Support relevant social imperatives within our operating regions

WHY this matters

Deepening Imperial Logistics’ legitimacy in the countries and communities in which we operate is fundamental to our success, relevance and value creation. The initiatives in which we invest and actively participate must provide tangible solutions to socioeconomic problems and sustainable benefits to these countries and communities.

We hold a market-leading position as a transformed enterprise in South Africa. Broad-based black economic empowerment (B-BBEE) is a national strategy that seeks to create an equitable and sustainable South Africa in which the black majority can participate meaningfully in the mainstream economy. Our 2019 B-BBEE scorecard is expected to achieve a Level 3 rating against the Department of Trade and Industry’s broad-based black economic empowerment codes of good practice (dti Codes) and a Level 2 rating against the Road Freight Sector Codes. The new Imperial Logistics Limited scorecard is broader in scope than last year’s and now covers all South African operations, as well as employees in South Africa who work for the African Regions division. Previous scorecards only covered the South African division. The new scorecard will be issued at the end of September 2019 and the rating against the Road Freight Sector Codes submitted to the JSE Limited.

Our B-BBEE rating provides significant benefits for our clients and enhances our ability to compete for new business and retain existing clients – particularly in the mining, chemical and energy sectors, which are under increasing pressure to achieve transformation targets. It also strengthens our employer brand and ability to attract and retain talent.

Corporate social investment (CSI), including enterprise development, is a cornerstone for good corporate citizenship and forms an integral part of our corporate accountability, governance and transformation programmes. CSI bolsters stakeholder trust, boosts employee morale and attracts talent. Our group-wide CSI strategy aligns our CSI investments with our strategic objectives to ensure meaningful contributions to our communities and beneficiaries.

In Africa, inadequate resource allocation, funding, customs gridlock and counterfeit pharmaceuticals are major challenges to healthcare delivery. For patients, shortages can mean dangerous breaks in treatment and for the public health system, wasted funds on emergency orders. According to the World Health Organization (WHO), one in 10 medical products circulating in low and middle-income countries is either substandard or falsified, with anti-malarials and antibiotics being the most commonly reported. A significant portion of the total delivered cost of medicines in Africa – up to 40% – is made up of supply chain, distribution and other non-core costs. As Africa’s leading healthcare supply chain partner, we play a key role in providing access to affordable quality medicines on the continent through a wide distribution network, efficient service delivery and strong governance practices.
Support relevant social imperatives within our operating regions continued

<table>
<thead>
<tr>
<th>Link to material themes and underlying issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Align structure to support strategy</strong></td>
</tr>
<tr>
<td><strong>Invest in people, partnerships and culture</strong></td>
</tr>
<tr>
<td><strong>Optimise and integrate processes</strong></td>
</tr>
<tr>
<td><strong>Fair and responsible remuneration and reward practices aligned to performance</strong></td>
</tr>
<tr>
<td><strong>Deepen legitimacy</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder concerns addressed in this section</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Clients</strong>: B-BBEE ownership criteria.</td>
</tr>
<tr>
<td>• <strong>Small and medium suppliers</strong>: access to markets and procurement opportunities.</td>
</tr>
<tr>
<td>• <strong>Governments</strong>: high cost of healthcare in Africa.</td>
</tr>
<tr>
<td>• <strong>Principals</strong>: products reaching all areas of the markets, including rural areas.</td>
</tr>
<tr>
<td>• <strong>Communities</strong>: developing local skills and job opportunities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Transformation</strong>: exclusion from participating in new tenders and contract renewals due to failure to increase black ownership of South African operations, and lagging behind our competitors and clients in terms of employment equity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our focus areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve our transformation credentials in South Africa.</td>
</tr>
<tr>
<td>• Serve the wellbeing of communities in which we operate.</td>
</tr>
<tr>
<td>• Support access to affordable quality healthcare in Africa.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reporting boundary</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Imperial Logistics companies with the exception of B-BBEE, which is material for the South African operations.</td>
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</tbody>
</table>
Performance summary

Highlights

Group
Approved a new CSI strategy that aligns our initiatives with our broader strategic objectives to ensure we effectively deliver return on investment for Imperial Logistics and all beneficiaries.

South Africa
Concluded a B-BBEE transaction to form Imperial Logistics Advance – a 51% black-owned and 30% black women-owned company. The Unjani Clinics network facilitated a record number of consultations during May 2019, serving 38 858 patients – an average of 659 engagements per clinic.

African Regions
Worldwide Healthcare in partnership with the Tulsi Chanrai Foundation invested in a new world-class eye hospital in Abuja, Nigeria.

Recognition of our healthcare companies

CIC
in Namibia named Agent of the Year by multinational pharmaceutical leader GlaxoSmithKline.

