

Building and developing people





The Reunert College was established in 1993 to provide specialised tuition to students from previously disadvantaged communities to improve their matriculation results for mathematics, science, English and accounting.

For the past 15 years, the Reunert group has concentrated on building and developing people – from our own employees to those involved in the group's corporate social investment programme.

REUNERT COLLEGE

Recent statistics from the Department of Education confirm that the skills shortage in South Africa, particularly in engineering, has deteriorated further. Meaningful job creation remains an issue, especially since the education system is unable to produce enough students who have passed mathematics and science at secondary level. This is likely to be exacerbated by a curriculum change at secondary-school level in 2008, which inevitably will take time to settle down.

Having evaluated the needs of the group in 1992, and anticipating a shortage of technical skills, the Reunert College was established in 1993. The college provides specialised tuition to students from previously disadvantaged communities to improve their matriculation results for mathematics, science, English and accounting, and possible employment in Reunert companies. Since inception, approximately R20 million has been spent on the Reunert College.

A further 30 students should qualify in 2007, bringing the total number of graduates from the college to nearly 600. The number of bursaries awarded to students to attend tertiary institutions is approaching the 450 mark. Over the years, the pass rate at Reunert College has exceeded 99% and the number of distinctions achieved since 1993 is projected to pass 70 by the end of 2007. In terms of current planning, as many as 30 former students may be placed in either employment or advanced training programmes in the Reunert group in 2008, in addition to 70 former students already working in the group.

Underpinning the success of the college is a solutions-based approach which has evolved over many years. These factors include:

- a life skills course that enables students from townships to adapt to the business environment;
- providing ongoing mentorships based on international best practice;
- initiatives to ensure students understand the concept of competition;

- equipping students to manage their personal lives and respect business norms; and
- providing bursaries to attend tertiary institutions.

This all-embracing system – which includes a formal selection process, bridging education, vocational work at company premises, bursaries and mentoring – creates a total solution in which creating employment remains the first objective.

As part of the system, control mechanisms ensure that students are not only employed, but keep their jobs. For this reason, students are drawn close to their prospective employer from a very early stage. This creates loyalty which, together with a reasonable understanding of how to manage a career, has made it possible to reduce labour turnover considerably.

In 2006, an opportunity was identified to provide additional preparatory training to graduates or former students of the college. Marketing and sales training was given to 10 former students, who have all secured employment with Nashua office automation, Nashua Mobile and Nashua Electronics.

The demand for capable call-centre operators in the telecommunications industry has been identified as a significant opportunity for the college and will be pursued in 2008. As a result, a language laboratory has been established and will be tailored to fulfil call-centre requirements. A sound mathematics background, coupled with the ability to communicate with clients in an understandable way, will ensure a solid future for these students.

The empowerment transaction concluded with the Peotona group in 2007 is expected to offer significant benefits for the college. Some 70% of the shares relating to the Reunert BEE transaction have been placed in a trust set up specifically for the education and training of children in previously disadvantaged communities. It is envisaged that the college will be used as the vehicle to implement the goals of the Rebatona Education Trust. Members of Peotona are already playing a key role in the strategic direction and expansion of the college. Due to these efforts, the number of students attending Reunert College should increase in future.



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In a further development, the JSE is considering sponsoring 10 students in 2008. We hope the JSE's participation may expand as our aim ultimately is to get as many companies as possible either to support the college or to form similar institutions in future.

Apart from playing an important role in the group's employment equity programme, college staff are required to control, implement and monitor skills development programmes in the group. They are also largely responsible for adult basic education and training for employees. The high standard of skills development and training has been maintained throughout the group, with the college principal serving as the group human resources development manager and coordinator of the group training and development forum. During the training year, 2 023 Reunert employees participated in group training programmes. Some 54% of these trainees are from previously disadvantaged backgrounds.

For a number of years, Reunert College has interacted with disadvantaged schools in the Boksburg and Alberton areas of Gauteng. Further training and education is provided to teachers, particularly those responsible for mathematics, science and English. During 2007, 130 teachers attended the programme.

