

Our **SUSTAINABILITY** Journey



Invicta regards environmental, social and governance factors as information that is integral to its business model. Invicta believes that relevant and material ESG factors can help identify business and operational risks and opportunities. An integrated ESG approach provides important insights into how the Group leverages its assets to create stakeholder value.

During the year under review, Invicta developed a sustainability framework aligned with the 17 United Nations Sustainable Development Goals ("**SDG Framework**"). The SDG Framework formalises Invicta's integrated approach and informs the process of incorporating ESG issues into our investment decisions and the management of the Group.

The development and adoption of the SDG Framework represents an important step forward in the Group's sustainability journey. While ESG-related initiatives have always been undertaken, this is the Group's first attempt to consolidate the various initiatives and to formally adopt a consistent standard against which to measure its activities.

Invicta's sustainability targets are modest and reflect the infancy of the Group's sustainability journey. The Group will, however, over the next three years develop the systems and processes required to enable it to quantify the impact of its operations on ESG factors and set more meaningful targets for each operating segment.

Sustainability Report

For purposes of reporting our FY2022 sustainability journey, we have grouped each of the SDGs under the three ESG topics to reflect the focus of the Group in respect of such topic in the year under review:

Our **SUSTAINABILITY** Journey



Our **SUSTAINABILITY** Journey continued

1. Environment















Invicta defines environmental sustainability as its efforts to reduce energy consumption, water usage, waste generation, and carbon emissions, and the promotion of strategies that progress towards encouraging these reductions. Managing the Group's environmental impacts starts by better managing its direct environmental impacts such as its consumption of limited resources and its generation of waste, and endeavouring to influence broader change in the environmental practices of its subsidiaries.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Sustainable water management	<ul style="list-style-type: none"> Water efficiency has a direct effect on operational costs. Using water more efficiently is essential for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Oil separators at wash bays are installed Sludge is contained and removed every three months 	<ul style="list-style-type: none"> Collect records of water usage and related costs, including utility bills, equipment operation and treatment costs Reduce water consumption by 10% by 2025 	
Energy efficiency and consumption	<ul style="list-style-type: none"> Energy efficiency has a direct effect on operational costs and exposure to fluctuations in energy supply and prices. Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Installation of solar panels has already taken place. 440kW of solar has been installed and 50% of daytime usage is covered by solar at BMG World. Replacement of normal lighting with LEDs has taken place in a number of our operations. 	<ul style="list-style-type: none"> Take all reasonable endeavours to use equipment that optimally uses energy without significantly impacting on the business operations. BMG World to be covered by solar by 2022 50% of lights to be replaced by LEDs by 2023 within ESG 	
Paper and packing Waste management	<ul style="list-style-type: none"> Inefficient waste management has a direct effect on operational costs. Effectively managing waste is also essential for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Packaging has been refined and plastic use has been greatly reduced Digital and automation is fast replacing paper usage and waste. All waste within the manufacturing process (steel offcuts and plastic waste) is recycled to reduce impact on environment 	<ul style="list-style-type: none"> Waste sent to landfill to be reduced by 10% by 2025 	
Commitment to climate change	<p>The Group commits to:</p> <ul style="list-style-type: none"> reducing carbon emissions across the Group's operations by 2030. This work includes: <ul style="list-style-type: none"> drawing on more renewable energy sources; enhancing the energy efficiency of production process; promoting the usage of environmentally friendly products used in manufacturing, where possible; and making use of registered IT Equipment waste disposal company. <p>A target will be determined as the Group matures in its sustainability journey and develops the systems required to measure and account for carbon emissions.</p>			

