REUNERT

REUNERT LIMITED

INTEGRATED REPORT 2021

Contents

Refer to the 10-year performance review on page 148

Navigating the report

The design of this Integrated Report (the report) showcases Reunert's portfolio of businesses. The industrial-themed concept is inspired by the Group's scale and growth ambitions.

Icons are used in this report to assist with understanding and linking information. These icons reflect Reunert's strategic pillars:

Diversification **Efficiency** **Innovation**

Our customers **Our people** **Transformation**

The number in the icon refers to the relevant governance principle of the King IV Report on Corporate Governance™ for South Africa, 2016[1] (refer to page 85).

Year-on-year performance against key performance indicators is shown as:

- Positive/ creating value
- Negative/ eroding value
- Neutral/ preserving value

These key performance indicators are linked to the International Reporting Council's Integrated Reporting Framework's use of value creation, preservation and erosion.

A glossary of key abbreviations and acronyms is included on page 152 and definitions and formulae on page 153.

Visit Reunert's website, www.reunert.co.za, for more information on the Group and its segments.

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An overview of this report

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Reunert Limited (Reunert or the Group[1]) is proud to present our Integrated Report for the year ended 30 September 2021.

This report was developed to enable Reunert stakeholders to make an informed assessment about our ability to create and preserve value over time. It presents the Group's overall performance and does not differentiate between the Group's activities and its legal entities.

Among other things, this report discusses Reunert's three operating segments: Electrical Engineering, ICT and Applied Electronics. It refers to companies or entities within segments as business units.

The Group | The three segments | The clusters

- **REUNERT LIMITED**
  - **ELECTRICAL ENGINEERING**
    - POWER CABLES
    - TELECOM CABLES
    - CIRCUIT BREAKERS
  - **ICT**
    - BUSINESS COMMUNICATION
    - TOTAL WORKSPACE PROVIDER
    - RENTAL-BASED FINANCE
    - SOLUTIONS AND SYSTEMS INTEGRATION
  - **APPLIED ELECTRONICS**
    - SECURE COMMUNICATIONS
    - FUZES
    - RADARS
    - RENEWABLE ENERGY
    - LOGISTICS

REUNERT ENSURED THE RELIABILITY OF THE INTEGRATED REPORT

The following contribute to the reliability of the information in this report:

> Reunert has transparent and sound business processes underpinned by an ethical culture
> The Board of directors (Board) sets the Delegation of Authority Framework and delegates responsibility to executive management to oversee the business units. Reunert's federal model ensures appropriate accountability in each business unit and that no director has unrestricted decision-making powers
> The executives of each business unit are responsible for their financial statements. All material business units' annual financial statements are subject to external audit. Deloitte & Touche (Deloitte), the external audit firm, is the appointed auditor to these business units
> Internal audit executes an Internal Audit programme across all business units over a two-year cycle
> The Board assesses the performance and competence of the executive directors and the Group Company Secretary via the Nomination and Governance Committee. The Audit Committee further considers the performance of the Group Chief Financial Officer, Group finance function and internal and external audit
> The Board, assisted by the Audit Committee and other Board committees, oversees the preparation of the Integrated Report and Annual Financial Statements and has unfettered access to the internal and external auditors
> The Group-wide Internal Financial Reporting Controls Integration Programme focused on monitoring and optimising the financial controls systems (see page 91).

Refer to page 151 for more information on this report's preparation, including its scope and boundary, reporting suite and assurance.

[1] *The Group includes Reunert Limited, its subsidiaries, associate and joint ventures and their operations.*

BOARD APPROVAL

With support from representatives of other Board committees, the Board and Audit Committee oversaw the reliability and comprehensiveness of this report. The Board confirms that this report presents a balanced and accurate view of the Group's ability to create and preserve value over time.

The Board approved the frameworks that directed the preparation of this report, and the process followed to determine Reunert's material matters. Aligned to the Group's combined assurance process, the Board reflected on the trustworthiness of the data and information. The Board believes that the report was prepared in all material respects according to the International Reporting Council's Integrated Reporting Framework.

The Board, as listed below, approved the 2021 Integrated Report on 15 December 2021.

TASNEEM ABDOOL-SAMAD
Independent non-executive director

ALEX DARKO
Independent non-executive director

ALAN DICKSON
Group Chief Executive Officer, Segment Head: Electrical Engineering

PIERRE FOURIE
Independent non-executive director

JOHN HULLEY
Independent non-executive director

MOHAMED HUSAIN
Independent non-executive director

SEAN JAGOE
Independent non-executive director, lead independent director

SARITA MARTIN
Independent non-executive director

DR TUMEKA MATSHOBA-RAMUEDZISI
Independent non-executive director

MOHINI MOODLEY
Group Human Resources and Transformation Executive Director

TREVOR MUNDAY
Chair, independent non-executive director

ADV THANDI ORLEYN
Non-executive director

NICK THOMSON
Group Chief Financial Officer

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which are based on assumptions and best estimates made by management regarding the Group's future performance. Such views are, by their nature, subject to risks and uncertainties, which may result in the Group's actual performance in the future being different from that expressed or implied in any forward-looking statements.

The Group neither accepts any responsibility for any loss arising from the use of the information contained in this report nor undertakes to publicly update or revise any of its forward-looking statements.

The financial information on which the forward-looking statements are based was not audited or reported on by Deloitte, Reunert's independent external auditor.

Reunert is a diversified industrial group with business units in its Electrical Engineering, ICT and Applied Electronics segments. Founded in 1888, the Group listed on the Johannesburg Stock Exchange (JSE) in 1948. Reunert is included in the JSE industrial goods and services (electronic and electrical equipment) sector.

Reunert at a glance

Reunert in 2021

2 3

"We are driven to enable our customers' purpose."

Reunert creates value through partnerships and collaboration:

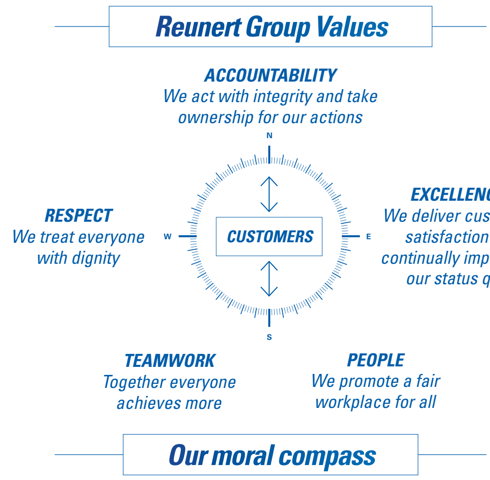
> Partnering with suppliers, franchises, agents and distributors to advance the Group's footprint
> Collaborating with customers to develop new technologies and improve service delivery
> Building long-term partnerships with partners, customers and employees

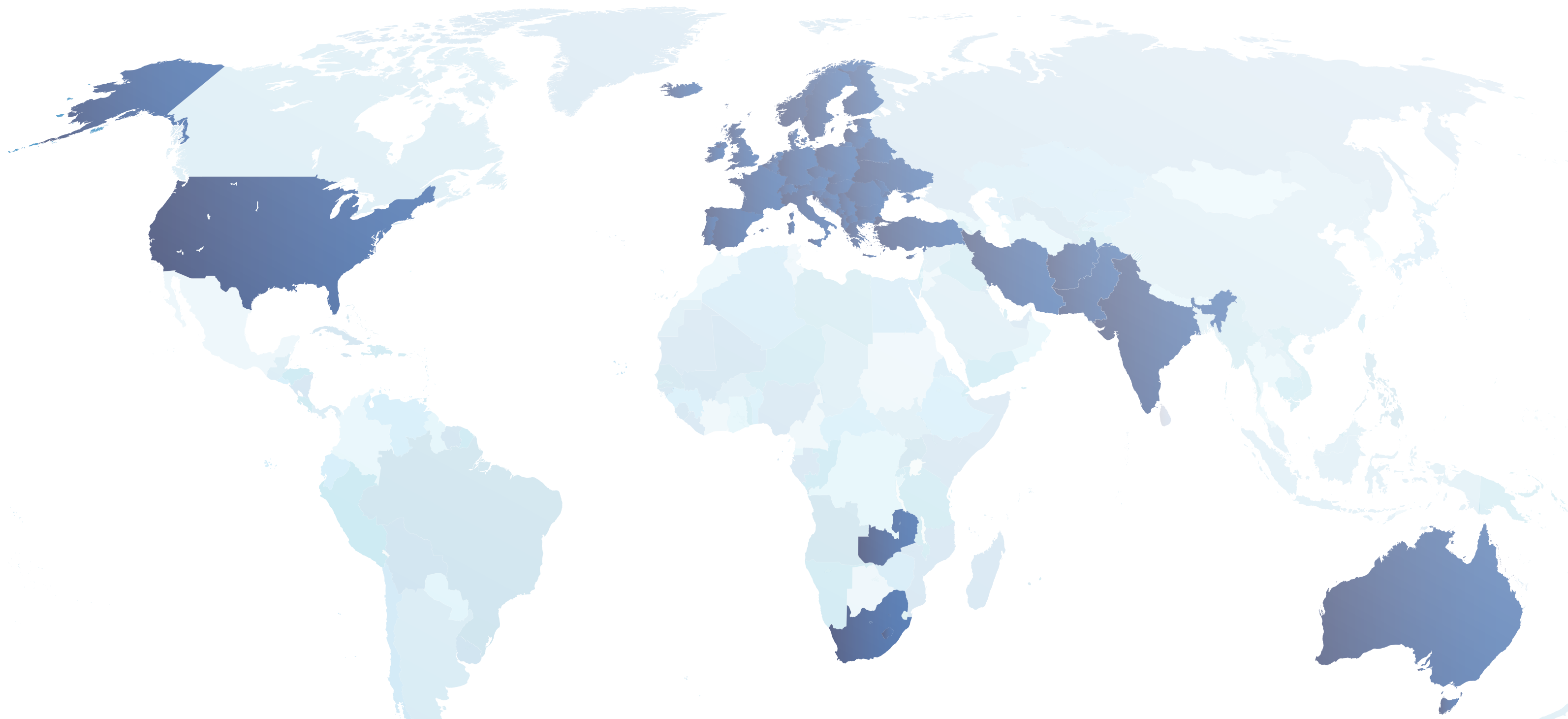
REUNERT EMPLOYS **5 691** PEOPLE.	THE GROUP PAYS AT LEAST **25%** ABOVE THE INDUSTRY MINIMUM WAGE.	THE GROUP PAID **R705 MILLION** IN TAXES.	REUNERT **INVESTS** IN ITS COMMUNITIES.	REUNERT DRIVES TRANSFORMATION THROUGH **DIVERSITY AND INNOVATIVE SOLUTIONS**.

Reunert has created a values-driven organisation by:

> Placing customers in the centre of its engagement model
> Creating technology solutions that enable our customers' purpose
> Promoting strong ethics and cultivating a high-performance culture

Reunert's primary operations are in South Africa, with a permanent presence in Australia, Lesotho, South Asia, the USA and Zambia. Reunert accesses several export markets in Europe and Asia through distributors. Reunert's Head Office is in Johannesburg, South Africa.





2021 PERFORMANCE INDICATORS

Group revenue

R9 575 million

▲ **19%**

FY2020: R8 046 million

Operating profit

R1 050 million

▲ **405%**

FY2020: R208 million (restated)

Segment operating profit

R986 million

▲ **14%**

FY2020: R868 million (restated)

Dividend

277 cents per share

8%

FY2020: 257 cents per share

SALIENT PERFORMANCE FEATURES

Financial performance

> Revenue up 19% to R9,6 billion
> Headline earnings per share growth of 316% to 478 cents
> Earnings before interest, taxation, depreciation and amortisation growth of 140%
> Return on capital employed of 14,5%
> Debt levels up to R0,3 billion (2020: 0,2 billion)

Shareholder returns

> Total shareholder returns: 75,6%
  o Dividends increased by 8%
  o The Group repurchased 2,0 million shares, returning R105 million to shareholders
> ROCE improved to 14,5%

Ethical culture

> Reunert launches its redeveloped Code of Ethics

Transformation

> Reunert retains its level 4 Broad-Based Black Economic Empowerment (B-BBEE) Contributor Status
> Two business units have an improved B-BBEE Contributor Status

Research and development

> Expanded CBi Astute Range (see page 22)
> Expanded Blue Nova High-Voltage Battery range (see page 18)
> Developed a new Berm Monitoring System to broaden the mining health and safety portfolio (see page 20)
> Developed new radios (see page 57)

Partnerships

> Reunert and A.P. Møller Capital announced the establishment of a new joint venture, Lumika. Lumika will develop a portfolio of cost-efficient, renewable energy solutions for commercial and industrial customers in Africa

Diversification

> Income from South African operations increased to 73% (2020: 71%)
> Reunert products are sold across five continents
> In electrical engineering, 34% of segment turnover derived from international jurisdictions

An overview of the Group's business model

Reunert comprises three segments with exposure to multiple markets both in SA and internationally. This business model is designed to represent the Group's operations.

The Group reflected on the six capitals as defined in the International Integrated Reporting Council's Integrated Reporting Framework, and concluded that it appropriately addresses all six capitals in this report.

Inputs

Customers
- An understanding of Reunert's markets' and customers' requirements and business drivers
- Exploring new market opportunities
- Demand for Group products
- Continuous investment in product research and development, technologies, manufacturing techniques and business process improvement

Channel partners
- Networks of franchisees, agents, distributors, resellers, wholesalers and branches

Providers of financial capital
- Reinvested profits based on a disciplined and structured financial capital allocation process
- External funding, including lines of credit

Employees
- The Group Values and Code of Ethics guide employee conduct and behaviour
- Many of Reunert's 5 691 employees are highly technically skilled
- Ongoing employee development
- Health and safety processes and policies

Suppliers and service providers
- More than 5 500 suppliers for local and imported components, products and equipment
- Raw materials and purchased components and overall cost control
- Relationships with original equipment manufacturers
- Infrastructure enablers, e.g. water, electricity, data networks and transport

Regulators and Government
- Regulations and policies
- Legal licence to operate
- Government's business initiatives
- Local and national Government enterprises as customers

Internal resources
- Manufacturing and assembly plants, testing laboratories, warehouses and distribution centres
- Marketing collateral
- Policies, procedures, standards and international certifications where required
- Intellectual capital and designs, including trademarks

Products and services

Electrical Engineering (page 45)

- Manufactures and supplies low-voltage distribution, protection and control equipment **(circuit breakers)**
- Designs, manufactures, installs and maintains a complete range of **power cables**
- Manufactures and supplies copper and optical fibre **telecommunications cables**

ICT (page 49)

Our vertically integrated strategy is executed through:
- The Total Workplace Provider cluster providing total workspace solutions designed to improve business efficiency
- The Business Communication cluster offering enterprise network connectivity, unified communications and cloud solutions, meeting the complete connectivity and communication needs of a broadening ICT client base
- The Rental-Based Finance cluster arranging customised financial services that further strengthen our value proposition
- The Solutions and Systems Integration cluster incorporates the new aged cloud systems integrator in +OneX, which comprises the best-in-class assets delivering digital services to enterprise and public sector clients

Applied Electronics (page 52)

- Manufactures tactical **secure communication** systems
- Designs and manufactures **fuzes** and related defence products
- Develops and manufactures ground and naval search and tracking **radar systems**, as well as **mining radar sensor systems** used in underground and open-cast mining
- Provides and owns **renewable energy** engineering solutions, including long-life battery storage suited to African environments
- Supplies **system engineering and logistic support services** in telecommunications, radar, satellite and mining

Markets

Electrical Engineering
- Commercial property developers
- Original equipment manufacturers
- Municipalities
- General power distributors
- Utilities
- Mining industry
- Telecommunications
- State-owned entities (SOEs)

ICT
- Corporates
- Retailers
- SOEs
- Small and medium-sized enterprises

Applied Electronics
- Corporates
- Municipalities
- Governments
- SOEs
- Local and international defence forces
- Mining houses

Growth areas

Electrical Engineering

Gross domestic fixed investment is an indicator for growth in Electrical Engineering.

As Sub-Saharan Africa's population and economies grow, so does its investment into electrical infrastructure.

Smart metering is becoming more relevant as the internet of things grows.

5G, electric vehicles and renewable energy are accelerating growth areas.

ICT

Business confidence and South Africa's GDP are key indicators for growth for ICT.

*Provide a full spectrum of ICT business solutions to enterprise and **small, medium and micro-enterprise** clients, fulfilling their needs as technologies evolve in the digital transformation.*

Build up +OneX comprising best-in-class assets delivering digital transformation services to enterprise and public sector clients.

Applied Electronics

Global defence spend and **gross domestic product** are key indicators of growth for Applied Electronics.

Renewable energy generation and storage is a developing market with significant growth opportunities. Policies and regulations in many countries incentivise the sector.

Secure communications and encryption hold promising prospects, specifically in fintech.

Reunert's target export markets are increasing their defence spend in aggregate.

The smart mining market is growing, and Reunert's radar equipment is well positioned to leverage these opportunities.

Outcomes

Customers

- A legacy of trusted brands on which we can build
- A 50 000+ strong client base which allows for cross-selling of products and services
- Ongoing customer relationships with substantial repeat business
- R150 million invested in research and development, and new products and services released

Channel partners

- An extensive network of channel partners throughout Southern Africa
- ICT has 40 Nashua franchises and over 350 dealers, wholesalers and service providers

Providers of financial capital

- R9,6 billion revenue including R2,6 billion non-ZAR revenue
- R1 050 million operating profit with an 11,0% operating profit margin
- R238 million capital expenditure
- Net dividends declared of 277 cents per share
- Five-year compound annual growth rate for total shareholder return of 2,1%

Employees

- R1 638 billion paid as employee remuneration and costs
- 68% Black[1] employees (South African permanent employees)
- 40% female employees (total employees)
- 16 Covid-19 fatalities
- 0 work-related fatalities
- 310 learners on learnerships, apprenticeships and internships
- R55 million invested in employee development

Suppliers and service providers

- R6 146 billion paid to suppliers
- R37 million invested in enterprise and supplier development
- Strong supplier relationships

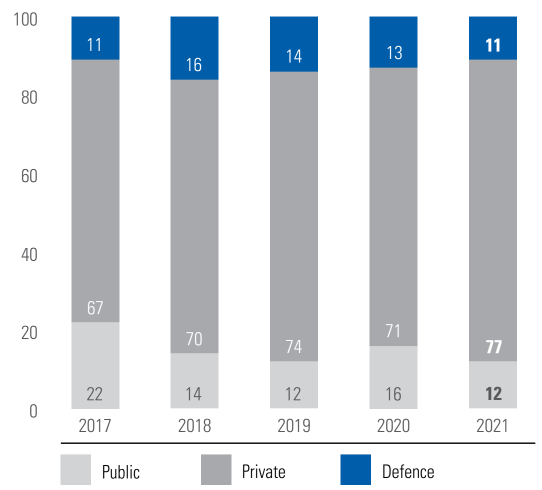
Regulators and Government

- R705 million in taxes paid
- Legal and statutory compliance
- No significant or recurring fines received
- No contributions made to any political party

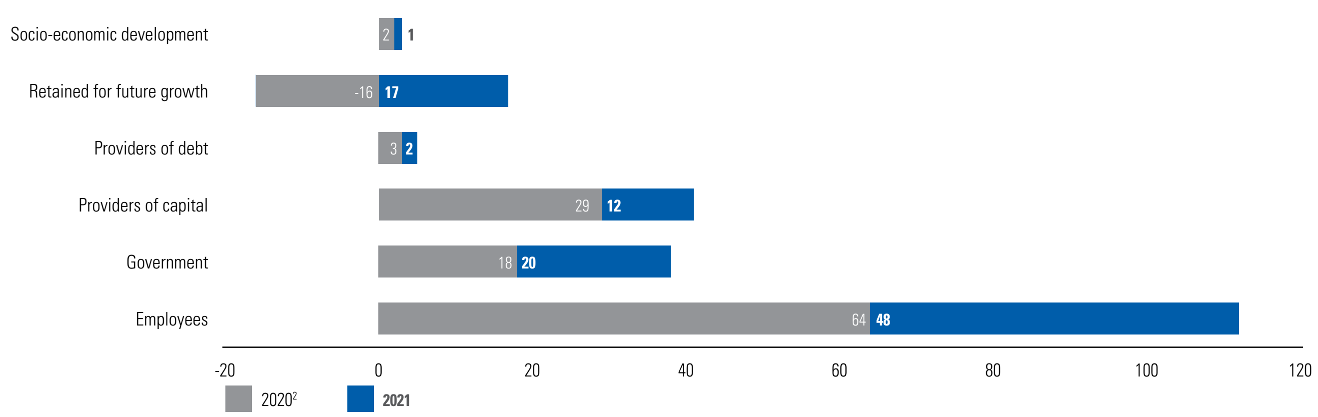
Other outcomes

- 6 090 Scope 1 metric tonnes CO_2e emissions
- 48 501 Scope 2 metric tonnes CO_2e emissions

REVENUE BY MARKET SECTOR (%)



FINANCIAL WEALTH DISTRIBUTED PER VALUE-ADDED STATEMENTS (%)*



[1] According to the B-BBEE Act, 53 of 2003, Black refers to South African citizens who are African, Coloured and Indian.
[2] The consolidated statement of profit or loss has been restated to include, in operating profit, all items of income and expenditure (excluding dividends received, interest income and expense and share of joint ventures' and associates' profit/(loss)).
* Refer to the financial value-added statement, page 148.

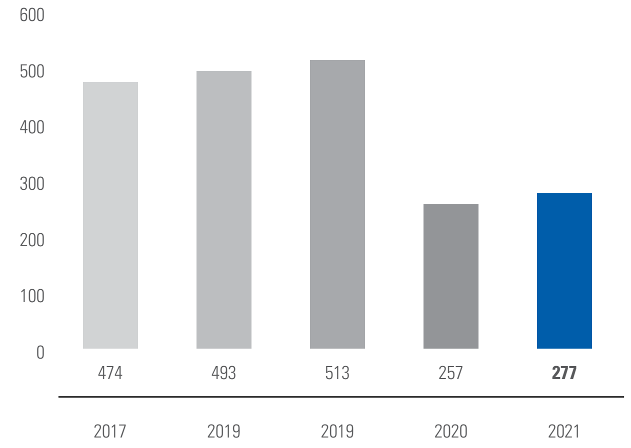
The Reunert investment case

The attractiveness of Reunert's investment case was enhanced through increased diversification, the exit of non-core assets and continued investment into scaling our growth businesses of renewable energy, last mile broadband connectivity, solutions and systems integration, and exports.

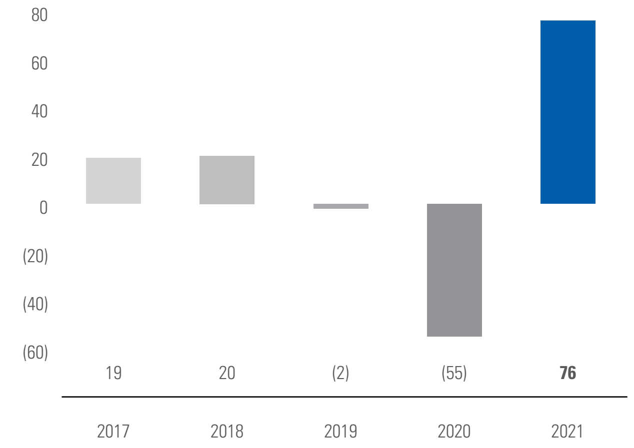
CORE COMPETITIVE ADVANTAGES

- Reunert embraces **values-driven leadership** supported by its Group Values and Code of Ethics
- The Group operates in diverse electronic/electrical and information communication technology markets, and in each it is focused on **enabling customers' purpose**
- Reunert has a **federal business model**. Head Office provides strategic oversight and the common core competencies required by the business units in the Group such as company secretarial and tax. This allows business units to retain their individual entrepreneurial drive, thereby increasing their agility, responsiveness and resilience.
- The Group has **well-known and respected brands**, including:
  - CBI-Electric
  - Reutech
  - Nashua
  - ECN (Electronic Communications Network)
- Major business units are either first or second in the chosen markets they participate in
- Reunert has well-managed operations, strong cash flows and business units that collectively show **resilience** through macro-economic cycles
- The Group's largely **ungeared balance sheet** creates the capacity to both execute capital projects and mergers and acquisitions opportunities
- Reunert has a strong focus on **long-term shareholder value creation** – its key metrics reflect a shareholder focus, such as total shareholder return, profit, growth and return on capital employed over the economic cycle

NORMAL DIVIDEND (cents per share)



TOTAL SHAREHOLDER RETURN (%)



Reunert's business units

Reunert has three operating segments: Electrical Engineering, ICT and Applied Electronics. The segments are defined by their core competencies, technology, products and services, markets and customer segmentation. Businesses are grouped into clusters if they are vertically integrated or if they operate in similar markets.

Comprehensive information about the business units, their products and services, distribution channels, market sectors and intellectual property can be found on the fact sheet at www.reunert.co.za/group-overview.php.

ELECTRICAL ENGINEERING

56% (2020: 46%)
CONTRIBUTION TO GROUP REVENUE

38% (2020: 3%[2])
CONTRIBUTION TO GROUP SEGMENT OPERATING PROFIT

7% (2020: 1%)
SEGMENT OPERATING PROFIT MARGIN[1]

POWER CABLES

Power Cables designs and manufactures a comprehensive range of low, medium and high-voltage electrical conductors, cables and accessories up to 275 kilovolts (kV). The power installations division specialises in the turnkey installation, testing and maintenance of medium and high-voltage cable systems up to 400 kV.

It also designs and manufactures oxygen-free copper rod according to ASTM-49.

TELECOM CABLES

Telecom Cables designs, manufactures and supplies copper and optical fibre telecommunications cables and cable ducts for the telecommunications, industrial and structured data cabling markets.

CIRCUIT BREAKERS

Circuit Breakers supply low-voltage electrical distribution, protection and control equipment and customer-specific solutions. Circuit breakers has operations in Africa, Asia, Australia, Europe and the USA. On average, 60% of its specialised precision protection products are exported to global niche markets. It produces the Astute Range of smart IoT products used for energy monitoring, management and control.

ICT

25% (2020: 30%)
CONTRIBUTION TO GROUP REVENUE

62% (2020: 70%[2])
CONTRIBUTION TO GROUP SEGMENT OPERATING PROFIT

24% (2020: 24%)
SEGMENT OPERATING PROFIT MARGIN

BUSINESS COMMUNICATION

The Business Communication cluster houses both the largest independent next-generation communications solutions provider and one of the largest independent wireless network and solutions providers in South Africa; and last mile broadband connectivity.

TOTAL WORKSPACE PROVIDER

Nashua is a Total Workspace Provider that offers a range of solutions and services that facilitate and enable its customers' business outcomes.

RENTAL-BASED FINANCE

Quince Capital provides rental-based finance solutions to the ICT business units.

SOLUTIONS AND SYSTEMS INTEGRATION CLUSTER (ESTABLISHED IN 2020)

+OneX builds out The Solutions and Systems Integration Cluster whose key service offering enables enterprises to excel in a digitally transforming world.

+OneX provides digital consulting, cloud, data, unified communications and security services as well as managed services.

[1] *Segment operating profit is operating profit adjusted for items separately disclosed in the Segmental Analysis.*
[2] *2020 restatement of segment operating profit.*

APPLIED ELECTRONICS

19% (2020: 24%)
CONTRIBUTION TO GROUP REVENUE

10% (2020: 31%[2])
CONTRIBUTION TO GROUP SEGMENT OPERATING PROFIT

5% (2020: 14%)
SEGMENT OPERATING PROFIT MARGIN[1]

SECURE COMMUNICATIONS

Secure Communications specialises in secure communication systems for tactical airborne, land and naval-based platforms; and secure network-centric solutions for command and control, forward observation link and messaging services. A specialised production facility populates and assembles highly complex military-grade printed circuit board assemblies and also designs, develops and industrialises cryptographic products and solutions to meet cybersecurity requirements.

FUZES

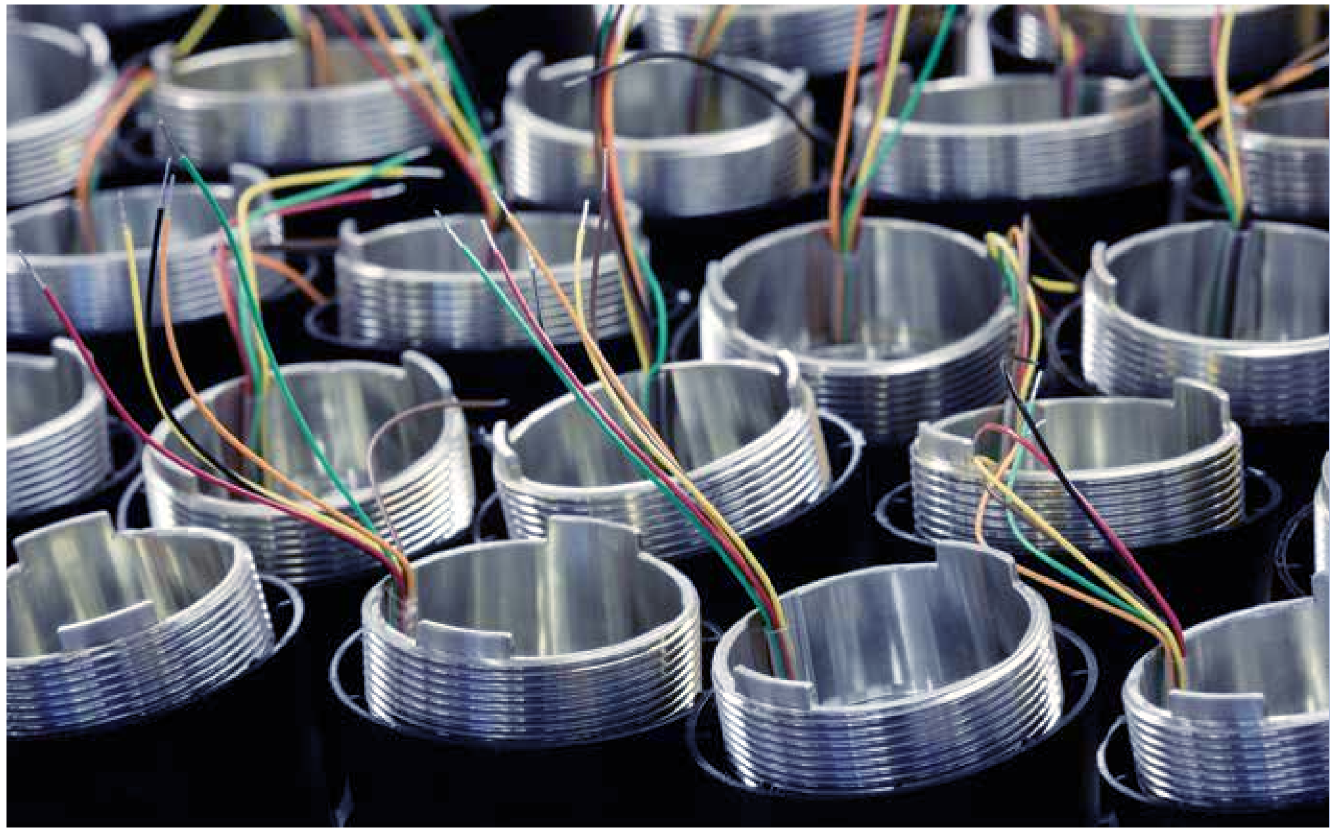
This cluster provides advanced electronic fuze technology. Capabilities include electronic and precision mechanical design and high-volume production of electro-mechanical assemblies. Small fuzes containing sophisticated miniaturised mechanical and electronic systems are also developed and manufactured.

RADARS

Radars develops and manufactures search and tracking radar systems, subsystems, safety radars and mining surveillance radars used to detect movement in open-pit mine slopes' subsurface profilers.

RENEWABLE ENERGY

The Renewable Energy cluster offers customers turnkey engineering solutions and training. This cluster delivers start-to-end solutions, encompassing strategy development, project implementation, support and maintenance, as well as the building and ownership of renewable assets focusing on the commercial-scale rooftop, parking and ground-mount solar photovoltaic systems. This includes distributed generation supported by energy storage solutions, focusing on Lithium Iron Phosphate (LiFePo4) chemistry. The installation of solar panels in African markets supplies green energy and provides software that creates transparency in energy consumption.



[1] *Segment operating profit is operating profit adjusted for items separately disclosed in the Segmental Analysis.*
[2] *2020 restatement of segment operating profit.*

Roles, authority and responsibilities

Reunert has structures to ensure that clear roles, levels of authority and responsibilities are understood throughout the Group.

Reunert's Head Office oversees Group strategy development and implementation, reviews financial year plans and develops and monitors Group policies[1]. The Board approves these items and has oversight on compliance and capital allocation. Business units implement the strategy, action the financial plans and ensure employees adhere to Group policies.

Strategy

The Board approves the Group's strategic direction. The Group Executive Committee (Exco) formulates and monitors the long-term strategic implementation plans, associated risks and mitigation plans and performance criteria.

Significant matters

The Board approves significant matters, including major acquisitions and disposals. The Exco manages the financial capital allocation process, and the Group Transformation Committee guides and monitors the Group's transformation.

Performance

The Group Chief Executive Officer, Group Chief Financial Officer and Segment Heads use defined key performance indicators to assess the performance of segments and business units.

Operational execution

The business units make operational decisions and execute their respective strategies. Each business unit drives its own sales and marketing strategy, customer programmes, supply chain management, efficiency improvements and product and service innovations.

Delegation of Authority Framework

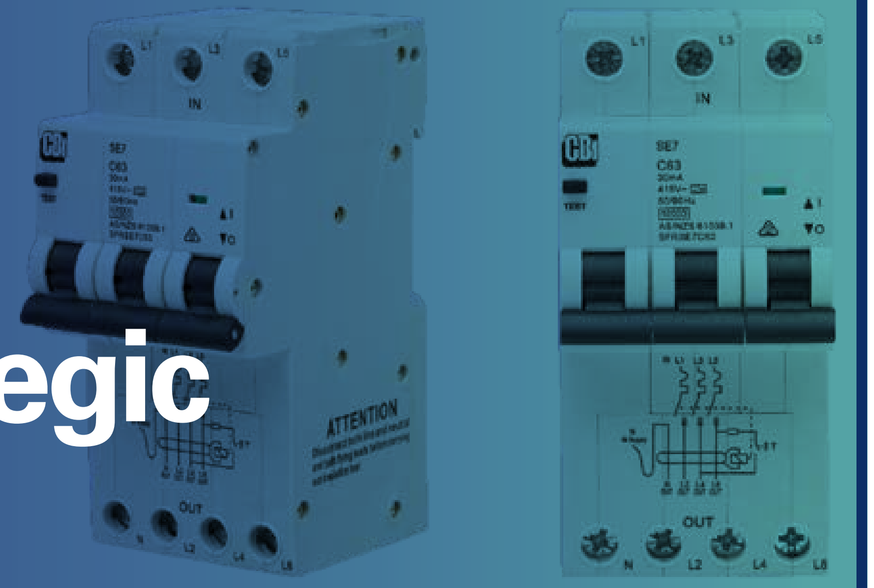
The Board-approved Delegation of Authority Framework reserves certain decisions for the Board and its various committees while delegating the day-to-day operations to members of the Exco through the Group Chief Executive Officer, or to the Exco as a whole.

The Board is satisfied that the Delegation of Authority Framework contributes to role clarity and the effective exercise of authority and responsibilities.

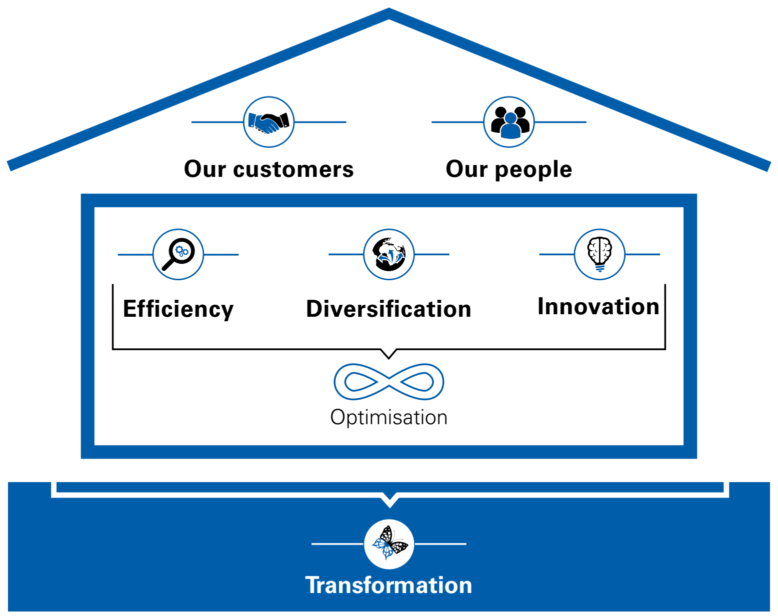
Read more about our Board and Board committees in our Governance chapter on page 85.

[1] *This includes accounting, human resources and company secretarial policies.*

Reunert sets the overall strategic direction for the Group so business units can create more value than they would as stand-alone businesses.



Our strategic direction



Group strategy

Reunert's strategy is centred on driving sustainable growth, increasing our diversified revenue streams and scaling our growth businesses.

OUR SYSTEMATIC APPROACH TO DEVELOPING STRATEGY

ANALYSIS	DEVELOPMENT	ANNUAL REVIEW
Reunert and business units analyse the operating environment to evaluate strengths, weaknesses, opportunities, threats, resources and capabilities. The Risk Committee provides the material risk matters to be considered.	The Exco, with input from the business unit management, collaboratively develop the Group strategy for Board approval. Each segment and business unit cascades its strategy aligned to the Group's strategy.	Business unit executives review and validate strategies annually. They identify any changes or additional initiatives required to drive the business strategy. Three-year financial forecasts are updated with new plans and initiatives. The annual budget process includes strategic key performance indicators which are incorporated in remuneration incentive targets.

Board oversight

Each year the Board alternates between reviewing the strategy's implementation or approving changes to the strategy while also evaluating the strategy's implementation. This process ensures the strategy adapts to the changing operating conditions.

Approved the strategy (base year 2014)

Reviewed the strategy's implementation

2015 | **2016** | **2017** | **2018** | **2019** | **2020** | **2021**

Approved modifications to the strategy and interrogated the strategy's implementation

REUNERT'S 2021 STRATEGY ADAPTION

Reunert's strategy addresses the Group's material matters and consists of six pillars: diversification, efficiency, innovation, our customers, our people and transformation.

In 2021, and to account for the limitations Covid-19 placed on Group meetings, Reunert ran an externally facilitated, collaborative workshop to refresh the information on competitive environments and challenge strategic assumptions. The 2021 strategy development process considered the strategic execution and financial performance in 2020 and set the key focus areas for 2021. This strategy review process included, among others:

> Understanding the implications of Covid-19 for the business units and overall Group strategy
> Continued investment into renewable energy, including a new joint venture and build-own-operate projects
> Establishing the Solutions and Systems Integration cluster (established in 2020) as the fourth cluster in ICT
> Actions to improve shareholder returns including the capital allocation to Quince

Investor questions

Q: What is Reunert's appetite for acquisitive growth over the medium term?

A: We will actively pursue acquisitions in ICT in the Solutions and Systems Integration cluster to complete our service offering for +OneX. We may also be interested in other ICT assets that may be wholly Reunert owned. We would also consider acquisitions in the renewable energy space.

Q: How is environmental, social and governance (ESG) integrated into the Reunert strategy?

A: ESG has been included in Reunert's DNA for many years. As investors became more aware of the importance of ESG, executing and reporting on our ESG initiatives have received increased prominence in Reunert's investment case.

All of Reunert's subsidiaries have ESG commitments. The manufacturing operations optimise their water and energy consumption, and all business units minimise waste, reuse and recycle materials. Reunert is currently measuring and monitoring the consumption of resources that comprise our carbon footprint. All business units play a role in contributing to our social projects and are responsible for the highest standards of corporate governance.

Work is under way to develop a Group-wide strategy to target initiatives at the individual operations to further raise efficiencies.

Renewable energy is a key growth area for Reunert and a key component of our Sustainability Strategy.

The Group continues to refine the Sustainability Strategy adopted in 2018 (page 59).

GROUP STRATEGIC PILLARS, OBJECTIVES AND PERFORMANCE

Progress against the Group strategy since 2017 is indicated as follows:
Moderate M Good G Significant S

Diversification

Reunert's key strategic initiatives centre on the following:

> Accelerate growth by building scale businesses to service rapidly developing new markets
> Leverage the strength of the ICT Segment
> Diversify Reunert's revenue streams by increasing the market share in targeted export geographies where it has a competitive advantage
> Augmenting traditional revenue streams by new complementary products and service revenues

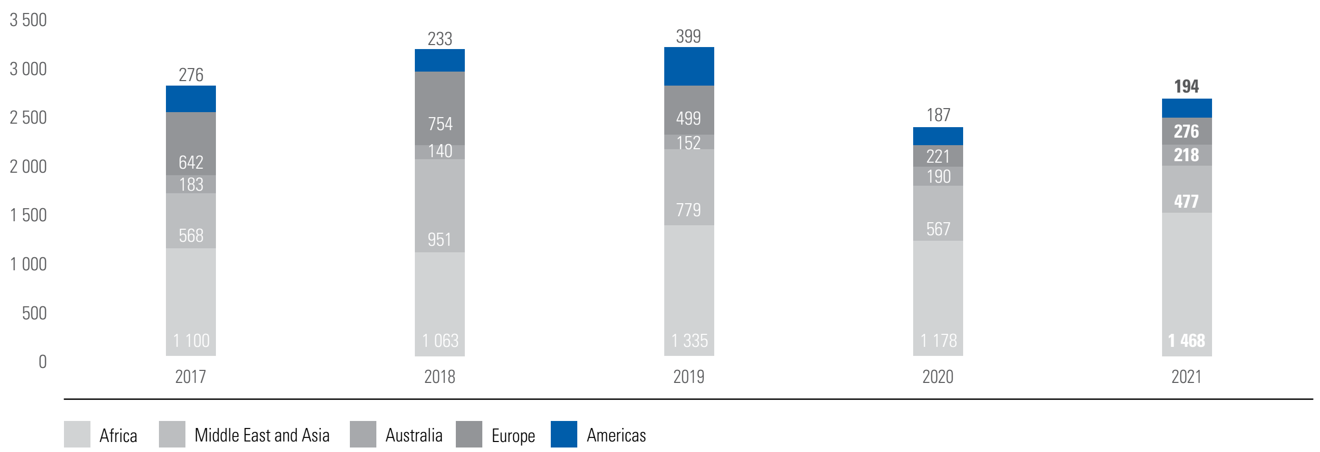
DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021
> **Geography:** The Group expands its geographic footprint through acquisitive and organic growth and strategic partnerships. 27% of the Group's revenue currently comes from export markets. International developments influence Reunert's selection of markets and the pace of geographical diversification > **Improved solutions offering:** The Group continuously enhances its customer solutions to improve markets, retain customers and enhance its position in the value chain	**Geography:** > Electrical Engineering leveraged its distribution partnerships in Europe and China and enhanced its market access in both geographies. Subsidiaries in the USA and Australia continued to increase their market shares > In Applied Electronics, Reunert and A.P. Møller Capital established a new joint venture, Lumika. Lumika is developing a portfolio of cost-efficient, renewable energy solutions for commercial and industrial customers in Africa. Fuchs continued its market diversification and building of its European order book pipeline to reduce its concentration risk in South-East Asia > In ICT, SkyWire's comprehensive broad national geographic coverage provides wireless networks with access to over 60 000 high sites country-wide **Improved solutions offering:** > In the ICT Segment, +OneX achieved good progress in building out its core service offerings and positioning itself as an end-to-end ICT solutions and systems integrator. +OneX expanded its service offering by acquiring two complementary bolt-on businesses in hosted private cloud services and digital media and data consulting

Progress since 2017
G

Key performance indicators	2021 performance	2021	2020	2019	2018	2017
Non-ZAR revenues (Rbn)	●	**2,6**	2,3	3,2	3,1	2,8
Inorganic growth: operating profit contribution from acquisitions (Rm)	●	**69**	(63)	17	19	150[1]
Five-year compound annual growth rate for total shareholder return (%)	●	**2,1**	(3,7)	9,2	6,1	5,1

[1] *Reflects Zamefa's and Omnigo's performance.*

NON-ZAR REVENUE BY REGION (Rm)



Innovation

Develop new products and services and reduce costs through innovation, research and development. This includes leveraging existing brands and distribution channels to introduce new products and services.

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021	KEY PERFORMANCE INDICATOR
Reunert creates products, services and solutions to open new market opportunities. Technology is used to deliver products and services more efficiently. This relentless focus on innovation boosts revenue growth and improves competitiveness. By harnessing new technology, the development cycle requirement for new products can be much shorter, and our products can reach the market quicker.	Electrical Engineering continued its research and development into low-voltage products and expanded the product range available in the CBi Astute Range (see page 22). Within the ICT Segment, business units continued to develop solutions that capitalised on the information technology needs created by remote working. In the Business Communication cluster, this included cloud virtual private branch exchange. The Total Workspace Provider cluster continued its investment and growth of complementary revenues. Its complementary product and service revenues now represent 20% of total channel revenue. The Applied Electronics Segment developed new transceiver products for airborne operations, base stations, shelters and maritime installations. Reutech Mining, led a joint venture with Horts Geo-Solutions and Syperion to develop the Berm Monitoring System to improve safety in open-pit mines (see case study on page 20). Reunert continued investing in renewable energy through generation, storage and switching offerings. Product innovation includes increasing the range of batteries available. The Renewable Energy cluster continued to invest in build-operate-own solar assets. Continuous improvement in battery cell technology and pricing resulted in an opportunity for new offers to the market. New products include a High-Voltage Product Range of batteries developed explicitly for integration with ATESS HPS inverters. Blue Nova batteries are now available through Leroy Merlin, one of the largest home and hardware chains in South Africa.	Increasing the percentage of research and development funding targeted at international markets for new products includes: > Circuit breakers (Astute Range) > Secure communications (receivers) > Batteries > Smart energy management

Progress since 2017

Introducing Lumika Renewables

In May 2021, Reunert and A.P. Møller Capital announced a new joint venture, Lumika Renewables. Lumika provides impetus to Reunert's renewable energy strategy which has traditionally centred around investments in Terra Firma Solutions and Blue Nova.

Lumika designs, builds, finances and owns renewable energy solutions for commercial and industrial customers. These include solar installations and energy consumption software to lower energy costs and reduce customers' reliance on the electricity grid.

As equal partners in Lumika, Reunert and A.P. Møller Capital will leverage Terra Firma Solutions' track record of optimising carbon assets and delivering cost-efficient energy solutions in Southern Africa to facilitate Lumika's entry into other African markets.

A.P. Møller Capital's experience in investing in infrastructure in growth markets will support Lumika's expansion into African countries where the company has existing networks.

Lumika will make a substantial social impact by contributing to Africa's green energy transition and power liberalisation. This will create green energy jobs while introducing beneficial financing and world-class engineering, procurement and construction into the rapidly growing distributed generation market.

Efficiency

Ensure best-in-class operational efficiency and enhanced capital efficiency. This includes optimising existing businesses and delivering strong cash flows.

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021
Reunert concentrates on managing and optimising its portfolio companies. These assets typically deliver organic growth in line with real gross domestic product (GDP). Assets generate the free cash flows required to implement the Group's diversification and innovation strategies. Cost control, raw material cost reduction and the continued drive for business efficiencies are key contributors to financial performance. Reunert optimises working capital and capital expenditure to improve capital returns from existing businesses. Best practices in supply chain management further reduce costs.	The Electrical Engineering Segment improved operational efficiencies through enhancing lean manufacturing principles. The Group optimised its assets portfolio by reducing its stake in Zimbabwean cable operation Cafca by 26% In the ICT Segment, Quince stabilised its credit risk environment, and collections steadily improved. Enterprise-wide risk controls identified in an independent review were implemented. The Applied Electronics Segment continued to leverage partnerships abroad to manufacture or deliver its products into foreign markets more efficiently. In September, Blue Nova launched its new office and factory space in Pretoria East. This production facility marks a critical milestone towards achieving its production goal of producing 200 megawatt hours monthly for 2022.

