When you live for the road the way we do, you look at life differently
About this report

This sustainability report covers the reporting period for the financial year ended 30 June 2013. The previous sustainability report was published online at www.imperial.co.za for the financial year ended 30 June 2012.

This report provides additional detailed information on Imperial Holdings’ economic, environmental and social impacts, covering the most material sustainability issues affecting our operations. It is intended to be read in conjunction with the 2013 integrated report available at www.imperial.co.za, which covers our financial performance. Together the two reports provide stakeholders with a comprehensive view of our activities, impacts, practices and future direction.

We believe this report covers all material topics and indicators and represents a balanced and reasonable view of our organisation’s economic, environmental and social performance for the 12-month reporting period and does not omit significant information that could influence a stakeholder’s assessment of our operations.

During the course of the year, as various events take place, we provide updates on selected material issues via media releases. This new information is also made publicly available on our website.

Profile
Imperial is a diversified industrial services and retail group with activities spanning logistics, vehicle distribution and retail, car rental, parts and industrial products distribution and financial services.
— All of these operations are conducted in South Africa.
— Logistics operations are conducted in sub-Saharan Africa, Europe and the United States of America.
— Vehicle retail operations are conducted in the United Kingdom, Australia and neighbouring countries in Africa.
— Financial services operations are conducted in Botswana and Lesotho.

Imperial is listed on the Johannesburg Stock Exchange Limited (JSE) under the share code IPL.

The group utilises a decentralised management structure that actively encourages entrepreneurship, innovation and industry-specific best practice.

IMPERIAL employs more than 51,000 people, who are responsible for the growth and continued success of a group that began as a motor dealer in downtown Johannesburg in 1948.

Scope and boundary
The report is intended to be read by both South African and international stakeholders. It covers the businesses over which Imperial has operational control, which include those in Africa, Europe, the United Kingdom, United States of America and Australia. Leased facilities are treated as group-owned for reporting purposes.

The report excludes businesses that have been sold or discontinued, and businesses that are held for sale. Impacts related to entities not operationally controlled by the group have also been excluded, as have assets that are owned but not operated by the group.

Although our operations have undergone expansion and reorganisation during the year, the size, structure, ownership and products/services are not materially different to those covered in the previous report. Our financial reporting profile has however, been changed to better reflect the operational structure of the group.

This report is rated at a C Level in terms of the GRI framework.

Report profile

In preparing this report we have considered our principal sustainable development risks, associated key performance indicators and the issues of concern and interest to our stakeholder groups. We have been guided by the latest Global Reporting Initiative (GRI) G3.1 guidelines, the principles of King III, Carbon Disclosure Project and the JSE SRI Index.

The majority of information and data contained in the report is derived from internal reporting processes, systems and records and while we have taken all reasonable steps to ensure accuracy, the report has not been externally verified.

In addition, the decentralised management structure in the group means that certain information may be recorded and reported in different formats. Every effort has however, been made to ensure this report meets the material concerns of our various stakeholder groups.

Assurance

Imperial’s economic impacts have been externally assured to the extent that these form part of the annual financial statements of the group, as published in the integrated annual report (available online at www.imperial.co.za). The extent of this assurance is detailed in the audit report of the integrated annual report.

Other areas of reporting are either reviewed internally through specific governance structures such as internal audit, or via risk review processes.

Certain key health and safety aspects are externally assured, which includes third-party verification of key installations such as warehouses, as well as ongoing audits of environmental spillages and facilities by third-party inspectors appointed by customers.

How to use this report

The “Our performance” section is divided into three chapters which cover the group’s economic, environmental and social impacts. In these chapters we have covered the issues of material concern and interest to our business and its stakeholders.

• This report has been prepared by Rafiek Sharfuddin
Group Head of Sustainability
The “Our performance” section is divided into three chapters which cover the group’s economic, environmental and social impacts. In these chapters we have covered the issues of material concern and interest to our business and its stakeholders.

www.imperial.co.za
Message from the CEO

At Imperial we have long recognised that a business that does not behave in a socially and environmentally responsible manner will not be sustainable, no matter how strong its financial performance. While the delivery of value to shareholders and investors is a key business driver, our focus is not only on economic prosperity but also on maintaining a sustainable environment in which all stakeholders benefit from shared values.

We are committed to integrating sustainability practices into our day-to-day core business because we recognise that sustainability is no longer a “nice to have” or even a matter only of good corporate citizenship – it has become central to business success.

We firmly believe that the way a business conducts itself in society, the way it treats its employees, communities, suppliers and the environment have an impact on its bottom line. One need only consider the power of consumer pressure, the very real business risks posed by the effects of climate change, the effects on business of an uneducated and unskilled populace, or legislative controls to highlight how important it is for businesses to employ triple-bottom line thinking when one identifies risks and opportunities and formulates future business strategy.

One of the key sustainability highlights for the year was the full, group-wide roll-out of our sustainability measurement system. This year represents the first full financial year that we have had the benefit of this reporting system, which has standardised the definition of key indicators and greatly enhanced the collection of data across our operations. In a company as large and diverse as ours, the benefit of such a system cannot be overstated. Because we can only manage what we can measure, the accuracy and integrity of data is central to our ability to improve our sustainability performance.

We are confident that we now have a good baseline against which to measure our future progress.

Our business affects a broad array of stakeholders and we have structured the report around the broad pillars of economic, social and environmental impact – or “profit, people and planet”. We have addressed the material issues pertaining to each group.

Imperial employees are undoubtedly one of our most important stakeholder groups. We rely on their collective talent, energy, enthusiasm and commitment for our continued success and seek to invest in their ongoing development. During the year we invested R175 million in training and development initiatives. These deliver ongoing benefit not only to individual employees but to our company as we secure the pipeline of skills we need for future growth and success.
Looking beyond our own Imperial family to our broader community I am, as ever, deeply impressed by the work being carried out by the Imperial and Ukhamba Community Development Trust. During the year, the Trust implemented a new programme in our adopted schools to establish state-of-the-art libraries with thousands of books, visual equipment and staff school libraries with full-time librarians. This initiative has ensured learners and teachers derive maximum value from the libraries we have established, but the project also has an important job creation spin-off that is close to our hearts. Librarians are selected and trained from among unemployed family members of Imperial employees.

I am also proud of the many other corporate social investment projects being carried out in businesses across our divisions. These projects deliver care and relief to some of society’s most vulnerable and needy individuals. In many cases they are identified by Imperial employees who are volunteering in their own communities.

On the environmental front we remain committed to reducing our environmental impact wherever possible. The year saw the roll-out of some groundbreaking environmental initiatives, including the world’s first solar-powered Kia dealership in Weltevreden Park. We have made a commitment to follow sustainable building practices in all new developments. Similarly, the majority of our motor-related businesses have implemented waterless wash bays and many have invested in water recycling facilities and established rain harvesting systems to reduce their dependency on municipal water.

The introduction of Carbon Tax in South Africa, together with rising electricity tariffs, highlighted the importance of our efforts to reduce our energy consumption and carbon footprint. All our operations have stepped up their efforts in this regard and the report contains numerous examples of both “quick wins” and sophisticated systems to reduce our carbon load.

In this report we have sought to provide a balanced and transparent view of the ways in which we have integrated sustainability practices into our business. While we are pleased with the progress we have made thus far, we also recognise that integrated sustainability is a journey. What follows is a snapshot of our current position on this continuum.

We welcome your input and feedback on both our progress and this report.

**Hubert Brody**  
Chief executive officer  
30 September 2013
Message from the chairman
Social, ethics and sustainability committee

In recent years the world has witnessed increasing pressure on companies to better manage issues of corporate governance and responsibility. The legislative environment – both locally and abroad – demands that organisations pay attention not only to their profits, but to the impact they have on society and the environment.

While this global trend towards greater compliance should be welcomed, what is important is not merely what the law requires – but what is right from a moral and ethical perspective.

This is the fundamental guiding principle of Imperial’s approach to social, ethics and sustainability. The Imperial I-Pledge campaign and our work in scholar patrols at local schools are just two examples of our commitment to go beyond compliance and contribute to the greater good of the country.

At the same time we recognise that sustainability needs to be commercially viable. The company’s decentralised, federal management approach encourages divisions to look at sustainability through an entrepreneurial lens. Throughout the group, businesses have embraced the opportunity to save on costs by implementing sustainable business practices.

Many of the projects covered in the report that follows have been pioneering. In sustainability – as in business – it is part of Imperial’s culture to lead the way with new and innovative solutions to society’s challenges. In the environmental arena, global firsts include the Weltevreden Park Kia dealership which is the only solar-powered Kia dealership in the world and the most environmentally friendly motor vehicle dealership in South Africa.

Among local communities the Imperial and Ukhamba Community Development Trust continues to carry out pioneering work in the field of education. It has made a tangible difference to the education and lives of more than 10 000 children from under-resourced schools, thanks to the close three-way partnership it has forged with the Department of Education, the schools themselves and the broader community.

The Trust’s work stands as yet another example of how “doing the right thing” dovetails with commercial considerations – the children we educate today will form the skills pool from which the business will need to draw its future talent.

The ongoing development of our own people is informed by a similar theme. We believe we have an obligation to upgrade the skills of people who work for us and recognise that doing so has a direct impact on the group’s competitiveness and success. We also take cognisance of the skills shortage that exists in many of the industries in which we operate – in response we train more people in specialist skills than we require for our own needs. This delivers an immediate benefit to individual trainees and contributes directly to the technical skills pool in South Africa, while benefiting our own businesses in the long term.

I am pleased to see that Imperial’s sustainability ethos has been further integrated into the company during the year. In this year’s integrated annual report, you will read about Imperial’s expansion activities into Africa, Europe and the rest of the world. As the group looks to grow its global footprint, we apply the same stringent social, ethical and environmental standards in all jurisdictions in which it operates – regardless of the requirements of domestic law.

Valli Moosa
Chairman: social, ethics and sustainability committee
30 September 2013
Key indicators at a glance

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (Rm)</td>
<td>92 382</td>
<td>80 830</td>
</tr>
<tr>
<td>Operating profit (Rm)</td>
<td>6 087</td>
<td>5 638</td>
</tr>
<tr>
<td>Headline earnings per share (cents per share)</td>
<td>1 804</td>
<td>1 566</td>
</tr>
<tr>
<td>Core EPS (cents per share)</td>
<td>1 871</td>
<td>1 623</td>
</tr>
<tr>
<td>Dividend per share (cents per share)</td>
<td>820</td>
<td>680</td>
</tr>
<tr>
<td><strong>Society</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People employed</td>
<td>51 007</td>
<td>47 699</td>
</tr>
<tr>
<td>Salaries paid (Rm)</td>
<td>12 824</td>
<td>10 703</td>
</tr>
<tr>
<td>Training expenditure (Rm)</td>
<td>175</td>
<td>171</td>
</tr>
<tr>
<td>Training hours</td>
<td>1 436 520</td>
<td>1 306 135</td>
</tr>
<tr>
<td>Employee fatalities in road accidents</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Donations to social responsibility causes (Rm)</td>
<td>42</td>
<td>46</td>
</tr>
<tr>
<td>Investment in Imperial and Ukhamba Community Development Trust (Rm)</td>
<td>7,9</td>
<td>9,5</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental incidents</td>
<td>123</td>
<td>172</td>
</tr>
<tr>
<td>Electricity purchased (million kWh)</td>
<td>209</td>
<td>164</td>
</tr>
<tr>
<td>Fuel consumed (million litres)</td>
<td>271</td>
<td>271</td>
</tr>
<tr>
<td>Biofuel consumed (million litres)</td>
<td>0,23</td>
<td>0,25</td>
</tr>
<tr>
<td>CO₂ emissions (tonnes)</td>
<td>1 182 534</td>
<td>1 072 636</td>
</tr>
<tr>
<td>Distance travelled by our logistics road fleet excluding rental vehicles (million kilometres)</td>
<td>495</td>
<td>487</td>
</tr>
<tr>
<td>Water consumed (million litres)</td>
<td>1 739</td>
<td>1 701</td>
</tr>
</tbody>
</table>

Further information on the scale of the Imperial group appears in the historical review on page 11, the value added statement on page 27, and the employment section on page 47 of the sustainability report.
Awards and highlights

**Imperial Logistics**
Nedbank Leadership Award for Sustainability: CEO – Marius Swanepoel

**Imperial Distribution**
Silver Award – Supply Chain Business Model: Logistics Achiever Awards

**Imperial Shipping Group**
Eight Green Awards from the Dutch Green Award Foundation for environmentally friendly inland fleet of vessels

**Imperial Logistics Refrigerated Services**
Volition and Woolworths – Gold Award: Transforming a Business Model: Logistics Achiever Awards

**TFD Network Africa**
Best Project over R10 million – Sustainability Programme: Green Supply Chain Awards

**Europcar**
Voted Africa’s Leading Car Hire Company at the 2012 World Travel Awards for the seventh consecutive year in a row

**Imperial Logistics**
10th African Access National Business Awards

**Imperial Toyota Group**
Global Toyota ECO award for environmental conservation

**KIA South Africa**
Distributor of the year Award from KIA Motors company, South Korea

**Mercurius Motors**
(Mercedes-Benz) Polokwane: Dealer of the Year

**Imperial group**
Reached transformation level of 50% black managers

**Europcar**
Voted number two Top Brand in Car Rental for the 2013 Sunday Times Top Brands Awards

**Imperial Toyota**
Kempton Park: Toyota Dealer of the Year

**Lindsay Saker (VW)**
VW Group Dealer of the Year

**Imperial Logistics**
Corporate Educator of the Year by SAPICS and Graduate Employer of Choice in the transport and logistics sector by the South African Graduate Recruiters Association

**TFD Network Africa**
Sustainability Programme – “Driving the Green Movement”: Logistics Enviro Achiever Awards

**Energy Efficiency**
Imperial group signs Energy Efficiency Pledge between Department of Energy, Business Unity SA, National Business Initiative (NBI)

**Carbon disclosure**
Imperial group participated in the CDP and maintains inclusion

**JSE ALSI Top 40**
Imperial group member of JSE ALSI Top 40

**JSE SRI Index**
Imperial group maintains JSE SRI Index inclusion
SRI INDEX
INCLUSION CERTIFICATE

The Johannesburg Stock Exchange congratulates

Imperial Holdings Ltd

on its inclusion in the
Socially Responsible Investment Index.

Your demonstrated commitment to doing business
in a sustainable manner will provide sustainable,
real and valuable returns.

Head of SRI Index

28 November 2012
Date
Overview of Imperial

**Group structure**
Imperial is a diversified, multinational industrial services and retail group. It is structured on three strategic pillars:

- **Logistics**;
- **Automotive and Industrial**; and
- **Financial Services**.

<table>
<thead>
<tr>
<th>Logistics</th>
<th>Automotive and Industrial</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>This pillar comprises:</td>
<td>This pillar comprises:</td>
<td>This pillar comprises:</td>
</tr>
<tr>
<td><strong>Africa (including South Africa)</strong></td>
<td><strong>Distribution, Retail and Allied Services</strong></td>
<td><strong>Insurance</strong></td>
</tr>
<tr>
<td>These businesses provide complete logistics solutions including transportation, warehousing, distribution and related value-added services within Africa.</td>
<td>These businesses import and distribute a range of passenger and commercial vehicles, industrial equipment and motorcycles and include vehicle dealerships in South Africa and Australia.</td>
<td>These businesses comprise insurance operations which are focused on a range of short, medium and long-term insurance and assurance products that are predominantly associated with the automotive market and includes cell captive arrangements.</td>
</tr>
<tr>
<td><strong>International</strong></td>
<td><strong>Automotive Retail</strong></td>
<td><strong>Other Financial Services</strong></td>
</tr>
<tr>
<td>These businesses provide complete logistics solutions including transportation, warehousing, inland waterway shipping, container and bulk handling, contract manufacturing, subassembly, packaging of materials and related value-added services within Europe.</td>
<td>These businesses consist of a large network of motor vehicle and commercial vehicle dealerships representing most of the major original equipment manufacturers (OEMs) in South Africa and commercial vehicle dealerships in the United Kingdom. The division also manufactures and sells caravans and canopies.</td>
<td>These businesses comprise the sale of service, maintenance and extended warranty products associated with the automotive market, other financial products including joint ventures on the sale of financial services and commission factoring operations.</td>
</tr>
<tr>
<td><strong>Other Segments</strong></td>
<td></td>
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</tbody>
</table>
| The Car Rental business consists of vehicle rental operations spanning the domestic corporate sector and domestic and international and leisure sectors, with extensive support services and the sale of used vehicles. | The Car Rental business consists of vehicle rental operations spanning the domestic corporate sector and domestic and international and leisure sectors, with extensive support services and the sale of used vehicles. | |}

The operations are mainly in Africa and Europe, with considerable potential for expansion into allied services and relevant new geographies that have good growth potential.

