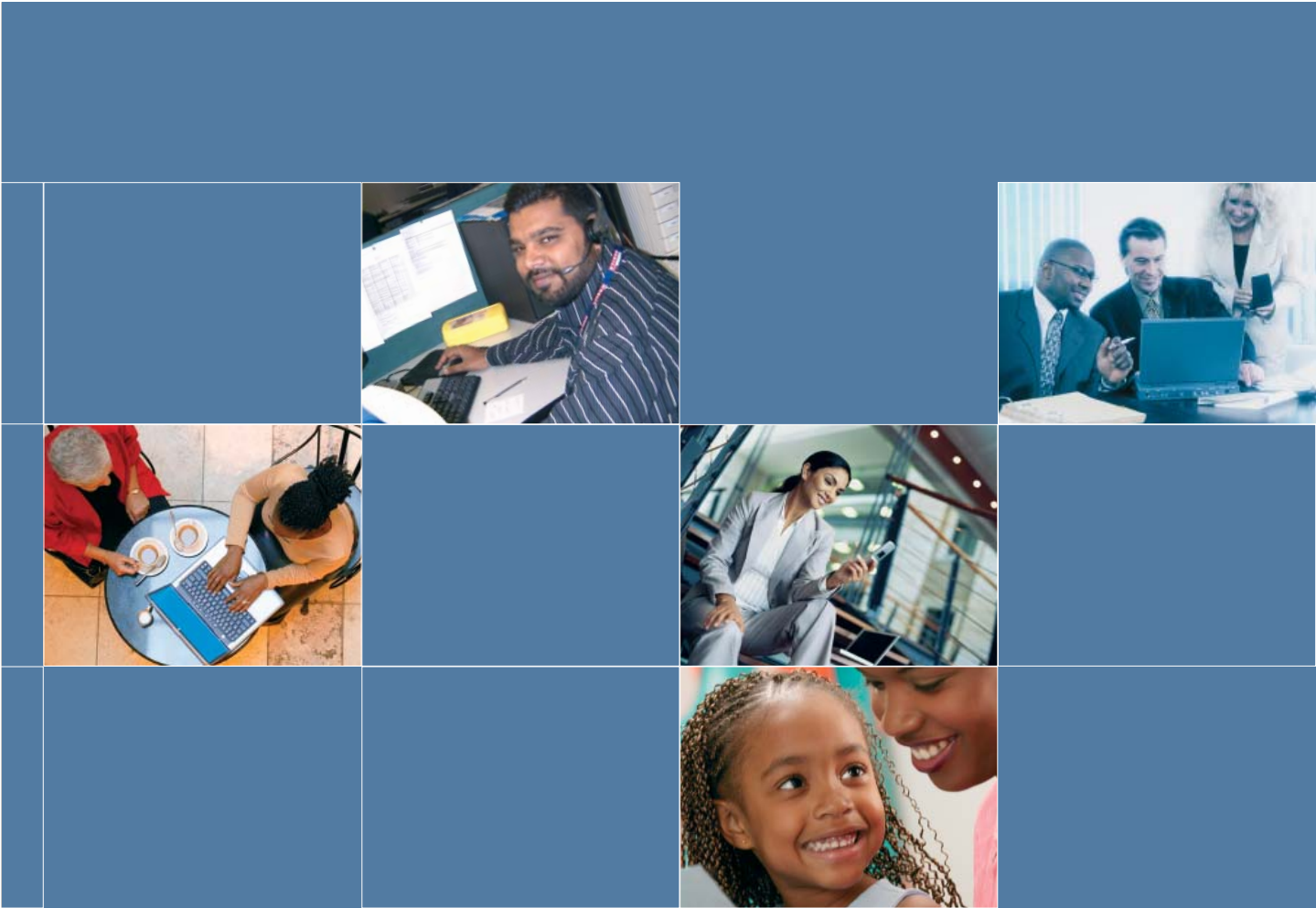


BUILDING AND DEVELOPING PEOPLE



investing

to develop our 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 more than a decade, the Reunert group has emphasised building and developing people – from our own employees to those involved in the group's corporate social investment programme.

Reunert College

The economic growth of South Africa in recent years has emphasised the shortage of critical skills. At the heart of an expanding economy lies the technically orientated work environment where understanding mathematical and computational science and their application is essential. Currently, the country's education system cannot provide sufficient students who have passed Mathematics and Science at the required standard.

With a degree of foresight, 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. The intention has been to develop these students with a view to ultimately employing them in Reunert companies. Since inception, approximately R18 million in cash has been spent on the Reunert College.