Progress since 2017

Key performance indicators	2021 performance	2021	2020[1]	2019	2018	2017
Total shareholder return (TSR)	●	**76**	(55)	(2)	20	19
Headline earnings per share	●	**478**	115	573	703	679
Return on equity	●	**11**	3	13	15	16
Return on capital employed (ROCE)	●	**15**	3	18	20	20
Operating profit margins	●	**11**	3	13	15	15
Free cash flow as a percentage of profit after tax[2]	●	**82**	1 126	163	56	101

[1] 2020 indicators restated due to restatement of operating profit.
[2] Before share of joint ventures' and associates' profit/(loss).

$$\textbf{TSR} = \frac{\text{Closing share price} - \text{opening share price} + \text{total dividend for the year}}{\text{Opening share price}}$$

$$\textbf{ROCE} = \frac{\text{Operating profit}}{\text{Total assets} - \text{current liabilities}}$$

Our customers

Provide customer-centred products, services and solutions aligned with Reunert's purpose, to enable customers' success.

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021	KEY PERFORMANCE INDICATOR
Reunert has a culture of conducting business that focuses on creating a superior experience for the customer. This builds strong customer relationships and increases Reunert's share of overall customer spend.	The key activities and outcomes under the innovation pillar significantly enhance the Group's customer value proposition. Electrical Engineering's strong customer relationships are evidenced by the fact that the segment lost no material customers, despite all the challenges related to Covid-19. Circuit Breakers responded to customer needs by developing new products in the Astute Range to enable customers to remotely manage energy consumption. ICT's Total Workspace Provider offering continued to expand and provided the Group with higher complementary revenues. It continued servicing customers with minimal disruptions during Covid-19 lockdowns. This cluster meets customers' needs for alternative energy solutions by sourcing energy storage and generation products from Blue Nova and Terra Firma Solutions. Applied Electronics continued to collaborate with key international customers to develop custom products. The segment conducted detailed research to improve its understanding of markets and customer loyalties. While developing relationships in person has been constrained in 2021, business units have made the most of online conferences and other virtual marketing opportunities.	A range of customer-related key performance indicators at business unit level measure: > Customer loyalty > Customer service levels > Customer retention > Market share Refer to the segment performance reviews starting on page 44.

Progress since 2017

G

New Berm Monitoring System increases safety at open-pit mines

The drive for technology to improve mine safety led to a joint development by Reutech Mining, Horts Geo-Solutions and Syperion to develop the Berm[1] Monitoring System. This system takes the mining industry one step closer to a zero fatality rate.

In open-pit mining, dump-point accidents can be catastrophic in casualties, equipment damage and productivity loss. Berm monitoring is a critical safety aspect in open-pit mining. Safety berms must comply with required height standards.

Typically, berm monitoring is done through periodic observations. This leaves room for error and non-compliance between observations, leading to demand for automated, continuous monitoring.

The Berm Monitoring System detects non-compliant berms rapidly, efficiently and reliably. With 360° scanning, the system allows for continuous height and position monitoring. This is critical in open-pit mining, where berms constantly change as the waste dump advances.

A laser scan computes the measurements in three-minute intervals. Communication to the control room is via Wi-Fi. When a non-complaint berm is identified, an alarm is automatically triggered. An instruction is provided to the dozer operator to repair the berm.

The system may be trailer mounted for mobility or mounted in a fixed installation. The mobile system comes in solar and battery-powered units.

[1] *A berm is a level space, shelf or raised barrier (usually made of compacted soil) separating areas vertically, especially part-way up a long slope.*

Our people

Develop a high-performance culture focusing on effective employee engagement.

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021
Employees are expected to adopt the Reunert Group Values. The Group recognises and promotes excellence. The Group's human resources strategy focuses on recruiting, retaining and nurturing top talent. This involves investing in its people and supporting the high-performance culture.	The Group redeveloped its Code of Ethics with input from employees. It was launched throughout the Group with supporting communications to entrench an understanding of the Code of Ethics and how it supports our Group Values and our ethical culture. Refer to page 90 for more detail on these initiatives.

Progress since 2017

S

Key performance indicators	2021 performance	2021	2020	2019	2018	2017
Succession plans: identified successors on development plans (%)[1]	●	**49**	43	56	36	36
Retention of critical skills: succession plans for critical roles (%)[1]	●	**83**	76	77	29	39
Health and safety: fatalities (number)	●	**0**	0	0	0	0

[1] *Includes top, senior and middle management.*

Transformation

Transform Group businesses to participate in the markets they serve.

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2021
The transformation pillar focuses on two key objectives: > To support inclusive economic growth and transformation throughout the Group > To deliver value-added services and solutions to improve our position in the value chain and respond to changing customer needs within a highly competitive environment. This links to the diversification, efficiency and innovation strategic pillars	Reunert continued to execute its multi-pronged B-BBEE strategy. This includes initiatives that address five elements of the B-BBEE scorecard: ownership, management control, skills development, enterprise and supplier development and socio-economic development. Reunert maintained its level 4 B-BBEE contributor status and achieved its employment equity targets (refer to page 71). Reunert spent R6,7 million (2020: R5,4 million) on education through Reunert College. Reunert currently employs 40 (2020: 36) graduates. Reunert developed its people, enhanced its information technology systems and technologies and invested in research and development. This helped grow sales for its existing products and services while introducing new products. Refer to the diversification, innovation and people strategic pillars.

Progress since 2017

S

Key performance indicators	2021 performance	2021	2020	2019	2018	2017
Employment equity representation at top and senior management	●	**46**	39	37	44[1]	42[1]
Reunert Limited B-BBEE Codes of Good Practice level	●	**4**	4	4	4	4

[1] *Excludes new acquisitions.*

CBI launches new Astute Range of Internet of Things (IoT) smart products

CBi-Electric: Low Voltage newly launched Astute Range of Smart IoT products can be used in residential, commercial, agricultural and light industrial applications to remotely switch geysers, lights, underfloor heating and pool pumps via the CBI Home App.

The Astute Range includes the Astute Smart Controller, Astute Smart Isolator and Astute Smart Plug, with more products in the pipeline. The Astute devices are energy-monitoring, scheduling and control switches with load management and automation capabilities.

The CBI Home App enables the user to configure and automate the Astute device to react to any change in current, voltage, time, power and many other variables or a combination. The app allows the user to set up seven-day scheduling and automation according to time, weather conditions and more. Energy usage is monitored on the app and displayed in daily and monthly graphs.

Consumers can achieve energy and cost savings by installing the range on geysers, air conditioners and underfloor heating. Business owners can use the devices to automatically switch billboards or storefront signage off to save costs and energy. The range is perfect for automating lights at home or the office and ensuring that driveway or security lights are activated at night or pool pumps and water features are automated.

FUTURE FOCUS AREAS

Reunert's growth strategy focusses on the following areas:

> Continued investment in renewable energy through the Lumika joint venture, expansion of build-own-operate solutions in Terra Firma Solutions and product innovation in the storage solution space
> Last mile broadband connectivity and vertically integrated communications solutions
> Expansion of geographic footprint and maintaining strong export capabilities in fuzes, tactical communication systems radars and circuit breakers, specifically in the rail and telecommunications sectors
> The expansion of our offerings in the Solutions and Systems Integration cluster in the ICT Segment
> Opportunities that arise from the South African Government's electrical infrastructure spend
> The Group will invest in mergers and acquisitions where they meet strategic rationale and improve shareholder returns

CAPITAL ALLOCATION

Reunert allocates capital to maximise shareholder value. Capital allocation drives future growth and the achievement of higher rates of return. Organic and inorganic growth opportunities are carefully considered against the predetermined authorisation levels set out in the Delegation of Authority Framework.

SOURCES OF CAPITAL

Free cash flow
Reunert aims to optimise working capital in line with the increase in the Group's revenue and to maintain free cash flow above 60% of EBITDA.

Cash on hand
The Group keeps adequate cash resources available to pay dividends and to cover any short-term (<three months) requirements.

Debt facilities
Reunert maintained its committed banking facilities at R1,5 billion to cushion the impact of Covid-19 on operations.

CAPITAL ALLOCATION

Dividend philosophy
In approving the interim and final dividend to shareholders, the Board considers, among other things:

> Available cash resources beyond the Group's business needs
> Free cash generated in the period to which the dividend relates
> The future economic outlook in the major markets in which the Group trades
> The approved budget for the rest of the year and forecast for the next financial year
> The anticipated capital expenditure
> Other committed cash demands
> Requirements to achieve the Group's strategy

Share buyback programme
In 2021, Reunert commenced a share buyback programme to enhance shareholder returns.

The Group repurchased 2,0 million shares, returning R105 million to shareholders.

Investments
Acquisitions are made within the three segments. The goal is to acquire complementary bolt-on businesses. These acquisitions enhance geographic and product diversification and introduce growth businesses into the portfolio.

Research and development investment is allocated to products and services in growth areas such as mining safety, circuit breakers, tactical communications and renewable energy. Customer-funded research and development is strategically important.

Internal strategic projects[1] involve investing in future business requirements or existing businesses.

Organic growth is funded where it will deliver a satisfactory return on capital employed.

[1] *Due to their strategic and competitive nature, Reunert does not disclose these projects.*

Capital allocation (Rm)	2021	2020	2019
Net dividends paid including non-controlling interests	**428[1]**	727[1]	817[1]
Share buyback	**105**	0	0
Acquisitions	**39[2]**	132[2]	62
Capital expenditure	**196**	138	102
Capital replacement	**42**	32	56
Research and development	**150**	172	152
Quince Capital loan book	**73**	172	252

[1] *Includes the final dividend payment of the previous financial year and the interim dividend payment of the current financial year as per the statement of cash flow.*
[2] *Includes the acquisition of non-controlling interests.*

Strategic acquisitions

Making targeted acquisitions is a critical component of our strategy. Reunert acquires businesses if they align with its strategy, segments and core competencies. Acquisitions are led by an experienced merger and acquisitions team and follow a due diligence process to understand the operating context, risks and opportunities.

The 2015 strategy aimed to progressively address Reunert's revenue concentration risk in South Africa and slow top-line growth. Since 2015, the Group has invested a cumulative R889 million into acquisitions. These strategic acquisitions contributed R2 736 million in revenue in 2021 (2020: R1 753 million).

Strategy roadmap (2017 to 2021)

2017

> Reunert entered the renewable energy market by acquiring a 62,5% stake in Terra Firma Solutions

2018

> Reunert continued investing in growth businesses. The Group acquired SkyWire, a last mile broadband connectivity provider
> Reunert acquired DoppTech, a specialist developer and manufacturer of small-calibre fuzes. This augmented the fuze and power cell product range while opening more markets for the Fuzes cluster

2019

> Reunert acquired a 51% stake in Blue Nova, a business that specialises in developing and manufacturing energy storage solutions. This acquisition cemented Reunert's position in the rapidly growing renewable energy market, added new technology and broadened access to new markets
> Reunert broadened its suite of ICT solutions with the purchase of Oculus IP, a last mile broadband connectivity supplier and merged it into Skywire

2020

> The Solutions and Systems Integration Cluster was formed to service its customers' changing digital needs. The cluster focusses on digital transformation solutions and consulting advisory services targeted at medium-sized enterprises. +OneX is the first business unit in this cluster
> Reunert increased its stake in Terra Firma Solutions to 90% and invested in building, owning and operating solar assets

2021

> Reunert and A.P. Møller Capital announced a joint venture, Lumika Renewables. The company will design, build, finance and own renewable energy solutions for commercial and industrial clients in selected African markets. Lumika increases Reunert's exposure to the renewable energy market
> Blue Nova launched its new office and factory space to increase production capacity for the energy storage solutions provider
> The Group enhanced the product suite of +OneX by adding two bolt-on acquisitions in hosted private cloud services and digital media and data consulting

Covid-19 impact and response

Reunert set the dual objectives of protecting its businesses while prioritising employees' wellbeing and safety. The Group proved its resilience, responsiveness and responsibility, and ensured its relevance in a post-pandemic economy.

As part of Reunert's annual strategy and business review process, every business unit comprehensively evaluated the impact of Covid-19 on their business and developed detailed action plans to ensure continued success. This review process included preparing for future waves of the virus.

The pandemic had a significant impact on the Group, including:

> The market verticals of tourism and hospitality continued to be impacted by the lockdowns associated with Covid-19
> The education sector continues to experience volatile demand as places of learning have yet to return to normal schedules
> Delays in delivering orders to and receiving new orders from customers, and delays in awarding of tenders
> Government budgets were redirected from infrastructure to Covid-19 health spend
> An economic slowdown in specific sectors affecting spend
> Cancellations or reduction in purchases due to customer cost-cutting
> Restriction of inbound and outbound international travel, with no travel and in-country lockdowns affecting sales activity in export markets in the Applied Electronics segment
> Delayed or staggered payments from debtors
> Difficulty in meeting specific financial targets, including cash flow and working capital
> Significant rand volatility against all major currencies

SUPPLY CHAIN

Covid-19 has severely impacted global supply chains. Electronic components and inbound and outbound logistics have been impacted through lack of availability, longer lead times, more complex routings and the resulting increased costs. Solutions have been implemented around the Group and, while supply chain challenges for most of 2022 are expected, the situation was already much improved up to the recent restrictions imposed due to the Omicron strain of Covid-19, the impact of which is still uncertain.

COVID-19 IMPACT ON OUR SEGMENTS

Electrical Engineering

The challenging local market conditions are expected to continue. Despite these challenges, there are new opportunities for the future growth of circuit breakers.

Challenges

> Competition in the cable market is increasing and is becoming increasingly focused on price
> Government investment in infrastructure remains at sub-optimal levels
> The decline in business confidence depressed the rate of private sector investment

Opportunities

> The renewable energy market is growing and presents a significant opportunity in the switching, measurement and control of energy
> The high cost and instability of traditional sources of electrical supply, coupled with the development of new IT solutions, create opportunities for smart energy solutions to replace conventional sources

Outlook

Infrastructure investment in South Africa shows signs of improvement although this is expected to remain similar to current levels.

> The cable businesses that rely on public infrastructure have been restructured to remain relevant at current manufacturing volumes and are expected to continue to steadily improve as the gross domestic product and renewable energy investment improves
> Business units with the capabilities to benefit from the opportunities created by weak local electricity infrastructure and the demand for more reliable energy solutions are in a strong position (notably the CBi-Electric: Low Voltage business)

Read more about the performance of this segment on page 45.

ICT

The pandemic accelerated existing trends that provide growth opportunities for some businesses in this segment. As companies redefine their operations, investments in technology and digital solutions become a priority. Strategic partnerships have become more critical as ICT providers seek to offer a comprehensive range of services. The Small and Medium Enterprise (SME) sector in South Africa has largely returned to full operation. It is pleasing to note that the SME spend with our ICT companies has returned, largely, to normal.

Challenges

> Less office space requirements negatively impact the need for ICT infrastructure
> The digitisation trend is accelerating the structural decline in print, although this is less pronounced in the small business space

Opportunities

> Demand has increased for secure IT solutions, particularly data security
> Organisations seek systems and processes that promote responsiveness and high productivity

Outlook

The portfolio of businesses within this segment provides a comprehensive capability set, and the solutions to meet emerging opportunities and grow by capitalising on these trends:

> The Solutions and Systems Integration cluster (established in 2020) will compete strongly in the market and benefit from opportunities in this space
> +OneX will continue to scale through organic growth and potential bolt-on acquisitions
> Businesses focused on traditional offerings, for example, Nashua's print business, will shift focus towards solutions that serve the growing opportunities in office automation to offset the expected decline in print
> Growth in last mile broadband connectivity is likely to accelerate as ECN and SkyWire continue their geographic expansion

Read more about the performance of this segment on page 49.

Applied Electronics

The Covid-19 impact on operations is temporary, and business units focus on international expansion and renewable energy growth. Lockdowns in our key export geographies slowed down the awarding of new contracts and our lack of ability to travel prevented business development, resulting in a much lower export order intake than normal. In addition, the inability to travel resulted in delays in the in-country final acceptance approvals and slowed the sales execution of orders already received. Pleasingly, travel bans to several of our key markets have recently been lifted and an immediate improvement in results has been achieved.

Challenges

> Some defence budget has shifted towards non-defence spend

Opportunities

> The drive towards localisation, away from globalisation, increases the importance of local partnerships and the establishment of regional operations in regions where clients operate
> Mines investing in improving safety standards create opportunities for technology solutions providers

Outlook

The segment has good exposure to growth areas in defence, mining and renewable energy.

> Business units in the defence sector will explore opportunities in new geographies, as the local market continues to face a financial strain
> The commodity prices should result in increased opportunities for mining radar technology solutions for health and safety
> Significant growth opportunities are expected from the Renewable Energy cluster

Read more about the performance of this segment on page 54.

SAFE WORKSPACES

Reunert protects its employees by adhering to Covid-19 health and safety protocols, enforcing social distancing, educating employees, allowing remote working where possible and increasing Group-wide communications.

Employees adhered to all requirements, and positive cases were quickly isolated, diminishing the need to shut down operations. Where possible, Reunert enabled Head Office and other business units to work remotely. Positive Covid-19 results are monitored through weekly reporting from business units to Head Office.

The Group has not had situations where Covid-19 infected entire teams to the extent that production was severely impacted. The particular focus by the Electrical Engineering Segment on social distancing, multi-skilling and cross-functional work in the production environment assisted in the plants' minimising production interruptions. Higher levels of absenteeism were due to Covid-19, as employees who were in close contact with an employee with Covid-19 had to self-isolate.

In total, the Group had 792 positive Covid-19 cases and 674 recoveries. At year-end, 102 employees were still recovering. Sadly, the Group recorded 16 Covid-19 fatalities. We recognise these employees and reiterate our condolences to their families and fellow employees.

Reunert counselled employees affected by their colleagues' passing and equipped leaders to guide employees through this difficult time.

Covid-19 education

The Group ensured employees were educated on Covid-19 prevention, and compliance with Covid-19 protocols at business unit level was good. Where appropriate, the Group provided additional assistance. For example, CBi-Electric: Telecom Cables provided training on preventing Covid-19 infection to the taxi drivers that transport employees.

The Covid-19 Government booklet, which included information on the vaccine, was included in the employee communication in March 2021. The importance and safety of the vaccine were addressed in all business units. Reunert organised a virtual training session for employees on vaccine efficacy. This session, held in July 2021, was led by a medical practitioner. Further education sessions will be initiated as required.

Vaccination drive

Reunert has worked hard enable all our employees to receive vaccinations in a seamless and efficient manner.

Reunert supported the national Covid-19 vaccination drive through additional communications, allowing employees time off to receive vaccinations and setting up vaccination sites at certain business units. Reunert collaborated with Discovery Health and was part of the pilot for the Discovery Health Corporate Vaccine project. This partnership with Discovery assisted eligible employees to receive their vaccines.

More than 50% of our employees have been vaccinated and we continue to drive to increase this ratio. We thank those employees who have been vaccinated and value their embracing of the moral obligation to themselves, their fellow employees and South Africans in general.

Impact on HR plans

Managing the continued impact of Covid-19 was the most significant HR challenge of 2021. This meant that many HR initiatives, including in-person training, were delayed, cancelled or conducted virtually.

Communication

Reunert successfully met its dual objectives of protecting its businesses and prioritising the safety and wellbeing of employees. The initiatives implemented since the emergence of the pandemic enabled business units to continue their business operations with limited disruption. Effective planning and consistent communication played a key role in the Group's successful return to operations. Communication included written communication from business unit management and the Reunert Group CEO. The Group-wide Let's Talk newsletter had a focus on Covid-19 communication.

Remote working

Wherever possible, employees were able to work from home. While these remote working arrangements proved productive, they limited positive team dynamics. Management was advised to communicate regularly with teams to provide emotional support. Business units were encouraged to participate in wellness programmes made available by third-party service providers. Reunert hosted immune booster health and wellness days and provided vitamins to employees.

The Group will continue to be agile in its response to developments relating to the Covid-19 pandemic.

COVID-19 IMPACT IN THE WORKPLACE

Managing the continued impact of Covid-19 was the most significant HR challenge of 2021. This meant that many HR initiatives, including in-person training, were delayed, cancelled or conducted virtually. Reunert experienced higher Covid-19 infection rates in 2021 and regrettably 16 fatalities. HR assisted business units with access to grief counselling through third-party providers while equipping leaders to guide their employees through this difficult time.

Reunert successfully met its dual objectives of protecting its businesses and prioritising the safety and wellbeing of employees. The initiatives implemented since the emergence of the pandemic enabled business units to continue their business operations with limited disruption. Effective planning and consistent communication played a key role in the Group's successful return to operations. Communication included written communication from business unit management and the Reunert Group CEO. The Group-wide Let's Talk newsletter had a focus on Covid-19 communication.

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The Group ensured employees were educated on Covid-19 prevention, and compliance with Covid-19 protocols at business unit level was good. Where appropriate, the Group provided additional assistance. For example, CBi-Electric: Telecom Cables provided training on preventing Covid-19 infection to the taxi drivers that transport employees.

During the higher infection periods and during the second and third waves, wherever possible, employees were able to work from home. While these remote working arrangements proved productive, they limited positive team dynamics. Management communicated regularly with teams to provide emotional support and monitor performance. Business units were encouraged to participate in wellness programmes made available by third-party service providers. Reunert hosted immune booster health and wellness days and provided vitamins to employees.

The Covid-19 Government booklet, which included information on the vaccine, was included in the employee communication in March 2021. The importance and safety of the vaccine were addressed in all business units. Reunert organised a virtual training session for employees on vaccine efficacy. This session, held in July 2021, was led by a medical practitioner. Further education sessions will be initiated as required.

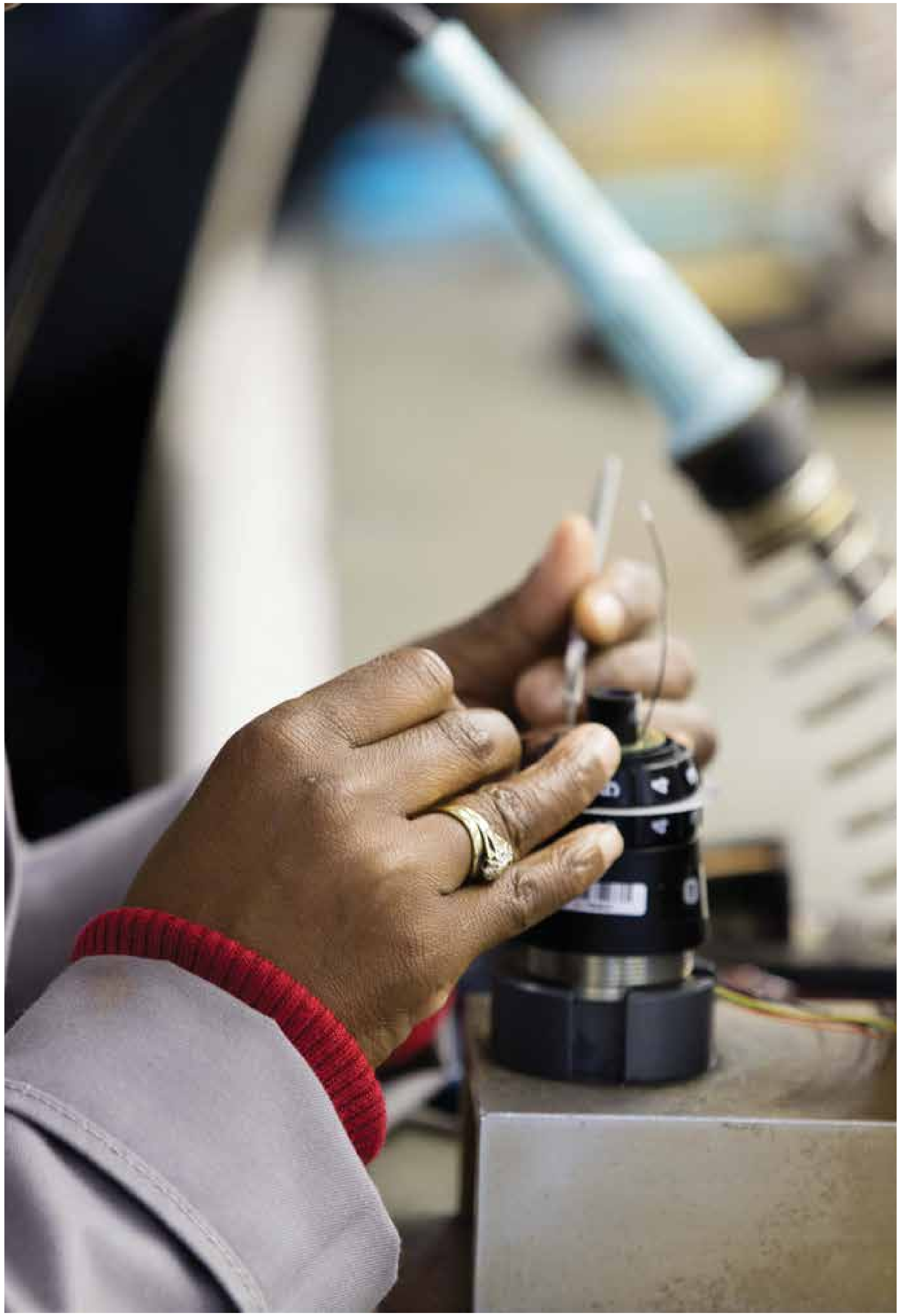
Reunert collaborated with Discovery Health and was part of the pilot for the Discovery Health Corporate Vaccine project. This partnership with Discovery assisted eligible employees to receive their vaccines.

The Group will continue to be agile in its response to developments relating to the Covid-19 pandemic.

IMPACT ON B-BBEE INITIATIVES

Covid-19 continues to have an impact on our B-BBEE initiatives. Many skills development training programmes were postponed due to lockdown restrictions. The pandemic reduced the funds available for enterprise and supplier development and socio-economic development. Despite these challenges, the Group retained its level 4 B-BBEE contributor status.

Read more about our B-BBEE initiatives on page 71.



Reunert's key business drivers

Reunert's key business drivers have a significant influence on Group performance. Business units are exposed to a cross-section of market sectors, each with its own dynamics. The Group's strategy seeks to maximise their opportunities while minimising their downsides.

Impact indicator
Limited L Material M Substantial S

BUSINESS DRIVERS

SOUTH AFRICAN ECONOMY

Reunert's South African customers' spending patterns are influenced by the country's economic activity, Government budgets, interest rates, exchange rates, growth in GDP and gross domestic fixed investment.

INFRASTRUCTURE DEVELOPMENT

Reunert earns considerable revenue from new electrification projects, including renewables and maintenance and replacement programmes for public and commercial infrastructure.

BUSINESS CONFIDENCE

South Africa's business confidence affects demand, inventory, asset replacement and expansionary investments.

Impact

	South African economy	Infrastructure development	Business confidence
Electrical Engineering	S	S	M
ICT	M	L	S
Applied Electronics	M	M	M

ASSOCIATED OPPORTUNITIES

The Group's strategy focuses on geographic diversification with growth anticipated from key export markets for circuit breakers, radars, fuzes and secure communications.

Reunert's operational efficiency focus will allow it to capitalise on the backlog of local infrastructure development and maintenance projects once the economy recovers.

Government's 2019 Integrated Resource Plan (IRP) provides a promising future roadmap for renewable energy generation in South Africa.

Renewable energy presents a significant growth opportunity. Since the amendment of section 2 of the Electricity Regulation Act, 4 of 2006 in August 2021, industrial players have the greenlight to generate 100 megawatts from renewable energy sources without licensing. In South Africa, demand for private power is driven by electricity price hikes, persistent loadshedding and a desire to be more environmentally conscious. The cost of alternative energy technology and solutions will decline, making it increasingly accessible and affordable.

There is considerable demand for renewable energy generation, efficiency and storage and last mile broadband connectivity throughout Africa.

ASSOCIATED RISKS

The Group's capacity to generate top-line growth is connected to the country's growth, stability and macro-economic conditions.

High Government debt levels have meant that less is allocated to maintaining infrastructure or investing in new projects. The pandemic has seen further resources redirected to Covid-19 relief projects.

Low domestic investment is underpinned by subdued consumer and business confidence. This confidence was further diminished by the negative impact of several days of civil unrest in July 2021 in KwaZulu-Natal and Gauteng.

Quarterly GDP grew at an annualised rate of 4,7% as at the end of September 2021. Multi-national advisory firm PwC predicts a 2,5% growth rate for South Africa in 2022.

BUSINESS DRIVER

SOUTH AFRICAN GOVERNMENT POLICY

Changing or uncertain Government policy has consequences for Reunert's business units, including cost implications. The B-BBEE Codes of Good Practice, which are subject to change, significantly impact how the Group's South African business units function.

Impact	
Electrical Engineering	M
ICT	M
Applied Electronics	M

ASSOCIATED OPPORTUNITIES

Covid-19 intensified Government's focus on transformation, as the pandemic has disproportionally affected previously disadvantaged groups. Reunert views transformation as a business imperative. The Group has enterprise and supplier development initiatives that promote Black-owned small, medium and micro-sized enterprises.

ASSOCIATED RISKS

Policy uncertainty weighs down business confidence and reduces gross domestic fixed investment. South Africa needs to make more urgent progress on economic reforms to encourage growth.

Policy uncertainty is undermining business confidence. The pandemic has increased uncertainties around policies, and a possible social compact to return to growth after the pandemic.

B-BBEE is effectively addressed and well managed throughout the Group. There are currently no imminent risks related to B-BBEE amendments. President Ramaphosa, during a public address earlier in 2021, stated that changes will be made to B-BBEE legislation.

BUSINESS DRIVER

TECHNOLOGY AND INNOVATION

The rise of newer technologies and shorter product-to-market life cycles present various opportunities and risks for Reunert.

Impact	
Electrical Engineering	M
ICT	M
Applied Electronics	S

ASSOCIATED OPPORTUNITIES

The most significant opportunities include:

> Renewable energy generation and storage
> Secure communications
> Broadband connectivity
> Digital transformation
> Total Workspace Provider offerings
> Mining safety

Technology and streamlined processes, including workspace digitalisation, provide opportunities to identify internal efficiencies.

Covid-19 amplified the demand for cloud services, and the prevalence of remote working means that companies required high-quality network access and security. The Total Workspace Provider cluster offers a range of solutions and services that facilitate and enable its customers' business outcomes.

Reunert's research and development capabilities drive product innovation. For example, Reunert can adapt advanced defence technologies for commercial use.

ASSOCIATED RISKS

Traditional technologies are under threat as newer technologies become more attractive. For example:

> Demand for enterprise office printing has dropped, as corporate businesses work from home and employees prefer digital solutions
> Older electricity generation and transmission technologies are losing favour as demand for renewable energy and distributed generation increases

Attracting and retaining scarce technology skills to compete in a changing world is challenging.

The scale, frequency and impact of cyberattacks are escalating as criminal syndicates become increasingly sophisticated and adopt new technologies. These attacks could result in business interruptions, fraud and reputational damage.

BUSINESS DRIVERS

SECURITY DEMAND

The export of Reunert's security and defence products depends on the export countries' defence budgets and appetite. This is influenced by geopolitical tensions.

EXCHANGE RATES

Volatile exchange rates influence demand and pricing for imported materials, export revenues, margins and competitor pricing. The major currencies for imports are euro and US dollar, with exports in US dollar. Refer to page 96 for applicable exchange rates.

COMPETITIVE MARKETS

Local and international competition impacts volumes, pricing and margins. Some geographies' growth rates are under pressure, and global trade tensions are rising.

Impact	Security demand	Exchange rates	Competitive markets
Electrical Engineering	L	L	S
ICT	L	L	M
Applied Electronics	S	M	M

ASSOCIATED OPPORTUNITIES

Shifts in political dynamics across major global economic powers will create opportunities to explore new markets – particularly for businesses focused on defence and mining.

Increasing geopolitical tensions in South-East Asia as China continues to claim additional territory in the region has meant that smaller countries seek defence solutions. This creates opportunities for newer regional players. Reunert is well positioned to benefit from international demand for radars and secure communications solutions and the growing appetite for circuit breakers in renewable energy and telecommunications products. Increased demand for carbon-neutral and higher safety practices in mining presents opportunities for solutions across various business lines.

The rand is likely to continue to depreciate over the medium term. This makes Reunert's exporting businesses' solutions more attractive to customers.

ASSOCIATED RISKS

The rand is an unpredictable currency. In 2021, the rand remained relatively strong, reaching R13,50 to the dollar in June. Rand volatility makes product pricing and input costs challenging to estimate.

The kwacha's volatility against the US dollar in 2021, led to foreign exchange gains for Zamefa. Improved prospects that Zambia will secure International Monetary Fund financing is promising for the currency.

Shrinking infrastructure spend resulted in increased competition for power cables, margin pressure and industry-wide retrenchments. Foreign fibre-optic cable suppliers are growing their South African footprint.

The office automation market remains competitive.

Material matters

Material matters are those matters that substantively affect Reunert's ability to create value over time. This includes matters that directly or indirectly impact Reunert's capability to preserve financial, economic, environmental or social value for the Group and its stakeholders.

Reunert established materiality and its material matters by evaluating stakeholders' interests, various operating environments and the outcomes of its risk management processes. The Group's four material matters are consistent with previous years. The Covid-19 pandemic continues to influence each material matter. Material matters are referenced throughout this report.

KEY CONSIDERATIONS IN DETERMINING MATERIAL MATTERS

Stakeholder engagement

(page 63)

Constructive stakeholder engagement is central to the Group's strategy, governance principles and business practices. Reunert recognises and responds to stakeholders' interests and the related risks and opportunities.

Key external business drivers

(page 29)

Several external elements influence business performance.

Reunert has limited control over the impact of external elements, and their influence varies depending on each business unit's circumstances.

Risk management

(page 93)

Risk management is an essential business process that allows Reunert to balance risk and reward. It protects the Group against risks and uncertainties that could negatively impact business performance and strategy execution.

MATERIAL MATTERS

Political and regulatory environment

Reunert has limited influence over this matter.

Uncertainty in the political, policy, regulatory, labour and societal arenas impede South African businesses and foreign investment.

The government's 2019 IRP together with the raised 100MW threshold, has increased the liberalisation of energy generation. These structural changes provide impetus to the local energy supply environment and have a positive impact on our renewable energy cluster, energy operation and the overall SA economy.

Reunert acknowledges the challenges in South Africa and has several mitigation strategies in place. These include a continued focus on diversification to lessen dependence on the South African market.

Covid-19 impact
The pandemic meant that Government priorities and spend shifted towards Covid-19 relief. The issues relating to key policy and regulatory areas remain. Socio-economic risk has intensified.

Economy and markets

Reunert has limited influence over this matter.

Export and local demand for Reunert's products and services are affected by macro-economic conditions.

The weak South African economy, limited infrastructure development and static business confidence limit local demand for Reunert's products and services.

Business confidence was eroded by the civil unrest in KwaZulu-Natal and Gauteng between 9 and 17 July 2021.

Covid-19 impact
Covid-19 continues to hamper local economic activity, especially in the education, tourism and hospitality sectors. Inequality has deepened, and social instability has increased. Government diverted spend from infrastructure and defence, which has been negative for some business units. Economic recovery and Covid-19 containment are expected by 2024, and business units are well positioned to benefit from this improvement.

Technology

Reunert has a medium level of control over this matter.

Technological innovation offers new business opportunities while disrupting existing businesses.

Technology influences Reunert's customers' business processes and the product and service offerings they require. Competitors' innovation can disrupt business.

The Group's focus on innovation and investments in relevant technologies is a strong driver of growth, which leverages the Group's existing intellectual property.

Covid-19 impact
Covid-19 has accelerated new technology trends such as hybrid-working and a greater need for broadband connectivity.

People

Reunert has a medium level of control over this matter.

Reunert's skilled and experienced employees drive a high-performance, diverse and innovative culture. Employees are committed to living the Group Values.

Retaining top talent and ensuring transformation, especially at management levels, are high priorities for the business.

Covid-19 impact
Covid-19 required that in-person training programmes were conducted online. Stringent Covid-19 protocols protected employees' safety.

Leadership training was introduced to offer management additional support to lead through trying times.

Employees were assisted through additional Employee Assistance Programmes.

Leadership reflections on 2021

Chair's report

> ***"The July riots provided a timely and convincing reminder of the determination, devotion, and resilience of civil society in South Africa. Despite our problems, we are blessed with a respected and independent judiciary, an active media, a strong business community, a competent South African Reserve Bank, a highly capitalised and well-regulated banking and financial services sector, and a recovering South African Revenue Service."***
>
> **Trevor Munday (Chair)**

In my report last year, I wrote "Our experiences this year nationally and for Reunert were unprecedented. This was not a normal year."

The Covid-19 pandemic and its impact in 2020 were central to that comment. My comments under the header 'Country challenges' were unfortunately more a continuum of my previous years' comments about low economic growth, increasing national debt, growing unemployment, corruption, and political mismanagement. These regrettably continued to feature prominently.

We experienced the first wave of the pandemic in the previous financial year. This financial year, ending 30 September 2021, we endured the second and third waves. These escalated in severity in terms of both numbers infected and deaths nationwide. Presently, the number of persons infected in the country is approaching three million with nearly 90 000 deaths, although most medical experts argue that the latter number is materially understated.

At Reunert, we again did not escape the impact of Covid-19. More so than in the previous year, our international supply chains were severely disrupted causing material shortfalls in the requirements for some of our businesses. Supply chain problems have emerged as one of the foremost global challenges arising from Covid-19.

During the second surge in July 2021, we experienced as many employees being infected (285) in the month as were infected in the preceding nine months. For the year, we had 792 infections and sadly 16 deaths. We extend our deepest sympathy to the families of those employees who passed, many of whom were long-serving Reunert team members and record our sincere appreciation for their contributions to Reunert.

Already in the doldrums, South Africa was further shocked when the July riots erupted mainly in KwaZulu-Natal and to a lesser extent Gauteng after the incarceration of ex-president Zuma.

In summary, it was again a disrupted and difficult year, made more difficult by the Government's continuing governing shortcomings.

FINANCIAL PERFORMANCE

Notwithstanding various challenges mostly related to the Covid-19 pandemic, Reunert achieved a major improvement in its results compared to the previous year and delivered a solid performance. The balance sheet and notably cash resources and borrowing capacity are in good shape. The detailed financial commentary and results are presented in the CEO and CFO's report and elsewhere in this report.

COUNTRY COMMENTS

The July riots were a jolt. What began as an apparently well-organised localised insurrection in KwaZulu-Natal and Gauteng quickly deteriorated into mob mayhem in those areas with frenetic looting and burning. South Africa wept in its aftermath.

From various market metrics the riots appeared to have had limited short-term effect. At the end of June just before the riots, compared to a month and two months later at the end of July and August respectively, the rand to dollar exchange rate, the JSE All Share Index, and the Rand Merchant Bank Bureau of Economic Research Business Confidence Index, hardly changed.

The impact of the riots on South Africa's future investment prospects is not yet clear. Views range from an opinion that they might be affected but should gradually recover, to feedback via a survey from 50 local CEOs that they plan to invest and grow their businesses with 90% being positive about future growth prospects.[1]

Importantly, from scrutiny of country risk analyses there hasn't been a compelling argument emerging that South Africa's risk profile required a major review after the riots or that it worsened relative to other investment destinations. Similarly, the sovereign rating agencies have not changed their respective rankings of South Africa.

The impact of the riots may therefore be more societal in nature, which may express itself over time through increased emigration from the country. South Africa is short of many critical skills and an increase in emigration arising from social stresses will further hamper economic growth prospects and the social stability that the country critically requires.

This leads to my comments about what is at the heart of the country's woes, and which arose alarmingly during the so-called 'nine wasted years' under the Zuma administration.

The ANC's cadre deployment policy and processes and their damaging impact on the country were exposed during the Zondo Commission of Enquiry into State Capture.

The country learnt that this deployment policy was apparently led for many years by the Deputy President of the ruling party aided by Government ministers and senior officials. Purporting to be a vehicle to advance demographic change and gender representation, it resulted in party loyalists being deployed into countless senior positions in government, state-owned enterprises (SOEs), provincial administrations, municipalities, and key institutions such as the South African Revenue Service.

In many, many instances those deployed were neither trained nor sufficiently experienced for the roles into which they were appointed.

The consequences of this repeated deployment of persons not equipped to discharge their job responsibilities have been materially detrimental for South Africa. This is evidenced by the financial ruin and operating demise, even collapse, of many institutions that were previously bulwarks of good service and financial stability, and central to the economy. These institution's collective debt of hundreds of billions of rand further hinders the ability to fund service delivery improvements which could aggravate social tensions.

A political commentator stated in an article that: "This policy (cadre deployment) has been among the most ruinous of all the things that the ANC has inflicted upon this country" but they "remain unrepentant about what they have done."

The decrepit state of most of our municipalities is a concern. They used to be bastions of good service, functional competency, and good governance.

Because of cadre deployment, ridding themselves of essential skills in their overly hasty pursuit of empowerment goals, low standards, and corruption, about 90% of the country's 278 municipalities are plagued with inefficiency and failure.

Auditor-General Tsakani Maluleke stated recently that only 27 (or 10%) of municipalities received unqualified audits meaning that the financial affairs of 90% of them were unsatisfactory. Furthermore, at least 75 municipalities face serious doubts about their ability to continue as going concerns.

Policy rigidity, and in many cases redundancy, is a major constraint on economic growth. This needs to be addressed if increasing unemployment is to be reined in.

[1] *This is according to a KPMG 2021 CEO Outlook survey in partnership with Business Leadership South Africa.*

The Government needs to prioritise the liberation and advancement of policies including our labour policies, immigration policies (to solve skill shortages), competition, renewable energy, small business, and empowerment policies. These are urgently required to achieve South Africa's most pressing need – ECONOMIC GROWTH. And time is of the essence.

Although the country's formal unemployment numbers are around 40% and comparable with the world's highest, it is likely that the youth unemployment rate is around 70%.

Every year trade unions persist with wage demands that exceed inflation and are often not matched by increases in productivity levels. The ineffective response from Government to this situation suggest that little material change to the plight of millions of unemployed will materialise until our labour policies and laws are revisited and modernised to meet South Africa's future needs. The same applies to our education structures.

If these policies aren't revised it is possible that going forward businesses may increasingly elect to automate to remain competitive, which may provide profitable growth for companies and revenue for the fiscus, but sadly will not result in desperately needed jobs being created.

As stated recently by Busi Mavuso, CEO of Business Leadership SA, in a column in Business Day: "The business sector is over regulated and labour legislation is a significant impediment to employment."

Corruption that raged during the 'nine wasted years' has not been sufficiently dealt with. Sadly, it seems to be deep-rooted at various levels in the ruling party, government, and SOEs and despite President Ramaphosa's well-intentioned and admired efforts to stop it and ensure those involved are arrested and tried, corruption seemingly continues unabated. After various scandals corporate South Africa also needs to introspect and ensure that ethical standards are upheld.

Besides background political shenanigans and deceit, a likely reason for this is the tardy progress being made by our law enforcement authorities to confront those involved. Regrettably, there seem to be few public or legal consequences for the corrupt. For example, four months after the July riots, and despite July's assurances from the President that the instigators were known and would face the full might of the law, nobody of any consequence has been arrested.

On a positive note, the July riots provided a timely and convincing reminder of the determination, devotion, and resilience of civil society in South Africa. The riots were brought under control when the army was deployed, but more so when communities rallied together with admirable aid from constituencies like the SA National Taxi Council and repelled the looters and mischief-makers.

Despite our problems, thankfully South Africa continues to be blessed with a respected and independent judiciary, an active media, a strong business community, the competent South African Reserve Bank, a highly capitalised and well-regulated banking and financial services sector, and a recovering South African Revenue Service.

Together with the indomitable spirit of patriotic South Africans from all backgrounds, South Africa remains an economic powerhouse in Africa with accomplished industries including agriculture, mining, financial and other services. We have the largest presence of multinationals on the continent. The country is an unsurpassed and stunningly varied tourist destination. Importantly, we are a proud constitutional democracy.

Lastly, we recently completed the country-wide municipal elections. For the first time since 1994, the ANC dropped nationally to below 50% (2020: 46%) signalling its ongoing decline from the proud liberation movement it once was. The immediate future suggests that coalition arrangements between political parties in many municipalities will be more common. This could be a positive development from various perspectives and is likely to be beneficial to our emerging democracy if a mature approach emerges to managing these coalitions that focuses on community support, sound financial management, and service delivery.

BOARD MATTERS AND GOVERNANCE

All committees and the Board fully met their respective Terms of Reference, which underwent their scheduled annual review and were amended as necessary.

I am again appreciative of our excellent attendance record. Inevitably, all meetings of the Board and our committees were held virtually because of Covid-19 constraints. Although it worked satisfactorily, we all missed the energy of inter-personal engagement and look forward to meeting again in-person soon, with specified Covid-19 protocols in place.

I can assure our stakeholders that Reunert continued to be soundly governed during the year. We confirm that there were no material slippages, frauds, or non-compliance issues.

FAREWELL AND THANK YOU PEOTONA

After a valued and cooperative 14-year relationship with our strategic black empowerment partner, Peotona Group Holdings, our contractual arrangement with it expires early in 2022.

Throughout this period, it has been a privilege being associated with Peotona's four accomplished founders and partners, being Cheryl Carolus, Wendy Lucas-Bull, Thandi Orleyn and the late Dolly Mogatle who sadly passed away in January. We extend our condolences to Dolly's family, and her partners.

We thank each of them for our constructive relationship with them.

The details of our concluding arrangement with Peotona and the restructuring of our Broad-Based Black Economic Empowerment credentials are covered in other public announcements.

ADIEU AND APPRECIATION

This is my final Chair's report.

I have served as a director since 2008 and as Chair since 2009. It has been a marvellous chapter and I have been enriched by my exposure to Board members and executives of exemplary character.

On a sad note, I pay tribute to Boel Pretorius, who was the serving CEO when I joined the Board, who recently passed away. Boel will go down as a legend in the annals of Reunert. We again extend our sympathy to his dear wife, Adele, and their family.

Alan Dickson has served with distinction as CEO since 2014. I cannot speak highly enough of Alan. Since his appointment he has skilfully and sensitively steered his executive team and Reunert employees through extremely challenging circumstances including weak markets and the unprecedented challenge of Covid-19.

His interactions with the Board and our committees have unfailingly been communicative, informative, and direct. Firm, fair, smart, qualified, and deeply principled, he is a credit to Reunert and our South African business community.

I thank Alan for the significant and appreciated value he has added to my Reunert experience. It has been both a pleasure and privilege serving as Board Chair with him as CEO, knowing that the Group is in his steady executive hands. I wish him and his wife, Jackie, much fun, success, and good health going forward. Thank you, Alan.

I also thank executive directors Nick Thomson and Mohini Moodley for their accomplished contributions to Reunert and our successes. Both are highly competent and knowledgeable in their respective roles, communicative and engaging, and have the confidence of the Board. Likewise, they have been a pleasure to work with.

With respect to my non-executive colleagues over the years, it is appropriate for me firstly to thank Brian Connellan, past Board member and a mentor, for introducing me to Reunert and being an influential part of my appointment. I have learnt a lot from him. Thank you, Brian.

Past directors including but not limited to Rynhardt van Rooyen, Brand Pretorius, Thabang Motsohi, and Bobby Makwetla, deserve special thanks. Rynhardt and Brand were chairs of key committees for many years and added material value both to the Group and my tenure as Chair.

Our present Board is diverse, capable, and qualified, and members combine to work very effectively in our stewardship and oversight roles. To each of them, I express my sincere thanks for their contributions to the Board and our committees, for their diligence and good work and the candid, caring, and respectful relationships we have enjoyed with each other. Thank you, colleagues.

There are two serving directors who warrant special mention.

Firstly, I thank Thandi Orleyn for her support and dedicated service over many years to the board in her capacity as a Peotona nominee. Always insightful and well-considered, Thandi is an accomplished and respected contributor to our deliberations and decisions.

Thandi pioneered the evolution of our Social, Ethics, and Transformation Committee in her capacity as committee Chair. Transformation was elevated into the committee's responsibilities some years ago to ensure that we progressed and had oversight of it at a Board level.

Thandi sensitively and skilfully in her shepherding way achieved the cooperation and support of Alan, Mohini, and our executives, in setting annual transformation targets that were consistently challenging, yet sensible.

It has been a constructive, mutually owned process led strongly from an executive perspective by Alan and Mohini, and we have made very pleasing progress. Thank you, Thandi. And thanks also for your personal guidance given freely to me on many occasions. My fond wishes to you and David going forward.

Secondly, I thank lead independent director Sean Jagoe for his accomplished service as a director over nearly 22 years. Sean retires from the board at the forthcoming 2022 AGM.

I know my colleagues past and present, and our executives throughout his tenure, will applaud me in saying that Sean ranks as amongst the very finest of directors. They are a rare breed at his level. His insights, knowledge, experience, and unwavering commitment to the Group and the Board, have been out of the top drawer and Reunert has unquestionably had immeasurable benefit from his tenure.