Employing 51 000 people, the group actively encourages entrepreneurship, innovation and industry best practice.
IMPERIAL HOLDINGS

LOGISTICS
- AFRICA, INCLUDING SOUTH AFRICA
  - INTERNATIONAL
    - AUSTRALIAN DEALERSHIPS
    - OUTDOOR, LEISURE AND AFTERMARKET PRODUCTS
    - INDUSTRIAL DISTRIBUTION
  - VEHICLE DISTRIBUTION AND RETAIL
    - SOUTH AFRICAN DEALERSHIPS
    - UNITED KINGDOM DEALERSHIPS
    - AUTOPARTS DISTRIBUTION

AUTOMOTIVE AND INDUSTRIAL
- DISTRIBUTION, RETAIL AND ALLIED SERVICES
- AUTOMOTIVE RETAIL
- CAR AND VAN RENTAL INCLUDING USED VEHICLE DEALERSHIPS AND PANELSHOPS
- MAINTENANCE, SERVICE AND EXTENDED WARRANTY PRODUCTS

FINANCIAL SERVICES
- OTHER
- INSURANCE
- SHORT-TERM INSURANCE
- LIFE ASSURANCE
- MAINTENANCE, SERVICE AND EXTENDED WARRANTY PRODUCTS
- OTHER FINANCIAL SERVICES
- JOINT VENTURES
Overview of Imperial continued

Key facts

— Listed on the JSE since 1987
— Market capitalisation of approximately R44 billion at year-end
— Over 51 000 employees
— Leading third-party logistics provider in southern Africa
  • Manages/owns over 6 400 vehicles
  • Operates from more than 968 locations in 18 countries
  • Provides warehousing facilities of 980 000 m²
— Biggest fleet of owned and subcontracted inland water vessels in Europe
  • Access to over 700 vessels in Europe
  • 100 million tonnes of handling volume per year
— Represent virtually every motor brand in South Africa
— Over 240 new vehicle dealerships
— Over 100 used dealerships branded as Auto Pedigree and Imperial Select
— On average 20 000 vehicles in car rental fleet
— Responsible for one in three car rental transactions in South Africa
— Leading aftermarket vehicle parts distributor in South Africa with 20 owned stores and 419 franchised stores and workshops, and 46 franchised stores in the rest of Africa
— Over 1,7 million policies under management in Financial Services
— Regent services over 950 dealer outlets throughout southern Africa
— Geographical footprint covering Africa, Europe, United Kingdom, Australia and United States of America
— Helped improve the education of over 10 000 disadvantaged children through the Imperial and Ukhamba Community Development Trust
## History

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>Imperial started out as a Chrysler dealership in downtown Johannesburg</td>
</tr>
<tr>
<td>1973</td>
<td>Cancelled Chrysler agency and became Toyota dealers, adding trucks to our offering</td>
</tr>
<tr>
<td>1975</td>
<td>Started Imperial Truck Hire</td>
</tr>
<tr>
<td>1979</td>
<td>Launched Imperial Car Rental and started a transportation business</td>
</tr>
<tr>
<td>1987</td>
<td>Listed on the JSE, Imperial Car Rental merged with Hertz</td>
</tr>
<tr>
<td>1989</td>
<td>Regent short-term insurance established, Logistics diversified into warehousing</td>
</tr>
<tr>
<td>1991</td>
<td>Acquired Springbok Atlas and first Mercedes-Benz dealership</td>
</tr>
<tr>
<td>1992</td>
<td>Acquired Tanker Services</td>
</tr>
<tr>
<td>1993 – 1999</td>
<td>Various acquisitions of transport companies which were combined to form the SA Logistics business</td>
</tr>
<tr>
<td>1995</td>
<td>The formation of Associated Motor Holdings as an importer and distributor of vehicles, Acquired the listed Salicon group to significantly expand the Motor Retail division</td>
</tr>
<tr>
<td>1996</td>
<td>Acquired the Renault and Daihatsu distribution rights, Imperial Bank and Regent Life Assurance established</td>
</tr>
<tr>
<td>1998</td>
<td>Acquired the Renault and Daihatsu distribution rights, Imperial Bank and Regent Life Assurance established, Acquired National Airways Corporation</td>
</tr>
<tr>
<td>2000</td>
<td>Developed supply-chain services in the Logistics division, Acquired controlling interest in listed diversified tourism company, Tourvest, Obtained Hyundai distributorship</td>
</tr>
<tr>
<td>2001</td>
<td>Disposed of 50.1% of Imperial Bank to Nedbank, Acquired Haniel Reederei Holding GmbH, largest operator of barges on Europe’s inland waterways</td>
</tr>
<tr>
<td>2004</td>
<td>Launched Imperial Autoparts, Ukhamba Holdings acquired a 10.1% stake in Imperial in a BEE transaction involving all of Imperial’s black staff and a community development trust</td>
</tr>
<tr>
<td>2005</td>
<td>Acquired Jurgens Caravans, Lereko Mobility acquired a 7.25% stake in Imperial, Imperial entered the Australian car dealership market with the acquisition of nine Ford dealerships in Sydney</td>
</tr>
<tr>
<td>2006</td>
<td>The acquisition of a chain of truck dealerships and auto logistics businesses in the UK from RAC plc</td>
</tr>
<tr>
<td>2008</td>
<td>Unbundled leasing and capital equipment division as Eqstra, Discontinued Safair and International Trucks distribution, Disposal of Multipart Holdings in the UK, the parts and auto logistics arms of the RAC acquisition</td>
</tr>
<tr>
<td>2009</td>
<td>Disposed of Tourvest, Expanded Automotive Parts business with the acquisition of Midas, Entered the vehicle tracking and fleet management industry with the acquisition of 25.5% of MiX Telematics, Launched Imperial Fleet Management in a joint venture with Wesbank, Acquired Goscor to expand into industrial distribution, Acquired E-Z-GO South Africa to extend product range in Distributors division</td>
</tr>
<tr>
<td>2011</td>
<td>Expanded African footprint in logistics with the acquisition of CIC Holdings and created a separate Africa Logistics division, Awarded distribution rights for Mitsubishi, Acquired Edusport, leading sports and events management company, Created new Financial Services division</td>
</tr>
<tr>
<td>2012</td>
<td>In Europe, acquired Lehnkering, one of Europe’s leading specialist logistics companies serving the chemical, agricultural, petrochemical and steel industries, In Africa, logistics acquired control and increased our shareholding to 80% in Transport Holdings in Botswana, which provides fuel and other transportation services, Distributorships and Automotive Retail acquired: — Bobcat, a leading supplier of compact equipment into the construction, mining and agricultural sectors — Watts Truck and Van, a DAF truck dealer</td>
</tr>
<tr>
<td>2013</td>
<td>Acquired 100% of the pharmaceutical distribution and health supply-chain service business conducted by RTT, now branded as Imperial Health Sciences, Acquired 60% of LTS Kenzam (Pty) Limited, a logistics business that distributes bituminous products throughout southern Africa, 60% of KWS Carriers (Pty) Limited, a business focused on the movement of bulk commodities mainly through subcontractors, Acquired 49% of MDS Logistics plc in Nigeria providing supply chain and logistics solutions, Acquired 100% of Orwell Trucks, a Mercedes commercial vehicle dealer in the UK, Acquired 80% of Alintapart, a commercial distributor, Disposed of our Shareholding in National Airways Corporation, to fully exit the aviation industry, Disposed of our interest in the Tourism business subject to Competition Commission approval</td>
</tr>
</tbody>
</table>
Management principles and approach

Imperial operates on a decentralised management system that encourages the acquisition, nurturing and growth of large and small entrepreneurial business units, and strives to maximise the synergies between them.

The executive committee of the group oversees all operational activities, balancing the need for a strong entrepreneurial culture with sufficient and appropriate control and governance.

While the group operates according to a federal system, cohesion across businesses and divisions are achieved through nine unifying factors and eight controlling factors.

<table>
<thead>
<tr>
<th>Unifying factors</th>
<th>Controlling factors</th>
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<tbody>
<tr>
<td>— Commitment to people development</td>
<td>— Delegation of authority policies within the group</td>
</tr>
<tr>
<td>— Performance culture</td>
<td>— Internal financial covenants, limits and a comprehensive financial measurement system</td>
</tr>
<tr>
<td>— Social responsibility</td>
<td>— An active executive board with oversight over all businesses</td>
</tr>
<tr>
<td>— Transparency through good communication</td>
<td>— Peer reviews and post-acquisition review system</td>
</tr>
<tr>
<td>— Service excellence</td>
<td>— Divisional finance and risk review committees and boards</td>
</tr>
<tr>
<td>— Group business loyalty</td>
<td>— Internal audit and group risk functions</td>
</tr>
<tr>
<td>— We rally around our group brand</td>
<td>— Reporting lines and common sense good governance</td>
</tr>
<tr>
<td>— Financial responsibility and capital efficiency</td>
<td>— Social, ethics and sustainability committee</td>
</tr>
<tr>
<td>— Nurturing of and tolerance for entrepreneurial initiatives</td>
<td></td>
</tr>
</tbody>
</table>
Our business model

Our business model is primarily centred on the following key principles:

- Developing our people to be skillful, confident and self-motivating
- Empowering our people
- Gaining the respect of our customers, suppliers and principals
- Being the standard for quality service and reliability
- Adhering to what we know best or can learn
- Pursuing financial best practices

Through these key principles, we ultimately strive to deliver stakeholder value by:

- Generating Cash
- Growing our business
- Making a positive contribution to society
- Being a responsible corporate citizen
- Generating good returns on capital

Our objective is to drive improving returns on capital as this is the ultimate generator of value for shareholders. To deliver on this objective, the group is continuously seeking growth opportunities in and adjacent to existing industries and geographies.

Our deep involvement in all aspects of the motor value chain provides Imperial with a competitive advantage in this market, while generating the cash needed to grow our operations.

Our business model is centred on generating cash in the motor-related businesses to grow the logistics operations, while continually investigating opportunities to enrich our involvement in the motor value chain. The cash generated in our motor-related businesses allows us to take advantage of attractive opportunities within niche sectors of the logistics market in Europe and the fast growing economies in Africa.

When we acquire businesses, we maintain their entrepreneurial spirit and simultaneously mitigate the related acquisition risk by securing the existing management, often by retaining ongoing minority management shareholdings in those businesses. Our shareholder objectives and management incentives are closely aligned, and our businesses strive to achieve maximum efficiency in their industries.
Overview of Imperial continued

Divisional review

Logistics pillar

The Logistics pillar operates in two key markets – Africa and Europe.

Imperial Africa Logistics is the leading third-party logistics and supply-chain management provider in South Africa, with extensive operations throughout Southern Africa and a growing footprint in the rest of the African continent.

Imperial Logistics International provides complete logistics solutions including contract logistics, warehousing, inland waterway shipping, contract manufacturing in the chemical industry and related value-added services across major European markets, but predominantly in Germany.

International Logistics
Africa Logistics
Overview of Imperial continued

Divisional review continued

Automotive and Industrial pillar

This pillar is focused on the full spectrum of automotive and industrial trading activities of the group, with the exception of Financial Services. It houses Imperial’s Vehicle and Industrial Distribution, Retail and Allied Services; Automotive Retail; Car Rental and Autoparts activities.

The divisions included in this pillar are as follows:
- Distribution, Retail and Allied Services.
- Automotive Retail.
- Car Rental.
- Autoparts.

Distribution, Retail and Allied Services

<table>
<thead>
<tr>
<th>Vehicle distribution, retail and allied services</th>
<th>Industrial distribution</th>
<th>Associates and joint ventures</th>
<th>Australian dealerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai</td>
<td>TATA</td>
<td>Renault</td>
<td>Cherry</td>
</tr>
<tr>
<td>Kia Motors</td>
<td></td>
<td></td>
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<tr>
<td>Daihatsu</td>
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<tr>
<td>Bentley</td>
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<tr>
<td>Lamborghini</td>
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<tr>
<td>Lotus</td>
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<td></td>
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<tr>
<td>Mitsubishi Motors</td>
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</tbody>
</table>

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# Automotive Retail

<table>
<thead>
<tr>
<th>South African dealerships</th>
<th>UK dealerships</th>
<th>Non-OEM products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger and light commercial</td>
<td>Commercial South Africa</td>
<td>Commercial United Kingdom</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accessory and leisure</td>
</tr>
</tbody>
</table>

- Cargo Motors
  - Mercedes-Benz
  - Jeep
  - Chrysler
  - Honda
  - ISUZU
  - HYUNDAI
  - IMPERIAL
  - JAGUAR
  - FIAT
  - NISSAN
  - TOYOTA

- Cargo Motors
  - Freightliner
  - DAF
  - MAN
  - HINO
  - TOYOTA

- IMPERIAL
  - TRUCKS
  - ACCESSORY AND LEISURE
  - NON-OEM PRODUCTS

- Accessories
  - Beekman
  - Burgues CI
  - JUNGLE
  - Gypsy
  - Sprita
  - Campworld
  - Motorhomes
  - Safari Centre
  - 4x4 Stores

- Commercial Vehicles
  - IMPERIAL
  - HINO
  - MAN

- Non-OEM Products
  - DAF
  - RENAULT TRUCKS
  - MACKWORTH
  - SPIRIT
  - CAMPWORLD
  - MOTORHOMES
  - SAFARI CENTRE
  - 4X4 STORES
Overview of Imperial continued

Divisional review continued

Automotive and Industrial pillar continued

Car Rental

Autoparts
Financial Services pillar

The Financial Services division provides customers with a broad range of financial services and products, including vehicle financing (via alliances), insurance and maintenance plans, it leverages off Imperial’s strong distribution and retail network capability in the motor vehicle industry. It also provides niche life and short-term insurance products selectively through channels outside Imperial. It operates in South Africa, Botswana and Lesotho.

Insurance

Other Financial Services

Other Financial Services
Our sustainability journey

We continue to make progress in our sustainability journey and each year strengthens our understanding and measurement of key sustainability indicators across our business.

Internally this journey has been guided by the social, ethics and sustainability committee, Imperial’s unifying and controlling factors the group’s Sustainability Framework and Strategy, and its sustainability roadmap.

Social, ethics and sustainability committee

The role of the social, ethics and sustainability committee encompasses all aspects of sustainability.

The committee performs statutory duties as set out in the Companies Act, 71 of 2008 for Imperial Holdings Limited and on behalf of subsidiary companies in the group. In addition to its statutory duties, it assists the company in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on the following:

— The King III Code of Corporate Governance.
— Imperial’s sustainability commitments.
— Broad-based Black Economic Empowerment (B-BBEE) requirements as described in the Department of Trade and Industry’s Combined Generic Scorecard (excluding ownership targets) and associated Codes of Good Practice.
— Imperial’s transformation commitments as described in the group transformation strategy document and division-specific B-BBEE plans.
— Environmental commitments as described in Imperial’s environmental policy framework.
— Corporate social investment (CSI) commitments as described in Imperial’s CSI policy.
— Imperial’s Code of Ethics and Corporate Values.
— Health and safety compliance.

The committee has a standard agenda item at every meeting covering material breaches of the group’s code of ethics, if any, as well as the steps taken to prevent such breaches. No material breaches of the group’s code of ethics were reported during the year.

During the year, the committee discharged its statutory duties as set out in the Act and Regulations thereto by monitoring the company’s activities relating to:

— social and economic development, including the company’s standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act,
— good corporate citizenship, including the company’s promotion of equality, prevention of unfair discrimination, and reduction of corruption, its contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed and its sponsorship, donations and charitable giving,
— the environment, health and public safety, including the impact of the company’s activities and of its products or services,
— consumer relationships, including the company’s advertising, public relations and compliance with consumer protection laws; and
— labour and employment, including the company’s standing in terms of the International Labour Office Protocol on decent work and working conditions and the company’s employment relationships, and its contribution towards the educational development of its employees.

