Demonstrate consistently ethical business conduct

WHY this matters

Our credibility as a well-governed South African listed multinational able to demonstrate consistently ethical business conduct is fundamental to our competitive advantage, particularly given the prevalence of corruption across the African continent. It also ensures that we secure and maintain partnerships with high-quality clients and are able to attract ethical employees. Our commitment to acting with uncompromising honesty and integrity begins with our leaders who set the correct tone from the top. Our business practices, reputation and commitment to ethics have enabled us to acquire business in countries where regulation is underdeveloped.

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

We are subject to a vast array of legislation across multiple jurisdictions, including that pertaining to product responsibility, labour practice, health and safety, environmental management and information management. As a listed company, our governance processes and systems as well as our credibility attracts multinational clients. In addition as an international company we aim to apply consistent standards across our operations.

We are very pleased to have received the awards listed below, some of which are from regulators themselves. This bears testimony to our commitment to doing business the right way, with an unwavering focus on regulatory compliance and strong governance practices.

<table>
<thead>
<tr>
<th>Recognition</th>
<th>Recognition</th>
<th>Vigeo Eiris</th>
<th>EcoVadis rating</th>
<th>FTSE Russell Index Series (June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide Healthcare in Nigeria was recognised by the London Stock Exchange Group as one of the Companies to Inspire Africa¹ for 2019, and it received the 2018 Best Compliant Pharmaceutical Importer Award by the National Agency for Food Administration and Control.</td>
<td>The Kenya Revenue Authority presented our Managed Solutions business with a top taxpayer’s award for exemplary tax compliance.</td>
<td>As of June 2019, Imperial Logistics was included in the Vigeo Eiris Top 100 Best Emerging Markets Performers ranking (the 100 most advanced companies out of 967).</td>
<td>The automotive business in Europe achieved gold status, scoring 64 out of 100 points in the independent international EcoVadis rating system.</td>
<td>Overall score 3,7 out of five. • Environmental score: 3,1. • Social score: 3,2. • Governance score: 5,0.</td>
</tr>
</tbody>
</table>

¹ The Companies to Inspire Africa Report recognises companies capable of driving transformative economic growth. The report is published in collaboration with PricewaterhouseCoopers, African Development Bank Group, the United Kingdom’s Development Finance Institution, CDC Group and research partner, Asoko Insight.
Demonstrate consistently ethical business conduct continued

**Align structure to support strategy**
- Entrench group standards for ethics and governance management.

**Optimise and integrate processes**
- Ensure adherence to governance processes and other internal controls.

**Deepen legitimacy**
- Maintain credibility and reputation for ethical, effective and independent leadership at board level.
- Maintain good governance standards at corporate and operational levels.
- Maintain corporate citizenship credentials.

**Invest in people, partnerships and culture**
- Leverage partnerships to deliver growth.

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

**Reporting boundary**
All Imperial Logistics entities.

**Our approach**

**Group Code of Conduct**
The Imperial Logistics Group Code of Conduct reflects the personal integrity and honesty which we believe are important values that will assist us to build and maintain mutually beneficial relationships with our clients, investors and all employees. The code applies to all employees in the group and guides them in meeting our expectation that our business is always conducted in accordance with our values and within the framework of the applicable laws and professional standards.

The Code of Conduct takes into account the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the eight core work standards of the International Labour Organization (ILO), the ILO’s declaration of principles about multinational enterprises and social policy (MNE Declaration), the OECD principles for multinational enterprises and the Responsible Care® Global Charter 4.

It covers avoiding conflicts of interest, anti-corruption, fair competition, anti-money laundering and anti-terrorism, the handling of company assets and data protection and security, among other imperatives. It also highlights the importance we place on employee health and safety and environmental conservation.

The code is provided to new employees together with their employment contract.

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

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

All divisional directors are required to confirm their compliance with the anti-bribery and corruption policy quarterly. In South Africa and the African Regions, selected executives and senior managers are required to formally confirm annually that they have read the anti-bribery and corruption policy, have not been involved in any corrupt activity or anti-competitive behaviour and are not aware of any specific activity of this nature.

In Europe, a supplier code of conduct (also covering sub-contractors) holds service providers to our values and policies. Suppliers and employees are screened to ensure compliance with international anti-terrorist financing regulations.

Both our Code of Conduct and anti-bribery and corruption policy are available on the Imperial Logistics website.

**Training**
Training builds local awareness of and adherence to group requirements, and promotes an ethical and non-discriminatory culture. Employees receive training on the anti-bribery and corruption policy, and on the Foreign Corrupt Practices Act, as many of our international clients are subject to the Act or similar legislation. For our employees in the healthcare businesses, refresher training is undertaken annually.

In South Africa, senior managers receive training on the Competition Act and a guideline on competition law is available in Europe.
Social, ethics and sustainability governance structures
The group’s social, ethics and sustainability (SES) board committee meets four times a year, and oversees SES issues and implements practices consistent with good corporate citizenship. An independent non-executive director chairs the committee, which is attended by the group chairman, group chief executive officer, group chief financial officer, investor relations and communications executive, the group head of sustainability and group risk executive. The chief people officer, transformation director and health and safety executive attend as invitees.

A dedicated sub-committee of the group’s SES board committee has been constituted to approve all corporate social investment projects and spend, and ensure their alignment to strategic objectives.

In Europe, the Quality, Environment, Health and Safety (QEHS) and Sustainability department centralises the management and monitoring of sustainability issues and ensures the International division complies with relevant laws and standards. This integrated management practice enables the sharing of specialist knowledge and best practices among individual companies. The department drives improvements that benefit the division and provides assurance on the quality and sustainability of our initiatives. Energy consumption is reported to the International division’s management board.

Human rights
We adhere to the principles embodied in the Universal Declaration of Human Rights, the South African Constitution and the ILO’s Declaration on Fundamental Principles and Rights at Work. Our human capital policies and procedures protect against any discrimination and human rights abuse. Company managing directors, as well as the chief executive officer and human capital executive of the African Regions, oversee the implementation of these policies.

Our assessments indicate that there are no instances of material risk relating to freedom of association or collective bargaining, child labour, or forced or compulsory labour within Imperial Logistics. We will not hesitate to terminate agreements and relationships in our supply chain that contravene international human rights standards.

Regulatory compliance
Company management teams are responsible for keeping abreast of regulatory changes and governance standards in individual markets to ensure our licences are maintained. Regular compliance audits are conducted across all operations and compliance training is delivered to employees. In Europe, a centralised Compliance department manages compliance across all European jurisdictions, with a particular focus on anti-bribery and cartel regulation.

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

In the African Regions, tools that provide visibility on regulatory requirements include an internal tax monitoring and compliance tracking tool in Kenya. As part of our newly launched tax health check programme for the African Regions, we reviewed our Namibian companies in 2019. In addition, we increasingly use local tax specialists to provide increased assurance that we are complying with tax legislation.

We engage with regulators and use our memberships in local chambers of commerce and similar entities to understand the controls required to ensure compliance with upcoming legislation and to contribute to policy development. This is key in Africa where constructive relationships with regulators and governments ensure the sustainable supply of quality medicines.

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

Whistle-blowing hotline
We encourage our employees to express their concerns in an open and direct manner, and they are required to point out any circumstances that might indicate an infringement of laws and internal directives. An independent whistle-blowing hotline (refer to key data table below) is available in the majority of our operating countries, enabling stakeholders to report concerns anonymously. Stakeholders are able to report concerns in a language local to their country. Retaliation against whistle-blowers is not tolerated and the group’s audit and risk committee is mandated to oversee the management of the hotline and actions taken.
Demonstrate consistently ethical business conduct continued

2019 review

Group
- Launched an e-Learning tool to deliver ethics training across the group. The tool has standardised training quality, is applicable across our various jurisdictions, and provides a central database of training records.
- Legal teams were installed in each division to provide enhanced depth of counsel and dedicated focus on regulatory matters and developments specific to each region.
- Delivered awareness interventions on the whistle-blowing hotline group-wide.
- Imperial Logistics did not incur any significant fines or non-monetary sanctions for regulatory non-compliance during the reporting year.

