

Reunert - Water Security 2019

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Reunert Limited is a South African company listed in the industrial goods and services (electronic and electrical equipment) sector of the JSE. Total revenue during 2017FY was ZAR9.7 billion. The group manages a diversified portfolio of businesses in the fields of electrical engineering, information and communication technologies (ICT) and applied electronics. The group operates mainly in South Africa with minor operations situated in Australia, Lesotho, USA, Zambia and Zimbabwe. There are three operating segments:

1. **Electrical Engineering:** manufactures a range of energy and telecom cables as well as low voltage circuit breakers. This segment contributed 48% towards Reunert group revenue. The telecommunications operation is a joint venture company (50% ownership).
2. **ICT contributed 32% of the group's revenue:** There are three business clusters being:
 1. **Office Automation:** (Nashua, Prodoc (in Sweden) and PanSolutions) These operations mainly imports office products from multinational OEMs which is distributed through a franchise network. Complementary value-added services and solutions are offered to a base of 55 000 small and medium enterprise customers.
 2. **Communications:** (ECN, Nashua Communications and SkyWire (acquired in March 2018) providing fixed line communications, enterprise cloud solutions, VoIP and last mile connectivity
 3. **Finance** (Quince Capital). provides asset-based finance to customers within the ICT segment.
3. **Applied Electronics** contributed 20% towards revenue. This segment develops, manufactures and supplies high-precision electronic products for defence and commercial applications which includes secure tactical communications, mining and defence radars, fuzes, renewable energy and support services. Applied Electronics exports 50% of its sales.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	October 1 2017	September 30 2018

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

South Africa

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Holdings 50% and less	Only Nashua franchises in which we hold a 51% or more shareholding were included in the data information. The other franchises with a shareholding below 51% have been excluded. For our joint venture company CBI-electric: Telecom Cables we have captured all data at 50% of actual consumption.
Zimbabwe	Cafca Limited (Cafca) a subsidiary incorporated in Zimbabwe manufacturing power cables has not been included as its financial results are not consolidated into the Reunert group results. Reunert does not control the board. The amounts involved are not material to the group.
USA	The CBI-electric operation in the USA's water usage is not included. This is only a sales office and usage is insignificant for the effort required to obtain the information.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Neutral	Neutral	We have selected the importance rating "Neutral" as some of the manufacturing plants requires a nominal amount of water in its manufacturing processes. The remainder of fresh water would be for personal use and hygiene of the 5500 staff members.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	We use a limited amount of recycled water in business processes

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	The majority of water used is supplied by third parties (municipalities). Consumption usage is based on meter readings obtained from municipal bills. An insignificant amount of water is obtained from boreholes (replenished groundwater). Readings are not always available or so low that it is not captured and regarded as negligible.
Water withdrawals – volumes from water stressed areas	1-25	The majority of water used is supplied by third parties (municipalities). Some of these operations are based in water stressed areas in the Cape Town, Western Cape area.
Water withdrawals – volumes by source	76-99	The majority of water used is supplied by third parties (municipalities). Consumption usage is based on meter readings obtained from municipal bills.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sectors]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	1-25	Water treatment happens only at three of our operations. The water quality is tested and adheres to municipal bylaws.
Water discharges – total volumes	51-75	Sufficient data is not available at all the sites monitored. At 11 of the sites no data is available and therefore calculations are based on the assumption that 50% of water supply is discharged.[Approx 50% of urban and industrial drainage is returned for reuse. CSIR referencing DEAT, 2006.]
Water discharges – volumes by destination	51-75	The majority of water discharged is back into the municipal infrastructure (third parties) (municipalities). Data is based on readings obtained from municipal bills. Sufficient data is not available at all the sites monitored. At 12 of the sites no data was available and therefore calculations are based on the assumption that 50% of water supplied was discharged. [Approx 50% of urban and industrial drainage is returned for reuse. CSIR referencing DEAT, 2006.]
Water discharges – volumes by treatment method	26-50	Only three of the operations treat water directly before being discharged into the municipal sewage system. Water treatment happens only at three of our operations. which are in the Electrical Engineering segment. This segment is responsible for 50% of the water usage in the Group.
Water discharge quality – by standard effluent parameters	1-25	Water treatment happens only at three of our operations before being discharged into the municipal sewage system. The water quality is tested and adheres to municipal bylaws.
Water discharge quality – temperature	Not monitored	
Water consumption – total volume	76-99	
Water recycled/reused	26-50	Three operations recycle and or reuse water in production processes in closed-loop systems.
The provision of fully-functioning, safely managed WASH services to all workers	100%	All facilities in the group provides WASH services for all of its workers.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	56051	Higher	This is due to increase in production and subsequent water consumption across some of the sites.
Total discharges	68991	Lower	
Total consumption	36419	Higher	Borehole water and rain harvesting data are not included in this number as uncertainty exists on measurement accuracy and double counting. The prior year water consumption on the same basis was 340 ML. The increase this year is due to increase in production and subsequent water consumption across some of the sites

