Effective human capital management

**WHY this matters**

Over the past 12 months, Imperial Logistics’ people have had to deal with unprecedented change - our new identity as a separately listed entity, a new leadership team, a renewal of the Imperial Logistics’ strategy, the new operating model in South Africa and International (commercial and operations) and some tough decisions to rationalise the business. At the same time, our employees had to contend with the increasingly volatile and uncertain economic and socio-political conditions in most markets in which we operate.

We must ensure that all our employees clearly understand the direction Imperial Logistics is taking. We must also ensure they have the tools and skill sets needed to think differently, learn faster and do more to deliver on our strategic objectives while remaining focused, dedicated and resilient in the face of change. Just as important is their ability to embrace “one business, one brand” thinking – unified by a single strategy and vision, and with ever-increasing synergy, collaboration and integration in how the business is run.

While the organisational effectiveness work of the past years has addressed some of the human resources needs of the group, more must be done to attract, develop and retain the right skills and expertise to achieve our desired positioning. Our people strategy is therefore being refined to position Imperial Logistics as an employer of choice in all our markets of operation and we are working towards understanding what this means in each region. Our culture of providing service excellence to our clients, and our approach to innovation and ability to identify and harness disruptive digital technologies are aspects that set us apart as an employer.

Our ability to compete depends on our thorough and in-depth knowledge of our key industries and our clients’ businesses. The requirements in the healthcare industry are very different to those of the automotive industry and we need to have people with skills in each to customise client solutions. In South Africa, transforming our workforce to be more representative of the country’s demographics provides another competitive advantage.

**Workforce trends**

In South Africa and the African Regions, the cost of attracting and retaining people with the right skills and experience is increasing. In central Europe, the low unemployment rate makes it difficult to source qualified blue collar workers such as truck drivers and boatmen, as well as IT specialists and logistics planners. In addition, low unemployment rates drive higher wage growth in some areas and particularly for highly skilled people.

Work-life balance is increasingly a key criterion for the younger generation, requiring businesses to adjust their working models to allow for flexitime and remote working conditions, develop new communication channels and train managers how to lead remote teams.

Finally, a number of changes to labour legislation have been introduced impacting all regions, with the most notable being regulation around temporary employment services in South Africa and minimum wage in the African Regions, to which we comply.

**Organisational changes**

Retrenchments are viewed as a last resort and take place only after other operating costs have been scrutinised and reduced. However, when downsizing is undertaken due to difficult operating environments, we follow fair procedures in compliance with legislation, collective bargaining agreements and applicable company policies. Affected employees are provided with appropriate support which includes time off to attend interviews, re-skilling to enhance employability and counselling.

The biggest impact to our employees was the decision to exit our consumer packaged goods (CPG) multi-principal distribution capability in South Africa. Roadshows were undertaken to communicate the decision to our employees and numerous discussions held with key stakeholders to retain key contracts under a different commercial model and find alternative options for affected employees, whose contribution, dedication and service we deeply value. Constructive and ongoing engagement is being undertaken with the relevant unions, facilitated by a commissioner appointed by the Commission for Conciliation, Mediation and Arbitration (CCMA). CPG operations will be fully terminated by the end of September 2019.

During the reporting year, 3 014 employees in South Africa were impacted by organisational restructuring, resulting in the transfer of 2 764 employment contracts and the regrettable retrenchment of 250 employees. In the African Regions, the majority of employees impacted by restructuring were redeployed within the division and only six retrenchments took place. The International division was rightsized and unfortunately necessitated retrenchments which affected 100 employees. The due processes were followed for all retrenchments.
Effective human capital management

| Invest in people, partnerships and culture | • Establish the foundations to drive the “ONE Imperial” approach.  
• Attract, develop and retain employees with the right management and technical skills to drive strategic delivery and propel future growth.  
• Develop current and future leaders to drive the group’s strategy, the desired culture and the “ONE Imperial” approach.  
• Enhance transformation and diversity across the organisation.  
• Embed best people management practices across the group to underpin a competitive employee value proposition and position the group as an employer of choice. |
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<tr>
<td>Align structure to support strategy</td>
<td>• Simplify and align organisational structures to deliver our strategy.</td>
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</table>
| Fair and responsible remuneration and reward practices aligned to performance | • Implement standardised key performance indicators (KPIs) to drive strategic execution within individual businesses.  
• Ensure fair and responsible remuneration practices. |
| Deepen legitimacy | • Maintain corporate citizenship credentials. |

**Stakeholder concerns addressed in this section**

**Shareholders:** executive remuneration practices.

**Employees:** enhancing communication and collaboration (group), training, diversity and inclusion (South Africa), career pathing (African Regions) and leadership quality (International).

**Labour unions:** salaries and minimum wage.

**Our risks**

**Retaining skills:** increased competition for skills given a tough economic environment, scarcity of some skills (particularly those that are applicable across financial, consulting and technology industries) and lack of an integrated talent management model to identify and move talent across the group.

