



Unabridged Corporate Responsibility report

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**An HTML version of the unabridged Altron Corporate Responsibility Report 2010
is available on www.altron.co.za**

Table of strategic themes and material issues

| Material issues | Stakeholders | Summary of status and response | GRI |
|---|--|---|-----|
| The external environment | | | |
| | | The recession continued through the third quarter with weak consumer confidence, subdued vehicle sales, contracting building sector, and delayed mining and IT projects. The strengthening rand further contributed to tough conditions, but these were mitigated by the recovery in commodity prices. Altron's strategy of building a diverse portfolio and focssing on annuity income streams has reduced the negative impact of the difficult trading conditions. | |
| Income and growth | | | |
| International expansion in niche markets | Shareholders Customers Employees Suppliers Small enterprises | Altron's revenue declined by 10% from R24.8 billion to R22.3 billion. EBITDA reduced by 11% from R2.2 billion to R2.0 billion. Earnings per share reduced by 26%. Dividend cover maintained, declaring 90c per share. Altech – maintained revenue and enhanced profitability. R1 billion invested in expansion of East African data infrastructure network, acquisition of international bandwidth capacity and niche businesses, including Fleetcall, Technology Concepts and NuPay. Bytes – maintained revenue, but with reduced margins and profit Powertech – suffered from weak demand. | |
| Annuity income | | | |
| Quality of earnings | | | |
| Market leadership/critical mass | | | |
| Making new acquisitions, new ventures/divestments | | | |
| Costs and cash management | | | |
| Management of the cost base | Shareholders | Reduced headcount by approximately 1000 employees. R384 million cash generated from reduced investment in working capital. Overall net working capital days improved from 21 days to 18 days. The group's cash position improved in the second half to R1.2 billion, broadly in | |
| Management of working capital | Employees | | |
| Capacity alignment | Business partners | | |
| Access to funding | | | |
| Adequacy of the finance function | | | |

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|--|------------------------------|---|-------------|
| Foreign exchange volatility | | line with prior year levels despite the R1.2 billion invested into the future growth of the group through acquisitions and capital expenditure. | |
| Credit risk on debtors | | | |
| Business partner relationships | | | |
| Meeting the evolving needs of customers | Suppliers | Key issues relating to the top ten customers are discussed by operational heads at a quarterly review meeting. Created the position of group alliances manager to manage strategic alliances with the company's most important customers. | |
| Maintaining key agency/principal relationships | Small enterprises | | |
| Maintaining product quality and supply | Customers | | |
| Pricing risk, foreign direct imports and dumping | | | |
| Products and services | | | |
| Ownership of intellectual property | | Improved broadband capacity secured by Altech companies. Altech UEC developed high-end PVR products in emerging markets – hybrid, HD and IPTV set-top boxes. Altech Autopage Cellular developing its network to offer converged voice services. ICASA approval for Altech Netstar Traffic. Construction of Kenya Data Networks' data centre commenced. Altech West Africa supplying and supporting Verisign products. | |
| Value-added services | | | |
| Infrastructure investment | | | |
| Technology: convergence, developments, shifts | | | |
| | | | Communities |
| | Customers | | |
| | Micro- and small enterprises | | |
| | Business partners | Aberdare Cables committed R70 million for new category vulcanising line at Port Elizabeth plant. Also introduced new patented cable anti-theft device called Cableguard. New 50 000m ² operations centre for Aberdare Cables, and ERP system upgraded. Crabtree and Strike Technologies introduced new standby power units. | |

| Customer relationships | | | | |
|--|---|---|---|-------|
| Customer satisfaction | Customers | Have consolidated the call centre and help desk at Altech Autopage Cellular and working to improve customers' understanding of the company's products. Both Altech Netstar and Altech Autopage are Cellular focused on complying fully with the New Consumer Protection Act 2008 (CPA). Security of confidential consumer information being managed by internal IM council, responsible for IT risk management. | PR 5 | |
| Customer rights and protection | | | PR 8 | |
| Human capital | | | | |
| Employee engagement | Employees | Significant retrenchments at Powertech, Altech and Bytes UK required intensive engagement at MD level. No industrial action during the year under review. | | |
| Skills attraction, development and retention | | | Human capital council (HCC) formed to co-ordinate this function across the group. Skills and leadership training further boosted to build succession pipeline. Altech invested R11 million, Powertech R27 million and Bytes R23 million on training, strongly oriented towards black persons and black females in particular. | LA 11 |
| Health and safety | | | Selected employees have been trained as auditors in preparation for the implementation of the OHASA 18001 Health and Safety system. There were no fatalities during the year under review. | LA 7 |
| HIV/Aids | | | Altron last conducted a group-wide HIV/Aids audit in 2008. A further review will be conducted in 2013. This year, Altron evaluated key suppliers and undertook assessments of individual operations within the Powertech group, as well as in areas of higher risk. | LA 8 |
| Transformation | | | | |
| Ownership | Public at large Government Shareholders | Overall level 4 contributor, improving score from 65.3% to 71.58%. Ownership score remains at 11.5%. Altech and Powertech take on further empowerment partners within their subsidiaries.* | | |