2. Social



Invicta understands social responsibility as the obligation to make decisions and take actions that will enhance the welfare of its stakeholders and to act in the interests of society as a whole. The Group's commitment to social responsibility addresses human rights, workplace, community and societal issues.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Socio-economic development	Invicta's investment philosophy looks for and takes into account, the need for a positive socio-economic impact in the communities where its operations are located.	Some of the key initiatives include: <ul style="list-style-type: none"> > SME empowerment drive > Blanket drives > Soup drive for surrounding community > "Boer Slim" initiative aimed at promoting agricultural sustainability 	1% of Net Profit After Tax of South African operations to be contributed towards socio-economic development initiatives per annum	  
Local community employment and procurement	Including members from the local community as employees and management demonstrate the Group's positive market presence. It can also increase the economic benefit to the local community and improve the Group's ability to understand local needs through these various interactions.	<ul style="list-style-type: none"> > The Group employs and upskills the local community to co-create a more inclusive work environment for all > 146 new jobs were created by ESG 	No defined target but, where possible, the Group endeavours to employ and procure goods and services from members of the local community	    
	By supporting local suppliers, the Group can indirectly attract additional investment to the local economy and entrench itself within the community/market. Local sourcing can be a strategy to help ensure supply, support a stable local economy, and maintain community relations.	<ul style="list-style-type: none"> > The Group has operations in South Africa, Eswatini, Botswana, Namibia, Mauritius, Mozambique, Zambia, Tanzania, DR Congo and Ghana and in each of these jurisdictions the Group employs predominantly local people and where possible also uses local suppliers. 		
Skills development	<ul style="list-style-type: none"> > Programmes for upgrading employee skills ensures that the Group has employees equipped to meet its strategic targets in a changing work environment. > More skilled employees enhance the Group's human capital and contribute to employee satisfaction, which correlates strongly with improved performance. 	<ul style="list-style-type: none"> > The Group runs leadership programmes, bursary programmes and other educational programmes are implemented on a business division level to promote learning opportunities for all. > Customers and their employees are likewise included in the Group's various divisions, e-Learning and onsite formal accredited training programmes. > Continued career development plans are offered to encourage life-long learning. 	1.5% of payroll of relevant operations to be contributed towards this goal per annum.	   

Our **SUSTAINABILITY** Journey continued

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals																								
Health and safety	Health and safety at work involves both the prevention of harm, and the promotion of health and well-being. By ensuring healthy and safe work environments, the Group empowers employees in meeting the strategic targets of the Group.	<ul style="list-style-type: none"> > Contribution to employees' medical aid > On-site health checkups, Covid and flu vaccine shots for employees > Adoption of Covid preventive measures and the Group actively tracks positive employees to establish their well-being. > Partners with medical aid which can provide mental health support for employees and their families. > Encourages annual checkups by bringing various health initiatives and service on-site. 	No specific targets, however, the Group remains committed to maintaining health and safety compliance at the workplace.																									
Consumer relations	Maintaining a good reputation is critical for defining the way the market and stakeholders perceive the Group.	<ul style="list-style-type: none"> > Annual audits in place for major overseas suppliers looking at their processes and work policies > Suppliers code of conduct in place > Customer code of conduct in place 	Zero tolerance policy for any stakeholders found to be breach any of the relevant codes and regulations. The Group remains committed to maintaining a good reputation.																									
BEE compliance	Compliance with the Broad-Based Black Economic Empowerment Act, 2003 (" BEE Act ") is part of our social licence to operate in South Africa	<ul style="list-style-type: none"> > Compliance with the BEE Act is measured through Invicta South Africa Holdings Proprietary Limited ("Invicta South Africa"), a subsidiary of Invicta. > Invicta South Africa is currently a Level 7 Contributor. The BEE status of key subsidiaries are: <table border="1"> <tbody> <tr> <td>BMG</td> <td>Level 2</td> </tr> <tr> <td>Industri Tools & Equipment</td> <td>Level 2</td> </tr> <tr> <td>Universal Parts Group</td> <td>Level 2</td> </tr> <tr> <td>Screen Doctor</td> <td>Level 2</td> </tr> <tr> <td>Oscillating Systems Technology</td> <td>Level 2</td> </tr> <tr> <td>Belt Brokers</td> <td>Level 2</td> </tr> <tr> <td>Abrasive Flow Solutions</td> <td>Level 2</td> </tr> <tr> <td>Criterion Equipment</td> <td>Level 8</td> </tr> <tr> <td>Disa Equipment</td> <td>Level 8</td> </tr> <tr> <td>Equipment Spare Parts</td> <td>Level 8</td> </tr> <tr> <td>High Power Equipment Africa</td> <td>Level 8</td> </tr> <tr> <td>Shamrock Handling Concepts</td> <td>Level 8</td> </tr> </tbody> </table>	BMG	Level 2	Industri Tools & Equipment	Level 2	Universal Parts Group	Level 2	Screen Doctor	Level 2	Oscillating Systems Technology	Level 2	Belt Brokers	Level 2	Abrasive Flow Solutions	Level 2	Criterion Equipment	Level 8	Disa Equipment	Level 8	Equipment Spare Parts	Level 8	High Power Equipment Africa	Level 8	Shamrock Handling Concepts	Level 8	The Group will endeavour to comply with the BEE Act.	
BMG	Level 2																											
Industri Tools & Equipment	Level 2																											
Universal Parts Group	Level 2																											
Screen Doctor	Level 2																											
Oscillating Systems Technology	Level 2																											
Belt Brokers	Level 2																											
Abrasive Flow Solutions	Level 2																											
Criterion Equipment	Level 8																											
Disa Equipment	Level 8																											
Equipment Spare Parts	Level 8																											
High Power Equipment Africa	Level 8																											
Shamrock Handling Concepts	Level 8																											