**Attracting the right skills:** our ability to attract the skillsets, including digitalisation and innovation expertise, to ensure we are future fit and able to deliver on the Imperial strategy and support the strategies of our clients.

**Compliance with labour legislation:** keeping up to date and complying with labour legislation and practices across multiple jurisdictions.

**Our focus areas**

• Drive the “ONE Imperial” approach.  
• Develop our people.  
• Enhance diversity across the organisation.  
• Embed best people management practices.  
• Maintain constructive relationships with organised labour.

**Reporting boundary**

All Imperial Logistics companies.
Effective human capital management continued

Performance summary

Highlights

Group
Launched Imperial Logistics LinkedIn profiles for all three divisions.

South Africa
Enhanced the talent management process, started implementing standardised performance management practices and aligned people processes and practices in preparation for system implementation.

African Regions
Standardised the performance management practice across group companies and made good progress in identifying skills gaps.

International
Started work to shift organisational culture to support the new operating model and started the roll out of the people management system.

Context
Every day our 27 463 people in 32 countries impact the lives of millions of people.

- South Africa (15 207 employees)
- African Regions (3 088 employees)
- International (9 168 employees)

34% of employees in South Africa belong to the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI).

69% of employees in Germany are covered by collective bargaining agreements.

Key performance indicators

<table>
<thead>
<tr>
<th>Training (group)</th>
<th>Training hours delivered (group)</th>
<th>Gender diversity (group)</th>
<th>Black representation at top management (South Africa)</th>
<th>Black representation at senior management (South Africa)</th>
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<tbody>
<tr>
<td>R192 million training spend. (2018: R166 million)</td>
<td>628 228 hours with 99% of hours benefiting South African employees.</td>
<td>17% women representation at top management. (2018: 16%)</td>
<td>47% against a 2019 target of 33%. Some 20% of top management are black women.</td>
<td>28% against 2019 target of 20%, with 10% being black women.</td>
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Recognition

In South Africa, we were shortlisted in nine categories of the Future of HR Awards and received the Leadership Award for human resources management strategies and practices that directly impact business performance and innovation.

In February 2019, we were awarded the 2018 Corporate Educator of the Year by SAPICS (the professional body for supply chain management in South Africa).

The International division was awarded the Community Most Valuable Player Award by Talentsoft for its human resources transformation project.
Drive the “ONE Imperial” approach

Our focus
- Embedding a new corporate culture and a unified vision, purpose and set of values while still retaining entrepreneurial flair.
- Enhancing the Imperial Logistics employer brand in all regions.

Our approach
Our employees are critical enablers of our strategy and key to improving our performance. Their level of engagement, relevant skills and diverse ideas determine the efficacy of our client-focused solutions, operational excellence and continuous improvement. Going forward, our people management strategy will centre on becoming an employer of choice and developing a highly engaged workforce, with both aspects being a direct result of a strong corporate culture.

Our growth by acquisition and differences in language, national culture and geographic location, among others, have meant individual operating companies have their own distinct cultures, management and working styles. In addition, our newly listed status has significantly shifted the identity of the organisation.

To achieve true collaboration and “ONE Imperial” thinking, we want to shift towards a culture that drives a group of core behaviours at the centre while still allowing for individual cultural nuances appropriate to individual companies.

An attractive employee value proposition is the starting point of an effective employee engagement strategy. Engaged employees – who feel an emotional connection to an organisation and enjoy a rewarding workplace and career experience – deliver sustainable business success and client satisfaction and retention.

With an enabling culture, the “ONE Imperial” approach and a clearly articulated employee value proposition we will strengthen our employer of choice status in all our markets, enabling us to reap the benefits of a highly engaged and empowered workforce, attract the right skills and young professionals to our organisation and retain talent to deliver on our strategic objectives.
Effective human capital management continued

2019 review

Group
• Appointed a group chief people officer (a member of the executive committee) who will drive the overarching people strategy and integration of world-class people policies and practices to position Imperial Logistics on the winning side of the war for talent.
• Launched Imperial Logistics LinkedIn profiles for all three divisions, which is helping to address the challenge of talent acquisition in South Africa and the African Regions. Pleasingly, in the initial testing in South Africa, we averaged around 2,900 hits per job posted.
• Held a creathon with senior members of the human resources, communication and IT teams to interrogate how we can improve our employee communication at a group level.

South Africa
• Established the Creathon Centre in Cape Town to promote innovation. A number of successful implementations have been delivered to date, adding value to our clients and employees.
• Launched the Executive Development and Women’s Development programmes, which develop leadership capability and resilience in the face of change.
• Over 9,000 employees now have access to Independent Counselling and Advisory Services (ICAS) – providing our employees and their families with access to free and confidential counselling and advisory services 24/7. All members of the NBCRFLI are eligible to join its Wellness Fund Health Plan (see the Trucking Wellness programme).