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	10	Lower	WWF Water Risk Filter	Less than 10% of our water consumption is from operations in the Western Cape region which receives there water from the Boland Mountains. This region had severe water stress during 2016-2018

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	48845	Much lower	Rain water
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	5674	Much lower	Borehole
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Relevant	196324	This is our first year of measurement	Recycled water
Third party sources	Relevant	309671	Lower	Municipal water

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	
Third-party destinations	Relevant	68991	Lower	his could be due to improved data quality as in previous reporting period, it was reported that data was insufficient and assumptions on effluent data were made. Municipal wastewater treatment systems (effluent)

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	51-75	About the same	The Electrical Engineering segment is responsible for 64% of the group's water usage. Water is recycled at the manufacturing operations up to 7 or 8 times making use of closed loop system.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

No, we do not engage on water with our value chain

W1.4d

(W1.4d) Why do you not engage with any stages of your value chain on water-related issues and what are your plans?

	Primary reason	Please explain
Row 1	We are planning to do so within the next two years	We have recently approved our sustainability strategy. As part of the roll-out process we will set priorities and identify potential areas where engagement in the value chain could make a difference in responsible water usage.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

ISO 31000 Risk Management Standard

Comment

Reunert makes use of limited water in its manufacturing processes. Sustainable water supply has been identified as a risk due to severe drought restrictions in some areas in South Africa and a decline in the maintenance of water management by local government at a growing number of municipalities.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

ISO 31000 Risk Management Standard

Comment

No material risks regarding water have been identified that could impact on production or delivering of materials and components. A deterioration in water management and maintenance of infrastructure at some of these municipalities is however of concern and are included in our risk register.

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, sometimes included	Severe drought in the Western Cape and in other areas of SA has increased the awareness of limited water resources and improved water management. Water is however not a major resource used in business processes at the majority of our operations.
Water quality at a basin/catchment level	Relevant, sometimes included	The majority of our operations rely on clean water supplies provided by third parties (municipalities). A deterioration in water management and maintenance of infrastructure at some of these municipalities is of concern.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	No incidents directly linked to Reunert have been recorded. It is a potential issue which will be monitored as severe water shortages could have an impact on society which might spill over into conflict, even though not directly linked to our operations.
Implications of water on your key commodities/raw materials	Relevant, sometimes included	None of major raw materials are directly dependent on water.
Water-related regulatory frameworks	Not relevant, explanation provided	No regulatory frameworks have been identified with a direct impact on the organisation's operations.
Status of ecosystems and habitats	Not relevant, included	Water discharges are to third-party destinations. Water usage and effluent is monitored in adherence of municipal by-laws. None of our water releases are directly into sensitive ecosystems or habitats.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	All employees have access to WASH services. Clean drinking water and sanitation is provided at all our facilities.
Other contextual issues, please specify	Not considered	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, not included	A wider incorporation of the impact of water-related risks will be considered during the roll-out of the sustainability strategy during 2019
Employees	Relevant, always included	The severe drought situation in South Africa during 2016-2018 and preparing for Day Zero, when the taps might be closed, has elevated the impact that water scarcity and infrastructure decay have on employees. Clean drinking water and sanitation is provided at all our facilities.
Investors	Relevant, always included	The growing importance of ESG and how it is managed by the organisation is included in investment decisions by shareholders.
Local communities	Relevant, not included	No direct assessment impact on communities has been included. Local communities are not regarded a material stakeholder as far as influence and/or impact on the organisation.
NGOs	Relevant, not included	Although we do have NGOs contacting us for support on water-related issues our key focus for CSI remains maths and science education.
Other water users at a basin/catchment level	Relevant, not included	As water-related issues grow in significance this might become relevant, but is currently not included.
Regulators	Relevant, always included	Adherence to all environmental laws and by-laws is a minimum requirement by all operations in the group.
River basin management authorities	Not considered	
Statutory special interest groups at a local level	Not considered	None have been identified
Suppliers	Not considered	No direct relation to water has been considered
Water utilities at a local level	Relevant, always included	The growing risk of infrastructure maintenance. Engaged with local government to work towards solutions for security of supply.
Other stakeholder, please specify	Not considered	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

The Board oversees the Group's risk management processes and delegates its design, implementation and monitoring to management. Management is responsible for integrating risk management into the group's operations and implementing the appropriate mitigation and/or remedial actions. The ISO 31000 framework is used.