| | | | |
|------------------------------------|---|---|--------------------------------|
| Management control | Employees Suppliers | Management control score improves from 2.6% to 3.72%, but HCC is seeking to improve this score.* | |
| Employment equity | Small enterprises | Employment equity score dropped from 5.1% to 3.8%, partly due to retrenchments at Powertech. The formation of the HCC is intended to play key role in improving this score.* | |
| Skills development | | Skills development improved from 11.9% to the full 15% as per the dti CoGP. Altron ranked top company in the country for skills development by FM/Empowerdex Top 200 Empowerment Companies ranking, spending more than R62 million on training programmes during the year.* | LA 11 |
| Preferential procurement | | The preferential procurement score improved from 14.2% to 17.6% out of a total maximum score of 20%. Altron engages an external agency to rate and accredit certain suppliers.* | EC 6 |
| Enterprise development | | Altron maintained a full-points score of 15%. Some Altech operations not yet matching this performance. Further enterprise development partnerships to be investigated in the year ahead.* | EC 6 |
| Socio-economic development (SED) | | Altron maintained a full-points score of 5%.* | |
| The environment | | | |
| Management and policy | Communities Public at large | The Altron board adopted a single group-wide policy for safety, health and environment during the year under review. The company intends publishing a pamphlet during 2010 describing the group's response to environmental risks and opportunities. | |
| Reducing Altron's carbon footprint | Government Regulators Industry bodies | Altron's carbon footprint improved in accuracy and inclusiveness (now including business road travel and commuting on private vehicles). Total footprint estimated at 146 219 metric tonnes of CO ₂ e. Altron ranked 17 th out of the JSE Top 100 on the Carbon Disclosure Leadership Index (CDLI) for companies contributing to the Carbon Disclosure Project (CDP). | EN 3 EN 4 EN 16 EN 26 |

| | | | |
|---|--|---|-----------------------|
| Improving energy efficiency | | Altron's electricity consumption of 113 924 953 kWh accounts for 80% of the group's total greenhouse gas emissions. Through Altron's internal programme, Powersave@Altron, the company is introducing power-saving initiatives. | EN 3 EN 4 EN 26 |
| Responsible use of water | | Altron cannot presently describe its water use by quantity and source, but is working towards gaining a full understanding of this important issue. | EN 8 |
| Reducing pollution and harmful emissions | | The most material pollutants and harmful emissions include polychlorinated biphenyls (PCBs), transformer oil, total petroleum hydrocarbons and lead. There were no significant spills during the year under review. Leaks, spills and recovery measures are monitored and guided by external independent auditors. | EN 23 |
| Usage of materials and handling of waste | | Lead is the only hazardous substance used in significant quantities, and this is closely managed. All companies maintain an asbestos register and waste is being managed in accordance with the new Waste Management Act. | EN 12 EN 26 |
| Responsible management of the product lifecycle | | Willard Batteries recovers more than 90% of automotive batteries it produces and around 80% of industrial batteries. Aberdare Cables recycled nearly 500 tonnes of waste, including cardboard, copper, paper, aluminum, galvanised wire, printer cartridges, wooden pallets, PVC and metal. Altech Autopage Cellular is assessing how to deal with recycling mobile handsets. | EN 26 |
| Business conduct in foreign operations | | | |
| Impact of foreign operations | Communities Government Regulators Industry bodies | In various regions, Altron provides its services at low cost, in particular offering free internet connectivity to certain communities in Kenya. The prepaid model for cellular vouchers ensures customers are not tied into fixed-term contracts they cannot afford. | |

| | | | |
|---|---|---|------|
| Human rights and fair labour practices | | During the year under review, Altron formulated a group-wide human rights policy which will shortly be adopted by all local and foreign operations. Suppliers and contractors are given clear expectations, but are not yet screened. While there were no incidents during the year under review, the company is aware of the perceived or potential risks of importing electronic components from suppliers in some locations, and is working to improve screening in high-risk areas. | HR 2 |
| Corporate governance issues | | | |
| Protection of minority shareholders' rights | | The Altron board appointed Mr Mike Leeming as lead independent non-executive director on the company's board to further support the independence of the board and reduce potential conflicts of interest. | |
| Management of ethics and business conduct | Shareholders Employees Government | Altron adopted a group-wide code of ethics and intends supporting this with training of senior managers and executives. There were two material matters during the year: the Competition Tribunal finding against Altech Netstar (currently on appeal) and the Competition Commission's investigation against Aberdare Cables (and others) for the prohibited practice of market allocation. The company is co-operating fully with the authorities. | 4.6 |

* Transformation figures are as per the Financial Mail/Empowerdex Top Empowerment Companies in South Africa 2010 survey, audited by Empowerdex.

Establishing materiality through inclusivity

Altron's strategic themes integrate all issues across the business

In terms of the King Report on Corporate Governance for South Africa, 2009 (King III), the board needs to look beyond the interests of the company and shareholders, taking into account the concerns and issues of its wider stakeholder environment, such as customers, suppliers, employees and broader society. Altron understands the importance of balancing long-term social, environmental and economic interests with the principle need to maximise the profits of the company.

Thus, an important development for Altron in the year under review has been the consolidation of business issues into a single list with clear lines of accountability from board level down. Last year's annual report was an amalgam of strategic philosophies, focus areas, growth drivers and sustainability issues. These various items are now integrated into a single list of eleven strategic themes describing the long-term sustainability of Altron's business.

Following the materiality principle of the Global Reporting Initiative (GRI), the eleven strategic themes are subdivided into a list of some 45 issues deemed material to the business and its stakeholders. GRI indicators relevant to these issues have been applied to measure the group's progress towards sustainability. In accordance with the 'apply or explain' philosophy of King III, this report explains where the group falls short in applying these indicators, or has used

other methodologies to manage and report on these issues. Systems are continually being developed to enable the group to further improve on its application level going forward.

Governance

Altron is governed by a unitary board and board committees established to govern specific material issues within the company's eleven strategic themes. The governance bodies accountable for each strategic theme are listed below.

GOVERNING BODIES RESPONSIBLE FOR ALTRON'S ELEVEN STRATEGIC THEMES

| Strategic themes | Governance body |
|--|---|
| External factors | Board, risk management committee, audit committee |
| Products and services | Board, risk management committee |
| Income and growth | Board, audit committee |
| Business partner relationships | Board, risk management committee |
| Costs and cash management | Board, audit committee |
| Customer relationships | Board, risk management committee |
| Human capital | Board, risk management committee, remuneration committee, human capital committee, transformation committee, nomination committee |
| Transformation | Board, risk management committee, transformation committee, human capital committee |
| The environment | Board, risk management committee |
| Business conduct in foreign operations | Board, risk management committee |
| Corporate governance | Board, risk management committee |

Stakeholder engagement to establish material issues

The reasonable expectations and interests of a wide range of stakeholders inform the strategic themes and issues Altron deems material to its long-term sustainability. Engagement with stakeholders takes a variety of forms, from structured surveys, to one-on-one business dealings, to legislative forums. Important stakeholders which the company engage with are listed in the table of material issues at the front of this report, and a more detailed description of stakeholder engagement in the introduction to each strategic theme and, in most cases, in the discussion of the material issues themselves. An overview of stakeholder engagement follows.

Shareholders and investors

Altron manages a dedicated programme to engage with analysts, investors and individual shareholders. Twice a year the group's results are presented to the investor community, now including live webcasts. Structured feedback is received annually through an independently conducted analyst poll. In November 2009, the company secretary paid a visit to major investors in Pretoria and Cape Town to learn their opinion on sustainable business development across the triple bottomline. ([See full corporate governance report](#)).

Customers and business partners

Business-to-business dealings are characterised by close relationships, especially for our 'top ten' customer relationships, which are monitored by the newly created position of group alliances manager. In the retail environment, systemic feedback is obtained through call centre monitoring, while satisfaction surveys and popular customer feedback websites provide further channels for identifying and responding to customer concerns. In this report, these concerns are described more fully under the material issue: customer satisfaction. The issue of customer rights and protection has become more important with tightening legislation. The New Consumer Protection Act 2008 and the Electronic Communications and Transactions Act 2002 are the most relevant examples of government's engagement with South African industries.

Employees

Altron engages with its employees across a range of important issues, including performance, skills development, transformation, health, safety and HIV/Aids. Altron regards employee engagement as so important that we have listed this subject as a material issue dealt with in this report. At some operations, engagement takes place partially through unions, but most engagement takes place through structured forums, such as the transformation committee, employment equity committees, etc. These engagement forums are highly active and raise a number of concerns and expectations. The general shortage of skills is an issue that both inhibits employee career development as well as challenges the group's competitiveness in developing products and services. Health and safety and the ongoing prevalence of HIV/Aids are also issues which the groups deems material for this report. Altron has conducted employee satisfaction surveys previously, but not in the year under review. Recent retrenchments have intensified engagement with employees, as mandated by legislation and the Council for Conciliation, Mediation and Arbitration (CCMA) process. The issues dealt with in the transformation chapter have been included as material considering they support Altron's

Vision 2012, a programme that is also in line with the South African government's national imperative for economic transformation.

Regulators

Altron maintains regular dialogue with significant industry regulators, in particular ICASA (the regulator for the South African communications sector), the Department of Communications, NERSA (the National Energy Regulator of South Africa) and the Department of Trade and Industry (dti). This year, Altron is putting in place a government relations strategy to deal meaningfully with government departments. Altech's success in championing the liberalisation of the telecommunications industry in 2008 is one example of the advocacy role that Altron group companies play in their sectors.

Wider society

A number of issues are raised by societal expectations of good corporate behaviour, and Altron engages actively across a broad range of channels to ensure the company understands its impacts and the expectations of different stakeholder groupings.

Historically disadvantaged citizens are represented through the dti Codes of Good Practice (dti CoGP), and Altron engages with suppliers for preferential procurement, small businesses for enterprise development, as well as with communities and NGOs around its social investment.

The environment is represented by proxy stakeholders, most notably government and the legislative environment, but also through engagement with international codes and standards, as well as other stakeholders with an interest in Altron's response to environmental concerns. The environmental issues selected for reporting are those that the business deems as being material to Altron and/or those that have the largest environmental impact, in particular on global climate change.

Ethics, corruption, fraud and competitive practices are all issues that affect wider society and are often reflected in the media, with which Altron engages continuously and proactively. Government and the legislative environment provide strict guidelines and laws prescribing corporate behaviour.

Independent rating of compliance with corporate governance principles

The board is satisfied that Altron has made every practical effort to comply with all material aspects of King II during the review period, and has noted the new recommendations contained in King III, which came into force and being on 1 March 2010, and will ensure that the appropriate principles and guidelines are applied.

In 2009, the company engaged Corporate Governance Accreditation (Pty) Limited (CGA) to again independently verify Altron's corporate governance procedures and policies. All areas of governance are covered by the gap analysis. As a signatory to the United Nations Principles of Responsible Investment, CGA takes cognisance of these guidelines when reviewing the client's environmental and social awareness as part of the integrated sustainability criteria.

Altron addressed the governance deficiencies recognised in 2008 relating to stakeholder relations and integrated sustainability. CGA also noted Altron's progress made in inculcating the group's ethics policies and codes enterprise-wide. As a result of this continuous improvement, Altron again – and for the second year running – qualified for and was awarded a Gold Certificate, achieving a score in excess of 80%.

During the past year, an internal audit was conducted on the secretarial departments of Altron, Altech, Bytes and Powertech regarding all statutory forms and registers, as well as company returns, with a 'good' rating being obtained for each of these entities.

For further information regarding the governance bodies responsible for overseeing Altron's 11 strategic themes referred to above, please [refer to the full governance report](#).

Corporate responsibility

While the first five strategic themes reported on in earlier chapters of this integrated annual report speak to traditional core business issues, this section deals with Altron's response to issues of concern to society. These issues are listed under the strategic themes: customer relationships, human capital, transformation, the environment, foreign operations and corporate governance.