The committee comprises non-executive directors who are not involved in the day-to-day business of the group, executive directors as well as other members of senior management of the company and is chaired by a non-executive director.

Business integrity and ethics

The board has adopted a written code of ethics for the group.

Without satisfactory profits and a strong financial foundation, it would not be possible to fulfil our responsibilities to shareholders, employees, society, and those with whom we do business. However, our corporate actions are not governed solely by economic criteria, but also take into account social, environmental and political considerations.

We strive to innovate and adopt best practice, wherever we operate, working in consultation with stakeholders.

Management and employees operate within a framework that requires complying with all applicable laws and maintaining the highest integrity in conducting the group’s business.

Our core value is to act with uncompromising honesty and integrity. Our code of ethics provides guidance to all staff, management and directors of Imperial and its subsidiaries on adhering to this core value, although we recognise that no single code can address every situation individuals are likely to encounter. As such, this code is not a substitute for employees’ responsibility and accountability to exercise good judgement and obtain guidance on appropriate business conduct.
Our divisions also include aspects of ethics in their induction programmes. In addition, the group regularly conducts climate surveys among its employees and ethics forms an integral part of the surveys.

The group also maintains a confidential tip-off facility where any instances of criminal activity or breaches of the code of ethics can anonymously be reported. Reports in this regard are considered by divisional management structures, internal audit and responsible board committees.

Our code of ethics
At all times the group and, where appropriate, our employees will:

- Respect others and avoid any form of discrimination.
- Abide by the laws of the country in which we operate and comply with the code of conduct of all professional and industry bodies to which we belong.
- Avoid any waste, damage and private use of company assets and resources (including time).
- Neither give nor receive bribes.
- At the earliest opportunity, disclose in writing to the appropriate management all gifts received from clients or suppliers beyond a token value.
- Not divulge any confidential information to any party, or improperly use company and client information.
- Market our products and services accurately and charge the agreed fee or a fair fee where no fee was agreed.
- Not seek to advance our personal interests at the expense of the company or our clients.
- Not engage in any activity, directly or indirectly, which results or might result in a conflict of individual interests with the interests of the group.
- Not participate, or involve the company in any way, in any scheme that would cause embarrassment to the company or harm its reputation. If we believe public disclosure of any action would be detrimental to the company, this action should be avoided.

Employment and labour rights
The group subscribes to the principles of fair labour practices at our workplaces, and our conditions of service comply with applicable laws and industry standards.

The group recognises representative trade unions and has established forums for communication.

Safety, health and environmental stewardship
We report regularly at executive, board level and through the SHE committee on our safety, health and environmental (SHE) performance. Senior executives and line management are accountable for the group’s SHE issues and for allocating adequate financial and human resources within their operations to address these matters.

We work to keep SHE at the forefront of workplace concerns. Our objective is to prevent fatalities, work-related injuries and health impairment of our employees.

Work-related fatalities are comprehensively investigated by management and considered by the social, ethics and sustainability committee.

We recognise the need for environmental stewardship to minimise consumption of natural resources and waste generation, and to minimise the impact of our operations on the environment.

Unifying and controlling factors
Imperial consists of a number of diverse transport and mobility businesses, each with its own challenges, stakeholders and operating environments. In addition to functions controlled or initiated at group level, each business has its own sustainability initiatives, designed to address areas of importance in that business and the community in which it operates. This stems from the group’s philosophy to empower local and divisional management who are best placed to make decisions relevant to their business and industry.

However, this decentralised management approach is balanced by Imperial’s unifying and controlling factors. These outline the general principles that govern how the company conducts its business, stipulating the requirements to which all employees must adhere regarding business integrity, quality, health, safety and environmental protection, human rights, commitment to the community, employment practices and compliance with the local law.

It also provides for periodic review and audit to ensure the continued relevance of and conformance to the guidelines.

Sustainability Framework and Strategy
Our Sustainability Framework outlines the key social, economic and environmental areas in which our activities have a material impact and facilitates group-wide measurement, reporting and management of our performance in these areas. The primary focus areas defined in the Sustainability Framework are:

- Energy and climate impacts – carbon output.
- Social issues – transformation, diversity and skills development.
- Health and safety – road safety and HIV.
- Waste produced by group operations – discharges to air, landfill and water.
Our sustainability journey continued

Sustainability roadmap

In 2010, the board approved an all-encompassing sustainability roadmap which outlines the way forward regarding mobilisation, measurement, reporting and communication across the four key sustainability focus areas.

Performance against previous commitments

Management commitment

Invest in our people and their development

Delivery to date

Investment in training and development - R175 million (2012: R171 million).
Expanded our artisan and technician training centres to include two new facilities, which increases our annual training capacity to 1 400 artisans.
Our Car Rental division also opened its new Europcar Learning Centre, which will continue hosting the training of its employees in this state-of-the-art facility.

Ongoing focus on reducing our environmental impact

We have commissioned 67 waterless car wash facilities in our dealerships, and have installed 25 water recycling facilities which have significantly reduced the amount of water used to wash our cars and trucks.
We built the first solar-powered Kia dealership in the world here in South Africa.
We built an environmentally friendly state-of-the-art UD Trucks dealership in Petoria.
A number of businesses continued to implement energy and water-saving initiatives during the year, including the installation of energy-efficient lighting, dust and noise pollution reduction measures and water treatment and recycling projects.

Focus on road safety

We have over 135 000 individuals committed to being part of a movement towards safer roads in South Africa by taking the Imperial I-Pledge as part of our group’s extensive road safety campaign.
We continued to partner with toll concessionaires during the holiday season by putting at their disposal nine vehicles primarily to bolster route surveillance, patrol support and post-crash care activities.
The Scholar Patrol Improvement Project is training educators and scholar patrollers, road markings are being refurbished and signage erected, and we donate scholar patrol equipment and high-visibility bibs and caps.
The scholar patrol initiative has to date refurbished equipment for 197 school scholar patrols and reached over 135 000 primary school learners in road safety awareness.
Key developments in our sustainability journey

2010
Imperial Holdings board approves sustainability roadmap

2010
sustainability committees established at each of the operating entities with related senior level sustainability appointments

2011
divisional workshops held at each division to review issues and identify key business drivers of sustainability

2011
existing systems assessed to identify areas for improvement in addressing the key sustainability focus areas

2011
sustainability expertise and structures embedded in each division to champion the sustainability agenda

2012
good progress made towards more accurate, complete and reliable data collection across financial, operational, safety, health and environmental management areas

2012
acquired a sophisticated sustainability measurement and management system, which was used for the first time to collect data relating to Imperial’s carbon footprint based on the GHG 2011 protocol, selected GRI indicators, Carbon Disclosure Project, JSE SRI Index and other key metrics

2012
signed energy efficiency leadership network pledge between Department of Energy, Business Unity South Africa (BUSA) and the National Business Initiative (NBI)

2013
first full year that the new web based sustainability management system collects comprehensive data for the group’s carbon footprint

2013
established a set of key performance indicators for each division and the business as a whole, aligned to international and local requirements

2013
baseline data established for other indicators including electricity, fuel and water

2013
bedded down our reporting framework for assurance and disclosure for sustainability performance on an annual basis

Plans for the year ahead

Our sustainability management and reporting system has now been bedded down and we have reliable data to use as baselines going forward. In the year ahead we plan to identify reduction targets relating to our key impacts on a divisional basis focusing on the following key areas:

— Energy consumption;
— Fuel; and
— Water.
Stakeholder engagement

**Stakeholders and stakeholder engagement**

We value our people and recognise that successful businesses are built on loyal, motivated and fulfilled employees. Equally important is meeting the requirements of investors, customers, suppliers and other stakeholders.

We define stakeholders as entities or individuals that can reasonably be expected to be significantly affected by the organisation’s activities, products and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives. This definition is derived from the Global Reporting Index regarding identification of stakeholders.

Stakeholders in the group include investors, potential investors, providers of finance, employees, trade unions, customers, contractors, suppliers, franchisees, franchisors, motor manufacturers, media, communities, civil society, regulators and government departments.

Our customers span virtually every facet of society and include central, provincial and local government, large, medium and small business, various industries and individuals across the world.

Our interaction with stakeholders reflects our unique culture and business model. We seek to maximise shareholder value over time through an intelligent regard for the interests of all stakeholders, from the communities associated with our operations to our business partners.

Our relationship with each of these stakeholder groups has a direct impact on the sustainability of our business and our ability to create and maintain resilient, and stable operations. This in turn enables us to deliver long-term value to shareholders.

We are committed to transparent, ongoing communication and the development of sound, consultative and mutually beneficial relationships with all stakeholder groups. Our divisions are well equipped to communicate with stakeholders.

The table below contains a summary of who our key stakeholders are, how we engage with them and the material issues relating to each group:

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Who is included in this group</th>
<th>How we engage them</th>
<th>Their material issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors</td>
<td>Shareholders, Providers of finance, Investment analysts, Potential investors</td>
<td>Integrated annual report, Annual and interim results presentations, Local and international investor roadshows and one-on-one engagements, Conferences, General meetings, Media and regulatory releases, Analysts reports</td>
<td>Delivering return on investment</td>
</tr>
<tr>
<td></td>
<td>National and local government, Johannesburg Securities Exchange (JSE), Self-regulatory bodies, South African and overseas Revenue Services, South African Reserve Bank Financial Services Board</td>
<td>Regular liaison with various government departments both at a company level and through industry bodies, Engagement with municipalities, Statutory reporting and regulatory releases, Input on new legislation, Black Economic Empowerment (BEE) and Employment Equity (EE) reports and submissions</td>
<td>Payment of taxes, Labour rights, Environmental protection, Employment equity, Occupational health and safety, Broad-Based Black Economic Empowerment (B-BBEE) and transformation, Human rights, Protection of customer rights, Skills development</td>
</tr>
<tr>
<td>Stakeholder group</td>
<td>Who is included in this group</td>
<td>How we engage them</td>
<td>Their material issues</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
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<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Employees and trade unions</td>
<td>Staff</td>
<td>Regular roadshows and presentations</td>
<td>Payment of salaries and benefits</td>
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<tr>
<td></td>
<td>Representative unions</td>
<td>Staff development and training programmes</td>
<td>Investment in training and career development</td>
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<td></td>
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<td>In-house magazines</td>
<td>Labour rights</td>
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<td></td>
<td></td>
<td>Health, safety and employment equity committees</td>
<td>Skills development</td>
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<td>One-on-one engagement</td>
<td>Employment equity</td>
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<td></td>
<td></td>
<td>Bargaining councils</td>
<td>Occupational health and safety</td>
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<td></td>
<td></td>
<td>Operational forums</td>
<td>B-BBEE and transformation</td>
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<tr>
<td></td>
<td></td>
<td>Wage negotiations</td>
<td>Human rights</td>
</tr>
<tr>
<td>Customers</td>
<td>Purchasers of goods and services supplied by the group including individuals, corporates, government and non-government organisations (NGOs)</td>
<td>Individual engagement</td>
<td>Reliable and value-for-money customer service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Written communications</td>
<td>Protection of customer rights</td>
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<tr>
<td></td>
<td></td>
<td>Media</td>
<td>Protection of customer health and safety</td>
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<tr>
<td></td>
<td></td>
<td>Regular meetings and long-term communication plans</td>
<td>Safeguarding customer privacy</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Motor and industrial equipment manufacturers</td>
<td>Dealer forums</td>
<td>Service to Imperial settlement security</td>
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<td></td>
<td>Goods and services suppliers</td>
<td>Individual engagement</td>
<td>Volume growth</td>
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<tr>
<td></td>
<td>Contractors</td>
<td>Contracts</td>
<td>Preferential procurement in accordance with B-BBEE codes</td>
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<td></td>
<td>Franchise and distribution agreements</td>
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<tr>
<td></td>
<td></td>
<td>Ongoing engagement to communicate the group’s requirements and needs</td>
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<tr>
<td>Business partners</td>
<td>Co-shareholders in group businesses BEE partners Financial and other joint-venture partners</td>
<td>Business meetings</td>
<td>Return on investment</td>
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<tr>
<td></td>
<td></td>
<td>Board meetings and committees</td>
<td>B-BBEE and transformation</td>
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<td></td>
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<td>Regular reporting</td>
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<td></td>
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<td>Distribution agreements</td>
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<td></td>
<td></td>
<td>Long-term individual relationships</td>
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<tr>
<td>Media</td>
<td>Print media</td>
<td>Individual engagements</td>
<td>Issues of public interest including corporate governance, environmental and social performance</td>
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<td></td>
<td>Electronic media</td>
<td>Press conferences</td>
<td>Financial performance</td>
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<td></td>
<td>Local interest publications, radio and television</td>
<td>Press releases</td>
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<td>Communication agencies</td>
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<td>Social media</td>
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<td>Electronic communication</td>
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<td></td>
<td></td>
<td>Branding programmes</td>
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<td></td>
<td></td>
<td>Individual relationships</td>
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<tr>
<td>Civil society and communities</td>
<td>People affected by our various businesses, both positively and negatively</td>
<td>Individual engagements</td>
<td>Employment opportunities</td>
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<td></td>
<td></td>
<td>Press publications</td>
<td>Education</td>
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<td></td>
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<td>I-Pledge campaign</td>
<td>Environmental impact</td>
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<td></td>
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<td>Ukhamba Trusts and the Imperial and Ukhamba Community Development Trust</td>
<td>Social investment and upliftment</td>
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<td></td>
<td></td>
<td>Engagement with and participation in civil society programmes including schools and training initiatives</td>
<td>B-BBEE and transformation</td>
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<tr>
<td></td>
<td></td>
<td>Corporate social investment projects</td>
<td>Human rights</td>
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<tr>
<td></td>
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<td>Employee volunteerism efforts</td>
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</tbody>
</table>
Materiality
In choosing the topics included in the integrated annual report and in the sustainability report, we considered the requirements and expectations of external and internal stakeholders and prioritised material topics and indicators, relevant to significant stakeholders. Materiality was established on an operational basis to provide meaningful and transparent information to stakeholders, focusing on issues that are of concern to stakeholders and which are of significant strategic relevance to Imperial.

We also followed a stepped approach in identifying key stakeholders and the issues relevant to them, identifying issues reported in the media relative to Imperial and the industries in which it operates and identifying key matters relating to Imperial’s financial and non-financial performance during the year.

Reporting
We believe this report represents a balanced and reasonable picture of our organisation’s economic, environmental and social performance, covering all material topics and indicators.

Sustainability
According to the GRI 3.1 framework, we have elected to rate our sustainability report at level C as we include a number of performance indicators with at least one from each section and a number of management disclosures on these indicators.

We have implemented a system to record non-financial data to improve the accuracy of this data. The internal audit department has now incorporated processes to check the controls and accuracy of the data captured and reported on.

King III
The group has applied all material recommendations of the King Report on Corporate Governance (King III) and the board continually assesses the group’s practices against the recommendations in King III and will implement improvements on an ongoing basis which includes third-party assurance of sustainability data.

The group has documented its assessment of the 75 King III principles in a register which is available on the group’s website at www.imperial.co.za.