Risk assessment procedures form an integral part of management's key objectives and all business units conduct formal risk assessments. One of the segment heads, CFO or group finance executive, and senior segment management, attend all operational risk management meetings which are held at least twice per annum. Internal audit attends all business unit risk meetings and assists in facilitating the process.

Processes followed:

1. Risks are categorised and scored in a range from rare to almost certain.
2. Internal controls and management interventions are recorded and assessed for each identified risk.
3. A control effectiveness rating is assigned to each risk ranging from very effective to ineffective.
4. Residual risks are classified as high, medium and low based on their impact and likelihood of occurring, after taking into account the effectiveness of the internal controls in place.
5. A residual risk management strategy is then decided upon, being treat, terminate, transfer, tolerate, avoid or exploit (opportunities).

Any water related risks at an asset level would be assessed in the same way as at company level.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Risks at each business unit are defined and classified as strategic, reputation, business process, financial, operational or compliance-related risks.

A quantitative impact for inherent risks would be regarded as significant if the financial impact is between R50 million and R100 million on Group operating profit per incident or cumulative.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Reunert does not use significant amounts of water in our production processes. In addition the Group is a portfolio of diversified businesses with various business operations located in separate facilities,

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	The diverse portfolio of businesses provides for a spread of suppliers from different geographies. Dual supply chain strategies form part of mitigating supply chain risks.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	There are many role players in the area of water management and it is not a core area of our existing expertise.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	A Board committee, the Social, Ethics and Transformation Committee has oversight of the Group's Sustainability Strategy that was approved by the board in May 2018. Water forms an element of the strategy in managing the group's impact on the environment. Efficiency and responsible use of water and other resources form part of continued improvement processes within the operations.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Sporadic - as important matters arise	Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives	Targets at a group level will be set over the next 2 - 3 budgeting periods

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Risk Officer (CRO)

Responsibility

Assessing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

Incorporated into risk management framework.

Name of the position(s) and/or committee(s)

Environment/Sustainability manager

Responsibility

Assessing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

Water-related issues are incorporated into the Group Sustainability Strategy, which was approved by the board in May 2018. Reporting is included in the annual workplans of the various governance bodies and water-related issues will be covered if the issues are of a material nature and in line with the mandates of the governance structures. CDP Climate change and CDP Water disclosures are done twice a year and material items are published in the Group's Integrated Report.

Name of the position(s) and/or committee(s)

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

Business units would report any important issues at regular management meetings. Improvement processes are part of our strategic efficiency pillar. Water usage is monitored regularly. Opportunities to reduce water consumption and improve water management are considered and implemented if viable. The Sustainability Committee reviews risks and opportunities at least twice a year. Any serious matters are then escalated to the Board.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Water related-issues are not regarded as significant currently and therefore not included as a long-term business objective. However as climate change and related issues are escalating and with the Reunert sustainability strategy being integrated into business operations the likelihood is higher for water-related issues to be Incorporated into longer-term objectives.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Water usage is not significant within the Group's operations. Responsible water usage however will form part of the Group's Sustainability Approach as a responsible corporate citizen.
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Water usage is not significant within the Group's operations. Improvements in water management systems might impact on financial planning, but not regarded as significant.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

Information for the group not easily available and as it is not a major driver we are not reporting on it this year

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No plans for the next two years	Water is not a material resource in our production processes

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Water is not a material resource in our production processes and this metric won't provide the necessary insight due to the diverse nature of the business operations, customers and physical locations. The price of water in SA is also fairly low. More expertise is required in setting a price on water.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Our company sets no targets or goals Site/facility specific targets and/or goals	<Not Applicable>	<Not Applicable>

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	We are planning to introduce a target or goal within the next two years	In alignment with our Sustainability Strategy approved in May 2018 targets will be set during strategy planning sessions over the next 2 - 3 years and be phased in gradually. South Africa is a water stressed region and responsible use of water is important. By setting water targets we will drive employee behavior to use water responsibly. Efficiency is a Group Strategy pillar. The efficient use of resources are supported by this pillar.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased wastewater treatment

Description of linkage/tradeoff

Cleaner water Reduced water usage and electricity consumption which contributes to lower carbon emissions.

Policy or action

At CBI-electric Low Voltage plant upgrading the effluent plant and implementing changes to the inter-process of water re-usage has reduced effluent by 49% . Fuchs Electronics has reduced its water usage at its plating plant with improved processes.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

No, but we are actively considering verifying within the next two years

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Investor Relations and Communications (including Sustainability) Manager	Environment/Sustainability manager

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms