

## Broad-based black economic empowerment

Transformation continues to be a key focus area and priority for the group. We see ourselves playing a role in terms of partnerships with government and other players in some of the programmes targeted by government, such as the increase in Eskom's capacity to provide electricity for all South Africans, and through many of the products and services we provide such as cables and transformers. The Altron group is mindful of its BBBEE compliance obligations as well as its equally important obligations to all stakeholders to unlock value through BBBEE.

Our BBBEE strategy is underpinned by an unwavering commitment to transformation from the group and operational leadership as was stated in Altron's Transformation Vision 2010 document. Management is committed to ongoing monitoring to steady progress against predetermined targets. This transformation strategy is driven by Altron's transformation committee ("Transcom"), a subcommittee of Altron's executive committee, which includes representatives of the underlying companies. Transformation is similarly driven in each of the subholding companies by their own transformation committees, whose responsibilities include reporting on the BBBEE status to the operational and group boards, to ensure accreditation, as well as undertaking regular benchmarking studies through annual competitor analysis research.

## Highlights

- Active involvement in the codes formulation
- Group BBBEE management information system, Everest, successfully implemented
- Bytes ranked number eight overall and number one in the ICT sector in the *Financial Mail/ Empowerdex Top 200 Listed Companies Empowerment* rankings
- Empowerment ratings process throughout group operations well under way
- BBBEE partnerships for Altech Netstar Fleet Management and Altech Alcom Matomo finalised

At subsidiary as well as group level, the Altron board monitors progress on an ongoing basis through regular reporting by operations on their BBBEE performance, current status and progress.

The group is committed to achieve the status of at least a level 5 contributor in terms of the Department of Trade and Industry (dti) Codes of Good Practice (the codes). The main obstacles in achieving this progress, and which are being addressed, include capacity constraints within the smaller companies, skills shortages, verification of supplier ratings, and consideration of short-term costs.

The Altron Transformation Vision 2010, our specially tailored internal charter for transformation, is being reviewed to reflect the recently gazetted codes. To ensure



through understanding within the group of the codes, Altron embarked on an extensive programme to educate and train both its management and transformation practitioners in terms of the codes, and a full set of implementation guidelines has been developed internally to assist the group operations in meeting the targets set out in the scorecards for the different elements of the codes. Transformation targets have also been incorporated into our performance scorecard for management. Following detailed research into various systems to effectively measure BBBEE performance, we began implementing an internally-developed electronic group information system, Everest. In addition, to providing consolidated financial and non-financial data for the legislated empowerment scorecard, Everest is also a strategic business intelligence platform gathering meaningful, accurate and auditable information for enhanced stakeholder reporting, especially in terms of customers and suppliers. We expect the full benefits of this implementation to emerge in the following reporting periods.

### Ratings

We have begun a ratings process of the companies within the group. This process is ongoing given the vastness of the group. Of those companies that have been rated throughout the group, results have been mainly pleasing, with ratings ranging from AA (good BBBEE contributors) to C.



Kagiso Trust Investments (KTI), owns a 25,1% equity interest in Battech. Given its involvement in other operations and its numerous investments, Kagiso is an excellent position to contribute financial and operational expertise, thereby adding substantial value to Battech. Pictured above are Battech and Kagiso representatives.

### Partners

Altron has credible empowerment partners in the market, measured by their capacity to add value. Our anchor partnerships with **Pamodzi** within **Altech**, **Kagiso** within **Bytes** and Izingwe within **Powertech** continue to add significant value through the commercial input of our empowerment shareholders.



Founded in 1996 by a group of leading black professionals, **Pamodzi Investment Holdings (Pty) Limited** is a multibillion-rand investment company seeking to become a strategic black equity partner of leading businesses in key South African industries. Pamodzi has built a solid reputation in the private equity industry by bringing strategic value to organisations and generating high returns for all stakeholders through commercial astuteness and entrepreneurial acumen.

In line with Altron policy, this structure allows value to be added at operating level,

in some cases governed by service level agreements as between **Aberdare** and **Izingwe**. Shareholder agreements specify the responsibilities of BBBEE partners including employment equity, skills development and career planning, affirmative procurement and customer relations.



I Z I N G W E

**Izingwe** is an empowerment group that has matured to become a significant investor in mining, engineering, infrastructure development and logistics. It is an active and long-term shareholder in Powertech that makes focused and value enhancing interventions in its underlying investments. Izingwe's strategic partnerships with leading companies are critical to its investment strategy. In this regard, Izingwe has a number of significant partnerships with major listed companies, such as AngloGold Ashanti, Scaw Metals (Anglo American Group), Old Mutual Group, Barloworld and Aberdare (Altron group).

**Aberdare** enjoys the participation and associated value add of having Izingwe's executive chairman Siphon Pityana, financial director Tsakani Matshazi, and chief executive officer Ashley Alley on its board. Izingwe's delivery and commitment to their partnerships has resulted in the company being identified as the primary partner of Altron's Powertech subsidiary. This relationship entails a reciprocal commitment to focus on businesses that supply the power industry. We are confident of mutually beneficial successes into the future.

During the year, **Altech** enhanced its black economic empowerment credentials by finalising transactions with **Platina Venture Holdings** – led by Dr Penuell Maduna – for an effective 25% equity interest in Altech Alcom Matomo, while **Nariku (Pty) Limited**, led by Dr Enos Banda, acquired an effective 25% equity interest in **Altech Netstar Fleet Management Services** (ANFMS). Dr Banda has had a long association with Altech, and was appointed as non-executive director to the Altech board on 1 February 2006.

**Bytes** was named South Africa's most empowered listed ICT company in the 2007 *Financial Mail/Empowerdex Top Empowerment Companies* rankings. The company moved up four rankings in the ICT sector and, with an overall BEE score of

66.90, topped a list that includes MTN, Business Connexion, Telkom and Mustek. In the overall index, Bytes' position improved by two places from tenth in 2006 to number eight this year.



## KAGISO

From a shareholder perspective, **Bytes SA** has successfully partnered with **Kagiso**, a respected and reputable broad-based empowerment group, which currently owns 27% of Bytes SA. Founded in 1993, Kagiso was formed to finance and manage grass roots projects aimed at empowering women, the young and the disabled of the country. Today Kagiso remains one of the most highly regarded NGOs in South Africa, mainly because of its working partnerships with civil society, government and other NGOs. Kagiso plays an active role on the board of Bytes SA.

This achievement is attributable not only to **Bytes'** empowerment partnership with **Kagiso**, but also other strategic initiatives such as its enterprise development and social investment strategies. A highlight during the year under review was Bytes' involvement in accelerating the development and

sustainability of 109 small black-owned enterprises enabling it to claim the full enterprise development score of 15 points in terms of the codes. Bytes' work in this area includes financially and operationally supporting the establishment of ATMs in small developing black businesses. This innovative project also assists in "banking the unbanked" as required in the Financial Services Charter, and supports the banking sector's Mzansi programme.

**Powertech** commissioned research during the review period to benchmark itself and a selected number of its subsidiaries against their main competitors, including multinationals, on BBBEE. Findings from this research indicated that **Battery Technologies** leads its competitors in ownership, skills development and employment equity, exceeding the board,

top management and senior management targets in employment equity. **Aberdare, Crabtree** and **Yelland** also compared well in skills development. Powertech companies will focus greater attention on preferential procurement and enterprise development going forward, both areas in which the manufacturing and industrial sectors as a whole scored poorly. In addition, the sector as a whole has not managed to attract black women representation in ownership and management.

#### ■ TARGETS

BBBEE

- Ongoing BBBEE ratings of subsidiaries and group companies
- Increase in preferential procurement and enterprise development