International
• In response to the 2017 employee engagement survey, a number of action plans have led to several improvements, including deeper conversations with employees on what motivates them.
• Redesigned the onboarding process to enhance engagement with new employees.
• Launched the future collaboration project, in which more than 130 employees participated in developing a collaboration charter to support the new operating model and drive growth activities. The charter clearly defines accountability for issues such as solution design and decision-making.
• Developed an innovation framework to collect, evaluate and develop innovative ideas from employees.

Looking forward:

Group
• Develop new ways of working to strengthen the commercial mindset within the group and ensure the delivery of Imperial Logistics’ strategic objectives. We are designing our structures and processes to achieve:
  - A strong enabling culture that is ethical, collaborative innovative and client- and delivery-driven.
  - The “ONE Imperial” approach (one business, one brand thinking).
  - An empowering work environment based on trust and mutual respect.
• Continue to undertake employee culture surveys to understand organisational sentiment and use the outcomes to develop a clearly articulated employee value proposition and benchmark progress.
• Investigate technology platforms and systems that will support the quick implementation of an internal group-wide communication mechanism - this will improve communication with all employees, promote inclusivity, collaboration and knowledge sharing across geographies and encourage employee feedback.
Sharing information through resolve-Ed

Resolve’s climate survey undertaken in 2018 highlighted that employees did not have sufficient knowledge of the company’s policies and practices and wanted to know more about work-life balance. In response, voluntary resolve-Ed sessions were launched twice a month during lunch hours.

Sessions cover topics such as employee relations, business conduct, performance reviews, remuneration and time and attendance and skills development. External specialists deliver presentations on emotional and physical wellbeing, financial planning, women in the workplace, diversity, managing stress and environmental awareness.

Presentations are made available on Resolve’s intranet and key sessions are also presented offsite. Feedback from Resolve’s leadership conference indicates that the initiative is a welcome addition to the company’s internal communication strategy. To assess the impact of the initiative, another climate survey is scheduled for August 2019.
Enhancing the Imperial Logistics employer brand in Poland

During the year, we continued to create close alliances with various technical and logistical schools in Poland – particularly the School of Logistics in Poznań and the Technical High School in Swarzedz – to increase our employer brand. Our employees shared their knowledge with students in various internship programmes and schools, and took part in school events to promote logistics as a career. The initiative increases our recognition as a sustainable employer and enables us to enlist students with the right training.

Supporting employee wellness

Held a number of health and wellness initiatives in Germany, focusing on stress management and posture – key wellbeing concerns for both office and warehouse workers and truck drivers.

In South Africa, ICAS helps employees and their families with any health, wellness, personal and work-related challenges they may be facing. Services offered include:
- Confidential telephone counselling with qualified ICAS counsellors.
- Personal face-to-face counselling with fully qualified and registered clinicians.
- Life management services including legal, financial and family care services.
- A trauma and critical incident service for professional trauma counselling.
- HIV counselling.
- An online eCare service, including access to health and wellbeing information.

In Germany, our flexitime scheme supports a healthy work-life balance and is managed in line with operational requirements. Employees returning to work from a long absence due to illness are interviewed and the insights gained are used to inform a healthier working environment.

At the Duisburg wellness event, employees were able to take a number of tests to determine their stress levels, the strength of their back and abdominal muscles and the state of their posture. Participants received individual coaching and practical tips from external specialists on how to improve their stress levels and posture. Similar learnings were available at wellness days held at other chemical and automotive sites.

Our sustainability week supports Germany’s Sustainability Action Days, which encourage people to participate in environmental and social interventions to support the United Nation’s Sustainable Development Goals. During the week, employees could learn about climate change and volunteer to donate blood or register as potential stem cell donors. Used cellphones were collected for recycling and the proceeds used to support the renaturation of the Havel River in north east Germany. At the Duisburg event, employees could calculate their travel emissions, comparing modes of transport.
Develop our people

Our focus

- Developing more effective and integrated talent management strategies to identify internal and external talent group-wide.
- Attracting and developing skilled young talent with diverse backgrounds and industry know how.

Our approach to succession, talent and learning and development

We are committed to leveraging our talent and providing growth opportunities and clear career paths for employees across the group. Leadership development, succession planning and the development and retention of a strong talent pipeline are key priorities that enable us to effectively retain the intrinsic entrepreneurial flair that characterises Imperial Logistics and develop the depth of highly specialised logistics skills required to meet our current and future business needs.

During the year, we revisited our succession slates given the multiple leadership changes that have been made. In South Africa and the International division, succession plans and associated development plans are in place for all leadership tiers at group and company level. In the African Regions, succession plans are in place for the top two levels of management, with personal development plans compiled for some employees.

We want to create a culture of continuous learning and personal development. We invest in the training and advancement of employees at all levels. Our training interventions support business needs and customised client solutions, drive innovation and diversity, and assist career advancement. Development is structured around on-the-job learning, coaching and classroom activities in a 70:20:10 split.

Our leadership development programmes aim to enhance leadership capability and behavioural skills to drive strategic objectives and model the desired culture.