Stakeholder engagement is dealt with per strategic theme, or material issue (if relevant), describing the key issues raised by stakeholder groups and how the company has responded to them. In reporting on each issue, we have also included information on management's approach to the issue, policies and legislation governing the issues, and the key measurements used to determine the company's performance.

Customer relationships

» Material issue: *Customer satisfaction*

Customer satisfaction provides a measure of Altron's sensitivity to customer needs and is an indicator of our relationship with this important stakeholder group.

The majority of Altron's customers are large corporate organisations, with many of whom the company has strategic alliances. Relationships with these customers are managed at an operational level and managers within each division have ongoing communication with customers about any concerns or customer satisfaction issues that may arise. Key issues relating to the top ten customers are discussed by operational heads at a quarterly review meeting and the group recently created the position of Group Alliances Manager to manage strategic relationships with the company's most important customers.

Altech Netstar and Altech Autopage Cellular are the two major operations within the group that have the end-consumer as a customer. Customer service and satisfaction is a driving concern in each of these operations, where it receives the highest level of attention from management.

Customer satisfaction at Altech Netstar

The managing director of Altech Netstar tracks customer satisfaction statistics on a daily basis and receives monthly reports on service trends. Divisional managers are held accountable for customer service levels, which form an important part of their performance reviews.

Policies are in place to cover unit goodwill and returns and the company's newly-launched lifestyle statement – 'to provide customers with an exceptional experience through outstanding service' – has replaced the vision and mission and is entrenched in the culture of the organisation. It sets the customer service standard and expectation of all Altech Netstar employees.

Measuring performance and engaging with customers

Many of the metrics to measure customer satisfaction focus on the call centre environment and include time to answer and holding times. During the year under review the company also implemented an interactive voice recorder system that allows customers to rank an agent's service post-call, including how helpful they were, their product knowledge and the probability of the customer recommending Altech Netstar to a friend or family member (a measurement known as the Net Promotional Score). These post-call surveys are an important new measure as they allow the company to track customer satisfaction beyond the time taken to answer a call to the quality of service provided during a call.

Altech Netstar's website provides customers with the opportunity to register to complaints via email directly to the customer services manager. The company also responds to complaints and compliments registered on consumer satisfaction website, Hellopeter.com, and uses these benchmark its performance internally as well as against its major competitors. It tracks the number of complaints received each month and how many it was able to resolve to the customer's satisfaction.

Key issues and performance during the year

The key issues raised by customers are account and product-related. Each customer complaint undergoes a root cause analysis in order to identify remedial measures. A quality control department deals with product-related complaints and, where necessary, liaises with the product engineers to make improvements or adjustments.

Customer service statistics were up slightly on the previous year, with an average of 96% of calls being answered in the first 20 seconds (compared with 94% in 2008). During the year under review, Altech Netstar also increased the headcount in call centres to ensure there are enough agents on hand to maintain this level of service, and embarked on an aggressive customer service training drive for 80 agents and 25 line managers. Further investigations into the planned amalgamation of the Altech Netstar and Altech Autopage Cellular call centres, reported on last year, resulted in the decision being taken not to combine them. It was felt that the nature of the service provided by each entity is too different for amalgamation to strengthen customer service levels.

Looking ahead

The year ahead will see a continued focus on customer service training and incentivisation of customer service delivery, as the company seeks to maintain the current customer service statistics. Altech Netstar's management has visited call centres in countries across the globe to benchmark its current performance against them, and plans to implement best practices in the year ahead to align its operations with the world's leading call centres.

Customer satisfaction at Altech Autopage Cellular

Customer service at Altech Autopage Cellular is managed by the customer service executive, while overall customer satisfaction is the responsibility of the marketing executive. The managing director chairs a bi-monthly customer service meeting to review customer service performance, and receives a daily customer service 'dashboard' which provides a snapshot of service levels. This information is shared with the Exco.

Managers, employees and operations are all measured against customer service-related key performance indicators (KPIs), and managers are held accountable for the improvement of customer service levels through the implementation of quality assurance, training and development initiatives.

During the year under review, the company constituted a customer management forum, comprising senior managers from across functions, to draft and drive all customer-related initiatives and projects. All existing customer-related policies and procedures are under revision to ensure standardisation, consistency and a universal definition of outstanding customer service.

Forums to identify customer concerns

Altech Autopage Cellular has a number of engagement forums in place to identify the key customer concerns. The company's website allows for customer feedback via email and where necessary, queries and complaints are escalated to the Altech Autopage Cellular managing director and the Altech CEO's office. The company aims to respond to media consumer forums (such as Hellopeter.com) within two to 24 hours. All queries received via ICASA are analysed and responded to as a matter of urgency.

During the year under review the company added the Net Promoter Score (NPS) to its measurement tools as planned. However this did not provide the detail required to steer a significant customer service improvement and as such was removed and replaced with an annual customer satisfaction survey. This is conducted by an external agency across a broad range of customers with particular focus on those who have recently had a service query. The questionnaire tests five customer satisfaction metrics: professionalism and friendliness; product knowledge; first contract resolution; satisfaction; and customer experience. Around 1000 customers complete the questionnaire each month, the information from which is amalgamated into an annual survey.

Dealing with key issues raised

The key issues raised by customers via these forums include repair turnaround times; network billing issues and delays (specifically related to MTN); the time taken to answer customer calls; and lack of satisfaction with the final resolution of a query or complaint. There is also lack of clarity about the packages sold via third party telemarketing initiatives.