The college's groundbreaking work continues to be recognised by the National Board for Further Education and Training as well as the South African Qualifications Authority. The college principal, Marina Gunter, is serving a third term on the National Skills Authority (NSA), the highest authority for skills development in South Africa. She is also a member of the National Board for Further Education and Training, deputy chair of the committee for training and development at Business South Africa, and serves on the CHAMSA committee for training and development. In addition, she is a qualified level-one coach with the International Coach Federation.

MENTORSHIPS

Introduced in 2003, the Reunert mentorship programme was again expanded in 2007, enabling more people to benefit from the structured coaching of

experienced employees. The aim is to retain and develop high-performing staff, and particularly to attract and retain high-calibre staff from previously disadvantaged communities. The programme assists in integrating new employees, and is instrumental in the development and promotion of existing employees. To date, 267 staff have participated in the programme and four employees in the group are currently receiving formal training as coaches under an internationally accredited programme. A member of the Reunert College successfully completed the intensive coach-training course in 2007. As part of a scientific and integrated approach, both mentors and protégés attend an initial training programme which is the framework for future development. To enable employees to effectively focus on their career goals, the programme concentrates on helping them to understand themselves and their relationships with others. The aim is to coach employees to understand effectiveness in a business context and to improve their skills continually.

As many of these staff members take part in accelerated development programmes, significant emphasis is given to achieving equity with integrity and understanding the correlation between work output and remuneration.

The subsequent achievements of staff who attended the programme are most encouraging, as is their renewed enthusiasm for career development. Equally important, the programme helps retain high levels of skills and enhances productivity and self-esteem.

Two employees identified as having senior executive potential attended a management development programme in 2007.

OTHER TRAINING ACTIVITIES

During 2007, all Reunert companies submitted their training reports and workplace skills plans to the relevant sector education and training authorities (SETAs).

Nhleakanipo Jiyane (left) received the 2007 Fellowship Award at Reunert College and Nomvula Letsoko (right) achieved honours as Dux Student for 2007 at the Boksburg College



Training courses conducted during the review period spanned the following levels in the group:

Occupational level	Total trained
Managers	237
Professionals	136
Technicians and associated professionals	244
Clerks	262
Services and sales	785
Skilled workers	22
Plant operators	258
Elementary occupations	37
Apprentices/trainees	42
Total number of employees trained – 2007	2 023

The national phone repair centre, a division of Fuchs Electronics, was established in 2007. This centre services and repairs handsets for cellular phone operators and service providers, creating 40 jobs. To ensure prompt and efficient service, a comprehensive in-house training programme was initiated, and technicians rapidly trained with the assistance of a major cell phone manufacturer.

Through its association with the Madibeng Business Forum, the Aberdare/ATC joint venture is actively participating in working groups to assist local authorities and the North-West government with service delivery. This includes services such as providing electricity, water, roads, transport and security. The company also helped the South African Police Services in training police inspectors to identify the different types of copper wire used in manufacturing telecommunications cables. This will hopefully help police reduce the large-scale theft of copper cable.

As a co-sponsor with Telkom, the Aberdare/ATC joint venture contributes R100 000 a year to the Centre for Optical Communication at the University of Johannesburg. In addition, the company has registered eight MERSETA-accredited courses in cable installation. Training is provided to telecommunications network operators such as Telkom, Vodacom, MTN as

well as to small contractors from previously disadvantaged backgrounds. Most of these contractors are currently responsible for the installation and expansion of large telecommunications networks in South Africa.

Pansolutions has sponsored 10 students at the Central Johannesburg College. Students with an interest in marketing and electrical engineering, both key requirements in the Nashua Electronics group, were identified and will hopefully find jobs in the group in future.

Nashua Mobile has extended its employee training programme to ensure that its suppliers have the required product knowledge to trade successfully. The company provides extensive training in its external distribution channel, including training staff engaged by Nashua Mobile franchisees. For BEE partners, training is provided in basic stock management, procurement processes, customer interaction and cash management.

CBI-electric: African Cables has helped the Sedibeng East District Education Department in its programme for further education and training. Textbooks were donated to support training in mathematics, science and technology.

