics to include injuries and fatalities per million hours worked, including non-road-related injuries and fatalities, days lost to injury, the injury severity rate and injury incident rate per 100 employees. These measures are reported in the ESG report online and will be audited in F2021.
- Fewer kilometres were travelled due to smaller fleets, the impact of Covid-19 on business activity and border restrictions. In Logistics Africa, the number of road accidents remained the same as F2019 at 67 and road injuries increased by three; however, the fewer kilometres travelled resulted in higher frequency rates for accidents and injuries. 92% of the fatal road incidents involving our vehicles in Logistics Africa were beyond the control of our drivers - mainly involving third-party vehicle overtaking and reckless cycling and pedestrian behaviours.
- Customised 'human factor training' used in the aviation industry for road transportation. The eLearning programme is being tested with truck drivers in South Africa and focuses on improving attitudes to life's challenges, heightening emotional intelligence and encouraging conscientious, compliant and team behaviour.
- Contributed to the development of new standards for the Transport Education Training Authority in South Africa, which enhance transport-related training for truck drivers, supervisors and managers.

- Issued all drivers in Poland with a tablet enabled with the SPEDION app - a modern telematic system that enhances driver safety, efficiency and environmental conservation.
- Contributed to the development of a new driver health and wellness programme in South Africa, which assesses driver fitness and addresses driver fatigue and the psychological stressors arising from Covid-19.
- Delivered health and wellness programmes, training and health days across the group.

Access to healthcare in Africa

Unjani Clinics (South Africa)

Funded four new Imperial Unjani Clinics. The network of **75 primary healthcare clinics** serves more than **39 900** patients a month. More than **265** permanent jobs have been created. In 2020, the network celebrated its millionth patient engagement.

Tulsi Chanrai Foundation (Nigeria)

Invested **USD1 million** (to 2021) in the world-class eye hospital in Abuja, which has served over **16 120** underserved patients and performed over **3 220 subsidised eye surgeries** since opening in January 2019.

- The women professional nurses operating Unjani Clinics received Covid-19 training, a Covid-19 screening app, PPE and sanitiser, enabling the network to act as an additional screening measure to support government efforts. At June 2020, some 75 000 screenings had been facilitated.
- World Wide Commercial Ventures Limited (WWCVL), as part of the Chemotherapy Access Partnership*, worked to reduce the price of oncology medicines in Nigeria by up to 50%, enabling cancer patients to access to lower-priced, high-quality treatments at hospital pharmacies.
- 792 pharmaceutically compliant In-a-Box™ solutions (fully outfitted prefabricated facilities) are providing

- quality healthcare infrastructure in 15 African countries, including South Africa. Some of these units are located in rural areas. In 2020, we refurbished multiple regional pharmaceutical warehouses in Ethiopia, completed a project to deploy 239 medicine stores in Malawi, constructed four regional pharmaceutical warehouses in Mali and refurbished multiple warehouses in Mozambique damaged by tropical cyclone, Idai.
- Partnered with the IFC to co-develop In-a-Box™ mobile infrastructure solutions for Covid-19 screening, triage and treatment. Pilot solutions are being developed in Ghana, Kenya, Nigeria and South Africa.

Transformation in South Africa

Sinawe Fund

R20 million invested in the Sinawe Fund (June 2017 to June 2022). Our investment supports the sustainability and growth of three SMMEs who employ **134** people between them. While difficulties have been experienced, the beneficiaries have been able to sustain their activities during the Covid-19 pandemic. One SMME will exit the fund agreement in the coming year.

- Made a number of key black and female management appointments; however, the organisational restructuring needed to respond to current economic circumstances has negatively impacted these gains.
- Procurement spend with 50% black-owned businesses was R3 056 million (17% lower than 2019). Spend with 30% black women-owned businesses was R1 176 million (2% lower than 2019). Spend with qualifying small enterprises (QSEs) and exempt micro-enterprises (EMEs) totalled R2 689 million.
- 10 professional nurses graduated from the five-year Unjani Clinics enterprise development programme, taking title ownership of their clinics. Seven of the graduates chose to remain in the network.

* Partnership between the Nigerian Federal Ministry of Health, the Clinton Health Access Initiative, Inc, the American Cancer Society, Pfizer, Inc, Worldwide Healthcare and EMGE Resources, Limited.

Community support and development

Covid-19 support (South Africa)

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

Imperial and Motus Community Trust (South Africa)

45 libraries and resource centres in Johannesburg, reaching over **50 000 learners**. Five school libraries were established during F2020 with two still to be handed over in September 2020 to Phephane and Intokozo primary schools*.

Be safe, Be smart Covid-19 roadshow (South Africa)

Delivers Covid-19 and hygiene education at primary and secondary schools. **23 schools** have been visited to date with **5 125 learners reached**. 575 litres of sanitiser and 230 dispensers have been distributed.

SOS Children's Villages (Hungary)

Supporting the basic needs of children and young adults - most of whom are orphans - in Kecskemét.

Be safe Be smart Campaign (South Africa)

The *Be safe Be Smart* Campaign delivers road safety awareness at schools, helping secondary school students, mostly from disadvantaged communities, prepare for their K53 learner's licence test, and educates them on pedestrian safety, and the importance of wearing safety belts when travelling in taxis and other vehicles. The campaign has received numerous compliments from learners and teachers, and is supported by the Gauteng Department of Education, school and safety management division. The Ekurhuleni Metro Police Department has also joined the roadshows to demonstrate its support. Although the Covid-19 pandemic interrupted our mandated target to reach 85 schools nationwide before the Easter school holidays in April, we reached **66 schools** (including the 20 reached in 2019) across six provinces - reaching **58 931** (2019: 15 122) aspirant drivers. As K53 is part of the school curriculum and the sizes of these classes are small, the Department of Basic Education believes that we will be able to reach our target by December 2020.