Surgipharm
in Kenya received GE Healthcare’s Marketshare Capture Award and was named Distributor of the Year in Anglophone Africa by global health and hygiene company, Essity.

Worldwide Healthcare
in Nigeria was recognised by the London Stock Exchange Group as one of the Companies to Inspire Africa for 2019, and it received the 2018 Best Compliant Pharmaceutical Importer Award by the National Agency for Food Administration and Control.

Key performance indicators

B-BBEE scorecard ratings (South Africa)
For our first Imperial Logistics Limited scorecard we expect to achieve:
Level 3 rating measured against the more stringent amended dti Codes.
Level 2 rating against the Road Freight Sector Codes.

The 2018 scorecard for Imperial Logistics South Africa achieved a Level 4 rating against the dti Codes and a Level 2 rating against the Road Freight Sector Codes.

Imperial Logistics board
Nine board members, of which 44% are black directors.

Black representation (South Africa)
47% top management.
28% senior management.

Enterprise development spend (South Africa)
R27 million (2018: R26 million)

Total CSI spend (group)
R22,2 million (2018: R17,0 million)
Support relevant social imperatives within our operating regions continued

Improve our transformation credentials in South Africa

Our focus

• Implementing transformation initiatives while ensuring that quality of services is maintained or enhanced, and that critical skills among our employees and suppliers are not lost.
• Realising the anticipated return on investment from transformation initiatives.

Our approach to transformation

As a moral and commercial imperative, we strive to continually improve our B-BBEE performance. Our strategy is aligned to the amended dti Codes despite the revised Road Freight Sector Codes having not yet been gazetted. A dedicated Transformation department provides guidance to business, monitors progress and regularly reports to the Imperial Logistics executive committee and board. All chief executive officers and managing directors of Imperial Logistics companies in South Africa are held accountable for B-BBEE performance in their areas of operation, with 10% of their incentive package allocated to transformation progress. Our B-BBEE scorecard is independently verified.

Clear initiatives are in place to meet employment equity and skills development targets set to achieve closer alignment of the group’s employee and leadership profile with the national demography. Our efforts are more comprehensively discussed in the effective human capital management section.

When investing in transformation initiatives we conduct thorough due diligence prior to investment, setting clear objectives and KPIs. Following investment we provide support, monitor the projects and continually engage with the stakeholders concerned. The management teams of each business unit are involved in planning and implementing transformation initiatives.

Our approach to transformation is collaborative; we work with our clients, partners, suppliers and the public sector to drive progress. Through our membership in the Road Freight Association, we are contributing to efforts to finalise the revised Road Freight Sector Codes.

2019 review

South Africa

• At the time of reporting, the B-BBEE verification process was under way. Our 2019 B-BBEE scorecard will be available at the end of September on the Imperial Logistics website. We expect to achieve a Level 3 rating against the amended dti Codes, with full points scored for enterprise development and socioeconomic development. Our preferential procurement spend with 51% black-owned businesses amounted to R3 921 million, around 27% of total spend and missing the 40% targeted spend. We will meet the target percentage of spend with qualifying small enterprises and exempt micro-enterprises.

Related content

• Employment equity and skills development in South Africa.
• Enterprise development and CSI in South Africa.

Looking forward:

South Africa

• Work towards achieving a Level 2 B-BBEE rating according to the amended dti Codes by 2022.
• Continue actively seeking opportunities to partner with black enterprises to achieve maximum benefit for our clients’ procurement scorecards.
• Look for opportunities to centralise certain procurement categories to gain a South African-wide view of the supplier base, leverage our buying power to achieve economies of scale, and increase our spend with black companies.
• Develop workshops and one-on-one information sharing sessions to assist our suppliers and sub-contractors to improve their B-BBEE ratings. We are equipping the relevant employees with the skills to manage the process and have effective conversations with these stakeholders.
Our story

Leveraging opportunities through Imperial Logistics Advance

Imperial Logistics Advance (ILA) is a Level 4 B-BBEE contributor and has improved our positioning in the mining, chemicals and energy sectors.

The disposal of 30% of Imperial Logistics South Africa to a B-BBEE partner was substantially more complex than we had originally anticipated. As a result, we have pursued a smaller transaction with strategic B-BBEE partner, Afropulse Group Proprietary Limited – a black women-owned business. The newly incorporated entity, ILA, is a 51% black-owned and more than 30% black women-owned enterprise that incorporates the tanker services food and chemicals business unit, the tanker services fuel and gas business unit and Imperial KWS Logistics Proprietary Limited, which is a subsidiary of Imperial Logistics South Africa (with an annual turnover of approximately R3,5 billion).

Afropulse acquired 25% of ILA for R200 million. The core capability of ILA is the bulk road transportation management of liquids, gases, powders, ores and grains, which requires specialised assets and skills.

Going forward, we will work to improve ILA’s B-BBEE rating to a Level 2.

Serve the wellbeing of communities in which we operate

Our approach to CSI and enterprise development

Our new CSI group-wide strategy, approved in 2019 and including enterprise development, aims to better align our CSI initiatives with our strategic objectives to effectively deliver return on investment for Imperial Logistics and all beneficiaries. A dedicated sub-committee of the group’s social, ethics and sustainability committee has been constituted to approve all CSI projects and spend, and ensure their alignment to strategic objectives. As a guide, each division is encouraged to spend around 1% of its net profit after tax (NPAT) on CSI initiatives.

We aim to forge partnerships with clients, various institutions, well-established non-profit organisations and non-governmental organisations (NGOs) and government departments involved in credible programmes. Our enterprise development initiatives aim to capacitate small businesses to meet our procurement demands and be integrated into our supply chain. Volunteerism is a critical component of our approach, with greater focus placed on actively encouraging the participation of our employees in CSI initiatives.

We view sponsorships as notably distinct from CSI projects; going forward, we will ensure that they are not funded from CSI budgets.

Group-wide, we have identified healthcare, education and skills development as our primary CSI focus areas as we believe this is where our companies will be able to make the most effective impact.
Support relevant social imperatives within our operating regions continued

Our projects

South Africa

In South Africa, entrepreneurship and road safety are additional focus areas and CSI projects must have a beneficiary base that is at least 75% black.

Unjani Clinics
(healthcare, skills development and entrepreneurship)

<table>
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<tr>
<th>Partnership with National Treasury’s Jobs Fund and other corporates.</th>
<th>R3,8 million invested by Imperial Logistics. (2018: R3,0 million)</th>
<th>One million consultations facilitated since 2013.</th>
<th>Upskilled more than 200 people, including 63 professional nurses in the network.</th>
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The Unjani Clinics initiative empowers black women professional nurses to operate and ultimately own primary healthcare container clinics in their communities. The clinics offer an affordable quality healthcare service to the employed but uninsured population (estimated between 10 and 12 million people), who are able to pay a small fee towards their healthcare needs. The model shifts primary healthcare services to professional nurses and away from government facilities, which are stretched and underresourced. The clinics provide access to essential medicines and primary healthcare, reducing the vast amounts of time and travel costs patients incur to receive attention at a state facility.

In addition to the entrepreneurial opportunity provided to professional nurses, each clinic creates between three and five sustainable jobs.

Professional nurses and clinic assistants receive three days of training on basic business management as well as training on the onsite electronic patient management and ordering systems. They are further supported with ongoing mentoring and guidance to ensure their success. Engagement with nurses is ongoing and includes networking and conference sessions. In addition, a provincial nurse representative attends quarterly meetings to discuss provincial issues and provides feedback to all clinics in the province.

We apply strict criteria to the selection of nurses, who must comply with our five-year enterprise development agreement which covers patient confidentiality, compliance with health regulations and legislation, and the responsible use of products. Compliance is monitored through operational and financial audits.

A confidential feedback facility and complaints line are available to patients. Facebook and Twitter are additional engagement channels and each nurse has her own Facebook page and Google Maps review page. Unjani Clinics non-profit company (NPC) monitors and manages all engagement mechanisms and follows up with nurses when complaints or negative feedback are received. In general, patient feedback is positive with the most common complaint being that the waiting areas are too small. Some nurses have funded the expansion of their waiting areas and we continually redesign the infrastructure to ensure the best use of space and that patients are comfortable.

Unjani Clinics NPC operates 63 clinics funded through the enterprise development spend from Imperial Logistics (25 clinics), Johnson & Johnson (11 clinics), Rand Mutual Assurance (two clinics), Tiso AEL Development Trust (four clinics), Pfizer South Africa (two clinics) and the Jobs Fund (20 clinics). The network provides primary healthcare to more than 35 000 patients a month in eight provinces.
With support from the Jobs Fund, the network will expand to 70 clinics by December 2019, reaching approximately 500,000 patients annually. Our fundraising efforts have secured a commitment from Johnson & Johnson for R1.5 million each year to 2021. Pfizer South Africa and AVI have agreed to each fund a new clinic in 2020.

Unfortunately two clinics were closed during the reporting year. The pilot bricks and mortar clinic at Pretoria’s Bosman train station was closed after 11 months and we learnt two valuable lessons. First, the lack of opportunity to own the clinic impacted the nurse’s motivation, and second, primary healthcare needs are better served in communities rather than along commuter routes. Unjani Clinic Mogogelo in the North West province was also closed after four years of operation as the population in the area is too small to sustain the clinic. Affected patients have been referred to other clinics in the vicinity.

Additional funding from the Pfizer Foundation was used to train new nurses and equip facilities with additional basic sonar machines. Sonar scans are now offered in 57 clinics and an average of 676 ultrasounds are performed each month, with 17,500 ultrasounds provided since 2017.

We continue to work with local partners like the Aurum Institute – a leading health impact organisation – to provide free HIV screening and pre- and post-test counselling. During the year, we extended the HIV service offering in Gauteng to Tshwane and are in talks to develop local partnerships in the City of Johannesburg and the West Rand. We have also applied to the National Department of Health to have the network registered as a service provider of its Central Chronic Medicine Dispensing and Distribution programme, enabling state patients to collect prescribed antiretrovirals at an Unjani Clinic.
The Imperial and Motus Community Development Trust contributes to education in South Africa by investing in fully resourced libraries for public schools, primarily in underprivileged communities in Gauteng. In celebration of the legacy of Nelson Mandela, the Trust opened a newly built library and resource centre at Elsie Ngidi Primary School in Chiawelo, Soweto, on 18 July 2019. The libraries are open daily until 16:00 as well as on three Saturdays of every month.

Each child from grade 1 to grade 6 must attend two compulsory reading periods every week. Reading levels are tested every two years and, to date, the assessments have shown that the compulsory reading programmes and related activities (such as book clubs, book quizzes and spelling competitions) are contributing to better than average reading, comprehension and numeracy scores.

The Trust employs two qualified teachers to upskill educators on how to use the resource centres and equipment. Pleasingly, educator motivation is increasing as a result, and the presence of our teachers has helped us understand the level of teaching delivered, how equipment is used, and where there are opportunities for improvement.

The library assistants are previously unemployed people from the local communities who have completed matric and are provided with in-house training by the Trust. The project has also helped to grow two small businesses offering signage and building services.
Trucking Wellness programme
(healthcare)

- Partnership with the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI).
- Network of wellness centres and mobile units
  - 39,749 people received healthcare education and
  - 34,977 received treatment.
  (2018: 26,933 educated and 26,323 treated)
- Imperial Logistics’ two wellness centres
  - R482,950 invested by Imperial Logistics.
  (2018: R416,000)
- Imperial Logistics’ two wellness centres
  - 7,140 people received healthcare education
  - 3,809 received treatment.
  (2018: 3,801 educated and 5,322 treated).

The Trucking Wellness programme is a network of 21 primary healthcare roadside wellness centres along major routes, as well as a fleet of seven mobile wellness centres that travel across South Africa to visit road freight companies. We support additional permanent roadside wellness centres - one in Tugela and the other in Ventersburg - for drivers who do not belong to the NBCRFLI Wellness Fund Health Plan.

Visitors to the centres can access free primary healthcare services and other support from registered nurses and counsellors. The centres operate mostly at night, which is the most convenient and accessible time for long-distance truck drivers. Wellness services are available to truck drivers, their partners, commercial sex workers and the broader community. Imperial Logistics is the largest contributor to the initiative.

The programme also provides medical insurance for bargaining council employees, with employees contributing 1% of their salary to the fund and Imperial Logistics matching this. For the reporting year, our employer contribution to the NBCRFLI Wellness Fund Health Plan totalled R7 million. The fund provides members and up to two eligible spouses with access to certain medical benefits. Drivers testing HIV positive are immediately referred to the fund’s HIV Treatment programme at no additional cost.

During the year, there was a 16% increase in the uptake of HIV counselling and testing services across the wellness centres and the two Imperial Logistics-sponsored centres, with more people enrolling in the HIV Treatment programme. The decrease in the number of people treated at the Imperial Logistics-sponsored centres is due to the sale of the Imperial Logistics Mooiriver centre last year and unrest on the N3, which impacted the Tugela centre. The Ventersburg centre was relocated during the year due to decreasing visits and we foresee an improvement in the reach of the centre in the coming year.

Helping hearing and deaf people communicate

With funding from Imperial Logistics, the Mbula Research and Development start-up is teaching coding to deaf students and helping them find work. During the year, students attending the year-long course created Reah, an app that bridges the communication barrier between hearing and deaf people. The app helps users learn to sign, communicate with a deaf person using an interpreter and find a sign language interpreter.

If help with a translation is needed, the app can be used to stream a live video of a deaf person signing to the Mbula call centre and an agent will provide a transcript. The service is offered between 8:30 and 16:30 during the week. The app’s creators are hoping to use artificial intelligence for live translation to extend the service beyond office hours.

As part of the project, industry-specific words such as “download”, “cloud” and “database” – which do not exist in sign language – were created in collaboration with sign language experts and deaf people. This is a unique feature of the app.