Many of these are issues raised during the previous year, which Altech Autopage Cellular manages on an ongoing basis. Repair turnaround times are central to repair service level agreements (SLAs) and the company conducts regular monthly meetings with repair centres to address challenges and improve efficiency. The call centres and help desk have been consolidated in an effort to reduce the time taken to answer calls and progress has been made in improving

customer understanding of packages, through the implementation of relevant communication and training. In spite of ongoing engagement with MTN, billing errors continue to be a challenge.

A number of new initiatives were rolled out during the year under review with the aim of improving Altech Autopage Cellular's customer service. The newly formed customer management forum developed a customer management plan to drive employee understanding, customer engagement and successful service delivery.

Customer facing divisions were integrated to ensure better focus and control, and service and quality function introduced to provide support. The company also launched an internal zero-tolerance campaign to ensure stricter management of agents' customer service delivery, while the introduction of an award to recognise and reward customer service excellence acts as a powerful positive motivator.

Plans to further improve customer service

The company's key customer service objectives for the year ahead include increased customer education; customer self-help capabilities; process and resource optimisation; a move towards qualitative measurement of customer service to ensure first-call resolution; and, the implementation of a more systematic approach to the life-cycle and experience of the customer.

The company's goal is to achieve a service level target greater than 70% and first call resolution of greater than 80% in the year ahead.

Customer satisfaction at Aberdare Cables

Customer service levels at Aberdare Cables are continually tracked and monitored. This data is used to develop a customer satisfaction index which is presented to the CEO for review, and for appropriate action when service levels fall outside of the required 95% target. The company applies continuous improvement processes in order to deliver high quality, well-engineered products, supported by on-time delivery and excellent customer service.

During the year under review the company achieved average service levels of around 58%, with the majority of customer complaints relating to availability of stock. Aberdare Cables is in the process of developing a performance management system to track performance when dealing with customer complaints. Currently, customers can make use of a head-office help desk and customer service contact numbers displayed on the company website.

Customer satisfaction at Crabtree Electrical

Crabtree places great importance on staying close to key decision makers and operational managers in our distribution partners. The company's traditional sales activities are business-to-business. It monitors customer/distribution partner satisfaction through two levels of face-to-face information gathering.

Regional managers meet with both large and small customers on a rotational roster throughout the year. Through informal discussions they determine the customer's satisfaction levels and identify key issues that might lead to a breakdown in customer relationships. Action plans are then established to resolve any issues of this nature.

Managing and sales directors meet with key customers on a quarterly basis, and where time permits, with smaller emerging customers as well. These visits are also used to determine customer satisfaction levels.

Customers can access various feedback channels, including branch managers, the internet and email, as well as the Q-Pulse quality management system.

Customer relationships

» Material issue: *Customer rights and protection*

Consumer rights are protected by the New Consumer Protection Act 2008 (CPA) which entrenches the consumer's right to fair value, good quality and the safety of products purchased. It sets national standards for consumer protection from health and safety risks, and defective or inferior goods. Signed during the year under review and due to come into effect in October 2010, it will have a material impact on Altech Netstar and Altech Autopage Cellular, the group's two operations that deal directly with the end-consumer.

These operations, and to a lesser extent Bytes Outsourced Solutions, are also affected by the Electronic Communications and Transactions Act 2002 (ECT), which provides for the protection of personal consumer information and the protection of electronic information on individuals held in critical databases.

In addition to the importance of complying with legislation we recognise the danger of exploitive behaviour in a competitive environment. While short-term profit is often the motivator at the retail interface, we welcome the role of the National Credit Advisor in curbing excessive behaviour in the industry, thus protecting the rights of consumers to the long-term benefit of all stakeholders.

Responding to CPA

Altech Autopage Cellular has established a CPA committee and project team in partnership with its legal department, and all directors and general managers are responsible for ensuring compliance with the CPA. At Altech Netstar, the issue is being managed by the legal department.

Both operations are in the process of amending all customer-related contracts and policies to ensure that they meet the requirements of the CPA. These include putting contracts into plain and understandable language, allowing consumers to inspect goods before purchasing; implementing warranties and refund policies; giving consumers notice prior to the expiry of their contract; implementation of fair and responsible marketing; and publishing of promotional competition rules.

Altech Netstar will publish its terms and conditions as well as a copy of the CPA on its website to ensure customers are aware of their rights, while Altech Autopage Cellular's is in the process of developing a customer education and communications plan to keep consumers informed.

Protecting customer privacy and confidential consumer information

Altron's Data Storage and Retention policy, together with back-up and access to information policies, cover the management and protection of confidential consumer information.

Altech Netstar and Altech Autopage Cellular hold confidential consumer information including ID numbers, credit card information and banking details. Access to all applications containing this information is controlled by login; users are not able to download or distribute multiple client information and only the administrator can access the database. This ensures appropriate tracking and audit trails for every customer interaction.

All credit card information is encrypted and stored in a database separate from the one containing the contract information and standard banking details. All documentation is stored off-site with a reputable document storage company, and the company conducts regular back-ups as a matter of policy. Altech Autopage Cellular conducts a multiple point security authentication check when dealing with sensitive customer queries, to verify that the agent is speaking to the correct individual.

Bytes Outsource Solutions does not hold any confidential consumer information itself; however it manages the application layer relating to the transmission of confidential medical aid claim information between pharmacies and medical aid companies.

Responding to the Regulation of Interception of Communications Act (RICA)

Altech Autopage Cellular customers have to comply with the new Regulation of Interception of Communications Act (RICA) by 31 December 2010. Altech Autopage Cellular has implemented a RICA project, championed by the customer operations executive, to inform customers about RICA and assist them to become compliant. None of Altron's operations received any substantiated complaints regarding the breach of customer privacy and loss of customer data, nor were there any incidents of identity theft reported during the year under review.