BURSARIES

In addition to Reunert College bursaries, many Reunert companies have their own established bursary schemes for both employees' children and disadvantaged youths.

CBI-electric: African Cables has offered a bursary scheme for employees since 1982. In 1998, this was expanded to include students outside the company. The main objective is to assist children from previously disadvantaged communities. In the last 11 years, the scheme has granted 323 bursaries and, during 2007, 88% of bursaries were made available to children in disadvantaged communities. The company has also awarded six special bursaries to black students studying electrical engineering. Some R262 000 was made available during the 2007 academic year. The company also provides study assistance for staff which has enabled many employees to successfully apply for promotion.

ATC/Aberdare joint venture provided 45 bursaries to the children of employees from previously disadvantaged communities. In 2007, 10 bursaries were granted to children of former ATC employees who died from Aids-related diseases.

Nashua office automation assists staff in lower-income categories by paying for education fees at secondary and tertiary levels.

TRANSFORMATION

Employment equity

All trading operations in the Reunert group maintain employment equity plans in terms of the Employment Equity Act of 1998. Most plans were formulated and are managed in conjunction with employee representatives of business units. The Reunert College serves as a primary source of employees from previously disadvantaged communities. Twelve former students were offered employment on either a permanent or temporary basis in 2007.

The group's approach to employment equity is part of an integrated plan to ensure a constant stream of entrants to the college and the retention of skills through the Reunert mentorship programme. These activities emphasise developing young people from previously disadvantaged communities and all interventions, including the level of funds contributed by group companies, are monitored monthly.

Broad-based black economic empowerment

Following the conclusion of an empowerment transaction with members of Peotona in 2007, a rating agency has confirmed that the effective BBBEE shareholding in Reunert Limited is 23,1%. Reunert was credited with bonus points as 70% of the shares applicable to the BBBEE transaction were allocated to a trust established to further the educational and training needs of previously disadvantaged children.

An empowerment group holds 26% of the shares in Pansolutions.

Kgorong has sold its 30% stake in RDL to Reunert, but Powerhouse still holds a 25,1% share in ATC. Following the merger of ATC and Aberdare's

telecommunication interests, Powerhouse's stake in the merged entity has reduced to approximately 12,5%. However, Aberdare also has an empowerment partner and, as a result, this could result in the BEE equity percentage of the merged entity being more than 30%. A BBBEE group holds 26% of the shares in Nashua Kopano and its two board members are the executive chairman and managing director.

Twenty-one of Nashua Mobile franchisees are currently 100% owned by previously disadvantaged individuals (see below).

Following the publication of the BBBEE codes in 2007, most companies in the Reunert group have submitted their BEE credentials to a rating agency for assessment. However, rating agents have been swamped by the demand to complete the rating process of many South African entities so the process is taking much longer than anticipated. An overall rating of Reunert will therefore only be possible once all subsidiaries have been evaluated.

Outsourcing, procurement and assistance to small and medium-sized enterprises

From October 2005 to February 2007, Nashua Mobile has invested R809 000 in providing support for its 21 fully BEE-owned franchises. From a financial perspective, support was given for rental, shop-fitting and ad hoc miscellaneous items. As part of its enterprise development initiative, it has also helped previously disadvantaged individuals set up their own stores. Since 2005, R1,5 million has been provided for enterprise development. This includes rental as well as miscellaneous support. Aside from financial support, Nashua Mobile provides skills training, assistance with implementing and installing required systems as well as marketing and promotional support. For start-up businesses, shop owners attend a course before opening their stores, during which critical skills are transferred to enable them to independently manage the stores.

The small and medium-sized enterprises and one micro enterprise established by CBI-electric: African Cables have been running successfully for many years. Bogabane Engineering cc was established in January 2002 and produces turning work for the company as well as for a number of small engineering



It is group policy not to discriminate against anyone who may be HIV positive and all employees who have tested positive are counselled.



companies in the Vaal Triangle. The company also conducts maintenance work and engraves embossing wheels. Atlehang Ma Africa specialises in batting the company's cable drums and continues to grow. Doocks Construction, which has been in business for many years, rewinds galvanised wire used in the company's production process and Xylo, which is responsible for the recovery of scrap metal generated during the company's production process, had another successful year. A micro enterprise established in 1999 is also starting to prosper. Initially, a former employee started a car-wash enterprise at the company's premises. She recently expanded her business into another company in Vereeniging.

Aids and health services

All group companies have introduced an Aids policy based on a guideline issued by Reunert. It is group policy not to discriminate against anyone who may be HIV positive and all employees who have tested positive are counselled. The strategy is aimed at educating employees about the importance of preventing this potentially fatal medical condition.

While the intervention by Reunert companies in respect of the Aids pandemic is ongoing, a number of subsidiaries have reported specific interventions during the review period. More than 50% of employees at the Aberdare/ATC joint venture participated in a voluntary Aids testing programme in 2007. Those identified as HIV positive are supported by their medical aid schemes or through programmes provided by the Department of Health.

Since October 2006, Nashua Mobile has contracted with a consulting company to provide an HIV/Aids assistance programme. A total of 93 education and awareness workshops were conducted across the country. A large number of staff elected to undergo voluntary testing and those who tested positive are on a management programme to help them cope with the disease.

Reunert appointed an independent company to conduct an analysis, based on available statistics, to determine the extent of HIV and Aids-related disease in the Reunert group. Results have shown that approximately 10% of Reunert's employees may be affected. In the medium term, it is not anticipated that the disease will have an effect on the performance of Reunert companies. Nevertheless, ongoing efforts are being made to reduce and, where possible, prevent the spread of the disease.

Support to community projects

Although the group mainly focuses its social investment on educating children, many Reunert companies contribute meaningfully to a variety of organisations, especially those that provide food and shelter, education and training and assistance to victims of the Aids pandemic. A summary of some of these social interventions is set out alongside.

Reunert subsidiary	Beneficiary	Nature of investment
Nashua Mobile	Transformation Education and Awareness Foundation	Health, welfare and children issues – Illovo, Durban
	Transformation Education and Awareness Foundation	Fundraiser for campaign to stop violence against women
	Jeanne Webber House, Bloemfontein	Medical and other equipment for people with physical disabilities
	Heart of Healing Foundation, Western Cape	Upliftment of the poor in the Western Cape region
Aberdare/ATC joint venture	Reagile School	Feeding and support scheme for children
	Norvalis House	Assisting homeless, illiterate and mentally disabled people – skills equipment and donation of mini bus
	Ennis Thabong Farm School	Facilities, skills transfer and capacity building
Nashua office automation	Tumelon Hospice in Madidi	Care for Aids patients
	Madibeng Centre for Research	Research on prevention of disease
CBI-electric: low voltage	Banakekeleni Hospice, Ubhule Bezwe and Tembisa Crisis Centre	Food, cleaning materials, alleviating plight of abused women
	Soweto Hospice	Monetary assistance and crèche
Nashua Electronics	Vita Nova, SA Guide Dogs for the Blind and St Vincent School for the Deaf	Donations to purchase basic necessities
	Twilight Centre, Cotlands, St George's Home Life Campus	Donation of products and consumables

Employee profile as at September 2007

Total number of employees in South Africa

Occupational levels	Male				Female				Total	
	African	Coloured	Indian	White	African	Coloured	Indian	White	2007	2006
Top management	8	0	0	43	3	0	0	2	56	64
Senior management	7	2	6	105	1	1	1	12	135	140
Professionally qualified, experienced specialists and middle management	20	18	28	253	10	7	12	83	431	431
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	358	107	102	650	167	98	66	372	1 920	2 021
Semiskilled and discretionary decision making	723	105	53	172	214	137	39	149	1 592	1 280
Unskilled and defined decision making	352	16	0	4	1 100	25	1	5	1 503	1 529
Total permanent	1 468	248	189	1 227	1 495	268	119	623	5 637	5 465
Contract workers	147	21	16	31	61	25	8	16	325	371
Temps	124	38	8	19	54	134	8	22	407	252
Trainees	7	1	2	6	10	0	1	1	28	36
Total non-permanent	278	60	26	56	125	159	17	39	760	659
Total	1 746	308	215	1 283	1 620	427	136	662	6 397	6 124