In 2006, a further 40 students completed their studies, bringing the number of students who have graduated from the college to approximately 550. Since inception, some 450 bursaries have been awarded to enable college students to enroll for tertiary education. The programme's success can be ascribed in part to the close interaction between students and the college through an ongoing mentorship system, which includes the opportunity for vocational training at company operations. This important interaction is aimed at retaining critical and scarce skills within the group.

More than 50 individuals who have attended tertiary institutions through the college programme are currently employed in the group, mostly in junior managerial positions. Another 90 former students are employed in other companies, including those which were previously part of the Reunert group.

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Most students qualified in industrial engineering, electrical engineering and information technology. During 2006 the college embarked on a programme to provide special post-graduate training to students who see their future in a marketing position. Approximately 10 of these students were placed in Reunert companies during the year and most of them are expected to find full-time employment in the group.

The Reunert College is accredited for experiential training by the Witwatersrand, Vaal Triangle and Tshwane universities of technology. The college is also an examination centre registered with the Gauteng Department of Education and the Independent Examination Board.

Aside 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 and, to a large extent, they take responsibility for adult basic education and training for employees. The high standard of skills development and training is 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 which ended in March 2006, 2 600 Reunert employees participated in training programmes in the group. Approximately 57% of these trainees are from previously disadvantaged backgrounds.

For a number of years, the Reunert College has interacted with disadvantaged schools in the Boksburg and Alberton areas in Gauteng. Further training and education is provided to teachers, particularly those responsible for Mathematics, Science and English. This programme could be expanded in collaboration with the Department of Education.

The groundbreaking work at the college 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 the country. She also serves as a member of the executive council and education and training provision task team of the National Board for Further Education and Training, the social policy and training and development committees at BUSA, and acts as chairperson of the CHAMSA committee for training and development. In addition, she has qualified as a level-one coach of the International Coach Federation.

Through the college, Reunert is in constant contact with the Department of Education, which has already noted the successes achieved by the college. Through the large employer organisations in the country, a proposal was recently made to the Minister of Education to expand the Reunert bridging programme to other companies to accelerate the development of critical skills.

Mentorships

The Reunert employee mentorship programme, introduced in 2003, was further expanded in 2006. This programme enables less experienced employees 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 members of staff and is instrumental in the development and promotion of existing members of staff. To date, 250 employees have participated in the programme and, during 2006, a refresher course was presented for all mentors who have been trained since 2003.

As part of a scientific and integrated approach to mentorships, both mentors and protégés attend an initial training programme which is the framework for future development. To enable employees to effectively focus on what they want to achieve in their careers, the programme concentrates on helping them to understand themselves and their relationship with others. The aim is to coach employees to understand effectiveness in a business context and how to continually improve their skills.

As a large number of these participants take part in accelerated development programmes, significant emphasis is placed on how to achieve equity with integrity and to understand the correlation between work output and remuneration.

We are pleased by the subsequent achievements of those who attended the programme, not only in their renewed enthusiasm for career development, but by the significant individual development and promotions achieved. Equally important, the programme helps retain high levels of skills and enhances productivity and self-esteem.

Other training activities

During 2006, CBI-electric: telecom cables was granted MERSETA approval to train for a certification in power and telecommunications cable manufacturing, and to train fitter and turner millwrights. Agreement was also reached with Numsa to improve the literacy levels of members of staff. As part of a focused recruitment drive, the company has employed 14 previously disadvantaged youths with grade 12 Mathematics and Science qualifications. All these employees will be exposed to the cable-making learnership. The company has also introduced a programme to develop senior black managers and black female employees. Two of these candidates were recently appointed as production managers. A further five graduates will undergo practical training to enable the company to offer them employment. Approximately 30 employees participate in education assistance programmes at the company.

CBI-electric: low voltage has expanded its programme to train young graduates from previously disadvantaged backgrounds. Six graduates attended a business development programme and 13 previously disadvantaged students were engaged in shadow positions to enable them to ultimately gain sufficient experience to be appointed in permanent positions. The company continues to run an apprentice programme and 11 apprentices participated in the programme during 2006.

Panasonic is sponsoring the enrolment of ten students from disadvantaged backgrounds to attend the Central Johannesburg College. The sponsorship covers the students' tuition fees, books and weekly stipends and includes experiential training at Panasonic during college vacation periods. It is envisaged that these students, who are studying marketing, sales and technical subjects, will be offered full-time employment at Panasonic on

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completion of their studies. Panasonic has also continued its donations to the Mhlontlo Senior Secondary School in Mount Fletcher, Eastern Cape. The current year's donation forms part of an overall sum of R1 million committed to the project.

CBI-electric: african cables, in conjunction with the Sedibeng East District Education Department, provided training and donated micro science kits to all high schools in the Sedibeng East and West districts. In addition, further training was provided to educate and train tutors in using the science kits for laboratory practicals, and to improve their skills to enable them to educate their learners. Sixty-six educators were trained.