Human Capital

Altron's employees include 10 649 full-time and 1 126 contract/temporary employees in the group's local South Africa operations, as well as 1 662 employees in international operations. Human capital management is informed by business strategic drivers within the company, interaction with and feedback received from employees through a number of engagement forums, key national imperatives and legislation. Altron complies in all material respects with the Basic Conditions of Employment Act, the Labour Relations Act, the Employment Equity Act and the Skills Development Act, and is committed to achieving various employee-related transformation targets as set out in the dti CoGP.

Altron recognises that employees are central to the company's prosperity and sustainability, and embraces its duty to treat them in a responsible, fair and humane way and not to engage in any activity that exploits them or causes them harm.

Altron's workforce profile by occupation levels

| Occupational levels | Male | | | | Female | | | | Total SA Workforce | % black representation | % black female representation |
|--|---------|----------|--------|-------|---------|----------|--------|-------|--------------------|------------------------|-------------------------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | | | |
| Senior top management | 6 | 2 | 3 | 44 | 1 | 1 | 0 | 4 | 61 | 21 | 3.3 |
| Other top management | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Senior management | 12 | 5 | 25 | 191 | 6 | 4 | 13 | 41 | 297 | 22 | 7.7 |
| Middle management – professionally qualified and specialists | 106 | 75 | 163 | 789 | 44 | 19 | 65 | 220 | 1 481 | 32 | 8.6 |
| Junior management – academic qualified and skilled technicians | 1 261 | 438 | 439 | 1 242 | 610 | 170 | 272 | 737 | 5 169 | 62 | 20.3 |
| Semi-skilled and discretionary decision making | 1 044 | 193 | 76 | 241 | 341 | 157 | 80 | 224 | 2 356 | 80 | 24.5 |
| Unskilled and defined decision-making | 967 | 52 | 11 | 132 | 100 | 16 | 2 | 5 | 1 285 | 89 | 9.2 |

| | | | | | | | | | | | |
|----------------------------------|--------------|------------|------------|--------------|--------------|------------|------------|--------------|---------------|-----------|-------------|
| Total permanent workforce | 3 396 | 765 | 717 | 2 639 | 1 102 | 367 | 432 | 1 231 | 10 649 | 64 | 17.8 |
|----------------------------------|--------------|------------|------------|--------------|--------------|------------|------------|--------------|---------------|-----------|-------------|

Altron's workforce by employment type

| | Altech | Bytes | Powertech | AMS |
|--------------------|---------------|--------------|------------------|------------|
| Permanent | 4 | 61 | 21 | 3.3 |
| Contract/Temporary | n/a | n/a | n/a | n/a |
| Offshore | 41 | 297 | 22 | 7.7 |
| | 220 | 1 481 | 32 | 8.6 |

» Material issue: Employee engagement

At the Altron group level, management and executives meet with employees twice a year at an interactive results presentation. The Altron intranet and group-wide Profile staff magazine provide platforms for two-way interaction and communication between management and employees. While the company conducts specific surveys throughout the year to obtain feedback and input from staff on a range of issues, no employee satisfaction survey was conducted during the year under review.

Employee unionisation figures for each operation are as follows: Bytes: 4.2%; Altech: 7.3%; Powertech: 62%. There was no industrial action during the year under review, nor were there any material incidents of discrimination or actions taken. The company did not conduct any employee satisfaction surveys during the year.

Performance management

Although there are centres of excellence in which all employees receive regular performance reviews, this is not currently happening across the board at all levels in all sub-holding companies. Once finalised, the performance management strategy will address this issue, stipulating that all sub-holding companies conduct regular performance reviews with all staff.

At Altech, 78% of employees currently received regular performance reviews, while percentages differ for each company within Powertech, ranging from 34% to 100%. All employees at Bytes receive regular performance reviews although the regularity of these differs from one company to the next.

Grievances, strike action and unionisation

Altron is guided by a Grievance and Disciplinary Procedure set out in the Altron Policy Manual, which is communicated to employees when they join the company and is also available for viewing on the Altron intranet.

Employee engagement during retrenchments

Powertech, Altech Autopage Cellular and Bytes UK underwent significant retrenchments during the reporting period due to the financial crisis and subsequent business slowdown in some operations. Powertech's Aberdare Cables closed its Eloff Street operation, resulting in the retrenchment of 138 salaried and 89 weekly paid staff. There were a total of 522 retrenchments across the group, as well as some staff short-time.

Labour legislation informs the way in which Altron engages with staff during retrenchments. In particular, the Council for Conciliation, Mediation and Arbitration (CCMA) process requires the company to engage in meaningful consultation and two-way dialogue with employees, informing staff fully on the reasons driving retrenchments and providing them with a platform to put forward alternatives, suggestions and questions. Across affected companies, managing directors took personal responsibility for this engagement, in the process helping to maintain company morale. Altron group employees are subject to the standard terms and conditions of employment where notice periods range between 30 and 60 days. For scheduled workers, Altron is guided by the provisions of the Steel and Engineering Industries Federation of South Africa (SEIFSA).

Where retrenchments take place in a unionised operation such as Powertech, senior management engages with union representatives and shop floor stewards at every step in the process. Transparency is important and Powertech trade union representatives were provided with access to all financials and relevant operational information.

Bytes UK is governed by similar legislation which requires companies to enter into engagement with staff on retrenchments. As the number of employees retrenched at Bytes UK was small, the company was required to write to each employee individually, setting out the rationale for their redundancy and inviting them to a meeting to discuss the proposed dismissal. As Bytes UK staff are not unionised, no engagement with unions was necessary.

Human Capital

» Material issue: *Skills attraction, development and retention*

The ICT sector in which Altron operates is characterised by severe skills shortages. The development and retention of internal skills and attraction of external skills is of paramount importance to the group's ongoing ability to remain competitive. Apart from the business imperative driving skills development, Altron is guided by the Skills Development Act and the Skills Development Code of the dti Codes of Good Practice.