Total number of employees in foreign countries

Occupational levels		
Top management	2	0
Senior management	6	10
Professionally qualified, experienced specialists and middle management	17	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	56	32
Semiskilled and discretionary decision making	1	99
Unskilled and defined decision making	44	0
Total permanent	126	150
Contract workers	0	1
Temps	0	1
Total non-permanent	0	2
Total	126	152
Total number of employees in the group (South Africa and those employed in foreign countries)	6 523	6 276

➤ HUMAN RESOURCES

The group's corporate social investment, employment equity, BBBEE and all other social activities have been integrated into the human resources strategies and activities.

The Reunert College coordinates the skills development programme in each group company. College employees are responsible for introducing the group's

mentorship programme. This approach helps college students progress from being learners to employees, and provides ongoing growth and development opportunities for existing Reunert staff who participate in the programme.

The group skills development forum meets four times a year and coordinates all the group activities. The targets for skills development, as set out in the national skills development strategy (NSDS), are discussed at this forum. All Reunert companies have contributed substantially to this strategy.



Most Reunert companies have systems or policies in place governing activities, products and services that they control or influence, and that could have a significant impact on the environment.

All skills-related legislation and standards are tabled to ensure Reunert companies keep abreast of current skills-development policy and practices.

Succession plans are in place at all Reunert companies and candidates with the potential to replace key staff have been identified. Specifically, a successor for each general manager has been identified and, where appropriate, will receive further training. In addition, each Reunert company, with due regard to its own strategic direction and challenges, has identified additional skills that may become critical in future. Where a sufficient pool of talent is not already available, plans are in place to find or develop such talent. During 2007, a management development programme was conducted in association with the Gordon Institute of Business Management. The programme was designed to evaluate leadership potential, and enable future leaders to engage in case studies pertinent to strategic issues which may be facing the group.

Group companies continue to build on their sound relationships with trade unions, many of which have been in place since 1985. A wage dispute at the bargaining council for the engineering industry resulted in national industrial action, which affected Reunert companies in the CBI-electric group. The introduction of a new shift system at CBI-electric: African Cables, which regrettably coincided with this wage dispute, resulted in further industrial action at that company. The bargaining council has now concluded a three-year agreement and CBI-electric: African Cables has, in consultation with trade unions, resolved potential disputes regarding the shift system. Other than the engineering industry dispute, there were no major industrial relations incidents in the group during the year.

The group's reward system is based on a total package concept to provide employees with maximum flexibility. Group companies are participating members in at least five medical schemes and employees are encouraged to select their own schemes. Where a company's administration cannot provide for multiple schemes, employees can still make their own administration arrangements to enable them to join alternative schemes.

A new investment strategy put in place for the Reunert Retirement Fund has proved successful. All employees now have access to a user-friendly, sophisticated planning tool which enables them to make their own investment choices based on their individual retirement needs.

ENVIRONMENTAL ISSUES

Most Reunert companies have systems or policies in place governing activities, products and services that they control or influence, and that could have a significant impact on the environment.

CBI-electric: African Cables complies with the ISO 14001 environment management system. As part of its risk policy, annual environmental objectives and targets are set and regularly monitored. The company has a system to reduce, recover and recycle waste materials.

The Nashua Electronics factory in Cape Town is the only television manufacturer in South Africa that uses a lead-free soldering process. Lead-free soldering is also used on products manufactured for CBI-electric: low voltage's circuit boards.

RDL is ISO 9001 accredited and has adopted the SANS 14001: 2005 environmental management system. This system is maintained and regularly improved to ensure optimal effectiveness of RDL's environmental management strategy. The company is introducing non-lead core solder wire in the manufacturing repair of circuit boards, and all solvents used are CFC free to reduce potential damage to the ozone layer.

RRS has adopted and implemented a radio frequency radiation safety policy to protect employees and the public against the possible hazardous effect of non-ionising radiation emitted by its products. Since South African standards are not yet available, the company is complying with Australian standards for general public exposure to radio frequency electromagnetic fields.