Personally, I am indebted to Sean for his support, his elbow thrust diplomatically and deservedly into my ribs from time-to-time, and his magnanimous approach to our relationship. His guidance has been given generously and accepted by me with trust and respect because that was the spirit in which it was always given. Our relationship is a very special aspect of my tenure as Chair and for which I am sincerely grateful. I wish him and Veronica everything of the best going forward. Thank you, Sean.

The Chair of a JSE-listed company Board learns that it is critically important to have a competent Company Secretary. Karen Louw is extremely proficient in what she does and both I, and the Board, have always felt that in her gracious way Karen is fully in control of Board governance matters. She is a remarkably accomplished Company Secretary. Thank you, Karen.

On behalf of the Board, I close my tenure by again expressing my thanks to the people of Reunert. They have stood by the Group through another difficult year. I am unashamedly repetitive in saying again that they represent the true value of Reunert. Thank you all.

We thank our suppliers, black empowerment partners, technology associates, trade unions, and other business partners for their relationships with us.

We thank our customers for their ongoing support. We understand that this past year has been another tough year for them, and we trust that our attitude and service met or exceeded their expectations.

Finally, I wish Mohamed Husain much success and pleasure going forward in his role as Chair. Mohamed has spent the past year familiarising himself with Reunert, our Board, and our committees. Our handover process commenced in October 2020 when he joined the Board and has been structured and comprehensive. I retire feeling deeply satisfied that he is succeeding me as Chair and I know that the Group, the Board, and our executive team, is in very good hands.

Adieu, with appreciation

Trevor Munday
Chair

Leadership report

OVERVIEW

Strong operating and financial performance

Reunert's 2021 financial performance delivered a meaningful improvement in attributable profit compared to the prior year. The Group benefited from the actions implemented in 2020, described in those year-end results, which created the base for this year's performance. The Group's business units generally managed the complex and volatile market environment extremely well to deliver good operating performances, specifically in the Information Communication Technology (ICT) and Electrical Engineering segments, which resulted in an overall financial performance that demonstrates the resilience and responsiveness of our Group.

All the businesses in the ICT Segment performed in line with, or slightly better than, the Group's expectations. The interest income at Quince Capital (Quince) decreased in accordance with the lower interest rate environment, as expected, but improved performances were achieved in all the other business units in the segment, which delivered a segment operating profit slightly ahead of the prior year.

The Electrical Engineering Segment's recovery was led by a strong Circuit Breaker performance which included excellent export growth and improved market share in South Africa. This was augmented by the cable businesses which benefited from the prior year's actions, resulting in improved factory operational efficiency this year and consequently these businesses delivered a positive operating profit against an operating loss in the prior year.

The Applied Electronics Segment had a challenging year as export activity dropped on the back of Covid-19-related inability to travel and secure new orders as well as long delays in the receipt of export permits from the appropriate authorities.

Challenges remain

Despite the positive financial performance, 2021 remained a challenging year and the Group had four key external challenges to contend with. These four challenges were:

> Covid-19 lockdowns, both in South Africa and internationally in the Group's various export markets, which negatively impacted the Group's operations. The lockdowns in South Africa interrupted our business operations and resulted in weakened market activity, specifically during the harder lockdowns associated with the second and third waves of infections. In our key export markets, the inability to travel internationally and in-country lockdowns impacted our ability to secure new orders and execute existing contracts and continued to be an impediment to our Applied Electronics Segment throughout the year

> The riots in South Africa in July negatively impacted our operations, specifically Nashua and Terra Firma Solutions, where some damage to our property and assets was incurred

> The delay in securing export permits from the appropriate authorities resulted in a loss of sales in the Applied Electronics Segment

> The global electronic component shortage and general supply chain challenges resulted in material shortages and interrupted our manufacturing programmes and ability to service certain markets

These factors prevented the full recovery of our businesses to pre-Covid levels and continue to adversely impact the Group. We expect this impact to steadily diminish and for the Group's performance to continue to improve in the year ahead.

GROUP RESULTS

Reunert's 2021 financial result was bolstered by a strong recovery in the Electrical Engineering Segment, a good performance in the ICT Segment and negatively impacted by the four events described above which impeded a stronger performance by the Group and resulted in a weak Applied Electronics Segment performance. Group revenue increased by 19% to R9 575 million (2020: R8 046 million) while the Group's operating profit grew by 405% to R1 050 million (2020: R208 million restated) resulting in headline earnings per share (HEPS) of 478 cents (2020: 115 cents) and earnings per share (EPS) of 483 cents (2020: 29 cents).

Key earnings metrics

	Measurement criteria	Year ended 30 September		
		2021	2020[1]	% change
Revenue	Rm	**9 575**	8 046	19
Operating profit	Rm	**1 050**	208	405
Segment operating profit[2]	Rm	**986**	868	14
Profit for the year	Rm	**767**	7	10 857
EPS	cents	**483**	29	1 566
HEPS	cents	**478**	115	316
Total cash dividend per share	cents	**277**	257	8

[1] *This comparative year information has been restated to include in operating profit all items of income and expenditure (excluding dividends received, interest income and expense and share of joint ventures' and associates' profit/(loss)).*

[2] *Per segmental analysis on page 44.*

CASH RESOURCES AND CASH LIQUIDITY

The Group continues to actively manage its cash generation and was able to hold its investment into working capital to R200 million for the year (2020: inflow of R21 million) despite:

> Needing to increase the stock holding for critical components due to the international supply disruptions caused by Covid-19

> The delay in certain sales in the Applied Electronics Segment due to the slow approval of export permits

> The dramatic increase in commodity prices such as copper and aluminium, which impacted both the rand value of stock holdings and the receivable balances, as increased prices were passed onto customers

As a consequence of the increased working capital requirements and an increase in tax paid, free cash flow reduced to R606 million compared to R946 million in the prior year.

The Group ended the financial year with R291 million in net cash resources (2020: R323 million) which, together with the significant lines of credit available from the Group's bankers, provides a solid financial base for the Group to pursue its strategy.

CAPITAL EXPENDITURE

During the year, the Group continued to ensure the sustainability of its current operations and invested R42 million (2020: R32 million) in the replacement of property, plant and equipment and a further R196 million to expand its operations. All expenditure was out of internal cash generation and this expenditure represents 36,7% (2020: 17,3%) of free cash flow before replacement capital expenditure.

STRATEGY

Renewable Energy

The market dynamics that support our Renewable Energy business's growth projections improved materially in 2021. Key drivers of market growth in both embedded generation and power generation liberalisation were realised. In embedded generation the cap on the maximum plant size that can be executed without a generation licence increased from 1 megawatt (MW) to 100 MW, which has increased the market opportunity for Terra Firma Solutions, our solar energy company. Preferred bidders were announced for Window 5 of the Renewable Energy Independent Power Producer Procurement (REIPP) programme and 2 600 MW of new generating capacity will be procured in this phase. The electrical infrastructure required to deliver these plants will start to flow into the Electrical Engineering Segment in the year ahead. The tangible improvement in the liberalisation of the South African power generation market bodes well for the continued growth of the renewable energy market in the future.

Coupled with the generation liberalisation described above, the need for storage to stabilise the electricity grid is increasing in South Africa. Blue Nova's intelligent energy storage system, our locally manufactured storage solution business, continues to gain traction in both on and off-grid applications. There is an expectation that this market will experience a rapid increase and bodes well for our storage aspirations.

Within these positive market developments, our renewable energy businesses are positioned as follows:

> A leading supplier of engineering, procurement and construction solar projects in embedded generation
> Build, operate and own a significant suite of renewable assets both in South Africa and other key African geographies
> Deliver high-performance, ultrareliable storage solutions across a broad range of applications
> Actively manage energy as South Africa moves to an increasing liberalised and distributed generation model

Significant progress was made across all four of these strategic areas and renewable energy remains a key focus area for the Group.

Solutions and Systems Integration

The Solutions and Systems Integration cluster, in the ICT Segment, progressed well in 2021. During the year +OneX completed two acquisitions in cloud hosting and digital media, which expanded its service offering alongside the existing managed services and unified communications capabilities. An acquisition in software and application development was concluded post year-end. The Group expects to conclude further acquisitions in the year ahead to bolster the offerings that enable +OneX to be a leading end-to-end business transformation partner.

Key large tenders were slow to be adjudicated this year. A similar trend was experienced across the ICT industry, but despite this, the company has integrated well into the broader ICT Segment and delivered a profitable performance in its first full year of operation. The financial contribution from the Solutions and Systems Integration cluster will continue to accelerate as the product offering increases and the broader improvement in South African ICT investment accelerates.

Cable operations in Africa

Reunert continued to reduce its exposure to cable assets in Africa with the sale of 26% of our shareholding in Cafca, our Zimbabwean cable operation. Post year-end a further 16% was sold reducing our shareholding to 28%, where it is expected to remain, and a total consideration of R56 million (of which R29 million relates to the post year-end sale) was received.

There have been positive political changes in Zambia with the conclusion of peaceful elections and transfer of power in August 2021. The new government has committed to strong governance and a business-supportive macro-economic policy. These commitments are anticipated to lead to a steady improvement in Zambia's general economic environment in the years ahead. To this end, we have paused our corporate actions at Zamefa pending greater clarity on the impact of Government's stated objectives.

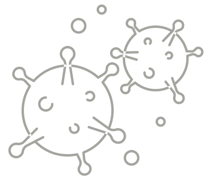
Black Economic Empowerment (BEE)

Reunert's strategic BEE transaction will be reaching the end of its contractual term in March 2022. The Group thanks Peotona Group Holdings for its valued contribution over the past 15 years. The proposed restructure of the BEE transaction (Proposed BEE Transaction) will align with the Group's emphasis on broad-based economic value creation. This will be achieved by increasing the ownership in Reunert by the Rebatona Educational Trust, a trust which caters for the education needs of underprivileged Black females, and the establishment of an Employee Share Option Plan for Reunert employees.

The structure of the Proposed BEE Transaction is aligned to the best practices and principles of modern BEE structures. This, together with our operational Black shareholders in our various trading entities, will maintain our market-leading empowerment credentials and will provide the equity empowerment credentials our businesses need to participate in the South African market.

The Proposed BEE Transaction will be presented to shareholders for their approval at the 2022 Annual General Meeting.

COVID-19



Operations and employees

Covid-19 continued to have a significant impact on the Group. Our companies prioritised the dual objectives of 'Protecting our business, while prioritising the wellbeing of our employees' and ensured that safety protocols were adhered to and that safe working environments were created for employees. While we catered for remote working, these arrangements were largely unnecessary and most employees returned to their workplaces for the duration of the year. The exception occurred in the harder lockdowns that accompanied the second and third waves of Covid-19, where a greater utilisation of remote working was implemented.

Despite the strong health and safety protocols, infections continued during the year and the third wave, specifically, resulted in a significant increase in infections. Unfortunately, 16 employees succumbed to Covid-19. The directors take this moment to recognise these employees and reiterate their condolences to the families and fellow employees.

Reunert has worked hard with our stakeholders to enable all our employees to receive vaccinations in a seamless and efficient manner. More than 50% of our employees have been vaccinated and we continue to drive to increase this ratio. We thank those employees who have been vaccinated and value their embracing of the moral obligation to themselves, their fellow employees and South Africans in general.

Markets

Covid-19 impacted the markets that our companies service. In South Africa, the market verticals of tourism and hospitality continued to be impacted by the lockdowns associated with Covid-19 and the education sector continues to experience volatile demand as places of learning have yet to return to normal schedules. These challenges have impacted traditional sources of income for several of our businesses and will continue to do so until normality returns.

Importantly, many key markets that support our businesses have recovered. The small and medium enterprise (SME) sector in South Africa that the Group services, outside of the market verticals described above, has largely returned to full operation. This is particularly important for our ICT business units, and it is pleasing to note that the SME spend with our companies has returned to normal. Our Business Communication cluster, in the ICT Segment, continues to benefit from the change in working habits and the associated need for higher-quality broadband connectivity. Its service offering and the expansion of our last mile broadband connectivity network continues to grow strongly.

The key international markets we service had their own Covid-19 related lockdowns and together with the ban on South Africans travelling internationally, our export activities were impeded in the Applied Electronics Segment. Lockdowns in our key export geographies slowed down the awarding of new contracts and our lack of ability to travel prevented business development, resulting in a much lower export order intake than normal. In addition, the inability to travel resulted in delays in the in-country final acceptance approvals and slowed the sales execution of orders already received. Pleasingly, travel bans to several of our key markets have recently been lifted and an immediate improvement in orders received in results has been achieved. However, due to the new Omicron strain of Covid-19 various regions have re-implemented travel bans, the duration and impact of which is uncertain.

Supply chain

Covid-19 has severely impacted supply chains around the world. Electronic components and inbound and outbound logistics have all been impacted through lack of availability, longer lead times, more complex routings and the resulting increased costs. Nashua was perhaps the most seriously impacted as a three-month gap in stock availability occurred in the fourth Quarter. Solutions around the Group have been implemented and, while supply chain challenges for most of 2022 are expected, the situation is already much improved up to the recent restrictions imposed due to the Omicron strain of Covid-19, the impact of which is still uncertain.

SEGMENTAL REVIEW

Electrical Engineering Segment

The segment recovered strongly from a challenging 2020 led by an excellent Circuit Breaker performance in both its local and export markets. The actions taken in 2020 to rationalise the cable companies' cost base, in line with the expected market volumes, and reduce our exposure to forex movements in Zambia, yielded the desired outcomes and in 2021 the companies improved their operational efficiencies. These factors, together with the pass through of increased commodity prices, led to a 47% increase in segment revenue to R5 551 million (2020: R3 767 million) with a corresponding increase in segment operating profit to R373 million (2020: R28 million restated).

Our Circuit Breaker business continues to yield positive results from the strategic focus on its export activities. New product releases assisted with expanded original equipment manufacturer business development in key international geographies and the improved performance of our subsidiaries in the USA and Australia all led to higher export production volumes and a strong export financial contribution. This was coupled with an improvement in the South African market share. The company's new Internet of Things product range, Astute, continues to garner strong market acceptance and the smart control of energy is likely to be an increasing feature of the company in the future.

Our South African cable business units continued to face a weak electrical infrastructure investment environment as volumes remained largely consistent with prior years. Our power cable factory made significant improvements in operational efficiency which, together with the cost base rationalisation last year, yielded a much stronger and profitable performance in 2021. The expectations of improved infrastructure expenditure remain difficult to predict, but Window 5 of the REIPP and the general improvement in economic activity in South Africa should provide moderate support to volumes going forward.

In Zambia, the liquidity position remained consistent with 2020. The repayment of Government's outstanding debts halted in the run up to the national elections in August and the company's external debt remained range bound throughout the year. The company performed well and delivered a positive operating profit on the back of improved export volumes and good cost control. In addition, the kwacha-dollar exchange rate strengthened after the elections, from ZMW22: $1 to ZMW16: $1, and resulted in a R39 million forex gain which supported the segment operating profit performance.

ICT Segment

The ICT segment improved on the performance of the past year as all the companies delivered good operating performances. Nashua leveraged its excellent market position and customer relationships to significantly recover in its traditional print business as well as continue its strong growth in new complementary products and services. The Business Communication cluster continued to grow strongly as broadband connectivity growth accelerated and the general economic activity improved, while the Rental-based Finance cluster performed well in a tight credit and collection environment. Our business units have exposure to market verticals that continue to be negatively impacted by Covid-19 and this impeded a stronger segment performance. The good performance resulted in revenue remaining nominally flat at R2 490 million (2020: R2 524 million) and segment operating profit increased slightly to R608 million (2020: R604 million).

The Total Workspace Provider cluster performed well in challenging market conditions, which included:

> The tourism, hospitality and education market segments continued to be negatively impacted by the Covid-19 restrictions specific to their industries and the higher lockdown levels associated with the second and third waves reduced general market activity over these periods

> The July riots resulted in the Durban franchise being ransacked and its warehouse completely destroyed

> The global electronic component shortage resulted in manufacturing disruption at Ricoh, Nashua's primary original equipment manufacturer, and stock outs of key product lines were experienced in quarter four

The business was able to manage these challenges and delivered a good operational and financial performance. The segment's traditional print business remains robust and is a testimony to the SME customer base and franchise performance that remained resilient throughout Covid-19. Importantly, the strategy to diversify and increase the complementary products and services sold by the franchises is continuing to yield results.

The Business Communication cluster performed well. Voice minute volumes at ECN fluctuated with the lockdown levels and, despite another year of record new deals, the overall minutes sold remains under pressure. Pleasingly, its complementary products, the Virtual PABX (VBX) and last mile broadband connectivity, continued to grow strongly and are now material components of the company's income. Last year's investment into operational efficiencies continued to yield strong benefits and, together with the VBX and last mile broadband connectivity growth, yielded a strong performance for ECN.

SkyWire expanded its national network and invested into 24 new geographies. The growth of the business continues strongly as the market demand for last mile broadband connectivity continues to accelerate. The cash flows of the company are strong and we expect the growth in our Business Communication cluster to continue at similar rates in the future.

The Rental-based Finance cluster recovered well after the challenges of the prior year. The independent review of the enterprise risk environment was completed, and all recommendations implemented. New management has injected renewed focus on the franchises and strengthened debtor management throughout the channel. Discounting levels remained robust and importantly collections improved throughout the year and the quality of the book is such that R29 million of expected credit losses were released through the year while leaving appropriate provisioning for the remainder of the book.

The Solutions and Systems Integration cluster executed on its strategy and built out its service offering. The acquisitions completed during the year have been bedded down and the organisation delivered on its first year's business plan. There remains concern about the slow award of large contracts which, if concluded, will accelerate the growth of the cluster.

Applied Electronics Segment

The Applied Electronics Segment had a challenging year. Our export activity fell significantly and resulted in revenue reducing by 5% to R1 854 million (2020: R1 951 million) and segment operating profit decreased by 63% to R100 million (2020: R269 million restated).

Our export activities were impeded by the Covid-19-induced lack of international travel and lockdowns in our key international geographies. This slowed down the rate of securing new contracts and the segment had a much lower than normal order intake. The segment also had challenges to execute contracts on-hand. In-country lockdowns prevented final commissioning tests from being completed and there was a delay in the issuing of export permits from the relevant authorities preventing several sales from materialising.

Importantly, international travel has now reopened and our efforts have yielded an immediate order intake of R700 million across the segment. Our fuze business unit, Fuchs, is full for the second half of 2022 and we have solid export orders in Omnigo and Nanoteq.

The Renewable Energy cluster also faced challenges. The first half of the year was impacted as low business confidence slowed the intake of new orders. Good quarter two and three progress was thwarted by the July riots which materially impacted the cluster as four of our owned plants were destroyed and we were disrupted on site for several weeks after the riots. Terra Firma Solutions made excellent progress on its investment into build-own-operate assets and the demand for these continues to accelerate.

At Blue Nova the demand for storage solutions continues and we anticipate that the acceleration of grid-tied storage demand will bolster the company.

APPRECIATION

Our companies have faced great challenges over the past two years. We have weathered these well and the recovery of our businesses in 2021 is largely due to the commitment and resilience of our employees across the Group. We thank them for their efforts and look forward to their continued commitment. Our customers remain the vital lifeblood of our businesses and we thank them for their valued business and commit to continue to add value in the years ahead. We value the support of our suppliers and other stakeholders that we have experienced throughout the past year.

We thank the Board for its wise counsel during another year where the challenges we faced were unique and to which no ready-made plan existed. A special note of thanks to Trevor Munday and Sean Jagoe who retire from the Board at the upcoming Annual General Meeting. Trevor has been Chairman for 10 years and has guided the Group through many challenges. He has been of great value to Reunert, the executive team and his fellow directors throughout his leadership tenure and over the past two years has provided a constant source of support that has been invaluable during this challenging Covid-19 period. Sean has a unique set of skills that has been valuable to management with whom he has willingly shared his knowledge and expertise while ably assisting Trevor in his role as lead independent director.

We take the opportunity to remember Gerrit 'Boel' Pretorius who passed away suddenly this year. Boel was a leader who galvanised the Reunert leadership team during his tenure as Group Chief Executive Officer and he has left a legacy from which many of our stakeholders continue to benefit.

PROSPECTS

Reunert expects the South African macro-economic conditions to continue to steadily improve during 2022. Accordingly, the Electrical Engineering and ICT segments should experience moderately improved market demand on the back of accelerating renewable energy infrastructure investment and the improvement in the South African economy. The strength of the underlying businesses in these two segments position them well to continue to grow in such economic environments. Due to the relaxation in international travel restrictions, prior to the Omicron variant of Covid-19, the Applied Electronics segment has secured new export orders and this should support an improved segment performance.

The Group's first half financial performance is likely to face some pressure from:

> The impact of the union strike action in October on the Electrical Engineering segment

> The time taken to acquire the production requirements for new export orders in the Applied Electronics segment before revenue is earned

These impacts are both temporary and unlikely to affect the expected full-year performance of the Group.

While recognising that challenges and uncertainty due to both Covid-19 (and the new Omicron strain in particular) and the global supply chain remain, our key growth markets of last mile broadband connectivity, Renewable Energy, exports and our Solutions and Systems Integration cluster all continue to represent a strong underpin to our growth aspirations.

Alan Dickson
Group Chief Executive Officer

Nick Thomson
Group Chief Financial Officer

Segment performance in 2021

Electrical Engineering

This segment experienced a material financial performance recovery due to operational improvements in all cables business units and strong volumes for Circuit Breakers.

Alan Dickson

GROWTH AREAS

- Sub-Saharan Africa's population growth and trends in increasing urbanisation
- Infrastructure development
  - Demand for electricity in Africa (new generation capacity, electrification for domestic, commercial and industrial users, and increase in off-grid solutions)
  - Utility scale renewable energy
  - Embedded generation[1]
- Fibre-optic roll-out associated with broadband connectivity
- Key market verticals for Circuit Breakers in China, Australia, USA and Europe in telecommunication, rail and solar applications

COMPETITIVE ADVANTAGES

- Base load production underpinned by long-term supply contracts
- The largest power cable market share in subequatorial Africa
- Strong Broad-Based Black Economic Empowerment (B-BBEE) credentials
- Good geographic spread and a diverse production base

VALUE OFFERINGS

- A leading Southern African electrical infrastructure supplier
  - Manufactures a complete range of underground and overhead cable products
  - Provides turnkey high-voltage power systems
  - Manufactures a comprehensive range of telecommunications cables (optical fibre, copper and industrial)
- Manufacture and supply of low-voltage electrical distribution, protection and control equipment (circuit breakers)
- Internet of Things (IoT) devices that measure, communicate and control electrical loads

CUSTOMER SEGMENTS

- Utilities (transmission, generation and distribution)
- Renewable energy
- Mining and industrial
- Telecommunications network operators and data centres
- Original equipment manufacturers
- Residential and commercial circuit breakers
- Rail

ACHIEVEMENTS

- Revenue recovery across all business units
- Operational improvements and efficiencies achieved for the cables business units
- Circuit Breakers delivered a strong export performance and increased its local market share

CHALLENGES

- A continued uncertain South African electrical infrastructure investment environment amplified by civil unrest in July 2021
- Covid-19 continued to have an impact:
  - Significant supply chain disruptions leading to increased import and export costs
  - Travel restrictions hindered business development activities
- No material improvement in Zambia's liquidity position

KEY PRIORITIES ACTED UPON

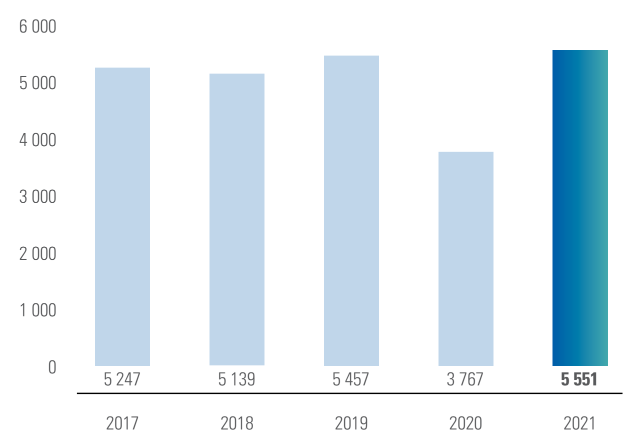
- Enhancing lean manufacturing practices, enforcing cost control measures and driving operational efficiencies in the Power Cables and Telecom Cables clusters
- Growing export volumes for Circuit Breakers, particularly in the USA and Australia, and an enhanced focus on meeting customers' needs, supported by research and development resources
- Balancing production levels with cash flow at Zamefa

OUTLOOK AND FOCUS AREAS

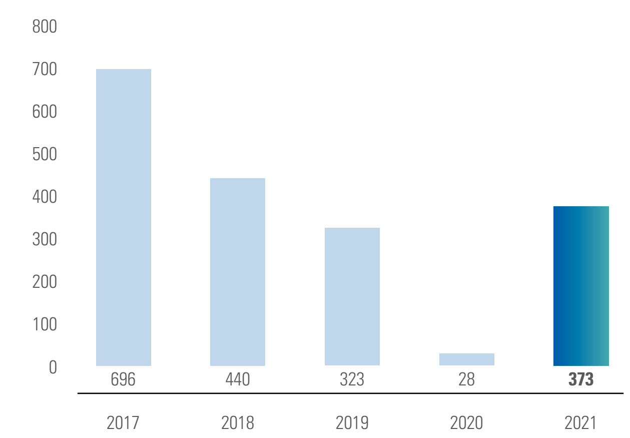
- Continue growing Circuit Breakers through strong exports and investing into new products and an expanded IoT-enabled range
- Optimise local electrical infrastructure investment to maintain revenue growth for the Power Cables cluster
- Improve cash flows, operating profit and operational efficiency levels in the cables business units
- A new Government in Zambia offers more scope for economic reform and a more business-friendly environment

[1] *The term embedded generation is the production of up to 10 megawatts of power connected within the electricity distribution network, located close to the place of consumption.*

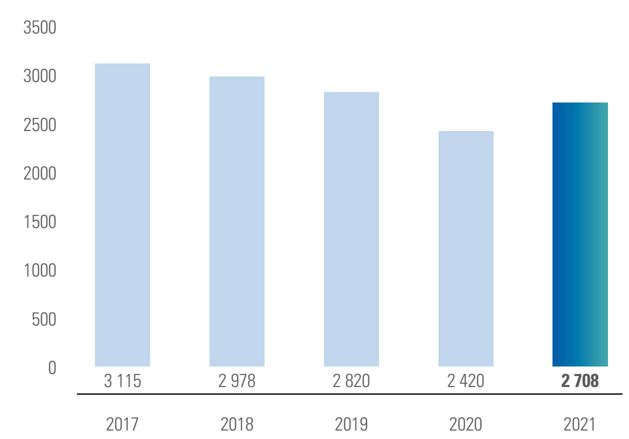
REVENUE (Rm)



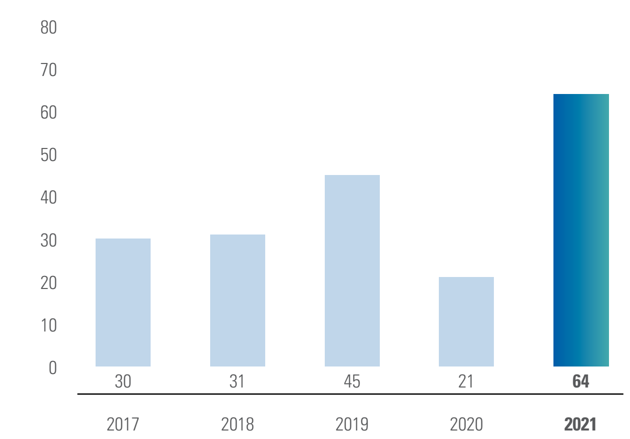
SEGMENT OPERATING PROFIT (Rm)



TOTAL ASSETS (Rm)



CAPITAL EXPENDITURE (Rm)



OPERATIONAL EFFICIENCIES AND EXPORT VOLUMES SUPPORT FINANCIAL PERFORMANCE

Electrical Engineering's revenue increased by 47% to R5 551 million (2020: R3 767 million) and its segment operating profit increased to R373 million (2020: R28 million).

In the cables business units, the return to profitability can be attributed to the restructure completed in 2020 combined with operational improvements. Factory capacity utilisation improved without a commensurate increase in fixed costs. While still not trading at pre-pandemic levels, all cables business units posted profitable performances despite continued economic headwinds due to subdued levels of domestic infrastructure investment. Margins in these business units remain under pressure.

Enhanced lean manufacturing at African Cables has resulted in improved productivity, product turnaround times and waste material reduction.

The segment took steps to reduce electricity, water and gas consumption across the manufacturing operations. In South Africa, a smelter was re-commissioned to reuse copper waste, while plastic is now processed internally and reutilised, resulting in significantly lower plastic waste.

> Copper prices reached an all-time high of $10,512 per metric tonne on 9 May 2021, marking 130% growth since 22 March 2020. The copper price growth over the past year was driven primarily by the high demand from China and growing optimism about an overall global economic recovery. The World Bank estimates that the spot price for copper will average $8,500 per metric tonne by the end of 2021. Reunert buys and prices copper through a well-ordered management process.

Since 2018, the Zambian Government's liquidity constraints have resulted in delayed debt payments to Zamefa, causing the business unit to manage production to optimise cash flow. A new political dispensation in Zambia is looking to reduce the fiscal deficit, restore economic growth and review mining policies. This bodes well for a more business-friendly operating environment for Zamefa. The kwacha, one of the worst performing currencies in 2019 and 2020, strengthened somewhat in 2021. Zambian liquidity constraints remain a key risk for Reunert. Refer to page 93.

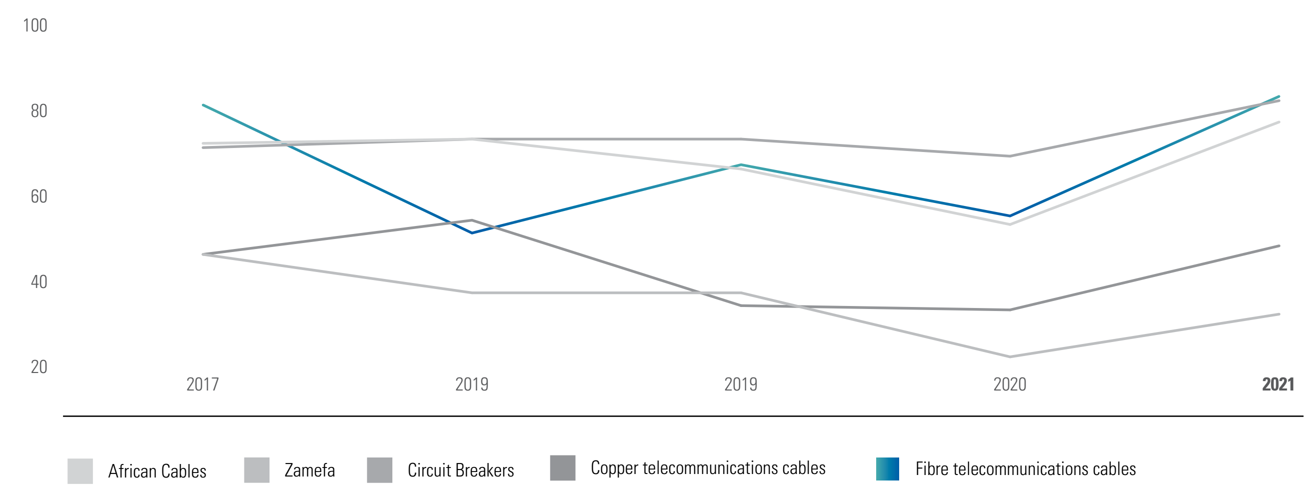
Circuit Breakers had a good year due to improved local demand and a steady increase in export volumes, particularly in the USA and Australia. This is a testament to the company's actions to expand into selected international geographies and the realisation of research and development investment in new product releases. This improved the company's customer acquisition capabilities.

The Circuit Breaker company continues to deepen its relationships with customers by better understanding their needs, developing new products and enhancing existing products to meet these needs. The engineering team expanded its expertise through the addition of experienced appointments. This, combined with increased research and development spend, should result in increased new product development and associated revenues.

Covid-19 has disrupted supply chains across the globe. Challenges included increased complexity, significant delays in cross-border deliveries and record shipping container prices. This forced organisations to re-think their supply chain needs with a preference given to local providers. In some instances, Circuit Breakers capitalised on supply chain disruptions by promoting its locally manufactured products. Supply chain challenges were exacerbated by South Africa's unrest in July 2021, which resulted in the closure of Durban's port and major transport routes.

All Electrical Engineering business units are likely to benefit from increased demand for embedded generation. This will expand the pool of local customers for infrastructure investment, including power cables. In addition, renewable energy projects drive demand for circuit breakers.

FACTORY CAPACITY UTILISATION (%)[5]



Operational measures		Performance	2021	2020	2019
Factory capacity utilisation[5]					
Power cables (African Cables)	%		**76**	52	65
Power cables (Zamefa)	%		**31**	21	36
Circuit breakers	%		**81**	68	72
Copper cables (Telecom Cables)	%		**47**	32	33
Fibre cables (Telecom Cables)	%		**82**	54	66
Natural capital[1] (page 75)					
Electricity consumption	MWh		**48 221**	41 557	49 138
Water consumption[2]	Ml		**192**	183	244
CO_2e[3]	Kt		**46**	38	45
Human capital (page 66)					
Employees at year-end	Number		**2 545**	2 453	2 763
Work-related fatalities	Number		**0**	0	0
Training spend[4]	Rm		**19**	22	22
Social and relationship capital (page 73)					
Community investments	Rm		**2**	2	4
Enterprise and supplier development spend	Rm		**14**	12	16

[1] *Includes 50% contribution from joint venture.*
[2] *Includes municipal and borehole water.*
[3] *Excludes Scope 3 emissions.*
[4] *Total spend in accordance with current year's performance.*
[5] *Factory capacity utilisation is calculated using the manned capacity of the companies.*

Power Cables

African Cables experienced improved profitability due to an improved cost base and increased operational efficiencies.

Zamefa returned to profitability. In 2020, the Group restructured its shareholders' loan to Zamefa to mitigate against foreign exchange losses, and these benefits were realised in 2021.

In 2020, Reunert outlined its intentions to reduce its exposure to cables operations outside South Africa. Reunert has reduced its stake in Cafca, its Zimbabwean business unit, to 28% from 70%. Due to the positive change in the Zambian Government, the Group continues to evaluate its approach to the investment in Zamefa.

Telecom Cables

This cluster experienced a material improvement in revenue performance despite low demand for industrial cables due to South Africa's economic uncertainty. The cluster benefited from the cost base restructuring in previous years.

In 2020, Telecom Cables invested in a new plant that manufactures CAT 6A copper cable for high-speed data transmission through ethernet cables. This investment reduced the business unit's historical dependence on Telkom.

Fibre optic cables volumes improved as network operators increased their network capacity to cope with additional demand due to remote working during the Covid-19 pandemic.

Circuit Breakers

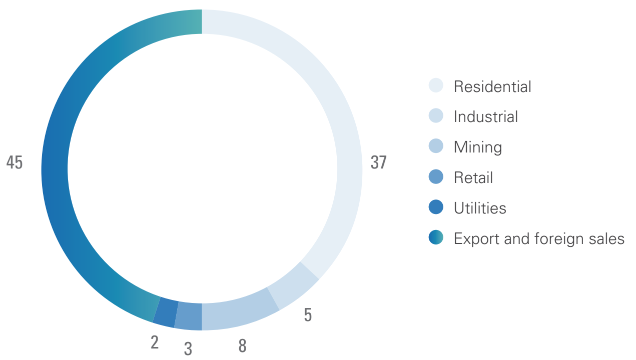
Circuit Breakers benefited from a substantial increase in export volumes and improved local demand. The local demand for circuit breakers was supported by the home renovation trend post the Covid-19 lockdowns. The USA and Australian operations posted particularly robust performances.

The global circuit breaker market is anticipated to experience continued growth rates in the coming years. This is tied to increased demand for renewable energy and the development of IoT-enabled circuit breakers. Expansionary capital has been allocated to develop the product ranges and associated manufacturing capabilities.

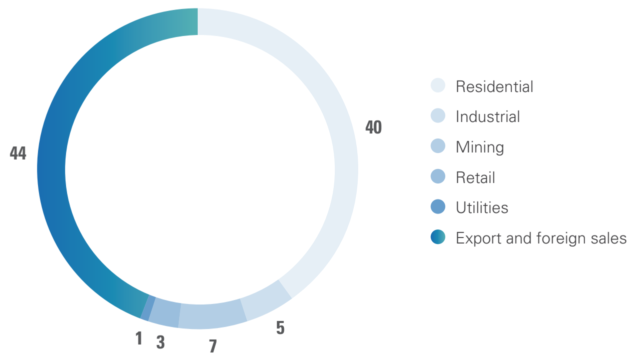
In 2021, CBi-Electric launched three new products in the Astute Range. These IoT-enabled products are used in residential, commercial, agricultural and light industrial applications to remotely manage electrical loads.
Read more on page 22.

> CBi-Electric has developed an IoT-enabled circuit breaker for the 5G roll-out in the USA. 5G technology increases data capacity and speed but requires more low-voltage power for towers and transmitters. This device will allow a technician to remotely monitor the circuit breaker's performance without needing to visit the network tower.

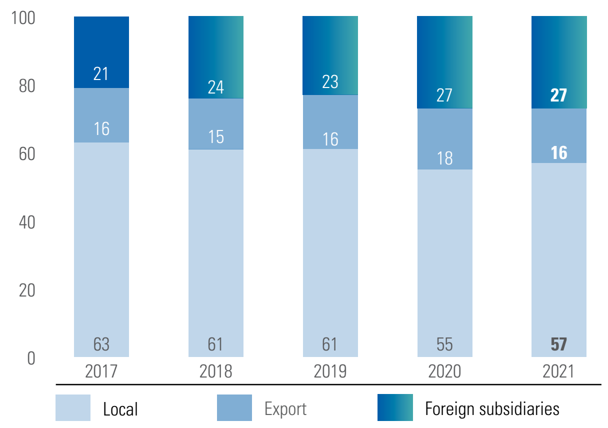
CIRCUIT BREAKERS MARKET SEGMENTATION BY REVENUE – 2020 (%)



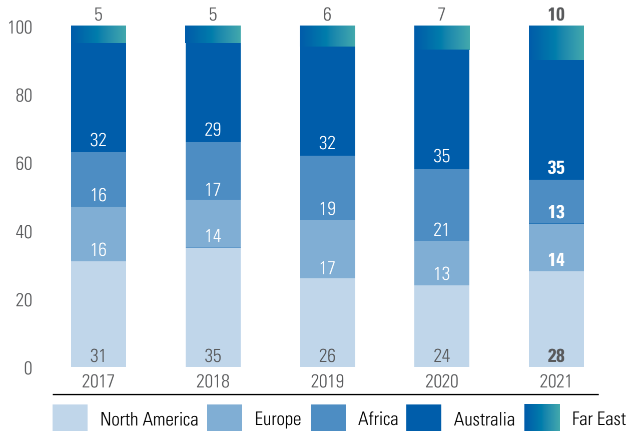
CIRCUIT BREAKERS MARKET SEGMENTATION BY REVENUE – 2021 (%)



PERCENTAGE REGIONAL CONTRIBUTION (%)



CIRCUIT BREAKER EXPORT SALES BY REGION (%)



Information Communication Technologies

GROWTH AREAS

- Southern Africa's economic growth
- Geographic expansion within South Africa
- Technology and innovation
  - Digitalisation
  - Product diversification
  - Growth in enterprise connectivity needs
  - Broadband
  - Cloud and other evolving technologies
  - Remote working and low-touch economy

COMPETITIVE ADVANTAGES

- Leading and trusted brands, and a leading national wireless connectivity service provider
- Diverse and large (more than 50 000) customer base with significant cross-selling opportunities and low customer churn
- Extensive network of channel partners including 42 Nashua Office Automation (Nashua) franchises and more than 350 independent dealers – supporting a broad and comprehensive national geographic footprint
- Scalability of value offering, customer base and distribution channels provide growth potential
- R2,5 billion rental finance book with low loss rates
- A strong service ethic with Nashua service engineers having, on average, 18 years of service experience; and the majority of service engineers are certified to service at least three lines of business
- Structured to align with the low-touch economy by servicing products and solutions remotely

CUSTOMER SEGMENTS

- Business-to-business including large enterprises and a strong focus on small, medium and micro-sized enterprises

VALUE OFFERINGS

- Provides vertically integrated information and communication business solutions
- The Total Workspace Provider cluster offers a range of solutions and services that facilitate and enable its customers' business outcomes including managed print, communications, connectivity, personal computers and associated products, smart workspace solutions, and access and surveillance solutions
- The Business Communication cluster houses South Africa's largest independent next-generation fixed line communications solutions provider, and one of the largest independent wireless last mile broadband connectivity solutions providers
- Solutions and Systems Integration offers enterprise cloud solutions including migration, security, hosting, storage, back-up and disaster recovery
- Rental-based finance on equipment

ACHIEVEMENTS

- SkyWire expanded into 24 new geographies and deployed 28 new high-site towers within South Africa with 897 new customer installations
- Nashua maintained market share and continued to perform within the top three providers in the print space
- Nashua was awarded the Hikvision Diamond Award 2021 as recognition for its commitment to service as a trusted distributor
- Nashua was selected as the exclusive enablement partner and founding sponsor for the Super Sport Schools initiative
- Nashua, in partnership with Skynet and other corporates, distributed 360 tonnes of food within four days to KwaZulu-Natal communities during the July looting
- Enhanced the +OneX offering through targeted acquisitions

CHALLENGES

- Covid-19 and lockdown impacted customers, annuity revenue and network expansion as well as slowed sales activity and disrupted the supply chain
- July's unrest in South Africa damaged and destroyed Nashua's KwaZulu-Natal office and warehouse

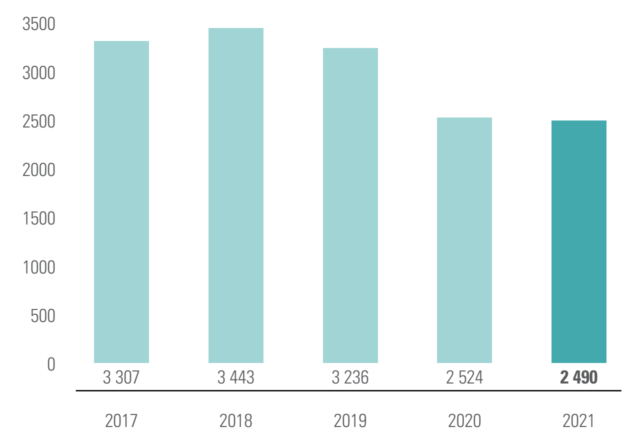
KEY PRIORITIES ACTED UPON

- Generate complementary revenues by diversifying through new products and services, including offering a new suite of managed cloud services
- Enable businesses to work remotely by offering digital solutions and back-up power
- Grow Nashua's market share through strong marketing campaigns and an aggressive sales drive
- Build out the end-to-end solutions and system integration offerings in +OneX and accelerate growth through organic and targeted acquisitions
- Brand building activities and the adoption of the +OneX brand as a modern solutions and systems integrator
- +OneX concluded a Black capital investment transaction and is now 51% Black owned and over 30% Black women owned
- Key experienced ICT leaders joined +OneX to scale the business and build out additional service offerings
- Completed review and implementation of enhanced controls to minimise credit losses and improve monitoring and oversight at Quince Capital (Quince)

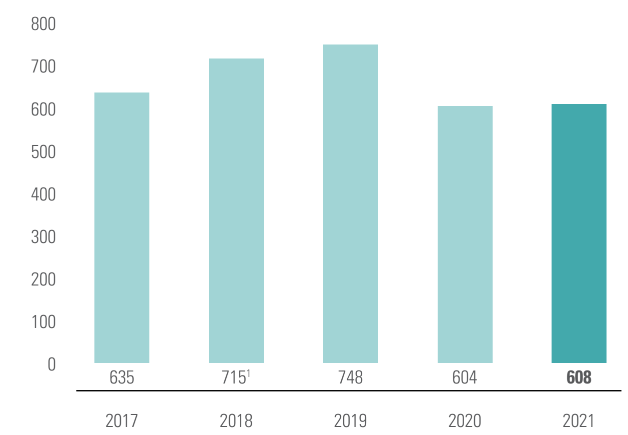
OUTLOOK AND FOCUS AREAS

- Target acquisitions in digital technology, focusing on data and cybersecurity, to bolster the Solutions and Systems Integration cluster
- Scaling the +OneX business further through organic growth and by landing large deals
- Develop and fast track the product diversification strategy for the Total Workspace Provider cluster
- Expand the network and geographical presence for Business Communication, including adopting new technology

REVENUE (Rm)

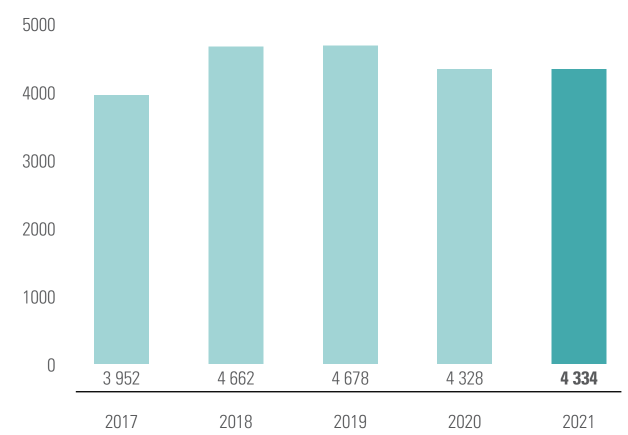


SEGMENT OPERATING PROFIT (Rm)

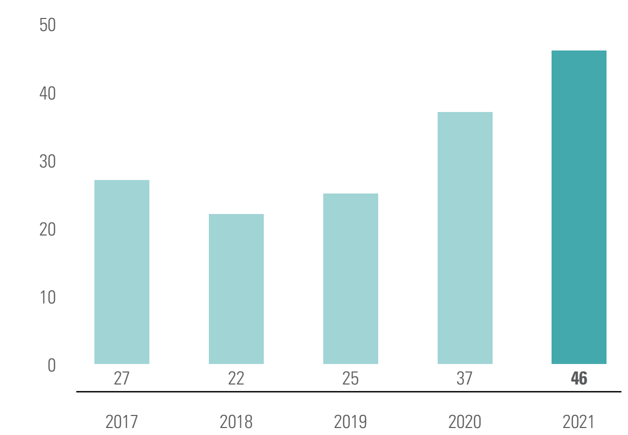


[1] *Excludes R77 million gain on contingent purchase considerations*

TOTAL ASSETS (Rm)



CAPITAL EXPENDITURE (Rm)



A RESILIENT PERFORMANCE AND STRONG STRATEGY EXECUTION

ICT's revenue decreased by 1% to R2 490 million (2020: R2 524 million) while segment operating profit increased by 1% to R608 million (2020: R604 million). This performance reflects the ongoing impact of the Covid-19 pandemic on the local economy, July's civil unrest in South Africa and the impact of lower interest rates on Quince.

Covid-19 lockdowns continue to impact performance:

- Lower customer trading activity which impacted annuity revenue
- Poor performance from sectors negatively affected by Covid-19 restrictions, including education, tourism and hospitality
- Longer sales cycles, as certain customers are hesitant to commit to large contracts
- Global supply disruptions resulting in product shortages

Nashua maintained its market share and continues to perform within the top three providers in the print space.

The Total Workspace Provider cluster also benefited from the growth in complementary services and better than expected print volumes.

Business Communication's voice offering came under pressure due to depressed business activity and remote working. There was a significant reduction of office workers at the workplace, especially in large enterprises. While demand for connectivity remains strong, competition in this space increased.

The Solutions and Systems Integration cluster made good progress in acquiring the intellectual property, licences and human skills required to provide an enhanced digital suite of services.

Quince returned to profitability after a challenging 2020 year. Interest rates remain low and are not expected to increase significantly in the year ahead. The loan book declined due to the sale of PanSolutions in 2021, tightening in the credit extension requirements, supply chain shortages and the decision to only fund assets that are sold by the Group.