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

Performance review

ESG continued

- Participated in thought leadership discussions and forums on how to restart the South African economy post-lockdown.
- Sourced and delivered thousands of cubic metres of PPE and medical-grade hand sanitisers for public and private sectors in South Africa and Europe.
- WWCVL in Nigeria donated essential medicines with a retail value of around N3 million (R132 000), as well as a cash donation of N17,5 million (R774 000), to the Young Professionals Organisation for a Covid-19 isolation centre in Lagos and other Covid-19 relief efforts.
- Provided free-of-charge logistics and transportation services to a client in Germany who manufactures hand sanitiser for the Goslar council and set up all operations within 24 hours of an initial request from another client to urgently store and distribute hand sanitiser for the police, the Federal Ministry of the Interior and hospitals in Hamburg.
- Reinforced our commitment to sports development as a means of uniting nations and people by securing the naming rights to the Wanderers cricket stadium in Johannesburg. The Imperial Wanderers Stadium is being used as a drive-through Covid-19 testing station.
- Invested in the Central Gauteng Lions women's league to develop women in cricket in South Africa.
- Held road safety awareness events at four major holiday driving stops over the December festive season, ranging from providing safety tips to 'chill zones' for motorists to relax in. As part of the *Be safe Be smart* Campaign we also delivered fun road safety talks at eight primary schools in Dinokana, along the N4 toll route, including an informative session with taxi and bus drivers on defensive driving practices. In addition, a number of taverns were visited, speaking to patrons about their visibility when walking home in the dark.
- Contributed to the hosting of the third annual Voices of Change event in South Africa (August 2020). The virtual event was attended by more than 500 people across South Africa. The

aim of the event was to encourage men, women and organisations to play leading roles and collaborate on gender parity in the workplace, to activate awareness, enable shared learning and identify interventions that will help to empower women.

Kenyan Refugee Schools Undertaking

Our Market Access business has invested USD100 000 (R1,7 million) in the Kenyan Refugee Schools Undertaking, a partnership with the Caring Women's Forum and the United Nations High Commissioner for Refugees (UNHCR). The UNHCR has the mandate to protect refugees, forcibly displaced communities and stateless people – and assist in their voluntary repatriation, local integration or resettlement to a third country. Project deliverables include the delivery of schoolbooks, teacher training, new school desks and enabling refugee students to write their high school learning exams.

Looking forward

Health and safety

- Shift our focus to a more proactive approach to safety versus our past reactive measures. This will be supported by driving organisational discipline and standardising best safety practices and processes across the group. This work will begin in Market Access and Logistics Africa in 2021. A focus on safety will also be driven through the roll out of the Imperial values.
- Launch a reporting platform in South Africa that integrates onboard truck computers and cameras as well as satellite tracking systems to enhance safety in our road transportation services.
- Develop a central reporting and document management platform for Logistics International, with a clear reporting structure, to enhance our accident investigation and safety risk assessment processes.

Access to healthcare in Africa

- Continue to drive affordability in healthcare by extending our product offering.
- Consider mobile phone-based money transfer services (M-Pesa) for subscale pharmacies in Kenya that lack access to banking facilities, enabling them to purchase pharmaceutical products.
- Develop a project to increase the access of smaller wholesalers in Nigeria to pharmaceutical products.
- Invest a further R5 million in the Unjani Clinics network (South Africa) in 2021 and provide five modular healthcare buildings to extend existing clinics.

Transformation in South Africa

- Achieve a level 3 BBBEE rating in 2021. Employment equity and skills development are the two areas where we can improve.
- Collaborate with clients on enterprise and supplier development initiatives and identify more SMMEs that we can assist in acquiring our old assets and growing their businesses by leveraging our supply chain.
- Develop strategic partnerships with clients to support rural communities in areas where our businesses operate, particularly in the mining sector.

Community support and development

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

Imperial Wanderers Stadium

Imperial Wanderers Stadium has partnered with POWA (People Opposing Women Abuse), an NGO that advocates for women's rights and provides shelter, counselling and legal advice for victims of abuse. POWA's vision is "a safe and equal society intolerant of all forms of violence against women and girls in all our diversity, where we are all treated with respect and dignity and our right promoted". Imperial is a proud partner of this initiative and will leverage our relationships with schools to maximise this partnership, educating boys on how to treat girls and teaching girls how to receive assistance.



Environmental stewardship

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

As a first step, a group-wide climate change and environmental sustainability strategy framework has been developed and approved by the executive committee.

It confers responsibility for addressing climate change and other environmental issues on the CEOs of each division. The strategy framework is presented as a set of policies and implementation plans to guide divisions on the group's approach to climate change and waste, water and biodiversity management. It also includes a social and environmental responsibility code of conduct for the supply chain. There is still significant scope for improvement in our environmental performance and this will continue to be a focus going forward.

 [Read more](#) about our social impact online.



Performance review

ESG continued

Key performance indicators

	Market Access	Logistics Africa	Logistics International	Group
Fuel consumed	6 355 622 litres (F2019: 8 037 483 litres)	112 698 911 litres (F2019: 131 304 857 litres)	81 369 062 litres (F2019: 74 796 891 litres)	200 423 595 litres (F2019: 214 139 231 litres)
Electricity purchased	6 356 603 kilowatt hours (F2019: 6 649 859 kilowatt hours)	35 307 912 kilowatt hours (F2019: 64 613 178 kilowatt hours)	28 428 430 kilowatt hours (F2019: 35 615 290 kilowatt hours)	70 092 945 kilowatt hours (F2019: 106 878 327 kilowatt hours)
Carbon footprint¹	20 171 tCO₂ (F2019: 24 827 tCO ₂)	338 668 tCO₂ (F2019: 421 108 tCO ₂)	216 082 tCO₂ (F2019: 205 797 tCO ₂)	574 921 tCO₂ (F2019: 651 732 tCO ₂)
Water purchased	19 307 kilolitres (F2019: 22 005 kilolitres)	326 109 kilolitres (F2019: 397 801 kilolitres)	60 689 kilolitres (F2019: 68 214 kilolitres)	406 105 kilolitres (F2019: 488 020 kilolitres)

¹ Scope 1, 2 and 3 emissions.

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

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

Performance overview

- Working with ING Bank to access a green finance facility with preferential benefits to be used to implement various environmental projects. The preferential benefits depend on the outcomes of an annual EcoVadis rating process. The submission to gain an EcoVadis Transport and Logistics sector rating for the group is underway. Logistics International has completed the EcoVadis reassessment of the automotive and chemical businesses for recertification and achieved EcoVadis Gold Status for both.
- Completed an in-depth analysis to understand the impact of South Africa's carbon tax. Some businesses exceed the 10 megawatt hour combined stationary combustion tax threshold and we are in the process of registering Imperial with the Department of Environmental Affairs and the South African Revenue Service.