As we intensify our efforts to align our human capital management with best in class practices, we recognise that we have work to do to enhance the levels of training investment in the African Regions. Strategies are in place, and the newly introduced performance management practice and the launch of the Imperial Logistics e-Learning platform will go some way towards improving our training and development impact beyond South Africa. A related priority is to develop local management teams with succession depth, particularly as the founders of the businesses exit in due time.

South Africa

The Imperial Logistics Academy advises on, and designs and implements learning and development programmes for South Africa and the African Regions, including group companies.

Tertiary education is delivered through a blended learning approach in partnership with various educational institutions and includes degrees, diplomas and higher certificates in fields that support the competencies required by Imperial Logistics. Some programmes are delivered through study assistance and bursary schemes.

Our 12-month Graduate programme, learnerships, apprenticeships and internships provide work experience, training and mentorship in various disciplines and business units. The Graduate programme targets qualified logistics, financial management and industrial engineering students to build a talent pipeline for specialist and management roles. Our learnerships, apprenticeships and internships also enhance the employability of learners in the sector. Given the low growth environment in South Africa, our ability to employ learners is constrained but we work with our suppliers to find employment opportunities for them where we can. To achieve the maximum points for skills development on the broad-based black economic empowerment scorecard means that we must develop around 500 unemployed learners each year.

The Family Bursary Scheme and the Next Generation Scholarship programme award bursaries to the children and legal dependants of our employees in South Africa. A total of R4.7 million has been set aside to support these programmes for the next four years.

The Thabang Fund, introduced in 2017, is used to develop black semi-skilled and unskilled employees. To date, it has invested over R5 million in developing 1 200 employees in various fields including transport, warehousing, freight handling, business administration, finance management and wellness, among others.
International

Our leadership guideline outlines the competencies that make our leaders successful and is used as a basis for leadership development interventions. The Develop Yourself programme targets talented individuals younger than 35, and upskills them on effective engagement, conflict management and managing change.

Trained internal or external coaches provide coaching to expand competencies and support managers and employees to develop and implement solutions to work-related challenges. Coaching is provided to newly promoted managers, leaders wanting to improve their leadership capability and where a need is identified to deal with behavioural issues and conflicts. Feedback from employees undergoing coaching has been good.

Job-specific training is provided where mandatory qualifications are required, as well as training to develop IT, language and technical skills where this supports an employee’s ability to perform their roles. Our Training Academy in Poland trains and certifies blue collar workers for our automotive activities, and grants are offered to certain employees wanting to study part time.

2019 review

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<th>Training spend (Rm)</th>
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<tr>
<td>South Africa</td>
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<td>African Regions</td>
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<td>International</td>
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<th>South Africa</th>
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<tbody>
<tr>
<td>African Regions</td>
<td>29,9</td>
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<tr>
<td>International</td>
<td>159,7</td>
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Employee learning and development (South Africa)

- 481 employees registered for tertiary qualifications. (2018: 360)
- 627 employees registered for a learnership in South Africa. (2018: 237)

Graduate programme (South Africa)

- 38 participants of whom 63% are black students. (2018: 68)

Family Bursary Scheme and the Next Generation Scholarship programme (South Africa)

- 403 students supported at a cost of R8,4 million in the past three years.

South Africa

- Enhanced the talent management process by linking job profiles to related learning and development curricula. Using a more scientific methodology we can now identify the appropriate talent for each job profile and understand where we can potentially promote employees in the talent pipeline.
- Launched a number of new development programmes targeting executives and women, as well as tailored development programmes for specific companies.
- Highlighted Imperial Logistics as an employer at various universities to support the intake to the Graduate programme.
- Enrolled 559 unemployed learners on a learnership, apprenticeship or internship (2018: 701), of whom 97% are black learners, 52% are black women and 43% are learners with a disability.
- Achieved our target of having 2,5% of the South African workforce comprising unemployed learners.

African Regions

- Made good progress in identifying skills gaps, some of which will be addressed using the new Imperial Logistics e-Learning platform.
- Invested approximately R1,2 million in development interventions to build a pipeline of competent leaders.

International

- Provided basic and advanced training for team leaders and shift supervisors to develop managerial and leadership skills.
- Seven young professionals completed the Develop Yourself programme, with one being a woman. The 21 participants in the 2018 programme made excellent proposals on how to improve top-down communication with employees and new ways to recruit young apprentices and trainees.
Looking forward:

**Group**
- Develop an effective talent management approach that provides a single group-wide view of talent. This will enable us to move resources within the group and will inform development and succession planning.
- Build an intra-group mobility capability that provides top-tiered leaders and specialists with international exposure.
- Effectively manage succession to support the need for change.
- Continue to develop leadership capabilities and appropriate integration and development plans for founder/owner managers in acquired businesses.

**South Africa**
- Continue to enhance transparency around career paths at all levels and equip line managers to hold effective talent conversations with their teams.
- Increase our intake of graduates in 2020, with 67% being women.

**African Regions**
- Conduct talent assessments for senior managers identified as possible successors for critical roles and compile appropriate development plans for them, including executive coaching.
- Consider graduate training programmes and employee/student exchange programmes in the medium term.

**International**
- Develop revised leadership guidelines on what we expect of our leaders, including the management board.
- Enhance awareness around coaching as a development tool and roll out an e-Learning intervention for warehouse employees in Belgium, Luxembourg and the Netherlands.
Our stories

New development programmes

Executive Development programme
25 senior leaders participated with an additional 25 leaders scheduled to attend later in the 2019 year.

Women’s Development programme
220 women at middle and senior management level.

Specialised Controller programme
49 participants

Launched in South Africa in April 2019, the customised Executive Development programme develops innovative thinking. Participants are able to ideate, prototype and test new ideas individually and collectively, delivering value to Imperial Logistics and our clients.

The programme delivers an “outside-in” experience enabling participants to explore what the future may look like for Imperial Logistics and gives them the opportunity to work on strategic projects. The “inside-out” aspect of the programme looks at the role of leaders in leading and managing change and provides personalised development through leadership assessments, coaching and tailored activities.

The Women’s Development programme helps women develop greater self-awareness and self-mastery, manage change, stress and pressure, be more assertive, engage effectively, manage conflict and difficult situations, and constructively give and receive feedback.

We successfully piloted the Specialised Controller programme, which empowers controllers to better manage their supply chains and associated risks. At the end of the programme participants present their learnings to management. Group companies have requested that the programme become a learnership qualification to facilitate mobility and career progression.

Achieving operational excellence at ILTW

Lean and Structured Team Problem Solving programme
300 senior and middle management employees completed the programme with R1,5 million invested in their development.

Imperial Logistics Transport and Warehousing (ILTW) introduced the customised Lean and Structured Team Problem Solving programme to support operational excellence, which it has identified as a key building block to delivering its strategy.

The programme covers lean tools and techniques and develops the following skills:

- Initiating, developing, implementing and evaluating operational strategies, projects and action plans to improve effectiveness.
- Implementing effective performance measurement and management systems.
- Leading a team of first line managers.
- Building relationships with superiors and stakeholders across the value chain and delivering effective communication on initiatives and decisions.
- Applying critical thinking to address problems and develop solutions.
- Leveraging project teams to enable effective group problem solving.

Within two months of the programme, participants must submit a portfolio of evidence demonstrating how they have applied the tools and techniques learnt to identify and address a work problem, and measure the impact of their intervention.

Over the longer term, ILTW intends to achieve accreditation for the programme and expand it to include customised content and e-Learning for junior management and supervisory level employees.
Supporting local employment using a tailored development programme

In April 2019, we opened a new Volkswagen Group packaging centre in Wilhelmshaven, Germany, which will create 500 new jobs. To attract candidates, our local recruitment drive comprised an event at the local job centre to communicate information about Imperial Logistics, followed by short interviews with potential applicants.

Selected applicants with no logistics experience but interested in learning more about the industry participated in a tailored training programme. The programme comprised six weeks of logistics theory and six weeks of practical training. Participants were also able to obtain a licence to operate a forklift and sit examinations to achieve a qualification. The decision to hire was made on the successful completion of the programme. The benefit of this intervention is that prior to accepting a position, candidates gained a level of insight into Imperial Logistics and vice versa.
Enhance diversity across the organisation

Our focus

- Accelerating the promotion of black people in South Africa given a smaller workforce and low employee turnover across management levels.
- Sourcing, attracting and retaining black candidates in South Africa for key specialist and business critical positions.
- Managing the expectations of a multilingual and multi-generational workforce.

Our approach to diversity and inclusion

Diverse teams with varied experiences, backgrounds and styles are better able to understand and meet the needs of a diverse client base, improving our ability to compete for business. In addition, meeting local transformation and diversity requirements across operations contributes to our relevance in markets. We are giving urgent attention to accelerating diversity within the group to ensure that we transform our succession pipeline, that our workforce is representative of demographics in our countries of operation, and to promote a culture of diversity and inclusivity.

While we have made progress in transforming the South African workforce, we still have work to do. In the African Regions, we retain and develop the management teams of acquired businesses to preserve client-centric agility, and we encourage them to employ local talent. Expatriates are only hired to assist with technical issues or in critical senior roles where local talent is scarce.

Diversity workshops and employment equity forums in South Africa encourage open, honest and sensitive conversations, and in the African Regions, programmes on tribalism raise awareness on diversity and inclusion. Employee engagement surveys at group and company level are also used to understand concerns related to diversity.

South Africa

Our employment equity targets go beyond compliance targets. Some 10% of executive and managing director incentives is linked to transformation progress.

Accelerated talent development, strategic sourcing and targeted attraction and retention initiatives are used to improve black representation, particularly in management levels. We fast-track talented black employees while at the same time ensuring that deep industry and institutional knowledge is not lost. In addition, all group companies are required to spend 2% of their annual payroll on developing black employees.