Management, policy and approach

The formation of the human capital council (HCC) was an important step towards a more integrated approach to skills attraction, development and retention in the Altron group. Although the company has historically had pockets of skills development excellence, such as the Altech Academy and the Altron Young Presidents' Club leadership development programme, the subsidiaries have generally lacked an integrated approach to human capital management.

The human capital strategy currently being formulated by the HCC will address this issue, and ensure the integration of training and development plans with succession, remuneration, recruitment and performance management plans. The HCC has already formalised group-wide training and development plans with recruitment, succession, remuneration and performance management plans.

The HCC comprises human resources representatives from each of the sub-holding companies, the company secretary representing the remuneration committee, the group corporate affairs executive and the financial director. The Altron chief executive takes an active interest in the human capital development plan for the company and attends the monthly HCC meetings on invitation. However, although the strategies and policies are driven centrally by the HCC and apply to the entire group, management within each sub-holding company is responsible for the implementation of human capital plans as they relate to each sub-holding company's needs and requirements.

Altron's approach to skills development is three-pronged: to develop internal and external skills pipelines through succession planning and training and development initiatives; attract the best talent from the limited industry pool available through recruitment drives; and retain existing and newly-acquired skills through remuneration and performance management strategies.

During the year, the company reviewed its share based incentives and received shareholder approval to the two existing schemes with a hybrid share incentive. The new share incentive plan plays an important role in motivating performance and attracting and retaining top talent at the executive and senior management level, and for key skills.

Determining where our critical skills gaps lie

During the year under review all Altron sub-holding companies conducted an extensive skills audit from which was determined: the need to grow a robust leadership pipeline; a list of key technical skills; and the need for skilled black persons and black female employees at senior to top management. Regarding the latter, Altron invested R61 million in skills development in the past financial year.

A flexible remuneration strategy allows the company to attract the best external senior technical talent, while a vibrant training and development programme focuses on developing junior talent into skilled technical employees.

The skills pipeline is being filled on a number of fronts:

- Powertech Transformers graduated 92 trainees in its various technical training centres covering transformer technologies, windings, boilermaking, welding and assembly, among others.
- Altech enrolled 15 new graduates in its 18 month engineer-in-training programme, bringing to 35 the total number of graduates currently in the programme.
- Bytes trained 188 learners during the year, of which 59 were disabled. All technical employees at Bytes undergo continual up-skilling to ensure they can instal and integrate the latest technical releases.

Altron's leadership pipeline supports its succession plan, a key stipulation of King III. Though the succession planning forms part of the human capital strategy, nomination committees have been appointed at the subholding company level to drive a succession planning process. This recognises the need for integration with other group-wide recruitment, retention and training initiatives.

The succession planning policy ensures the systematic and long-term development of key individuals to replace key job incumbents as the need arises, and ultimately ensures that the company has the talent necessary to achieve its strategic objectives. Supporting these plans, the company already has a number of focused leadership development programmes in place (see accompanying side-bar).

Developing black and black female skills is a key focus of all five aspects of the human capital plan – succession planning, performance management, training and development, remuneration and recruitment:

- Of the more than R23 million spent by Bytes on training during the year, nearly R16 million (67%) was spent on black skills development and more than 50% of this was channelled to the skills development of black females.
- Bytes Outsource Services trained 28 historically disadvantaged and three physically disabled learners as part of its contact centre learnership programme.
- Powertech spent almost R13 million on black training and skills development (49% of total training spend), with R2.7 million being spent on black females and R537 000 on black disabled employees. This equates to 1 846 black employees engaged in a range of training activities, from education assistance and internships to workshops, to apprenticeships and work-based informal training. The company trained 51 black male and five black female apprentices, 82 black male and 43 black female learners, and 13 black male and five black female experiential trainees. Of the five trainees enrolled in the company's Assembly Training Centre, four are from historically disadvantaged groups.
- Altech invested R11 million in training during the year under review, of which 54.5% was spent on black skills development. Of the 23 bursars in the company's bursary programme, nine are from historically disadvantaged groups and two are black females. Altogether 12 black managers took part in the Altech Academy's Accelerated Leadership Programme, which fast-tracks high-potential individuals through the different management levels. Of the 35 graduates who are in enrolled in the graduate engineer-in-training programme, 19 are black and six are black females. The year also saw one black candidate graduate with the first pool of Altech Academy graduates across a range of different programmes.

Please also refer to the [remuneration report](#) which provides further detail on the Altron group's strategy for attracting, rewarding and retaining key skills, as well as a sustainable pipeline for leadership succession.

Supporting the leadership pipeline

The *Altron Young President's Club* identifies, trains, mentors and develops potential future leaders for the group, chiefly through the Altech Academy and the Da Vinci Institute.

The 10 candidates currently enrolled are now in the second of their two-year programme towards a masters degree in Management of Technology and Innovation.

The *Powertech Leadership Programme (PLP)* focuses on senior management, senior leadership and executive development. The scope of the PLP has been expanded to more closely define the senior management development plan.

Human Capital

» Material issue: Health and safety

Health and safety performance is a key measure of company's duty of care and low injury and absenteeism rates usually reflect positive staff morale and productivity. Altron is committed to the fundamental right espoused in the Constitution of the Republic of South Africa that everyone has a right to an environment that is not harmful to their health and well-being.

In addition to guidance from King III, the Occupational Health and Safety Act (OHASA) provides a legislative framework outlining an employer's legal duty to provide healthy and safe conditions in the workplace.

The most significant health and safety risks are found in the group's manufacturing operations. Apart from these, health and safety risks are low and largely associated with working in an ICT office environment.

