

Ethical business practices

Our ability to demonstrate consistently ethical business conduct is critical in securing and maintaining our partnerships with clients, health ministries and donor organisations, particularly as we operate in the pharmaceutical and petrochemical industries. Our adherence to ethical business practices has enhanced our ability to win business in countries where regulation is underdeveloped.

Our commitment to acting with uncompromising honesty and integrity begins with our leaders who set the correct tone from the top. In addition, the overarching anti-bribery and corruption policy serves to align conduct across Imperial Logistics with best practice ethics management.

An Imperial Logistics anti-trafficking policy, covering ethical business practices, regulatory compliance, labour relations and human rights in all countries of operation is being finalised.

Link to material issues

- › Ensure legitimacy in demanding markets to underpin competitive advantage.
- › Demonstrate governance best practice.
- › Establish corporate citizenship credentials.

Areas of focus

Guard against corruption and anti-competitive behaviour

Priorities

- › Ensure employees understand and are aware of the anti-bribery and corruption policies in place across all regional operations. All divisional directors confirm and sign compliance with the anti-bribery and corruption policy quarterly at the relevant board of directors' meetings. In Africa, selected executives and senior managers formally confirm on an annual basis that they have read the anti-bribery and corruption policy, have not been involved in any corrupt activity or anti-competitive behaviour and are not aware of any specific activity of this nature. In Europe, the compliance department acts as a consultant on related issues.
- › Deliver anti-bribery and corruption awareness across all operations.
- › Training delivered on the Foreign Corrupt Practices Act, where required, as our international clients are subject to the Act or similar legislation. Executives are required to confirm that they understand the Act.
- › Train senior managers in South Africa on the Competition Act. A guideline on competition law is available in Europe.
- › In Europe, a supplier code of conduct holds service providers to our values and policies, and suppliers and employees are screened to ensure compliance with international anti-terrorist financing regulations.

Performance measure

Clients in Africa regularly conduct audits to confirm that we are implementing acceptable anti-bribery and corruption practices.

No material unethical business practices

were identified during the reporting year.

Ensure regulatory compliance across multiple jurisdictions

Performance measure

No material instances of non-compliance with laws and regulations during the reporting year.

Priorities

- › Keep abreast of regulatory changes in individual markets. This is the responsibility of company management teams. In Europe, a centralised compliance department manages compliance across all European jurisdictions, with a particular focus on anti-bribery and cartel regulation.
- › Conduct regular compliance audits across all operations, including in warehouses and tanker businesses.
- › Deliver compliance training to employees.
- › When acquiring a business, compliance with local laws and regulations is included in the due diligence process.
- › In the African Regions, a number of tools are in place to provide visibility on regulatory requirements. Additional tools, for implementation in 2019, include an internal tax monitoring tool and a compliance tracking tool to comply with specific legislation in Ghana, Kenya and Nigeria.
- › Engaging with regulators and holding memberships in local chambers of commerce and similar entities to understand the controls required to ensure compliance and to contribute to policy development.

Protect human rights

Priorities

- › Adhere to the principles embodied in the Universal Declaration of Human Rights, the South African Constitution and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. We will not hesitate to terminate agreements and relationships in our supply chain that contravene international human rights standards.
- › Maintain policies and procedures that protect against any human rights abuse. This is the responsibility of line managers and human resources practitioners across Africa and is overseen by company managing directors, as well as the chief executive officer (CEO) and human capital executive of the African Regions.

For information on our human capital practices, see *employer of preference*.

Performance measure

Our assessments indicate that there are no instances of material risk relating to freedom of association or collective bargaining, child labour, or forced or compulsory labour within Imperial Logistics.

Whistle-blowing

All whistle-blowing hotlines in operating regions are operated by independent service providers, enabling stakeholders to anonymously report concerns. Retaliation against whistle-blowers is not tolerated and the tip-offs received and the requisite corrective actions taken are discussed quarterly at the financial review and risk committee.

Across Africa, whistle-blowing posters are displayed in offices and wallet cards given to employees, clearly communicating the hotline’s details. Stakeholders in Botswana, Kenya, Ghana, Nigeria, Mozambique, Namibia and South Africa are able to report concerns in a language local to their country.

Whistle-blowing hotline (South Africa and the African Regions)

	2018	2017
Total number of tip-offs registered	75	48
By category		
Fraud	9	2
Governance	6	3
Human resources	46	22
Enquiry	1	0
Other crime	1	1
Corruption	7	6
Theft	3	7
Fleet management irregularities	1	4
Procurement irregularities	1	3

Note: no tip-offs were reported in Europe.