Industry bodies
Group companies are members of a number of industry-specific bodies and general associations, through which they are engaged in dialogue on industry and business-related issues. In many instances businesses within the group leverage these associations to inform and influence debate and public policy. The associations and memberships include, but are not limited to, the following:

- National Business Initiative (NBI)
- Business Against Crime
- The Southern African Vehicle Rental and Leasing Association (SAVRLA)
- Life Offices Association (LOA)
- South African Intermediaries Association
- National Automobile Dealers Association (NAAMSA)
- The Road Freight Association (RFA)
- National Business Foundation (NBF)
- Retail Motor Industry Organisation (RMI)
- Tourism Business Council of South Africa (TBCSA)
- South African Tourism Services Association (SATSAA)
- South African Bus Operators Association (SABOA)
- South African Motor Body Repairers Association (SAMBRA)
- Franchise Association of South Africa (FASA)
- Business Unity South Africa (BUSA)
- Chartered Institute of Management Accountants (CIMA)
- The Chartered Institute of Logistics and Transport
- Supply Chain Council
- South African Institute for Industrial Engineering
- NEPAD Business Foundation
- Council for Scientific and Industrial Research (CSIR)
- Council of Supply Chain Management Professionals (CSCMP)
- Maputo Corridor Logistics Initiative (MCLI)
- Rail Road Association of South Africa
- Steel and Engineering Industries Federation of South Africa (SEIFSA)
- South African Alternative Energy Association
- Consumer Goods Council of South Africa
- Ethics Institute of South Africa
- Engineering Council of South Africa (ECSA)
- The Association of Operations Management in South Africa (SAPICS)
- Chartered Institute of Purchasing & Supply Chain (CIPS)
- South African Shipping Council
- South African Insurance Association (SAIA)
- Association for Savings and Investment South Africa (ASISA)
Our economic impact

Imperial’s business has a significant economic impact on a wide range of stakeholders. We generate direct economic value for shareholders and investors and pay salaries to our 51 000 employees in excess of R12 820 million a year. In procuring goods and services from suppliers, contractors and business partners we play a role in the financial sustainability of large and small business, as our taxes make a significant contribution to the economic growth and prosperity of the countries in which we operate.

However, we recognise that our financial impact represents just one area of our business footprint. In pursuing our strategy to deliver economic value to our stakeholders we remain committed to triple-bottom line responsibility and the protection of societal stakeholders and the environment. We remain mindful of our responsibility to conduct business in an ethical, transparent and compliant manner, and to prevent harm being caused to any parties.

The value added statement below shows wealth distribution to our stakeholders during the year under review. Full details of our economic impact and financial performance can be found in the integrated annual report and the full financial statements at www.imperial.co.za.

Value added statement
for the year ended 30 June

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Rm</td>
<td>%</td>
</tr>
<tr>
<td>Revenue</td>
<td>92 382</td>
<td>80 830</td>
</tr>
<tr>
<td>Paid to suppliers</td>
<td>71 363</td>
<td>62 699</td>
</tr>
<tr>
<td>Total wealth created</td>
<td>21 019</td>
<td>18 131</td>
</tr>
<tr>
<td>Wealth distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages</td>
<td>12 824</td>
<td>61</td>
</tr>
<tr>
<td>Providers of capital</td>
<td>3 518</td>
<td>17</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>744</td>
<td>4</td>
</tr>
<tr>
<td>Dividends, share</td>
<td>2 497</td>
<td>12</td>
</tr>
<tr>
<td>Dividends to non-</td>
<td>277</td>
<td>1</td>
</tr>
<tr>
<td>Controlling interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government (note 2)</td>
<td>1 438</td>
<td>7</td>
</tr>
<tr>
<td>Reinvested in the group to maintain and develop operations</td>
<td>3 239</td>
<td>15</td>
</tr>
<tr>
<td>Depreciation, amortisation and recoupments</td>
<td>2 316</td>
<td></td>
</tr>
<tr>
<td>Future expansion</td>
<td>923</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21 019</td>
<td>100</td>
</tr>
</tbody>
</table>

Value added ratios

- Number of employees (continuing operations) | 51 007 | 47 699 |
- Revenue per employee ('000) | 1 811 | 1 695 |
- Wealth created per employee ('000) | 412 | 380 |

Notes
1. Salaries, wages and other benefits
   Salaries, wages, overtime, commissions, bonuses and allowances | 11 739 | 9 959 |
   Employer contributions | 1 085 | 744 |
   Total | 12 824 | 10 703 |

2. Central and local governments
   South African normal tax | 995 | 1 102 |
   Withholding and secondary tax on companies | 9 | 90 |
   Foreign tax | 196 | 192 |
   Rates and taxes | 94 | 72 |
   Skills development levy | 52 | 41 |
   Unemployment Insurance Fund | 69 | 48 |
   Carbon emissions tax | 23 | 27 |
   Total | 1 438 | 1 572 |

Wealth distribution 2013

- 61% – Employees
- 17% – Providers of capital
- 7% – Government
- 15% – Reinvested in the group

Wealth distribution 2012

- 59% – Employees
- 12% – Providers of capital
- 9% – Government
- 20% – Reinvested in the group
Our economic impact continued

Delivering returns to shareholders and investors
We recognise that sustainable development is built on sound financial performance and aim to maintain a viable company that continues to deliver positive benefits to stakeholders. The achievement of this goal is supported by our investment in the sustainability of our operations, the growth of our portfolio of assets and the ongoing drive to deliver above-average returns to our shareholders. Details of our financial performance, profitability, dividends paid and financial statements can be found in the integrated report at www.imperial.co.za.

Impact on customers
Our customer base spans virtually every facet of society and includes central, provincial and local government, large, medium and small business, various industries and individuals.

Material issues affecting customers include the protection of customer rights and privacy, and the delivery of outstanding customer service. These issues are managed at an operational level in each of the businesses, in line with Imperial’s decentralised management approach.

Protecting customer rights and privacy
While selling goods and services, we have a responsibility to ensure that the health and safety of customers is not compromised, that their rights are protected and that customers receive a high level of service.

Businesses that deal directly with end consumers have policies in place to protect customer health and safety. Each business is responsible for formulating and applying a policy appropriate to the environment in which it operates. Certain business units, primarily those whose operations do not involve direct interaction with customers, do not have health and safety policies. Where appropriate, customer health and safety policies and procedures are communicated to customers.

In addition, customers are advised of legal safety and health requirements in accordance with applicable legislation.

There were no incidents during the year of non-compliance with voluntary codes regarding the health and safety impacts associated with the use of our products.

Some of our businesses, particularly those in the financial services division, hold confidential customer information, and we recognise our responsibility to rigorously safeguard the privacy of customers in this regard. These businesses have customer data protection policies in place and have invested significantly in technology systems that ensure the encryption and protection of confidential customer data. During the year under review there were no violations of customer privacy or data loss and we did not incur any fines nor were we subject to any litigation regarding breaches of customer privacy or customer data loss.

Our businesses comply fully with the Consumer Protection Act and other customer-related laws, where relevant.

We are committed to the responsible marketing of our products. Advertising is conducted in a variety of mediums by individual business units targeting appropriate markets and customer groups. The group has no record of any complaints having been lodged by competitors or the public regarding unfair or misleading advertisements or practices.

Delivering on our customer service ethos
We recognise the delivery of customer service as a key business imperative. In many of our businesses it is part of our service level agreements with original equipment manufacturers (OEMs), and it also provides an opportunity for us to differentiate ourselves, particularly in fiercely competitive markets such as car rental. With regards our consumer-facing businesses, it is also a matter of legal compliance and is governed by the Consumer Protection Act.

Virtually all our businesses undertake regular internal and independent customer satisfaction surveys to assess performance on service delivery, product quality, responsiveness and communication. OEMs also conduct regular, standardised customer service surveys on our customers. Our ability to deliver ongoing outstanding customer service to the end-customer is fundamental to the strength and sustainability of our ongoing relationships with these OEMs.
CASE STUDY

Europcar adopts international benchmark in customer service surveying
The ability to deliver an enhanced customer experience is a key differentiator in the highly competitive car rental industry.

During the year, Europcar leveraged the strength of its global brand to adopt the internationally recognised Net Promoter Score (NPS) methodology of assessing, benchmarking and improving its service to customers.

The tool delivers a Net Promoter Score for the company, indicating how likely customers are to promote the company to family and friends, based on how happy they were with the overall service experience.

Relevant departments in the business are kept updated on service issues and progress is continuously tracked.

Customers can request contact from Europcar management regarding their ratings and/or comments.

To date 26 000 customers have been surveyed.

There are 26 countries on the centralised Europcar system, which provides Europcar South Africa with a valuable international benchmark. The company is now ranked within the top 10.
Our economic impact continued

Our impact on suppliers
We procure a wide range of products and services from suppliers and contractors across all our businesses. These relationships are governed by contracts and service level agreements designed to deliver on our business objectives.

Local management has the autonomy to procure from their area of operation, in line with Imperial’s decentralised management approach. Through our transformation policy we encourage businesses to spend a portion of their procurement budget on local suppliers and to invest in enterprise development initiatives to grow small businesses in their up- and down-stream industries. In some of our divisions, preferential procurement in accordance with B-BBEE codes exceeds 50% of the total discretionary procurement budget.

Imperial’s drive towards local procurement is balanced by the need to establish secure, reliable, cost-effective supply chains that conform to high standards of quality and delivery. This is critical to our ongoing sustainability as a business and the delivery of value to all stakeholders. Some businesses within our divisions – such as those involved in selling and distributing vehicles – rely on particular suppliers for their products, and local procurement is not always possible in these operations. These businesses look for other opportunities to procure non-core products and services from local and black-owned businesses.

Enterprise development
Many of our motor vehicle dealerships offer rent-free space to small business contractors who provide wash bay and canteen services, while other small enterprises benefit from early settlement and favourable payment terms.

Europcar has helped small black business owners to establish car rental agencies in Bela Bela, Mafikeng, Mogale City, Venda and Newcastle. Each year the company invests around R8.8 million in providing training programmes, technical and other assistance, expert or specialised advice and information and guidance on running a successful car rental company. The vehicle fleet – which represents the biggest capital outlay and therefore the biggest hurdle to entry for a start-up car rental agency – is supplied by Europcar. These businesses benefit from the strength of the global Europcar brand and its established processes and systems.

Regent Insurance has invested in a number of small businesses including catering companies, panel beaters, eco carwash enterprises and printing services, among others. Regent Insurance has made some significant investments in Enterprise Development Initiatives (EDI). Some of the major investments include funding of an EDI printing business as well as funding for panel beating businesses. These EDI’s spend for the reporting period were around R3.5 million.
Government as an economic stakeholder
During the year Imperial paid R1 438 million in taxes. Other than the reimbursement of skills development levies and similar reimbursements, we did not benefit from, or rely on, any material government grants, tax relief or other types of financial benefits.
Our environmental impacts

Key environmental indicators For the 12 months to 30 June 2013

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuel</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel consumed (million litres)</td>
<td>271</td>
<td>271</td>
</tr>
<tr>
<td>Biofuel consumed (million litres)</td>
<td>0,23</td>
<td>0,25</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity purchased (million kWh)</td>
<td>209</td>
<td>164</td>
</tr>
<tr>
<td><strong>Water use</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased (million litres)</td>
<td>1 739</td>
<td>1 701</td>
</tr>
<tr>
<td><strong>Environmental incidents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of all incidents (major and minor)</td>
<td>123</td>
<td>172</td>
</tr>
<tr>
<td>Environmental incidents that carried a fine</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental incidents per million kilometers</td>
<td>0,20</td>
<td>0,29</td>
</tr>
<tr>
<td>Volume spillages (kilolitres)</td>
<td>8 462</td>
<td>11 543</td>
</tr>
<tr>
<td><strong>Carbon footprint</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total CO₂ emissions (tonnes) (Scope 1 and 2)</td>
<td>1 182 534</td>
<td>1 072 636</td>
</tr>
<tr>
<td>Scope 1 emissions</td>
<td>976 440</td>
<td>922 450</td>
</tr>
<tr>
<td>Scope 2 emissions</td>
<td>206 094</td>
<td>150 186</td>
</tr>
</tbody>
</table>

Environmental impact of our products and services

Many of the products we sell and the services we render have a significant impact on the environment. Transport-related products including motor vehicles and trucks contribute to carbon emissions and waste streams of oil, tyres, glass, metal and plastic. Although vehicle manufacturers continually strive to increase the percentage of products that can be recycled, very few parts are not recyclable which contribute directly or indirectly to pollution.

Services rendered by the group contribute to pollution in various ways. Logistics operations contribute to carbon emissions and accidental spillages, while car rental fleets also carry a significant carbon footprint. We do not measure the environmental footprint caused by the use of group assets by third parties.

Our key impacts on the environment include the following:

- **Carbon emissions**
  chiefly through our transport and logistics operations

- **Energy use**
  through fuel and in office, manufacturing and warehouse facilities

- **Water usage**
  through motor vehicle washbays, which consume the most significant quantities of water

- **Effluent and waste**
  transported by logistics businesses on behalf of clients, and generated through a variety of business activities
Our environmental stakeholders

In assessing and managing our environmental impacts, we take cognisance of our environmental stakeholders.

Government is one of our primary stakeholders and where appropriate and necessary we engage with local, regional and national representatives of the Department of Water Affairs, the Department of Environmental Affairs, the Department of Energy and the Department of National Treasury. We also lobby government on the development of environmental public policies through a variety of industry representative bodies.

We engage a variety of institutions for which environmental matters are a key agenda item. These include but are not limited to the National Business Initiative, the CSIR, the National Cleaner Production Centre and WWF.

We recognise communities, broader society and NGOs as important stakeholders in environmental matters and engage with them on our environmental impact through a variety of formal and informal platforms.

Our environmental management approach

The group CEO and the board of directors bear ultimate responsibility for environmental performance. They are assisted by the social, ethics and sustainability committee of the board. At group level, the executive committee takes responsibility for environmental policy, reporting and monitoring, with an executive designated to drive this agenda. Environmental incidents, trends and related matters are reported to the executive committee and applicable divisional boards on a monthly basis, and to the group board on a quarterly basis.

However, the day-to-day operational management of environmental issues lies with each division and business, in accordance with our decentralised structure. As such, business units are responsible for developing their own environmental policy, in line with group principles, and taking into consideration their unique environmental impacts.

All operations report monthly carbon emissions (electricity and fuel consumption) and water usage data through our sustainability management system. This monthly reporting allows businesses to rapidly identify any environmental issues as they arise so that these may be immediately addressed. Businesses are required to rigorously investigate and report incidents and effectively mitigate the impacts of any incidents.

In managing our environmental impact, we are guided by the group-wide sustainability strategy and by the relevant legislation. Many of our operations also comply with International Standards Organisation (ISO) 14001 certification, which guides the way in which they manage and mitigate their environmental impact.

We did not receive any fines during the year under review for environmental incidents, spillages or non-compliance with environmental laws and standards.

The business case for environmental management

We recognise the business case for environmental management. Poor environmental management, and its subsequent effects, can pose a serious risk for business, while sound environmental management can offer real business opportunities.

Environmental issues are listed on our business risk register and include carbon tax and the risk of fines for non-compliance.

The green revolution offers market opportunities by differentiating green products and services. Green solutions also often help to reduce costs – energy-efficient lighting, water recycling initiatives, sustainable building developments and fuel-efficient vehicles are prime examples of how the business bottom line can benefit from implementing environmentally friendly solutions.
Our environmental impact continued

CASE STUDY

Kia’s green dealership a world first
Kia Motors’ flagship Weltevredenpark dealership opened its doors during the year as the first fully solar-powered Kia dealership in the world, and one of South Africa’s most environmentally friendly motor vehicle dealerships.

There is a growing trend towards green building technology, with the utilisation of eco-friendly products and systems being used both in the construction of a building and in the design and functionality of the building. These green solutions deliver a significant reduction in energy and water consumption, but the Kia Weltevredenpark dealership went a step further in making the building almost entirely self-sufficient from an energy perspective.

A sophisticated solar PV and battery system means that solar energy can be stored and used to power the facility even on cloudy days. This means the dealership can operate off the utility grid. The battery system acts as an uninterrupted power supply and can run critical items for 12 hours.

Sustainability was top of mind right from the beginning. The building was designed using recycled and reinforced steel which was incorporated into the concrete and foundations, while the use of fly ash substantially reduced the amount of cement in the concrete mix. This in turn reduced the amount of CO₂ emissions generated during the construction process.

Natural lighting was used extensively and tinted glass was installed to minimise the build-up of heat in the building and reduce the need for air-conditioning.

Paints low in volatile organic compounds (VOCs) were used throughout the building. The absence of lead and other unstable, carbon-containing compounds in this paint reduces the negative impact on the environment.

The building is fitted with energy-efficient light fittings and all rooms have motion sensors that allow for lights to be automatically switched off when no movement has been detected for five minutes.

Solar energy geysers have also been installed on the roof for water heating thus cutting down on energy consumption and the eco-friendly air-conditioning system uses less electricity and does not release harmful gases into the atmosphere.

The Kia Weltevredenpark dealership has the ability to recycle water through its state-of-the-art filtration system. Rainwater is collected from the facility’s roof and is then distributed into six 10 000 litre containers.