- Road fuel decreased 14% due to fewer kilometres travelled with an 8% decrease in Scope 1 emissions. Electricity purchased dropped markedly in South Africa due to the consolidation of businesses, which is expected to continue for the remainder of the calendar year.
- Overall water purchased from councils decreased by 17% across the group, due to consolidation and closure of some major water consuming businesses and increases in water sourced from alternative sources (mostly boreholes).
- 5 820 tonnes of waste was generated in South Africa, with 59% classified as safe disposal materials* (food and edibles that have exceeded their shelf life), 26% being general waste (materials and rubble taken to landfills) and 15% being hazardous waste (oil, grease, sump effluent and oil filters, etc). 1 070 tonnes (18%) of this waste was recycled, equating to 71% (target: 80%) of the general waste stream being recycled. The metrics have shown that much of our general waste is rubble, needing to go to landfill, and that our key recyclable items are paper, cardboard, cans, metals and steel.
- Moved WWCVL's operations in Lagos, Nigeria, to a new warehouse, reducing our reliance on diesel generators for a more stable electricity supply. The warehouse facility has energy efficient lighting and air-conditioning, supports better workflows and provides employees with a more conducive and safer working environment.
- Interstate Bus Lines installed a 200,64 kilowatt peak solar photovoltaic system at its Bloemfontein depot in South Africa, which is expected to achieve estimated carbon emissions savings of around 351 tonnes of carbon dioxide annually.
- WP Transport, based in Namibia, partnered with OEM, Scania Namibia, to replace its fleet with new generation trucks over two years. 24 trucks have been replaced to date. Emissions reductions of 225 tonnes and fuel savings of R2,5 million will be achievable for 2021.
- Logistics International achieved ISO 50001 (energy management system) and ISO 14001 (environmental management system) re-certification. It also reduced the number of printers in the German operation by 25%, which will reduce the amount of used paper, reduce costs and drive the change towards a paperless office environment.


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

Testing vehicles that are less emission intensive

In Hungry, we are testing a 24-tonne electrically powered truck on our shuttle services between our warehouse and the plant of a major automotive manufacturer. The 236 kilowatt electric motor abates around 1,7 tonnes of CO₂ emissions a day when compared with a conventional diesel-powered truck. In the UK, we are moving towards a road transport fleet that is powered by liquified natural gas (LNG). LNG trucks have been successfully trialled in the UK and Germany over the past year, with good results and positive driver feedback. The trials have enabled us to accommodate a request from a major client in the UK to switch to low-emissions vehicles on its supply routes between 19 component manufacturers and its main assembly plant.

Looking forward

- Integrate environmental practices into daily operations.
- Achieve the EcoVadis rating required to access the green-finance facility.
- Invest in a digitised fleet, leveraging existing and new technology to transform the road freight business and gain efficiencies, including better vehicle performance and fuel and tyre consumption.
- Implement systems to enhance waste management in South Africa and Europe, including improving the integrity of our waste data to better understand our waste streams, reducing waste to landfill and tapping into potential revenue generating streams associated with waste management.

 **Read more** about our environmental stewardship in the ESG report online.



* Safe disposal materials are unlikely to be recycled as their reuse has not been fully researched.

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

Role of the committee

The committee 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 chairman, 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	Regular meetings
RJA Sparks (Chairman)	4/4
GW Dempster ¹	2/2
P Langeni	4/4
T Skweyiya ²	2/2

¹ Appointed on 1 January 2020.

² Resigned on 31 December 2019.

A special committee meeting was held after year-end in July and was attended by all current members.

Key committee activities during the year

During the past year, two significant events have shaped the work of the committee:

- The impact of the Covid-19 pandemic.
- Less than 75% of shareholders voting in favour of implementing Imperial's remuneration policy (71,97%) at the annual general meeting (AGM) held on 30 October 2019.

The committee has conducted a detailed review of the group's remuneration policy and implementation ahead of the 2020 AGM. This process emphasised the importance of fair and transparent remuneration policies and practices based on achieving clear performance goals, and is consistent with long-term strategic decision making that drives sustainable value creation.

In addition, the committee has planned a roadshow to engage with relevant stakeholders who did not vote in favour of the remuneration implementation. Due to the restrictions on movement during the lockdown, this has been postponed to September. In the interim, telephonic engagements were held with stakeholders, which echoed the matters raised at the AGM.



Details are included on page 32.

The group undertakes regular benchmarking of the remuneration packages of the executive directors and senior staff members with the assistance of PricewaterhouseCoopers (PwC).

During the year, the committee further considered and approved:

- The general composition of executive remuneration packages.
- Executive short-term incentives (STIs) for the year.
- Executive long-term incentive (LTI) awards capped at 100% of total guaranteed pay (TGP).
- Updates to executive remuneration where changes in responsibility occurred.
- Logistic International's management incentives relating to the disposal of the European shipping business.
- The implementation of a group-wide remuneration philosophy and policy.

2020 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 9 November 2020.

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

Following the work performed by the committee during the prior year, we believe that Imperial's core remuneration policy is appropriate and better aligned with the interests of shareholders and current best practice, including enhanced remuneration disclosures. We are of the view that the policy now represents a healthy balance between the interests of shareholders and the company on one hand, and the executives on the other, and supports long-term, strategically aligned sustainable value creation in the group. We value the views of shareholders and welcome any comments and suggestions which would assist us in further improving our policies and frameworks in 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 soundly throughout the business.
- **Transparency and governance** - the process of reward management shall be transparent and conducted in good faith and under sound governance, with appropriate levels of confidentiality.
- **Alignment to strategy** - where possible, we will provide a consistent compensation strategy, aligned to group and business objectives.

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 divisions review their remuneration policies regularly.

Remuneration information - continuing operations only

	2020	2019
Total number of employees	25 232	27 463
Total compensation paid to employees (Rm)	10 517	9 749
Total compensation as a % of revenue	23	22

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 right to industrial action 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, personal achievement of KPIs, and delivery on key strategic imperatives are discussed.

Remuneration report continued

Salaried employees

Cost to company

- TGP is monitored and benchmarked on a regular 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 division and/or company and other relevant factors.
- Increases above inflation depend on divisional or departmental and individual performance.

STIs	LTIs	Other benefits
Divisions pay short-term bonuses aligned to industry best practice and in some cases include a guaranteed bonus. However, in most cases, bonuses depend on individual performance, and the business in which they are employed. Performance criteria are set individually and depend on the requirements of the job.	Only salaried employees at senior management level qualify for LTIs.	Company car (where applicable), travel allowances, pension and provident fund and 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.

STIs	LTIs	Other benefits
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 divisional management.	No LTIs.	Pension and provident fund (compulsory), and medical aid (includes both regular and 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 that there is 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 against the median of the group.

When determining fixed remuneration, factors considered include inflation and salary trends, group and divisional 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 not pensionable for all executives except Hakan Bicil (see page 131). 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 F2021 criteria differ depending on the position of each executive and the division in which they operate. Criteria include:

- Revenue growth for the group and divisions
 - The measurement starts to pay out above a base target for year-on-year organic revenue growth.

- Operating performance for group and divisions
 - The measurement starts to pay out above a base target for year-on-year organic earnings before interest and tax (EBIT) growth.
- Group headline earnings per share (HEPS) growth
 - The measurement starts to pay out above a base target for HEPS growth.
- Group return on invested capital (ROIC)
 - The base target for ROIC is achievement of 0% above the weighted average cost of capital (WACC) and the measurement pays on the gap between ROIC and WACC + 2%.
- Divisional free cash conversion
 - The measurement starts to pay out above a base target of free cash conversion.
- Strategic execution
 - The measurement tracks the achievement of specific KPIs related to the group's six strategic business pillars. These strategic goals and targets are cascaded through the organisation.
- South African transformation targets - measurement of executive committee members with group responsibility.