A children’s version of the app includes sign language-based games. The Android app is available in the Google Play Store and an IOS version is being developed.
Support relevant social imperatives within our operating regions continued

Sinawe Fund
(entrepreneurship and skills development)

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<tr>
<th>Partnership with Awethu Project (Awethu) – a small, micro and medium enterprise (SMME) investment company.</th>
<th>R20 million invested by Imperial Logistics for the period June 2017 to June 2019.</th>
<th>Three SMME beneficiaries supported by the Sinawe Fund.</th>
<th>152 people employed by the SMME beneficiaries. (2018: 138)</th>
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The Sinawe Fund – an enterprise and supplier development intervention – aims to grow and develop two black-owned small businesses in our supplier network through growth capital and business support, and enable the transformation of a white-owned transport company. Going beyond transforming our own supply chain, we are promoting the Sinawe Fund to our clients to achieve transformation at scale in the transport and logistics sector.

Awethu provides black-owned equity and its share in each business will be retained for a minimum of five years. The fund provides technical and general management support customised to a beneficiary’s individual growth stages and development gaps. In addition, SMMEs receive exposure to black talent to support their succession plans. Over and above our investment in the fund, we provide the SMMEs with specialist logistics mentorship and access to markets through our procurement processes and supply chains.

The SMMEs’ financial statements, B-BBEE ratings and legal compliance are monitored monthly, the number of jobs created is tracked and we evaluate the work undertaken for Imperial Logistics.

Targeting fast-growing strategic suppliers with turnovers of less than R50 million, the fund has made the following three deals:

- **A 26% stake in Engamanzi Transport:** a 51% black women-owned transport company specialising in tanker transport for Imperial Logistics as well as several fast-moving consumer goods manufacturers. The business operates routes in South Africa and Mozambique and has good growth potential.

- **A 26% stake in Kagiso Tarpaulin & Net Manufacturers (Kagiso):** a 74% black women-owned business that manufactures, cleans and repairs tarpaulins, tautliners, cargo nets, branded curtains, cargo equipment and trailer accessories, and which is a longstanding service provider to Imperial Logistics.

- **A 51% stake in Canterbury Transport:** a white-owned transport and logistics operator that specialises in the supply of heavy-duty vehicles, and which is a longstanding supplier to Imperial Logistics’ managed solutions business. The deal will help the business achieve its transformation objectives, enhancing black ownership and bringing a new black manager into the team who will be trained for a leadership position.

Since these deals were made, all three businesses have grown their revenues and their outlooks remain positive. However, increased operating costs, particularly for Engamanzi Transport and Kagiso, have resulted in lower than expected earnings. Cost management plans have been put in place for both companies and are monitored monthly. A portfolio manager has been assigned to Kagiso to assist with cash flow management. During the year, Kagiso employed an additional 16 people and has moved to bigger premises to accommodate the growing demand for its products. Canterbury Transport’s extensive recruitment process has sourced a suitable black candidate, who will be legally incorporated as a shareholder at the end of September 2019.

Despite initial teething issues, particularly around meeting shareholder expectations and reporting requirements, we are pleased with the progress made during the year. We expect to see improvements in the coming year along with the first set of dividends from the portfolio. Going forward, the focus will be on improving financial management and reporting processes and monitoring targeted strategic interventions to ensure that each business is able to sustain its progress.

The response from investees has been positive and the project is also receiving interest from young black entrepreneurs wanting to leave their corporate jobs and join an SMME for a meaningful equity stake. A key lesson learnt is that many successful SMMEs operate with a very high client focus, sometimes at the expense of tight administrative, procedural and financial control. Key to achieving success is finding ways to professionalise these businesses without losing their entrepreneurial culture.
African Regions

Refugee assistance is an added CSI focus area in the African Regions. Our initial efforts will be centred on Ghana, Kenya, Mozambique and Nigeria where we have scale and our brand is well established. In addition to the Tulsi Chanrai Foundation in Nigeria, we will partner with other international NGOs, which provide healthcare and basic needs services to people living in refugee camps in various African countries.

Tulsi Chanrai Eye Hospital
(healthcare)

| Partnership with the Tulsi Chanrai Foundation. | 54 beds of which 40 will be free of charge for underprivileged patients. | Worldwide Healthcare’s employees have pledged to contribute towards 100 surgeries. |

Worldwide Healthcare has invested USD1 million over a four-year period in the new world-class eye hospital in Abuja, Nigeria. The state-of-the-art facility uses the Aravind Eye Care System (AECS) to provide affordable specialised ophthalmology services. At full capacity, the hospital is able to perform 15,000 surgeries annually. Revenue generated from the care provided to paying patients is used to cross-subsidise community services. The hospital employs 51 people, 30 of whom are healthcare professionals who have received eight months of AECS training in India.

Outreach camps are undertaken weekly to identify underprivileged patients needing cataract and other eye surgeries in communities within a 100 kilometre radius of Abuja. Transportation to and from the hospital, surgeries, boarding and lodging, medication and post-operative review are provided to these patients free of charge. Worldwide Healthcare provides funding to the outpatient clinic. Phase one of the project comprises 54 beds of which 40 are for free surgeries, 12 for paying patients and two in an intensive care unit.
Since the opening in January 2019 and mid-June, 754 surgeries had been performed, of which 635 were at no-charge, benefiting the poor. A total of 5 376 outpatients were treated, excluding patients seen at the outreach camps.

The prevalence of vision impairment and blindness in Nigeria is reportedly among the highest globally, with an estimated 4.25 million adults older than 39 being visually impaired or blind. Since 1992, the non-profit Tulsi Chanrai Foundation has established five eye centres in Nigeria and restored the vision of 110 000 people.

Future plans for the facility include increasing its capacity to 100 beds, provided the hospital achieves optimum utilisation, and establishing a training programme for all levels of eye care. Primary and secondary eye care centres are also in the pipeline.

In line with Nigerian regulation, the project received an Environmental Impact Clearance Certificate prior to construction. During the construction phase, focus was placed on maintaining and nurturing the trees in the area, and energy efficient light-emitting diodes (LEDs) have been used within the facility as far as possible.

Worldwide Healthcare’s employees are able to give back to their communities by sponsoring eye surgeries.
International

For the reporting year, the International division donated EUR16 000 to the following initiatives:

- **Germany (Duisburg):** Malteser Hospizzentrum St Raphael, a children and youth hospice which supports families with chronically and terminally ill children. The donation is used to pay for benefits not covered by health insurance.
- **Germany (Hamburg):** Radio Hamburg’s “Listeners Help Children” campaign, which supports social projects for children affected by poverty, extreme emergencies, serious illnesses and disability.
- **Germany (Munich):** Lebenshilfe Foundation, which supports people with disabilities to lead independent lives. The donation is being used towards building a petting zoo for people with intellectual disabilities.
- **Imperial Logistics employee, Edgar Knol:** Edgar again took part in the Alpe d’Huez bike race in the French Alps to raise cancer awareness and funding for scientific research. Imperial Logistics donated EUR1 000 to his campaign.

In Hungary, employee volunteering initiatives distributed Christmas packages for a children’s home in Győr and raised funds through the collection of plastic bottle tops for recycling to purchase medicine for a seriously ill child.

Going forward, we will extend our CSI initiatives in the International division to include England, Hungary, Paraguay and other countries of operation, and partnerships will include working with international relief organisations.

**Looking forward:**

**Group**

- Develop a group CSI policy and implementation guidelines.
- Drive a more focused approach to CSI in the African Regions and International divisions.
- Expand the Unjani Clinics network in South Africa to 100 clinics by the end of 2020 and investigate the feasibility of rolling out the initiative in Nigeria.
Support access to affordable quality healthcare in Africa

Social impact of our business

Context

Point of care and pharma retailer level deliveries to more than 4,200 delivery points in Kenya, 1,300 in Ghana and 52,000 across Nigeria.

Proven legitimacy and strong brand recognition and relationships with multinational principals, donors and regulators spanning over 20 years.

714 In-a-Box™ solutions providing quality healthcare infrastructure in 14 African countries, including South Africa.

According to the WHO, access to healthcare is directly linked to the strength of health systems, which require good leadership, governance, human resources, health financing, information, research and service delivery, as well as access to medicine and health technologies.

In Africa, health system gaps include:

- Data-driven decision-making to respond effectively to population health needs.
- World-class standards in terms of diagnostic performance, surgical outcomes, pharmaceutical supply chains and points of care.
- Strong surveillance and delivery systems at all levels (community, district, provincial and national), supported by high-quality laboratory services and logistical systems.

We assist governments to establish and manage world-class pharmaceutical supply chains at scale, including supply chain control centres and quality healthcare infrastructure.

Quality infrastructure

Resolve Solution Partners provides turnkey modular infrastructure solutions suitable for urban and rural areas. Solutions range from health posts (clinics), health centres, laboratories, morgues and surgeries to small and medium-sized medicine stores and large pharmaceutical warehouses. Our In-a-Box™ solutions are fully outfitted, prefabricated modular facilities that can be constructed in a few days.

Warehouse-in-a-Box™ supports better distribution of pharmaceuticals, Clinic-in-a-Box™ delivers essential medical services to communities, and Storage-in-a-Box™ and Cold-Storage-in-a-Box™ expand healthcare supply chains. The operational benchmarks of these facilities are aligned with international warehousing practices and supply chain and design principles. The units are pharmaceutically compliant and meet the WHO’s storage standards.

