WHY this matters

Imperial Logistics' ability to minimise supply chain risk for our clients underpins our competitive advantage. This means we must develop solutions that drive efficiencies – particularly in terms of fuel consumption, a major driver of logistics cost – and ensure, as far as possible, continued service despite extreme weather conditions. Tenders and stakeholder engagement are increasingly focused on our ability to understand and adapt to the climate change risks that impact the markets and long-term interests of our clients.

The greenhouse gas emissions associated with our transportation activities are the biggest contributors to our carbon footprint, with our trucks alone having travelled over 433,5 million kilometres in the reporting year. In addition, we operate around two million square metres of storage capacity, requiring electricity for refrigeration, lighting and HVAC[1^] systems. Carbon taxes, which increase our operating costs, are a feature of certain operations in Europe and were implemented in South Africa with effect from June 2019.

Between 2014 and 2018, the Western Cape in South Africa experienced below average rainfall resulting in drought and a negative impact on food production, which impacted client volumes. In addition, the City of Cape Town's tough water restrictions impacted our operations, particularly those in the chemical and food industries which use water to meet the stringent tanker cleaning specifications set by clients, and to refrigerate certain warehouses and trucks. While water restrictions have since eased, dry conditions persist in some parts of the region necessitating the use of alternative water sources. The power outages experienced in South Africa due to load shedding of the grid, makes diesel generators necessary to maintain constant temperature levels in certain warehouses. However, of greater concern is the resultant traffic congestion (which reduces the number of loads we are able to transport) and our exposure to the manufacturing industry (which is heavily impacted by power outages).

During the year, droughts in Kenya and Namibia impacted the food industry, changing product flow. However, this afforded our companies the opportunity to source products from other areas. Cyclones Idai and Kenneth caused severe flooding in Mozambique, displacing thousands of people and destroying a number of buildings, roads and power lines. Client orders were re-routed away from Beira through Chimoio and serviced from Maputo and Nampula. Our building suffered some damage, but this was relatively minor compared to the surrounding infrastructure.

Imres, which operates a 24-hour emergency response capability, was quickly able to assist international aid organisations by providing critically needed medical kits to affected areas in Mozambique (see providing humanitarian logistics to those in need).

In Europe, unprecedented low water levels on the River Rhine meant less cargo could be transported per trip, requiring more barges and ships to transport the same volumes. This impacted our margins as our short-term chartering costs increased to ensure a continued service to clients. While low water surcharges provided some compensation, we still felt the impact. Since December 2018, water levels have normalised. However, it should be noted that the road transportation business in Europe benefited from the low water levels. In addition, the European Union (EU) introduced the worldwide harmonised light vehicle test procedure (WLTP), requiring that all new passenger vehicles meet lower emissions thresholds by January 2019. This impacted the automotive logistics business as original equipment manufacturers (OEMs) dramatically cut production.

Waste management and guarding against environmental contamination are also key priorities given that we transport chemicals, liquids and gases; and dispose of large quantities of hazardous and non-hazardous lubricants (waste oil and grease) and hazardous waste materials (oil rags) from servicing vehicles, ships and equipment.

[1] Heating, ventilation and air-conditioning.

Link to material themes and underlying issues	**Align structure to support strategy**	• Entrench group standards for environmental management.
	Invest in people, partnerships and culture	• Leverage partnerships to deliver growth.
	Optimise and integrate processes	• Continually improve process efficiency. • Demonstrate environmental stewardship. • Ensure adherence to governance processes and other internal controls.
Stakeholder concerns addressed in this section	**Clients:** less emission-intensive products and services, solutions to climate-related risks, and environmental data and performance reporting as well as sustainability ratings.	
Our risks	**Climate change:** damage to property, detrimental traffic patterns, risk of road accidents and interruptions to day-to-day operations due to severe weather conditions, as well as low water periods in Europe impacting the shipping business. **Environmental legislation:** compliance with environmental legislation across multiple jurisdictions, and the ability to respond to the increase in new environmental regulatory requirements. Examples include carbon taxes, mandatory reporting requirements and emissions limits.	
Our focus areas	• Broaden alignment to group environmental standards across operations. • Minimise our direct environmental impact.	
Reporting boundary	All Imperial Logistics companies with the exception of water consumption, which is not considered material for the International division.	

Performance summary

Highlights

South Africa
Tested fuel efficient vehicles, including gas-powered, electric and multipurpose vehicles.

International
Launched a ground-breaking Carbon Compensation Scheme for clients operating car fleets.

Performance rankings

Imperial Logistics was included in the Vigeo Eiris' Top 100 Best Emerging Markets Performers ranking, and in the International division the automotive and shipping business units achieved gold and silver status respectively in the EcoVadis rating system (see demonstrate consistently ethical business conduct).

Context

Travelled over
433,5 million
kilometres by road.

Operate around **two million square metres** of storage capacity.

Second largest consumer of fuel in South Africa.

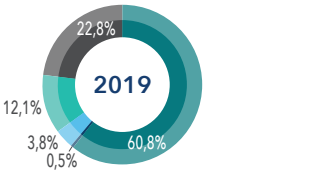
Over **4 200 owned trucks** in South Africa and Europe.

Shipping fleet of **193 owned and 310 sub-contracted vessels and barges.**

Key performance indicators

Fuel consumed

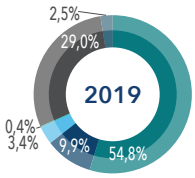
214 139 231
litres of fuel consumed.
(2018: 243 936 788 litres)



- South Africa: road fuel usage
- South Africa: non-road fuel usage
- African Regions: road fuel usage
- International: road fuel usage
- International: non-road fuel usage

Scope 1 and 2 emissions

647 995
tCO_2 [1]
(2018: 727 057 tCO_2)



- South Africa: Scope 1
- South Africa: Scope 2
- African Regions: Scope 1
- African Regions: Scope 2
- International: Scope 1
- International: Scope 2

Environmental incidents

No
fines or penalties incurred for environmental incidents.
(2018: none)

Water consumed

419 806
kilolitres of water purchased from municipalities in Africa, of which 95% is attributable to South Africa.
(2018: 504 029 kilolitres)

CDP

In 2019, we submitted our first CDP as Imperial Logistics.

Spills

One
oil spill reported.
(2018: none)

FTSE4Good Index Series (June 2019)

Achieved an environmental score of 3,1 out of 5.

[1] *Tonnes of carbon dioxide.*

Broaden alignment to group environmental standards across operations

Our approach to environmental management

The board of directors is ultimately responsible for climate-related issues and delegates this responsibility to the group social, ethics and sustainability committee.

Separate environmental management frameworks are in place for the South African and International divisions, with more work still required within the African Regions where poor national infrastructure constrains our ability to lower our carbon footprint. We will use the lessons learnt in the South African and International divisions to drive improvement in this operation; however, limited opportunities exist given the size of our operation. As we drive strategic maturity across Imperial Logistics, we will set group-wide environmental standards that support flexible procedures at operational level.

In South Africa, an overarching environmental framework and policy governs the efficient use of natural resources in the division. Performance incentives are in place for the group's sustainability executives as well as certain business unit managers and equipment operators. Incentives are based on the effectiveness of initiatives and reporting, fuel and electricity savings, emissions reduction, number of employees sent on driver training and the procurement of fuel efficient fleets.

Environmental management systems

Our internationally accredited sustainability management system collates, processes, tracks and communicates data across all operations, covering owned, managed and leased sites. The system also allows our companies to share information on environmental issues and initiatives. Internal audit performs regular data integrity checks and limited assurance by external independent service providers is undertaken annually.

Our integrated management system in the International division comprises an energy management system (ISO 50001 certified) and the environmental management system (ISO 14001 certified). External audits take place annually to ensure ISO certifications are retained.

The energy management system covers 90 sites across Germany, Luxembourg, Poland, Hungary and Sweden. Towards the end of 2019, the system will be extended to sites in the Netherlands and the United Kingdom, with employee training and system and process updates already under way. When completed, the energy management system will cover over 90% of the European operation.

Environmental compliance

Internal audits are conducted in all operations to assess critical environmental compliance processes and controls. Where required, external compliance assessments are also undertaken. Our ability to meet new regulatory requirements can provide a competitive advantage over companies not able to adapt as quickly.

Target setting

Emission reduction targets are in place for certain companies rather than at group-level, which we consider more appropriate given that the majority of our emissions result from fuel consumption. Consumption depends on distance travelled and loads transported, which are in turn, influenced by client trading volumes and market dynamics. More emphasis is placed on controlling usage spikes and ensuring the integrity and accuracy of data to identify where we can implement efficiency measures. However, it should be noted that some targets are set at a divisional level, such as the waste recycling target for South Africa.

Waste and spills

Waste is disposed of in accordance with the relevant local and national waste management legislation across our countries of operation. Pharmaceutical waste and other products that fail to meet required standards are destroyed in line with client requirements. Where required, specialist certified service providers are used and traceability, disposal and destruction certificates issued.

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

Green building design

When building new or upgrading existing facilities, green building aspects are considered as far as possible. Depots for chemical and other hazardous substances must align to national legislative requirements.

Stakeholder engagement

Our dependence on client facilities and processes can, at times, constrain our ability to drive environmental initiatives. We engage with clients on environmental issues, work with them on solutions to optimise fuel consumption, and share our carbon emissions data with them so that they can calculate their own carbon footprints. Some of the client engagement during the year included discussion on water-intensive cleaning requirements in South Africa and a fossil-free fuels seminar in Sweden hosted by FoodTankers.

In Europe, periods of lower water levels are expected to occur more often and last longer. We are working with clients to develop solutions to secure their supply chains so that production is not interrupted. An example would

be special hull designs able to navigate low water, which would also provide us with new business opportunities.

All new suppliers are subject to our onboarding process, which requires them to commit to complying with our policies and standards, including those related to environmental management. Vehicle suppliers are estimated to represent around 25% of our supplier base, and we collaborate with them to develop less emission-intensive vehicles. Similarly, as a major user of fuel we engage with our fuel suppliers on improving product ranges to optimise fuel consumption. An added opportunity is that through robust supplier engagement we are able to identify and test new vehicles or product ranges that could potentially reduce our carbon footprint.

Our environmental training for employees drives the use of new technologies, focuses on fuel conservation in trucks and barges, and aims to influence employee behaviour and adherence to key environmental performance indicators.

Where feasible, we partner with industry leaders to adopt a holistic approach to environmental management for the logistics sector. We monitor legislative developments on an ongoing basis and contribute to public policy on climate change through direct engagement with policymakers as well as indirectly through our memberships in trade associations. This allows us to assess and prepare for upcoming regulatory changes and share our industry expertise.

Related content

Imperial Logistics' CDP submission.

Looking forward:

Group

- Investigate the possibility of setting science-based targets within the next two years.
- Establish group-wide standards and oversight of local operating procedures within the next three years to ensure compliance at the highest level to minimum international requirements and internal accountability frameworks.
- Continue to train employees to build awareness of and adherence to group requirements.

Minimise our direct environmental impact

Continuous operational efficiency

We pursue a pragmatic approach to continuous operational efficiency and cost control while reducing our environmental impact. We research new and emerging technologies related to fleet and warehouse management, and energy, water and waste efficiencies.

Our key areas of focus are:

- Reducing our carbon footprint by becoming more fuel and electricity efficient.
- Reducing our water consumption (South Africa and the African Regions).
- Managing waste responsibly.