The company also assisted tertiary institutions such as the Wits Electrical Department and the Vaal University of Technology by donating equipment such as a sub-station required for practical training.

The Nashua group donated more than 50 copiers, faxes, computers and printers to the value of more than R300 000 to underprivileged schools, children's homes and care centres during the financial year. Most of these schools are in informal settlements and include Leonasia in Centurion, Kwa Thema in Springs, Daveyton as well as schools in the Nelspruit area.

Bursaries

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

CBI-electric: african cables has offered a bursary scheme for company employees since 1982. In 1998, this was expanded to include students outside the company. The main objective of the scheme is to assist children from previously disadvantaged communities. In the last ten years the scheme has granted 309 bursaries and, in 2006, 88% of available funds went to children in disadvantaged communities. The company also provides study assistance to its staff which has enabled many employees to successfully apply for promotion.

CBI-electric: telecom cables provided 30 employees with education assistance programmes during the year. The company also provides bursaries to employees' children who want to further their tertiary studies. At present, the company has 56 bursary holders at a total value of R400 000. In partnership with Reboni School in Brits, the company sponsored three learners from a disadvantaged rural area. These learners actively engage with the company and are guided in developing life skills.

For many years the company has been a co-sponsor of the Centre of Excellence in Optical Research at the University of Johannesburg. The company's annual contribution is R200 000. This centre is also closely linked with Telkom, a valued customer of the company.

Employment equity

All trading operations in the Reunert group maintain employment equity plans and forums in terms of the Employment Equity Act of 1998. Most of these plans, once formulated, are managed in conjunction with employee representatives of business

units. The Reunert College serves as a primary source of employees from previously disadvantaged communities. At least ten former students were offered employment on either a permanent or temporary basis during 2006.

The group's approach to employment equity is part of an integrated plan aimed at ensuring a constant stream of new entrants to the college and retaining 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

Significant progress was made with the group's broad-based black economic empowerment (BBBEE) programme during the year. The Peotona group is being introduced as a BBBEE partner at group level with a 9,5% shareholding. It is particularly pleasing that 70% of the investment made by Peotona will be applied and invested for the benefit of the broader community.

During the last year, a 26% stake of Pansolutions was sold to an empowerment group.

Kgorong Investment Holdings still holds 30% of RDL Technologies with two seats on the company board, including the chairmanship. Powerhouse Utilities holds a 25,1% share in CBI-electric: telecom cables (which includes CBI-electric: african cables) and has two seats on the company's board. A BBBEE group holds 26% of the shares of Nashua Kopano and has two seats on the Kopano board, one as executive chairman and the other as managing director.

CBI-electric: telecommunication cables received the 2006 Fidentia Empowerment Top Award as winner in the manufacturing category.

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

Over the last decade, Reunert companies have devoted considerable effort to creating small and medium-sized businesses and promoting business activities in previously disadvantaged communities.

During 2006, Nashua Mobile concluded a franchise agreement with a BEE partner, Poono Investments cc, and supports the franchise by contributing to a range of retail initiatives, including subsidised rentals, salaries, shop fittings and training and development. This initiative has culminated in two empowerment outlets in Pretoria, ie in the Kwagga Centre and the Tramshed. As part of a separate initiative, empowerment outlets were established in Lonehill and Pimville and another four are planned for 2007.

Since 2002, CBI-electric: african cables has helped Bogabane Engineering establish itself as a small engineering business in the Vaal Triangle. Bogabane specialises in maintenance work for industrial companies in the area, as well as engraving embossing wheels. At present, Bogabane rents premises and machinery from CBI-electric: african cables, but is shortly expected to buy additional machinery to cope with the expansion of the business.

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CBI-electric: african cables established a small enterprise, Atlehang Ma Africa in Vereeniging, which specialises in batting cable drums. In addition, Doocks Construction is responsible for rewinding galvanised wire used in the production process at CBI-electric: african cables. Another small company, Xylo, was established to recover scrap metal generated during the production process.

Through its small, medium and micro enterprise (SMME) initiatives, CBI-electric: african cables has established 93 jobs in businesses with a combined revenue of approximately R5,1 million per annum.

Aids and health services

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

Although the group focuses its social investment mainly on educating children, many Reunert companies are playing a major role in the wider community by helping to reduce the plight of Aids sufferers. Following its success with Nkosi's Haven, a home for Aids orphans and children living with Aids, Nashua is supporting the Banakekeleni Haven in Alexandra. Together with the Alexandra renewal project, new premises have been secured for Banakekeleni from a rundown warehouse. Plans are currently being drawn to build new facilities on secure premises. This haven is home to a number of HIV-positive patients and Aids orphans, and provides home-based care in Alexandra to Aids orphans and destitute children.