3. Governance

Good governance results in economic growth and stable organisations. Through its policies and practices which are informed by prevailing legislation and regulation, Invicta ensures compliance not only with corporate governance principles, but also all laws, specifically those that seek to enforce human rights and protect society's most marginalised.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Promote diversity	<ul style="list-style-type: none"> When an organisation actively promotes diversity and equality at work, it can generate significant benefits for both the organisation and workers. These benefits also flow through to society in general, as greater equality promotes social stability and supports further economic development and upliftment. 	<ul style="list-style-type: none"> The qualifying divisions within the Group have Employment Equity Plans ('EE Plans') which were prepared in accordance with the national EAP targets and in consultation with the applicable divisions' Equity and Training Committees. The Group has achieved substantial compliance with its EE Plans. The Group has an Employment Equity Forum in place to monitor recruitment in accordance with the Employment Equity Act, 1998 requirements. Zero-tolerance policy in place regarding violence, discrimination and sexual harassment at the workplace. BMG continues to support the Ruth First Jeppe Memorial Trust, thereby pledging full scholarships for five girls, amounting R1.4 million over the next five years. 	30% female workers within the next three years currently 27%.	
	Promoting ownership by previously disadvantaged groups, including women.	<ul style="list-style-type: none"> 25% of Invicta South Africa Holdings is owned by previously disadvantaged groups, including women. During FY2022 we concluded the rollout of the Africa Maintenance Equipment ("AME") empowerment model in terms of which specific BMG and Industri branches were sold to B-BBEE entities. A total of 12 AMEs have been established to date. 	No specific targets. The Group remains committed to driving value for all stakeholders, including its empowerment partners.	
Sustainable development	<ul style="list-style-type: none"> The Group has operations in South Africa, Eswatini, Botswana, Namibia, Mauritius, Ghana, Poland and Ukraine. Where the Group elects to expand further into other developing nations, it will seek to invest in new, resilient infrastructure or retrofit existing infrastructure to make it more sustainable. 			
	<ul style="list-style-type: none"> The Group goes beyond standard building maintenance, striving to improve on the physical working environment, buildings, surrounds and gardens. Environmental considerations are incorporated into our establishments. The Group employs and upskills the local community to co-create a greener environment for all, where possible 			
	<ul style="list-style-type: none"> The Group routinely seeks opportunities to collaborate with local government to ensure alignment between company objectives and the needs of the community 			