Whistle-blowing hotline

All cases, including those related to discrimination, were investigated with five tip-offs still pending. Where required, disciplinary hearings were held and where allegations were substantiated and the circumstances warranted, the offending employees were dismissed.

Sustainable development governance

South Africa and the African Regions

Social, ethics and sustainability (SES) board committee
(meets four times a year)

Chairman
Independent non-executive director

Responsibility
To assist Imperial Logistics with discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship.

SES management committee
(meets three times a year and covers South Africa and the African Regions.)

Chairman
Chief shared services officer

Attended by
CEOs, chief financial officers and risk executives of both regional operations, as well as the health and safety and environmental sustainability executives.

Areas of focus for the reporting period

- › Carbon emissions, water and energy consumption and waste management, as well as the initiatives implemented to drive environmental stewardship within various companies.
- › Road fatalities.

All material social and environmental risks are elevated to the Imperial Logistics board and all human capital issues are reported directly to the board.

Based at head office in Johannesburg, the executives responsible for health and safety and environmental sustainability cover both the South Africa and the African Regions operations. They report to the chief shared services officer who, in turn, reports to Imperial Logistics' CEO. All human resources executives across both regions report to the chief people officer.

High level policies and standards are formulated at head office and filtered into our companies, which are responsible for developing their own standard operating procedures to give effect to the policies and standards.

Europe

In Europe, the quality, environment, health and safety (QEHS) and sustainability department centralises the management and monitoring of sustainability issues and ensures Imperial Logistics International complies with relevant laws and standards. This integrated management system enables the sharing of specialist knowledge and best practices among individual companies. The department drives improvements that benefit the European operation as a whole, including providing assurance on the quality and sustainability of our initiatives. Energy consumption is reported to the Imperial Logistics International management board.

Silver rating for sustainability performance

Many of our clients in Europe use EcoVadis, an independent international rating agency for global supply chains, to evaluate our performance in relation to the environment, working conditions, social responsibility, fair business practices and sustainable procurement. In the 2017 assessment, the chemical and shipping divisions both achieved an above average silver rating. Companies from 150 sectors in 110 countries are analysed by EcoVadis.

Creating value for societies and stakeholders

Each country in which we operate is unique. To remain relevant means that we must be responsive to the legitimate concerns of all stakeholders and the national imperatives pertaining to each country.

Our stakeholder universe is defined as entities or individuals that may be affected by our activities, products and/or services, as well as those whose actions can be expected to affect our ability to successfully implement our strategies and achieve our objectives. Key stakeholder issues were considered when formulating the material issues (see *material issues and priorities*) and related sustainable development focus areas for Imperial Logistics.

We create value for societies through our business activities, which provide employment and support real economic growth by supporting the supply chains of major industries. In addition, we ensure the safe distribution of food and pharmaceuticals, including into remote areas in Africa (see *defensible road safety practices* and *product responsibility and safety*).

Over and above our day-to-day business activities, we prioritise the following to support the concerns faced by the communities in which we operate:

- › **Advancing transformation in South Africa:** our broad-based black economic empowerment (B-BBEE) performance is discussed under *improving our transformation credentials in South Africa* and *employer of preference*.
- › **Local hiring in the African Regions:** we seek to retain and develop the management teams of acquired businesses to preserve client-centric agility, entrepreneurial flair and local relevance. We also hire local people, providing them with development training, to promote a cohesive work environment and to leverage their local knowledge (see *drive diversity in line with local requirements*).
- › **Adhering to localisation requirements:** in Namibia, we are engaging with industry bodies on the draft New Equitable Economic Empowerment Framework which is under revision following public consultation.
- › **Procuring goods and services locally:** where feasible, we support local suppliers to drive socioeconomic development in our countries of operation and to access specific African markets and gain customs, excise and taxation benefits.
- › **Advancing access to healthcare in Africa:** see *supporting micro-enterprises that provide primary healthcare services* and *product responsibility and safety*.
- › **Minimising our environmental impact:** our efforts to reduce our carbon footprint and consumption of natural resources is discussed under *environmental stewardship*.

Performance measures

South Africa

Level 4 rating against the Department of Trade and Industry's generic B-BBEE Codes of Good Practice.

Nigeria

70% of Worldwide Healthcare's products are sourced locally.

Africa

43 million patient packs delivered a month.

Carbon footprint

727 058 tonnes of CO₂¹
(2017: 756 507 tonnes of CO₂)

Corporate social investment

R12 million²
to support communities.

¹ Carbon dioxide (Scope 1 and Scope 2 only).

² Assured (see the independent limited assurance report in the 2018 integrated annual report).