The materials used to build In-a-Box™ facilities are significantly cheaper than traditional building methods and have a 30-year plus lifespan. In addition, each solution is able to accommodate water storage facilities, waste treatment options and solar power, key elements given crippling power outages in some African countries and poor access to water in rural areas. Energy efficient panels, doors and lighting further reduce energy costs.

The In-a-Box™ solutions also contribute to job creation and local business development during construction.

Affordability

In some African countries, the affordability of medicines remains a constraint that necessitates route-to-market efficiency and a shift to cheaper generics. In Kenya, where the cost of healthcare is prohibitive, Surgipharm is developing solutions for Getz Pharma, a generic principal, and is exploring ways of increasing the basket of generic products in the country. As a member of the Kenya Association of Pharmaceutical Industries (KAPI), we are able to raise concerns and assist with policy development.
Our new Simplified Solutions in Healthcare model offers clients an effective, tailor-made route-to-market solution that addresses the challenges and complexities of pharmaceutical logistics in small to medium-sized markets in sub-Saharan Africa. For clients, the solution reduces complexity, costs and the risk of managing different geographies in this region. A regular, rapid re-supply from regional hubs shortens order-delivery lead times, allows more frequent deliveries and reduces the frequency of stock-outs and lost sales. The model stabilises prices, benefiting patients who receive improved access to medicines and healthcare commodities. Using this model, we will distribute and promote the products of MSD – one of the world’s largest pharmaceutical companies – in Angola, Ethiopia, Ghana, Kenya, Namibia, Tanzania, Uganda, Zambia and Zimbabwe.

**Reaching rural areas**
We are differentiated from our major competitors through our agility, flexibility and courage to enter and manage smaller and/or hard to serve markets in Africa. In Kenya, rural and outlying areas are difficult to service; however, Surgipharm has committed to delivering products to any part of the country within 24 hours of receiving, and ensuring service levels are maintained through regular visits to these areas.

**Governance**
The awards reported in the highlights section recognise our marketing and distribution capabilities in the healthcare industry, as well as our unwavering focus on regulatory compliance and strong governance practices. Worldwide Healthcare’s inclusion in the London Stock Exchange Group’s Companies to Inspire Africa Report recognises the company as crucial to the future of the African economy - capable of driving transformative economic growth.

**Stakeholder engagement**
We hold strong relationships with multinational brands, donors, regulators and governments to ensure the sustainable supply of quality medicine in Africa. Our board membership in People that Deliver enables us to contribute to upskilling pharmaceutical supply chain workforces in developing countries.

Through our membership in the International Federation of Pharmaceutical Wholesalers we have partnered with global action campaign, Fight the Fakes, which raises awareness in local communities about the dangers of counterfeit medicine. The campaign unites supply chain partners, provides accurate information on the risks of falsified medicines and educates people on how to identify, avoid and report suspicious products. Our efforts to guard against counterfeit medicine is discussed in the defensible safety practices section.

### 2019 progress

<table>
<thead>
<tr>
<th>African Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rolled out 239 modular medicine stores for the Ministry of Health in Malawi, with 117 units being off grid and solely reliant on solar power.</td>
</tr>
<tr>
<td>• Deploying four Warehouse-in-a-Box™ facilities for Pharmacie Populaire du Mali in Bamako, Kayes, Koulikoro and Mopti.</td>
</tr>
<tr>
<td>• Constructing a 2 630m² regional medical store in Nampula (northern Mozambique) for the Ministry of Health.</td>
</tr>
<tr>
<td>• Established 10 provincial modular medicine stores for the Ministry of Health in Zambia. The stores are air-conditioned and equipped with backup solar power systems.</td>
</tr>
<tr>
<td>• Undertook repairs at 10 regional pharmaceutical warehouses for the Ministry of Health in Ethiopia, improving the ministry’s ability to distribute medicine.</td>
</tr>
<tr>
<td>• Tested and launched a new Passive Storage/Dispensary-in-a-Box™ solution, primarily for rural health centres. The solution stores medicine within the prescribed WHO temperature ranges without the use of electricity and dispenses medicine in a controlled and safe way.</td>
</tr>
<tr>
<td>• Imperial Health Sciences Ghana, in partnership with USAID, is distributing bed nets to over 5 000 schools to help combat the threat of malaria.</td>
</tr>
</tbody>
</table>
Support relevant social imperatives within our operating regions continued

Providing humanitarian logistics to those in need

During the reporting period, international aid organisations again turned to our sourcing and procurement business, Imres, which specialises in the delivery and warehousing of emergency supplies. The Netherlands-based company has 35 years’ experience in supporting NGOs, governments and aid agencies execute their emergency relief programmes. It keeps stock of prepacked Interagency Emergency Health Kits (IEHK) – standardised kits of essential medicines, supplies and equipment – ensuring that these supplies get to areas affected by disease as well as man-made and natural disasters as swiftly as possible. One kit is able to meet the basic health needs of 10,000 people for approximately three months.