Regular reporting on employment equity performance takes place at company and divisional chief executive level, and any issues identified are escalated to the group social, ethics and sustainability board committee.

Our objective is to grow black representation and black women representation at senior management level to 31% and 13% respectively by 2020.
## 2019 review

### Appointments (South Africa)

89% of appointments made in the year went to black candidates.

### Developing black employees (South Africa)

92% of training spend in South Africa was used to develop black employees.

(2018: 79%)

### Women representation (group)

24% of overall headcount.

(2018: 24%)

1% increase in women working in top management roles.

15% increase in women working in senior management roles.

### South Africa

- Appointed a number of black and female employees to key executive and management positions.
- Met overall employment equity targets at all management levels other than junior management, which was missed by a marginal 1%. Black representation at top management level was 47% (target: 33%), senior management at 28% (target: 20%), middle management at 43% (target 39%) and junior management at 76% (target 77%).
- Submitted the five-year employment equity plan to the Department of Labour. The plan sets targets and the action plans to achieve them.
- Launched the Women’s Forum comprising representatives across all employment levels. The forum has established a governing charter for women’s issues.
- The newly launched LinkedIn profile for Imperial Logistics is helping to reach more black candidates.
- 98 leaders attended change management training to help them embed employment equity practices and policies. Improved awareness is creating a gradual shift and we will continue to roll out the programme in the next year.
- ILTW is training 170 unemployed youth, with 100 of these learners being people with disabilities. The business unit has committed to absorbing 50% of these individuals upon the successful completion of their programmes.

### International

- 21.9% of new hires (2018: 22.4%) were women, meeting our target of 20%.
- Women representation at top management level was 13% and at senior management level 6% (2018: 13% and 6% respectively).

### Looking forward:

#### Group

- Continue to accelerate diversity to transform our succession pipeline with black and female candidates for executive and management positions.
- Consolidate the regional women’s forums into a global forum, with key regional representatives meeting quarterly to progress strategic initiatives and identify global issues impacting women. The forum will also implement relevant solutions.

#### South Africa

- Launch a job-shadowing intervention for potential successors to leaders who hold mission critical positions and are close to retirement. Around 90 leaders will be retiring in the next couple of years, creating the opportunity to fill these positions with black talent while ensuring that skills are transferred, institutional knowledge is not lost and candidates are nurtured into these leadership roles.
- Proactively build an external talent pipeline for business critical positions, focusing on African male and female candidates. The pipeline will support and supplement the internal talent pool.
Embed best people management practices

Our focus

- Aligning people processes, practices and policies across group companies while still retaining their unique requirements.
- Accessing personnel information on integrated human capital management systems to support effective workforce planning, succession and career planning, performance management and people administration.

Our approach to best people practices

We are maturing our human capital management frameworks across all operations, building on the job architecture work undertaken over the past two years. Our focus now is on standardising our people-related policies and practices across all group companies within each region to bring us closer to our “ONE Imperial” vision, while still enabling companies to respond to their specific human capital priorities.

Core people data provides the foundation that binds all three divisions together, so that a finance manager in Germany has similar competencies and levels of accountability as a finance manager in South Africa. The recruitment, workforce planning, performance management, compensation and benefits, and learning and development processes rest on this foundation with the maturity of standardising these processes differing across the divisions. The core data and the implementation of people management systems together will facilitate more integrated and strategic transactional people practices such as talent management and succession planning.

As our frameworks mature, we will become better positioned to quickly respond to human capital priorities and risks such as skills gaps, and make informed decisions based on accurate information. Increased efficiency will reduce staff costs and mature frameworks will mean that we are better able to integrate future acquisitions.

Good progress has been made in maturing people practices during the year. For example, using core data and the skills related to each job, we undertook an assessment of employees working in business development and sales in South Africa. The assessment was very insightful, indicating where we need to transform to become a more sales-orientated and client-centric business. In the International division, the core data is helping us understand where we can standardise client solutions and where customised solutions are needed. The progress made in core data and the talent management process assisted our ability to redeploy people impacted by the restructuring that took place during the year.

Good progress was made during the year in South Africa and the African Regions in implementing standardised performance management practices. Performance management processes are already standardised in the International division and are aligned with the requirements of the workers councils.

Over the past year, our remuneration policy and its implementation came under scrutiny. We reviewed the policy and have engaged with key stakeholders and shareholders to address their concerns. The material changes made to the policy and its implementation can be found in the remuneration report.
Effective human capital management continued

2019 review

South Africa
- Aligned our people processes, policies and practices across group companies to support the implementation of a people management and payroll system.
- Started implementing the new performance management practice, with performance objectives cascading three levels down from top management. Performance is measured against a balanced scorecard of key performance indicators to ensure employee effort aligns to strategic objectives. The five-point rating scale has been well received by our leaders, and human resources personnel and managers have been trained on the new practice.
- Partnered with an external remuneration service provider to develop a remuneration framework, which will inform our pay philosophy and reward model going forward, assisting us to better align performance and reward.
- Developing a framework to standardised talent acquisition, which will include the necessary expertise to manage talent sourcing.