CBI-electric: telecom cables adopted the Madidi Hospice in Ga-Rankuwa in 2001 and actively supports the institution with funding, food and clothing. The company also participates in the Madibeng centre for research together with the University of Pretoria, Medunsa, medical practitioners and local government. The centre conducts medical research in rural areas on social and medical conditions common to rural areas. The company has served on the board of the centre and provides IT and infrastructure assistance. In addition, the company is involved in Aids projects in the community. Other projects include the Lesedi House of Aids orphans, Damonsville Aids project and National Aids day.

Nashua Mobile donated a minibus to the Novalis House for Adults who suffer from severe intellectual disabilities. The company will also assist Novalis residents to find employment in the Kyalami area. In addition, Nashua Mobile has formed a partnership with Cape Town-based Heart of Healing to cooperate in four projects, including a project at Groote Schuur Hospital and sponsorship of a television/cinema advertisement aimed at influencing those with drug abuse-related problems.

Support for community projects

Reunert group 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.

Nashua Mobile managed a feeding scheme for 1 400 pupils and sponsored a computer centre at Reagile Primary School in Midrand. It also supports the rugby, soccer and netball teams at Ivory Park High School and has equipped the school with a computer centre with 30 computers.

As part of CBI-electric: low voltage's engagement with local and provincial governments, the premier of the North-West province and the executive mayor of Madibeng have formalised structures in which the company engages with the relevant governments to enhance service delivery.

Panasonic has assisted various charities including orphanages such as the Mhlontlo Community Project. Product donations in excess of R80 000 were made to various charities, including the Avril Elizabeth Home, Reach for a Dream, Ravensmead Welfare Society and the Sephuti Secondary School.

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 for existing Reunert staff who participate in the programme.

The group skills development forum meets four times a year and coordinates all related initiatives. 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.

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

Nashua Mobile emphasises training, promotion opportunities and learnership programmes. The company's sales managers are participating in a year-long, internationally recognised Harvard sales management course to prepare them for an increasingly competitive sales environment. Call-centre management and staff have completed an intense training curriculum with a strong emphasis on delivering customer service excellence. The credit control department has completed most of the Institute of Credit Management's diploma courses this year. The company's executive leadership programme has enabled several executives to study for MBAs in telecommunication at international business schools.

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The strong economic growth in South Africa has enabled the group to employ more staff, with the number of permanent employees employed in South Africa increasing by 17% during the year. Strong recruitment activities were required in Nashua Mobile and CBI-electric: low voltage in particular.

CBI-electric: african cables is currently at the forefront of skills development in South Africa and is accredited by MERSETA and the Telecommunications and Cable Association as a trainer in learnerships in NQF levels one to four. The company has been instrumental in developing the unistandard for an NQF1 learnership.

In 1988, the group launched a long-term skills assessment programme to more accurately determine individual training needs at senior level and to identify future management potential as part of its ongoing succession planning. To date, approximately 230 employees have been assessed. Our intention is to assess at least 30 senior managers a year for further training at a business school in South Africa or overseas.

The group's remuneration strategies are closely aligned with business plans and performance-based bonuses are based primarily on an economic value-added (EVA) system. The details of the bonus scheme are adapted from time-to-time consistent with changes in the business environment.

Group companies continue to build sound relationships with trade unions, many of which have been in place since 1985. Established structures for collective bargaining and consultations, along with the expertise built in the group over many years, ensured there were no major industrial relations incidents 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 three medical schemes and employees are encouraged to select their own schemes. Where a company's administration cannot provide for a choice of schemes, employees can still make their own administration arrangements to enable them to join alternative schemes.

A revised investment strategy 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 individual retirement needs.

Employee profile

as at September 2006

Total number of employees in South Africa

Occupation Levels	MALE				FEMALE				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	12	0	0	48	2	0	0	2	64
Senior management	8	3	5	109	1	0	0	14	140
Professionally qualified, experienced specialists and mid management	16	19	27	272	6	6	11	74	431
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	344	109	104	702	151	112	71	428	2 021
Semiskilled and discretionary decision making	634	93	41	44	192	129	32	115	1 280
Unskilled and defined decision making	319	18	0	10	1151	26	1	4	1 529
Total permanent	1 333	242	177	1 185	1 503	273	115	637	5 465
Contract workers	153	23	15	50	73	27	12	18	371
Temps	37	20	5	10	31	127	6	16	252
Trainees	22	2	1	6	4	0	0	1	36
Total non-permanent	212	45	21	66	108	154	18	35	659
Total	1 545	287	198	1 251	1611	427	133	672	6 124

Total number of employees in foreign countries

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