Low-maintenance gardens were designed. These gardens are easy to maintain in our relatively dry climate, and require minimal watering.

Of the R49 million invested in the 8 500 m² dealership, R6 million was spent on green energy and water management systems.
Our energy consumption
Our direct energy consumption derives from fossil fuels used in road, water and air transport, while indirect energy consumption is largely made up of electricity purchased.

We measure each of these indicators on a monthly basis per site and by division, tracking both total fuel consumed as well as biofuel consumed. We are also working towards reduction targets, set during 2013 by each division according to the nature of their business and environmental footprint.

Direct energy consumption
Electricity purchased rose 22% from 164 million kWh in 2012 to 209 million kWh in the year under review. This increase was as a result of Lehnkering and CIC contributing for a full year as well as new acquisitions that have come on board during the year. In addition, the increase was also partly as a result of data corrections in the Logistics Africa and the Automotive and Industrial divisions during the previous reporting period.

Total fuel (litres)

<table>
<thead>
<tr>
<th></th>
<th>Africa Logistics</th>
<th>International Logistics</th>
<th>Automotive and Industrial</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>213 862 787</td>
<td>23 688 403</td>
<td>32 776 724</td>
<td>656 590</td>
</tr>
<tr>
<td>2012</td>
<td>(218 652 007)</td>
<td>(16 962 288)</td>
<td>(35 276 770)</td>
<td>(513 818)</td>
</tr>
</tbody>
</table>

Total electricity (kWh)

<table>
<thead>
<tr>
<th></th>
<th>Africa Logistics</th>
<th>International Logistics</th>
<th>Automotive and Industrial</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>68 074 604</td>
<td>51 547 448</td>
<td>86 443 022</td>
<td>2 781 612</td>
</tr>
<tr>
<td>2012</td>
<td>(56 948 284)</td>
<td>(16 357 474)</td>
<td>(87 591 825)</td>
<td>(2 646 391)</td>
</tr>
</tbody>
</table>

tGHG – indicator

<table>
<thead>
<tr>
<th></th>
<th>Africa Logistics</th>
<th>International Logistics</th>
<th>Automotive and Industrial</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>618 699</td>
<td>262 411</td>
<td>93 792</td>
<td>1 492</td>
</tr>
<tr>
<td>Scope 2</td>
<td>79 309</td>
<td>31 605</td>
<td>92 215</td>
<td>2 663</td>
</tr>
<tr>
<td>Total scope 1 &amp; 2</td>
<td>698 008</td>
<td>294 016</td>
<td>186 007</td>
<td>4 154</td>
</tr>
</tbody>
</table>

Our environmental impact continued

**Imperial signs Energy Efficiency Leadership Network Pledge**

Imperial recognises that energy efficiency in line with our sustainability strategy and framework, is key to a number of business objectives including: business competitiveness; energy security; job creation; energy consumption; improving air quality and reducing carbon emissions. In support of these objectives, Imperial has signed the energy efficiency leadership network pledge between the Department of Energy, Business Unity South Africa (BUSA) and the National Business Initiative (NBI).

**Initiatives to reduce energy consumption**

Properly trained drivers, well-maintained vehicles and upgrading our fleets with the latest technology helps to reduce our fossil fuel consumption and thereby, our carbon footprint. During the year, Europcar changed its fleet mix to deliver an average 3% reduction in carbon emissions across the fleet. As suitable low-sulphur fuel becomes more readily available, transport fleets across our South African businesses continue to be upgraded to meet Euro 5 standards.

Our logistics operations use sophisticated fuel management systems to track fuel consumption and highlight inefficient driving techniques.

We expect the system to assist us in improving our fuel efficiency. A number of our businesses have embarked on energy-efficient projects that include retro-fitting existing lighting systems with energy-efficient lighting, making use of new aircon technology and running “switch off” awareness campaigns among employees.

During the year the Imperial Logistics division completed the first phase of its energy efficiency project, which replaces inefficient lighting with the latest environmentally friendly lighting technology. The project was rolled out at the Goldfields Logistics Park and Imperial Cargo Solutions premises, delivering savings of over 20% on energy costs. Phase II of the project is underway at a further nine premises, which are collectively expected to deliver an average energy saving of 1 368 400 kWh per annum. This equates to a carbon saving of approximately 580 t GHG per annum.

**Imperial International Logistics’ Lehnkering business has installed energy-efficient lighting in a 30 000 m² area of its Wolfenbüttel warehouse. The system incorporates motion sensors that allow lights to be switched off when they are not needed. The company also plans to roll out new exterior lighting around the premises, following a pilot test case using LED bulbs. According to calculations the replacement of 85 lights will achieve an annual saving of 121 125 kWh. This equates to 71 tonnes of CO₂ per year.**

**Imperial Cargo Solutions’ installation of energy-saving lights resulted in a 24% saving of electricity consumption year-on-year. The business is in the process of fitting motion and occupancy sensors which are estimated to deliver an additional 5% to 10% saving in kilowatt-hours electricity.**

The environmental footprint of the financial services industry is generally low, but businesses in this division are implementing energy efficiency projects to reduce their footprint wherever possible. LiquidCapital runs an ongoing awareness campaign to remind staff of the importance of switching off devices that are not in use, while the installation of energy-efficient lighting at Regent Insurance’s head office facility has significantly reduced its electricity consumption.

We have also embraced sustainable building technology across a number of our businesses. During the year, the Distributorship division’s flagship green Kia dealership was completed in Weltevreden Park (see case study on page 34). In the Automotive Retail division, the new UD Trucks dealership in Pretoria East uses daylight harvesting, solar panelling and a specially adapted air conditioning system to minimise electricity usage from the grid. All new dealerships within both these divisions will be designed and built according to similar environmentally friendly plans and standards.
During the year the National Cleaner Production Centre (NCPC) undertook energy-efficiency studies at a representative sample of 22 of our sites, providing the group with recommendations on how to improve energy management practices at these facilities (see case study on page 38).

CASE STUDY

UD Trucks embraces energy-efficient building

A state-of-the-art energy and water management system, installed at the UD Trucks head office in Pretoria, has significantly reduced the environmental footprint of the building without the need to compromise on modern comfort.

A specialist Automation company was contracted to design, install and commission an Energy/Building Management System (EBMS), which can be accessed online from anywhere 24 hours a day. The web-based system monitors and controls energy and water consumption, temperature, CO₂ levels, air conditioning, solar power output and the fire system. The system responds to these measurements with environmentally intelligent solutions. Fresh air and extractor fans are activated when CO₂ reaches a certain level and lights switch on or off in response to people entering or leaving a room. A unique weather system monitors the outdoor ambient temperature and wind speed and controls the air conditioning and lighting inside the building.

The building was designed to maximise the use of natural light, and is fitted with low-energy LED and state-of-the-art dimmable fluorescent lights. All geysers are connected to heat pumps and the solar system supplies 66% of the power consumed during the day.

While the building is environmentally friendly, it is also a place of rest and relaxation for truck drivers. The drivers’ lounge is air-conditioned and the sleeping quarters are equipped with heat pump showers.

The UD Trucks dealership also has a state-of-the-art water treatment plant and its wash bay functions almost entirely on recycled water. A rainwater harvesting system supplies irrigation water the garden, which has been planted with water-hardy plants and indigenous natural grasses.
CASE STUDY

National Cleaner Production Centre audit highlights opportunities for improved environmental efficiency

During the year, an audit conducted by the National Cleaner Production Centre (NCPC) on 22 Imperial sites highlighted a range of opportunities for greater energy efficiency.

The NCPC is a national government programme that promotes the implementation of resource efficiency and cleaner production methodologies to help industry lower costs by reducing energy, water and materials usage, and improving waste management. Hosted by the CSIR on behalf of the Department of Trade and Industry, the NCPC offers the subsidised assessments at little or no cost to companies.

The 22 Imperial sites in Gauteng, the Western Cape and KwaZulu-Natal were selected for the audit as a representative sample from the group. Each site underwent energy assessments to identify opportunities to lower consumption and thus production costs. These assessments were conducted to help the company understand its full energy generation profile and identify opportunities for improvement.

“Our role is to help companies identify opportunities. We have provided Imperial with a list of recommendations and it is up to each site to implement those recommendations that they feel will be valuable,” explains Hermant Grover Project Manager at the NCPC.

The sites are currently in the process of reviewing the NCPC recommendations and drawing up a list of those to be implemented. They include interventions related to energy-efficient lighting, lighting sensor controls, introducing natural lighting where possible, waste management options, water recycling solutions and automated air-conditioning systems.

Our water usage

The Logistics Africa and Automotive Industrial operations account for the most significant water consumption across the group as large numbers of trucks and cars are washed on a daily basis. Logistics operations are also required to wash tankers internally in accordance with strict standards. Office and garden use accounts for the remaining water consumption.

We continuously endeavour to reduce our fresh water consumption by using water more efficiently, increasing water recycling, harvesting rain water and preventing the contamination of ground and surface water resources in the areas where we operate.

While no water sources or related ecosystems/habitats are significantly affected by our water withdrawal, the use of inland waterways by our shipping operations in Europe can have a potential impact. In this regard we comply with strict legislation and follow best practice to minimise our impact on these water resources.

We measure water usage at each operation via our internal automated non-financial reporting system.

Water usage for the group increased during the year under review from 1 701 kiloliters in 2012 to 1 739 kiloliters in 2013. This represents a 2% year-on-year increase.
## Water used per division

<table>
<thead>
<tr>
<th>Source</th>
<th>Litres (million)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Africa</td>
<td>749</td>
<td>43%</td>
</tr>
<tr>
<td>Logistics International</td>
<td>123</td>
<td>7%</td>
</tr>
<tr>
<td>Automotive and Industrial</td>
<td>858</td>
<td>49%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>9</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 739</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Our environmental impact continued

Water withdrawn per source

<table>
<thead>
<tr>
<th>Source</th>
<th>Litres (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total potable water (drinking water) purchased from water utilities</td>
<td>1 739</td>
</tr>
</tbody>
</table>

Water efficiency initiatives

Businesses across the group have implemented programmes to manage water usage. We recognise that this is as much a business cost-saving imperative as it is an issue of environmental responsibility.

During the year Imperial Cargo Solutions installed a water treatment plant at its wash bay to treat – and ultimately reuse – the water used to clean between 15 and 18 large vehicles a day. The plant uses natural algae to clean the water, negating the use of chemicals and additives. In the first four months of operation, the plant treated and recycled 64% of the water used and annual forecasts are for a saving of 85%. The treated water conforms to the World Standard for wash bay water. Two 5 kilolitre rainwater-harvesting tanks were also installed for top-up purposes.

The majority of our motor vehicle and logistics businesses have migrated to waterless wash bays. These reduce the amount of water used to wash a single car from around 2,7 litres to less than 1 litre. Europcar, which washes approximately 4 500 vehicles a day, has achieved a water recycle rate of approximately 95% through these wash bays. Since the inception of its extensive water conservation and management project, the business has saved approximately 154 million litres of municipal water and just under 54 million litres for the year under review. All main depots use recycled water in the vehicle wash bays. A water recycling plant is used in the panel shops’ primary car rental repair facility and all other facilities use steam cleaning technology to reduce water consumption.

Several businesses have also installed rain harvesting systems that capture rain water and run off, thereby reducing dependency on municipal water.

In the Automotive and Industrial division where water recycling facilities have been installed, the average pay-back period on these facilities has been 2,5 years, which is quite remarkable given that the lifespan of these facilities is 20 years.

Our carbon footprint

This is the sixth consecutive year that the Imperial group has measured and reported its carbon footprint. We recognise the potential business risks posed by extreme weather patterns that may arise from global warming. South Africa’s Carbon Tax will also have an impact on our bottom line, adding R53 million to our cost base.

We are committed to reducing our carbon footprint wherever possible and measure the carbon emissions of all operations on a monthly basis through our sustainability management system. In addition, a globally recognised environmental consultancy assisted in determining our carbon footprint measurement, using a customised calculation tool based on the World Business Council on Sustainable Development’s greenhouse gas (GHG) reporting protocol.

Data collected from site level is internally verified at company and divisional level and consolidated into a group-wide GHG data matrix. Certain businesses within the Automotive and Industrial division also obtained third-party assurance of their carbon footprint.

Tonnes CO₂ per division

During the year, each division developed CO₂ reduction targets, based on tonnes of carbon output per head and tonnes of carbon output per million rand turnover.

The initiatives to reduce electricity and fuel consumption will necessarily have the biggest impact on our carbon footprint, and are detailed in the energy section on page 35.
Green Award for eight vessels of the IMPERIAL Shipping Group

During the year Imperial Shipping Group received eight Green Awards from the Dutch Green Award Foundation in recognition of its environmentally friendly inland fleet of vessels.

The awards are widely recognised as an international benchmark for quality, safety and environmental protection standards among shipping and oil companies. The criteria require both main and auxiliary engines to meet CCNR standards (Central Commission for Navigation on the Rhine), which regulates emission limits for inland waterway engines. In addition, vessels must have a clean and dry engine room, closed propeller shaft seals both inside and out, a closed grey water system and an environmental plan. Furthermore, skippers need to have completed a course for energy efficient navigating. The certificate is obtained on the voluntary basis and is valid for three years.

Among the Imperial Shipping Group, the eight vessels that received certification during the year are three modern gas tankers – LRG GAS 87, LRG GAS 90 and LRG GAS 91. Measuring 110 m in length, the modern tankers are suitable for canal operation. They are driven by engines generating 634 kilowatts of power with very low gas consumption.
CASE STUDY

Africa Logistics awarded for work in greening African supply chains

Africa Logistics’ business practice is based on the principles of environmental responsibility and triple-bottom line sustainability. This ethos is driven at the highest level by the CEO, Marius Swanepoel, who is well recognised as an industry leader in this regard. During the year he was awarded the Nedbank Capital Sustainability Leadership Award for his role in greening African supply chains.

The company’s sustainability approach is underpinned by the belief that green initiatives should clear three hurdles. They should be acceptable financially, environmentally and socially. The company’s journey to green supply chain transformation has been a three-step process that began with sustainability education before moving towards full measurement of its carbon footprint. From there, the company identified levers for sustainability change and embarked on a number of business case supported eco-economic initiatives.

These include, among others:
— the establishment of logistics integration centres that reduce costs and carbon footprint while improving efficiency;
— Imperial Cargo’s self-sufficient renewable energy headquarters in the Western Cape, which have transformed a dumpsite into a green logistics hub;
— being the first company in South Africa to include Euro 5 rated vehicles in its fleet; and
— investment in three Eco Fridge trailers that save approximately 596 tonnes of CO₂ emissions per annum;

Africa Logistics’ approach has enabled it to continuously pick up trends, understand change drivers and engage with business partners to green its customers’ supply chains, as well as its own business.

Effluents and waste

Our operations generate a variety of waste streams, including the following:

<table>
<thead>
<tr>
<th>Waste generated</th>
<th>Weight/volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyres</td>
<td>1 398 (t/metric)</td>
</tr>
<tr>
<td>Used motor oil</td>
<td>5,36 million litres</td>
</tr>
<tr>
<td>batteries</td>
<td>537 (t/metric)</td>
</tr>
</tbody>
</table>
The only significant source of effluent in the group is washbay run off caused by washing transport fleets. Hazardous effluent may result from substances carried on behalf of customers, particularly in the tanker businesses of the Africa Logistics division.

During the year we made good progress in implementing a standardised, centralised system to measure waste and effluent. This is based on the Global Reporting Index (GRI) indicators for waste and effluent. Data is received from all operations and all sites.

Each division has developed an integrated waste management plan specific to its business requirements in response to the National Environmental Management Waste Act 59 of 2008 (the Waste Act).

All waste material is removed from our sites by accredited waste removal companies and where required, waste removal and disposal certificates are furnished, in line with the Waste Management Act.

Spillages are most relevant to our logistics operations and in line with environmental regulations. We track the number of spillages, their quantity and the particular materials involved in each spillage. During the year there was 84,62 kilolitres of spillages (2012: 115,43 kilolitres).