- This measurement is based on sub-measurements for the organisation as a whole, and at divisional level:
 - Management control.
 - Employment equity.
 - Skills development.
 - Growth in black top, senior and middle management.
 - Implementation of a strategic talent management plan and the development of a three to five-year succession plan for key staff members.

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 application of the formula will result in payments which are not aligned with shareholder expectations or fair remuneration practice.

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

CEO and CFO STI performance measures for F2021

	Weighting
Group year-on-year organic revenue growth*	10%
Group year-on-year EBIT growth*	10%
Achievement of budgeted cost savings	10%
Achievement of group ROIC target (>0% up to 2% over WACC)	15%
Group year-on-year HEPS growth*	15%
Strategic execution, including achieving transformation targets	40%

* The threshold for payment is determined as 80% of the group target for each measure. Payment will be zero if the actual is below 80% and will be pro-rated if it is between 80% and 100%.

Remuneration report continued

3 Share-based LTI

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 (SAR) scheme and a conditional share plan (CSP).
- The deferred bonus plan (DBP) 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 DBP and to replace the DBP with performance-linked CSP allocations of equal value. Unvested DBP allocated in previous years will continue to vest in accordance with the rules of the DBP scheme with the last allocation made in 2018 vesting in 2021. A portion of matching shares will be applied to the minimum shareholding requirements (MSR).

SAR

Selected participants receive annual grants of SAR, 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 vesting, the rights may be exercised by a participant within four years after vesting; this was changed to two years in 2018. 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.

CSP

Employees receive grants of conditional awards and the vesting is subject to performance conditions. The performance conditions for the CSP 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 CSP allocations are as follows:

- ROIC between 1% 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 DBP performance awards for allocations from 1 July 2019.

Allocation of SAR and CSP

Allocations of SAR and CSP 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 SAR and CSP are calculated using a model developed by 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 SAR and CSP or only SAR or only CSP.

The expected value of CSP 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 SAR 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 SAR and CSP	Expected value as % of TGP
Executive directors and prescribed officers	100%
Senior management	50% to 70%
Other senior staff	20% to 35%

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 on 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.

Termination of employment

Resignation or dismissal

If a participant's employment terminates due to resignation or dismissal on 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 grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting date, all SAR, CSP and DBP 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 SAR and/or unvested CSP and/or DBP to vest on the date of cessation of employment.

The pro rata portion of the SAR, DBP and CSP 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 SAR, DBP and CSP will lapse.

Retirement

In the event of retirement at the normal age, SAR, CSP and DBP 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 SAR awards is hedged through a combination of shares purchased and the purchase of call options, after allowing for attrition over the vesting period. DBP and CSP 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.

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 their 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.

Imperial plays a critical role in the supply of essential services and products in the many countries in which it operates. In response to Covid-19, the group continued to support all our key stakeholders and countries of operation, strongly demonstrating our purpose as a business. These initiatives included a reduction of non-executive directors' fees by 25% for three months from April 2020 to 30 June 2020.

MSR targets are set as follows	
CEO	1,75 times fixed remuneration
CFO	1,50 times fixed remuneration
Prescribed officers	1,00 times fixed remuneration

Remuneration report continued

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 DBP will be settled by Motus in Imperial and Motus shares. A total of nil of such SAR remain unexercised.

A total of 64 360 DBP remain unvested in the Imperial DBP scheme.

Total share scheme allocations

A total of 15 748 866 SAR allocated to Imperial employees before and after the unbundling of Motus remain unexercised in terms of the SAR scheme at an average combined price of R88,29 per SAR.

A total of 314 395 DBP allocated to Imperial employees before and after the unbundling of Motus remain unvested. A total of 5 052 257 CSP remain unvested.

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

Annual share scheme allocations

The group will be making annual F2020 allocations of SAR and CSP during September 2020 according to the allocation benchmarks in the remuneration policy.

The current performance conditions set for the F2020 allocations of SAR and CSP are the achievement of the following targets set by the committee:

Performance condition	Percentage of award subject to condition
Growth in HEPS relative to the growth in HEPS of a peer group of sixteen JSE-listed companies	50%
ROIC exceeding WACC by 3% over the performance period	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 (formerly Steinhoff African Retail 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

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 of the company is:	
- below the lower quartile of the peer group	0% of SAR vest
- below the 50th percentile of the peer group	0% of CSP vest
If the HEPS of the company is:	
- equal to the lower quartile of the peer group	30% of SAR vest
- equal to the 50th percentile of the peer group	30% of CSP vest
- equal to or above the upper quartile of the peer group	100% of SAR and CSP vest

Linear vesting occurs between 30% and 100%, depending on the company's performance relative to the peer group. Executive directors receive CSP 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 1% more than the average WACC over the performance period	0% of SAR or CSP vest
- equal to WACC plus 1% over the performance period	30% of SAR or CSP vest
- equal to or above the WACC plus 3% target	100% of SAR or CSP vest

Linear vesting occurs between 30% and 100%, depending on the company's performance if ROIC is between WACC + 1% and WACC + 3%. The target of ROIC minus WACC has been adjusted upwards by 1% to take account of the increase in ROIC versus WACC following the impairment of goodwill in the F2019 year.

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

Exceptional CSP allocations

As previously disclosed, on the unbundling and separate listing of Motus, the group made exceptional CSP allocations to certain members of management who were viewed as essential to the continued success of Imperial in the future. The CSP 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 CSP 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%

Remuneration report continued

Proposed non-executive directors' fees

At the AGM to be held on 9 November 2020, 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 2021 until the date of the next AGM.

Shareholders approved the fees for the year from 1 July 2020 to 30 June 2021 at the AGM of 30 October 2019 and no change is proposed to those fees. No increase is proposed in respect of fees for the period from 1 July 2021 to the date of the next AGM, due to the uncertainties created by Covid-19. At the 2021 AGM, increases in fees effective 1 July 2021 will be tabled for shareholder approval.

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, to ensure our competitiveness when considering the appointment of foreign directors with international expertise.