African Regions
- Started the core data project with job profiling completed to date.
- Improved engagement between human resources teams at the African Regions head office and group companies to drive the standardisation of people practices and ensure best practice people measures are implemented. This included coaching and mentoring on the human resources business partner model.
- Standardised the performance management practice across group companies and trained company human resources managers in preparation for the new practice.
- Started conducting formal salary benchmarks for selected jobs.
- Ensured that all group companies comply with any new legislation relating to minimum wage.

International
- Completed the integration of core people data.
- Started the roll out of Talentsoft, a human capital management system. The initial focus is to use the system to maintain people and job profile data. Once completed, we will investigate the feasibility of using Talentsoft to support the performance management process.
- Started developing a people analytics database to measure and manage key people indicators.
- Standardised employment contracts as far as possible and within the agreed terms with unions and workers councils.

Looking forward:

Group
- Align our people policies and practices across Imperial Logistics to best practice over the next two to three years.
- Align our reward and incentive model to the new operating model and undertake the necessary engagement with labour unions and workers councils.

South Africa
- Implement the people management and payroll system, adding tangible business value through a more integrated people management approach and enhanced analytics. Implementation is expected to take around two years.

African Regions
- Investigate the feasibility of implementing a remote human capital management system for the division.
- Link job profiles to learning and development interventions and develop standardised career paths. This will facilitate better workforce planning.
- Start using the new performance management practice in the African Regions in the 2020 financial year.

International
- Standardise our talent management processes supported by Talentsoft.
Effective human capital management continued

Maintain constructive relationships with organised labour

Our focus

- Labour relations, which can at times raise tensions and the threat of industrial action, as well as result in increased wage costs.
- Aligning bargaining agreements within our European business, where possible.

Our approach to employee relations

We maintain strong relationships with labour unions and certain senior executives serve in strategically relevant positions in the NBCRFLI, which represents the majority of the South African workforce. We also regularly review operational labour plans to ensure continuity of service to clients. Regular shop floor meetings take place with all recognised unions and we report our performance against collective bargaining agreements to labour representatives and shop stewards regularly.

Union membership is uncommon in the African Regions.

In Germany, IG Metall - the industrial union of metalworkers - represents some of our employees in the automotive and steel-related operations. The International division enjoys a good working relationship with IG Metall.

Effective employee grievance mechanisms are in place across the group, which comply with relevant local legislation.

2019 review

South Africa
- Successfully concluded industry wage negotiations, securing a three-year wage settlement with the NBCRFLI which provides some security against labour disruptions for most of our operations in South Africa.

African Regions
- Imperial Managed Solutions Namibia signed a collective agreement on a minimum wage with organised labour, despite there being no national legislation to this effect.

International
- Working with our peers in Germany to develop a framework that supports more standardised collective bargaining agreements and offers industry workers similar working conditions.
Key data

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NUMBER OF EMPLOYEES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of employees (group)</td>
<td>27 463</td>
<td>29 944</td>
<td>31 841</td>
</tr>
<tr>
<td><strong>Regional breakdown</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa (%)</td>
<td>56</td>
<td>59</td>
<td>61</td>
</tr>
<tr>
<td>African Regions (%)</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>International (%)</td>
<td>33</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td><strong>TURNOVER</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Voluntary turnover rate in South Africa (%)</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Overall turnover rate in the African Regions (%)</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Overall turnover rate in International (%)</td>
<td>18</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>WOMEN REPRESENTATION (group)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall (%)</td>
<td>24</td>
<td>24</td>
<td>–</td>
</tr>
<tr>
<td>Top management (%)</td>
<td>17</td>
<td>16</td>
<td>–</td>
</tr>
<tr>
<td>Senior management (%)</td>
<td>27</td>
<td>12</td>
<td>–</td>
</tr>
<tr>
<td>Middle management (%)</td>
<td>31</td>
<td>32</td>
<td>–</td>
</tr>
<tr>
<td>Junior management (%)</td>
<td>26</td>
<td>26</td>
<td>–</td>
</tr>
<tr>
<td><strong>EMPLOYEE REPRESENTATION (employees covered by collective bargaining agreements)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa - NBCRFLI representation (%)</td>
<td>34</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Germany (%)</td>
<td>69</td>
<td>66</td>
<td>61</td>
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<tr>
<td><strong>TRAINING</strong></td>
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<td>South Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development spend (Rm)</td>
<td>159,7*</td>
<td>135,1</td>
<td>99,6</td>
</tr>
<tr>
<td>Average training and development spend per employee (R)</td>
<td>10 503</td>
<td>7 582</td>
<td>5 134</td>
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<tr>
<td>Number of training hours</td>
<td>622 692*</td>
<td>435 020</td>
<td>537 132</td>
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<tr>
<td>Average training hours per employee</td>
<td>40,9</td>
<td>24,4</td>
<td>27,7</td>
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<td>Employees registered for tertiary qualifications</td>
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<td>360</td>
<td>278</td>
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<tr>
<td>Employees registered for a learnership</td>
<td>627</td>
<td>237</td>
<td>107</td>
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<tr>
<td>Participants in Graduate programme</td>
<td>38</td>
<td>68</td>
<td>69</td>
</tr>
<tr>
<td>Percentage of graduates that are black (%)</td>
<td>63</td>
<td>88</td>
<td>93</td>
</tr>
<tr>
<td>African Regions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development spend (R)</td>
<td>2 733 092*</td>
<td>52 488</td>
<td>243 455</td>
</tr>
<tr>
<td>Average training and development spend per employee (R)</td>
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<td>17</td>
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<tr>
<td>Number of training hours</td>
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<td>752</td>
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<tr>
<td>Average training hours per employee</td>
<td>0,9</td>
<td>1,2</td>
<td>0,2</td>
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<td>International</td>
<td></td>
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<tr>
<td>Training and development spend (Rm)</td>
<td>29,9*</td>
<td>31,2</td>
<td>35,4</td>
</tr>
<tr>
<td>Average training and development spend per employee (R)</td>
<td>3 257</td>
<td>3 472</td>
<td>3 852</td>
</tr>
<tr>
<td>Number of training hours*</td>
<td>2 712*</td>
<td>5 199*</td>
<td>10 952*</td>
</tr>
<tr>
<td><strong>UNEMPLOYED LEARNERS IN SOUTH AFRICA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learners registered for a learnership, apprenticeship or internship</td>
<td>559</td>
<td>701</td>
<td>553</td>
</tr>
<tr>
<td>Percentage of learners that are black (%)</td>
<td>97</td>
<td>98</td>
<td>98</td>
</tr>
</tbody>
</table>