These spillages were not serious and did not involve any hazardous materials. All spillages are taken seriously and their potential impact on the environment is assessed, either through our specially trained personnel or independent third-party environmental assessors. In the case of our logistics business, our drivers are properly trained to deal with spillages and follow strict internal guidelines as to how to deal with the spillages as well as follow the procedures and take corrective action where necessary.

We follow strict legislation governing the cleaning up of spills and in taking corrective action where this is required. We also put steps in place to prevent repeat incidents where possible.

During the year, Africa Logistics’ Specialised Freight division received accreditation by the International Cyanide Management Institute (ICMI), making it the only accredited transporter in southern Africa. ICMI has accredited an elite group of just 68 internationally certified cyanide transporters, only 12 of which are based in Africa.

Managing and minimising waste

All our operations adhere to the relevant legal regulations concerning waste and each operating division has a management procedure in place for the handling, labelling, storage and treatment of waste streams.

Businesses across the group have programmes in place to minimise or recycle waste wherever possible, depending on the waste streams generated.

— **Tyres:** where it is safe to do so, we retread tyres and where this is not feasible, we make use of accredited recycling contactors who dispose of the tyres responsibly. Waste tyres can be used in agricultural and marine applications as well as the production of compounds used in asphalt.

— **Used motor oil:** we negotiated agreements with waste oil service providers during the year to buy back and treat our waste motor oil across the group. See case study on page 44.

— **Windscreens:** we repair chipped windscreens wherever possible, particularly in our Automotive and Industrial businesses which have focused on reducing the number of windscreens that need to be disposed of. Windscreens that cannot be repaired are returned to the windscreen supplier and recycled or disposed of in accordance with legislation. As part of Regent’s sustainability initiatives, the company has saved 14,371 kg of CO₂ for the year from recycling the windscreens replaced by PG Glass.

— **Paper:** many of our businesses have embarked on campaigns to shift to a paperless environment where this is possible. There is an ongoing drive to reduce paper consumption through double-sided printing, and to recycle all office paper waste.

— **Batteries:** batteries are disposed of according to local regulations governing the disposal of lead and similar products.

— **Hazardous waste:** the handling and disposal of all hazardous waste is governed by strict legislation and carried out by accredited waste disposal contractors.
CASE STUDY

A group-wide approach to waste oil management

Used motor oil, oil filters and oil rags are common waste streams in almost all of Imperial’s divisions, with the exception of Financial Services. While waste motor oil can be harmful to the environment – 1 litre of used motor oil can contaminate 1 million litres of drinking water – the good news is that it can be cleaned and recycled.

During the year Imperial contracted with a registered ISO accredited national waste oil management company to remove waste motor oil, oil filters, oil rags and oil containers from the Africa Logistics, Automotive and Industrial divisions. Water is separated from the used oil and undergoes a series of cleansing processes, while the oil itself is cleaned, recycled and used for a number of different applications. Both the oil containers and the oil rags are cleaned and recycled.

“Water that was once mixed with the used oil is cleaned to the point that we pump it into fish ponds on our premises that are used for breeding carp and other species of fish,” says the general manager from the waste oil management company.

In addition to addressing one of Imperial’s key waste streams, the waste oil partnership is an example of how environmental practices can make good business sense too. Imperial leveraged the size and scale of its operations to negotiate an attractive price for the used motor oil. All funds generated from the sale of the oil are returned to the operations, which use it to fund further environmental and sustainability projects.

The waste oil company also recycles the used oil and plastic canisters to responsible vendors, ensuring cradle to grave responsibility.

Each business unit will receive a monthly certified waste disposal certificate in compliance with the Waste Act of 2008. They will also receive a summary of their disposal and the carbon footprint of the disposed oil.

Disposal of waste oil safely is integral in Imperial’s quest to become more responsible in the disposal of substances that may be harmful to the environment.
CASE STUDY

Imperial Toyota dealership sets benchmark for sustainable building practice

Imperial Toyota’s Parktown dealership is a leading example of how green building techniques, combined with water and waste management practices, can reduce environmental load and save on costs.

Constructed in 2010, the design of the dealership incorporates a number of energy, water and waste-efficiency measures that set it apart. “A decision was taken to design the building from the ground up using sustainable building practice. This is closely aligned with Imperial’s focus on environmental stewardship and the global Toyota group’s emphasis on sustainability,” explains Andrew Miller, Imperial Toyota managing director.

Both the office building and the workshop incorporate large glass panels to allow in the maximum amount of natural light, thereby reducing the need for electrical lighting. The energy-efficient lighting system is linked to motion sensors and controlled by a computer-linked timer that automatically switches lights off when a room is not in use or at particular times of the day when natural lighting is most readily available. LED lights are used for outdoor signage and at night, only the portion of the showroom closest to the road is lit.

The same computer system controls the air conditioners, which alternate in cooling rooms that are occupied. If the sensor system detects that a room is unoccupied, the air conditioner is automatically switched off. Solar geysers are used to heat water in the bathrooms.

“The dealership runs on just 104 kVA which is less than half the amount of power ordinarily used by a dealership of this size and specification,” explains Miller.

In addition to delivering significant energy savings, the design of the Parktown Imperial Toyota dealership helps save on water consumption. All washbay water is recycled using a tank and filter system, and pumps that are powered by solar panels. Only 10% of the water used in the dealership is drawn from the municipal source.

All waste streams are separated at source and removed by certified waste management contractors for recycling. “It is our policy to send as little waste as possible to landfill. We are working towards recycling all the waste generated by the dealership,” says Miller.

As part of its holistic approach to environmental sustainability, Imperial Toyota is also involved in other initiatives, including tree planting and vehicle sponsor for Miss Earth South Africa and clean-up efforts in rivers and open land in the local community. Many members of senior management also drive hybrid vehicles. In 2012, the Imperial Toyota Group won the global Toyota ECO award in recognition of its efforts in environmental conservation, indicating that all the dealerships meet Toyota’s highest standards of environmental awareness and compliance.
Our environmental impact continued

Biodiversity
Apart from logistics operations which cross biodiversity-rich areas by road in southern Africa and inland waterways in Europe, the majority of our operations do not have a significant impact on biodiversity-rich or protected habitats. We do not yet measure the biodiversity impacts of our logistics operations but we comply with all local environmental and related legislation. We also implement our own internal systems of control, for example diverting the transport of potentially dangerous materials around sensitive or high-risk areas.

We are committed to promoting responsible integrated land-use management and biodiversity conservation by applying a precautionary approach during all phases of our operations, including business closures. We consider the impact of our operations on local landscapes across the life span of a site, from initial occupation to closure.

Environmental incidents
There were no significant environmental incidents during the year under review and we did not receive any fines or penalties for non-compliance with environmental regulations and permits. We are not aware of any pending environmental litigation. Any infringement of regulations, permit or licence conditions is reported to the relevant regulators and corrective action taken as soon as practical in all circumstances.

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<table>
<thead>
<tr>
<th>CORE INITIATIVES</th>
<th>SUPPORT FUNCTIONS</th>
</tr>
</thead>
</table>
| **1. PEOPLE DEVELOPMENT AND CULTURAL READINESS** | **-** Group executive and people development function  
**-** Divisional BEE functions and appointees/champions |
| **2. PROMOTION AND ATTRACTION** | **-** Technical training academies - Cape Town and Germiston  
**-** Middle management leadership programmes  
**-** Imperial Leadership Academy including the Peak and Edge leadership courses  
**-** Branding and unifying factors  
**-** Target black appointments for group Exco and divisional boards  
**-** Divisional employment equity targets  
**-** Executive oversight and veto all senior appointments  
**-** Attention to board profiles at group and divisional levels  
**-** 20% weighting in senior incentive structures |

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IMPERIAL’S TRANSFORMATION STRATEGY

**VISION**
Ensuring the social and economic sustainability of Imperial Holdings in the South African context through black economic empowerment

Underlying requirement to success and achieve the vision:
Economic empowermentOrganisational readiness to leverage and embrace diversity

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GOVERNANCE MONITORING, REVIEW AND ASSURANCE

**SUSTAINABILITY COMMITTEE (GROUP LEVEL AND DIVISIONAL EMPLOYMENT EQUITY/TRANSFORMATION COMMITTEES**

**SCORCARDS AND INDEPENDENT VERIFICATION BY AGENCIES**

**TRAINING QUALITY ASSURANCE REVIEW**

**CULTURE SURVEY**
Our social impact

Our social impacts
The objective of the transformation initiatives of the group is to ensure the sustainability and the relevance of the group over the long term in its industries and the South African economy as a whole. The achievement of this objective is our primary goal in this respect.

Our adherence to this philosophy has seen progress across the group from 40% in 2010 to our current level of where more than 50% of our managers are black.

Our business has an impact on our employees, broader society and the communities in which we operate. Along with our economic and environmental impact, this social impact forms the third pillar of our sustainability focus.

General South African workforce profile (for the 12 months to 30 June 2013)

<table>
<thead>
<tr>
<th>Occupational levels</th>
<th>Male</th>
<th>Female</th>
<th>Foreign nationals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>C</td>
<td>I</td>
<td>W</td>
</tr>
<tr>
<td>Permanent staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>129</td>
</tr>
<tr>
<td>Senior management</td>
<td>20</td>
<td>12</td>
<td>40</td>
<td>363</td>
</tr>
<tr>
<td>Professional specialists</td>
<td>254</td>
<td>173</td>
<td>275</td>
<td>1409</td>
</tr>
<tr>
<td>mid-management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled junior management</td>
<td>2 800</td>
<td>1 092</td>
<td>794</td>
<td>2 704</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>8 943</td>
<td>1 713</td>
<td>579</td>
<td>930</td>
</tr>
<tr>
<td>Unskilled</td>
<td>4 159</td>
<td>624</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>Total permanent staff</td>
<td>16 180</td>
<td>3 615</td>
<td>1 774</td>
<td>5 614</td>
</tr>
<tr>
<td>Non-permanent staff</td>
<td>1 312</td>
<td>162</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>Grand total</td>
<td>17 492</td>
<td>3 777</td>
<td>1 827</td>
<td>5 666</td>
</tr>
</tbody>
</table>

The summary is an aggregation of all South African operating entities.

Geographical breakdown of workforce

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>39 259</td>
<td>37 186</td>
</tr>
<tr>
<td>Rest of world</td>
<td>11 748</td>
<td>10 513</td>
</tr>
<tr>
<td>Total</td>
<td>51 007</td>
<td>47 699</td>
</tr>
</tbody>
</table>

Our material employee-related issues include skills development, occupational health and safety and employment equity.
Managing employee relations and engagement

Certain HR policies are developed at a group level but employee relations and human resource issues are managed by each individual operation. This is in keeping with Imperial’s decentralised management approach and takes into consideration the different human resources issues pertaining to different businesses within the group.

Externally we are governed by prevailing labour legislation in every region in which we operate. In South Africa this includes the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Skills Development Act (1998), the Occupational Health and Safety Act (1993), the Unemployment Insurance Act (1995), and the Broad Based Black Economic Empowerment Act (2003).

On an internal level we are guided by employees’ collective agreements, our human resources policies and procedures, our health, safety and environment policy and our Code of Conduct. Strict policies deal with the prohibition of forced labour, child labour, discrimination of any nature and violations on the right of freedom of association and collective bargaining.

We recognise the rights of employees to freedom of association, collective bargaining, dispute resolution mechanisms and protection against any form of harassment and victimisation. There are procedures in place to allow employees to negotiate and consult on changes to their conditions of employment. Notice periods relating to structural operational changes are governed by legislation and collective agreements at the operational level.

Employees in our businesses belong to a number of trade unions including the South African Transport and Allied Workers Union (SATAWU), the Technical and Allied Workers Union (TAWU), the National Union of Metalworkers of South Africa (NUMSA) and the Motor Industry Staff Association (MISA). The percentage of employees that belong to unions or are covered by collective bargaining agreements differs greatly between businesses due to the diverse industries in which the group is involved.

Unions are an important stakeholder and engagement with their formal structures forms a central part of our overall engagement with our employees. Each business manages union engagement individually but generally speaking unions are involved in wage discussions and negotiations, on issues related to transformation, training and development, and are represented on health and safety committees and employment equity forums. They attend regular management/union meetings as well as health and safety and employment equity meetings.

Our approach to employee engagement is underpinned by the recognition that motivated, committed employees are fundamental to the achievement of business goals. Dialogue with our people also allows us to take advantage of their close, daily interaction with our customers and thereby identify new business opportunities and ways in which we can improve customer service.

We engage with employees through a number of formal and informal platforms. These are outlined in the stakeholder engagement diagram on page 24.

Investing in people

We recognise the critical importance of investing in skills and people development to the achievement of business goals. Businesses that are able to attract and retain top talent in a scarce skills environment will have a distinct competitive edge and greater sustainability.

The human resource management function manages the attraction, development and retention of high-potential home-grown talent to help the business deliver on its strategic objectives.

Through training and development we endeavour to provide our people with the opportunities to grow and improve their knowledge, skills and abilities. Programmes are presented through all levels of the organisation – to improve technical professional skills as well as leadership and management competencies.

During the period under review training and development initiatives focused on consolidating the management and leadership development processes that were embarked upon in previous years. The group invested R175 million in skills development over the past financial year.

Training programmes are also enhanced through Imperial’s online HR people development academy. This is a web-based framework that provides comprehensive learning programmes and content to all candidates, combining the benefits of e-learning and teacher training. The online academy offers a learner management system, which is used to track the progress of candidates on the various management development programmes within the Africa Logistics, Automotive and Industrial divisions.
Annual training

<table>
<thead>
<tr>
<th></th>
<th>2013 Hours</th>
<th>2012 Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>18 167</td>
<td>19 128</td>
</tr>
<tr>
<td>Middle management</td>
<td>133 056</td>
<td>159 428</td>
</tr>
<tr>
<td>Professional, production and technical staff</td>
<td>1 023 231</td>
<td>720 489</td>
</tr>
<tr>
<td>Administrative and maintenance staff</td>
<td>262 066</td>
<td>407 092</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 436 520</strong></td>
<td><strong>1 306 137</strong></td>
</tr>
</tbody>
</table>

**Attracting talent – recruitment and selection**

Effective recruitment and selection are fundamental to any talent management strategy. The group has an online career platform that is linked to the Imperial website and various other job boards. The objective is to improve the hiring process, attract quality staff and give prospective job applicants an opportunity to apply directly to Imperial. Selection processes are conducted at our in-house assessment centres by registered psychologists.

During the course of the year our Automotive Retail division formally rolled out its induction programmes that includes on-site visits and corporate videos to ensure that newly appointed employees are fully engaged with the broader group at an early stage in their career.

**Learning and development programmes**

- **Leadership development programmes**

  Leadership development on senior management has been presented through GIBS. Four programmes were presented and a total of 125 management staff from all our divisions attended these programmes.

- **Management development programmes**

  Management development programmes for middle management (MDP and DMP) have been developed for our specific environment to develop entrepreneurial capabilities. These have been presented in Logistics Africa, Automotive and Industrial Divisions to 255 candidates. Sales Manager training was also presented within the Associated Motor Holdings division. This programme was aimed at developing sales managers’ competencies. A total of 160 people were trained on this programme during the year.

- **Graduate and learnership programmes**

  Through our graduate development programmes, we attract top young graduates from a number of universities and put them through management development programmes to strengthen the ranks of our middle management cadre. The biggest annual intake of graduates comes from our Africa Logistics division, where there are currently 77 graduates on the formal programme. In addition, approximately 2 500 annual learnerships are offered across the group.

**Formal academies**

**Africa Logistics Learning Centre**

The Africa Academy delivers customised training and development programmes, aligned to National Qualifications. It is accredited with the Transport Education and Training Authority as a private training provider.

A variety of short courses and events are rolled out by the Africa Logistics Learning Centre, in accordance with an annual course schedule. These include:

- Supply chain management and Logistics events and conferences
- MS Office training
- Legal compliance training, including health and safety, fire fighting, first aid, industrial relations and Competition Act
- A suite of financial skills training
- A suite of communications skills training

During the year Africa Logistics was awarded “Corporate Educator of the Year” at the seventh annual Supply Chain Management Education Excellence Awards, hosted by the Association for Operations Management of Southern Africa. The company was also named the Graduate Employer of Choice for the Transport and Logistics Sector, by the South African Graduate Recruiters Association.
Our social impact continued

Ikaheng HR services
Imperial Logistics acquired full ownership of Ikaheng HR Services, with effect 1 January 2013.

Ikaheng HR Services is accredited with the Transport Education and Training Authority and registered with the Department of Transport and Department of Labour. Their service offering includes:

- Full Learnership towards the National Certificate in Professional Driving, NQF 3.
- All codes of lifting equipment and cranes.
- Health and safety training.
- First aid training.
- Fire fighting training.
- Handling and transportation of dangerous goods.
- ABET.
- Work readiness programmes.

Imperial Technical Training Academies
The year under review saw the rise of the Imperial Technical Training Academy (ITTA) brand as a recognised, reliable and industry-defining player. It is acknowledged as the industry change driver in terms of curriculum development, learning materials, public-private partnerships and collaborative associations with competitors.

ITTA promoted “The Year of the Artisan” in line with a call by Minister Blade Nzimande for closer collaboration between industry, education, Further Education and Training Colleges (FETCs) and government. It established a number of critical initiatives unpacked that will change the country’s technical training landscape significantly in the next few years.

Imperial also introduced a model to facilitate training and workplace exposure opportunities for FET staff and teachers at our academies and dealerships.

Gauteng Technical High Schools turnaround project
In partnership with the Ukhamba Trust, the Academy has completed the renovation and re-equipping of schools in Gauteng and Cape Town.

The Training Network of Academies
The group has developed and operates three accredited technical training centres – Germiston Passenger Technical Training Academy, Wadeville Technical Training Academy, and Cape Town Technical Training Academy. Training programmes that are presented are among others mechanical training for petrol, diesel, heavy trucks, motor cycle apprentices.
Europcar Learning Centre
The Europcar Learning Centre was opened in Johannesburg during the prior year with a capacity to host 80 learners/delegates across five learning venues. The development of the learning centre is closely aligned to Europcar’s vision of developing people and being an employer of choice. It offers a variety of training programmes, short courses and learning programmes.

<table>
<thead>
<tr>
<th>Training programme</th>
<th>Number of participants in 2012 – 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Management Development Programmes</td>
<td>415</td>
</tr>
<tr>
<td>Graduate Development Programme</td>
<td>106</td>
</tr>
<tr>
<td>GIBS Executive Leadership Programme</td>
<td>125</td>
</tr>
<tr>
<td>Germiston Technical Training Academy</td>
<td>452</td>
</tr>
<tr>
<td>Wadeville Technical Training Academy</td>
<td>144</td>
</tr>
<tr>
<td>Cape Town Technical Training Academy</td>
<td>174</td>
</tr>
</tbody>
</table>

In addition to these, training interventions are also conducted by each of the divisions throughout the group, focusing on supervisory, technical/specialist, marketing, sales and management topics.

Occupational health and safety
Issues of occupational health and safety are most material in our logistics operations. Drivers are at an increased risk of being involved in motor vehicle accidents and are statistically more likely to contract HIV. Our office-based businesses carry an inherently low health and safety risk.

We measure the number of vehicle accidents, number of road injuries, number of road fatalities and vehicle accident and fatality rates per million kilometres travelled (in the transport operations). See the table on page 51 for our performance on these indicators during the year.

Safety is a collective responsibility. Employees and contractors are expected to follow the group’s health and safety policies and procedures while line management is responsible for creating an environment that is conducive to workplace safety. Senior executives, divisional executives and line management are accountable for the group’s safety and health performance and for allocating adequate financial and human resources within their operations to address these matters. Issues of health and safety are reported on regularly at executive and board level. We also report all accidents, injuries and fatalities at Imperial Holdings quarterly board meetings, at executive committee meetings as well as at the social, ethics and sustainability committee meetings.

Health and safety committees collaborate with employees and unions to identify key health and safety risks and make recommendations to management. In order to accurately assess these risks, we report and investigate accidents and other incidents, whether or not they cause bodily injury, suspected and confirmed cases of occupational disease; and any other situation in which there may be an unacceptable risk. Where necessary, we seek external specialist expertise and assistance.

In high-risk operations, issues of health and safety are managed by professionally staffed loss control departments. These businesses, which include those involved in the transportation of hazardous products, have put specific procedures in place to protect employees and the public from exposure to hazardous substances.

Our safety performance for the year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Africa logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>kilometres travelled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>excluding car rental vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(million km)</td>
<td>495</td>
<td>487</td>
</tr>
<tr>
<td>Total road accidents</td>
<td>1,252</td>
<td>963</td>
</tr>
<tr>
<td>Total road injuries (group)</td>
<td>128</td>
<td>123</td>
</tr>
<tr>
<td>Total road fatalities (group)</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Accidents per million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>kilometres</td>
<td>1,99</td>
<td>1,64</td>
</tr>
<tr>
<td>Injuries per million</td>
<td>0,20</td>
<td>0,21</td>
</tr>
<tr>
<td>kilometres (group)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatalities per million</td>
<td>0,01</td>
<td>0,02</td>
</tr>
<tr>
<td>kilometres (group)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where applicable, employees and contractors undergo health and safety training in line with the specific health and safety risks of each business. In our Africa Logistics division, truck stops have been established on the high-traffic Durban/Johannesburg route and there is an occupational health clinic for employees in Wadeville, where a significant proportion of our transport workforce is concentrated.

Our key occupational health and safety goals are to achieve zero fatalities; reduce the severity rate of incidents; reduce accidents and environmental incidents; and improve sub-contractor management on issues of health and safety.
Our social impact continued

**Addressing the risk of HIV/AIDS**

The risk of HIV/AIDS differs vastly from one business to the next, with drivers in the logistics and transport operations being at the highest risk statistically for contracting the disease. Each division has HIV/AIDS policy guidelines in place which protect the rights of employees, educate management on how to deal with infected employees and raise awareness among all staff to slow the spread of the disease. They also outline the procedures to be followed to facilitate voluntary confidential testing and counselling.

In South Africa, Africa Logistics plays a central role in the committee that manages an industry-wide Trucking Wellness Programme and Wellness Fund. The programme and fund were established as a collaborative effort by the National Bargaining Council for the Road Freight and Logistics Industry and unions representing labour and the Road Freight Employers Association.

During the year under review Africa Logistics invested a significant amount in three in-house wellness centres and three roadside wellness centres. The roadside centres offer drivers and sex workers free HIV/AIDS awareness and education, STI treatment, condom distribution, voluntary HIV testing and counselling with referrals to appropriate treatment service providers for secondary care and primary healthcare services. Each one is equipped with a training facility and clinic and staffed by a peer educator and registered nursing sister. During the year 10,922 employees were assessed.

The in-house wellness centres are fully equipped clinics with a qualified nursing sister and doctor who visit the clinic from time to time. Plans are in place to extend the in-house programme to four wellness centres in the future.

Africa Logistics also contributes 1% of its wage bill to a wellness fund which is used to treat and care employees that are tested positive for HIV/AIDS. During the year it sent a delegation to the World Aids Conference held in Washington DC in the US to learn more about best practice approaches in dealing with the disease.

**Contributing to road safety**

The Imperial I-Pledge road safety campaign, launched in the previous year, continued to gain traction. Targeted as much at employees as it is at the broader South African road user, it has garnered 135,000 pledges to date.

Road traffic accidents are the single biggest cause of unnatural death in South Africa and I-Pledge was borne of the belief that we have a leading role to play in bringing about a change in driver behaviour. The campaign takes a “start-at-home” approach, encouraging individuals to assess and change their own bad driving habits.

During the year Europcar continued to sponsor the supply of patrol vehicles to the Department of Transport to boost the resources of the N3 Toll Concession, the South African Police Services in KwaZulu-Natal and the Free State and the Mpumalanga Road Traffic Inspectorate along the toll route between Heidelberg in Gauteng and Cedara in KwaZulu-Natal. This forms part of the company’s involvement as a Friend of the Decade of Action for Road Safety 2011 – 2020.

During the year the campaign expanded its focus to include schools, child passengers, scholar patrol and “Car Seats for Kids” projects. (see case study on page 53).
CASE STUDY

I-Pledge cares for youngest road users
During the year Imperial’s I-Pledge campaign focused on protecting South Africa’s youngest road users through a Car Seat for Kids campaign and the extension of its scholar patrol programme.

Over 1 500 children lose their lives on South Africa roads every year, largely in pedestrian accidents and as passengers in motor vehicles. However the lack of affordability of child safety seats, coupled with ignorance about seatbelt use is a major contributor to serious injuries and even fatalities among babies and children.

During the year I-Pledge partnered with Wheel Well and 94.7 Highveld Stereo to launch the Car Seats for Kids campaign to highlight the importance of child safety. The programme encouraged listeners to donate their second-hand car seats to less fortunate families and collected 700 car seats in the month of October. These were re-upholstered, safety checked and cleaned by Wheel Well.

The campaign also continued its work in the Scholar Patrol Improvement Project, which has now reached over 155 primary schools and 99 699 pupils.

Each school is treated to a scholar patrol makeover which includes new equipment and reflective gear for the young scholar patrollers as well as refurbished pedestrian crossings. In February 2013, Imperial ran a promotion on 94.7 Highveld Stereo which called on listeners to nominate schools for a scholar patrol makeover. The overwhelming number of nominations received prompted the programme to double its adoption of schools from five to 10. The initiative provided the opportunity to educate younger road users and inspire them to be I-Pledge road safety ambassadors.
Our social impact continued

Traffic fines
During the year, fines of R6.6 million were paid for non-compliance with traffic legislation. While all due precautions are taken to comply with all road safety regulations, we have a Logistics fleet of over 6 400 and Car Rental fleet of 20 000 cars, we do incur fines from time to time for traffic infringements.

Transformation
We recognise black economic empowerment as a strategic imperative and embrace the opportunity to be part of the economic transformation of South Africa. This issue is managed and coordinated at executive board level and forms part of the agenda of the social, ethics and sustainability committee.

Our transformation policy outlines the following principles:
- Imperial accepts the economic contribution of individual entrepreneurship, given the socio-economic make-up of South African society, and believes black economic empowerment should be broad based and as inclusive as possible to ensure previously disadvantaged communities benefit as widely as possible from these initiatives.
- Imperial prioritises the empowerment of its own HDSA employees and their families and accepts its role in the empowerment and social upliftment of the broader community as a responsible corporate citizen.
- Imperial accepts that real empowerment can only be achieved through increased economic growth, and the continued growth of its business therefore remains a priority. Without sufficient growth, black economic empowerment will be relegated to mere wealth redistribution.
- Human resource development and skills transfer is a critical component of black economic empowerment and underpins the successful implementation of any empowerment programme.
- Imperial recognises its responsibility to its shareholders to continually provide an attractive return on their investment and empowerment initiatives must consider the interests of shareholders as stakeholders in the business.
- Imperial supports the system of industry charters developed by government. Group companies strive to achieve charter targets where these have been developed for their industries.

We report on all pillars of Broad-based Black Economic Empowerment. Equity ownership, management control, employment equity and socio-economic development are covered below, while enterprise development, preferential procurement and skills development are dealt with on pages 30 and 49 respectively.

In its 2013 B-BBEE rating, Imperial maintained its level-3 contributor status. This level provides for 110% of customers’ spend to be regarded as B-BBEE spend. The target for 2013 is to maintain a level-3 contributor status. The certification is provided by the independent rating agency, AQRATE.

Equity ownership
Broad-based Black Economic Empowerment seeks to increase the equity ownership in businesses by black people. We recognise that this forms a critical part of economic transformation and put in place a number of vehicles to extend equity ownership to black South Africans.

Ukhabha Holdings was founded in 1998 with an initial seed capital of R15 million provided by Imperial as an enterprise development business partnership to generate wealth and facilitate skills transfer for Imperial’s historically disadvantaged employees.

In 2004, Ukhabha was offered a 10.1% share in Imperial to create the Ukhabha Trust, for the group’s previously disadvantaged employees, and the Imperial and Ukhabha Community Development Trust for the benefit of some of the communities where our staff reside.

Around 15 575 historically disadvantaged employees in Imperial companies were given units, depending on their length of service with the group.

In December 2011 a total of approximately R350 million was distributed to 15 575 current and former Imperial employees, who each received between R16 600 and R49 800. Even those who have left the company have retained these units and will continue to receive future payouts.

The Imperial and Ukhabha Community Development Trust received R56 million. While this trust currently supports seven schools with substantial financial and human resources, its reach will be vastly extended through this payout.

These payouts are only part of the value which members hold in the scheme. In addition to its stake in Imperial, Ukhabha owns 31% of Distribution and Warehousing Network (Dawn), a listed company operating in the building supplies industry, as well as a few smaller investments.

In June 2005 Imperial concluded a transaction with Lereko Mobility (Pty) Limited which own 2.8% of Imperial’s equity. Lereko has appointed one representative on the Imperial board of directors.
Including the direct black ownership held by Ukhamba and Lereko, Imperial’s aggregate direct and indirect BEE shareholdings meet the requirements of Broad-Based Black Economic Empowerment Codes of Good Practice.

Third-party debt for the Lereko BEE transaction was settled on 1 October 2010. Lereko Mobility sold sufficient Imperial and Eqstra shares to settle this debt, leaving some 5.9 million Imperial and Eqstra shares in Lereko, which will be held until 2015. These shares will then be delivered to Imperial and Eqstra in part settlement of the vendor finance. Dividends will be generated from the debt settlement date to the vendor finance settlement date, benefiting Lereko shareholders. Lereko received a dividend payout of R32.8 million during the year under review.

Management control
We reached an important milestone during the year when black employees in management positions exceeded 50%. This is due in large part to our skills and management development initiatives, which favour the development of young black talent. While these programmes take time to reach fruition, we are pleased to see their success coming through in the business. This is underpinned by a strong Imperial culture of promoting from within.

Employment equity
We are committed to providing equal opportunities for all employees, regardless of ethnic origin or gender. While our employment equity strategy is guided by prevailing legislation, we recognise the clear business benefit to be gained from having a diverse workforce.

All South African businesses comply with the Employment Equity Act and have submitted employment equity plans to the Department of Labour. While businesses manage their own employment equity targets and implementation, they are guided by a group-wide commitment to:

- implementing recruitment programmes to employ talented employees from historically disadvantaged groups at all levels;
- implementing human resource development programmes aimed at enhancing the skills of employees from historically disadvantaged groups;
- accelerating the advancement of historically disadvantaged employees to all levels in the organisation; and
- compliance with applicable legislation and targets.

Employment equity challenges and successes differ greatly between each division. Some businesses are externally audited on the B-BBEE scorecard contribution, and we report on the proportion of black South Africans and women in our operations. However, we do not report the number of employees from minority groups or different age groups, as we do not consider this to be material to our operations.

For a summary of our progress against our employment equity plan, as submitted to the Department of Labour in compliance with section 22 of the South African Employment Equity Act, please see page 47.

Socio-economic development
We are committed to investing in the communities in which we operate and all of our businesses are involved in corporate social investment projects that uplift and assist under-resourced, vulnerable and marginalised communities and those in need.

Regent Insurance has a branded container serving as a Driver Wellness Centre situated at the Marianhill Truck Stop near the Marianhill Toll Plaza, Pinetown KZN. This is part of the N3 Corridor Empowerment Consortium. The container has been operational for approximately 18 months and is one of the initiatives that Regent has undertaken in the driver wellness space. The N3 Wellness Centre has qualified healthcare workers and counsellors on-site. The facility is available to any truck driver pulling into the truck stop and also to any person living in the local community.

Automotive and Industrial division join rhino anti-poaching effort
The plight of South Africa’s rhinos continued to dominate headlines during the year, with poaching reaching epidemic proportions. In response to the situation the Distribution, Retail and Allied Services division launched a programme to provide protection to 12 white rhinos in the Rietvlei Nature Reserve outside Pretoria.

Partnering with Rhino Tracker and Friends of Rietvlei, the company has provided financial support for a programme to tag each of the rhinos and help deliver ongoing security to the reserve. Tight security, base stations and tracking towers allow rangers to constantly monitor the rhinos. The programme also funds an initiative to fit transmitters into the rhino horns. These send a distress signal if movements seem abnormal or irregular.
Our social impact continued

The Imperial and Ukhamba Community Development Trust
While businesses select their own CSI programmes in line with their core business, they also contribute annually to the Imperial and Ukhamba Community Development Trust which assists selected schools in previously disadvantaged communities. It provides curriculum development support, library facilities and staff, and extracurricular activities, so that children at these schools can benefit from a well-balanced holistic education.