African Regions
- Started implementing processes to ensure our suppliers and sub-contractors in the African Regions commit to the ethical business practices specified in our anti-bribery and corruption policy.

International
- Extended the Deloitte whistle-blowing hotline to the International division1. The new hotline covers our operations in Europe and China.

Looking forward:

Group
- Further embed group-wide standards and oversight of local operating procedures, ensuring compliance at the highest level to minimum international requirements and internal accountability frameworks.
- Embed training on ethics across the group.

African Regions
- Implement the tax monitoring and compliance tracking tool for Ghana and Nigeria in 2020.
- Undertake a tax health review in the Ghana operation in 2020.

1 Previous hotline operated by another independent service provider.
Imperial Logistics makes Vigeo Eiris Top 100

Vigeo Eiris evaluates an organisation’s integration of social, environmental and governance factors with its strategy, operations and management - focusing on promoting economic performance, responsible investment and sustainable value creation.

The agency evaluated 967 companies operating in 35 sectors in 31 emerging market countries. Areas of focus are human and labour rights, environmental protection, corporate governance, business ethics and contribution to social and economic development. Companies are analysed using Vigeo Eiris’ exclusive Equitics methodology and the rankings are reviewed and updated every six months.

Companies are excluded from the index if they are subject to critical or recurrent controversies to which they fail to provide visible evidence of corrective measures or engagement with stakeholders.

Sustainability performance ratings in Europe

Automotive
Gold status, scoring 64 out of 100 points.

Shipping
Silver status, scoring 55 out of 100 points.

EcoVadis is an independent international rating agency for global supply chains that evaluates the sustainability performance of companies from 150 sectors in 110 countries. The ratings are based on 21 indicators for environmental performance, working conditions and human rights, fair business practices and sustainable procurement. Participating in the ratings evaluation provides our clients with the ability to monitor our sustainability performance, particularly in the chemical and automotive industries, and enables us to benchmark ourselves against our peers and receive feedback on where we can improve. Some clients require an EcoVadis rating as a criteria for future collaboration.
Key data

<table>
<thead>
<tr>
<th>Whistle-blowing hotline</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of tip-offs registered</td>
<td>62</td>
<td>75</td>
<td>48</td>
</tr>
<tr>
<td>By category</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fraud</td>
<td>6</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>- Governance</td>
<td>2</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>- Human resources¹</td>
<td>31</td>
<td>46</td>
<td>22</td>
</tr>
<tr>
<td>- Enquiry</td>
<td>2</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>- Other crime</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>- Corruption</td>
<td>11</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>- Theft</td>
<td>6</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>- Fleet management irregularities</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>- Procurement irregularities</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

¹ Includes no incidents of alleged discrimination.

All cases reported through the whistle-blowing hotline were investigated with one tip-off still pending at the time of publication. No tip-offs were received concerning the International division. Where required, disciplinary hearings were held, and where allegations were substantiated and the circumstances warranted, the offending employees were dismissed.

Of the 11 cases of corruption reported to the whistle-blowing hotline and management, one was confirmed as corruption and one employee was dismissed. There were no cases regarding corruption brought against Imperial Logistics or its employees during the reporting period.

No incidents of non-disclosure of conflicts of interest were reported through the hotline.

There were no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which Imperial Logistics was identified as a participant. There were also no substantiated complaints concerning leaks, thefts or losses of client data.

GRI indicators:
General: 102-12, 102-15, 102-16, 102-17
Economic: 205-3, 206-1
Social: 406-1, 407-1, 408-1, 409-1, 418-1, 419-1