1. Restated to include head office employees.
2. Reported for the first time.
3. Total number of training hours delivered to all employees is not currently recorded centrally, however, once the new learning management system is implemented the scope of this metric will be expanded.
4. Restated due to reporting error (previously reported in minutes).
- Satisfied with performance.
- Area for improvement.

* Assured (see the independent limited assurance report in the 2019 integrated annual report).
Effective human capital management continued

EMPLOYMENT EQUITY IN SOUTH AFRICA

<table>
<thead>
<tr>
<th>Occupational levels</th>
<th>Men (number)</th>
<th>Women (number)</th>
<th>Foreign nationals (number)</th>
<th>Black representation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Black</td>
<td>White</td>
<td>Black</td>
<td>White</td>
</tr>
<tr>
<td>Top management</td>
<td>4</td>
<td>8</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Senior management</td>
<td>17</td>
<td>58</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Middle management</td>
<td>297</td>
<td>377</td>
<td>174</td>
<td>235</td>
</tr>
<tr>
<td>Junior management</td>
<td>1 163</td>
<td>305</td>
<td>564</td>
<td>232</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>6 601</td>
<td>142</td>
<td>1 487</td>
<td>224</td>
</tr>
<tr>
<td>Unskilled</td>
<td>2 425</td>
<td>13</td>
<td>722</td>
<td>2</td>
</tr>
<tr>
<td>Non-permanent</td>
<td>25</td>
<td>1</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Total employees</td>
<td>10 532</td>
<td>904</td>
<td>2 966</td>
<td>704</td>
</tr>
<tr>
<td>People with disabilities</td>
<td>140</td>
<td>18</td>
<td>178</td>
<td>14</td>
</tr>
</tbody>
</table>

Note: the new Imperial Limited scorecard is broader in scope than prior year reporting and covers all South African operations, including employees in South Africa who work for the African Regions division. Prior year scorecards only covered the South African division.
Verified by AQRate.

During the reporting year, 627 employees based in South Africa attended learnership programmes, compared to 237 in 2018, accounting for the 18% increase in training spend for the division, as well as around 50% of the training spend in the African Regions division, where a learnership for people with disabilities was undertaken. These employees work for the African Regions division but are based at its head office in South Africa. In line with our increased focus on enhancing our training investment in African countries, approximately R1.2 million of the training spend in the African Regions division benefited our employees beyond South Africa - a significant increase when compared to 2018. It is worth noting that there is not a direct link between training spend and training hours, as training hours includes training delivered by our principals.

Training hours in the International division were halved due to budgetary reasons, with training programmes such as Develop Yourself postponed to the next financial year. However, the total amount spent on training only decreased by 4% as mandatory training in terms of safety, compliance and renewal of certifications was conducted as usual.

The movement in union representation in South Africa aligns to the restructuring that took place in the division during the year, and the 3% increase in employee representation in Germany is a result of our new sites in the automotive industry, where a number of our employees are covered by collective bargaining agreements.

GRI indicators:
General: 102-8, 102-15, 102-41, 102-44
Economic: 202-2
Social: 401-1, 404-2, 405-1