Operational measures		Performance	2021	2020	2019
Performance indicators					
Total document volume (Nashua)	Million clicks	●	**3 194**	3 112	4 104
Total voice minutes (ECN)	Million minutes	●	**1 007**	1 044	1 241
Voice minutes sold by franchise channel	%[1]	●	**10**	12	12
Gross Group lease and loan receivables	Rm	●	**2 628**	2 783	3 016
Natural capital (page 75)					
Electricity consumption	MWh	●	**5 074**	6 642	4 784
Water consumption	Ml	●	**23**	32	25
CO_2e[2]	Kt	●	**3**	4	1
Human capital (page 66)					
Employees at year-end	Number	●	**1 368**	1 444	1 602
Work-related fatalities	Number	●	**0**	0	0
Training spend[3]	Rm	●	**17**	11	12
Social and relationship capital[3] (page 73)					
Community investments	Rm	●	**3**	4	5
Enterprise and supplier development spend	Rm	●	**10**	11	16

[1] *Percentage of ECN's total minutes.*
[2] *Excludes Scope 3 emissions.*
[3] *Total spend in accordance with current year's performance.*

Business Communication

The Business Communication cluster continued to increase the number of customers serviced and, in the case of SkyWire, the geographic regions its network covers. In addition, improved cost structures and efficiencies ensured the cluster delivered real growth in operating profit.

This cluster was impacted by the reduced business activity in the education, tourism and hospitality sectors. Many large enterprises cut costs by reducing their branch network resulting in less demand for voice and connectivity.

SkyWire grew its network into 24 new geographies and established 28 new high-site towers. It completed 897 new customer installations (2020: 955). Demand for last mile broadband remains strong, but the marketplace is increasingly competitive, with margins coming under pressure. SkyWire secured a partnership with British Telecoms as a strategic partner for microwave wireless solutions at key sites for Anglo American's operations across South Africa.

ECN remained profitable due to increased operational efficiencies. It grew its customer base to 22 449 (2020: 20 208). Virtual private branch exchange (VBX) customer base grew by 14%. Low levels of economic activity led to a decline in the number of voice minutes used. The cluster's drive into diversified product offerings continues to offset the impact of reduced minutes per customer.

Total Workspace Provider

The Total Workspace Provider cluster's performance was adversely impacted by the weak economic conditions.

Nashua maintained its market share thanks to consistent branding and marketing efforts and sales activity despite difficult operating conditions. Nashua's resilience throughout the pandemic is a testament to the competitive advantage of the Nashua franchise model in the small and medium-sized enterprise market. While many larger businesses continue to support remote working arrangements, many smaller and medium-sized enterprises have resumed normal work from the office arrangements. The adoption of workspace solutions in the workplace to complement print is expected to continue to grow within the small and medium-sized enterprises. Print volumes in the small and medium-sized enterprise space picked up while print demand from large enterprises and state entities remained constrained.

The cluster made good progress in its strategy of becoming a Total Workspace Provider to its customer base. The percentage of complementary offerings increased to 20% of total revenue. This trend is expected to continue as customers increasingly look to digital solutions to provide business efficiency and enable communication with their employees, customers and suppliers in a remote working environment.

The post-pandemic workplace is likely to be a hybrid model of office and remote working environments. The Total Workspace Provider cluster expects growing demand for touchless technologies, such as automatic doors, hands-free and voice-activated light switches and biometric security solutions.

This cluster meets customers' needs for alternative energy solutions by sourcing energy storage and generation products from Blue Nova and Terra Firma Solutions. Demand remains strong for thermal cameras to measure employee temperature levels as businesses return to the workplace.

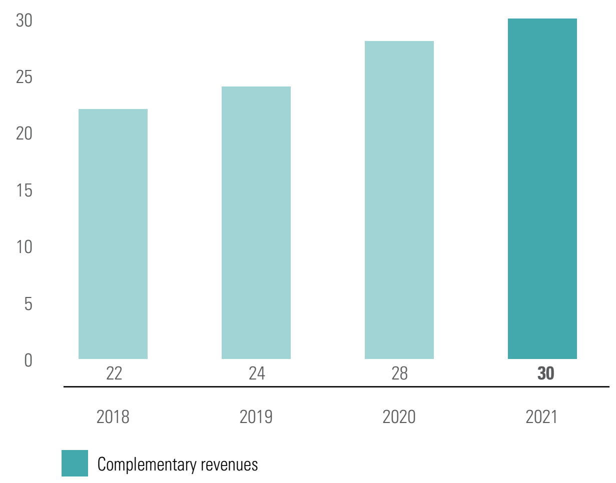
Nashua's Durban operations were affected by July's unrest including damage to the office building and destruction of a warehouse. An insurance claim is in progress to the value of physical assets lost and building repairs. However, thanks to business continuity planning and the hosted information technology environment, the business continued to be fully operational.

Nashua supports KwaZulu-Natal's economic recovery

After July's unrest, Nashua supported the KwaZulu-Natal business community by running a Business Tech Makeover competition. The competition, run in conjunction with the regional radio station East Coast Radio, offered business technology prizes totalling R350 000, contributing to rebuilding KwaZulu-Natal and helping business owners to future proof their businesses.

Nashua ran targeted campaigns around driving business rebuild support including bundles, payment holidays, advice for future proofing, business continuity messaging, finance solutions and business technology makeovers.

CUSTOMERS WITH MORE THAN ONE PRODUCT (%)



Rental-based Finance

Quince returned to profitability in 2021 in line with expectations, with no abnormal increases in credit losses or credit write-offs incurred. Competition in rental finance has increased in recent years, with new entrants coming into the market.

Quince focused on enhancing the financial and credit controls embedded in its operations. It also completed the comprehensive assessment and validation of its customer base. The Quince loan and rental book now stands at R2 539 million (2020: R 2 810 million) reflecting the lower level of sales activity in office automation, the sale of the PanSolutions book and supply chain shortages in Nashua.

Rm	2021	2020	2019
Average monthly discounting	83	103	117

Risk management and funding cost

Quince discounts rental contracts sourced by the franchises, with the top 10 underlying customers comprising 12,3% of the total loan book (2020: 10,4%). Approximately 64% of the rental book is prime-linked loans with the remainder being fixed loans. Quince's funding is linked to the prime interest rate. Reunert currently meets 93% of Quince's funding requirements. Quince has R390 million of external funding facilities available.

Interest rate swaps decreased to R100 million (2020: R475 million) due to the expiration of swaps during 2021.

Quince ensures the quality of its loan book through extensive credit vetting and proactive collections management. The estimated credit loss (ECL) allows for anticipated credit losses, and decreased by 5,9% to R149 million. While we have seen some improvement in the credit cycle, the small and medium-sized enterprise segment continues to face economic challenges.

The credit loss ratio declined to 0,33% in the 50% recourse book (2020: 0,39%). This is an acceptable credit loss ratio and well within internal risk tolerance parameters.

Solutions and Systems Integration

+OneX is new-aged systems integrator and managed services provider that enables enterprises excel in a digitally transforming world. +OneX was founded in 2020 as an end-to-end digital transformation partner to provide managed services, digital consulting, cloud, data and security services.

+OneX continues to scale up its operations to position the business unit for strong long-term growth. During 2021, the business unit expanded its managed services offering by developing an elastic business model which has been designed and purpose-built from its customers' perspectives.

The digital consulting division developed new solutions which empowered its customers to leverage the opportunities enabled through the Fourth Industrial Revolution and to respond effectively to the demands of the exponentially accelerating changes in the digital economy.

The cloud services division had good traction using a technology-agnostic approach to create tailored solutions for major public and private cloud platforms.

+OneX plans to capitalise on trends in the digital landscape. These include remote working and collaboration tools, the migration of digital assets to the cloud, increased spending on data and cybersecurity technologies and customers' growing need for e-commerce and an online presence.

+OneX expands value offering with key acquisitions

+OneX moved closer to being an end-to-end solutions provider through the addition of targeted acquisitions in digital media and data consultancy, managed cloud services and software development. These acquisitions add scale and depth to the +OneX business.

DataCore Media

In May 2021, +OneX acquired DataCore Media, a digital media and data consultancy. The acquisition gives +OneX an early mover advantage as digital agencies increasingly join forces with systems integrators. +OneX and DataCore Media's combined capabilities will help clients become more data driven in their customer engagements and unlock the full potential of the data stored in their back-end systems.

The acquisition is well timed as technical skills, specifically data and integration skills, are emerging as a key requirement for most brand campaigns. Additionally, first-party data is becoming more important as new regulations and social media platform changes are reshaping how brands may use third-party data.

Triple H Cloud Services

In June 2021, +OneX acquired cloud specialist Triple H Cloud Services to bolster the business unit's existing cloud capabilities. Triple H Cloud Services' offerings include hosting, back-up and disaster recovery.

The acquisition is a natural progression for +OneX, strengthening its ability to enable customers to maximise the performance of their cloud environments. The business unit's existing cloud services include consulting and professional services for major providers such as Amazon Web Services, Google Cloud and Microsoft Azure. Through the acquisition, +OneX can now offer its clients an affordable, managed private cloud that includes platform-as-a-service, software-as-a-service and infrastructure-as-a-service offerings. Covid-19 has accelerated cloud adoption globally.

Code Maven

During September 2021, +OneX entered into a sale of business agreement with software firm Code Maven. The acquisition will add significant scale to +OneX's existing software development.

Code Maven has a global client base across most industries, including logistics, fintech, retail, insurance, automotive, healthcare, agriculture and media and entertainment. Code Maven has over 100 highly skilled developers across South Africa, India and Eastern Europe. This positions +OneX to accelerate customers' digital transformation at a time when digital talent is in short supply.

Applied Electronics

Applied Electronics had a challenging year due to delays in receiving export permits, subdued levels of local infrastructure investment and Covid-19 travel restrictions.

Trevor Raman

GROWTH AREAS

> International security and defence demand
> Mining safety
> Data security
> Renewable energy (generation, storage and capital partnerships for project execution and equity in renewable energy assets)
> Localisation requirements of export markets

COMPETITIVE ADVANTAGES

> World-class products developed using proprietary intellectual property to offer customisation and production
> High-precision electronic design and manufacturing capability
> A proven ability to integrate systems
> Competitive cost base augmented by a qualified foreign supply chain
> Trusted and long-term global strategic partnerships

CUSTOMER SEGMENTS

> Ministries of defence in South Africa, Europe, Middle East, South America and South-East Asia
> Mining, agriculture and municipal grid augmentation
> Commercial and industrial
> State-owned entities and Government departments

VALUE OFFERINGS

> Secure communication systems for tactical airborne, land and naval-based platforms
  o Military specification radios
  o Electronic subsystem manufacturer for highly specialised printed circuit boards
  o Cryptographic solutions to meet cybersecurity and defence requirements
> State-of-the-art defence and commercial encryption and data protection products and services
> Defence surveillance and tracking radars
> Open-cast and underground mining surveillance radars
> Design and high-volume production of electro-mechanical fuzes
> Provide turnkey solar photovoltaic systems up to 50 MW with storage solutions
> High Technology product development capability

ACHIEVEMENTS

> Completion of the developmental, test and evaluation process[1] for the Reutech Communications new generation radios for the local customer
> Business development successes including a critical international development order for Reutech Radar Systems, a major contract for a stabilised platform and the first customer for the TR3000 software-defined rack-mounted radio
> Completion and launch of the Berm Monitoring System
> Establishing of the Lumika Renewables (Lumika) joint venture partnership

CHALLENGES

> Contracting and export permit receipt delays for defence products
> Covid-19 restrictions causing delays in localisation manufacturing projects, business development activities and disrupted global supply chains
> Covid-19 and regulatory uncertainty has subdued the local investment case for renewable energy in the private sector
> Decline in local defence spending

KEY PRIORITIES ACTED UPON

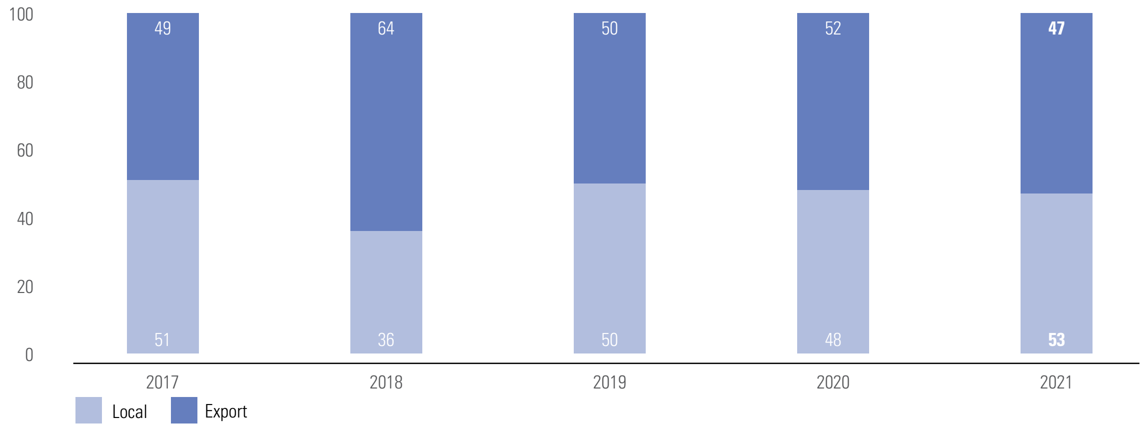
> Continued niche product development in line with customer needs
> Strengthening relationships with key international customers
> Pursuing the localisation strategy in key international markets
> Acquisitions to compliment and augment the segment
> Diversification of geography and customer base

OUTLOOK AND FOCUS AREAS

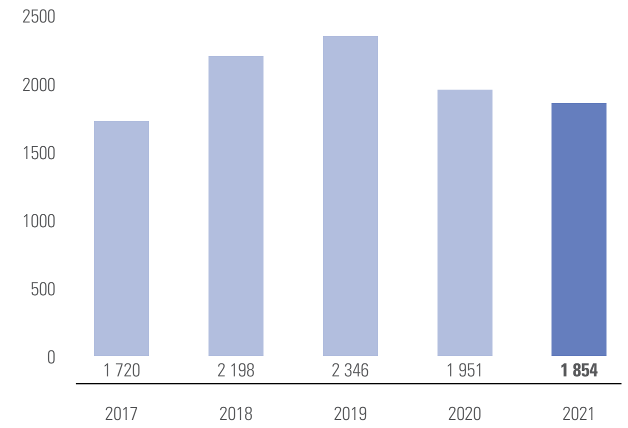
> Managing stakeholder and customer relationships by establishing a formal presence in our key export markets
> Strengthening existing and new strategic partnerships
> Developing local presence in selected international markets
> Leverage the growth in the renewable energy sector in South Africa and Africa
> Merger and acquisition activities

[1] *Developmental, test and evaluation process is conducted to verify that the technical performance specifications have been met.*

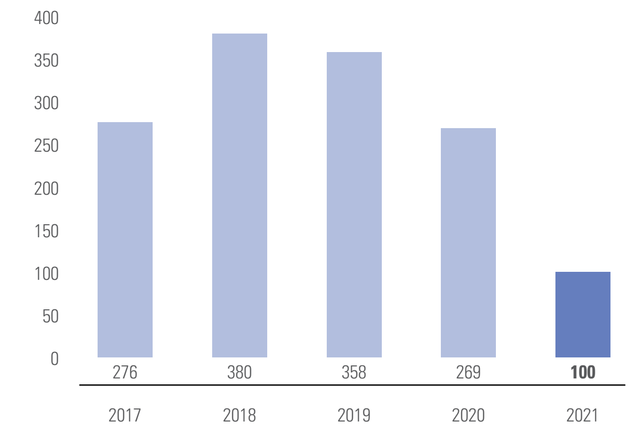
EXPORT VS LOCAL REVENUE (%)



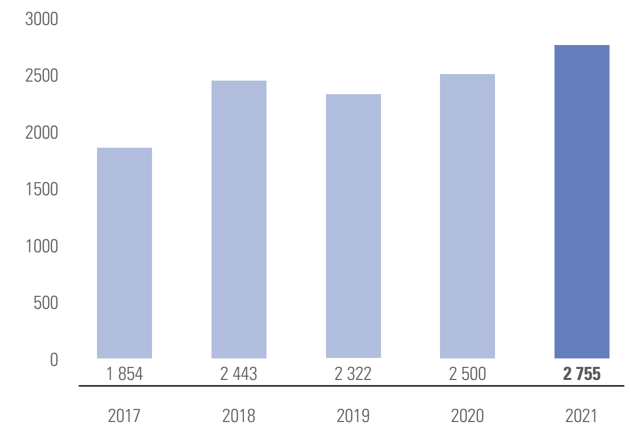
REVENUE (Rm)



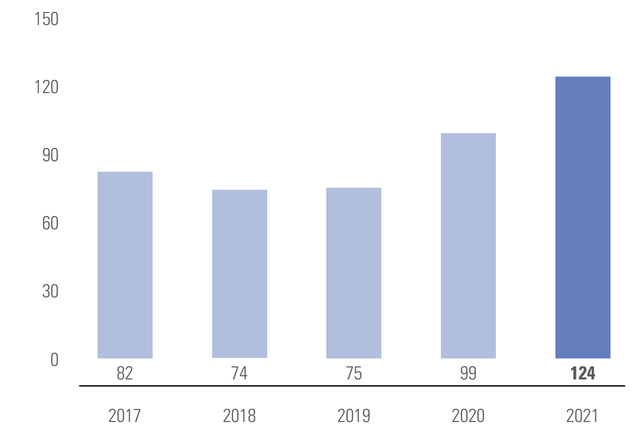
SEGMENT OPERATING PROFIT (Rm)



TOTAL ASSETS (Rm)



CAPITAL EXPENDITURE (Rm)



DELIVERING A PROFIT DESPITE A CHALLENGING YEAR

Applied Electronics experienced an abnormally challenging year driven largely by factors outside of its control such as Covid-19 travel restrictions, export permit delays and subdued interest in local defence. Revenue declined by 5% to R1 854 million (2020: R1 951 million), and segment operating profit was 63% lower at R100 million (2020: R269 million (restated)).

The aftermath of July's civil unrest in South Africa resulted in lost revenue. Economic uncertainty, especially after the looting in July, affected the appetite for renewable energy projects in the private sector.

One of the segment's most significant challenges was the delays experienced in the granting of export permits by the appropriate government authorities. This is an industry-wide challenge which is being actively addressed by the Aerospace, Maritime and Defence Industries Association.

The Covid-19 pandemic continues to impact the performance of the segment negatively:

- Governments, including South Africa's, have redirected- and/or delayed their defence spending as a result of Covid-19 relief efforts
- Generally, sales were suppressed, and the length of the sales cycle was increased. Travel restrictions hindered business development activities, product demonstration possibilities and prevented the commencement of certain contracts

Applied Electronics relies on international supply chains for receiving components and exporting products. Covid-19 disrupted these supply chains resulting in supply delays, component shortages and higher import and export costs. Omnigo, a business unit with a broader supplier base for electronic components, was tasked with finding new suppliers for difficult to obtain components. Centralising purchasing of key electronic components allows the segment to secure better pricing and availability. Exploring synergies between business units will continue to be a focus in 2022.

Meeting customers in person to build relationships and demonstrate products is essential in this segment. Defence-related business, in particular, requires in-person engagements. While developing relationships in person was constrained in 2021, business units made the most of online conferences and other virtual marketing opportunities. The pandemic fast-tracked the segment's plans to grow its physical presence in international markets. This will foster closer relationships with customers and avoid travel restrictions.

Operational measures	Performance	2021	2020	2019
Intellectual capital				
Research and development as a percentage of revenue		**8**	8	7
Natural capital (page 75)				
Electricity consumption		**5 842**	6 159	8 448
Water consumption[2]		**40**	35	66
CO_2e[3]		**5**	5	4
Human capital (page 66)				
Employees at year-end		**1 721**	1 791	1 796
Work-related fatalities		**0**	0	0
Training spend		**19**	14	14
Social and relationship capital (page 73)				
Community investments		**1**	2	2
Enterprise and supplier development spend		**14**	15	10

Priorities and focus areas for 2021

Strategic partnerships and localisation

Strategic partnerships remain key to our strategy, and this has been successfully demonstrated by partnering with new platform original equipment manufacturers and integrators. In 2021, Applied Electronics strengthened existing partnerships and developed new partnerships in South America, Eastern Europe, Middle-East, and South-East Asia:

- In Renewable Energy, Lumika, a joint venture between Reunert and A.P. Møller Capital (a European capital fund partner) and a shareholder in Terra Firma Solutions, was established in 2021 to unlock renewable energy projects in Africa. This will expand the business unit's reach into Africa

Developing a local presence is important in nearly all of the segment's export markets, especially in Asia and the Middle East. Many countries have indigenisation requirements. Partnerships in India offer several benefits, while providing a base to distribute products regionally. The segment's localisation strategy was hindered by Covid-19 but travel has resumed after year-end with the lifting of travel restrictions in various countries.

Research and development

The Group's pipeline of products depends on its skilled employees and internal and external funding. Applied Electronics spent R144 million (2020: R157 million) on research and development. R22 million (2020: R26 million) was self-funded, with the balance coming from external funding. Total Group expenditure on research and development was R150 million.

The segment accelerated its drive for international research and development funding due to limited funding potential being experienced in South Africa.

External funding was largely allocated to active electronic scanned array technologies and new generation fusing. The segment's internal funding is focused on secure communications and software-defined radio solutions for export markets.

[1] Type approvals refer to country-specific requirements for product specification and product certification. These are critical, as they determine whether a country will accept a product or not.
[2] Excludes recycled water.
[3] Excludes Scope 3 emissions.

Secure Communications

Despite challenges related to the re-prioritisation of funds by various governments and not receiving export permits, Secure Communications delivered a profitable performance. The order book backlog for this cluster was negatively affected due to the inability to travel and lock in new contracts. As travel restrictions ease, which will allow the teams to visit key customers, the expectation is that the order book will fill up, as the requirement for products has not dissipated but merely experienced delays. However, this will take time and the full effect of this might only be seen in the 2023 financial year.

Introducing the TR3000R

In 2021, Reutech Communications launched the TR3000R, a wideband high-frequency transceiver operating from 1,6 to 30 megahertz, which is based on leading-edge radio frequency sampling and digital radio technology. The transceiver is used for beyond line of sight or 1000 km+ communications, using both secure voice and data modes, where the application is primarily naval command and control.

Fuzes

Fuchs performance was disappointing largely due to regulatory issues experienced as a result of the delay in receipt of export and contracting permits from the appropriate government authority. The business continued its drive to diversify geographically and reduce its reliance on any single customer. Fuchs received new orders after year-end, which will be executed in the 2022 financial year. Various interactions are being held at all levels of Government, together with the industry body and other key stakeholders, to resolve the industry-wide export permit delays as soon as possible.

Radars

The Radar cluster had a challenging year due to the re-prioritisation of funds by the South African Government and as a result of travel restrictions resulting in not executing contracts or securing more orders on the international front. The contracts require on-site tests, and there have been difficulties in entering some countries and regions such as Middle East and South-East Asia.

Mining radars experienced a slow start to the year, but as mining operations picked up increased orders were received, with the 2022 prospects looking promising.

In 2021, Reutech Radar Systems launched the Berm Monitoring System, with 17 systems being sold to the launch customer which detects non-compliant safety berms in open-pit mining. Read more on page 20.

Renewable Energy

A strong performance was muted by operational interruptions, including South African civil unrest, international logistics delays and the inability to see customers. The cluster remains profitable with good growth prospects. The cluster made up for lost time with strong sales efforts and emergency build plans.

Terra Firma Solutions delivered a resilient performance. The South African civil unrest in July 2021 destroyed one Terra Firma Solutions plant in KwaZulu-Natal as well as four plants that were in the process of being built. This interrupted production and affected sales and operating profit. The business unit is awaiting an insurance payout from the South African Special Risk Insurance Association.

Blue Nova's performance was impacted due to challenges such as global supply chain delays, an interruption in production due to a module redesign and fluctuating global battery cell prices.

Blue Nova however successfully launched its new containerised intelligent Energy Storage System production facility that will enable it to meet the growing customer demand.

South Africa raises the threshold for distributed generation to 100 megawatts

New provisions published in August 2021 now allow large-scale renewable energy plants of up to 100 megawatts to be built without a generation licence through a simplified procedure with the national regulator.

The new provisions are likely to unlock significant investment in new generation capacity while helping the country reduce the impact of loadshedding. The Department of Public Enterprises estimates that allowing more independent energy will open the door for R120 billion in investments.

The higher threshold will allow mining companies and industry to use their own systems for more stable power supply. Minerals Council South Africa estimates that the mining industry has at least 1,6 gigawatts of largely renewable and private-sector funded embedded-generation projects in the pipeline. These planned investments are worth about R27 billion. One stage of loadshedding is equivalent to one gigawatt of electricity.

The Lumika joint venture, established in June 2021, has been constituted and operationalised. More on page 18. Terra Firma Solutions secured projects in Ghana and Namibia, while Blue Nova exported to Botswana, Mozambique, Namibia and Zimbabwe. The project pipeline is maturing with strong prospects for 2022.

The International Renewable Energy Agency estimates clean energy capacity in Africa could reach 310 gigawatts by 2030, putting it at the forefront of renewable energy generation globally. In South Africa, renewable energy is becoming a viable alternative for industrial, commercial and residential applications.

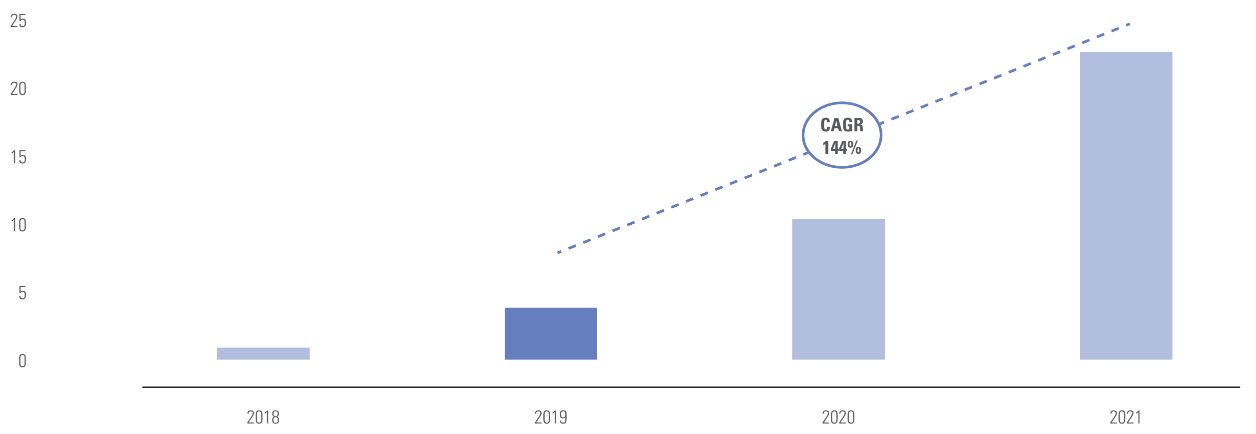
Blue Nova opens new production facility

In September 2020, Blue Nova launched its new office and factory space in Pretoria East. The official opening of the new Intelligent Energy Storage Systems production facility marks a critical milestone towards the business unit's production goal of producing 200 megawatt hours monthly for 2022.

The Intelligent Energy Storage Systems can be used as the primary source for grid-assist applications, peak energy management, load shifting and back-up applications. One of the critical features of the system is its remote monitoring and control functionality, which allows for detailed, real-time awareness of the state of the installation's health and performance. These reliable and smart containerised energy storage systems can be scaled according to client requirements. Reunert Park installed a 250 kilowatt unit resulting in immediate cost reductions.

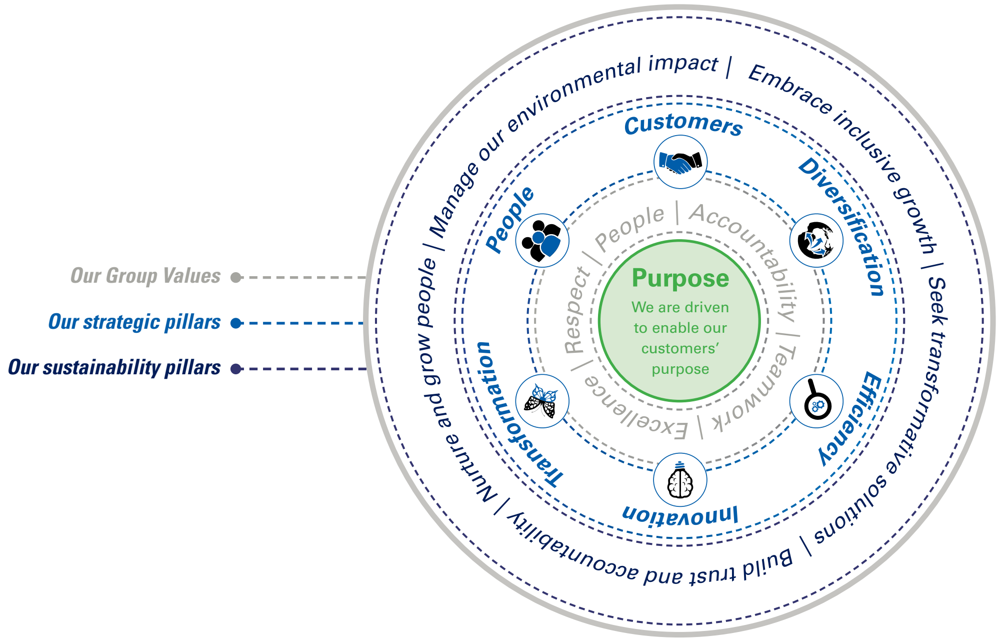
The US dollar price per kilowatt hour of storage has reduced significantly, improving the storage systems' investment case.

SOLAR ASSET OWNERSHIP (Cumulative %)



Reunert's Sustainability Strategy is embedded in its overall Group strategy. The Group is built on an ethical foundation and Values-driven leadership.

Our approach to sustainability



Sustainability strategy

3

Reunert pursues continuous improvement in its environmental, social and governance (ESG) targets.

The Sustainability Strategy, approved by the Board in 2018 with performance indicators refined in 2019, is guided by the United Nations Global Compact. The Sustainability Strategy supports Reunert in addressing the ESG risks and opportunities across its business units and creating a safe and stable working environment. The strategy considers sustainability's strategic relevance within the Group and its impact on the business strategy and model. Climate change is now being incorporated into the Group's risk and strategy processes.

The Sustainability Strategy is a framework with dual guiding principles: **Operate Responsible Businesses** and **Pursue Shared Value Solutions**. These guiding principles are further broken down into five sustainability pillars. The strategy supports an ethical culture, strong stakeholder relationships and Reunert's commitment to being a responsible corporate citizen.

Reporting according to multiple ESG frameworks, which regularly change and refine their criteria, has become onerous. Reunert aims to move away from multiple frameworks and is evaluating which single ESG framework would be best for the business.

The Social, Ethics and Transformation Committee (Setco) oversees the Group's Sustainability Strategy according to its Terms of Reference (www.reunert.co.za/corporate-governance.php).

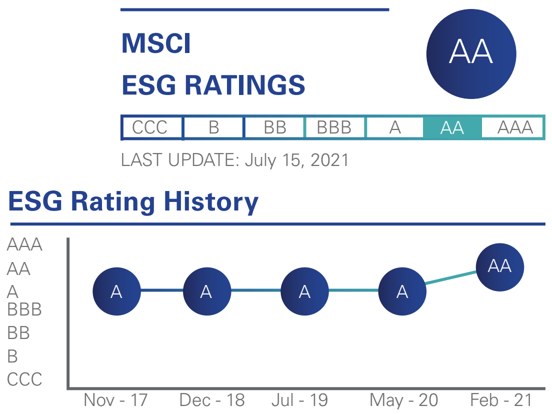
SOCIETAL OPPORTUNITIES	SOCIETAL RISKS
> Green[1] revenues (supported by the diversification, innovation and efficiency strategic pillars), with Covid-19 accelerating the drive to adopt renewable energy > Improving sustainability ratings by investors that include ESG metrics in investment decisions to provide access to a growing pool of ESG capital > Attracting high-performing employees who contribute to value creation (supported by the people strategic pillar) > Rolling out broadband connectivity to key sites, including schools, libraries, clinics and social development facilities	> Environmental pressures including water scarcity, higher energy prices, higher temperatures, fire risk, increasingly extreme weather patterns and the impact of climate change on supply chains > Shifts in societal expectations due to poverty and unemployment, education and training quality, growing inequality and changes in the workplace. Covid-19 increased the need for societal transformation and increased the policies that need to be complied with > Higher expectations regarding regulatory compliance and responsible business practices > Non-compliance with carbon tax regulations leading to penalties and a negative impact on Reunert's reputation

[1] *Revenue generated from environmentally friendly products, such as renewable energy.*

Improved quality score from the MSCI ESG Ratings report

In February 2021, Reunert achieved an AA rating in the Morgan Stanley Capital International (MSCI) ESG Ratings report. This rating acknowledges Reunert as an industry leader managing the most significant ESG risks and opportunities.

An MSCI ESG Rating measures a company's resilience to long-term, industry-material ESG risks. MSCI use a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).



ESG Rating history shows five most recent rating actions

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Financial Stability Board established the TCFD in 2015 to recommend how the financial sector can incorporate climate-related issues in its decision-making. TCFD recommendations are fast becoming the globally accepted best practice standard. Investors use TCFD recommendations to assess company risks and channel investment towards companies that support a low-carbon economy.

Reunert commenced an evaluation to determine if the adoption of TCFD recommendations is appropriate for the Group. Adoption of TCFD recommendations should meet the following objectives:

> Bolster our investment case and facilitate meaningful engagements with investors who incorporate TCFD recommendations to evaluate long-term risks
> Increase resource efficiencies and lower operational costs by integrating our Sustainability Strategy into our operational requirements
> Augment our growth strategy by aligning our Sustainability Strategy to the Group's growth strategy

The CDP, formerly known as the Carbon Disclosure Project, provides the mechanism for reporting in line with the TCFD recommendations. It remains the preferred ESG data repository for international investors, and Reunert will continue to upload ESG statistics on this platform.

The TCFD advises that companies starting the journey should see it as a multi-year process with implementation streams tackled in phases. Reunert has quantified Scopes 1, 2 and 3 emissions since 2012 but needs to set targets and benchmarks.

Reunert is developing a roadmap to guide its business units on setting science-based targets and measures.

OPERATE RESPONSIBLE BUSINESSES (CURRENT PRIORITIES)

Pillar 1: Build trust and accountability (page 77)

Focus areas	More information
Board oversight through the Setco	Page 100
Policies and procedures	Page 78
Ethical culture	Page 90
Stakeholder relationships	Page 63

Pillar 2: Nurture and grow people (page 66)

Focus areas	More information
Drive a high-performance culture	Page 67
Embed a safe and healthy work environment: zero harm	Page 70
Diversity, employment equity (EE) and transformation	Page 73
Corporate social investment (CSI) programmes	Page 74

Pillar 3: Manage our environmental impact (page 75)

Focus areas	More information
Environmental management systems	Page 75
Efficient water, energy and material usage	Page 75,76
Climate change risks and opportunities	Page 76

PURSUE SHARED VALUE SOLUTIONS (MEDIUM-TERM PRIORITIES)

Pillar 4: Embrace inclusive growth

This pillar specifically refers to CSI and enterprise and supplier development (ESD) spend.

Focus areas	Progress	More information
Stewardship/advocacy: Reunert as a responsible South African corporate citizen	See B-BBEE Report	Page 72
Enterprise development: Actively develop supply chain management including second tier suppliers	See B-BBEE Report	Page 72

Pillar 5: Seek transformative solutions

Reunert addresses societal challenges by promoting renewable energy, clean technology and connectivity, and by investing in low-carbon, climate-smart products and services. This pillar is integrated into the Group strategy and budgets. Developing transformative business solutions has been a journey that continues to yield positive outcomes.

Focus areas	More information
Last mile broadband connectivity: Rolling out high-speed connectivity to schools, libraries, clinics and social development facilities	Page 62
Renewable energy: Providing South Africans with green energy and energy storage solutions	Page 57

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Reunert contributes towards the achievement of the United Nations SDGs through the following activities:

ADDRESSING POVERTY AND ELIMINATING HUNGER	PROVIDING QUALITY EDUCATION	PROVIDING AFFORDABLE CLEAN ENERGY	ROLLING OUT INDUSTRY INNOVATION AND INFRASTRUCTURE
The Nashua Children's Charity Foundation (NCCF) assists about 15 000 children with 600 000 meals each month.	Since 1993, more than 1 500 students have enrolled at the Reunert College to improve their school competency and bridge their performance into quality tertiary qualifications.	Reunert contributes to Africa's green energy transition by investing in renewable energy generation and storage and low-carbon technology.	Reunert invests in local research and development and connects South Africans through last mile broadband access. SkyWire towers link remote towns across South Africa.
1 NO POVERTY; 2 ZERO HUNGER	4 QUALITY EDUCATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

NCCF feeding programme

Stakeholder relationships

16

Reunert believes that robust and sustainable stakeholder relationships form the foundation of the Group's ability to create shared value in the short, medium and long term.

Reunert's stakeholder approach balances the needs, interests and expectations of material stakeholders with the best interests of the Group over time. The Group's governance processes and stakeholder management, including its approach to stakeholder inclusivity, align with King IV. Inclusivity is accomplished by applying the following principles:

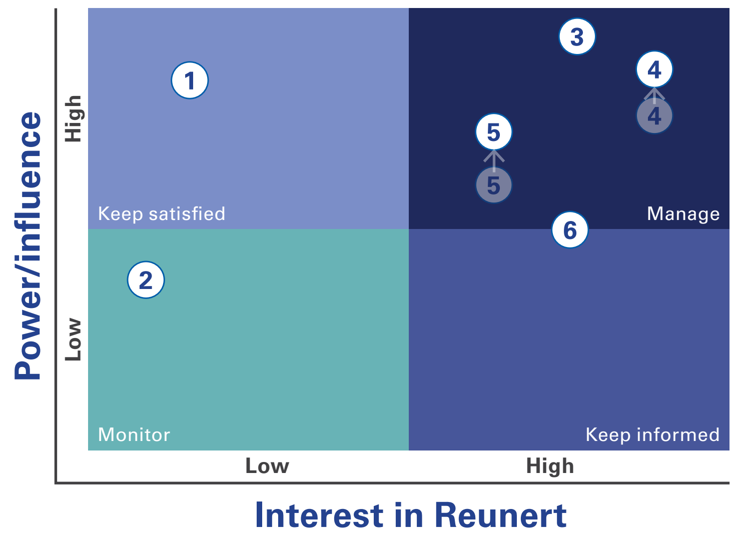
> **Materiality:** Identify the areas that have the most impact and serve Reunert's best interests over time
> **Completeness:** Engage stakeholders and understand their interests, with particular emphasis on economic and ESG matters
> **Responsiveness:** Respond adequately and address key stakeholders' concerns

The Board is responsible for stakeholder relationships. The Setco is mandated to monitor the Group's approach to these relationships.

The following stakeholder groups are material to Reunert:

CATEGORY[1]	DESCRIPTION
Our customers	The Group places customers at the centre of its activities. Due to Reunert's diverse customer base, individual business units serve and engage according to their customers' needs.
Our partners	Suppliers, service providers, channel partners (including franchisees) and other business partners are integral to the value chain, and deliver products and services to customers.
Providers of financial capital	About 80% of Reunert's equity holders are institutional shareholders. Other key stakeholders in this category include analysts, portfolio managers, researchers and commercial and investment bank representatives.
Our employees	People are the foundation of Reunert's business and play a vital role in achieving desired performance. They include permanent employees, contractors, temporary employees and trainees.
Trade unions	A portion of the workforce is unionised.
Regulators and Government	These stakeholders regulate and sanction Reunert's legal licence to operate.

The matrix illustrates the level of power/influence of material stakeholder groups versus their interest in the businesses. This assessment is reviewed annually and changed based on Board feedback, executive management and relationship managers at business units, strategy development sessions and employees. During the year, engagement with employees, trade unions and capital providers became more frequent, as their actions impacted key business decisions.



1 Regulators and government*
2 Community*
3 Customers*
4 Providers of financial capital
5 Employees and trade unions
6 Partners*

* *Unchanged from 2020.*

[1] *Stakeholders are grouped together differently in the business model on page 8 to align to the Group's inputs and outputs. Communities are not included as they fall in the 'monitor' category in the stakeholder matrix.*

REUNERT MAINTAINED REGULAR COMMUNICATION WITH ITS STAKEHOLDERS

As the Covid-19 pandemic persisted into 2021, Reunert regularly interacted with foreign and local investors. Local investor questions centred on financial and segmental performance, initiatives to improve shareholder returns, the growth strategy and the impact of Covid-19. International investors are interested in the condition of the local economy, state-owned entities and municipalities. In promoting Reunert's growth story, Reunert highlighted the specialised and competent managers who led strong and diverse teams during these challenging times.

Engagement with **bankers** involved sharing status updates on Reunert's plans and maintaining the Group's credit facilities.

Employee communications were prioritised. The Group Chief Executive Officer (CEO) conducted formal monthly engagements with the managing directors and financial directors of all business units. As the pandemic introduced new management challenges, Reunert introduced a leadership series run by external counsellors to enhance senior management's skills and coping mechanisms. The Group CEO exceeded his commitment to formally communicating at least bi-annually with all Reunert employees.

Employees received frequent communication on Covid-19 developments. In July 2021, during the unrest in Gauteng and KwaZulu-Natal, the Group CEO and senior management teams acted swiftly to allay employees' fears while providing aid to impacted employees and their families.

The Group CEO continues to reinforce messages about Reunert's ethical culture, the employee protection offered by the Protected Disclosures Act, 26 of 2000 and the Group's anti-bribery and anti-corruption initiatives. The Group CEO recorded videos on these topics accompanied by the printed Reunert leaflet, Let's Talk, distributed to all employees across the Group.

Engagements with **trade unions** were mainly around operational effectiveness, Covid-19 initiatives and general employee issues.

Business units worked hard to retain and improve the quality of customer relationships. They reinforced internal awareness of whistle-blowing and anti-bribery activities in **supplier** relationships. There was no record of any inflammatory media articles or issues arising from customers or suppliers that may cause reputational harm.

Universal declaration of human rights

In support of the Universal Declaration of Human Rights, Reunert does not do business with any party that:

> Supports human trafficking
> Intentionally exceeds greenhouse gas emissions while being fully aware of their impact on climate change
> Uses forced labour
> Offers degrading working conditions
> Denies workers access to effective collective bargaining
> Offers no grievance mechanisms and remedies
> Promotes discrimination
> Violates safety and security rules
> Violates land acquisition and resettlement laws
> Instigates bribery and corruption

Nashua supports the future of South African sport

Nashua is a long-time CSI partner of SuperSport, which launched SuperSport Schools, an initiative to change the future of South African school sport.

SuperSport also acquired a majority stake in Schools Sport Live, which will see the business rebranded as SuperSport Schools. This venture will identify and expose young talent by broadcasting as many school sporting fixtures as possible. The production plan will embrace new technology by giving schools access to innovative artificial intelligence-based production to deliver a dynamic multi-screen viewing of school and youth sport. Outside the coverage across SuperSport channels, the SuperSport Schools mobile application will allow parents and other interested parties to view school sport anytime, anywhere, live and on demand.

Nashua is the enablement partner to SuperSport. Its national footprint of engineers provides a world-class service offering to instal, maintain and support the project, especially as it has a great understanding of the schools' infrastructure environment. Nashua will play a crucial part in rolling out the artificial intelligence automated cameras designed to produce and distribute live, and highlight content via the mobile application and digital channels.

2021 ENGAGEMENT THEMES

The Setco, together with the Board and Board committees, evaluated the key engagement themes during the year. These are included in the table below with cross-references to relevant information. There is a strong correlation between these engagement themes and the Group's material matters (page 32).

Key themes in 2021	Stakeholder impacted	Group response
Inclusive economic growth and development > Contribution to inclusivity and transformation in the South African context > Transformation, including B-BBEE requirements > Supporting SA Inc in addressing Covid-19's economic impact		Page 71
Reunert's growth and long-term sustainability > Sustainable growth and returns on investments, and how Covid-19 impacted Reunert's outlook/ prospects, including financial and segment performance and cash flows > Appropriate capital allocation and returns, and Reunert's approach to acquisitions and dividends > Partnerships for sustainable shared growth		Page 17
Innovation and agility > Innovation in technology and business models > Timely response to market changes		Page 18
Remuneration and rewards > Alignment of remuneration with performance and diversity metrics in remuneration > Recognition for exceptional and value-adding performance > Fair and consistent remuneration practices and Covid-19's impact on salaries and wages		Page 102
Employee relations > Group Values and the redeveloped Code of Ethics > Enhanced communication and communication channels, including awareness of whistle-blowing and anti-corruption activities > Leadership skills development for senior management > Operational efficiencies > Employees' physical and mental health and safety during Covid-19, including grief counselling for employees affected by Covid-19 > Encouraging employees to receive the Covid-19 vaccine		Page 66
Competitive pricing and service excellence > Service excellence including a timely and effective response to customer complaints > Quality products at competitive prices > Order delivery and supply chain challenges relating to Covid-19		Page 20
Compliance > Compliance with existing and upcoming laws and regulations in the jurisdictions where Reunert operates > The Protection of Personal Information Act, 4 of 2013 (POPI Act) compliance > Continued adherence to Covid-19 regulations > Whistle-blowing and anti-bribery activities and awareness		Page 75

Our customers | **Providers of financial capital** | **Trade unions**
Our partners | **Our employees** | **Regulators and Government**

Human capital review

Reunert strives to create an environment that is conducive to high performance, innovation and strong ethical standards. Employees enjoy market-related remuneration, benefits and opportunities for career enhancement, personal development through formal training and on-the-job learning.

REUNERT'S EMPLOYEES IN NUMBERS

5 691 (2020: 5 747)
EMPLOYEES[1]

5,4% (2020: 3,7%)
VOLUNTARY EMPLOYEE TURNOVER[2]

10 years (2020: 10 years)
AVERAGE LENGTH OF SERVICE[2]

1,7% (2020: 2,6%)
ABSENTEEISM[2]

KEY PRIORITIES ACTED UPON

- Adherence to the highest health and safety standards, including Covid-19 protocols
- The development and launch of the redeveloped Code of Ethics
- Expansion of the Learning Management System's (LMS) functionality as a training and education tool
- Continuing initiatives to entrench the Group Values
- The ongoing drive to create a representative and diverse workforce by exceeding employee equity (EE) targets
- Roll-out of the POPI Act across the Group
- Succession planning and successor development for critical roles
- Retention of critical people
- Employee wellness programmes to support employees to manage their mental health better

KEY CHALLENGES

- The continued negative impact of Covid-19 on training, on-the-job learning and talent development initiatives
- A surge in the number of Covid-19 cases
- Covid-19 fatalities
- Emigration of key skills
- Shortage of skills for critical positions

[1] *Includes 50% of joint-venture employees.*
[2] *Includes South African operations, excluding Nashua franchises.*

2021 ACHIEVEMENTS

- Employees at all levels understood and incorporated the reality of working differently under the various constraints caused by the Covid-19 pandemic
- Reunert College achieved a 100% pass rate with an average maths result 2% higher than the Independent Examinations Board average
- Reunert partnered with the Discovery Corporate Programme to fast track employee vaccinations
- Successful launch of the redeveloped Code of Ethics

REUNERT PROMOTES A HIGH-PERFORMANCE CULTURE

Reunert's Human Resources (HR) Strategy...

... aligns to three Group strategic pillars	... comprises three pillars
Efficiency	Talent planning
Our people	Talent development
Transformation	Talent attraction and retention

... focuses on

- Driving a high-performance, values-based and ethical culture
- Retaining critical skills and growing them through meaningful employee development
- Succession planning
- Implementing skills transfer initiatives and development programmes to address skills gaps
- Supporting and shaping the business model and culture of the Group
- Partnering with our business units in identifying, acquiring and retaining critical roles and talent that drive the highest value

... is based on the principle of an Integrated Talent Framework

Business units prepare monthly reports on HR metrics for consolidation and presentation to the Group Transformation Committee and relevant Board committees. These reports track trends, achievements and potential risks to people transformation implementation. Action plans are created to address any issues.

Reunert monitors key performance indicators, including turnover, absenteeism, disciplinary enquiries, grievances and the outcomes of matters referred to the Commission for Conciliation, Mediation and Arbitration. Group HR reports back on strategy, performance and outcomes in the Setco meetings.

RETRENCHMENTS

Continued poor economic conditions meant that retrenchments were necessary within the Group. As a result, 106 employees (2020: 248) were retrenched.

HR also assisted Nashua franchisees in reducing their cost base through retrenchments. These retrenchments were unavoidable given the ongoing impact of Covid-19, work-from-home arrangements and the demise of printing in offices.