The eruption of Guatemala’s Fuego Volcano in 2018 and the more recent torrential rain, severe flooding and strong winds of cyclones Idai and Kenneth in southern Africa, left hundreds of thousands of people homeless and in need of essential supplies and life-saving medicines. We supplied IEHKs to health facilities in Guatemala and Mozambique, and also delivered reproductive and cholera kits to Mozambique.

We are supplying cholera kits in the ongoing humanitarian crises due to famine and cholera in the Republic of Yemen and certain areas in sub-Saharan Africa, and are supporting the humanitarian aid efforts to assist the ongoing refugee crisis in Yemen and Syria. In Venezuela, the evolving crisis has resulted in a deterioration of the healthcare system and people are increasingly dependent on international aid. We are supplying IEHKs as well as non-communicable disease, midwifery and anti-diarrhoea kits, serving at least 1.4 million people.
Support relevant social imperatives within our operating regions

Key data

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BLACK REPRESENTATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imperial Logistics board¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black women (%)</td>
<td>33</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Black men (%)</td>
<td>11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>White men (%)</td>
<td>56</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management (South Africa)²</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management (%)</td>
<td>47*</td>
<td>IL South Africa</td>
<td>63</td>
</tr>
<tr>
<td>Senior management (%)</td>
<td>28*</td>
<td>IL South Africa</td>
<td>31</td>
</tr>
<tr>
<td><strong>ENTERPRISE DEVELOPMENT</strong>²</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise development spend (Rm)</td>
<td>27³#</td>
<td>IL Limited</td>
<td>26</td>
</tr>
<tr>
<td><strong>Composition</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sinawe Fund (%)</td>
<td>74</td>
<td>77</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Unjani Clinics (%)</td>
<td>15</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Other (%)</td>
<td>11</td>
<td>11</td>
<td>93</td>
</tr>
<tr>
<td>Sinawe Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of SMMEs in the Imperial Logistics supply chain supported by the fund</td>
<td>3</td>
<td>3</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Number of people employed by the SMME beneficiaries</td>
<td>152</td>
<td>138</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Unjani Clinics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in Unjani Clinics (Rm)</td>
<td>3,8</td>
<td>3,0</td>
<td>2,8</td>
</tr>
<tr>
<td>Number of clinics</td>
<td>63</td>
<td>49</td>
<td>31</td>
</tr>
<tr>
<td>Number of people employed</td>
<td>Over 205</td>
<td>Over 150</td>
<td>Over 90</td>
</tr>
<tr>
<td>Number of patient consultations at June (cumulative since January 2013)</td>
<td>Over 915 000</td>
<td>Over 540 000</td>
<td>250 000</td>
</tr>
<tr>
<td><strong>PREFERENTIAL PROCUREMENT</strong>⁴</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement spend with 50% black-owned businesses (Rm)</td>
<td>3 921*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As a percentage of the 40% targeted spend (%)</td>
<td>27*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Procurement spend with 30% black women-owned businesses (Rm)</td>
<td>1 195*</td>
<td>-</td>
<td>-</td>
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<tr>
<td>As a percentage of the 12% targeted spend (%)</td>
<td>8*</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>QUALIFYING SOCIOECONOMIC SPEND</strong>³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifying socioeconomic spend on the B-BBEE scorecard (South Africa only) (Rm)⁵</td>
<td>8,8³#</td>
<td>IL Limited</td>
<td>9,8</td>
</tr>
<tr>
<td><strong>CORPORATE SOCIAL INVESTMENT</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>South Africa (Rm)</td>
<td>17,6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>African Regions (Rm)</td>
<td>3,8</td>
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<td>-</td>
</tr>
<tr>
<td>International (Rm)</td>
<td>0,8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total group CSI spend (Rm)</td>
<td>22,2*</td>
<td>17,0⁶</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: the B-BBEE verification process was underway at the time of publication.

¹ New board constituted post-unbundling from Imperial Holdings and at September 2019.
² Numbers not comparable with 2018 and 2017 given that scorecards for these years covered Imperial Logistics South Africa only.
³ Based on our enterprise development and socioeconomic development spend, we are confident that full points will be achieved on the B-BBEE scorecard.
⁴ Not comparable to prior year numbers, which were reported at an Imperial Holdings level.
⁵ Some of the qualifying socioeconomic development spend, which recognises industry specific initiatives, is included in the corporate social investment spend attributable to South Africa.
⁶ Restated to include our contribution to the Trucking Wellness programme.

GRI indicators:
General: 102-9, 102-12, 102-15, 102-44
Economic: 203-1, 203-2, 204-1
Social: 403-3, 413-1