	Fees from 1 July 2020 to 30 June 2021	Fees from 1 July 2021 to 30 June 2022	Euro fee from 1 July 2021 to 30 June 2022
Chairman*	R1 100 000	R1 100 000	
Deputy chairman and lead independent director*	R552 000	R552 000	
Board member	R316 000	R316 000	€86 500
Assets and liabilities committee chairman*	R202 000	R202 000	
Assets and liabilities committee member	R135 000	R135 000	€36 500
Audit and risk committee chairman*	R417 000	R417 000	
Audit and risk committee member	R208 000	R208 000	
Divisional board chairman*	R195 000	R195 000	
Divisional board member	R130 000	R130 000	
Divisional finance and risk committee chairman*	R156 000	R156 000	
Divisional finance and risk committee member	R104 000	R104 000	
Remuneration committee chairman*	R151 000	R151 000	
Remuneration committee member	R100 000	R100 000	
Nomination committee chairman*	R151 000	R151 000	
Nomination committee member	R100 000	R100 000	
Social, ethics and sustainability committee chairman*	R202 000	R202 000	
Social, ethics and sustainability committee member	R135 000	R135 000	

* 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.

Non-executive directors' remuneration

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 30 June 2020.

	Directors' fees R000	Subsidiary and sub-committee fees R000	2020 Total R000	2019 Total R000
Non-executive directors				
P Cooper	325	608	933	916
GW Dempster	892	743	1 635	1 299
SP Kana ¹				878
P Langeni	1 459	642	2 101	1 948
MV Moosa ¹				329
NB Radebe ³	232	222	454	
D Reich ³	1 850		1 850	
ST Skweyiya ²	173	351	524	981
RJA Sparks	325	1 024	1 349	2 047
A Tugendhaft ¹				777
Total	5 256	3 590	8 846	9 175

¹ Resigned at the 2018 AGM.

² Retired from the board on 31 December 2019.

³ Appointed 1 September 2019.

Remuneration report continued

Executive remuneration

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

M (MOHAMMED) AKOOJEE - GROUP CEO 2020 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration	2019 Total taxable remuneration
9 705	518	120	7 116	17 459	1 982	19 441	23 725

Fixed compensation and benefits

Mohammed received total fixed compensation and benefits during the year of R10 343 121 (2019: R9 540 000). Mohammed's total guaranteed package is R10 700 000 and he took a 25% reduction in his salary from April until the end of June 2020 in response to the impact of Covid-19. His remuneration was externally benchmarked against companies with a similar size, complexity and geographic spread.

STI

Mohammed received an incentive bonus of R7 115 500 (2019: R5 100 000), based on performance measures applicable to the group CEO.

2020 measures	Weighting	Performance against target
Group HEPS growth - above 6%	30%	0%
Group achievement of ROIC - from 3% over WACC	30%	0%
Operating profit growth - above 6%	20%	0%
Strategy execution	50%	50%
Transformation	10%	8%
Discretionary	10%	8,5%
Maximum as percentage of fixed compensation	150%	66,5%

In determining the strategy execution and discretionary portion of his STI, the committee considered Mohammed's performance in navigating the group through the challenges posed by Covid-19; the significant strategic review undertaken and significant progress recorded; decisions taken to strategically position the group's sustainable value creation and the decisive actions taken over the last 12 to 18 months to transform the business to deliver this into the future; as well as key black and female management appointments made and progress in integrating ESG into strategy and business practices.

LTI

Mohammed received an annual 2020 allocation of 540 319 Imperial CSP in line with LTI award benchmarks for executive directors with an expected value of R11 235 000 on allocation.

The CSP is subject to performance criteria set out below and will vest in September 2023.

CSP performance condition	Weighting
HEPS versus peer group between 50th percentile and upper quartile	50%
ROIC between 1% and 3% in excess over WACC	50%

JG (GEORGE) DE BEER - GROUP CFO 2020 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration	2019 Total taxable remuneration
4 988	531	178	3 654	9 351	-	9 351	8 830

Fixed compensation and benefits

George received fixed compensation and benefits of R5 696 891 (2019: R5 080 000) for the year. George took a 25% reduction in his salary from April until the end of June 2020 in response to the impact of Covid-19. His remuneration was externally benchmarked against companies with a similar size, complexity and geographic spread.

STI

George received an incentive bonus of R3 654 000 (2019: R1 750 000), based on performance measures applicable to the group CFO.

2020 measures	Weighting	Performance against target
Group HEPS growth - above 6%	30%	0%
Group achievement of ROIC - from 1% over WACC	30%	0%
Operating profit growth - above 6%	20%	0%
Strategy execution	50%	50%
Transformation	10%	8%
Discretionary	10%	5%
Maximum as percentage of fixed compensation	150%	63%

In determining the strategy execution and discretionary portion of his STI, the committee considered George's performance in effectively managing the operational cash flow, liquidity and costs in response to the unanticipated economic challenges posed by Covid-19; the tough business decisions made, including removing significant fixed overhead costs; the successful closure of the CPG business in South Africa and delivering on the strategic acquisitions and disposals undertaken to support the group's strategic ambitions for future growth.

LTI and retention payments

George received an annual 2020 allocation of 292 883 Imperial CSP in line with LTI award benchmarks for executive directors with an expected value of R6 090 000 on allocation.

The CSP is subject to performance criteria set out below and will vest in September 2023.

CSP performance condition	Weighting
HEPS versus peer group between 50th percentile and upper quartile	50%
ROIC between 1% and 3% in excess over WACC	50%

Remuneration report continued

Prescribed officers' remuneration

Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management of the whole or a significant portion of the business of the company.

J (JOHAN) TRUTER - CEO: MARKET ACCESS (PREVIOUSLY CEO: AFRICAN REGIONS) 2020 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration	2019 Total taxable remuneration
3 654	585	314	2 115	6 668	-	6 668	4 900

Fixed compensation and benefits

Johan's fixed compensation and benefits for 2020 were R4 553 138 (2019: R3 500 000) for the year. Johan took a 25% reduction in his salary from April until the end of June 2020 in response to the impact of Covid-19. His remuneration was externally benchmarked against companies with a similar size, complexity and geographic spread.

STI

Johan received an STI of R2 115 000 (2019: R1 400 000).

2020 measures	Weighting	Performance against target
Group HEPS growth - 6% and above	10%	0%
Group achievement of ROIC - from 3% over WACC	10%	0%
Succession and talent management	10%	5%
Divisional operating profit growth - 10% and above	15%	0%
Divisional ROIC - in excess of 3% over WACC	15%	0%
Strategy execution	30%	30%
Discretionary	10%	10%
Maximum as percentage of fixed compensation	100%	45%

In determining the strategy execution and discretionary portion of his STI, the committee considered Johan's performance in delivering a resilient divisional performance despite the negative impact of Covid-19 on trading; significant contract gains and the integration of new acquisitions that delivered strategic geographic and category expansion, as well as the development and implementation of an organisational structure to deliver the Market Access strategy, supported by key management appointments.