The Group assists retrenched employees through access to financial and psychological counselling, preparing CVs and sharing CVs throughout the Group and broader supplier and customer ecosystem. Reunert pays retrenchment packages that are above the legal minimum.

Reunert protects human rights
In compliance with Reunert's Human Rights Policy, the Group has not had to address any incidents of human rights violations, child labour, reduction of excessive working hours, nor forced and compulsory labour (2020: nil). Reunert's Human Rights Policy is available at www.reunert.co.za/sustainability.php.

WORKPLACE PROFILE

The Group continuously reviews its organisational structure for alignment with its operating model, strategy and external operating environment (page 21). While most of Reunert's employees are based in South Africa, the Group is committed to local employment in the countries where it operates.

	2021	2020	2019	2018
Average South African employee age group (%)				
18 – 34	**30**	30	27	29
35 – 44	**32**	32	32	31
45 – 54	**25**	24	25	24
55 – 59	**8**	9	10	10
60+	**5**	5	6	6
Employees by country (number)				
South Africa	**4 517**	4 636	5 083	5 375
Lesotho	**812**	773	791	834
Sweden	**–**	–	–	92
Australia	**44**	37	36	34
USA	**6**	4	5	6
Zambia	**305**	294	302	315
India	**7**	3	3	–
Total	**5 691**	5 747	6 220	6 656
Gender diversity among permanent employees (%)				
Male	**60**	59	60	61
Female	**40**	41	40	39
Total number of disabled employees[1]				
Male	**46**	46	46	52
Female	**62**	58	61	60

[1] *Permanent and non-permanent employees.*

TALENT MANAGEMENT

Talent management is increasingly important, with the threat of increased skilled South Africans emigrating. While emigration has slowed due to the pandemic, this trend is expected to persist. Retaining key talent and developing internal successors have become increasingly important. The Group's talent management includes proven succession planning methods and HR policies, procedures and practices that attract, develop and retain talent.

Reunert follows a process to identify and review talent. Succession planning ranks employees and identifies potential successors for key positions. Critical roles and succession planning are top of mind when appointing candidates, approving training and setting remuneration.

Talent planning

Reunert has mapped its critical skills throughout the Group. Business units update their talent maps bi-annually, and the Group updates its talent map annually. Succession planning, which includes Head Office oversight, is used to identify key roles and to create talent pools across business units, departments and functions.

Key roles have identified successors with career development plans. Successors are rated in terms of their readiness. Where there are gaps, other succession options are possible. These include stopgaps, former or retired employees and sourcing from the Group or the open market. Vacancies in 2021 were filled with successors or stopgaps. Contractors were used to fill several positions temporarily.

Reunert's business units address underperformance through performance management.

Talent development

Key employees have individual development plans to strengthen their existing skills.

In 2021, 41 employees were promoted (2020: 61).

Business units have strategies in place for employee learning and development. Reunert reassessed and postponed many training plans due to Covid-19, and annual training spend dropped to R55 million (2020: R47 million).

The Group conducted its annual training needs assessment to ensure its teams meet current and future skills requirements. Employees can apply for educational support to develop their skills. The Group Transformation Committee monitors progress made on individual development plans for critical roles.

Building Better Teams

Reunert's Building Better Teams training programme promotes its values and develops employees. The Building Better Teams training was postponed due to the Group's Covid-19 health and safety restrictions on gatherings. Due to the prolonged impact of Covid-19, the process to convert the Building Better Teams training to an online facilitated training programme commenced during the year. Facilitation was included to enhance the virtual training experience. One module of the training is now available electronically (with or without facilitation). The pilot sessions of the training were completed and will be rolled out to the Group in the new financial year.

Learnerships and trainees

Reunert's learnership and trainee programmes provide a steady stream of skills for technical positions. Business units select or develop programmes that support their business and overall Group strategy. Learnerships and training interventions are aligned to B-BBEE regulation.

Most of Reunert's business units offer learnerships, apprenticeships and internships to employees and disadvantaged, unemployed individuals. These initiatives benefit the Group and strengthen relationships with local communities. Reunert partners with learning institutions to run its trainee programmes.

Despite the ongoing impact of Covid-19, learnerships and trainee programmes were undertaken in 2021. During the year, Reunert had:

> 310 (2020: 285) learners on learnerships, apprenticeships and internships
> 199 (2020: 149) employees on learnerships
> 111 (2020: 136) trainees that are not in Reunert's employ

The Reunert College (page 73) was established in 1993 to address a growing demand for educational and workplace skills for previously disadvantaged communities. Reunert College graduates provide a pool of talented students seeking a career across the Reunert segments.

LMS

The Group's LMS is a continually evolving e-learning system that directs employees' ongoing learning. It facilitates the delivery of Group-wide training efficiently and cost effectively. Compulsory compliance training on all types of anti-corruption, including anti-bribery, is facilitated through the LMS. Business units can develop bespoke training material, manage training interventions and monitor employees' development through comprehensive reporting.

In 2021, the Group further enhanced the range of training available on the LMS, including Coping with Change and Resilience, Productivity and Time Management and Group-specific training courses including the POPI Act and Covid-19-related courses. The Covid-19 courses include information about Covid-19, remote working and managing a remote team.

Talent attraction and retention

The Group continues to have a high external offer acceptance rate, reflecting its attractiveness in the market. The acceptance rate of management-level offers is 95% (2020: 92%).

Reunert's consistently low employee turnover rate results in less time and resources spent recruiting and training new employees. The Group focuses its retention efforts on retaining senior employees with institutional knowledge and highly skilled technical employees. Voluntary turnover for all levels of South African management employees was 5% (2020: 6%). The turnover rate of top performers, critical individuals and EE individuals at top, senior and middle management levels was 5% (2020: 3%).

TRADE UNION ENGAGEMENT

Reunert safeguards employees' rights, including the rights to non-discrimination and freedom of association. The Group complies with South Africa's labour laws and educates employees on these laws at induction. Outside of South Africa, the Group complies with the relevant labour laws, which are communicated to employees in the country's business language. Working hours and disciplinary procedures comply with statutory requirements.

Most of Reunert's unionised workforce is employed at its manufacturing plants. Union membership reduced at 27% (2020: 30%). The National Union of Metal Workers of South Africa (NUMSA) has the largest membership, representing 17% (2020: 16%) of Reunert's permanent employees.

The Group engages trade unions in terms of a recognition agreement. The Metal and Engineering Industries Bargaining Council[1] (MEIBC) oversees engagements between companies and unions in this sector. Wages and terms of employment for scheduled employees are negotiated at a central bargaining level. With support from the Group's HR and Transformation Executive Director, the business unit's management and HR executive manage all other labour concerns.

Reunert pays fair and living wages. The MEIBC main agreement regulates industry minimum wages. Any changes to wage rates are communicated to relevant employees. Business units grade all positions and ensure that the correct rate is paid for each position.

The three-year wage agreement ended on 30 June 2020. The 2020 wage negotiations stalled, as employer representatives and NUMSA did not come to an agreement. All the terms and conditions of the existing main agreement were retained with wage rates frozen until 30 June 2021.

Reunert supports industry initiatives, and the Electrical Engineering business units collaborate with other industry players through the Steel and Engineering Industries Federation of Southern Africa industry policy forum.

[1] *The Labour Relations Act, 66 of 1995 provides for the self-regulation of industries through the medium of centralised bargaining within bargaining councils. All employers and their employees pay a council levy towards the funding of the council.*

INDUSTRIAL ACTION

There was no industrial action during the year. This compares favourably to 2020, where there was a seven-week labour disruption at CBi-Electric: African Cables, with a financial impact of R73 million.

OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety Amendment Bill was tabled for the first initial reading in Parliament by the Minister of Employment and Labour in November 2020. Once introduced, significant amendments will be made to the Occupational Health and Safety Act, 85 of 1993 (OHSA).

Reunert has an excellent record of high health and safety standards across its operations[1]. Covid-19 policies, processes and procedures are in place to comply with the Disaster Management Act, 57 of 2002. Business unit managing directors act as representatives in terms of section 16(2) of the OHSA. These appointments come with statutory health and safety responsibilities.

Independent third-party verifications assure that work environments are safe, suitable and sanitary, and that employees wear the required protective clothing and receive safety training.

Management reviews feedback on suggested improvement areas based on the audits. No serious transgressions were reported to the Risk Committee (2020: nil).

All new recruits and contractors attend induction programmes, which include a health and safety component. Regular OHSA Committee meetings were conducted at the business units. Required training, including firefighting and first aid, was undertaken. All recorded incidents were reviewed by internal audit. Where applicable, formal agreements with trade unions and formal joint worker-management health and safety committees are in place.

The CBi-Electric businesses – African Cables, Zamefa, Telecom Cables and Circuit Breakers (Elandsfontein and Lesotho) – have full-time clinics at their manufacturing plants. Employees receive basic health assistance facilitated by the resident sister or visiting doctor. All business units conduct regular screenings for blood pressure, cholesterol, vision and diabetes.

Business units conform to the International Organization for Standardization (ISO) 18001: 2007 and ISO 45001:2018. The ISO disclosures comply with the international assurance standards for health and safety. 60% (2020: 60%) of all manufacturing sites have ISO certification. These certifications are listed in the standards and principles fact sheet available at www.reunert.co.za/sustainability.php.

	Performance	2021	2020	2019	2018	2017
Health and safety audit scorecard (%)						
Electrical Engineering		**98**	97	98	95	96
ICT		**95**	97	96	94	90
Applied Electronics		**96**	95	91	88	83
Health and safety records[2]						
Employee fatalities		**0**	0	0	0	0
Occupational diseases recorded		**792**	127	0	1	0
Work-related injuries		**52**	66	59	47	52
Lost days recorded due to injuries		**360**	389	348	426	375

Other communicable or specific diseases

Except for Covid-19, no South Africa-based employee was exposed to a high risk of infectious disease while at work. HIV/Aids information is strictly confidential.

Covid-19 positive results are monitored through weekly reporting from business units to Head Office. These are classified as an occupation-contracted disease and contributed 100% of the total number of recorded occupational diseases (2020: 99%). Regrettably, there were 16 Covid-19 fatalities across the Group (2020: nil).

Malaria is widespread in Zambia, and Zamefa has an established Protection Programme. 171 cases were recorded at Zamefa (2020: 292).

FUTURE FOCUS AREAS

The HR Strategy is a key enabler to the Group's growth strategy and is reviewed every three years. The next review began at the end of the 2021 financial year, with the review results to be reported to the Setco in 2022, as part of the Board's strategy review process.

Our focus areas for 2022 are as follows:

> Ongoing talent planning and the implementation of career development plans for identified successors
> Conducting our third Group Values Survey to determine how employees experience the Group Values
> Recommencing the Building Better Teams training initiative
> Entrenching the redeveloped Code of Ethics
> Developing internal EE talent and meeting employment EE and B-BBEE targets
> Employee relations training for managers to foster better relations with employees

[1] The Reunert Health and Safety Policy is available online at www.reunert.co.za/sustainability.php
[2] Data includes 50% of the joint-venture's health and safety records. Covid-19 incidents at the workplace are classified as occupation-contracted disease, and these cases are included in medical treatment, fatalities and occupational diseases recorded.

B-BBEE Report

Reunert embraces transformation and the value it brings to the business. The Group is committed to a more inclusive and fair society through the ongoing transformation of our business and initiatives that empower the communities where the Group operates.

Reunert has a multi-pronged approach to ensuring transformation across the Group. This includes initiatives that address all five elements of the B-BBEE scorecard: ownership, management control, skills development, enterprise and supplier development and socio-economic development. Reunert has policies to prevent discrimination against employees based on race, religion, age, sexual orientation and nationality.

The Group's B-BBEE measurement tool continuously tracks and flags risks to B-BBEE initiatives across business units. Business units' B-BBEE budgets and verification targets are reviewed to foster best practices across the Group.

KEY HIGHLIGHTS

> The Group met its 2021 targets for junior and senior management
> The majority of business units maintained their targeted B-BBEE levels

KEY CHALLENGES

> Individuals' growth paths can occur at a pace slower than that which they aspire to

REGULATION CHANGES

Parliament's Portfolio Committee on Employment and Labour published the Employment Equity Amendment Bill for public comment in December 2020. The bill will empower the Employment and Labour minister to regulate the setting of sector-specific employment equity targets across most of South Africa's major industries. The Reunert ICT Segment provided feedback to Government on the proposed sector-specific EE targets.

In March 2021, the Independent Communications Authority of South Africa announced new regulations to promote historically disadvantaged South Africans in the ICT sector. These regulations encourage equity ownership by Black South Africans, particularly women, the youth and persons with disabilities.

Among the changes is a requirement for ICT network providers to comply with the mandatory equity ownership requirements – 30% equity ownership by Black people and level 4 B-BEEE status. The regulations also establish penalties of up to R5 million or 10% of the network provider's annual turnover where a licensee fails to maintain the mandatory minimum requirement. The new regulations do not impact Reunert companies that fall under these regulations; they remain compliant with the regulations.

OVERVIEW OF B-BBEE ELEMENTS

The following table summarises the different B-BBEE elements, with further detail included in other sections of this report. Reunert Limited obtained a consolidated Group B-BBEE Verification Certificate, reflecting a level 4 contributor status. The Group certificate is based on its B-BBEE expenditure for the year ended 30 September 2021 and is valid until December 2022.

Element	November 2021	November 2020	Overview
Ownership (out of 25)	**25,00**	25,00	Reunert is committed to an ownership and control structure aligned to the vision outlined in the B-BBEE Codes of Good Practice.
Management control (out of 19)	**12,35**	12,10	Refers to all top, senior, middle and junior management levels and employees with disabilities of South African verified entities.
Skills development (out of 20)	**12,46**	13,80	Skills development refers to the Group's contribution to developing the core, scarce and critical skills of Black people. These contributions include internal and external training initiatives as well as direct and indirect training costs. During the year, the Group spent R55 million (2020: R47 million) on internal and external skills development.
ESD (out of 40)	**35,76**	33,91	Reunert contributed R37 million to ESD in 2021 (2020: R39 million). ESD beneficiaries comprise Black-owned exempted small and qualifying small enterprises chosen by the Group's business units. Support provided to these small businesses includes grants and loans, discounts and training and mentorship to boost their performance. Reunert's supplier development as a percentage of profit after tax for the certificate period is 9,88 out of 10 for supplier development and five out of five for enterprise development.
Socio-economic development (SED) (out of 5)	**4,30**	5,00	Reunert supports child development through the Nashua Children's Charity Foundation and education through the Reunert College. The Group also runs several other initiatives in local communities. In 2021, we spent R7 million (2020: R7 million) on SED programmes.

To view each business units' B-BBEE level, refer to the B-BBEE rating fact sheet at www.reunert.co.za/group-overview.php.

MANAGEMENT CONTROL

Improving Black representation at top, senior, middle and junior management levels is a priority for Reunert. Reunert's Transformation Strategy was updated in 2015. EE representation for top management improved from 18% in 2014 to 42% in 2021. Overall EE representation improved despite low employee turnover. Total Black representation across the top, senior, middle and junior management levels increased to 61% (2020: 58%).

Business units track their EE progress against targets, and reports are presented to the Group Transformation Committee and the Setco. The three-year EE targets were approved for the traditional business units in the Group, with a separate set of targets for the acquired business units. The Group is currently in the first year of the three-year cycle for the new targets.

Equity profile by employee numbers, including international operations, as at 30 September 2021

	South African							Non-South African		
	Total	Total male	Black male	White male	Total female	Black female	White female	**Total**	Male	Female
Top and senior management	**330**	227	94	133	75	44	31	**28**	25	3
Professionally qualified specialists and middle management	**611**	418	158	260	124	80	43	**70**	47	23
Skilled, technical and academically qualified junior management	**1 777**	1 076	672	403	565	356	209	**137**	93	44
Semi-skilled and unskilled	**2 078**	807	765	42	451	388	63	**820**	197	623
Total permanent	**4 796**	2 527	1 688	839	1 214	868	346	**1 055**	362	693
Contractors	**47**	28	7	21	10	3	7	**9**	5	4
Fixed-period project employees	**672**	290	217	73	231	198	33	**151**	10	141
Trainees	**176**	81	77	4	85	83	2	**10**	6	4
Total non-permanent	**895**	399	301	98	326	284	42	**170**	21	149
Total employees	**5 691**	2 926	1 990	936	1 540	1 152	388	**1 225**	383	842

Percentage Black management in South Africa[2]

	Black male (%)			White male (%)			Black female (%)			White female (%)		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Top management	**23**	24	27	**56**	62	62	**14**	9	8	**7**	5	3
Senior management	**35**	34	36	**38**	38	44	**15**	14	14	**12**	14	6
Middle management	**29**	27	27	**48**	51	51	**15**	14	13	**8**	8	9
Junior management	**41**	40	42	**25**	27	24	**22**	20	22	**13**	13	12

SKILLS DEVELOPMENT

Reunert contributes to skills development with internal and external programmes. For more information about Reunert's learnership and trainee programme visit page 69.

Reunert College[3]

Reunert College was established in 1993 and forms part of the proud tradition in Reunert of investing in education, technological innovation and industrial entrepreneurship. The college has two campuses – one in Boksburg and the other in Alrode. Since its inception, 1 763 students have matriculated from the college.

The year-long programme focusses on developing learners' mathematics, science and accounting capabilities. In addition, the Life Skills Programme and ongoing mentorship assist learners with career readiness. The Reunert College provides a pool of talent for entry-level positions within the Group.

Reunert's business units contributed R6,7 million in 2021 (2020: R5,4 million) to the college.

An average of 60 students enrol annually, and the average enrolment age is 18. The current ratio is 47% male and 53% female students. In 2021, 56 (2020: 54) Black students and one (2020: two) Coloured student matriculated – this represents a 100% pass rate. After matriculating, top students are eligible for a Reunert bursary. There were 49 Black (2020: 46) and one Coloured (2020: one) Reunert bursars studying at universities or universities of technology in Gauteng, North West, Free State and the Western Cape. The college monitors progress made by its bursars and alumni and offers ongoing mentorship to its alumni.

[1] *Includes 50% joint-venture employees.*
[2] *These numbers exclude foreign nationals working in South Africa and acquisitions made post-2015.*
[3] *Visit Reunert College at www.reunertcollege.co.za.*

The college is dedicated to the enhancement of education within the community. For this reason, a Principals Forum was established to facilitate training and developmental sessions on different educational issues for the school principals. Altogether, 19 township schools (2020:18) took part in this initiative in 2021.

Reunert College key performance indicators	2021 Performance	2021	2020	2019	2018
College spend to develop students (Rm)	●	**6,7**	5,4	6,1	5,9
Number of bursars placed and retained within the Group	●	**40**	36	42	38

ENTERPRISE AND SUPPLIER DEVELOPMENT

Developing small, medium and micro-sized enterprises (SMME) is a key supply chain focus for business units. Each business unit has specific initiatives to address enterprise and supplier development. An SMME Framework and operating model are in place to ensure that SMMEs are included in the supply chain and are developed effectively.

ReuGrow – sustaining military veterans

Established in 1993, ReuGrow is a Reunert ESD initiative that aligns with the B-BBEE Defence Sector Code's focus on military veterans and supports the Military Veterans Agripreneur Programme. ReuGrow supports military veterans and their families to become self-sufficient micro-farmers. It has alleviated Covid-19's most fundamental economic impacts in the past two years – hunger and poverty.

Reutech, a Reunert subsidiary, provides services and products to the agricultural sector. In December 2020, Reutech established Garden of Life training facilities at its branches nationwide. Other Applied Electronics business units came on board to develop sponsor training centres.

ReuGrow's three-tier approach involves:

1. Department of Military Veterans-initiated programmes
2. South African National Military Veterans Association and military veterans organisation opportunities
3. Private sector-supported projects, as part of the sector's B-BBEE contribution, or as part of community development programmes

Over the next few years, the intention is to grow and process vegetables and fruit for canning and bottling.

SED

Reunert supports child and youth development through its community investment in education and food security initiatives. In 2021, 98,5% (2020: 97,7%) of Reunert's total corporate social responsibility spend benefited previously disadvantaged groups.

The bulk of this funding is allocated to the Nashua Children's Charity Foundation (NCCF) and the Reunert College. In addition, many business units support initiatives in their surrounding communities. Information on other programmes is available on request.

NCCF

The annual Child Gauge Report, published by the Children's Institute at the University of Cape Town, showed that nearly half of South Africa's mothers and children went hungry for parts of last year due to the pandemic. Founded in 2006, the NCCF supports 104 children's organisations, providing approximately 15 000 children with 600 000 meals every month. This includes two meals per day and a school lunch pack per child.

The NCCF provides the following assistance to impoverished and orphaned children, as well as special needs facilities and schools:

> Groceries, cleaning materials and toiletries
> Education (including school uniforms, stationery and educational equipment)
> Building additions, alterations and infrastructure, including beds, mattresses, linen and kitchen appliances
> Special projects including Dikgale Food Drive, annual Mandela Day and World AIDS Day commemoration
> Sponsored outings and entertainment
> Office automation equipment

Environmental impact review

13

Reunert is committed to ensuring high standards of environmental compliance across the Group. Transformative business solutions that provide green energy, smart energy consumption and low-carbon alternatives are being integrated into the Group's strategy.

Business units are encouraged to secure ISO 14001 verification to help improve their environmental performance through efficient use of resources and waste reduction. As Reunert continues to drive better resource management and efficiencies, it has adopted assessments aligned with ISO 14001. African Cables, Zamefa, Nashua and Reutech Solutions have ISO 14001 certifications. These are listed in the standards and principles fact sheet at www.reunert.co.za/sustainability.php.

KEY PRIORITIES	KEY CHALLENGES
> Maintained environmental management systems > Monitored efficient water, energy and material usage > Raised revenues generated from green products from less than 1% in 2017 to 5,5% in 2021	> Green revenues depended largely on the performance of the renewable energy cluster that is underpinned by the real GDP

Reunert takes part in the CDP Climate Change and CDP Water projects each year. The Group Environmental Policy and additional environmental data, including CDP responses, are available at www.reunert.co.za/sustainability.php.

Waste and pollution are minimised, and recycling measures are in place. The Group produces minimal hazardous waste. Reunert received no fines for non-compliance with environmental laws (2020: nil).

CARBON TAX

The National Environmental Air Quality Act's Carbon Tax Act, 15 of 2019 came into effect on 1 June 2019. The law incentivises renewable energy and zero-emission processes to drive a sustainable future. Businesses are subject to the tax if they can use stationary equipment to combust 10 MW at a facility, regardless of fuel type. Businesses that meet this criterion are then taxed based on their actual usage.

None of Reunert's business units trigger the threshold for stationary combustion. This is assessed annually to ensure compliance, and Reunert continues to monitor changes in the requirements or thresholds. Given that we fall below the threshold, at this stage, there is no requirement to make any admissions to the Department of Environmental Affairs and National Treasury.

Reunert uses an external service provider to help the Group identify ways to improve its carbon footprint information accuracy and efficiency.

ENERGY

Electrical Engineering and Applied Electronics have the highest environmental footprint due to their energy-intensive manufacturing operations. Electricity is purchased from Eskom or the local municipality. Electricity usage decreased marginally by 0,2% to 59 407 MWh (2020: 59 523 MWh) due to increased remote working. Energy usage is regularly monitored and opportunities to reduce energy consumption are implemented where possible.

Reunert manages loadshedding through the use of generators and solar energy.

Environmental trade-off: Reunert's cable operations require copper extraction, which impacts the environment that produces it.

	Metric tonnes CO_2e				
	2021	2020	2019	2018	2017
Greenhouse gas emissions by scope					
Scope 1	**6 090**	5 404	6 362	6 912	7 085
Scope 2[1]	**48 501**	47 329	52 410	46 570	40 715
Intensity metrics[2]					
Scopes 1 and 2 emissions per full-time equivalent employee	**11,38**	8,92	9,54	9,72	8,46
Scopes 1 and 2 emissions per Rm revenue	**5,51**	6,42	5,32	4,95	4,61

[1] *Location based.*
[2] *Based on gross global combined Scopes 1 and 2 emissions per CO_2e tonne.*

Scope 1 and 2 emissions increased by 4% to 54 591 (2020:52 733). This is attributable to:

> increases in the use of diesel and natural gas because of higher production and ongoing loadshedding (scope 1)
> scope 2 electricity emissions increased by 2% to 48 501 (2020: 47 329) because of the increase in the grid emission factor.

WATER

Reunert fully recognises the importance of responsible water usage in a water-constrained country. Reunert's manufacturing processes do not use excessive water. Electrical Engineering recycles and reuses water during manufacturing, especially in water-scarce areas such as Vereeniging (African Cables). Total water consumption has increased by 1% to 264 406 kl (2020: 259 668 kl) largely due to an increase observed at African Cables where water metering was changed from an internal water metering system to actual municipal billing.

Reunert monitors water usage to identify wastage, leaks and opportunities to reduce consumption. Work has commenced on setting medium and long-term water usage targets. Reunert is investigating systems that automatically monitor electricity and water consumption, given the inconsistency of readings in some of the municipalities where Reunert operates.

Water usage (kl)	Performance	**2021**	2020	2019	2018
Municipal water	●	**217 022**	218 722	203 261	319 190
Borehole water	●	**1 179**	6 551	46 115*	5 674
Total	●	**218 201**	225 273	249 376	324 864
Rainwater harvested	●	**46 206**	34 395	27 689	48 845

* *In 2019, Zamefa ran solely on borehole water.*

CLIMATE CHANGE

Climate change is incorporated into Reunert's risk management process. During 2021, the risks identified were severe weather patterns that may disrupt product delivery and components in the supply chain. Dual supply strategies are in place to mitigate against these disruptions.

Reunert supports the adoption of renewable energy generation and storage energy through its business units and joint venture:

> Terra Firma Solutions builds solar plants for customers and invests in its own plants to generate solar electricity
> Blue Nova supplies battery storage energy solutions
> Joint venture Lumika develops renewable energy solutions for commercial and industrial customers in Africa
> Circuit Breakers develops product ranges that are used in green technology environments. These are ideal for energy management applications due to their leading technology and small size.

Governance structures and expectations are well defined and effective.

Governance and leadership

An overview of governance

A well-defined Governance Framework is in place to ensure a balance between autonomy and appropriate oversight of the businesses.

The governance approach is based on:
- *Materiality:* Identify governance matters that are material to Reunert over the short, medium, and long term
- *Design and implementation:* Design and implement governance practices to address material matters
- *Continuous improvement:* Continuously assess and improve governance practices

Delegation by the Board

A Board-approved Delegation of Authority Framework is in place to promote role clarity and effective discharge of duties at Board, Board committee and Executive Committee (Exco) level. This framework is reviewed annually.

The Board appreciates that delegating responsibilities does not absolve it of its accountability.

Group governance

The Exco is responsible for executing the Board-approved strategy and approving Group-wide policies, procedures, and reserved matters for governance oversight of business units.

The Group's Governance Framework for wholly owned subsidiaries includes:

- MOIs, all of which expressly require that business units comply with Group policies and procedures
- The Reunert Reserved Matters Framework, which indicates which matters need to be escalated to functional heads, the Exco or the Board

Shareholders agreements for joint ventures or subsidiaries with minority interests include appropriate governance practices. Most aspects of Reunert's reserved matters, policies, and procedures apply to these companies and are regulated by way of the relevant shareholders agreement.

Business unit management meetings include one or more Exco members as an additional aspect of oversight. Two Exco members are Segment Heads (Alan Dickson: Electrical Engineering and Trevor Raman: Applied Electronics). Material matters discussed in management meetings are formally escalated to the Exco.[1]

The Board of directors (Board) primarily derives its responsibilities and duties from:
- The Companies Act, 71 of 2008 (as amended) (the Companies Act)
- JSE Limited Listings Requirements (JSE Listings Requirements)
- The Company's Memorandum of Incorporation (MOI)
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)
- South African common law

The Board Charter and policies outline how these responsibilities are addressed and discharged.

Board policies

The Board Charter and policies foster a shared understanding of expected behaviour and procedures that support ethical and effective leadership. Directors' conditions of appointment require compliance with the Board Charter.

The Board Charter and associated policies, including the Board's approach to diversity (which is incorporated in the director appointment policy), can be found at www.reunert.co.za/corporate-governance.php.

Reunert Reserved Matters Framework

Reunert's Delegation of Authority Framework guides the Group's Reserved Matters Framework. The Reserved Matters Framework is a comprehensive document that evolves with the Group's changing circumstances. In terms of the standard subsidiary MOIs, subsidiaries must adhere to the Reunert Reserved Matters Framework, and transgressions are handled through disciplinary processes.

Reunert recognises that its subsidiaries are separate legal entities. The Governance Framework does not envisage that Head Office takes over subsidiary powers or management but provides for a mechanism to oversee material matters. If concerns are not appropriately dealt with, the relevant Reunert Exco member or functional head may veto a proposed transaction or course of action.

[1] *Trevor Raman succeeded Peter van der Bijl who retired as the Applied Electronics Segment Head on 31 March 2021. Terry Lawrenson was appointed Electrical Engineering Segment Head and an Exco member, effective 1 October 2021.*

KEY GOVERNANCE OUTCOMES IN 2021

Board focus areas and key decisions
- Reviewing and approving the Reunert Group strategy
- Overseeing the Group's response to challenges in the businesses' operational environment, including the second and third waves of Covid-19 infections, riots and looting (during July 2021), and supply chain challenges
- The Group's comprehensive programme to achieve compliance with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) sign-off of internal financial reporting controls

Board changes (page 80)
Mohamed Husain joined the Board as an independent non-executive director and Chair-elect in November 2020.

Continuous governance improvements

Internal Financial Reporting Controls Integration Programme

The Group completed the implementation phase of this programme to support the Group CEO's and Group CFO's responsibility statement relating to internal financial controls and the Annual Financial Statements. It was implemented in preparation for paragraph 3.84(k) of the JSE Listings Requirements, which applies to the Group from the 2021 financial year. (The CEO and Financial Director responsibility statement, as required in terms of paragraph 3.84(k) of the JSE Listings Requirements, is included the Annual Financial Statements on page 5)

Changes in committee mandates

The Group's annual review of Board committees' Terms of Reference and the Board's general objective to ensure a balance of power and even workload between committees, led to changes in the Board committee mandates. Matters not directly related to the Audit Committee's key responsibility to oversee accounting and financial reporting practices in the Group were allocated to other Board committees. This included general regulatory compliance oversight which is now overseen by the Social and Ethics Committee (Setco), and the Delegation of Authority Framework, which was moved to the Nomination and Governance Committee.

Black representation on the Board increased to

46%

The Board, supported by its committees, confirms that it discharged its responsibilities for the year.

Reunert's leadership[1]

Non-executive directors as at 30 September 2021

TREVOR MUNDAY 72

Chair, independent non-executive director

Appointed to the Board: 1 June 2008

Appointed Chair: 1 June 2009

Qualification: BCom

TASNEEM ABDOOL-SAMAD 47

Independent non-executive director

Appointed to the Board: 1 July 2014

Qualification: CA(SA)

ALEX DARKO 68

Independent non-executive director

Appointed to the Board: 1 October 2019

Qualifications: MSc, FCCA

PIERRE FOURIE 62

Independent non-executive director

Appointed to the Board: 1 October 2019

Qualification: CA(SA)

JOHN HULLEY 61

Independent non-executive director

Appointed to the Board: 1 July 2018

Qualifications: NDip (Mechanical Engineering), MDP

MOHAMED HUSAIN 60

Independent non-executive director

Appointed to the Board: 1 November 2020

Qualification: BProc

SEAN JAGOE 70

Independent non-executive director, lead independent director

Appointed to the Board: 20 April 2000

Qualifications: BSc (Engineering), MBA

SARITA MARTIN 49

Independent non-executive director

Appointed to the Board: 1 December 2013

Qualifications: BProc, LLB, MBA

DR TUMEKA MATSHOBA-RAMUEDZISI 40

Independent non-executive director

Appointed to the Board: 1 April 2018

Qualifications: CA(SA), Registered Auditor, MCom (Computer Auditing), PHD (Leadership)

ADV THANDI ORLEYN 65

Non-executive director

Appointed to the Board: 23 May 2007

Qualifications: BJuris, BProc, LLM

[1] *The Board and Exco members' experience and other directorships are available at www.reunert.co.za/ board-of-directors.php.*

Executive directors and members of the Group Exco[2] as at 30 September 2021

ALAN DICKSON[3] 50

Group CEO, Segment Head: Electrical Engineering

Appointed to the Board: 21 November 2013

Appointed Group CEO: 1 October 2014

Appointed to Reunert: 1 January 1997

Qualifications: BSc (Engineering), MSc (Engineering), MBA

NICK THOMSON[1] 62

Group CFO

Appointed to the Board: 15 June 2015

Appointed to Reunert: 15 June 2015

Qualification: CA(SA)

MOHINI MOODLEY[1] 46

Group Human Resources and Transformation Executive Director

Appointed to the Board: 31 March 2015

Appointed to Reunert: 1 September 2013

Qualifications: BA, LLB, Admitted Attorney

The Board understands that it is the ultimate custodian of corporate governance. As set out in the Board Charter, the directors are required, individually and collectively, to cultivate the characteristics of integrity, competence, responsibility, accountability, fairness, and transparency and to exhibit them in their conduct.

Other Group Exco[4] members as at 30 September 2021

TREVOR RAMAN 51

CEO of Reutech, Segment Head: Applied Electronics

Appointed to Reunert: 1 July 2020

Qualifications: MBA, BSc (Mechanical Engineering)

KAREN LOUW 47

Group Company Secretary

Appointed to Reunert: 1 June 2012

Qualifications: BCom (Law), LLB, LLM (Tax), LLM (Corporate Law), Admitted Attorney

Appointments after year-end

TERRY LAWRENSON 57

Segment Head: Electrical Engineering

Appointed to Exco: 1 October 2021

Appointed to Reunert: 14 January 2019

Qualifications: BSc (Electrical Engineering), Hons (BSc) Psychology, MPhil (Applied Ethics), GCC (Mines and Works)

GRAEME EDDEY 44

Segment Head: ICT

Appointed to Exco: 15 November 2021

Appointed to Reunert: 1 November 2009

Qualifications: NDip (Cost and Management Accounting)

[1] *The Board and Exco members' experience and other directorships are available at www.reunert.co.za/ board-of-directors.php.*
[2] *From March 2021, the Group Exco and Group Transformation Committee were combined. Group transformation matters are dealt with monthly as a standing item on the Group Exco agenda.*
[3] *Alan Dickson does not hold directorships or professional commitments outside Reunert.*
[4] *Graeme Eddey, acting ICT Segment Head, was a permanent invitee to the Exco during the year.*

INCLUSIVENESS: GENDER AND RACIAL DIVERSITY

Gender and race

Reunert is satisfied with its Board gender and race representation and believes that the targets remain appropriate. We continue to focus our succession planning and recruitment endeavours on improving both areas. Three of our Board committees are chaired by female directors, and three by Black directors.

Board: Race

	2019	2020	2021
Black (South African)	5	5	**6**
White	8	6	**6**
Non-South African	0	1	**1**
Representation (%)	38	42	**46***

TARGET **40% minimum**

Board: Gender

	2019	2020	2021
Women	5	5	**5**
Men	8	7	**8**
Representation (%)	38	42	**38***

TARGET **40% minimum**

* *With the retirement of Trevor Munday and Sean Jagoe at the February 2022 Annual General Meeting (assuming no further changes to the Board), Black representation on the Board will be 54% and female representation will be 45%.*

Exco: Race

	2019	2020	2021
Black	1	1	**2**
White	5	5	**3**
Representation (%)	17	17	**40**

Exco: Gender

	2019	2020	2021
Women	2	2	**2**
Men	4	4	**3**
Representation (%)	33	33	**40**

Knowledge, skills and experience

The Board has a diverse range of knowledge, skills, and experience. Maintaining varied viewpoints is a key consideration in succession planning.

Reunert updated its policy relating to Board diversity in accordance with the recent amendments to the JSE Listings Requirements and retained the targets of 40% Black and 40% female representation, while expanding the Board's obligation to consider broader Board diversity requirements when making appointments. The updated Policy on Appointment of Directors and Diversity of the Board is available at https://www.reunert.co.za/downloads/reports/supplementary/Reunert-board-members-CVs-2021.pdf.

Length of service

<5 years

MJ Husain
AB Darko
LP Fourie
JP Hulley
Dr MT Matshoba-Ramuedzisi

>5 – 9 years

AE Dickson
NA Thomson
S Martin
M Moodley
T Abdool-Samad

>9 years

Adv NDB Orleyn
SD Jagoe
TS Munday

LEADERSHIP CHANGES

Changes in 2021

Mohamed Husain

Mohamed Husain joined the Board as an independent non-executive director, with effect from 1 November 2020.

He is a member of the Investment Committee, Nomination and Governance Committee and Remuneration Committee.

He was appointed Chair-elect of the Board and will assume the role of the Chair of the Board immediately following Trevor Munday's retirement at the Reunert Annual General Meeting (AGM) in February 2022. He is familiarising himself with the Board and the Group and is assisted in this regard by Trevor Munday and Sean Jagoe, as lead independent director.

Trevor Raman

Trevor Raman joined Reunert as a Strategic Assignment Executive in the Applied Electronics Segment in July 2020. He was later appointed as new CEO of Reutech, in anticipation of Peter van der Bijl's retirement. In April 2021, Trevor was appointed Segment Head: Applied Electronics.

Peter van der Bijl

Peter van der Bijl retired as CEO of Reutech and Segment Head: Applied Electronics effective 31 March 2021. He continues to assist the Group in developing the Renewable Energy cluster.

Changes at the 15 February 2022 AGM

Trevor Munday

Trevor Munday, an independent non-executive director and incumbent Chair of the Board, will retire from the Board at the conclusion of the AGM.

Sean Jagoe

Sean Jagoe, the lead independent director, will retire from the Board at the conclusion of the AGM.

John Hulley

The Board appointed John Hulley to succeed Sean Jagoe as lead independent director.

Mohamed Husain

Assumes the role of the Board Chair at the conclusion of the AGM.

BOARD MEETING ATTENDANCE

Each Board member listed below attended all five of the year's Board meetings, resulting in a 100% meeting attendance record. Pleasingly, full attendance of all Board and committee meetings was also achieved for the 2021 financial year.

Board member	Last elected or re-elected	Up for re-election at 2022 AGM
TS Munday (Chair)	26 March 2021	
T Abdool-Samad	10 February 2020	✓
AB Darko	10 February 2020	✓
AE Dickson	10 February 2020	✓
LP Fourie	10 February 2020	✓
JP Hulley	26 March 2021	
SD Jagoe	26 March 2021	
S Martin	26 March 2021	
Dr MT Matshoba-Ramuedzisi	26 March 2021	
M Moodley	26 March 2021	
Adv NDB Orleyn	10 February 2020	✓
NA Thomson	10 February 2020	
M Husain	26 March 2021	

APPOINTING AND INDUCTING DIRECTORS

The Nomination and Governance Committee is responsible for appointing and inducting new non-executive directors.

A formal Induction Programme aligned to the Induction Policy (available at https://www.reunert.co.za/corporate-governance.php), educates new directors about the Group and selected operations. Long-serving directors are assigned to support new directors to integrate into the Board and their roles as non-executive directors.

Despite Covid-19 limiting personal interaction, the induction of Mohamed Husain and the handover process between him and Trevor Munday is continuing, and they maintain regular contact on Reunert-related matters. Mohamed Husain and Alan Dickson, as Group CEO, are also increasing their level of engagement.

SUCCESSION PLANNING

Reunert's directors resign at the AGM following their 70th birthday. However, the Board Charter allows the Board to request directors, on advice from the Nomination and Governance Committee, to remain on the Board. This is under limited circumstances and for a limited period if considered to be in the best interests of the Group. Trevor Munday was requested to remain on the Board for an additional period, due to the uncertainty caused by the Covid-19 pandemic to allow for stability through this period and to facilitate the handover to Mohamed Husain.

The Nomination and Governance Committee continually considers succession planning for directors and executive management.

NON-EXECUTIVE DIRECTOR SUCCESSION PLANNING

The Nomination and Governance Committee is confident that Mohammed Hussain, independent non-executive director and Chair-elect, has the experience and capabilities to add value to the Board and ensure that the overall competence of the Board is balanced and appropriate.

The committee commenced a process to identify a replacement for Sean Jagoe, who will retire in February 2022. John Hulley has been appointed as lead independent director following Sean's retirement.

In accordance with the Board's Policy on Appointment of Directors and Diversity of the Board and in compliance with paragraph 3.84(i) of the JSE Listings Requirements, all aspects of diversity, particularly the Board's race and gender representation targets, are considered as part of succession planning.

EXECUTIVE SUCCESSION PLANNING

The Exco formally provides information to the Nomination and Governance Committee on the status of executive management succession plans at least twice per year.

Reunert has either identified potential successors or, failing this, emergency successors for the Group CEO and all key executive positions.

According to Group policy, all individuals recognised as successors have individual development plans. Human resource executives monitor this process and verify that these plans are implemented. Identified successors are monitored to ensure they continue to develop towards reaching their potential in the interest of the Group.

In June 2020, Trevor Raman joined Reunert in a strategic executive assignment role in the Applied Electronics Segment. In April 2021, he was appointed as Segment Head: Applied Electronics. He has an excellent track record in South Africa and abroad and relevant experience in the defence sector.

DIRECTORS' BALANCE OF POWER AND INDEPENDENCE

The Board Charter amplifies certain aspects of the Board's roles and responsibilities, including Reunert's expectations regarding the ethics, leadership, and corporate citizenship of the Board. The Board's Balance of Power Policy promotes an appropriate balance of power by providing for safeguards to ensure that no single director has unfettered powers of decision-making and that the workload of the Board is fairly divided among members. These can be viewed at www.reunert.co.za/corporate-governance.php.

Independent Chair

The Chair (who must be an independent non-executive director) leads the Board in executing its roles and responsibilities and provides overall leadership to the Board. At Reunert, the roles of the non-executive Chair and the Group CEO are separate and distinct.

Lead independent director

The lead independent director (an independent non-executive director) is responsible for the functions detailed in King IV. These include leading in the Chair's absence, serving as a sounding board for the Chair and mediating between the Chair and other Board members if required. The lead independent director contributes to the balance of power on the Board.

Individual independence consideration

Directors are required to declare other directorship positions formally. There is also a requirement at every Board meeting for directors to declare their interests in matters proposed for discussion at the meeting.

The Nomination and Governance Committee conducts a formal annual assessment of the classification of directors as executive or non-executive, and as independent or not. King IV factors are considered when evaluating the classification of directors. Adv Thandi Orleyn is not regarded as independent, as she represents Reunert's Black economic empowerment partners.

For Board members whose tenure exceeds nine years, care is taken to evaluate whether these directors can still exercise independent judgement in the best interests of Reunert. In addition to King IV independence indicators, the Board considered whether long-standing directors exercise independent judgement regarding Reunert's affairs and their engagement with the Exco and other Board members. The Board concluded that, based on the observed conduct of these directors, they remain independent.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

The Board attends a minimum of two compulsory continuing professional development (CPD) sessions per year.

The first CPD session was held in February 2021. Ongama Mtimka, a lecturer in South African politics at the Nelson Mandela University, presented information on key political trends in South Africa. The second CPD session was held in August 2021 with the topic Future proof: Solving the 'adaptability paradox' for the long term. The session was presented by Bernard Wakeford, a psychologist with particular expertise in corporate leadership development.

Board members may request that the Company Secretary schedule additional training or development to fulfil their duties to Reunert.

Board structures

Reunert's Board committee structure is aligned to good governance practices as recommended by King IV and supports the Board in the exercise of its governance responsibilities.

Committee workplans are aligned to committee Terms of Reference and allow committees to assess progress made against their mandates during the year. As the Investment Committee's responsibilities as set out in its Terms of Reference are transaction related, it does not have a formal workplan. Each committee's Terms of Reference can be found at www.reunert.co.za/corporate-governance.php.

The Terms of Reference were reviewed during the year, and several amendments were made:

> The capacity of the Audit Committee was increased to oversee the implementation and ongoing monitoring of the JSE Listings Requirements that require the Group CEO and Group CFO to sign a responsibility statement on the Annual Financial Statements and internal financial controls
> Due to the above, the Setco assumed responsibility for general regulatory compliance (including the Companies Act and JSE Listings Requirements). In accordance with the Companies Act and its Regulations, the Setco is responsible for oversight of various pieces of legislation and therefore it was appropriate to consolidate general compliance under this committee. Where legislation falls within the mandate of a particular Board committee, such as financial reporting requirements in the case of the Audit Committee, such committee retains oversight of those regulatory compliance matters
> The Nomination and Governance Committee now oversees the Delegation of Authority Framework

The Nomination and Governance Committee, in consultation with the Chairs of the Audit and Risk Committees, is reassessing committee oversight of information and technology. More information about the Group's governance of information and technology is set out on page 98.

While Covid-19 disrupted many committee workplans in 2020, these resumed as normal in 2021. Relevant committees, such as the Setco, continue to consider specific Covid-19-related matters as appropriate from time to time.

The Nomination and Governance Committee regularly reviews the composition of all Board committees in line with regulatory compliance. Other than the appointment of Mohammed Hussain to the Investment Committee, Nomination and Governance Committee and Remuneration Committee, no other changes were made to committee structures during the year.[1]

Each committee is satisfied that it has appropriately addressed its areas of responsibility.

The outcome of the individual and committee evaluations indicated that the committees, and members of the Board, have carried out their mandates effectively. No material areas of concern were identified.

[1] *Effective 1 January 2022:*
> *Tumeka Matshoba-Ramuedzisi will succeed Adv Thandi Orleyn as Chair of the Setco, with Adv Thandi Orleyn remaining as a member.*
> *Tasneem Abdool-Samad will succeed Sarita Martin as chair of the Remuneration Committee, with Sarita Martin remaining as a member.*

CONFIRMATION OF COMPLIANCE WITH THE COMPANIES ACT

The Board, on recommendation of the Setco, confirms that Reunert is:

> In compliance with the provisions of the Companies Act and the relevant laws applicable to its establishment, specifically relating to its incorporation
> Operating in conformity with its MOI

BOARD COMMITTEES

Audit Committee	> Oversees financial risks > Oversees the integrity of financial reporting, including supervision of the people and processes required to ensure appropriate financial reporting > Oversees the Group Governance Framework > Oversees information technology (IT) governance relating to internal financial controls and financial reporting
Investment Committee	> Oversees anticipated or ongoing material transactions on behalf of the Board
Nomination and Governance Committee	> Responsible for Board governance and related matters, including Board ethics, performance, independence, diversity, and succession planning > Oversees the performance and succession planning of senior executives and the Company Secretary > Recommends the Delegation of Authority Framework to the Board
Remuneration Committee (page 103)	> Oversees the Group's Remuneration Policy, the implementation thereof and reporting thereon > Oversees executive and top management salaries and the Group's short and long-term incentives
Risk Committee (page 89)	> Ensures that effective risk management policies and management plans are in place to support the Group to achieve its strategic objectives > Oversees the risk management processes in the Group[1] > Reviews identified risks for completeness and appropriate mitigation > Ensures that risk disclosure is comprehensive, timely and relevant
Setco (page 100)	> Executes the statutory duties of a social and ethics committee, including overseeing Group Values, ethics, human resources (HR), corporate citizenship and stakeholder relationships > Oversees regulatory compliance > Oversees and monitors matters relating to the Group's Transformation Strategy > Monitors the integration of sustainability practices

EXECUTIVE COMMITTEES

Exco (page 81) (The Exco and Group Transformation Committee were combined in March 2021.)	> Operates in accordance with the governance structures set by the Board and Board committees > Acts as the interface between operational management and the Board and/or its committees > Develops the Reunert Reserved Matters Framework in accordance with the principles of the Delegation of Authority Framework > Oversees and advises on all matters relating to the Group's operations > Makes recommendations to the Board and/or its committees, as set out in the Delegation of Authority Framework, on matters of importance arising from the management of the Group's operations (e.g., Group budgets and executive succession management)
Group IT Steering Committee (Subcommittee of the Exco) (page 98)	> Develops and implements the Group's IT Strategy > Mitigates cyber-related risks among others > Reviews and updates Group IT policies, guidelines and frameworks > Monitors business units' compliance to Group policies and standards

[1] *Financial risks fall under the auspices of the Audit Committee.*

AUDIT COMMITTEE

Members and meeting attendance

LP Fourie (Chair)	3/3
AB Darko	3/3
T Abdool-Samad	3/3
S Martin	3/3
Dr MT Matshoba-Ramuedzisi	3/3
	100%

Composition as at 30 September 2021

All members are independent and non-executive.

Tenure

Three members: 1 – 5 years
Two members: 5 – 9 years

Permanent invitees

> Chair of the Board
> Group CEO
> Group CFO
> Group Finance Executive
> Head: Internal Financial Controls and Risk Management
> Head of Internal Audit[1]
> Designated External Audit Partner

Expertise

Financial literacy	3 CA(SA)
Computer literacy and accounting	1 MSc and FCCA
Law and commercial	1 LLB and MBA

Refer to the full Audit Committee report in the Annual Financial Statements, available at www.reunert.co.za/results-reports-and-presentations.php.

2021 focus areas

> Continued oversight of the Internal Financial Reporting Controls Integration Programme effective for the 2021 financial year
> Progress on the adoption of improvement recommendations arising from the independent review of the effectiveness of internal audit
> Assessment of the adequacy of the Quince Capital management processes and controls
> Appointment of a new Head of Internal Audit[1]

2022 focus areas

> Mandatory audit firm rotation of the external auditor
> Oversight of the operationalisation and embedding of the CEO and CFO sign-off process, including the internal financial reporting controls and related IT general controls

[1] *The Head of Internal Audit is Reunert's Chief Audit Executive. Qais Saley was appointed in May 2021 to head up the internal audit function while Trevor Parsons moved to a new role as Head of Internal Financial Controls and Risk Management.*

The Audit Committee considers the performance and independence of the audit firm and lead audit partner on an annual basis. Deloitte has been the Group's auditor for 35 years. While this is a long tenure, the Group CEO and Group CFO were only appointed in 2014 and 2015, respectively. This mitigates the familiarity risk implicit in the extended term of Deloitte.

The auditor's reappointment was presented as a resolution at the AGM in 2021 per the JSE Listings Requirements and section 61 of the Companies Act. In line with the mandatory audit firm rotation requirements of the Independent Regulatory Board for Auditors, Reunert will appoint a new audit firm no later than the 2023/2024 financial year.

INVESTMENT COMMITTEE

Members and meeting attendance

T Abdool-Samad (Chair)	6/6
LP Fourie	6/6
SD Jagoe	6/6
TS Munday	6/6
MJ Husain*	6/6
	100%

* *Appointed 1 November 2020.*

Composition as at 30 September 2021

All members are independent and non-executive.

Tenure

Two members: 0 – 5 years
One member: 5 – 9 years
Two members: >9 years

Permanent invitee

Group CEO

Expertise

Financial literacy (two CA(SA)), legal, corporate finance and business acumen

2021 and 2022 focus areas

Continue overseeing material acquisitions and disposals proposed by management.

In 2022 the implementation of Reunert's updated B-BBEE transaction will be a key consideration. Read more on page 72.

NOMINATION AND GOVERNANCE COMMITTEE

Members and meeting attendance	
TS Munday (Chair)	3/3
JP Hulley	3/3
T Abdool-Samad	3/3
SD Jagoe	3/3
Adv NDB Orleyn	3/3
MJ Husain*	3/3
	100%

* *Joined 1 November 2020.*

Permanent invitees

Group CEO

The committee held three meetings with potential candidates for non-executive director positions, which were attended by all the members.

Composition as at 30 September 2021

Five members are independent.
All members are non-executive.

Tenure

Two members: 0 – 5 years
One member: 5 – 9 years
Three members: >9 years

Expertise

Commercial, governance, legal and management qualifications and experience

2021 focus areas

> Continued focus on Board Chair succession and integration of and transfer of knowledge to the Chair-elect
> Continued induction of and support for the newer members of the Board
> Implement the new JSE Listings Requirements relating to broader Board diversity considerations

2022 focus areas

> Review executive management succession plans
> Review Board committee composition and Board members' roles following the retirement of the incumbent Chair and lead independent director at the Reunert 2022 Annual General Meeting

REMUNERATION COMMITTEE

Members and meeting attendance	
S Martin (Chair)*	3/3
AB Darko	3/3
JP Hulley	3/3
SD Jagoe	3/3
Adv NDB Orleyn	3/3
MJ Husain**	3/3
	100%

* *Tasneem Abdool-Samad will succeed Sarita Martin as Chair of the committee from 1 January 2022. Sarita will remain a member.*
** *Joined 1 November 2020.*

Permanent invitees

> Group CEO
> Chair of the Board
> Group HR and Transformation Executive Director

Composition as at 30 September 2021

Five members are independent.
All members are non-executive.

Tenure

Three members: 0 – 5 years
One member: 5 – 9 years
Two members: >9 years

Expertise

Commercial, governance, legal and management qualifications and experience

2021 focus areas

> Review of Remuneration Philosophy and Policy to ensure fair and responsible remuneration
> Review of performance measures for the LTI
> Review of weightings of performance conditions for the LTI
> Review of Remuneration Philosophy and Policy in respect of Covid-19

2022 focus areas

> Review of Remuneration Philosophy and Policy to ensure fair and responsible remuneration
> Implementation of the 2022 Remuneration Policy
> Review of performance measures and their weighting for the long-term incentive plan

RISK COMMITTEE

Members and meeting attendance	
JP Hulley (chair)	2/2
T Abdool-Samad	2/2
LP Fourie	2/2
Dr MT Matshoba-Ramuedzisi	2/2
AE Dickson	2/2
TS Munday	2/2
NA Thomson	2/2
	100%

Permanent invitees

> Head of Internal Audit
> Head of Risk
> Group Legal Counsel

Composition as at 30 September 2021

Five members are independent, non-executive.
Two members are executive.

Tenure

Three members: 1 – 5 years
Three members: 5 – 9 years
One member: >9 years

Expertise

CA(SA), commercial, governance, engineering, manufacturing and risk management qualifications and experience.

2021 focus areas

> Continued oversight of the phased and systematic implementation of potential areas of improvement because of the independent assessment of the Group's risk management
> Monitored the progress of the fraud risk management process
> Continued monitoring the Group's risk appetite and risk tolerance measures
> Aligned the Risk Committee's mandate to support the CEO and CFO sign-off process for providing positive assurance on Reunert's financial controls relating to the preparation of the Annual Financial Statements

2022 focus areas

> Continued oversight of the phased and systematic implementation of potential areas of improvement because of the independent assessment of the Group's risk management
> Monitor the improvement of the fraud risk management process
> Continued monitoring of South Africa country risks affecting the Group's trading environment, including economic challenges and socio-political stability

Governance processes

APPLICATION OF KING IV PRINCIPLES

Reunert formalises corporate governance, which it continually reviews and adjusts as appropriate for the Group. The Group subscribes to all applicable King IV principles[1]. Material governance practices appear throughout this report and in other public information. A King IV disclosure matrix is available at www.reunert.co.za/sustainability.php.

BOARD EVALUATIONS

The Board conducts annual internal performance assessments. In 2021, Board members conducted an evaluation of each other's performance, the Group Company Secretary's competence, Board committees' effectiveness and members' contributions.

The Nomination and Governance Committee facilitated the assessment process. The committee discussed comments and suggestions and presented key outcomes to the Board. The lead independent director collated and provided feedback on the Board's evaluation of the Chair.

The Chair and individual Board members' scores show a high level of competence and no material concerns. The Chair discusses development areas with individual members when required.

The Board is satisfied that it provided sufficient opportunity for members to give feedback on any area critical to the Board's productive functioning. Members' scores and comments are anonymous to allow for frank feedback.

COMPANY SECRETARY

Reunert Management Services Proprietary Limited provides secretarial services and support to Reunert and the Group. In 2020, Karen Louw (FCIS), the Group Company Secretary, informed Reunert of her intention to resign to pursue further studies abroad. Due to the pandemic, she has been unable to travel and remains with Reunert in her capacity as Group Company Secretary.

During the year, Karen was primarily responsible for the secretarial function, and the Board assesses her performance annually. The Board, on recommendation of the Nomination and Governance Committee, confirmed its satisfaction with her competence, qualifications and experience, and the effectiveness and independence of Reunert Management Services' and Karen Louw's corporate governance services.

ETHICAL LEADERSHIP

Board ethics

The Nomination and Governance Committee is responsible for promoting high ethical standards at Board level. The committee must identify and address existing or potential issues preventing effective and ethical Board leadership.

Board members adhere to and endorse the following:

> Reunert Group Values
> The Board Charter and policies (such as the Balance of Power Policy)
> Board committees' Terms of Reference
> Continuing professional development
> Board and Board committee regular performance evaluations (at least every two years)

The Board Charter includes Board members' rights and obligations regarding leadership, ethics and corporate citizenship. The Charter requires members to commit to professional and personal conduct aligned to the Group Values and applicable legislation.

Directors are required at each Board meeting to declare potential conflicts of interest. Board members are required to advise the Group Company Secretary of changes in directorships when these occur. In addition, a formal process is followed annually, immediately after year-end, to ensure that information on directors' interests is reviewed and updated.

Organisational ethics

Reunert has well-embedded Group Values, Code of Ethics and a Whistle-blowing Policy to promote an ethical culture. The Setco is responsible for organisational ethics, including monitoring the Group Values. The Delegation of Authority Framework supports the Board in overseeing these activities.

The Code of Ethics was reviewed during the year and redeveloped to improve alignment with the Group Values. The Group shared the proposed Code of Ethics with all employees. Business units gathered feedback on the proposed Code of Ethics, and this was incorporated into the redeveloped Code of Ethics, launched at the end of 2021.

The Reunert Reserved Matters Framework lists potential transactions that pose a significant commercial risk or are more susceptible to abuse or fraud. An additional layer of governance and executive oversight is required to approve these transactions.

The Reunert Reserved Matters Framework lists potential transactions that pose a significant commercial risk or are more disposed to abuse or fraud. An additional layer of governance and executive oversight is required to approve these transactions.

Suppliers and agents

Third-party scanning tools assess and qualify suppliers and the Group's top 10 customers. Internal audit monitors the top suppliers for hidden risks around money laundering, sanctions, enforcing regulations and laws, as well as politically exposed persons, their relationships and networks. Procedures are in place to address corruption in operations. No significant compliance concerns were identified during this financial year.

Applied Electronics employs a limited number of sales agents. Standard agreements with sales agents contain a clause aimed at preventing fraud and corruption. Applied Electronics has standard operating procedures in place for subcontracting, as required by Government procurement rules. Reunert's procedures regulate commissions paid for services rendered.

[1] *Principle 17 is not applicable to Reunert.*

Supply chain

Applied Electronics has a formal and comprehensive process to vet small, medium and micro-enterprise partners before incorporating them into its supply chain. This process ensures that partners are engaged on solid business foundations and that they can sustainably trade with the segment on an arm's length basis into the future.

All suppliers and subcontractors must comply with human rights, labour standards and environmental policies.

Defalcation reports

Each business unit monitors fraud risk and continually improves processes to prevent opportunities for fraud. They submit monthly defalcation reports listing instances of corruption, fraud or theft. These reports are reviewed by the Audit Committee. No collusion, bribery or fraud was reported during the year.

Whistle-blowing

A whistle-blowing facility is available to employees and third parties. This fraud tip-off line operates 24 hours, every day of the year. For confidentiality, the management of our whistle-blowing channels is outsourced to Deloitte Tip-offs Anonymous, an independent provider. Internal communications channels are used to promote the tip-off line. The Whistle-blowing Policy can be viewed at www.reunert.co.za/corporate-governance.php.

The Head of Risk reports tip-offs to the relevant Group executive to investigate and provide feedback. Should the Group executive be implicated in the tip-off received, the matter is escalated to a Reunert executive for investigation. Where possible, the outcome of the investigation is provided to the whistle-blower and relevant employees. A tip-off register is presented at both Audit and Risk Committee meetings.

By year-end, all cases had been appropriately investigated and closed. Where relevant, actions were taken to address the outcome of the investigation. There were no material concerns identified. Most reports were related to internal human resources issues and were handled by the relevant business unit.

In FY2020 the Group received a tip-off about a potential fraud being perpetrated against Quince. The Group immediately investigated the tip-off and found de facto evidence that a fraud was being committed. The outcomes from this fraud perpetrated against Quince are covered in detail on pages 27 to 30 and page 87 of the 2020 Integrated Report.

Contacts recorded	2021	2020	2019
Collusion, bribery and unethical behaviour	3	–	1
Fraud and theft	–	1	–
Procurement irregularities favouritism	–	2	–
HR-related issues including discrimination, harassment and victimisation	7	10	6

Trading in Reunert shares 1 2

There was no contravention of policies relating to trading in Reunert shares (2020: nil).

BOARD	EMPLOYEES
The Board Charter regulates directors' responsibilities regarding confidential and price-sensitive information. It stipulates a formal process for directors who consider trading in Reunert shares. Directors need the Chair's written permission before dealing in Group securities. They must timeously notify the Group Company Secretary, in writing, on the conclusion of any securities dealings.	Confidential or price-sensitive information is treated according to subsidiary MOIs, employment contracts and disclosure policies. All employees (other than executive directors, who are subject to the Board's processes) require executive approval for any trading in shares acquired through the Group's long-term share incentive plans. When entering closed periods, executives and top management are reminded of their legal obligation to avoid insider trading. They are requested to communicate this to members of their teams (such as finance professionals) with access to price-sensitive information.

EFFECTIVE COMPLIANCE

Business units are accountable for their own legislative compliance, with assistance from subject matter experts when needed[1]. Executive functional supervision includes areas such as accounting practices, taxation, human resources, litigation, and company secretarial.

Group executives, together with business units' leadership, embed the Combined Assurance Framework (page 94) and monitor business units' compliance, processes, and procedures.

Business units' managing directors annually certify their businesses' compliance with the Competition Act, 89 of 1998, the Prevention and Combating of Corrupt Activities Act, 12 of 2004 and other relevant laws and regulations. The Setco supervises the annual compliance confirmation certification process.

Effective Group-wide compliance is supported by:

> Policies and practices
> Internal audit
> The Managing Directors' annual compliance certification process
> Defalcation reports
> The whistle-blowing facility
> Group-wide training for new employees and for important pieces of legislation

Reunert offers formalised training around directors' duties to business unit directors. This training educates business unit directors on how to make informed decisions and disclosures to the Companies and Intellectual Properties Commission in respect of the compliance checklist process. General training is discussed on page 69.

[1] *Refer to the standards and principles fact sheet, which sets out some of the key internal and external standards and principles that are applied in the Group at www.reunert.co.za/sustainability.php.*

No material fines or inspections, material incidents of spillage or environmental infringements were reported. Refer to the environmental overview on page 75.

Additional disclosures

There were no:

> Substantiated complaints regarding consumer protection and customer privacy (2020: nil)[1]
> Identified leaks, thefts, or losses of customer data (2020: nil)
> Products or services banned in any country or market (2020: nil)
> Non-compliance concerning product and service information and labelling (2020: nil)

Regulatory changes

Depending on their nature, regulatory changes are monitored by:

> Business units (particularly where they fall within the specialist knowledge of a particular business unit)
> Functional specialists (e.g., changes to tax law, International Financial Reporting Standards or corporate law)
> Group Legal Counsel

During the year, Reunert completed the roll-out of the updated Competition Compliance Policy and implemented plans to comply with the Protection of Personal Information Act, 4 of 2013 (POPI Act). Extensive online training on the POPI Act was provided through the Reunert LMS platform, with 460 employees completing courses. At the end of this year, all Reunert business units implemented important processes for compliance with the POPI Act. Due to the nature of the requirements of the POPI Act, ongoing vigilance and training will be an important consideration to support the Group's compliance. The POPI Act implementation project is ongoing.

The Internal Financial Reporting Controls Integration Programme in response to JSE Listings Requirements, is discussed on page 93.

[1] *Most of Reunert's businesses do not directly interact with consumers. Individual business units' management ensures compliance with relevant consumer protection legislation, such as the National Credit Act, 34 of 2005 and the Consumer Protection Act, 68 of 2008.*

Managing the Group's risks 11

Calculated risk-taking is integral to Reunert's business success and growth. The Board, together with management, carefully optimise the balance between risk and reward.

RISK MANAGEMENT AT REUNERT

The Group is exposed to risks, including but not limited to strategic, financial, people, business process, operational, compliance and reputational risk. Risk management is an important discipline and one of Reunert's core focus areas. The Group has a defined risk management framework, risk appetite statements, and risk tolerance measures which effectively identify and mitigate risks and uncertainties that could hinder Reunert's value creation process.

The Board tasks the Risk Committee to oversee risk management for the Group. The committee, together with management, provides a culture of risk governance and awareness throughout the Group. Management drives the embedding of risk management into the operations and implements the appropriate mitigation and remedial actions.

The Head of Risk and Head of Internal Audit and senior segment management, supported by either the Group CEO or the Group CFO, attend bi-annual operational risk management meetings.

Reunert has a Risk Appetite and Tolerance which has qualitative and quantitative descriptors, measures and limits to define, communicate, and monitor the risks the Group is willing to take. Each major risk category has a defined risk appetite and tolerance. The Risk Committee reviews and approves the framework annually and monitors that risks are managed within the approved measures at each committee meeting.

The Risk Committee was satisfied that there were no material breaches to risk tolerance thresholds for risks which management can control and no unexpected risks outside risk appetite levels.

BUSINESS UNIT RISK MANAGEMENT

All business units must comply with the Group's Risk Management Framework which is aligned with the principles as set out in the ISO 31000: 2018 risk management standard. Compliance to this framework ensures a robust process to identify and define risks, assess their probability of occurrence and potential impact, evaluate existing controls, and actions further mitigating measures. It is supported by comprehensive monitoring, reviewing and reporting.

Business units follow a formal risk assessment process. They provide feedback on the following risks in the compilation of their risk registers, together with the associated controls and actions plans:

> Changes in the market or markets since the previous risk meeting
> Changes in the business unit, including risks identified in the strategy review process
> Covid-19 impact on the business unit from a Health and Safety and a business impact perspective (e.g. supply chain delays, inability to travel, cash preservation, increased stock levels and overtime)
> Key employees retiring, leaving, or emigrating
> Local infrastructure deterioration, including load-shedding
> Cyber security risk
> Reliance on single source suppliers
> Potential risks impeding the achievement of the business unit objectives
> Group CEO and Group CFO sign-off of internal financial reporting controls
> Any other material risks in their operations
> Potential effect of climate change on the BU operations

Reunert's Internal Financial Reporting Controls Integration Programme

A risk focus for the year was compliance with the JSE Listings Requirements regarding the CEO/CFO sign-off on internal controls. The JSE requires the Group CEO and Group CFO to provide positive assurance on Reunert's internal financial controls relating to preparing its 2021 Annual Financial Statements. The Group CEO chaired a CEO/CFO Steering Committee with the Group CFO, segment CFOs, Head of Risk, Head of Internal Audit, representatives from IT, and internal audit as members. Monthly meetings were held to monitor the programme's progress.

The Group-wide Internal Financial Reporting Controls integration programme focused on monitoring and optimising the financial controls and systems. This enabled the Group CEO and Group CFO to provide positive assurance that due care and proper consideration was given to the fair presentation of the annual financial statements and the adequacy and effectiveness of the internal financial reporting controls. (The CEO and Financial Director responsibility statement, as required in terms of paragraph 3.84(k) of the JSE Listings Requirements, is included the Annual Financial Statements on page 5).

COMBINED ASSURANCE

The Board guides the Group's assurance services and functions and oversees Reunert's Combined Assurance Framework to ensure it addresses key risks and other material matters. The Board delegates the responsibility for overseeing combined assurance to the Audit Committee.

The Group's executives are responsible for embedding the Combined Assurance Framework with the assistance of each business unit's executive management. The Audit and Risk Committees, supported by executive management, the Head of Risk and the Head of Internal Audit, assess the effectiveness of internal controls twice a year, including financial and disclosure controls and the effectiveness of risk management.

The Risk Committee was satisfied that nothing had been brought to its attention which indicated material weakness in the risk management processes or internal controls whether from design, implementation or operation and was satisfied that it had fulfilled its responsibilities in accordance with the Committee's terms of reference.

The Combined Assurance Framework covers all business units and has the following objectives, among others:

> Optimise assurance coverage and eliminate duplication of efforts
> Co-ordinate the efforts of management, internal and external assurance providers
> Identify gaps where risks are not managed
> Align risk management to key strategic objectives and enable an effective control environment
> Support the integrity of information used for decision-making by management, the Board and its committees, and for external reporting

The second line of defence of Reunert's Combined Assurance Framework has been strengthened by the addition of resources through the positions of Head of Internal Audit and Head of Risk Management being separated into two distinct roles. In addition, four new control champions have been employed (each carrying a CA(SA) qualification), one in each segment and one at Head Office. Based on the recommendations of the independent review of internal audit, Reunert will enhance (i) its Internal Audit Plan and its linkage to risk, (ii) standardised methodology and (iii) internal policies over the next two years. Fraud risk management will continue to be a focus area for 2022, including fraud risk awareness and developing fraud risk assessments.

Covid-19's impact on Reunert, including its key risks, was considered as part of the risk management process.

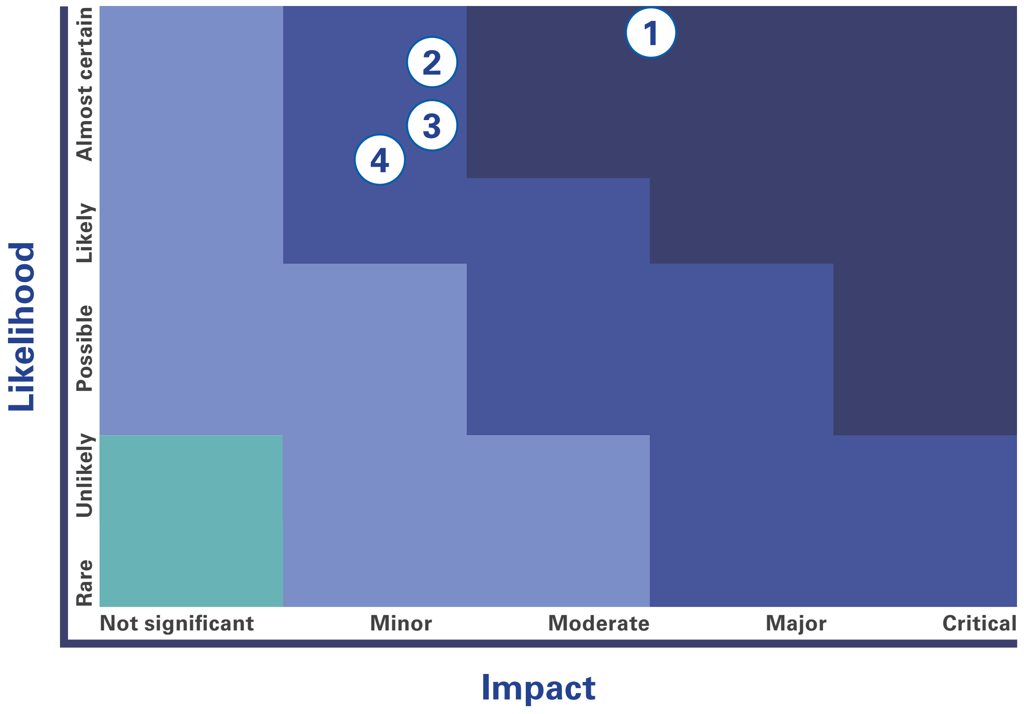
OBJECTIVES	ASSURANCE PROVIDERS	REPORTING LINES
FIRST LINE OF DEFENCE – RISK OWNERSHIP		
Set strategy, measure performance, establish and maintain risk management, control and governance in accordance with the Delegation of Authority Framework, Reserved Matters Framework and Risk Appetite and Tolerance Framework	> Management of line functions > Quality assurance functions > Policies and procedures > Internal control environment	Executive management and operational committees that provide direction, guidance and oversight
SECOND LINE OF DEFENCE – RISK MANAGEMENT OVERSIGHT AND COMPLIANCE		
Provide a formal and effective Risk Management Framework to improve decision-making, planning and prioritisation of business activities	> Risk management > Group legal, HR, company secretarial and finance compliance	> Exco and Group Finance > Audit Committee > Risk Committee
THIRD LINE OF DEFENCE – INTERNAL INDEPENDENT ASSURANCE AND VALIDATION		
Provide an independent and objective opinion on the effectiveness of risk management, controls and corporate governance	> Internal audit > Annual Accountant and IT Manager Swap programmes > Business unit environmental, quality, health and safety functions > Internal quality assessors	> Audit Committee > Risk Committee > Group CFO
FOURTH LINE OF DEFENCE – EXTERNAL INDEPENDENT ASSURANCE AND VALIDATION		
Provide assurance on the Group's Annual Financial Statements and an independent and objective opinion on the effectiveness of risk management, controls and quality management	> External audit[1] > Other third-party assurance providers > Independent whistle-blowing function	Shareholders
THE GROUP VALUES UNDERPIN THE COMBINED ASSURANCE FRAMEWORK		

[1] *The policy on non-audit services is available at www.reunert.co.za/corporate-governance.php.*

KEY RISKS FOR 2021

Reunert's strategy appropriately considers and addresses the Group's key risks. The risks below are Reunert's top four risks – those with the highest residual risk rating. Each risk is subject to all four lines of combined assurance.

Risk heat map



1. Concentration risk as a consequence of country risk, including socio-economic, political and societal instability and uncertainty
2. Weak macro-economic environment
3. Zambian liquidity constraints
4. Cyber-attacks and data fraud

Risk 1: Concentration risk as a consequence of country risk, including socio-economic, political, and societal instability and uncertainty

Reunert's generates 72% of its revenue in South Africa. The Group's ability to generate organic growth is inevitably linked to the country's growth potential and stability. This risk also includes the risk around the macro-economic environment.

Risk movement: Unchanged

Reunert's level of control: Low

Primary Board committee: Board

Residual risk

HIGH

High-level context

South Africa's country risk remains a risk for Reunert. Significant policy, leadership, and financial challenges prevent SOEs and municipalities from purchasing from the Electrical Engineering Segment at historical consumption levels. The public and private investment environment needs to improve to further accelerate growth in our other segments.

The global economy will recover as vaccines are distributed, economies open up, and global trade normalises. South Africa's economic recovery will be tempered by unresolved structural challenges threatening growth opportunities. The local economy is only anticipated to return to 2019 levels in 2023. For further context, refer to Reunert's business drivers on page 29.

On 12 July 2021, in the midst of a Covid-19 third wave, South Africa experienced violence and looting in KwaZulu-Natal and Gauteng. Several business units were impacted.

Risk mitigation summary

Reunert's strategy is focused on understanding and embracing inclusive growth in South Africa and accelerating diversification to mitigate against its current geographic concentration risk. Reunert continues to mitigate against this risk by continued geographic diversification. This includes increasing hard currency earnings, continued growth, and development in the USA, South East Asia, Australia, Europe and Africa. The Applied Electronics Segment continues to expand into targeted geographies by creating an in-country presence, developing local supply chains, and achieving local indigenisation targets. The Group invests in growth businesses, namely renewable energy, last mile broadband connectivity and solutions and systems integration, to open new markets or augment existing offerings. Reunert continually re-assesses its business portfolio to redeploy capital where appropriate through both acquisitions and disposals.

Derivatives (hedges) are used to manage exchange rate risks appropriately.

Related strategic pillars

Diversification | Efficiency | Our people | Innovation | Our customers | Transformation

Risk 2: Weak macro-economic environment

The South African economy's growth rates are inadequate. Reunert's investment case is affected by lower growth expectations in its SA businesses impeding the growth in attributable earnings and the Group's ability to generate free cash flow.

Risk movement: Unchanged

Reunert's level of control: Medium

Primary Board committee: Board

Residual risk

MEDIUM

High-level context

South Africa's macro-economic indicators have worsened over the past years. This is reflected in the ratings agencies downgrading South Africa to "junk status." Statistics South Africa data published in July 2021 show that the economy contracted by 7% in 2020. The International Monetary Fund projects an annual growth for South Africa of 4% in 2021. For further context, refer to Reunert's business drivers on page 29.

Exchange rates have been volatile against all the currencies in which Reunert either sells or buys. Reunert, on an overall basis, benefits from a weakening exchange rate. South Africa's poor economic fundamentals point to a gradual, sustained weakening of the currency, driven mainly by the inflation differential.

The risk of low volume growth is exacerbated by certain Reunert businesses being in the mature stage of the product life cycles. Several other factors limit Reunert's top-line growth and capacity to execute against the strategy. These include:

- Low production volumes in the Electrical Engineering Segment due to constrained infrastructure investment
- Price pressures from competitors in the Electrical Engineering Segment due to their low capacity utilisation
- Delays in the supply chain from various sources, including:
  - Transnet declaring *force majeure*
  - The worldwide shortage of electronic chips, ships and containers
  - The significant increase in lead times
  - Government not issuing export permits
- An inability to market or demonstrate products internationally due to Covid-19 travel restrictions
- Tender award delays
- Lower quality imported goods at substantially lower pricing
- South Africa's defence budget reduced
- Adverse exchange rate movements where not all input costs are recovered in the market at traditional margins
- Procurement regulations requiring local beneficiation and procurement in key markets

Risk mitigation summary

The Reunert strategy contains appropriate strategic actions to maintain margins and top-line growth. These include reducing costs through the rationalisation of the cost base, improved procurement, operational efficiencies and the generation of free cash flow despite volume pressures. Considerable emphasis is placed on customer retention, working capital management, and optimising capital expenditure to maximise existing businesses' cash generation. Targeted acquisitions are a vital part of the strategy to drive growth, generate targeted free cash flow returns, diversify revenue streams and expand the customer base. Business units evaluated the impact of Covid-19 on top-line growth and formulated detailed mitigation plans.

The Group participates in local revenue streams by using existing brands to introduce new products, services and solutions. Reunert business units embrace South African transformation objectives. This enables Reunert to maximise participation in South African opportunities and generate strong revenues.

Cables businesses in the Electrical Engineering Segment have continued with cost reductions and efficiency improvements in response to reduced infrastructure spend. These business units focus on stabilising operational execution and improving financial performance.

Business units use derivatives to address rand volatility, secure margins at acceptable levels and protect against margin erosion when the rand strengthens.

Related strategic pillars

Diversification **Efficiency** **Our people** **Innovation** **Our customers** **Transformation**

Risk 3: Zambian liquidity constraints

The Zambian Government's liquidity constraints severely affect ZAMEFA cash flow and revenue growth.

Risk movement: Unchanged

Reunert's level of control: Medium

Primary Board committee: Audit Committee/Board

Residual risk

MEDIUM

High-level context

The recent Zambian elections have seen a new political party and president elected. The change in political dispensation is considered to be positive for Zambia. The improvements in the Zambian economy are, however, expected to take several months to bed down.

In the interim, the continued Zambian Government's liquidity constraints negatively impact its payment of VAT input claims and the overdue Zambian Electricity Supply Commission (ZESCO) receivables. Removing the implied duties has further worsened the liquidity constraints and profit margins and increases the risk of making ZAMEFA uncompetitive. This continues to have negative repercussions on the export of copper rod.

The risk is exacerbated by the volatile US dollar and Zambian kwacha exchange rate. The Government also re-introduced fuel subsidies after scrapping the 16% VAT on petroleum products, and this is likely to increase fiscal pressures.

Risk mitigation summary

ZAMEFA management continues to work with the Zambian Government and ZESCO to normalise these accounts and reduce the overdue balances. All outstanding VAT refunds have been audited or are in the process of being audited by the Zambia Revenue Authority (ZRA), and ZAMEFA expects settlement of the outstanding VAT refunds.

ZAMEFA recapitalised its long-term loan in August 2020, which is now reflected as equity and is no longer subject to exchange rate fluctuations. Reduced manufacturing activity is in place to conserve cash, reduce working capital and prevent further funding from being needed.

Related strategic pillars

Diversification **Efficiency** **Our customers**

Risk 4: Cyber-attacks and data fraud

The risk and severity of cyber-attacks have escalated worldwide, amplified by Covid-19 remote working arrangements.

Risk movement: Increased

Reunert's level of control: Medium

Primary Board committee: Risk Committee/Audit Committee

Residual risk

MEDIUM

High-level context

Cyber-attacks are more sophisticated, organised, and targeted than ever before. Failure to proactively manage cyber security risks could have a significant impact on the Group. The business impacts of cyber-breach could include operational business interruption, loss of business and client trust, and reputational damage.

The POPI Act was signed into law in July 2020. A grace period of one year, ending 1 July 2021, was granted. Reunert must ensure that its personal information processing complies with the provisions of the Act. Non-compliance with the Act, either intentionally or due to a mistake, could expose Reunert to penalties and reputational damage.

Risk mitigation summary

The Group IT Steering Committee drives the assessment of the IT security landscape and recommends strategies to mitigate cyber-related risks, among others. An Information Security review conducted in 2021 highlighted several improvement areas. The IT Steering Committee's security workgroup is executing a three-year rolling plan to implement cyber security enhancements.

Related strategic pillars

Efficiency **Our customers** **Our people**

Technology and information governance

12

Reunert's Information and Technology Governance Framework defines the ways and methods through which the Group implements, manages and monitors IT governance.

The Board

↓

Audit Committee

Oversees IT governance, including a key focus on the efficacy of financial controls supporting the integrity of financial reporting.

↓

Risk Committee

Focuses on IT to the extent that it forms part of the risk management process.

↓

Group IT Steering Committee

The Group IT Steering Committee is a subcommittee of the Exco. The committee develops and implements the Group's IT Strategy, aligned with the Group's strategic objectives as approved by the Exco. It reviews and updates Group IT policies, guidelines and frameworks, monitors business units' compliance to Group policies and standards.

IT forum

All IT department managers in the Group attend the IT forum, which is usually held at least twice a year. The forum provides feedback on assurance processes, IT project updates, knowledge sharing and perspectives on the IT landscape and trends. Learnings gained from the forum meetings are integrated into IT practices throughout the Group.

Business units

Business units are responsible for executing an IT strategy and to oversee the operational effectiveness of IT. Business unit management is required to implement Group IT policies.

GROUP-WIDE IT GOVERNANCE

The Group sets minimum requirements regarding IT policies, practices and procedures that each business unit needs to adhere to. The IT Policy Framework specifies the Group-wide mandatory minimum IT Policy requirements and recommended guidelines incorporating standards, controls and procedures on governance and legislative requirements. Business units can draw on IT experts at Head Office to provide guidance on managing IT issues and implementing new IT practices.

Reunert's IT Framework improves its IT landscape and, consequently, its IT governance. Reunert continually reviews and revises policies and guidelines to align with relevant standards and legislative changes. Reunert is enhancing its Group Information Governance Framework to include three focus areas: IT governance, information security governance and information privacy governance. This development is aligned to leading IT governance practice and reflects a maturing of Reunert's IT governance approach.

IT Policy Framework (Aligns to IT Governance Framework)	Sets out…	Seven policies and 11 guidelines used by the committee to approve business unit requirements tailored to their size and complexity
IT Framework (Reviewed annually)	Deals with…	Information and technology governance, infrastructure, applications and information security

The IT control pertaining to the financial results and risk environment is audited through an internal and external audit, annual self-assessments and peer reviews. Improvements to IT controls were incorporated into the Internal Financial Reporting Controls Integration Programme (page 93).

The Group IT Steering Committee supports the formalisation of IT governance, including compliance with agreed policies and standards across the Group. This committee assists the Exco in governing, directing and evaluating IT governance. The committee is chaired by the Group CFO and has regular interactions with Reunert's key IT managers.

The Group IT Steering Committee assists business units to better understand IT controls while fostering co-operation and the adoption of IT governance principles across the Group. The committee provides a link between internal IT specialists and the Exco, which creates opportunities for shared IT solutions. It also conveys IT governance changes and technology opportunities to IT specialists and business units. The committee identifies emerging risk areas and provides business units with guidance and resources to assist with implementing risk mitigation strategies.

Reunert's IT governance focus areas:

- IT general controls management in relation to the Internal Financial Reporting Controls Integration Programme
- IT risk management
- Information security
- Information privacy
- IT change and access controls
- Operations management with specific focus on backup and recovery
- IT monitoring and evaluation

2021 FOCUS AREAS

Internal Financial Reporting Controls Integration Programme

Significant work was undertaken to ensure IT general controls were enhanced as part of the Internal Financial Reporting Controls Integration Programme. These controls were tested through self-assessments, with improvement areas being implemented in a phased process. The Internal Financial Reporting Controls Steering Committee and the Group IT Steering Committee received regular progress reports.

External IT specialists were engaged to assist the IT Steering Committee in critical areas, including information security and IT control design. Additional structures to review policies and implement internal control sustainability were introduced to oversee the deployment and compliance with the control enhancements. This ranged from strategy level down to operational compliance. These initiatives were driven by the executive teams with oversight from the Exco. This strengthened the IT control environment and enhanced the capacity and capabilities of both the Internal Financial Controls Steering Committee and the Group IT Steering Committee.

POPI Act

The introduction of the POPI Act required Group-wide compliance. A POPI project team was constituted, and rolled out the Act's structural requirements and identified process amendments to align with the requirements of the legislation.

Cybersecurity

A detailed Information Security Framework and Information Security Policy with additional standards were drafted to improve the Group's response to a challenging cybersecurity threat landscape. Cybersecurity training was incorporated into the new security policy and the related roll-out plan to ensure a comprehensive approach. Promoting cybersecurity awareness and implementing continuous improvements to mitigate cybersecurity risks are critical to safeguard the Group. An information security review was conducted during the year to assess the Group's IT security landscape. This review revealed improvement areas and was the basis for a three-year rolling plan led by the IT Steering Committee security workgroup.

The first phase of this plan addressed enhancements in the following areas:

- The IT Steering Committee revised and approved the Information Security Policy
- The IT Steering Committee approved the Information Security Governance structure
- The Vulnerability Management Process was improved and business units initiated more frequent vulnerability scans and subsequent remediation of identified vulnerabilities
- Secure Configuration Standards were developed and approved by the IT Steering Committee

FUTURE FOCUS AREAS

The focus areas for 2022 are:

- Continued implementation of the information security improvement plan and roll-out of the Secure Configuration Standards
- Monitoring of the IT governance aspects of the Internal Financial Reporting Controls Integration Programme
- Oversight of the sustainable implementation of the roll-out plans for enhancing cybersecurity and data protection in line with the POPI Act

Social, Ethics and Transformation Committee Report

This report highlights how the Setco discharged its statutory duties as prescribed in section 72 of the Companies Act, read with Regulation 43. The committee is mandated by the Board to oversee transformation and ensure that Reunert is a responsible corporate citizen.

Reunert's approach and performance on the various elements of the committee's mandate are included throughout this Integrated Report. References to further reading are provided where relevant.

SETCO

Members and meeting attendance

Adv NDB Orleyn (Chair)	3/3
AB Darko	3/3
AE Dickson	3/3
S Martin	3/3
TS Munday	3/3
Dr MT Matshoba-Ramuedzisi	3/3
	100%

Permanent invitees

> Group HR and Transformation Executive Director

Composition as at 30 September 2021

Five members are non-executive directors of whom four are independent. One member is an executive director.

Tenure

Two members: 1 – 5 years
Two members: 5 – 9 years
Two members: >9 years

Expertise

Commercial, governance, financial, legal and non-profit organisation qualifications and experience

2021 focus areas

> Covid-19 and its impact on HR and transformation
> Further entrench a values-driven culture and revise Reunert's Code of Ethics
> Execute the HR Strategy including improving Reunert's high-performance culture and employment equity
> Maintain the Morgan Stanley Capital International rating. Gradually improve the Group's score on the FTSE Russel4Good Index by improving disclosures for health, safety and labour
> Maintain the Group's low-risk International Shareholder Solutions scores and proactively engage them on amendments prior to their reports being issued

2022 focus areas

> Further entrench a values-driven culture, review the implementation of the Reunert Code of Ethics and continue to roll out the Building Better Teams training programme
> Execute the HR Strategy including improving Reunert's high-performance culture and employment equity
> Execute the revised Leadership and Management Development Framework
> Evaluate the consolidation of environmental, social and governance reporting under a single framework and begin the implementation of this framework

ENTRENCHING A VALUES-DRIVEN CULTURE

Reunert's values-driven culture is considered essential to sustainable operations, especially during a challenging year where employees needed additional support and were required to maintain performance under abnormal conditions associated with Covid-19. The Building Better Teams training was postponed due to Covid-19 health and safety concerns but has been re-engineered to offer a virtual learning experience to employees.

More information on the matters addressed by the Setco is available as follows:

> Covid-19: page 25
> Reunert's commitment to ethics: page 99

EXECUTING THE HR STRATEGY AND DRIVING PEOPLE TRANSFORMATION

The HR Strategy is essential to executing the Sustainability Strategy's second pillar – nurture and grow people – and this is a continued focus for the committee. In 2021, the Group reviewed its HR Strategy, focusing on succession planning, critical roles and talent development. Many talent development initiatives were disrupted by the pandemic. The Group's transformation efforts have consistently improved the Group's employment equity, and Reunert aims to maintain this trend.

More information on the matters addressed by the Setco is available as follows:

> Nurture and grow people, the HR review: page 66
> Employee equity profile: page 71

PROGRESS ON THE SUSTAINABILITY STRATEGY

The Sustainability Strategy is founded on an ethical culture, strong stakeholder relationships and increasing awareness of how the Group implements its responsibilities as a corporate citizen. The Sustainability Strategy, as approved in 2018, remains unchanged. Reporting to multiple frameworks that continually change and refine their criteria has become onerous. Reunert aims to move away from the numerous environmental, social and governance reporting frameworks and is evaluating which single framework will be best for the Group.

More information on the matters addressed by the Setco is available as follows:

> The Sustainability Strategy: page 60
> Stakeholder relationships: page 63
> Managing the Group's environmental impact: page 75
> Corporate social responsibility: page 74

COMPLIANCE WITH EXISTING AND NEW REGULATIONS

The committee continued monitoring developments in legislation and regulations, including the upcoming Public Procurement Bill, the Employment Equity Amendment Bill, changes to the Electronic Communications Act, 36 of 2005 and the POPI Act.

The committee's Terms of Reference now incorporate regulatory compliance related to the Companies Act and JSE Listings Requirements.

The JSE published new Listings Requirements. The committee considered the new requirements and satisfied itself that the following requirements are being complied with:

> The Setco ensured the Board's confirmation that the Group functions in compliance with the Companies Act (but only with respect to its corporate status) and its MOI

CONCLUSION

The committee is satisfied that it fulfilled its responsibilities per its Terms of Reference and its statutory duties in terms of Regulation 43.

Adv Thandi Orleyn
Chair, Setco

The Remuneration Report describes how Reunert incentivises value creation and preservation through fair and responsible remuneration.

Remuneration report [14]

The Remuneration Report outlines how Reunert compensated its executive directors, top management, non-executive directors and, at a consolidated level, other employees in compliance with principle 14 of the King Report on Corporate Governance™ for South Africa, 2016 (King IV).

The report comprises three sections:

Section one: Remuneration background statement

REMUNERATION COMMITTEE'S FOCUS [8]

The Remuneration Committee (the committee) is mandated to ensure the Group's Remuneration Policy and practices are fair and responsible, comply with regulations and governance requirements and align with good business practice. During the year, the committee remained cognisant of the status of the organisation as a good corporate citizen and made adjustments that were deemed necessary to effect fair and responsible remuneration. The committee is confident that the Remuneration Policy supports Reunert's strategic objectives, is market related, reflects best practice and supports the generation of long-term value for shareholders and all stakeholders.

The committee's focus areas for the year, as well as next year's priorities, are set out below and described in the rest of this report.

2021 FOCUS AREAS	2022 FOCUS AREAS
> Review of Remuneration Philosophy and Policy in order to ensure fair and responsible remuneration > Review of performance measures for the Long-term Incentive (LTI) Plan > Review of weightings of performance conditions for the LTI Plan > Review of Remuneration Philosophy and Policy in respect of Covid-19	> Review of Remuneration Philosophy and Policy in order to ensure fair and responsible remuneration > Implementation of the 2022 Remuneration Policy > Review of performance measures and their weightings for LTI Plan > Consider changes to the Companies Act, 71 of 2008 (as amended) in relation to remuneration

A STRUCTURED APPROACH TO REMUNERATION DECISIONS

The Reunert Remuneration Policy was reviewed and amended to support senior management's delivery of optimal business results.

The table below sets out the key considerations and decisions of the committee in 2021, in accordance with its Terms of Reference.

Reviewed	> The Remuneration Policy > The structure of the current Short-term Incentive (STI) Scheme and assessed the benefit of having half-year and full-year financial key performance indicator (KPI) targets > The retention element of the LTI's Conditional Share Plan (CSP) due to the impact of Covid-19 > The performance measures of the CSP
Approved	> Annual increases for the 2022 financial year (1 October 2021 to 30 September 2022), aligned with inflation of 4,5% for executive directors, for top management and salaried employees > Promotional increases for top management > Amending the structure of the current STI to: o Comprise two elements, financial KPIs (operating profit targets) and strategic KPIs o Introduce half-year targets in addition to full-year targets for the financial KPI element > 2021 STI payouts for top management > STI financial targets and strategic KPIs for top management for the 2022 financial year > 2021 CSP awards for executive directors, top management and selected key employees > 2017 CSP vesting
Reviewed and recommended to shareholders	> Fees for non-executive directors for 2022

CHANGES TO THE REMUNERATION POLICY

> The committee reviewed the 2021 Remuneration Policy against internal requirements, latest market practice, the civil unrest in South Africa and the South African economy in the post-Covid-19 environment. The changes below will be implemented for the 2022 financial year to continue ensuring the Remuneration Policy reflects best practice, drives strategy implementation and operational performance and serves as an appropriate retention mechanism.

REMUNERATION ELEMENT AND REASON FOR CHANGE	CHANGE
> STI principles for the 2022 financial year (page 108) > Align the STI to drive optimal financial performance throughout the 2022 financial year	> The STI Scheme was revised to reduce from three to two elements: o Financial KPI (operating profit targets) o Strategic KPI o The financial KPI will be evaluated at half-year and year-end o The half-year target will carry a weighting of up to 30% o The full-year target will carry a weighting of up to 70% > A full-year operating profit financial gatekeeper and modifiers must be achieved for the half-year incentive to be paid out. If the gatekeeper and modifiers are not achieved, the half-year incentive is forfeited > Both the half-year and full-year payouts will be made in November 2022 > The revised STI Scheme **does not** lead to an increase in the quantum of the STI that an employee can receive
> Retention of talent is achieved through the Reunert CSP > The most recent financial analysis indicates that there will be reduced vesting of the CSP in FY22 and 23, significantly impacting the retention objective of the CSP and the reward and retention strategy of the Remuneration Policy > Retaining critical employees is vital for Reunert's continued recovery, current performance and future growth	> Top, senior, middle and junior management, classified as critical due to their specific skillset, contribution and value-add, will be awarded a cash retention payment to secure their employment for three years > The retention payment will be directly linked to the Reunert share price through the award of Phantom units to employees > Qualifying employees will be required to sign a retention agreement and will only qualify for the retention payment if they are employed within the Group on the date that payment is made and meet other stipulated criteria > The retention award will be made to 114 employees with an award value of R54,6 million. The final settlement will be directly linked to the performance of the Reunert share price

SHAREHOLDER APPROVAL

The Remuneration Policy and Implementation Report were presented for shareholder approval at the Annual General Meeting (AGM) held on 26 March 2021. The voting results improved progressively since the 2019 AGM, as shown below, and demonstrated Reunert's commitment to engaging with and addressing shareholders' concerns

	2021		2020		2019	
%	For	Against	For	Against	For	Against
Remuneration Policy	94,66	5,34	92,98	7,02	80,57	19,43
Implementation Report	89,52	10,48	91,95	8,05	82,73	17,27

CONTINUED SHAREHOLDER ENGAGEMENT

The following resolutions will be tabled for shareholder voting at the upcoming AGM, details of which can be found in the Notice of AGM:

> Non-binding advisory vote on the Remuneration Policy, starting on page 106 (all information contained under section two of this report)
> Non-binding advisory vote on the Implementation Report, starting on page 113 (all information contained under section three of this report)
> Binding vote on non-executive directors' fees

Reunert will engage shareholders if the Remuneration Policy and/or the Implementation Report receives a vote against of 25% or more. This engagement may be done in person or in writing and will be implemented at a time after the release of the voting results.

REMUNERATION COMMITTEE 8

Members and meeting attendance

S Martin (Chairman)	3/3
AB Darko	3/3
JP Hulley	3/3
SD Jagoe	3/3
Adv NDB Orleyn	3/3
M Husain	3/3
	100%

Composition as at 30 September 2021

All six members are non-executive directors, of whom five are independent

Tenure

Three members: < 1 to 5 years
One member: 5 to 9 years
Two members: > 9 years

Permanent invitees

> Group Chief Executive Officer (CEO)
> Group Human Resources (HR) and Transformation Executive Director

Expertise

HR, remuneration, commercial, compliance, governance, risk management, legal, corporate affairs, business, finance, engineering, manufacturing and management qualifications and experience

Mandate

The committee's mandate includes matters contemplated in the JSE Listings Requirements, the provisions of principle 14 of King IV and related practices the committee deems appropriate to adopt. The committee's roles and responsibilities are set out in its Terms of Reference, which are reviewed by the committee and approved by the Board of directors (Board) annually, and are available at www.reunert.co.za/corporategovernance.php.

GOING FORWARD

The committee carefully considered the changes to the Remuneration Policy and its implementation in 2021.

The committee is confident that the Remuneration Policy and its implementation remain aligned with the strategy of the Group and continues to support its implementation. The Remuneration Policy undergoes a robust review every year, and the 2022 review will include a complete evaluation of the impact of external factors on the Policy.

Sarita Martin
Remuneration Committee Chairman

Section two: Overview of the remuneration policy and structures

OVERVIEW OF REMUNERATION POLICY

The Remuneration Policy's principles guide the Group's remuneration practices. The Remuneration Policy is set to:

> Attract, retain and motivate talent
> Reward performance
> Promote positive outcomes and achievement of operational and strategic objectives
> Be flexible to adjust to changing economic conditions and the Group's needs
> Foster individual performance and teamwork
> Promote an ethical culture and responsible corporate citizenship
> Drive transformation of the workplace

The Remuneration Policy comprises guaranteed package (GP) and a mix of variable pay (STI and LTI). The STI annually rewards business unit leadership for achieving their financial and strategic objectives, and the LTI drives long-term Group performance. The Policy links remuneration incentives to transformation objectives by applying a modifier if transformation objectives are not met. The details of the Remuneration Policy structures are on pages 108 to 109. The Remuneration Policy is structured to ensure alignment between top management and shareholders.

Fair and responsible remuneration

The Group has adopted a policy whereby every employee will earn at least 25% above the national minimum wage framework in South Africa.

Internal benchmarking indicated that employees are remunerated fairly and in accordance with job functions. This was supported by an internal parity assessment conducted in July 2021 for senior management across the Group and across functions. The assessment aimed to identify anomalies considering tenure, experience and the size of the business unit. In general, internal parity was found to be consistent.

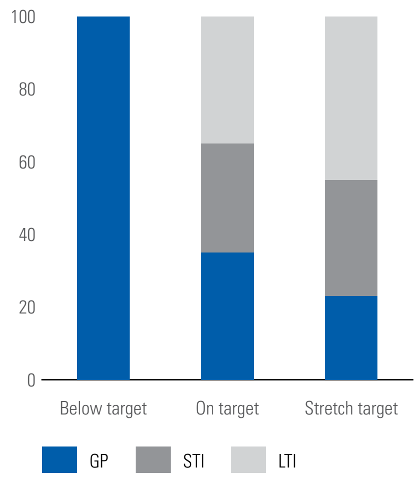
External benchmarking using the Willis Towers Watson remuneration survey tool was conducted in July 2021. External benchmarking was found to be appropriate. The committee did not engage the services of independent remuneration consultants during 2021.

EXECUTIVE DIRECTOR REMUNERATION

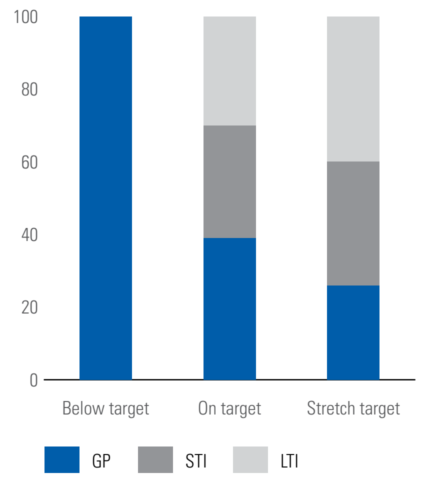
Targeted pay mix for executive directors

The executive pay mix is structured to drive sustainable value creation over the longer term.

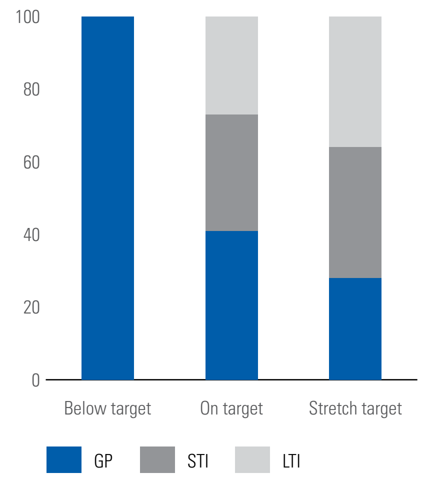
GROUP CEO



GROUP CHIEF FINANCIAL OFFICER (CFO)



GROUP HR AND TRANSFORMATION EXECUTIVE DIRECTOR



Note:
> *The below-target level assumes that neither the STI nor the LTI performance conditions are achieved.*
> *The on-target level assumes that budgeted targets have been achieved, with a 50% vesting of annual LTI allocations and on-target STI performance.*
> *The stretch-target level assumes that the maximum targets have been achieved, with 100% vesting of annual LTI allocations and maximum STI achievement.*

Service contracts

All executive directors are compensated according to the Group's Remuneration Policy. Executive directors' employment contracts align with the Group's standard terms and conditions of employment and include a six-month notice period.

Executive directors do not receive extended employment contracts or special termination benefits. If operational requirements necessitate that an executive director's employment be terminated, payment will be as per the Group's retrenchment practices and South African labour legislation. No severance payments were made to executive directors in 2021.

Executive directors do not receive additional remuneration for their attendance at Board or committee meetings.

REMUNERATION STRUCTURES

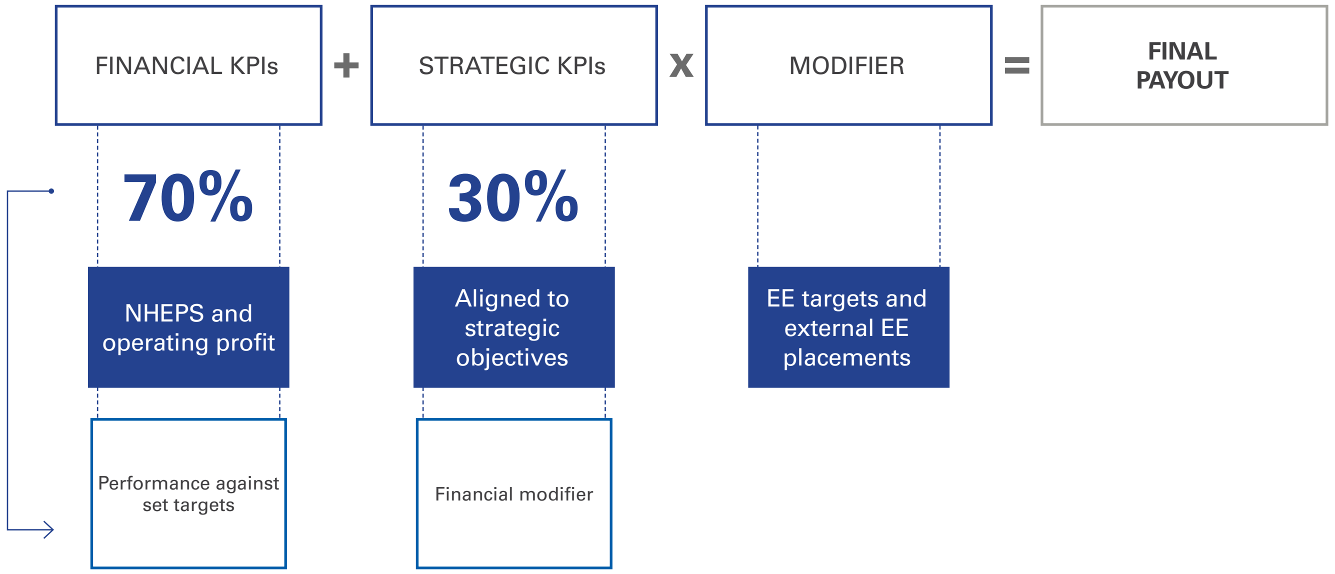
Remuneration structures are designed to balance GP and variable pay to assist Reunert in reaching its strategic and operational objectives. Remuneration comprises three core elements, as presented in the table below.

	GP	STI	LTI		
			CSP		DBP
			Performance awards	Retention awards	No awards were made in 2018, 2019, 2020 and 2021 in terms of the Deferred Bonus Plan (DBP)
Purpose	Attraction and retention	To drive financial performance	To drive long-term performance and create alignment between management and shareholder objectives	Retention of critical skills for business continuity	To retain employees and create alignment between management and shareholder objectives
Participation	All employees	Executive directors, top management and selected key management	Executive directors, top management and high-performing candidates in critical roles	Technical specialists with scarce and critical skills, high-potential employment equity (EE) candidates and successors for scarce and critical roles	Executive directors and top management who qualify for STIs when the DBP is used
Performance period	Monthly	One year	Four years	50% (four years) and 50% (five years)	Three or four years
Implementation	1 July – bargaining unit employees 1 October – non-bargaining unit employees	Annually in November, with review and approval by the committee	Annually in November, with review and approval by the committee	Annually in November, with review and approval by the committee	Annually in November, with review and approval by the committee
Key elements	GP consists of base salary and Company contributions towards retirement funding and health benefits. It is a fixed cost for the Company and is targeted to be up to the median of the relevant market benchmark. The following factors are considered during salary reviews: > Appropriate market benchmarks > Internal parity > Prevailing economic conditions > Average consumer price index (CPI) > Group and business unit financial performance > Employee performance	> The maximum incentives as a percentage of GP for executive directors and top management are as follows: o Group CEO: 140% o Group CFO and executive directors: 130% o Segment Heads and Managing Directors of large business units: 120% o Other executives, i.e. business unit Managing Directors and business unit executives: 100% > Senior Managers and below are paid incentives at lower percentages of GP > Incentives are self-funded (profit target only achieved after providing for the incentive) > Incentives are not guaranteed. Incentive payment depends on performance against predetermined financial targets and strategic objectives and measures > EE targets and external EE appointments are modifiers. If the EE modifiers' targets are not met, the incentive payout is modified downwards	> Allocations are based on defined criteria (participants' level of seniority, ability of the position to influence strategy and operational performance, individual performance and business performance) > Allocations may not exceed two times annual GP > Details of the CSP are available in past Integrated Reports and on the Reunert website	> Remaining in the employment of the Group is the only criterion (employees must be in a position that qualifies for participation as indicated above) > Allocations may not exceed 20% of annual GP	> Participants choose to receive a portion of the STI in the form of restricted Reunert shares > At the end of the stipulated vesting period, participants will be entitled to receive a cash award. Dividends are paid on the restricted shares during this period > The committee annually determines: o Who may participate o The percentage of the STI that may be received in deferred restricted shares o The period for which the restricted shares must be retained by participants o The quantum of the deferred bonus for which participants will qualify at the end of this period. This percentage may not exceed 100%
Method of settlement	Cash	Cash	Reunert shares (on-market purchase)	Reunert shares (on-market purchase)	Cash
Performance measures	Not applicable	> The STI comprises: o Financial KPIs o Strategic KPIs Detail on the STI is provided in section two on page 110.	> Normalised headline earnings per share (NHEPS) (50% weighting) > Total shareholder return (TSR) (25% weighting) > Group return on capital employed (ROCE) (25% weighting) Further information on allocations and performance conditions is on page 110.	Remaining in the employment of the Group	Participation in the DBP is determined by the achievement of set performance criteria
Malus and clawback	Not applicable	Yes	Yes	Yes	Yes

STI

The STI payment is assessed against performance on predetermined financial targets, and strategic objectives and measures. The STI comprises:

> Financial KPIs, carry a weighting of 70%
  o NHEPS for executive directors
  o Operating profit for top management
> Strategic KPIs carry a weighting of 30%
  o Strategic KPIs are linked to the Group and business unit's strategic objectives. Each KPI has a direct performance measure
  o Strategic KPIs are linked to the achievement of the operating profit target. Strategic KPI incentives are reduced if the operating profit target is not achieved. There are no incentives for strategic KPIs where the business unit achieves below 75% of operating profit target
> EE targets and external EE appointments are modifiers. If the EE modifiers' targets are not met, the incentive payout may be modified downwards, subject to a review of the underlying rationale for the target not being met. Linear vesting is applicable in the STI



The contribution for the achievement of the financial KPI is shown in brackets:

> Executive directors: Group (55% – Group NHEPS) + segments (45% – segment operating profit)
> Segment Heads: Group (20% – Group NHEPS) + segment (80% – segment operating profit)
> ICT Segment business units: business unit (70%) + segment (30% – segment operating profit)
> All other business units: business unit (100%)

The 2019 CSP (LTI)

The 2019 CSP will be implemented for the 2021 CSP awards. Full details of the 2019 CSP can be obtained from past Integrated Reports and is available on the Reunert website at https://www.reunert.co.za/downloads/agm/Reunert-2019-CSP.pdf.

The performance conditions and targets for the 2021 CSP are detailed below.

Performance condition	Weighting	Performance level	Performance measure	Vesting %
NHEPS	50%	Threshold	NHEPS < CPI	0
		Target	NHEPS = CPI + GDP + 1,5%	40
		Stretch	NHEPS = CPI + GDP + 3%	100
ROCE	25%	Threshold	ROCE < 16,0%	0
		Target	ROCE = 16,5%	40
		Stretch	ROCE = 19,5%	100
Relative TSR*	25%	Threshold	Ranking position at median and below	0
		Target	Ranking position 6 of 13 TSR constituents	25
		Stretch	Ranking position 3 of 13 TSR constituents	100
		Super stretch	Ranking position 1 of 13 TSR constituents	120

** The comparator Group comprises the following companies:*
1 African Oxygen Limited
2 Allied Electronics Corporation Limited
3 ARB Holdings Limited
4 Barloworld Limited
5 Bidvest Group Limited
6 Alviva Holdings Limited
7 Hudaco Industries Limited
8 Kap Industrial Holdings Limited
9 Mustek Limited
10 Super Group Limited
11 Adapt It Holdings Limited
12 Enx Group Limited

KEY OBJECTIVES FOR 2022

STI

The objectives for the next financial year are disclosed below, and the outcome will be communicated in the 2022 Remuneration Policy Implementation Report.

NHEPS

The NHEPS targets for the Group CEO, Group CFO and the Group HR and Transformation Executive Director are determined using the 2022 budget, and are presented in the graphic below.

Half-year target	Full-year targets			
	Level 1	Level 2	Level 3	Level 4
96% to half-year budget	98% to budget	101% to budget	104% to budget	108% to budget

> The half-year target payout for the Group CEO, Group CFO and Group HR and Transformation Executive Director is 15%, 14% and 14% of GP, respectively
> The on-target payout (level 2) for the Group CEO, Group CFO and Group HR and Transformation Executive Director is 42%, 39% and 39% of GP, respectively
> The maximum payout (level 4) for achieving the NHEPS target is 83% of GP for the Group CEO and 77% of GP for the Group CFO and Group HR and Transformation Executive Director, which can only be earned at level 4 (stretch target)
> The total payout for achieving the financial KPI, half year plus full year targets is 98% of GP for the Group CEO and 91% of GP for the Group CFO and Group HR and Transformation Executive Director

Strategic KPIs

The strategic KPIs are shown in the table below. The maximum payout for achieving strategic KPIs is 42% of GP for the Group CEO, and 39% for the Group CFO and the Group HR and Transformation Executive Director. The actual performance targets/measures have not been provided as they are considered commercially sensitive information.

Group CEO (total weighting: 30%)	Strategic KPIs		
Objectives	Drive transformation within the Group	Promote an ethical culture within the Group through values-based leadership	Drive the execution of the Group strategy and scaling of the growth businesses
Weighting	10,5%	10,5%	21%

Group CFO (total weighting: 30%)	Strategic KPIs			
Objectives	Ensure Group's working capital is managed	Improve capital efficiency of the Group	Entrench process for sustainability of financial governance	1. Talent management 2. Succession planning
Weighting	9,75%	16,25%	6,5%	6,5%

Group HR and Transformation Executive Director (total weighting: 30%)	Strategic KPIs		
Objectives	Drive people transformation within the Group	Promote an ethical culture within the Group through values-based leadership	1. Enhance a high-performance culture and a sustainable Group 2. Talent management and succession planning
Weighting	9,75%	9,75%	19,5%

REMUNERATION POLICIES FOR NON-EXECUTIVE DIRECTORS

Contracts

Non-executive directors do not have service contracts with the Group. Reunert's Memorandum of Incorporation governs non-executive directors' terms of office and requires that one-third of the Board must retire by rotation every year and may make themselves available for re-election by shareholders.

Fees

Non-executive directors receive a standard fee for their services on the Board and Board committees. Non-executive directors are not eligible for any Group incentives. The committee reviews the fees annually and conducts an external benchmarking exercise every second year.

Fees are submitted to shareholders for approval annually at Reunert's AGM and changes are effective from 1 March each year. If shareholders do not approve the proposed fees, the last approved fees will apply.

Benefits

Reunert covers travel costs and expenses incurred in the normal course of business, for example attending Board and Board committee meetings.

Section three: 2021 Remuneration Policy Implementation Report

The committee monitored the Remuneration Policy's implementation throughout the year. It confirms that the 2021 Remuneration Policy, as set out in the 2020 Integrated Report, was complied with. As a result of external issues, the retention element of the Remuneration Policy was negatively impacted.

This section deals with remuneration for executive directors, top management and non-executive directors, as applicable.

2021 ANNUAL INCREASES

The Group's total payroll cost is R1 967 million (2020: R1 890 million), which represents 21% of total revenue (2020: 23%). The average increase for salaried employees for the period 1 October 2020 to 30 September 2021 was 3,5%. All executive directors received an annual increase of 3,5% in the same period.

Bargaining unit wage increases, effective 1 July 2021, were implemented as per the wage negotiation process completed in October 2021.

2021 STI awards

Executive directors and business unit top management qualified for incentive (bonus) payments by meeting financial targets and/or strategic KPIs. The committee approved the STI awards shown in the table below following a detailed assessment of the relevant financial targets and strategic KPIs.

The committee is satisfied that the STI awards reflect the Group's performance for the 2021 financial year.

STIs earned[1]	**2021 Rm**	2020 Rm
Electrical Engineering	**13,51**	0
ICT	**8,05**	1,43
Applied Electronics	**5,65**	10,92
Executive directors at Head Office	**8,86**	0
Total STIs earned	**36,07**	12,35

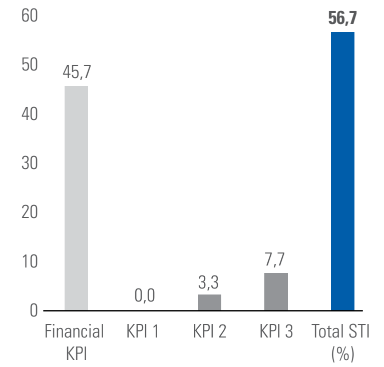
[1] *The financial, strategic and operational performance of business units and segment head offices were reviewed by the committee. Taking into consideration the overall performance of certain business units and segment executives, the committee awarded discretionary incentives to the value of R4,3 million.*

Executive director 2021 STI awards

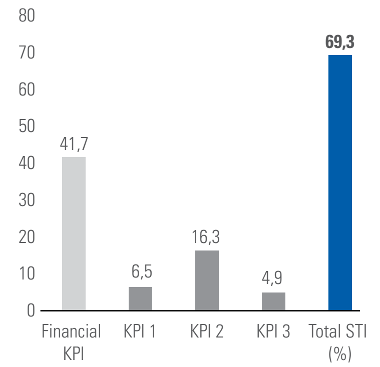
Executive directors qualified for an incentive as a result of achieving the Group NHEPS target at L4 level, the ICT Segment operating profit target between L2 and L3 level and strategic KPIs.

The percentage achievement is presented in the graphs below.

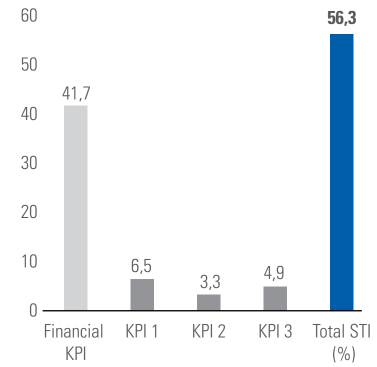
GROUP CEO (%)



GROUP CFO (%)



GROUP HR AND TRANSFORMATION EXECUTIVE DIRECTOR (%)



The strategic KPI achievement for the Group CEO and the Group HR and Transformation Executive Director relating to the Promotion of ethical culture was significantly impacted by Covid-19 as planned key initiatives to further entrench the ethical culture in Reunert, and build on prior year achievements, were unable to be concluded prior to the year-end measurement date. Despite achieving all FY 2021 EE targets set by the Social, Ethics and Transformation Committee, external EE placements were impacted by decisions associated to Covid-19.

The Financial efficiency KPI was not achieved.

2021 DBP

The DBP was not offered in 2021.

CSP awards

CSP performance conditions for the 2021 CSP Scheme are set out on page 110. The committee allocated the following awards.

CSP	Performance awards	Retention awards
2021 CSP awards		
Participants	**62**	**50**
Number of units allocated	**1 544 255**	**92 980**

CSP information and settled CSP awards for executive directors are included in the remuneration disclosures in the Annual Financial Statements, note 25, available at https://www.reunert.co.za/downloads/agm/Reunert-2019-CSP.pdf

REMUNERATION AND INTERESTS

R'000	Salary	Bonus and performance-related payments	Deferred incentive share scheme	Travel allowances	Retirement contributions	Medical contributions	Leave pay[1]	Total	Fair value of 2021 CSP at grant date[2]
2021									
AE Dickson	**5 963**	**3 958**	**778**	**132**	**217**	**83**	**600**	**11 731**	**–**
M Moodley	**2 791**	**1 876**	**788**	**–**	**209**	**65**	**–**	**5 729**	**–**
NA Thomson	**4 707**	**3 781**	**1 163**	**–**	**227**	**141**	**–**	**10 019**	**–**
Total	**13 461**	**9 615**	**2 729**	**132**	**653**	**289**	**600**	**27 479**	**–**
2020									
AE Dickson	5 638	–	5 920	132	207	80	–	11 977	6 063
M Moodley	2 601	–	1 986	–	238	63	–	4 888	1 888
NA Thomson	4 455	–	3 994	–	216	136	–	8 801	3 488
Total	12 694	–	11 900	132	661	279	–	25 666	11 439

[1] *Settlement of leave that accrued prior to implementation of the current leave policy which requires employees to either use the leave within the leave cycle or forfeit it.*
[2] *The value has been determined using the fair value per unit and the expected vesting probabilities of the non-market conditions: (normalised headline earnings per share (NHEPS) and return on capital employed (ROCE); and the fair value of the market conditions (total shareholder return (TSR)) at grant date. For further details relating to the valuation methodologies and assumptions used, refer to note 19.*

Payments to non-executive directors

Amounts paid to non-executive directors as fees for the year are reflected below.

R'000	2021	2020
TS Munday	**1 569**	1 485
T Abdool-Samad	**837**	656
AB Darko	**603**	578
LP Fourie	**731**	593
JP Hulley	**659**	550
SD Jagoe	**660**	482
S Martin	**674**	648
MT Matshoba-Ramuedzisi	**603**	578
Adv NDB Orleyn	**659**	608
MJ Husain[1]	**549**	–
SG Pretorius[2]	**–**	211
R van Rooyen[2]	**–**	244
Total	**7 544**	6 633

[1] *Appointed November 2020.*
[2] *Retired February 2020.*

Refer to the Notice of AGM for the proposed 2022 fees.

Summarised consolidated financial statements

Currency conversion table

	USD1	ZMW1	AUD1
2021			
Year-end rate:	**R15,10**	**R0,90**	**R10,89**
Annual average rate:	**R14,82**	**R0,72**	**R11,14**
2020			
Year-end rate:	R16,81	R0,84	R12,00
Annual average rate:	R16,32	R0,99	R11,12

Summarised consolidated statement of profit or loss

for the year ended 30 September 2021

Rm	Notes	2021 Audited	2020 Audited Restated[1]	% change
Revenue	2	**9 575**	8 046	19
Operating expenses	3	**(8 524)**	(7 252)	18
Operating profit before impairment of financial assets		**1 051**	794	32
Impairment of financial assets		**(1)**	(586)	(100)
Credit write-off	3, 6	**(20)**	(298)	(93)
Expected credit losses	3, 6	**19**	(288)	107
Operating profit	3	**1 050**	208	405
Interest and dividend income	4	**28**	41	(32)
Interest expense	5	**(70)**	(83)	(16)
Profit before tax		**1 008**	166	507
Tax		**(265)**	(82)	223
Profit after tax		**743**	84	785
Share of joint ventures' and associates' profit/(loss)		**24**	(77)	131
Profit for the year		**767**	7	10 857
(Loss)/profit for the year attributable to:				
Non-controlling interests		**(10)**	(40)	(75)
Equity holders of Reunert		**777**	47	1 553
Earnings per share (cents)				
Basic	10	**483**	29	1 566
Diluted	10	**481**	29	1 559

[1] *The consolidated statement of profit or loss has been restated to include in operating profit all items of income and expenditure (excluding dividends received, interest income and expense and share of joint ventures' and associates' profit/(loss)). Refer to note 14.*

Summarised consolidated statement of other comprehensive income

for the year ended 30 September 2021

Rm	2021 Audited	2020 Audited
Profit for the year	**767**	7
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss:	**2**	(56)
Translation differences of foreign businesses	**1**	30
Translation loss on net investment in subsidiary[1]	**–**	(87)
Fair value remeasurement gain of financial asset	**1**	1
Total comprehensive income	**769**	(49)
Total comprehensive income attributable to:		
Non-controlling interests	**(6)**	(62)
– Share of loss for the year	**(10)**	(40)
– Share of other comprehensive income	**4**	(22)
Equity holders of Reunert	**775**	13
– Share of profit for the year	**777**	47
– Share of other comprehensive income	**(2)**	(34)

[1] *Translation loss arising on the loan component of the Group's net investment in a foreign subsidiary. During the 2021 financial year, no translation gains/(losses) arose on the Group's net investment in this foreign subsidiary because the underlying instrument (which gave rise to the translation gain or loss) was converted to equity at the end of the 2020 financial year.*

Summarised consolidated statement of financial position

as at 30 September 2021

Rm	Notes	2021 Audited	2020 Audited
Non-current assets			
Property, plant and equipment		**858**	795
Investment property		**23**	31
Right-of-use assets		**146**	186
Intangible assets		**444**	445
Goodwill	7	**934**	924
Other investments and loans		**65**	61
Investments in joint ventures and associates		**99**	74
Investment at fair value through profit or loss	8	**76**	–
Derivative financial assets	9	**41**	–
Lease receivables		**410**	557
Loan receivables		**1 393**	1 221
Deferred tax assets		**145**	172
		4 634	4 466
Current assets			
Tax receivable		**115**	46
Inventory		**1 743**	1 483
Lease receivables		**273**	288
Loan receivables		**400**	507
Trade and other receivables		**2 097**	1 895
Derivative financial assets		**7**	12
Cash and cash equivalents		**1 068**	1 029
		5 703	5 260
Total assets		**10 337**	9 726

Rm	Notes	2021 Audited	2020 Audited
Equity and liabilities			
Capital and reserves			
Share capital		**389**	389
Share-based payment reserves		**219**	217
Empowerment shares		**(276)**	(276)
Treasury shares		**(447)**	(342)
Equity transactions/put option with non-controlling interests		**(72)**	–
Other reserves		**(163)**	(161)
Retained earnings		**7 045**	6 678
Equity attributable to equity holders of Reunert		**6 695**	6 505
Non-controlling interests		**87**	38
Total equity[1]		**6 782**	6 543
Non-current liabilities			
Deferred tax liabilities		**158**	89
Equity forward contract		**48**	59
Long-term loans		**44**	15
Lease liabilities		**100**	162
Derivative financial liabilities	9	**92**	–
Contract liabilities		**–**	23
Contingent consideration	12	**10**	–
		452	348
Current liabilities			
Put option liability	13	**25**	–
Equity forward contract		**18**	16
Current portion of long-term loans		**39**	1
Lease liabilities		**85**	56
Share-based payment liability		**–**	6
Derivative financial liabilities		**17**	28
Provisions		**81**	123
Tax liabilities		**21**	50
Contract liabilities		**264**	255
Trade and other payables		**1 776**	1 594
Bank overdrafts and short-term facilities		**777**	706
		3 103	2 835
Total equity and liabilities		**10 337**	9 726

[1] *Refer to the statement of changes in equity for the composition of all components of equity.*

Summarised consolidated statement of cash flows

for the year ended 30 September 2021

Rm	Notes	2021 Audited	2020 Audited Restated[1]
Cash flows from operating activities			
Cash generated from operations before working capital changes	A	**1 158**	1 136
(Increase)/decrease in net working capital		**(200)**	21
Cash generated from operations		**958**	1 157
Cash interest received		**26**	38
Dividends received		**2**	3
Cash interest paid		**(66)**	(75)
Tax paid		**(272)**	(145)
Net cash inflow from operating activities before dividends		**648**	978
Dividends paid (including to non-controlling interests in subsidiaries)		**(428)**	(727)
Net cash inflow from operating activities		**220**	251
Cash flows from investing activities			
Cash received from loan receivables		**966**	798
Cash invested in loan receivables		**(893)**	(970)
Repayment of other investments and loans		**–**	3
Other investments and loans granted		**(8)**	(1)
Dividends received from joint venture and associate		**6**	3
Replacement of property, plant and equipment and intangible assets		**(42)**	(32)
Proceeds from disposal of property, plant and equipment		**37**	8
Expansion of property, plant and equipment and intangible assets		**(196)**	(138)
Acquisition of businesses		**(8)**	–
Proceeds from/(outflow on) disposal of investment, subsidiary and associate		**37**	(4)
Net cash outflow from investing activities		**(101)**	(333)

Rm	Notes	2021 Audited	2020 Audited Restated[1]
Cash flows from financing activities			
Funds provided by equity holders of Reunert		**–**	1
Shares acquired for equity settled Conditional Share Plan (CSP)		**(11)**	(54)
Proceeds from subscription for shares by non-controlling interests		**68**	–
Investment in treasury shares		**(105)**	–
Purchase of additional shares acquired from non-controlling interests		**(31)**	(1)
Put option liability settled		**–**	(131)
Long-term loans raised		**47**	2
Long-term loans settled		**(9)**	–
Contingent consideration settled		**(7)**	(15)
Equity forward contract liability settled		**(15)**	–
Lease liabilities settled		**(73)**	(57)
Net cash outflow from financing activities		**(136)**	(255)
Net decrease in net cash and cash equivalents		**(17)**	(337)
Net cash and cash equivalents as at 1 October as reported in the statement of financial position		**323**	616
Net cash and cash equivalents as at 30 September before translation adjustments		**306**	279
Foreign exchange translation adjustments on:			
Cash and cash equivalents		**(6)**	(1)
Bank overdrafts and short-term facilities		**(9)**	45
Net cash and cash equivalents as at 30 September as reported in the statement of financial position		**291**	323
Made up of:			
Cash and cash equivalents		**1 068**	1 029
Bank overdrafts and short-term facilities		**(777)**	(706)
Bank overdrafts		**(137)**	(122)
Short-term facilities		**(640)**	(584)

[1] *The consolidated statement of cash flows has been restated to provide clearer presentation of the following:*
- *Cash interest received and dividends received are now disclosed separately*
- *Cash flows from loan receivables have been disaggregated into cash receipts and cash payments on a gross basis*
- *Subtotals for investments to maintain/increase operating capacity have been removed*
- *The foreign exchange translation adjustments have been included below net cash and cash equivalents in order to reconcile the net cash and cash equivalents to the statement of financial position*

The restatement did not result in a change in the 2020 reported numbers on the face of the consolidated statement of cash flows.

Notes to the summarised consolidated statement of cash flows

for the year ended 30 September 2021

Rm	2021 Audited	2020 Audited Restated[1]
A. Reconciliation of profit before tax to cash generated from operations before working capital changes		
Profit before tax	**1 008**	166
Adjusted for:		
Cash interest received	**(26)**	(38)
Dividend received	**(2)**	(3)
Cash interest paid	**66**	75
Unwinding of present value discount	**4**	8
Depreciation of property, plant and equipment and right-of-use assets	**192**	184
Amortisation of intangible assets	**61**	56
Profit on disposal of property, plant and equipment and intangible assets	**(12)**	(4)
Profit on disposal of associate	**(1)**	–
Fair value remeasurements		
Gain on investment at fair value through profit or loss	**(103)**	–
Gain on contingent consideration	**(13)**	(2)
Gain on option contract	**(41)**	–
Loss on option contract	**92**	–
Loss on put option liability	**–**	3
Loss on disposal of subsidiary	**1**	20
Impairment of non-financial assets	**1**	79
Transaction-related share-based payments	**7**	–
Share-based payment expense in respect of the Group's CSP	**16**	10
Share-based payment expense in respect of the Group's Deferred Bonus Plan	**1**	(3)
Cash paid to settle the Group's Deferred Bonus Plan	**(6)**	(22)
Net unrealised forex losses	**16**	48
Lease modification	**(49)**	(17)
Impairment of financial assets		
Credit write-off	**20**	298
Expected credit losses	**(19)**	288
Provisions movements	**(57)**	(5)
Other non-cash movements	**2**	(5)
Cash generated from operations before working capital changes	**1 158**	1 136

[1] *The reconciliation of profit before tax to cash generated from operations before working capital changes has been restated as a result of the restatement to operating profit (refer to note 3 and note 14). This restatement provides a more detailed disclosure and did not result in a change to the 2020 reported numbers.*

Summarised consolidated statement of changes in equity

for the year ended 30 September 2021

Rm	2021 Audited	2020 Audited
Share capital	**389**	389
Balance at the beginning of the year	**389**	388
Issue of shares	**–**	1
Share-based payment reserves	**219**	217
Balance at the beginning of the year	**217**	229
In respect of CSP	**18**	9
Shares acquired to settle CSP	**(11)**	(54)
In respect of transaction-related share-based payments	**7**	–
Transfer (to)/from retained earnings	**(12)**	33
Equity transactions/put option with non-controlling shareholders	**(72)**	–
Balance at the beginning of the year	**–**	(108)
Additional shares acquired from non-controlling shareholders	**(33)**	14
Subscription for shares by non-controlling shareholders	**(14)**	–
Put option raised during the year	**(25)**	–
Transfer from retained earnings	**–**	94
Empowerment shares[1]	**(276)**	(276)
Treasury shares[2]	**(447)**	(342)
Balance at the beginning of the year	**(342)**	(342)
Shares bought back during the year	**(105)**	–
Equity forward contract[3]	**(75)**	(75)
Balance at the beginning of the year	**(75)**	–
Raised during the year	**–**	(75)
Foreign currency translation reserve	**13**	16
Balance at the beginning of the year	**16**	(11)
Other comprehensive income	**(3)**	27
Translation loss on net investment in foreign subsidiary	**(109)**	(109)
Balance at the beginning of the year	**(109)**	(47)
Other comprehensive income	**–**	(62)
Fair value reserve	**8**	7
Balance at the beginning of the year	**7**	6
Other comprehensive income	**1**	1
Retained earnings	**7 045**	6 678
Balance at the beginning of the year	**6 678**	7 473
Profit for the year attributable to equity holders of Reunert	**777**	47
Cash dividends paid	**(422)**	(723)
Tax deduction in respect of CSP	**–**	8
Transfer from/(to) other reserves	**12**	(127)
Equity attributable to equity holders of Reunert	**6 695**	6 505
Non-controlling interests	**87**	38
Balance at the beginning of the year	**38**	119
Loss for the year	**(10)**	(40)
From other comprehensive income	**4**	(22)
Cash dividends paid	**(6)**	(4)
Subscription for shares by non-controlling shareholders	**62**	–
Disposal of subsidiary	**(4)**	–
Additional shares acquired from non-controlling shareholders	**3**	(15)
Total equity at the end of the year	**6 782**	6 543

[1] *This is the cost of Reunert Limited shares held by Bargenel Investments (Pty) Ltd (Bargenel), a company sold by Reunert to its empowerment partners in 2007. Until the amount owed by the empowerment partners is repaid to Reunert, Bargenel will continue to be consolidated into the Group's financial statements.*

[2] *Ordinary Reunert shares bought back in the open market and held by a subsidiary: 7 032 824 shares (2020: 4 997 698 shares). During 2021: 2 035 126 shares were bought back at an average price of R51,33 per share. No shares were bought back during the 2020 financial year.*

[3] *At the end of the 2020 financial year, the Group, on behalf of the CSP, entered into a forward contract to acquire 2 346 930 ordinary Reunert shares from an independent third party, for purposes of hedging the Group's potential future obligation to deliver Reunert ordinary shares to CSP participants.*

Notes to the summarised consolidated financial statements

for the year ended 30 September 2021

1. BASIS OF PREPARATION

These summarised consolidated financial statements (summarised financial statements) have been prepared in accordance with:

> framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) in effect for the Group at 1 October 2020;
> South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee;
> Financial Reporting pronouncements as issued by the Financial Reporting Standards Council;
> Listings Requirements of the JSE Limited; and
> the requirements of the Companies Act of South Africa, No. 71 of 2008.

These summarised financial statements are in accordance with and contain the information required by IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's accounting policies applied for the year ended 30 September 2021, were consistent with those applied in the prior year's audited consolidated annual financial statements. These accounting policies comply with IFRS.

The summarised consolidated financial statements set out hereunder is extracted from the Group Audited Annual Financial Statements of Reunert Limited for the year ended 30 September 2021 (audited financial statements) dated 15 December 2021. The audited financial statements have been compiled under the supervision of NA Thomson CA(SA) the Group's Chief Financial Officer. The audited financial statements, including the Auditor's Report thereon, from which the summarised consolidated financial statements have been extracted are available on the company's website.

Rm	2021 Audited	2020 Audited
2. REVENUE		
Revenue from contracts with customers		
Category of revenue		
Products	7 632	6 014
Services	1 575	1 581
	9 207	7 595
Timing of revenue recognition		
Revenue recognised at a point in time	7 911	6 215
Revenue recognised over time	1 296	1 380
	9 207	7 595
Total revenue from contracts with customers	9 207	7 595
Other revenue		
Interest recognised on lease and loan receivables	340	412
Rental revenue	28	39
Total revenue	9 575	8 046

Refer to the segmental analysis, for a disaggregation of the total revenue into the revenue contribution per segment.

Rm	2021 Audited	2020 Audited Restated[1]
3. OPERATING PROFIT		
Operating profit is arrived at as follows:		
Revenue	9 575	8 046
Items included in operating profit		
Changes in inventory	(5 852)	(4 382)
Employee costs	(1 967)	(1 890)
Salaries and wages	(1 776)	(1 617)
Pension and provident fund contributions[2]	(126)	(192)
Other staff costs[3]	(65)	(81)
Fair value remeasurements	65	(1)
Gain on investment at fair value through profit or loss	103	–
Gain on contingent consideration	13	2
Gain on option contract	41	–
Loss on option contract	(92)	–
Loss on put option liability	–	(3)
Impairment of financial assets	(1)	(586)
Credit write-off	(20)	(298)
Expected credit losses	19	(288)
Auditors remuneration	(28)	(29)
Audit fees	(27)	(28)
Other fees	(1)	(1)
Net forex gains/(losses)	24	(90)
Net realised forex gains/(losses)[4]	40	(42)
Net unrealised forex losses[4]	(16)	(48)
Other income	47	17
Lease modification	49	17
Profit on disposal of property, plant and equipment and intangible assets	12	4
Share-based payment expense[5]	(17)	(7)
Interest paid to finance lease and loan receivables	(24)	(28)
Operating lease charges	(27)	(30)
Research and development	(150)	(172)
Other operating expenses	(395)	(322)
EBITDA[6]	1 311	547
The following additional disclosable items have been included in arriving at operating profit:		
Depreciation and amortisation	(253)	(240)
Impairment of non-financial assets		
Impairment of goodwill	–	(75)
Impairment of property, plant and equipment	(1)	(4)
Profit on disposal of associate	1	–
Loss on disposal of subsidiary	(1)	(20)
Transaction-related share-based payments[7]	(7)	–
Operating profit per statement of profit or loss	1 050	208

[1] The operating profit note has been restated to provide more detail.
[2] Payments to defined contribution retirement plans are charged as an expense as they fall due.
[3] Includes staff training, staff welfare, skills development levy, commissions and incentives and other staff related costs.
[4] Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the statement of profit or loss in the period in which they arise. Derivative instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gains or losses are recognised in the statement of profit or loss.
[5] Included in share-based payment expense is a charge of R1 million (2020: a release of R3 million) relating to the Deferred Bonus Plan. This is classified as a cash-settled share-based payment with the equivalent amount included in liabilities.
[6] Earnings before net interest, tax, depreciation and amortisation, impairment of goodwill and property, plant and equipment, profit on disposal of associate, loss on disposal of subsidiary and transaction-related share-based payments. EBITDA includes interest income received on lease and loan receivables in the ICT Segment.
[7] Included in the transaction-related share-based payments is an empowerment charge in the ICT Segment of R6 million and in the AE Segment of R1 million.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

Rm	2021 Audited	2020 Audited
4. INTEREST AND DIVIDEND INCOME		
Dividend income	2	3
Interest earned on financial assets analysed by category of asset:		
Bank deposits	16	31
Other assets	10	7
Total interest income and dividends	28	41
5. INTEREST EXPENSE		
Loans, bank overdrafts and short-term facilities	(47)	(53)
Lease liabilities	(19)	(22)
Unwinding of present value discount	(4)	(8)
Interest expense as per the statement of profit or loss	(70)	(83)
Interest paid to finance lease and loan receivables (included in Group operating expenses as this is a finance business)	(24)	(28)
Total interest expense using the effective interest rate method	(94)	(111)
6. IMPAIRMENT OF FINANCIAL ASSETS		
Credit write-off	(20)	(298)
Expected credit losses (ECL)	19	(288)
	(1)	(586)

Analysis of movement in the ECL 30 September 2021

Rm	ECL as at 1 October 2020	Released/ (raised) during the year through the statement of profit or loss	Utilised	Disposal of subsidiaries	Exchange rate differences	ECL as at 30 September 2021
Lease and loan receivables	(210)	29	29	–	–	(152)
Trade and other receivables	(192)	(10)	39	2	(6)	(167)
Credit write-off for trade and other receivables		(20)				
Total impairment of financial assets per the statement of profit or loss		(1)				

6. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Analysis of movement in the ECL 30 September 2020

Rm	ECL as at 1 October 2019	Raised during the year through the statement of profit or loss	Utilised	Exchange rate differences	ECL as at 30 September 2020
Lease and loan receivables	(41)	(219)	50	–	(210)
Trade and other receivables	(150)	(69)	14	13	(192)
Credit write-off for lease and loan receivables[1]		(298)			
Total impairment of financial assets per the statement of profit or loss		(586)			

[1] *The credit write-off in the 2020 financial year resulted from an external fraud perpetrated against Quince by a non-connected independent third party dealer.*

Lease and loan receivables

The Group applies the IFRS 9 general approach to measuring the ECL for lease and loan receivables.

This is calculated by applying a loss ratio to the balance at each reporting date. Historically the loss ratio for the lease and loan receivables was calculated according to the ageing/payment profile by applying historic write-offs to the payment profile of the population.

The historic loss ratio is then adjusted for forward looking information to determine the ECL at the reporting date, to the extent that there is a strong correlation between the forward looking information and the ECL.

Impact of COVID-19

Historical levels of credit impairment (pre 2020) are now not considered representative of what is expected in terms of future defaults due to the COVID-19 pandemic. The ongoing impact of the national lockdowns and waves of infection on economic activity and consequentially the expected increase in business failures have made the estimation of future credit losses complex.

Subsequent to the easing of lockdown conditions after the second and third wave of COVID-19 infections during 2021; economic activity has improved and the Group has incorporated this improvement in their assessment of the management overlay incorporated into the ECL.

The Group has considered these factors above and also used the following key assumptions in estimating the ECL as at 30 September 2021:

Probability of default (PD)	5,6%
Loss given default (LGD)	63,0%
Exposure at default (EAD)	Exposure of receivables at 30 September 2021

In estimating the PD the following were applied:

Estimates

> The expected rate of credit defaults which has reduced to 5,6% during 2021 (11,5% at 31 March 2020, 9,3% at 30 September 2020 and 3,5% at 30 September 2019).

Judgements

> Due to the uncertainty that COVID-19 brings to the impact on future economic activity, the estimates made confer a high degree of judgement in the management overlay.

The LGD rate used was obtained from the quoted recovery rate of the World Bank for South African debt of 37%. This was corroborated against the Moody's recovery rate for emerging markets. Due to the uncertainty of the impact of COVID-19 on South Africa and limited allocated credit information, this remains the best independent and credible information available, to estimate the expected LGD and this results in an LGD of 63%.

In computing the management overlay, management assessed the industry classification of each rental customer and where the industry was, in the experience of management, still experiencing adverse consequences of the COVID-19 pandemic impacting on its credit capacity/risk (largely in the categories of hospitality, tourism and sections of education) applied a management overlay taking this risk into account.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

6. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Impact of COVID-19 (continued)

The following is a categorisation of the different stages in accordance with IFRS 9:

Rm	Carrying amount before ECL	Expected credit losses Stage 1	Stage 2	Stage 3	Net carrying amount after ECL
September 2021	**2 628**	**(41)**	**(13)**	**(98)**	**2 476**
Lease receivables	**707**	**(9)**	**(6)**	**(9)**	**683**
Loan receivables	**1 921**	**(32)**	**(7)**	**(89)**	**1 793**
September 2020	2 783	(68)	(92)	(50)	2 573
Lease receivables	918	(41)	(18)	(14)	845
Loan receivables	1 865	(27)	(74)	(36)	1 728

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers quantitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. In assessing the stage categorisation, receivables that are 30 days overdue are classified as stage 2 and receivables that are 90 days overdue are classified as stage 3.

Credit write-off in 2020

The credit write-off resulted from an external fraud perpetrated against Quince by a non-connected independent third party dealer. A comprehensive external forensic investigation has been completed and has resulted in a credit write-off of R298 million, which was reported in the 31 March 2020 interim financial results. In the period 31 March 2020 to 30 September 2020 the following actions were completed:

> An independent forensic investigation was conducted at Quince. This investigation, conducted by one of the country's leading legal firms, determined that no Quince employee had a material non-disclosed conflict of interest or that any criminal or deliberate misconduct facilitated the external fraud; and

> The Group commissioned an independent review of the enterprise risk management framework at Quince to ensure the risk governance and control framework are appropriate. The outcome from this investigation identified areas where functions and processes within Quince's Credit Management can be strengthened to improve monitoring and oversight.

These recommendations were fully implemented in the 2021 financial year.

Trade and other receivables

The Group has consistently applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss model for all trade receivables. ECLs are calculated by using a provision matrix and applying a loss ratio to an age analysis of trade receivables and contract assets. These have been aggregated into groupings that represent, to a large degree, how the Group manages its receivables and contract assets, major risk type and similarities in risk and this illustrates the spread of credit risk at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

Rm	2021 Audited	2020 Audited
7. IMPAIRMENT OF NON-FINANCIAL ASSETS		
Goodwill		
Carrying amount as at 1 October	**924**	999
Disposal of subsidiary	**(4)**	–
Acquisition of businesses	**14**	–
Impairment of goodwill	**–**	(75)
Carrying amount as at 30 September	**934**	924

The following information summarises the individual assumptions used to test for impairment of goodwill at a cash generating unit (CGU) level, using the value-in-use method.[1]

	Measurement currency	30 September 2021 Discount rate (pre-tax)[2] %	30 September 2020 Discount rate (pre-tax)[2] %	30 September 2021 Terminal growth rate[3] %	30 September 2020 Terminal growth rate[3] %	Group goodwill 30 September 2021 Rm	Group goodwill 30 September 2020 Rm
Significant CGUs							
ICT							
Nashua Office Automation	ZAR	**16,9**	20,3	**4,0**	4,0	**199**	203
Quince Capital	ZAR	**14,3**	11,4	**4,0**	4,0	**124**	124
ECN	ZAR	**17,4**	20,6	**4,0**	4,0	**140**	140
SkyWire	ZAR	**16,1**	18,9	**4,0**	4,0	**170**	170
+OneX	ZAR	**20,6**	–	**4,0**	–	**14**	–
AE							
Omnigo	ZAR	**20,7**	22,1	**4,0**	4,0	**40**	40
Terra Firma Solutions	ZAR	**20,2**	21,0	**4,0**	4,0	**88**	88
Nanoteq	ZAR	**19,9**	22,7	**4,0**	4,0	**69**	69
Blue Nova Energy	ZAR	**21,1**	22,6	**4,0**	4,0	**53**	53
						897	887
Other[4]	ZAR	**17,9 – 20,4**	20,6 – 22,5	**4,0**	4,0	**37**	37
Net carrying amount						**934**	924
Gross goodwill carrying amount						**1 076**	1 066
Less: accumulated impairment loss						**(142)**	(142)

[1] *The base (year 1) for the value-in-use calculations are the management approved budgets for 2022. The 2022 budget contains revenue growth rates that indicate a gradual improvement towards pre-COVID-19 levels. Average growth rates used in years 2023 to 2026 (except for SkyWire Technologies, Blue Nova and +OneX) were higher than terminal growth rates due to the expected gradual improvement towards pre-COVID-19 levels of activity but are all lower than 10% growth. Growth rates for SkyWire Technologies (12%), Blue Nova (17%) and +OneX (18%) are higher than the average as these businesses operate in industries experiencing high growth and demand. Management have assessed the growth rates applied and consider them to be reasonable and appropriate based on management's knowledge of the industries and the underlying businesses.*

[2] *The discount rate used is calculated as the weighted average cost of the different components of capital, being debt and equity (WACC). This is consistent with international best practice and covers the different industries in which the Reunert group operates. The discount rate is then converted to the pre-tax discount rate as required by IAS 36 using an appropriate methodology.*

[3] *The terminal growth rate is calculated using the forecast South African consumer price index (CPI) as a basis and thereafter adjusted for various risk factors. This is used to extrapolate the cash flow projections beyond the period covered of 5 years.*

[4] *This consists of the aggregate of individual immaterial goodwill balances across all segments above.*

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

7. IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

Sensitivities

Under the economic conditions that have arisen during the COVID-19 pandemic, revenue growth is a key consideration. Accordingly, management has undertaken a sensitivity analysis of the consequence of a 5% reduction in forecast revenue on the cash flow forecasts without factoring in any management actions required from the drop in revenue.

The results of this sensitivity analysis were that additional impairments would be required for Nanoteq (R14 million), African Cables (R21 million) and Skywire (R69 million), if revenue forecasts are not met by 5% i.e. a 95% achievement.

If the terminal growth rates were decreased by 1%, no impairment would be required.

If the discount rates were increased by 1%, an impairment of R1 million would be required in Nanoteq.

Impairment of property, plant and equipment

In the current financial year an impairment of R1 million was raised on damaged property, plant and equipment.

2020

In 2020, the impact of COVID-19 resulted in the Group impairing goodwill which arose on acquisition of two of its subsidiaries: African Cables (R61 million) and Dynateq International (Dynateq) (R14 million) and R4 million of property, plant and equipment in Polybox.

African Cables

African Cables delivered a subdued performance in the 2020 financial year, primarily due to the following:

> The low level of demand for power cable.
> Weak level of investment by Government into infrastructure.
> A seven-week labour disruption at African Cables during October and November 2019 which negatively impacted revenue and profitability.
> Loss of sales due to COVID-19 and the resulting hard lockdown.

Although the business has secured framework tenders at Eskom and various municipalities, the impact of the reprioritisation of Government's expenditure on infrastructure due to the impact of COVID-19 remains uncertain. Management's view was that this business was likely to continue to experience pressure on volumes over the medium term and have therefore used forecasts taking this uncertainty into consideration. This resulted in the goodwill impairment of R61 million being required.

Dynateq

Dynateq's revenue is largely driven by securing contracts in the global defence sector. The business is dependent on the export market in various economies including the Middle East and Europe. Although a portion of the short-term order book is secured, management is of the view that this business is likely to experience pressure on volumes over the medium term and consequently impaired the goodwill of R14 million.

Investment in joint venture

In the 2020 financial year, the outlook for CBI Electric Telecom Cables (Pty) Ltd (CBI Telecoms) remained uncertain, due to it having a limited order book, significant margin degradation due to competition and declining volumes which all contributed to weak cash flow forecasts over the short to medium term. These factors together with the substantial losses experienced over 3 consecutive financial years resulted in the management of CBI Telecoms impairing the carrying amount of its property, plant and equipment by R147m. The impact of the impairment of R42 million (after tax) is included in the equity-accounted earnings from joint ventures for the 2020 financial year.

8. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

In terms of IAS 28 Investments in Associates, Reunert is presumed to have significant influence over CAFCA Limited (CAFCA) as it owns more than 20% of CAFCA's share capital. However, Reunert has less than 20% representation on its board of directors and does not have the current ability to appoint additional directors. The Group does not equity account for its investment in CAFCA as it does not have significant influence over CAFCA due to its inability to influence the financial and operating policy decisions as a result of the broader operating regime in which CAFCA operates. Therefore, the Group's interest is measured at fair value through profit or loss. Although CAFCA is listed on the Zimbabwean Stock Exchange, there is limited trading in the share.

During the current year the Group received and accepted two unsolicited offers for a portion of its investment in CAFCA for R27 million. These transactions have resulted in the Group remeasuring the fair value of its investment in CAFCA. The fair value has been determined using an appropriate price/net asset value multiple of comparable companies to the historical net asset value of the share. The selling price per share of the sale transactions negotiated during 2021 was also considered as a key factor in assessing the reasonability of the fair value for 2021.

This is a level 3 instrument in the fair value hierarchy.

Accordingly, the Group recognised a gain as follows:

Rm	2021 Audited
Fair value remeasurement of investment in CAFCA	103
Realised gain on remeasurement of investment	27
Unrealised gain on remeasurement of investment	76

Subsequent to the two disposal transactions, Reunert Limited has a remaining interest of 44,22% in CAFCA of which 15,57% will be sold according to the third offer received and accepted.

Rm	2021 Audited
9. NON-CURRENT DERIVATIVE FINANCIAL ASSETS AND LIABILITIES	
Put option derivative financial asset	41
Call option derivative financial liability	(92)
Fair value remeasurement loss on option contract	**(51)**

The Group has concluded an agreement with AP Moller Capital through AIF I Africa C&I Renewable Energy LLP (AIF I) to establish a joint venture, Lumika Renewables (Pty) Ltd (Lumika). The Group subscribed for a 50,1% interest in Lumika. Although the Group holds a 50.1% interest, due to the contractual arrangement with AP Moller Capital, the Group exercises joint control over the venture. The Group sold an effective 25% interest in Terra Firma Solutions (Pty) Ltd (TFS) (the Group's Solar PV business) to Lumika and concluded a put and a call option for the sale of 65% being its residual interest in TFS. The call and put is exercisable after the third anniversary of the establishment of Lumika which date is 30 September 2023.

In terms of these arrangements, the Group has the right to put its remaining interest in TFS to Lumika in exchange for the strike price in US dollars and Lumika has the right to call the remaining interest in TFS from the Group at the same price. The put and call have been recognised as a non-current derivative asset and liability respectively at their fair values through profit or loss.

Valuation technique

The equity value of TFS was determined at the reporting date. The equity value, strike price in US dollars and other inputs (see below) were applied to a Black Scholes valuation model to determine the value of the put and call.

The following significant unobservable inputs were used in the determination of the value of the put and call and the resulting net fair value loss:

> Strike price in US dollars calculated at 30 September 2021 using a forward exchange rate of 16.58 – USD13,3 million.
> Average growth rate 16,0%
> Post tax discount rate 15,5%

This is a level 3 instrument in the fair value hierarchy.

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

Rm	2021 Audited	2020 Audited
10. NUMBER OF SHARES AND EARNINGS USED TO CALCULATE EARNINGS PER ORDINARY SHARE[1]		
Weighted average number of ordinary shares in issue, net of empowerment and treasury shares, for basic earnings and headline earnings per share (millions of shares)	**161[2]**	161[2]
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**–**	1
Weighted average number of shares for diluted basic and diluted headline earnings per share (millions of shares)	**161**	162

[1] *The earnings used to determine earnings per share and diluted earnings per share is the profit for the period attributable to equity holders of Reunert of R777 million (2020: R47 million). Refer to the statement of profit or loss.*
[2] *The Group has elected to treat the shares under the equity forward contract as issued shares for purposes of earnings per share.*

Rm	2021 Audited	2020 Audited
11. HEADLINE EARNINGS		
Profit attributable to equity holders of Reunert	**777**	47
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Goodwill impairment	**–**	75
Impairment of non-financial assets in a joint venture (after a tax credit of Rnil (2020: R14 million))	**1**	42
Net loss on disposal of subsidiary and associate (after a tax charge of R1 million (2020: Rnil))	**1**	20
Impairment of property, plant and equipment	**–[1]**	4
Profit on disposal of property, plant and equipment and intangible assets (after a tax charge of R3 million and NCI portion of Rnil) (2020: after a tax charge of R1 million and NCI portion of R1 million)[2]	**(11)**	(2)
Headline earnings	**768**	186
Headline earnings per share (cents)	**478**	115
Diluted headline earnings per share (cents)	**476**	115

Headline earnings have been determined in terms of the Circular 1/2021 Headline Earnings issued by the South African Institute of Chartered Accountants.

[1] *The impairment of property, plant and equipment after tax results in the amount being less than R0,5 million and therefore has been rounded to Rnil for the headline earnings calculation.*
[2] *Includes R2 million profit on disposal of property, plant and equipment arising from an investment in joint venture.*

Rm	2021 Audited	2020 Audited
12. CONTINGENT CONSIDERATION		
Carrying amount as at 1 October	**24**	41
Raised on acquisitions at fair value	**18**	–
Raised on acquisition of NCI during the year[1]	**6**	–
Fair value remeasurements	**(13)[2]**	(2)
Settlement	**(7)**	(15)
Carrying amount as at 30 September	**28**	24
Less: current portion	**18**	24
Non-current portion	**10**	–

[1] *This relates to a contingent consideration that arose during the year on the acquisition of the non-controlling interest in Kopano Solutions Company (Pty) Ltd.*
[2] *Includes a remeasurement gain of R11 million for Blue Nova arising from the related targets not being met.*

These were classified as level 3 instruments in the fair value hierarchy.

13. PUT OPTION LIABILITY

As part of the TFS acquisition in 2017, the Group granted put options in favour of the non-controlling shareholders for 25% of the issued share capital. The majority of this put option was exercised in the 2020 financial year. The amount remaining is carried at fair value and amounts to R365 303 (2020: R307 428).

The measurement period for the TFS empowerment transaction concluded on 30 September 2021. The non-controlling shareholders have the right to claw back some or all of the shares issued to the TFS empowerment partner in the event of the empowerment partner not achieving certain pre-agreed targets by 30 September 2021. The claw back mechanism is based on an agreed formula with the empowerment partner. The non-controlling shareholders have a further right to put the shares clawed back from the empowerment partner to the Group. As a result, an additional put option liability arose on completion of the measurement period, in the current year, which is measured using the same methodology as the original put option for 25% granted to the non-controlling shareholders when the Group acquired its controlling interest in TFS.

A reconciliation of the closing balance is as below:

Rm	2021 Audited	2020 Audited
Carrying amount as at 1 October	**–**	120
Raised during the year	**25**	–
Fair value remeasurements	**–**	3
Unwinding of present value discount	**–**	8
Settlement	**–**	(131)
Carrying amount as at 30 September	**25**	–

The obligation is classified as a level 3 instrument in the fair value hierarchy.

Valuation technique

The fair value of the put option liability is determined using an agreed formula in the shareholders agreement. This formula applies a multiple to revenue and an adjusted profit after tax and incorporates the investment in build-own-operate plants.

14. RECONCILIATION OF RESTATED OPERATING PROFIT

The operating profit on the consolidated statement of profit and loss has been restated in order to include all non-finance and tax related items of income and expenditure in the determination of operating profit in line with the emerging issues identified by the JSE in their proactive monitoring report of 9 November 2021.

Rm	
Operating profit as reported in September 2020	**307**
Less:	
Impairment of non-financial assets	
Impairment of goodwill	**(75)**
Impairment of property, plant and equipment	**(4)**
Loss on disposal of subsidiary	**(20)**
Operating profit as now reported	**208**

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

15. ACQUISITION OF BUSINESSES

2021

All business combinations are accounted for by applying the acquisition method. All acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the related services received.

If the initial accounting for the business combinations is incomplete at the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are then adjusted during the remaining measurement period, or additional assets and liabilities are recognised, to reflect any new information obtained about facts and circumstances that existed at the acquisition date, which if known at the time of making the initial recognition entries, would have impacted the amounts recognised at that time.

Non-controlling interests (NCI) in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. NCI consists of the value of those interests at the date of the original business combination and the NCI's share of changes in equity since the date of the combination. Losses applicable to the NCI in excess of the NCI's share of changes in equity are allocated against the interests of the Group except to the extent that the NCI has a binding obligation and is able to make an additional investment to cover their share of losses beyond their contributed equity.

1. TripleH Cloud Services (Pty) Ltd (TripleH)

With effect from 1 June 2021, the Group, through +OneX, acquired 100% of the business and related net assets of TripleH. TripleH is a company focused on virtual cloud based solutions. The existing work force is appropriately skilled and resourced to service the existing client base and new clients that will come from synergistic benefits within the ICT segment.

The acquisition of TripleH complements the ICT Segment's expansion strategy and increases the geographical presence of +OneX. The acquisition also provides +OneX with additional service offerings such as multi-cloud management, infrastructure as a service, disaster recovery as a service and backup as a service. As +OneX is a cloud systems integrator, the TripleH Cloud Services business will be core to its cloud service offering.

2. Datacore Media (Pty) Ltd (DCM)

With effect from 1 May 2021, the Group, through +OneX, acquired 100% of the business and related net assets of DCM. DCM is a company focused on the digital media planning industry space. The existing work force is appropriately skilled and resourced to service the existing client base and new clients that will come from synergistic benefits within the ICT Segment.

The acquisition of DCM complements the ICT Segment's expansion strategy and increases the geographical presence of +OneX. The acquisition also provides +OneX with additional service offerings such as digital media and data consultancy business and will strengthen +OneX's position as an end-to-end business transformation partner.

Rm	2021 Audited
Cash paid	8
Contingent consideration	18
Working capital offset against the purchase price	(3)
Total purchase consideration	23
Represented by:	
Property, plant and equipment	4
Goodwill	14
Intangible assets	11
Deferred tax liabilities	(3)
Trade and other payables	(3)
Net assets acquired (fair value at acquisition date)	23
Revenue since acquisition	12
Profit after tax since acquisition	2
Revenue for 2021 as though the acquisition date had been 1 October 2020	32
Profit after tax for 2021 as though the acquisition date had been 1 October 2020	6

16. DISPOSAL OF SUBSIDIARY AND ASSOCIATE

2021

Sale of Nashua Paarl and West Coast (Pty) Ltd (PWC)

With effect from 1 August 2021 Nashua Holdings (Pty) Ltd sold the interest it held in the franchise known as PWC for R3 million.

Rm	2021 Audited
Net assets disposed in PWC:	
Goodwill	4
Deferred tax assets	1
Lease receivables	72
Inventory	2
Trade and other receivables	11
Non-controlling interests	(4)
Long-term loans	(1)
Trade and other payables	(9)
Amounts owing to subsidiaries	(74)
Net carrying amount disposed of	2
Consideration received	1
Cash received on sale	3
Less: cash on hand	2
Loss on disposal of subsidiary (net of tax of Rnil)	(1)
Sale of Oxirostax (Pty) Ltd (Winelands)[1]	
With effect from 1 August 2021 Nashua Holdings (Pty) Ltd sold its interest in the Winelands franchise it owned for R9 million consideration.	
Investment in associate	8
Consideration received:	
In cash	9
Profit on disposal of associate (net of tax of Rnil)	1

[1] *The investment in Winelands was previously recognised as an investment in associate and equity accounted for in the Group's financial statements.*

Rm	2020 Audited
In the 2020 financial year Reunert ICT Holdings sold the Pansolutions shares it owned for R1.	
Net assets disposed in Pansolutions:	
Lease and loan receivables	3
Inventory	20
Current and deferred tax	4
Trade and other receivables	12
Trade and other payables	(20)
Long-term loans	(2)
Short-term portion of long-term loans	(1)
Net carrying amount disposed of	16
Consideration paid	(4)
Cash received on sale	–
Less: cash on hand	4
Loss on disposal of subsidiary (net of taxation of Rnil)	20

Notes to the summarised consolidated financial statements (continued)

for the year ended 30 September 2021

17. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS (NCIs)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the NCIs are adjusted to reflect the changes in their relative interests in the subsidiary concerned. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to all the owners of the Company.

Rm	2021 Audited
Transactions to increase controlling interest in subsidiaries' holdings	
Kopano Solutions Company (Pty) Ltd (Nashua Kopano)	
With effect from 1 April 2021, the Group acquired all of the non-controlling interest in Nashua Kopano, a Group-owned Nashua franchise in the ICT Segment.	
Consideration paid	21
Main Street 1052 (Pty) Ltd (Nashua Central)	
With effect from 1 August 2021, the Group acquired all of the non-controlling interest in Nashua Central, a Group-owned Nashua franchise in the ICT Segment.	
Consideration paid	10
Transactions to decrease controlling interest in subsidiaries' holdings	
Classic Number Trading 80 (Pty) Ltd (Nashua Tshwane)	
With effect from 1 June 2021, the Group sold 30% of its interest in Nashua Tshwane, a Group-owned Nashua franchise in the ICT Segment.	
Consideration received	(3)
Reunert Investment Company No 2 (Pty) Ltd (RIC #2)	
With effect from 1 July 2021 Reunert Limited through its subsidiary, Reunert Applied Electronics Holdings (Pty) Ltd (RAEH) has, concluded a shareholders agreement with AIF I to establish a joint venture, Lumika Renewables (Pty) Ltd (Lumika). As part of the establishment of Lumika, RAEH has agreed to sell an effective 27,8% interest to Lumika.	
Through this 27,8% interest, Lumika will hold an effective 25% in TFS, which remains a subsidiary consolidated by Reunert.	
Reunert has elected to eliminate the equity-accounted earnings associated with TFS in the consolidated financial statements.	
Consideration received	(38)
+OneX	
+OneX was introduced into the Group on the 1st of August 2020 whereby Reunert Connect (Pty) Ltd was renamed to +OneX, Reunert ICT held 100% of the shares. With effect from 1 December 2020 the +OneX group was formed and Nashua Communications (Pty) Ltd which was 100% owned by Reunert ICT was then moved to be a part of this cluster and renamed to +OneX Communications (Pty) Ltd. On 1 December 2020, non-controlling interests were introduced by way of an issue of shares by +OneX Solutions to the founders.	
On 30 September 2021, a further dilution of shareholding occurred resulting in a reduction in Reunert ICT shareholding in +OneX group. This reduction was due to new shares being issued to a strategic BEE group, which will now hold 20% of the +OneX group. Due to this dilution the shareholding for +OneX Group will change resulting in Reunert ICT, The Founders and the Black Founders now holding 56,9%, 14,4% and 8,7% respectively.	
Consideration received	(27)
Net consideration received	**(37)**
Non-controlling interests	(65)
Transactions with non-controlling interests	47
Investment in joint venture	(19)

17. EQUITY TRANSACTIONS WITH NCIs (continued)

Rm	2020 Audited
Transactions to increase percentage holding	
During the 2020 financial year the Group increased its holding in TFS from 62,49% to 89,94% at a cash cost of R132 million.	
The increase was due to direct purchase of shares and by the exercise of put options held by the non-controlling shareholders of TFS.	
Net consideration paid	132
Non-controlling interests	15
Transactions with non-controlling interests	(14)
Put option liability	131
Equity transactions/put option with non-controlling interests	(94)
Retained earnings	94

18. LITIGATION

There is no material litigation being undertaken against or by the Group, other than the ongoing process to seek to recover the losses incurred through the Quince fraud.

19. EVENTS AFTER REPORTING DATE

Subsequent to the reporting date the Group has:

> Disposed of a further 15,57% of the Group's investment in CAFCA, the Group's investment in a Zimbabwean power cable manufacturer for a consideration of R29 million.

> Commenced the process to restructure and extend its original B-BBEE structure (Proposed B-BBEE Transaction). The original B-BBEE structure, which was implemented in 2007 and extended for another 4 years in 2018, is centred around Bargenel Investments (Pty) Ltd (Bargenel), which holds 18,5 million ordinary Reunert Limited shares (or approximately 10% of the issued ordinary shares of Reunert). Rebatona Investment Holdings (Pty) Ltd (Rebatona) is the sole shareholder of Bargenel. Rebatona, in turn is owned by the Rebatona Educational Trust (70%) and the founders of Peotona Investment Holdings (Pty) Ltd, being Adv Thandi Orleyn, Cheryl Carolus, Wendy Lucas-Bull and the late Dolly Mokgatle through their family trusts (the Peotona Parties) (30%), respectively.

  The Group provided shareholders with a detailed terms announcement on 23 November 2021 and will provide shareholders with a circular providing full details of the Proposed B-BBEE Transaction for their consideration in due course.

  Notwithstanding the long-term beneficial relationship between the Group and the Peotona Parties since the implementation of the original BEE transaction in 2007, the Peotona Parties have confirmed that they do not wish to participate in the Proposed B-BBEE Transaction. Therefore, as a separate transaction, with effect from 30 November 2021, Rebatona will repurchase all of the Rebatona Shares held by the Peotona Parties for a total consideration of R9.6 million.

> Entered into a sale of business agreement with Code Maven (Pty) Ltd (Code Maven) whereby +OneX acquired 100% of the business and related assets of Code Maven with effect from 1 October 2021. The acquisition adds significant application development capability to +OneX, with over 100 highly skilled developers. Code Maven will form the core of +OneX's software talent and bespoke development business which enables +OneX to offer custom software development, product design, quality assurance and consultancy services.

> During October 2021, the Electrical Engineering segment suffered a three-week metal industry strike resulting in a loss of production. This will adversely impact the Electrical Engineering segment results to 31 March 2022, however, the production losses are expected to be largely recovered by the 2022 financial year-end.

> The Omicron variant of Covid-19 has started to spread rapidly throughout South Africa potentially resulting in a fourth wave, the impact of which is uncertain.

20. GOING CONCERN

The directors have reviewed the Group's financial position, existing credit facilities and available cash resources and are satisfied that the Group will continue as a going concern.

21. EXTERNAL AUDITOR'S AUDIT OPINION

The audited financial statements, including the Auditor's Report thereon, from which the summarised consolidated financial statements have been extracted are available on the Company's website.

Summarised segmental analysis

for the year ended 30 September 2021

Rm	2021 Audited Total	2021 Audited Electrical Engineering	2021 Audited ICT	2021 Audited Applied Electronics	2021 Audited Other	2020 Audited Restated[1] Total	2020 Audited Restated[1] Electrical Engineering	2020 Audited Restated[1] ICT	2020 Audited Restated[1] Applied Electronics	2020 Audited Restated[1] Other	% change in total
Revenue[2]											
Segment revenue	9 905	5 551	2 490	1 854	10	8 259	3 767	2 524	1 951	17	20
Adjusted for revenue from equity-accounted joint ventures and associates	(330)	(294)	(25)	(5)	(6)	(213)	(179)	(28)	–	(6)	
Revenue	9 575	5 257	2 465	1 849	4	8 046	3 588	2 496	1 951	11	
Revenue as reported in the statement of profit or loss	9 575					8 046					19
Segment revenue – % of total	100	56	25	19	–	100	46	30	24	–	
Segment revenue – % change over prior year		47	(1)	(5)	(41)						
Analysis of revenue											
Category of revenue											
Products	7 632	5 138	1 340	1 154	–	6 014	3 406	1 286	1 322	–	
Services	1 575	119	785	671	–	1 581	182	798	601	–	
	9 207	5 257	2 125	1 825	–	7 595	3 588	2 084	1 923	–	
Timing of revenue recognition:											
Revenue recognised at a point in time	7 911	5 189	1 574	1 148	–	6 215	3 468	1 508	1 239	–	
Revenue recognised over time	1 296	68	551	677	–	1 380	120	576	684	–	
	9 207	5 257	2 125	1 825	–	7 595	3 588	2 084	1 923	–	
Other revenue											
Interest recognised on lease and loan receivables	340	–	340	–	–	412	–	412	–	–	
Rental revenue	28	–	–	24	4	39	–	–	28	11	
Total revenue	9 575	5 257	2 465	1 849	4	8 046	3 588	2 496	1 951	11	
Revenue by geography											
South Africa	6 942	3 447	2 365	1 126	4	5 703	2 279	2 390	1 023	11	
Rest of Africa (excluding South Africa)	1 468	1 310	100	58	–	1 178	911	106	161	–	
Asia	477	58	–	419	–	567	40	–	527	–	
Australia	218	189	–	29	–	190	164	–	26	–	
Europe	276	95	–	181	–	221	76	–	145	–	
The Americas	194	158	–	36	–	187	118	–	69	–	
Total revenue	9 575	5 257	2 465	1 849	4	8 046	3 588	2 496	1 951	11	

[1] *Revenue has been disaggregated to align revenue disclosures to the annual financial statements.*

[2] *Inter-segment revenue has been eliminated, however it is immaterial and has not been separately disclosed.*

Summarised segmental analysis (continued)

for the year ended 30 September 2021

Rm	Note	2021 Audited Total	Electrical Engineering	ICT	Applied Electronics	Other	2020 Audited Restated Total	Electrical Engineering	ICT	Applied Electronics	Other	% change in total
Operating profit												
Segment operating profit/(loss)[1]		986	373	608	100	(95)	868	28	604	269	(33)	14
Adjusted for operating (profit)/loss from equity-accounted joint ventures and associates		(4)	5	(2)	(1)	(6)	22	30	(3)	–	(5)	
Profit on disposal of property, plant and equipment and intangible assets	3	12	3	–	3	6	4	3	–	1	–	
Impairment of non-financial assets												
Impairment of goodwill	3	–	–	–	–	–	(75)	(61)	–	(14)	–	
Impairment of property, plant and equipment	3	(1)	–	–	(1)	–	(4)	(4)	–	–	–	
Fair value remeasurements												
Gain on option contract	3	41	–	–	41	–	–	–	–	–	–	
Loss on option contract	3	(92)	–	–	(92)	–	–	–	–	–	–	
Gain on investment at fair value through profit or loss	3	103	103	–	–	–	–	–	–	–	–	
Gain on contingent consideration	3	13	–	–	13	–	2	–	–	2	–	
Loss on put option liability	3	–	–	–	–	–	(3)	–	–	(3)	–	
Profit on disposal of associate	3	1	–	1	–	–	–	–	–	–	–	
Loss on disposal of subsidiary	3	(1)	–	(1)	–	–	(20)	–	(20)	–	–	
Transaction-related share-based payments	3	(7)	–	(6)	(1)	–	–	–	–	–	–	
Operating profit/(loss) before impairment of financial assets		1 051	484	600	62	(95)	794	(4)	581	255	(38)	
Impairment of financial assets												
Credit write-off	3	(20)	(8)	(9)	(3)	–	(298)	–	(298)	–	–	
Expected credit losses	3	19	(23)	29	13	–	(288)	(26)	(243)	(19)	–	
Operating profit/(loss)		1 050	453	620	72	(95)	208	(30)	40	236	(38)	
Operating profit as reported in the statement of profit or loss		1 050					208					405
Segment operating profit/(loss) – % of total		100	38	62	10	(10)	100	3	70	31	(4)	
Segment operating profit/(loss) – % change over prior year			1 232	1	(63)	(188)						

[1] *The net interest charged on Group funding provided to the Group's in-house finance operation has been eliminated in line with IFRS 10 – Consolidated Financial Statements. The interest eliminated amounted to Rnil million (2020: R134 million). Should this operation be externally funded, this would result in a reduction of ICT's operating profit by the quantum of the external interest paid.*

Summarised segmental analysis (continued)

for the year ended 30 September 2021

Restatement

Operating profit for total operations has been restated as segment operating profit, which excludes the profit on disposal of property, plant and equipment and intangible assets, the fair value remeasurement gain on contingent consideration and the fair value remeasurement loss on the put option liability. Additional disclosure for 2020 is provided to reconcile segment operating profit to the restated operating profit per the statement of profit or loss. Refer to note 14.

2020 Rm	Operating profit for total operations as previously reported	Profit on disposal of property, plant and equipment and intangible assets excluded from segment operating profit	Fair value remeasurement gain on contingent consideration excluded from segment operating profit	Fair value remeasurement loss on put option liability excluded from segment operating profit	Segment operating profit as now reported
Electrical Engineering	31	**(3)**	–	–	28
ICT	604	**–**	–	–	604
Applied Electronics	269	**(1)**	(2)	3	269
Other	(33)	**–**	–	–	(33)
	871	**(4)**	(2)	3	868

Rm	2021 Audited	% of total	2020 Audited	% of total
Total assets				
Electrical Engineering	**2 708**	**26**	2 420	25
ICT	**4 334**	**42**	4 328	44
Applied Electronics	**2 755**	**27**	2 500	26
Other	**540**	**5**	478	5
Total assets as reported in the statement of financial position[1]	**10 337**	**100**	9 726	100
Total liabilities				
Electrical Engineering	**1 246**	**35**	1 007	32
ICT	**834**	**23**	1 037	32
Applied Electronics	**839**	**24**	793	25
Other	**636**	**18**	346	11
Total liabilities as reported in the statement of financial position[1]	**3 555**	**100**	3 183	100

[1] *Intercompany receivables, payables and loans have been eliminated in line with the consolidation principles of IFRS.*

Additional information

Rm (unless otherwise stated)	2021 Audited	2020 Audited Restated
Net number of ordinary shares in issue (million)	**159**	161
Number of ordinary shares in issue (million)	**185**	185
Less: Empowerment shares (million)	**(19)**	(19)
Less: Treasury shares (million)	**(7)**	(5)
Capital expenditure	**238**	170
– expansion	**196**	138
– replacement	**42**	32
Capital commitments in respect of property, plant and equipment	**44**	122
– contracted	**33**	27
– authorised not yet contracted	**11**	95
Total cash dividend per share for the year (cents)	**277**	257
Current ratio (:1)	**1,8**	1,9
Quick ratio (:1)[1]	**1,3**	1,3
Dividend yield (%)[2]	**5,8**	9,0
Return on capital employed (%)[3]	**14,5**	3,0

[1] *Calculated as current assets excluding inventory divided by current liabilities*

[2] *Calculated as the total dividend (interim 70 cents per share and final 207 cents per share) (2020: 65 cents and 192 cents per share) divided by a Reunert share price of 4 751 cents (2020: 2 863 cents), being the closing market price on 30 September 2021.*

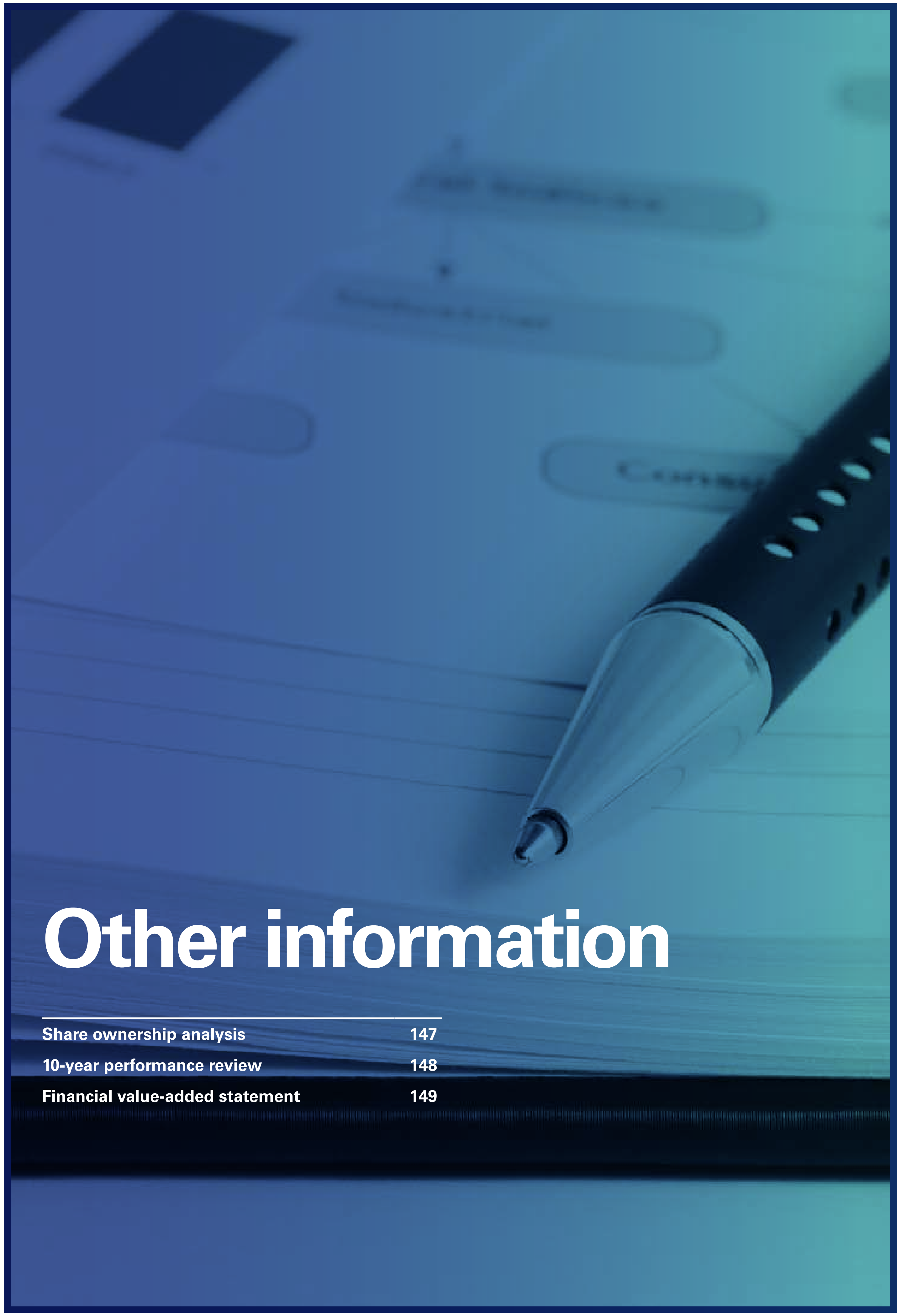
[3] *The operating profit used in calculating the return on capital employed has been restated, refer to the consolidated statement of profit or loss for further information.*

Impact of restatement

The restatement of the return on capital employed results from the restatement of the operating profit on the consolidated statement of profit and loss (see note 3) used in calculating the return on capital employed.

September 2020 Rm	Return on capital employment as previously reported	Return on capital employment as now reported
Return on capital employed (%)	4,5	**3,0**

Definitions of ratios and other financial terms are consistent with those defined in the 2020 Integrated Report.



Other information

Share ownership analysis

Register date: 23 September 2021

Issued Share Capital: 184 969 196 shares

Shareholder spread	No. of shareholders	%	No. of shares (million)	%
1 – 1 000 shares	8 117	77,9	2	1,2
1 001 – 10 000 shares	1 761	16,9	6	3,2
10 001 – 100 000 shares	400	3,8	11	5,9
100 001 – 1 000 000 shares	113	1,1	40	21,6
1 000 001 shares and over	34	0,3	126	68,1
Total	10 425	100,0	185	100,0

Public/non-public shareholders	No. of shareholders	%	No. of shares (million)	%
Non-public shareholders	8	0,1	26	14,2
Bargenel Investments Proprietary Limited[1]	1	–	19	10,0
Reunert Share Option Trust	3	–	–	0,3
Own Holdings[2]	4	0,1	7	3,9
Public shareholders	10 417	99,9	159	85,8
Total	10 425	100,0	185	100,0

Beneficial shareholders holding 5% or more	No. of shares (million)	%
Government Employees' Pension Fund	23	12,2
Bargenel Investments Proprietary Limited[1]	19	10,0

Major holdings through fund managers in excess of 5%	2021 No. of shares (million)	2021 %	2020 No. of shares (million)	2020 %
Old Mutual Investment Group (South Africa) (Pty) Limited	27	14,5	25	13,3
Public Investment Corporation (SOC) Limited[3]	21	11,2	21	11,4
Ninety One SA Pty Ltd	15	8,3	9	5,0
Pzena Investment Management, LLC	11	6,1	12	6,4

[1] Empowerment transaction shares.
[2] Own shares include 187 301 ordinary shares held by the executive directors.
[3] Included in the Government Employees Pension Fund.

10-year review

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rm	2021	2020	2019	2018	2017	2016	2015	2014	2013[1]	2012
Assets										
Property, plant and equipment and investment property	**881**	826	862	927	890	904	674	644	631	625
Right-of-use assets	**146**	186	–	–	–	–	–	–	–	–
Intangible assets	**444**	445	430	370	205	115	71	78	82	82
Goodwill	**934**	924	999	1 053	921	737	653	649	792	707
Investments in joint ventures and associates	**99**	74	154	158	159	152	158	149	170	–
Non-current lease and loan receivables	**1 803**	1 778	2 082	1 990	1 682	1 449	1 463	1 465	1 378	1 067
Deferred tax assets	**145**	172	143	151	105	104	92	51	55	33
Other non-current assets	**182**	61	60	56	55	53	95	92	129	64
Cash and cash equivalents	**1 068**	1 029	939	765	1 522	1 712	2 713	697	611	697
Other current assets	**4 635**	4 231	4 635	4 983	4 550	4 683	3 480	5 757	3 525	3 313
Total assets	**10 337**	9 726	10 304	10 453	10 089	9 909	9 399	9 582	7 373	6 588
Equity and liabilities										
Equity attributable to equity holders of Reunert	**6 695**	6 505	7 312	7 438	7 138	7 011	6 679	6 269	4 878	4 443
Non-controlling interests	**87**	38	119	88	105	81	46	63	59	56
Total equity	**6 782**	6 543	7 431	7 526	7 243	7 092	6 725	6 332	4 937	4 499
Deferred tax liabilities	**158**	89	138	156	112	102	98	121	132	127
Non-current liabilities of discontinued operation	**–**	–	–	–	–	–	–	251	–	–
Non-current liabilities	**294**	259	71	225	194	43	239	425	25	25
Current liabilities	**3 103**	2 835	2 664	2 546	2 540	2 672	2 337	2 453	2 279	1 937
Total equity and liabilities	**10 337**	9 726	10 304	10 453	10 089	9 909	9 399	9 582	7 373	6 588

[1] *Restated to reflect the changes in accounting standards and accounting for Nashua Mobile as an asset held for sale.*

Financial value-added statement

Rm	2021	%	2020 Restated[1]	%	% change 2021 over 2020
Revenue	**9 575**		8 046		19
Paid to suppliers for materials and services	**6 146**		5 587		10
Value added	**3 429**	**99**	2 459	98	39
Income from investments	**28**	**1**	41	2	(32)
Total wealth created	**3 457**	**100**	2 500	100	38
Distributed as follows:					
Employee remuneration and costs	**1 638**	**48**	1 592	64	3
Providers of capital	**428**	**12**	727	29	(41)
Providers of debt	**70**	**2**	83	3	(16)
Payments to government	**705**	**20**	455	18	55
Socio-economic development[2]	**48**	**1**	46	2	4
Retained in the Group to develop future growth	**568**	**17**	(403)	(16)	(241)
Total wealth distributed	**3 457**	**100**	2 500	100	38

[1] *The consolidated statement of profit or loss has been restated to include in operating profit all items of income and expenditure (excluding dividends received, interest income and expense and share of joint ventures' and associates' profit/(loss)).*

[2] *Includes enterprise and supplier development and corporate social investment contributions.*

Appendices

How Reunert compiled this report 5

SCOPE AND BOUNDARY

This report includes Reunert's South African operations and its subsidiaries in Australia, Lesotho, South Asia, the USA and Zambia.

Reunert discloses where it included or excluded information, where relevant. The most notable exclusion is the cable operation in Zimbabwe (Cafca). It is excluded from the consolidated results due to Reunert not exercising control over its Board, the low level of influence the Group currently exerts over this entity[1] and Reunert's inability to benefit from variable returns due to the liquidity crisis in Zimbabwe.

REPORTING SUITE AND FRAMEWORKS

Through following local and international guidelines and requirements, Reunert is committed to transparent reporting:

> International Integrated Reporting Council's Integrated Reporting Framework
> King Report on Corporate Governance™ for South Africa, 2016 (King IV)
> Companies Act, 71 of 2008 (as amended) (Companies Act)
> Johannesburg Stock Exchange Listings Requirements
> International Financial Reporting Standards (IFRS)
> Greenhouse Gas Protocol (GHG Protocol)

The following provides a summary of Reunert's annual reporting suite:

REPORT	REPORT PURPOSE	ONLINE REFERENCE
Integrated Report	The report was prepared to disclose material considerations, and it provides an overview of how Reunert and its operations create and sustain value in the context of its operating environment. The report includes summarised annual financial statements adopted from the audited consolidated Annual Financial Statements.	www.reunert.co.za/results-reports-and-presentations.php
Annual Financial Statements	These comprise the audited consolidated and separate annual financial statements of Reunert for the year ended 30 September 2021 (the financial year), prepared in compliance with IFRS and the Companies Act.	www.reunert.co.za/agm-and-financial-calendar.php
Notice of Annual General Meeting (AGM) 7	This includes the required statutory information and notice of AGM, which is distributed to shareholders.	www.reunert.co.za/agm-andfinancial-calendar.php
GHG Protocol Report	This report reflects Reunert's GHG emissions and water usage for the financial year based on the GHG Protocol Corporate Accounting and Reporting Standard.	www.reunert.co.za/sustainability.php
King IV disclosure matrix	This report provides disclosure on Reunert's application of the King IV principles.	www.reunert.co.za/sustainability.php

Reunert's 2021 Integrated Report is accompanied by four supplementary fact sheets, which are available online at www.reunert.co.za/sustainability.php:

FACT SHEET	REPORT PURPOSE
Group overview and business units	This fact sheet sets out the core business units of Reunert's three segments and their products and services, distribution channels, market sectors and intellectual property.
Standards and principles	This fact sheet discloses some key internal and external standards and principles applied in the Group, including those around quality, environmental and other related standards.
Broad-Based Black Economic Empowerment (B-BBEE) rating per business unit	This details Reunert's material South African subsidiaries' B-BBEE levels.
Board members' curricula vitae	This provides more detail on Board members' expertise.

[1] *Refer to note 8 on page 133 of the Annual Financial Statements.*

ASSURANCE AND DATA MEASUREMENT 15

Reunert aims to uphold high standards of transparency in disclosures and reporting. It relies on a Combined Assurance Framework (page 94), which includes the opinion of management and internal and external assurance providers. Internal controls are also a key component of the assurance process.

The Group's external auditor, Deloitte, audited the summarised consolidated annual financial statements contained in this report.

External verifications were attained for B-BBEE ratings, various International Organization for Standardization certifications, Reunert's information technology and internal audit systems, and occupational health and safety standards. The Board periodically reviews the completeness and accuracy of a sample of the non-financial information presented by Reunert's internal audit function and considers the need to obtain appropriate external assurance on non-financial data. The Board is satisfied that internal supervision sufficiently ensures the reliability of the information presented in this report.

FEEDBACK

Reunert strives to improve the quality and relevance of its stakeholder communications, and it welcomes feedback on this report. Please send any comments to the Investor Relations and Communications Manager at invest@reunert.co.za.

Abbreviations and acronyms

5G	Fifth Generation technology
AGM	Annual General Meeting
AIDS	Acquired Immunodeficiency Syndrome
ANC	African National Congress
App	Application
B-BBEE	Broad-based Black Economic Empowerment
BEE	Black Economic Empowerment
Board	Board of directors
CDP	Previously the Carbon Disclosure Project
CO_2e^3	Carbon Dioxide Emissions
Companies Act	The Companies Act, 71 of 2008 (as amended)
Covid-19	2019 novel coronavirus
CPD	Continuing professional development
CSI	Corporate social investment
CSP	Conditional share plan
ECL	Estimated credit losses
EE	Employment equity
EPS	Earnings per share
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
Exco Group	Executive Committee
FCF	Free cash flow
GDP	Gross domestic product
GHG Protocol	Greenhouse Gas Protocol
Group CEO	Group Chief Executive Officer
Group CFO	Group Chief Financial Officer
HEPS	Headline earnings per share
HIV	Human immunodeficiency virus
HR	Human resources
ICT	Information and communication technologies
IFRS	International Financial Reporting Standards
IoT	Internet of things
IRP	Integrated Resource Plan
ISO	International Organization for Standardization
IT	Information technology
JSE	Johannesburg Stock Exchange
King IV	The King IV Report on Corporate Governance™ for South Africa, 2016
Km	Kilometre
KPI	Key performance indicator
Kt	Kilotons
KV	Kilovolts
LMS	Learning Management System
LTI	Long-term incentive
MEIBC	Metal and Engineering Industries Bargaining Council
Ml	megalitre
MOI	Memorandum of Incorporation
MW	Megawatt
MWh	Megawatt hour
NCCF	Nashua Children's Charity Foundation
NUMSA	National Union of Metalworkers of South Africa
OHSA	South African Occupational Health and Safety Act
POPI Act	Protection of Personal Information Act, 2013
POPI	Protection of Personal Information
RBN	Rand billion
REIPP	Renewable Energy Independent Power Producer
Rm	Rand million
ROCE	Return on capital employed
SDG	Sustainable development goals
SED	Socio-economic development
Setco	Social, Ethics and Transformation Committee
SMME	Small, medium and micro-sized enterprise
SOE	State-owned entity
STI	Short-term incentive
TCFD	Task Force on Climate Related Financial Disclosures
TSR	Total shareholder return
US	United States
ZAR	South African rand
ZESCO	Zambian Electricity Supply Commission
ZMW	Zambian kwacha

Business units' shorthand

SHORTHAND	FULL NAME
Cafca	Cafca Limited
African Cables	CBi-Electric: African Cables
Circuit Breakers	CBi-Electric: Circuit Breakers: CBi: Low Voltage
Telecom Cables	CBi-Electric: Telecom Cables Proprietary Limited
ECN	Electronic Communications Network Proprietary Limited
Fuchs	Fuchs Electronics
Lumika	Lumika Renewables
Nanoteq	Nanoteq Proprietary Limited
Omnigo	Omnigo Proprietary Limited
Quince	Quince Capital
Zamefa or CBi-Electric: Zamefa	Metal Fabricators of Zambia PLC

Definitions and formulae

Average shareholders' funds
The average of the opening and closing balances of each year

Current ratio
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Dividend cover (times)
$$\frac{\text{NHEPS}}{\text{Dividend per share}}$$

Dividend yield (%)
$$\frac{\text{Dividend per share}}{\text{Market price per share at year-end}}$$

Earnings yield (%)
$$\frac{\text{NHEPS}}{\text{Market price per share at year-end}}$$

EBITDA
Earnings (operating profit) before interest, taxation, depreciation and amortisation

Free cash flow
The net cash flow from operations before dividends paid less replacement capital expenditure

Headline earnings per share (cents)
$$\frac{\text{Attributable earnings adjusted in terms of SAICA Circular 1/2019}}{\text{Weighted average number of shares in issue during the year}}$$

NHEPS (cents)
$$\frac{\text{Attributable headline earnings + other items in profit directly associated with empowerment transactions ± other non-sustainable gains or losses in the income statement}}{\text{Weighted average number of shares in issue during the year}}$$

Operating margin (%)
$$\frac{\text{Operating profit}}{\text{Revenue}}$$

Return on capital employed (%)
$$\frac{\text{Operating profit}}{\text{Total assets - current liabilities}}$$

Return on equity (%)
$$\frac{\text{Normalised headline earnings}}{\text{Average shareholders' funds}}$$

Total assets
Non-current assets + current assets

Total shareholder return (%)
$$\frac{\text{Closing share price - opening share price + total dividend per share for period}}{\text{Opening share price}}$$

Weighted average number of shares in issue during the year
Opening shares in issue - (treasury shares + empowerment shares) ± time-weighted moves in shares in issue

Notes

Corporate information and administration

Reunert Limited

(Incorporated in the Republic of South Africa)
ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

Business address and registered office

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South Africa

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South Africa

Group Company Secretary and administration

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Woodmead
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Sponsor

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Principal bankers

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Standard Bank
Investec

GREYMATTERFINCH # 15285

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