There are presently 10 beneficiary schools, situated in the south of Johannesburg where the unemployment rate is very high. They are as follows:
- Tshepana Primary School, Orange Farm
- Qalabotjha Secondary
- Leshata High School
- Finetown Primary School
- Rekghutlile Primary School
- Zakarriya Park Primary School
- Zakarriya Park High School
- Bilal Combined School
- John Orr Technical School
- Southview High School

The Trust’s work focuses on ensuring that learners have sufficient stationery and that educators have access to suitable teaching resources and materials, receive curriculum training and are assisted by teacher mentors. While the Trust continues to provide this ongoing support, it expanded its libraries programme during the year (see case study on page 58).

This investment in the education of the next generation is not only a social responsibility, but a business imperative too and one that will secure ongoing talent for Imperial’s business in the future.
CASE STUDY

KIA Street Soccer gives kids a sporting chance

Soccer is the most widely played sport in South Africa, with a strong traditional support base in communities. Since the 2010 FIFA World Cup was hosted in South Africa, KIA has harnessed children’s love of soccer to teach them to make healthy life choices and to identify up-and-coming soccer talent in under-resourced communities.

Launched in 2010 to 3,000 participants in 20 regions across three provinces of South Africa, the KIA Street Soccer programme has expanded year on year and with the continued investment of KIA Motors SA. In 2011, the programme expanded to involve over 4,500 participants in five cities of South Africa and during the year under review further expanded to include 40 communities, involving 6,000 participants in six cities across five provinces.

Three-phase programme including life skills education for kids, training for coaches, and the Kia Street Soccer League. A large amount of adults from various communities are also involved in the programme as coaches, providing them with contractual employment and the opportunity to gain valuable knowledge in coaching and life skills. Kia partners with NGO Sporting Chance and the regional PSL clubs, to host coaches training sessions. These sessions ensure the sustainability of the programme and leave behind intellectual soccer capital that the community coaches can implement on an ongoing basis.

The KIA Street Soccer League creates an environment where aspiring youngsters can entertain their communities and receive recognition for playing the sport that they love. The League is played between the different streets within a region, encouraging children to maintain an interest in healthy after-school activities and protect them from exposure to a life of petty crime, gangsterism, alcohol and drug abuse.

The programme also creates a structured environment to identify raw soccer talent. It partners with other programmes to create a feeder system to nurture identified talent. By showing children the value of soccer in building a positive future, it helps to build individual self-esteem and offer children positive lifestyle alternatives.

The programme also builds community spirit and fosters a better understanding between different communities and cultures. KIA has to date spent just over R3.5 million on this initiative.
CASE STUDY

Ukhamba expands libraries programme
During the year the Imperial and Ukhamba Community Development Trust focused much of its efforts on its library programme. All beneficiary schools have libraries which were either developed or equipped by the Trust, but many of these libraries remained closed due to lack of staff availability. During the year under review it sourced librarians from among unemployed family members of Imperial employees. These individuals have been trained up as librarians and are permanently located at the schools, ensuring learners and educators have access to the books and facilities offered by the libraries. Librarians are encouraged to study further. In addition to staffing the libraries, librarians play an integral role in helping to improve the reading ability of children in the foundation grades. They run intense reading programmes with grade 1 to 4 learners during two 30-minute sessions a week. They make use of specially purchased flashcards and worksheets during these lessons. Older children are involved in a similar spelling programme.

We are already seeing the benefits of this new intervention. Library use has increased dramatically among both learners and educators who use the facilities before and after school and during school holidays.

During the year, the Trust opened three libraries, renovating existing school structures and equipping them with at least 500 books each, TVs, DVDs, data projectors, screens, desk and chairs and carpeted areas for reading. All libraries have an adult section as well to encourage teachers to read.

Human rights
Imperial subscribes to the highest international standards when it comes to the protection of human rights. These include principles embodied in the Universal Declaration of Human Rights, and in the constitution of the Republic of South Africa. In addition we are guided by the four key groupings fundamental to the rights of human beings at work, identified by the International Labour Organisation. These are the freedom of association, the abolition of forced labour, equality, and the elimination of child labour.

Our human rights ethos commits us to:

— adhering to sound corporate governance principles and ethical and fair business practices;
— respecting the fundamental human dignity of its employees;
— ensuring equality of all its employees and ensuring safe and healthy working conditions;
— ensuring the right of freedom of association and freedom of expression of its employees and preventing any form of discrimination;
— prohibiting the use of all forms of slave labour, child labour and forced labour; and
— respecting the civil, cultural, economic, political and social rights of its employees and observing fair labour practices.

We encourage all entities with which we do business to observe laws and internationally recognised labour rights standards; ensure training and education on labour rights for employees; and to refrain from knowingly employing anyone who has contributed to the violation of labour rights. We will not hesitate to terminate agreements and relationships with contractors or suppliers that contravene international human rights standards and, in particular, use forced labour or prohibited child labour.

All cases involving discrimination complaints that were received during the year were investigated, disciplinary hearings held and, where allegations were substantiated and the circumstances warranted it, the offending employees were dismissed.

No instances have been identified where freedom of association or collective bargaining have been found to be at material risk.

None of our operations has been identified as having a significant risk of child labour or forced or compulsory labour.
### GRI Index

#### Status

<table>
<thead>
<tr>
<th>Status</th>
<th>Description</th>
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<tbody>
<tr>
<td>✓</td>
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<td>×</td>
<td>not reported</td>
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<tr>
<td>n/a</td>
<td>not applicable</td>
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Note: IR = Integrated Report

#### 1. Strategy and analysis

1.1 Statement from the CEO and chair
1.2 Description of key impacts, risks and opportunities

#### 2. Organisational profile

2.1 Name of the reporting organisation
2.2 Major brands, products and services
2.3 Operational structure
2.4 Location of organisation’s headquarters
2.5 Countries of operations
2.6 Nature of ownership and legal form
2.7 Markets served
2.8 Scale of the reporting organisation
2.9 Significant changes during the reporting period

#### 3. Report parameters

3.1 Reporting period
3.2 Date of most recent previous report
3.3 Reporting cycle
3.4 Contact point for questions
3.5 Process for defining report content
3.6 Boundary of the report
3.7 Specific limitations on the scope of the report
3.8 Joint ventures, subsidiaries, leased facilities
3.9 Data measurement techniques
3.10 Restatements of information
3.11 Significant changes since previous report
3.12 GRI content index
3.13 Independent assurance for the report

#### Disclosure items and performance indicators

4. Governance, commitments and engagement

4.1 Governance structure
4.2 Indicate if chair of the highest governance body is also an executive officer
4.3 Independent members of the highest governance body
4.4 Recommendations to highest governance body
4.5 Linkage between compensation and the organisation’s performance governance
4.6 Avoidance of conflicts of interest
4.7 Qualifications of highest governance body
4.8 Internal values, codes of conduct and principles
4.9 Management of economic, environmental and social performance
4.10 Evaluation of the highest governance body
4.11 Precautionary approach
4.12 Voluntary initiatives
4.13 Memberships
4.14 Stakeholder groups
4.15 Selection of stakeholders
4.16 Stakeholder engagement
4.17 Key issues of stakeholder engagement

#### Economic performance indicators

| EC1 | Economic value generated and distributed |
| EC2 | Financial implications of climate change |
| EC3 | Benefit pension plan obligations |
| EC4 | Financial assistance from government |
| EC6 | Spending on locally based suppliers |
| EC7 | Local hiring in senior management |
| EC8 | Infrastructure investments for public benefit |
| EC9 | Indirect economic impacts |
**Environmental performance indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
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</thead>
<tbody>
<tr>
<td>EN1 Materials used by weight or volume</td>
<td>✔</td>
</tr>
<tr>
<td>EN2 Percentage of materials used that are recycled input materials</td>
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</tr>
<tr>
<td>EN3 Direct energy consumption by primary energy source</td>
<td>✔</td>
</tr>
<tr>
<td>EN4 Indirect energy consumption by primary energy source</td>
<td>✔</td>
</tr>
<tr>
<td>EN5 Energy saved due to conservation and efficiency improvements</td>
<td>✔</td>
</tr>
<tr>
<td>EN6 Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result</td>
<td>✔</td>
</tr>
<tr>
<td>EN7 Initiatives to reduce indirect energy consumption</td>
<td>✔</td>
</tr>
<tr>
<td>EN8 Total water withdrawal by source</td>
<td>✔</td>
</tr>
<tr>
<td>EN9 Water sources significantly affected by water withdrawal</td>
<td>✔</td>
</tr>
<tr>
<td>EN10 Percentage and total volume of water recycled and reused</td>
<td>✔</td>
</tr>
<tr>
<td>EN11 Protected areas</td>
<td>✔</td>
</tr>
<tr>
<td>EN12 Impacts of activities on protected areas</td>
<td>✔</td>
</tr>
<tr>
<td>EN13 Habitats protected or restored</td>
<td>✔</td>
</tr>
<tr>
<td>EN14 Strategies, current actions and future plans for managing biodiversity impacts</td>
<td>✔</td>
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<tr>
<td>EN15 IUCN Red List species</td>
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<tr>
<td>EN16 Greenhouse gas emissions</td>
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<tr>
<td>EN17 Water sources significantly affected by water withdrawal</td>
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<tr>
<td>EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved</td>
<td>✔</td>
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<tr>
<td>EN19 Emissions of ozone-depleting substances</td>
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<tr>
<td>EN20 NOx, SOx and other air emissions by weight</td>
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<tr>
<td>EN21 Total water discharge by quality and destination</td>
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<tr>
<td>EN22 Total waste by type and disposal method</td>
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<tr>
<td>EN23 Total number and volume of significant spills</td>
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<td>EN24 Hazardous waste</td>
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<td>EN25 Water sources and habitats affected by water discharges</td>
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<tr>
<td>EN26 Environmental impacts of products/services</td>
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<tr>
<td>EN27 Percentage of products sold and their packaging that are reclaimed</td>
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</tr>
<tr>
<td>EN28 Non-compliance with environmental regulations</td>
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<tr>
<td>EN29 Environmental impacts of transportation</td>
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<tr>
<td>EN30 Environmental protection expenditures</td>
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**Social performance indicators – labour practices and decent work**

<table>
<thead>
<tr>
<th>Indicator</th>
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<tbody>
<tr>
<td>LA1 Workforce by employment type, employment contract, region</td>
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</tr>
<tr>
<td>LA2 Employee turnover by age group, gender and region</td>
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</tr>
<tr>
<td>LA3 Minimum benefits</td>
<td>✔</td>
</tr>
<tr>
<td>LA4 Employees covered by collective bargaining agreements</td>
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</tr>
<tr>
<td>LA5 Notice period, consultation and negotiation on operational changes</td>
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</tr>
<tr>
<td>LA6 Percentage of workforce represented in joint health and safety committees</td>
<td>✔</td>
</tr>
<tr>
<td>LA7 Injury, occupational diseases, lost days, etc</td>
<td>✔</td>
</tr>
<tr>
<td>LA8 Training on HIV/AIDS etc</td>
<td>✔</td>
</tr>
<tr>
<td>LA9 Health and safety agreements with trade unions</td>
<td>✔</td>
</tr>
<tr>
<td>LA10 Training per year per employee</td>
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<tr>
<td>LA11 Lifelong learning</td>
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<tr>
<td>LA12 Performance and career development review</td>
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<tr>
<td>LA13 Diversity</td>
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<tr>
<td>LA14 Male/female remuneration</td>
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**Social performance indicators – human rights**

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<tr>
<td>HR1 Investment agreements</td>
<td>✔</td>
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<tr>
<td>HR2 Suppliers and contractors</td>
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<tr>
<td>HR3 Employee training on human rights</td>
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<td>HR4 Discrimination</td>
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<td>HR5 Freedom of association, collective bargaining</td>
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<td>HR6 Child labour</td>
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<tr>
<td>HR7 Forced labour</td>
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<tr>
<td>HR8 Security personnel trained on human rights</td>
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<tr>
<td>HR9 Incidents involving rights of indigenous people</td>
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**Social performance indicators – society**

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<th>Indicator</th>
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<tbody>
<tr>
<td>SO1 Impact assessment of operations on communities</td>
<td>✔</td>
</tr>
<tr>
<td>SO2 Percentage and total number of business units analysed for risks related to corruption</td>
<td>✔</td>
</tr>
<tr>
<td>SO3 Percentage of employees trained in anti-corruption policies and procedures</td>
<td>✔</td>
</tr>
<tr>
<td>SO4 Action taken in response to incidents of corruption</td>
<td>✔</td>
</tr>
<tr>
<td>SO5 Public policy development and lobbying</td>
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</tr>
<tr>
<td>SO6 Contributions to political parties</td>
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</tr>
<tr>
<td>SO7 Anti-competitive behaviour</td>
<td>✔</td>
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<tr>
<td>SO8 Non-compliance with laws and regulations</td>
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**Social performance indicators – product responsibility**

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<tr>
<td>PR1 Health and safety of products</td>
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<td>PR2 Non-compliance with health and safety regulations</td>
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<tr>
<td>PR3 Labelling of products and services</td>
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<tr>
<td>PR4 Non-compliance with product and service labelling regulations</td>
<td>✔</td>
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<tr>
<td>PR5 Customer satisfaction</td>
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<tr>
<td>PR6 Marketing communications</td>
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<tr>
<td>PR7 Non-compliance with marketing communications regulations</td>
<td>✔</td>
</tr>
<tr>
<td>PR8 Complaints regarding breaches of customer privacy and losses of customer data</td>
<td>✔</td>
</tr>
<tr>
<td>PR9 Value of significant fines for non-compliance relating to provision and use of products and services</td>
<td>✔</td>
</tr>
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</table>
Corporate information

**Directors**

**Non-executive**
- TS Gcabashe* (Chairman), BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne
- T Dingaan, BProc, LLB, LLM, HDip (Tax)
- S Engelbrecht*, BSc, MBl, MDP (Insead)
- RL Hiemstra, BCompt (Hons), CA(SA)
- P Langeni*, BCom (Accounting)
- MV Moosa, BSc
- RJA Sparks*, BCom (Hons), CA(SA), MBA
- A Tugendhaft (Deputy chairman), BA, LLB
- Y Waja*, BCom, CA(SA)
  * Independent

**Executive**
- HR Brody (Chief Executive), BAcc (Hons), CA(SA)
- OS Arbee (Chief Financial Officer), BAcc, CA(SA), HDip (Tax)
- MP de Canha
- GW Riemann (German)
- M Swanepoel, BCom (Accounting) (Hons)

**Executive committee**
- HR Brody (Chairman), M Akoojee, OS Arbee, MP de Canha, BJ Francis, PB Michaux, JJ Strydom, M Swanepoel

**Audit committee**
- MJ Leeming (Chairman), P Langeni, RJA Sparks, Y Waja

**Remuneration and nomination committee**
- RJA Sparks (Chairman), TS Gcabashe, P Langeni, A Tugendhaft

**Risk committee**
- Y Waja (Chairman), H Adler, OS Arbee, HR Brody, S Engelbrecht, BJ Francis, RL Hiemstra, MJ Leeming, PB Michaux, G Rudman, A Tennick

**Social, ethics and sustainability committee**
- MV Moosa (Chairman), OS Arbee, HR Brody, MP de Canha, BJ Francis, TS Gcabashe, R Levine, PB Michaux, MR Sharfuddin, JJ Strydom, M Swanepoel, A Tugendhaft, RA Venter

**Assets and liabilities committee**
- HR Brody (Chairman), M Akoojee, OS Arbee, RL Hiemstra, MJ Leeming, R Mumford, WF Reitsma, M Swanepoel

**Group internal audit executive**
- G Nzalo, BCom, CA(SA), CIA

**Group treasurer**
- WF Reitsma, BTech Banking, MCom, FIBSA, FIFM

**Group legal adviser and company secretary**
- RA Venter, BCom, LLB, LLM

**Group risk executive**
- BJ Francis, BCompt (Hons), CIA

**Group head of sustainability**
- MR Sharfuddin, BBA, IMP (Insead)

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