LTI and retention payments

Johan received an annual 2020 allocation of 259 940 Imperial CSP in line with LTI award benchmarks for prescribed officers with an expected value of R5 405 000 on allocation.

The CSP is subject to performance criteria set out below and will vest in September 2022.

CSP performance condition	Weighting
HEPS versus peer group between 50th percentile and upper quartile	50%
ROIC between 1% and 3% in excess over WACC	50%

H (HAKAN) BICIL - CEO: LOGISTICS INTERNATIONAL 2020 remuneration (CHF000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration	2019 Total taxable remuneration
522	65	11	156	754	-	754	955

Fixed compensation and benefits

Hakan received fixed compensation and benefits of CHF597 463 (2019: CHF521 225 for the 10 months of his employment). Hakan took a 25% reduction in his salary from April until the end of June 2020 in response to the impact of Covid-19. The remuneration for this position was externally benchmarked against similar positions in Europe, where he is based.

STI

Hakan received a guaranteed STI of CHF156 368 (2019: CHF434 350) and he is entitled to a guaranteed minimum STI of 30% of his basic salary with the remainder of his STI linked to performance conditions which were otherwise not met.

LTI and retention payments

Hakan received an annual 2020 allocation of 384 127 Imperial CSP in line with LTI award benchmarks for prescribed officers with an expected value of R7 987 252 on allocation.

The CSP is subject to performance criteria set out below and will vest in September 2023.

CSP performance condition	Weighting
HEPS versus peer group between 50th percentile and upper quartile	50%
ROIC between 1% and 3% in excess over WACC	50%

E (EDWIN) HEWITT - CEO: LOGISTICS AFRICA (PREVIOUSLY CEO: SOUTH AFRICA) 2020 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration
1 478	130	40	-	1 648	-	1 648

Fixed compensation and benefits

Edwin joined the group as CEO: South Africa in March 2020. He received total fixed compensation and benefits during the period since he joined the group of R1 648 022. Edwin took a 25% reduction in his salary from April until the end of June 2020 in response to the impact of Covid-19.

STI

Edwin received a STI of Rnil, as it was agreed upon joining that there would be no STI payment for F2020.

LTI and retention payments

Edwin received an annual 2020 allocation of 277 734 Imperial CSP in line with LTI award benchmarks for prescribed officers with an expected value of R5 775 000 on allocation.

The CSP are subject to performance criteria set out below and will vest in September 2023.

CSP performance condition	Weighting
HEPS versus peer group between 50th percentile and upper quartile	50%
ROIC between 1% and 3% in excess over WACC	50%

Retired prescribed officers

N (NICO) VAN DER WESTHUIZEN - CEO: SOUTH AFRICA 2020 remuneration (R000)

Basic salary	Retirement and medical contributions	Other benefits	STI	Total cash remuneration	Gains on exercise of LTI awards	2020 Total taxable remuneration	2019 Total taxable remuneration
4 624	71	798	-	5 493	-	5 493	6 233

Fixed compensation and benefits

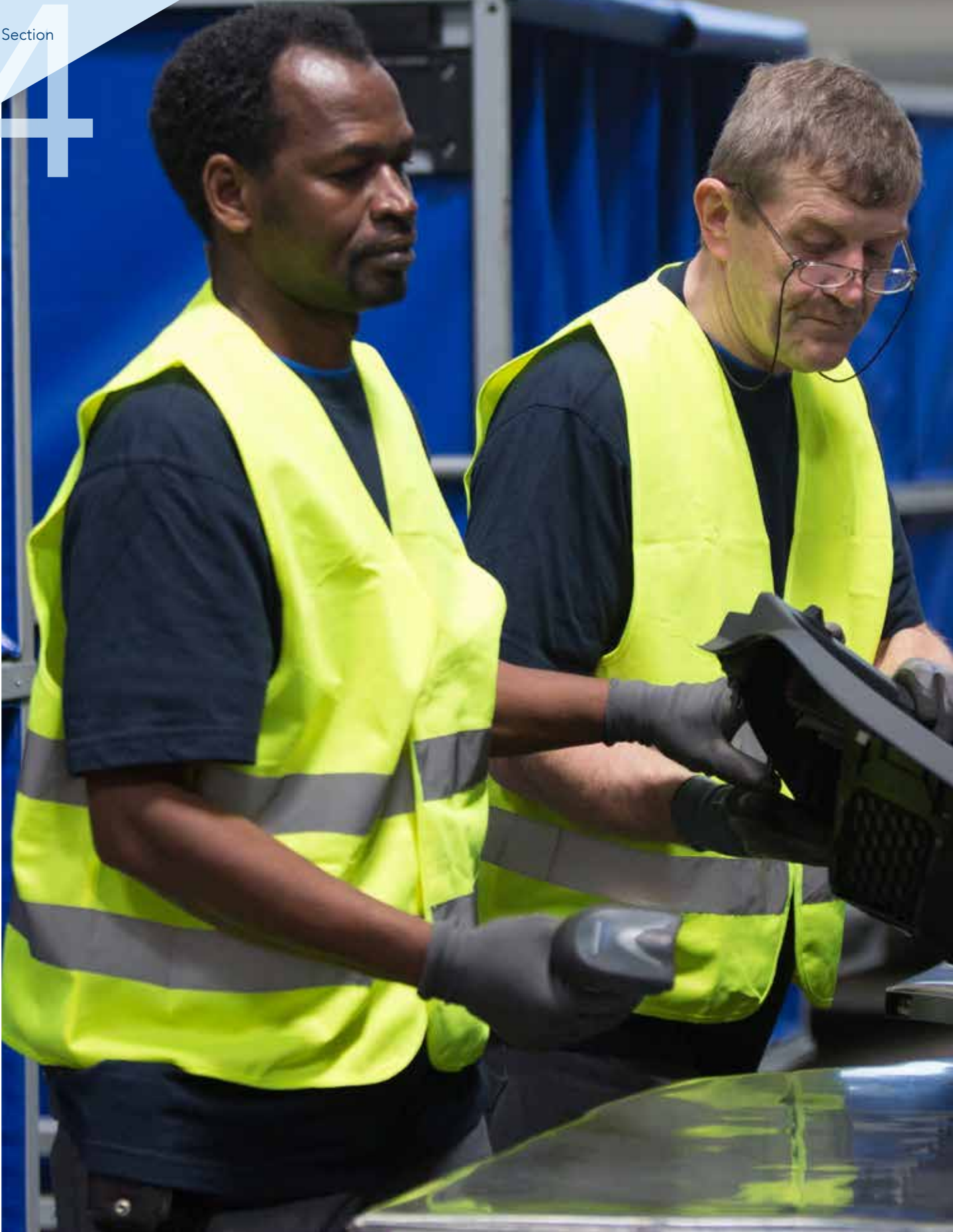
Nico's fixed compensation and benefits for 2020, up to the date of his retirement, was R5 493 000 (2019: R5 565 000) and he received a settlement of R4 164 000 on his retirement in terms of his contract which included a clause for a two-year restraint of trade.

STI

Nico received an STI in 2019 of R668 000 and none for 2020 due to his retirement.

Section

4



Shareholder information

Shareholder analysis

Top 10 shareholders

The top 10 shareholders based on the number of shares held in the company at 30 June 2020 were as follows:

	Share class	Number of shares 000	% of issued voting capital net of treasury shares
Public Investment Corporation	Ordinary	29 080	14,6
M&G Investments (London)	Ordinary	21 798	10,9
Ukhamba Holdings Proprietary Limited	Ordinary	16 719	8,4
Ukhamba Holdings Proprietary Limited	Deferred ordinary	6 036	3,0
PSG Asset Management	Ordinary	14 696	7,4
Ninety One	Ordinary	9 613	4,8
Capital Research Global Investors (Los Angeles)	Ordinary	9 489	4,8
Lynch Family Holding	Ordinary	7 386	3,7
De Canha Family Holding	Ordinary	6 404	3,2
LSV Asset Management (Chicago)	Ordinary	6 163	3,1

Stock exchange performance	2020	2019
Number of shares in issue (million)	202	201
Number of shares traded (million)	276	301
Value of shares traded (R million)	12 674	30 675
Market price (cents per share)		
- Closing price	3 933	5 143
- High	6 096	8 000
- Low	2 446	5 143
Earnings yield % (total) ¹	2,7	12,9
Earnings yield % (continuing) ¹	4,0	8,7
Price to earnings ratio (total) ¹	37,5	7,8
Price to earnings ratio (continuing) ¹	25,2	11,5

¹ Calculated using headline earnings per share.

Distribution of shareholders (listed ordinary shares)	Number of shareholders	Number of shares 000	% of issued voting capital
Public shareholders	5 644	142 250	70,4
Non-public shareholders			
- Shareholders holding more than 10%	2	50 877	25,1
- Directors, their associates and employees	4	354	0,2
- Treasury shares	2	8 593	4,3
	5 652	202 074	100,0

Spread of listed holdings	Number of shareholders	%	Number of shares 000	%
1 - 1 000	4 132	73,10	1 019	0,50
1 001 - 10 000	941	16,65	3 061	1,51
10 001 - 100 000	417	7,38	14 416	7,13
Over 100 000	162	2,87	183 578	90,86
	5 652	100,00	202 074	100,00

Shareholder type	Number of shares 000	% of voting shares
Financial institutions, pension and provident funds	65 412	32,78
Unit trusts	100 430	50,34
Individuals	9 878	4,95
Directors and employees	354	0,18
Corporate holdings	17 407	8,72
Listed ordinary shares (net of treasury shares)	193 481	96,97
Unlisted deferred ordinary shares	6 036	3,03
Total voting shares in issue net of treasury shares	199 517	100,00
Treasury shares	8 593	
Total shares in issue	208 110	

Directors' interest in shares

Number of shares	2020 Beneficial	2019 Beneficial
Non-executive directors		
GW Dempster	99	99
RJA Sparks	40 000	40 000
	40 099	40 099
Executive directors		
M Akoojee	236 638	221 454
JG de Beer	76 817	76 817
	313 455	298 271
	353 554	338 370

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 30th annual general meeting (AGM) of shareholders will be held virtually on Monday, 9 November 2020 at 09:30 CAT through electronic communication, as permitted by the JSE Limited (JSE) and the provisions of the MoI, or any adjournment or postponement thereof, to transact the following business and resolutions with or without amendments approved at the meeting.

The minutes of the meeting held on 30 October 2019 will be available for inspection until 17:00 on Friday, 6 November 2020 and up to 30 minutes immediately preceding the meeting by making a prior written request to Imperial at jeetesh.ravjee@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 share registrars 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 Friday, 25 September 2020.

The record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 30 October 2020.

Accordingly, only shareholders who are registered in the register of members of the company on 30 October 2020 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, 27 October 2020.

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, 4 November 2020. 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 JSE, the company and/or TMS. None of the JSE, 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.

Resolutions

1. Ordinary resolution 1 - approval of the financial statements

"Resolved that the audited consolidated company annual financial statements of Imperial for the year ended 30 June 2020, including the directors' report, the audit and risk committee report and the auditor's report, be adopted."

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.

2. Ordinary resolution 2 - 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 (IRBA 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.

3. 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 of 2008 (Act 71 of 2008), as amended (the Companies Act) by a separate vote in respect of each member:

- 3.1 Mr P Cooper
- 3.2 Mr GW Dempster
- 3.3 Ms NB Radebe
- 3.4 Mr RJA Sparks."

A brief curriculum vitae of each of the directors offering themselves for election as members of the audit and risk committee is contained on page 35 of the integrated report.

Percentage voting rights

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

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.

4. Ordinary resolution 4 - reappointment of retiring directors

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

- 4.1 Mr M Akoojee
- 4.2 Mr P Cooper
- 4.3 Ms P Langeni."

A brief curriculum vitae of each of the directors being submitted for confirmation in terms of resolution 4 is contained on page 35 of the integrated report.

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

Notice of annual general meeting continued

Percentage voting rights

The minimum percentage of voting rights that is required for each of the resolutions in 4 to be adopted is 50% (fifty percent) of the voting rights plus one (1) vote to be cast on each resolution.

5. 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 118 to 131 of the integrated report be hereby confirmed."

6. Ordinary resolution 6 - confirmation of the implementation 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 implementation of the group's remuneration policy as set out in the remuneration report on pages 118 to 131 of the integrated report be hereby confirmed."

7. 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 2020 to 30 June 2021	Fees from 1 July 2021 to 30 June 2022	Euro fees from 1 July 2021 to 30 June 2022
7.1 Chairman*	R1 100 000	R1 100 000	
7.2 Deputy chairman and lead independent director*	R552 000	R552 000	
7.3 Board member	R316 000	R316 000	€86 500
7.4 Assets and liabilities committee chairman*	R202 000	R202 000	
7.5 Assets and liabilities committee member	R135 000	R135 000	€36 500
7.6 Audit and risk committee chairman*	R417 000	R417 000	
7.7 Audit and risk committee member	R208 000	R208 000	
7.8 Divisional board chairman*	R195 000	R195 000	
7.9 Divisional board member	R130 000	R130 000	
7.10 Divisional finance and risk committee chairman*	R156 000	R156 000	
7.11 Divisional finance and risk committee member	R104 000	R104 000	
7.12 Remuneration committee chairman*	R151 000	R151 000	
7.13 Remuneration committee member	R100 000	R100 000	
7.14 Nomination committee chairman*	R151 000	R151 000	
7.15 Nomination committee member	R100 000	R100 000	
7.16 Social, ethics and sustainability committee chairman*	R202 000	R202 000	
7.17 Social, ethics and sustainability committee member	R135 000	R135 000	

Notes

* 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 2020 to 30 June 2021 at the AGM of 30 October 2019 and no change is proposed to those fees. No increase is proposed in respect of fees for the period from 1 July 2021 to the next AGM, due to the uncertainties created by Covid-19. At the 2021 AGM, increases in fees effective 1 July 2021 will be tabled for shareholder approval.