South Africa

Our challenges and initiatives

Challenges	Our initiatives
Reducing fuel to contain costs in an environment of increasing fuel prices and constraints in our ability to use fuel efficient trucks due to limitations in national infrastructure and availability of 50ppm diesel for Euro 5 engines.	• **Trucks:** where possible, we replace older vehicles with Euro 5 trucks. This is the highest Euro-rating feasible in South Africa. In addition, some trucks are fitted with aerodynamic streamlining kits and all trucks are regularly serviced and maintained. • **Training:** drivers are trained to conserve fuel and, in some companies, are incentivised to achieve improved fuel consumption. • **Technology:** route optimisation software (which ensures optimal travelling distances that saves fuel and shortens delivery times) and vehicle management systems (which measure mileage and consumption, and track driving behaviour). • **Business travel:** we are optimising video conferencing and have implemented stricter requirements for business travel.
Reducing our demand on the electricity grid as a national priority. However, capital constraints in tough economic conditions limit the extent to which projects can be implemented.	• **Energy meters:** measure consumption in real time and assist to identify opportunities to implement energy saving initiatives. • **Smaller projects:** include energy efficient lighting systems and motion sensors, as well as air-conditioning timers. • **Large projects:** include photovoltaic (solar) installations.
Water shortages from drought or poor municipal infrastructure.	• **Water meters:** provide accurate consumption data, highlight discrepancies in municipal bills, assist to identify water leaks and provide a platform for effective water management initiatives. • **Alternative water sources:** where feasible, we install rainwater harvesting systems and wastewater recycling units in wash bays, which also reduce the effluent discharged into sewers. Boreholes are registered and licensed in line with the requirements of the National Water Act in South Africa. • **Raising awareness:** we educate employees on how to save water.
Measuring waste and meeting our target to recycle 80% of the general waste stream[1] under our control by 2020.	• **A formal waste management system (implemented in 2017 and covering all companies):** while the integrity of our waste data has improved, we are behind in our objective to include waste metrics in this year's report. An exercise to determine the accuracy of the data is scheduled for 2020. In addition, recycling rates are not where we anticipated they would be to achieve our 2020 target. Together with our two accredited waste management service providers, we are evaluating waste contracts and recycling procedures to understand where we can improve.
Guarding against spills.	• **Technology:** systems used by Imperial Logistics Specialised Freight (ILSF) guard against chemical spills. • **Internal controls:** regular internal assessments and independent audits are conducted.

[1] *Between 60% and 70% of our general waste is treated in line with client disposal or destruction requirements.*

2019 review

Fuel consumed

131 304 857 litres

(2018: 144 439 111 litres)

Electricity purchased

64 613 178 kilowatt hours

(2018: 67 148 135 kilowatt hours)

Carbon footprint

Scope 1 emissions

355 352 tCO_2

(2018: 386 687 tCO_2)

Scope 2 emissions

63 962 tCO_2

(2018: 68 484 tCO_2)

Scope 3 emissions

1 794 tCO_2

(2018: 1 795 tCO_2)

Water purchased from municipalities

397 801 kilolitres

(2018: 485 709 kilolitres)

Fuel

- Working with OEMs to bring the first electric truck and bus to South Africa.
- In discussions with a major client to bring the first compressed natural gas dual-fuel truck, which runs on gas and diesel, to South Africa. The client aims to fuel the trucks using excess gas from their manufacturing process.
- Tested the liquefied natural gas-powered truck imported in 2018. While these types of trucks are feasible on the Durban-Richards Bay corridor, the lack of gas refuelling points in the country constrains this alternative to fossil fuels.
- Testing the first multipurpose truck. If successful, it will reduce kilometres travelled as it will be able to transport multiple products at different temperatures.

Electricity

- ILSF installed a 688-panel 227 kilowatt peak photovoltaic (PV) system in the Tanker Services depot in Germiston, Gauteng. Covering 1 365 m², the R2,8 million system yields 369 megawatt hours per annum, saving around 366 tonnes of CO_2. It supplies energy to the depot's offices, workshops and warehouses. Over its expected 25-year lifespan, the system is projected to deliver a cost saving of R22 million.
- Imperial Logistics Transport and Warehousing (ILTW) increased the Goldfields Bothaville PV system installed last year from 31,5 kilowatt peak to 62 kilowatt peak. Goldfields now operates two PV systems, costing around R3 million in total and providing 230 461 kilowatt hours and 95 969 kilowatt hours in the Germiston and Bothaville depots respectively. This equates to 317 tonnes of CO_2 saved. ILTW is also is undertaking a project to install light-emitting diodes (LEDs) across its operations. Energy meters, energy sensors and air-conditioning timers were also installed at the Montague Gardens depot in Cape Town.
- Imperial Managed Solutions installed motion sensors at its Stellenbosch premises.
- Imperial Health Sciences installed LEDs, light sensors and energy meters at its Centurion (Gauteng) and Parow (Cape Town) depots, and Pharmed installed energy meters at its KwaZulu-Natal premises.

Water

- ILSF sunk a borehole and installed a water purification plant at the Tanker Services operation in Belville, Cape Town. The wash bays are now solely supplied by borehole water that meets SANS 241:2011 standards. Water savings are estimated to be between 41% and 46%, and cost savings are around R515 000 per annum.

Looking forward:

South Africa

- Roll out Soloplan (a vehicle optimisation system) in the specialised freight division in 2020. The system supports better scheduling and routing, improving fuel consumption, and vehicle and tyre maintenance.
- Install a 200,6 kilowatt peak PV system for Interstate Bus Lines at its Bloemfontein head office, with estimated carbon emissions savings of 351 tonnes of CO_2 annually.
- Continue to prioritise the installation of rainwater harvesting systems and borehole water for our operations in the Western and Eastern Cape provinces, and assess water solutions for operations in Gauteng and Limpopo.
- Sink a borehole in ILTW's Montague Gardens depot and install water meters at its Paarl depot. In Spartan (Gauteng), ILTW will redesign its water recycling plant and install a rainwater harvesting system.
- Report waste metrics including volumes of hazardous waste, general waste sent to landfill and recycled waste.

African Regions

Our challenges and initiatives

Challenges	Our initiatives	2019 review
Unstable electricity supply in some African countries requires the use of diesel-driven generators.	• **Insulation:** Worldwide Healthcare's warehouses in Nigeria and Imperial Health Sciences' warehouse in Kenya are appropriately insulated to assist with temperature control. • **Solar panels:** Imperial Health Sciences' warehouse in Kenya uses solar power to heat water.	**Road fuel consumed** 8 037 483 litres *(2018: 13 126 290 litres)*
Increasing incidents of prolonged droughts in Africa, exacerbating water shortages due to poor water infrastructure in some African countries.	• **Alternative water sources:** rainwater harvesting systems are installed at some warehouses, and borehole water is used in certain operations in Kenya, Nigeria and Zambia. In Kenya, Imperial Managed Solutions recycles wastewater using a licensed recycling plant. During the year, this business consumed 5 368 000 litres of recycled wastewater.	**Carbon footprint** Scope 1 emissions 21 845 tCO_2 *(2018: 35 623 tCO_2)* Scope 2 emissions 2 560 tCO_2 *(2018: 3 537 tCO_2)*

Looking forward:

African Regions

- Investigate the use of solar power in certain facilities to reduce our dependence on generators.
- Report on our new facility in Nigeria, Lagos, which has been equipped with LED lights and fewer air-conditioning systems to reduce power requirements. The primary source of power will be the grid, moving away from diesel generators. Solar streetlights are planned for the warehouse exteriors.

Imperial logistics

International

Our challenges and initiatives

Challenges	Our initiatives
Reducing fuel and energy consumption to meet EU emissions regulations and contain costs.	• **Trucks and push boats:** we operate a modern truck fleet with a focus on Euro 6 engines, the highest Euro-rating. We also have new generation fuel efficient push boats and gas tankers. • **Training:** ongoing training is provided to drivers and skippers on how to conserve fuel and fuel performance is tracked on some trucks. • **Technology:** route planning systems save fuel and shorten delivery times, systems in prime movers adjust gear selection and cruise control settings, and fuel consumption meters in wheelhouses help skippers adjust speed. • **Energy projects:** include energy efficient lighting systems and energy-saving enhancements to IT infrastructure.
Employing effective recycling processes to contain waste generation and decrease disposal costs.	• **Waste measures:** we have started tracking waste generation in greater detail, including specific waste per site and waste in smaller offices (fewer than five people). • **Stakeholder engagement:** employee training and awareness initiatives and close collaboration with recycling companies.
Guarding against soil contamination.	• **Training:** drivers and skippers are trained on how to safely load and unload chemicals and have the relevant licences for transporting these products. • **Internal controls:** include state-of-the-art equipment and collection trays in loading areas, accident prevention controls, and regular inspections of equipment, hoses and tubes.

2019 review

Fuel consumed

74 796 891 litres

(2018: 86 371 387 litres)

Electricity purchased

35 615 290 kilowatt hours

(2018: 29 812 455 kilowatt hours)

Carbon footprint

Scope 1 emissions

187 788 tCO_2

(2018: 216 731 tCO_2)

Scope 2 emissions

16 488 tCO_2

(2018: 15 995 tCO_2)

Fuel

- Reduced vehicle idling time and the number of trips made by empty vehicles in Germany to increase fuel efficiency without impacting the quality of client service.
- Purchased new trucks for the operation in Lengede, Germany, which provides transportation services for the steel sector. The trucks are lighter and have smaller engines, lightweight rims and a more comfortable driver cabin. The tractor units are around 500 kilograms lighter than older units and the on-board analysis tool tracks vehicle optimisation and driving style. Using the tool to identify poor driving habits and provide training can potentially reduce a driver's fuel consumption from over 32 litres per 100 kilometres to less than 30 litres. The new trucks are expected to be 3% more efficient compared to older trucks.
- Four butane gas tankers commissioned together with chemicals company, INEOS, will be equipped with bow thrusters, particulate filters and catalytic converters with advanced active emissions control technology to ensure we meet the EU's stricter emissions regulations. The tankers will commence operations in 2020.

Our stories

Highlighting FoodTankers' efforts to reduce it environmental footprint

Euro 6

Some 82%

of the fleet, including sub-contractors, meets the Euro 6 standard.

Objective

To have 90%

of transportation services being fossil free in Sweden by 2020, with 74% achieved to date.

Renewable energy

The office, workshop and car wash in Karlshamn are

100% powered

by renewable energy.

FoodTankers operates in the Nordic region and in Western and Central Europe, with its head office based in Karlshamn, Sweden. It participates in the NetPort Science Park's Intelligent Logistics and Energy Cluster to learn more about renewable energy and energy saving, and it shares its experience through different international project groups. FoodTankers also regularly engages with members of parliament and local politicians on sustainability in the transport business, and it has committed to the Swedish Fair Transport Standards to drive safely, drive climate smart and be socially responsible. Sub-contractors are assessed on their environmental efforts as well as their social responsibility.

The purchase of 21 vehicles with the latest Euro 6 technology in 2018 (17 owned and four purchased by sub-contractors), enabled FoodTankers to achieve its goal to reduce the transportation nitrogen oxide (NOx) footprint by 35% between 2015 and 2019. Going forward, all new vehicles acquired for its Nordic operations will operate on viable alternative fuels such as HVO100 (hydrotreated vegetable oil). Unfortunately new legislation has made HVO biodiesel more expensive than ordinary diesel, with only one client agreeing to the new price terms in 2018. Nevertheless, FoodTankers has retained its goal to be 90% fossil free in Sweden by 2020, and is engaging with clients on fossil-fuel free transportation and shared loads to reduce unnecessary journeys.

The high pressure hoses and modern wastewater treatment plant at the Karlshamn truck cleaning station have helped FoodTankers achieve a 16,4% water saving over the past five years.

Helping Oxea advance its goal of operating a zero emissions fleet

Offset

266 tonnes of CO_2

in the first year.

Cookstoves manufactured and distributed

164 000 cookstoves

(solar and energy efficient conventional cookstoves).

Energy saved

Cookstoves use around

60% less energy.

Imperial Logistics has managed Oxea GmbH's car fleet in Germany since 2013. Oxea's goal is to operate a zero emissions fleet and we are assisting it to achieve this objective with the first order of electric vehicles and our ground-breaking Carbon Compensation Scheme.

myclimate administers the scheme and provides a wide choice of environmental and sustainability programmes against which companies can offset their CO_2 emissions. Our clients are able to choose between three projects. Through the purchase of CO_2 certificates, Oxea supports ADES[1] and its goal to have the majority of Madagascan households using energy efficient cookstoves by 2050.

The progressive deforestation of approximately 500 000 acres of forest per year destroys Madagascar's natural resources and biodiversity. More than 80% of the cut wood is used for cooking[2]. The cookstoves provided by ADES are affordable, reduce CO_2 emissions generated from the use of non-renewable biomass, are cheaper to operate and counter the rapid deforestation. ADES' programme also supports reforestation by planting two trees for every cooker sold, and it teaches Madagascan school pupils about environmental protection and climate-friendly cooking methods.

With an average of around 30 000 kilometres travelled each year at a consumption of 6,1 litres per 100 kilometres, the carbon offset costs Oxea around 3,2% of its annual fuel costs. All drivers have been enrolled in the scheme to increase their fuel consumption awareness and make their driving behaviour visible and measurable.

We intend to roll out the Carbon Compensation Scheme to other fleet management clients working towards climate-neutral vehicle operations.

[1] *Association pour le Développement de l'Energy Solaire.*

[2] *Source: https://www.cleancookingalliance.org/partners/item/999/2670.*

Using electric trucks to help preserve Bologna's historic city centre

During the year, the Palletways Solutions service in Italy introduced two electric trucks to deliver goods to the limited traffic zone in Bologna. To reduce congestion and pollution in the city centre, only mopeds, buses, bicycles and electric vehicles are allowed to operate in the zone. The Nissan 3,5 tonne trucks can travel up to 125 kilometres on a single charge. The increasing demand to deliver small consignments to the area, particularly for restaurants and wine bars, prompted the introduction of electric trucks to maintain our high level of client service and demonstrate our commitment to supporting greener transport options in the logistics sector. Going forward, Palletways hopes to introduce more electric vehicles across all 20 of its European countries of operation.

Looking forward:

International

- Undergo ISO 50001 recertification in November 2019.
- Continue to implement energy efficient lighting systems.
- Continue to introduce Euro 6 trucks to the fleet and consider new technologies such as liquefied natural gas and hydrogen-powered trucks.

Imperial logistics

Key data

	2019	2018	2017
FUEL CONSUMPTION			
South Africa			
Road fuel usage (litres)	**130 186 325*** ■	143 375 188	147 656 864
Non-road fuel usage (litres)	**1 118 532*** ■	1 063 923	1 178 860
African Regions			
Road fuel usage (litres)	**8 037 483*** ■	13 126 290	15 032 613
Non-road fuel usage (litres)	**-**	-	-
International			
Road fuel usage (litres)	**26 004 574*** ■	25 051 935	26 524 451
Non-road fuel usage (litres)	**48 792 317*** ■	61 319 452	58 077 752
Total fuel consumption (litres)	**214 139 231*** ■	243 936 788	248 470 540
PURCHASED ELECTRICITY			
South Africa (kilowatt hours)	**64 613 178*** ■	67 148 135	79 244 076
African Regions (kilowatt hours)	**6 649 859*** ■	6 192 376	3 786 562
International (kilowatt hours)	**35 615 290*** ■	29 812 455	54 111 019
Total purchased electricity (kilowatt hours)	**106 878 327*** ■	103 152 966	137 141 657
EMISSIONS			
South Africa			
Scope 1 emissions (tCO_2)	**355 352*** ■	386 687	397 992
Scope 2 emissions (tCO_2)	**63 962*** ■	68 484	76 475
Total Scope 1 and Scope 2 emissions (tCO_2)	**419 314*** ■	455 171	474 467
Scope 3 emissions (tCO_2)	**1 794***	1 795[1]	-
Total emissions for South Africa (tCO_2)	**421 108*** ■	456 966[1]	474 467
African Regions			
Scope 1 emissions (tCO_2)	**21 845*** ■	35 623	39 393
Scope 2 emissions (tCO_2)	**2 560*** ■	3 537	1 962
Total Scope 1 and Scope 2 emissions (tCO_2)	**24 405*** ■	39 160	41 355
Scope 3 emissions (tCO_2)	**422*** ■	442	-
Total emissions for African Regions (tCO_2)	**24 827*** ■	39 602	41 355
International			
Scope 1 emissions (tCO_2)	**187 788*** ■	216 731	215 875
Scope 2 emissions (tCO_2)	**16 488*** ■	15 995	24 810
Total Scope 1 and Scope 2 emissions (tCO_2)	**204 276*** ■	232 726	240 685
Scope 3 emissions (tCO_2)	**1 521** ■	1 391	-
Total emissions for International (tCO_2)	**205 797*** ■	234 117	240 685
WATER PURCHASED FROM MUNICIPALITIES			
South Africa (kilolitres)	**397 801*** ■	485 709	604 212
African Regions (kilolitres)	**22 005*** ■	18 320	23 430
International (kilolitres)	**68 214*** ■	96 320	236 947
Total water purchased from municipalities (kilolitres)	**488 020*** ■	600 349	864 589
SPILLS			
Number of significant spills	**1** ■	-	-
ENVIRONMENTAL COMPLIANCE			
Fines or penalties for environmental incidents	**-** ■	-	1

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

[1] Restated to expand the scope of the metric to include vehicle rental and private vehicle use for business.

■ *Satisfied with performance.*

■ *Area for improvement.*

** Assured (see the independent limited assurance report in the 2019 integrated annual report).*

Overall our environmental footprint decreased during the year, with a 12% and 19% reduction in total fuel and water consumption respectively, and a lower carbon footprint across all divisions. Electricity usage increased by 4% compared to prior year.

In South Africa, our volumes across sectors were negatively impacted by tough macroeconomic conditions and load shedding which impacted production activity and reduced fleet utilisation. In addition, rationalisation efforts reduced our fleet by around 500 trucks and consolidated a number of facilities within the consumer packaged goods business, accounting for the 9% and 4% reduction in road fuel and electricity consumption respectively, and the 8% reduction in Scope 1 and Scope 2 carbon emissions. The division achieved an 18% reduction in water consumed due to the increased use of recycled water and obtaining water from alternative sources. Given the sale of the consumer packaged goods multi-principal distribution capability, we expect further reductions for South Africa in the year to come. A road accident resulted in two oil drums of 400 litres being spilt. A further 26 000 litres of oil were burnt during service delivery riots.

The sale of two companies in the African Regions accounted for the 39% reduction in road fuel consumed – the biggest contributor to the 38% decrease in Scope 1 and Scope 2 carbon emissions. Electricity and water purchased increased by 7% and 20% respectively due to new sites opened in the year, the full year reporting of an acquisition in Namibia made in 2018 and the transfer of certain Imperial Managed Solutions sites to the African Regions division.

In the International division, the 20% increase in electricity purchased is mostly due to the opening of a new warehouse and the 20% decrease in non-road fuel is attributable to the impact of the low water levels experienced in Europe. Last year's metrics for the International division included seven months of electricity purchased and water consumed for Schirm – a water and electricity intensive business – which was sold in January 2018. This continues to influence the 12% decrease in Scope 1 and Scope 2 emissions and the 29% decrease in water consumption.

We aim to improve our environmental reporting by providing intensity ratios that provide a defined measure of the actual reductions achieved, which we recognise are currently obscured by organisational restructuring. We hope to provide these ratios in the 2020 reporting year.

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