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 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.

8. Special resolution number 2 - 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 its subsidiary 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 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 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 or its subsidiary 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 the annual report of which this notice forms part:

- Major shareholders - page 134.
- Share capital of the company - page 134.

Notice of annual general meeting continued

Directors' responsibility statement

The directors, whose names are given on page 35 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 contain all information required by law and the Listings Requirements.

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 2020 year-end until the date of the notice of AGM.

Reason and effect

The reason for and effect of special resolution 2 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.

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 at 30 June 2020."

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 30 June 2020, provided that:

- The approval 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 earnings per share 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 (number of securities) of that class.
- 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."

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 Mol, 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 3 - 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 person 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 Mol 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 3 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.

12. Special resolution number 4 - 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.

Notice of annual general meeting continued

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 4 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.

13. To transact such other business as may be transacted at an AGM of shareholders.

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 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, 6 November 2020 for administrative purposes. Alternatively, a duly completed form of proxy may be handed to the chairperson of the AGM prior to the commencement of 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

RA Venter

Company secretary

22 September 2020

Form of proxy

Imperial Logistics Limited

(Incorporated in the Republic of South Africa)
 (Registration number: 1946/021048/06)
 Share code: IPL
 ISIN: ZAE000067211
 (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 annual general meeting of shareholders to be held virtually at 09:30 CAT on Monday, 9 November 2020 through electronic communication 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).

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 central securities depository participant (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
1	Ordinary resolution 1 - approval of the financial statements			
2	Ordinary resolution 2 - appointment of auditor			
3	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 Radebe			
	Ordinary resolution 3.4 - RJA Sparks			
4	Ordinary resolution 4 - reappointment of retiring directors			
	Ordinary resolution 4.1 - M Akoojee			
	Ordinary resolution 4.2 - P Cooper			
	Ordinary resolution 4.3 - P Langeni			
5	Ordinary resolution 5 - confirmation of the group's remuneration policy			
6	Ordinary resolution 6 - confirmation of the implementation of the group's remuneration policy			
7	Special resolution 1 - directors' fees			
		Fees from 1 July 2020 to 30 June 2021	Fees from 1 July 2021 to 30 June 2022	Euro fees from 1 July 2021 to 30 June 2022
7.1	Chairman*	R1 100 000	R1 100 000	
7.2	Deputy chairman and lead independent director*	R552 000	R552 000	
7.3	Board member	R316 000	R316 000	€86 500
7.4	Assets and liabilities committee chairman*	R202 000	R202 000	
7.5	Assets and liabilities committee member	R135 000	R135 000	€36 500
7.6	Audit and risk committee chairman*	R417 000	R417 000	
7.7	Audit and risk committee member	R208 000	R208 000	
7.8	Divisional board chairman*	R195 000	R195 000	
7.9	Divisional board member	R130 000	R130 000	
7.10	Divisional finance and risk committee chairman*	R156 000	R156 000	
7.11	Divisional finance and risk committee member	R104 000	R104 000	
7.12	Remuneration committee chairman*	R151 000	R151 000	
7.13	Remuneration committee member	R100 000	R100 000	
7.14	Nomination committee chairman*	R151 000	R151 000	
7.15	Nomination committee member	R100 000	R100 000	
7.16	Social, ethics and sustainability committee chairman*	R202 000	R202 000	
7.17	Social, ethics and sustainability committee member	R135 000	R135 000	
8	Special resolution 2 - general authority to repurchase company shares			
9	Ordinary resolution 7 - authority to issue ordinary shares			
10	Ordinary resolution 8 - authority to issue shares for cash			
11	Special resolution 3 - authority to provide financial assistance in terms of section 44			
12	Special resolution 4 - authority to provide financial assistance in terms of section 45			

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.

Please read the notes on the reverse side hereof.

Signed at _____ on _____ 2020

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 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 on Friday, 6 November 2020 for administrative purposes, or handed to the chairman of the AGM before that meeting is due to commence.
14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).



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South Africa

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Waterfall City
Waterfall
Docex 10 Johannesburg

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The Directors

Imperial Logistics Limited
Jeppe Quandam
79 Boeing Road East

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF IMPERIAL LOGISTICS LIMITED

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

Subject matter

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

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

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

Independent limited assurance report continued

Directors' responsibility

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

The responsible party is responsible for:

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

Assurance practitioner's responsibility

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

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

Our independence and quality control

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

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

Summary of work performed

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

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

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

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

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

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

Limited assurance conclusion

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

Restriction on use and distribution – for special purpose engagements

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



Deloitte & Touche
Registered auditors

Per Mark Victor
Partner

10 September 2020

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

Corporate information

IMPERIAL LOGISTICS LIMITED

Registration number: 1946/021048/06

Ordinary share code: IPL

ISIN: ZAE000067211

Business address and registered office

Imperial Logistics Limited

Jeppe Quondam

79 Boeing Road East

Bedfordview, 2007

Postal address

PO Box 3013

Edenvale 1610

South Africa

Company secretary

RA Venter

Chief corporate affairs and investor relations officer

E Mansingh

Directors

P Langeni* (Chairman)

GW Dempster** (Lead independent director)

M Akoojee# (Group CEO)

JG de Beer# (Group CFO)

P Cooper**

NB Radebe**

D Reich**¹

RJA Sparks**

* Non-executive director

** Independent non-executive director

Executive director

¹ Swiss

Executive committee

M Akoojee (Group CEO)

JG de Beer (Group CFO)

H Bicil

E Hewitt

E Mansingh

JVW Rossouw

JA Truter

S Woodward

Share transfer secretaries

Computershare Investor Services

Proprietary Limited

1st Floor, Rosebank Towers

15 Biermann Avenue

Rosebank, 2196

Auditors

Deloitte & Touche

5 Magwa Crescent

Waterfall City

Waterfall

Midrand

2066

Sponsor

Merrill Lynch SA Proprietary Limited

The Place, 1 Sandton Drive

Sandton, 2196

Forward looking statements

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



www.imperiallogistics.com

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beyond possibility