Policy, management and approach

A group-wide Altron Safety, Health and Environmental (SHE) policy is in place to guide the group's approach to managing issues of occupational health and safety, and ensures that, as a minimum, all subholding companies comply with the prevailing safety and health rules, regulations and laws.

The health and safety of all employees is the ultimate responsibility of the Altron chief executive, although line management is responsible for the issue within each sub-holding company. All operations have appointed health and safety managers and employees who act as health and safety representatives. Safety, health and environment committees meet on a monthly basis.

Engaging staff on issues of health and safety

Safety induction takes place for all employees when they join the company, and the group's SHE policy is available for viewing via the intranet. All employees have the opportunity to participate in risk assessments held during health and safety meetings. In the manufacturing operations, health and safety is dealt with on a daily basis at the shop floor level. Selected employees have been trained as auditors in preparation for the implementation of the OHASA 18001 Health and Safety system. SHE is a key performance indicator on every employee score card.

Bytes trains around 50 employees in first aid each year, and runs fire-fighting courses annually for as many people as possible. Both first aid and fire-fighting training are voluntary and the company will accommodate as many employees as are interested in doing these courses. In divisions where it is relevant, Bytes conducts training in safe forklift operation, stacking and storage. It also conducts formal health and safety representative training.

Measuring health and safety risk and performance

Altron sub-holding companies measure rates of injury, occupational diseases, lost time frequency rates, absenteeism, and work-related fatalities. Health and safety performance is also a key performance indicator, which the company monitors on a monthly basis via safety inspections.

Health and safety is included as an item on the company's risk register. External consultants, MS Alexander & Associates, as well as the internal audit department, conduct health and safety risk assessments on various Altron operations and report the findings through to the internal audit department, which in turn reports back to the relevant risk management committees throughout the group.

During the year under review, a health and safety risk assessment was carried at all areas within Arrow Altech Distribution's Isando premises. The company was generally deemed to be low risk from a safety hazard perspective and no remediation plans were needed. Of all areas assessed only the staircase was identified as high-risk, rated 12 on the risk scale and 18 on the potential liability scale. However, the staircases were found to have substantial handrails and the steps were relatively slip and skid free. Four paraffin heaters were assessed as being a high fire risk, and recommendations were made for a spill kit to be installed next to each of the four paraffin drums to prevent spillage during decanting. All controls and recommendations suggested by MS Alexander & Associates regarding the warehouse complex have been carried out.

Health and safety performance per sub-holding company

| | Altech | Bytes | Powertech |
|-------------------------|--------|-------|-----------|
| Injuries | 8 | 31 | 323 |
| Occupational diseases | 0 | 0 | 9 |
| Lost days | 239 | 72 | 478 |
| Work related fatalities | 0 | 0 | 0 |

Plans for the year ahead

During the year ahead, MS Alexander & Associates will conduct H&S risk control reviews at selected operations in Altech, Powertech and Bytes. Going forward, all subholding companies will continue to conduct health and safety training.

Human Capital

» Material issue: *HIV/Aids*

HIV/Aids is one of South Africa's most urgent healthcare challenges, and one that can have a material impact on companies that fail to manage it effectively. Although not an occupational disease, it is afforded special attention by companies committed to responsible corporate citizenship as it directly impacts the well-being of employees, their families and communities.

Policy and approach

Altron is committed to creating a working environment where employees living with HIV/Aids are protected from unfair discrimination and stigmatisation. It strives to provide all employees with access to training, information and counselling services relating to HIV/Aid and is committed to ensuring that employees living with HIV/Aids will be treated with dignity, compassion and respect.

A group-wide HIV/Aids policy was formulated to guide the company in understanding, assessing and responding to HIV/Aids in the workplace. This policy seeks to:

- prevent unfair discrimination and prejudice against employees living with HIV/Aids;
- minimise fear and panic among employees;
- ensure stability and productivity in the workplace;
- encourage disclosure by HIV/Aids employees without fear of victimisation or prejudice;
- enable line management to respond appropriately in the event of an HIV/Aids related case;
- minimise Altron's liability to wrongful conduct by its employees in relation to HIV/Aids; and
- empower employees to prevent the spread of HIV and Aids through training and education.

The policy is reviewed on an annual basis to ensure it remains compliant with legislation.

Responding to the HIV/Aids risk

An HIV/Aids audit, conducted by the Aurum Institute of Health Research during 2008, outlined potential areas of risk from an HIV/Aids perspective, throughout the group's operations. Overall the HIV/Aids risk is low (between 5% and 11%). Aberdare Cables is the highest risk area in the Powertech group, while Altech UEC and Altech Autopage Cellular are at a higher risk than the other operations within the Altech group. HIV/Aids does not pose a significant threat to the Bytes group.

During the year under review, Altron continued with phase two of its response to HIV/Aids, educating key suppliers to ensure minimal disruptions to the supply chain, and conducting assessments of individual operations within the Powertech group, as well as of higher risk units situated in provinces such as Gauteng and KwaZulu-Natal.

Large-scale retrenchments at Powertech during the year significantly reduced the group's HIV/Aids risk profile. Altron will again conduct a review of the entire group's HIV/Aids statistics in 2013.

Transformation

Altron's transformation journey continues to be defined by the Transformation Vision 2012 policy document, the goals of which are aligned to the dti CoGP. While Altron views transformation as an important corporate responsibility, it also recognises the business benefits gained in understanding and gaining access to new markets.

Transformation is driven by a transformation committee (Transcom) comprising transformation representatives from each of the operations, together with members of senior management. Ultimate responsibility for meeting the group's five-year transformation targets rests with the chief executive of Altron, while at each operation the managing directors' annual performance bonuses are also linked to transformation performance.

Transformation representatives drive the targets at an operational level, and regular meetings with line management and Transcom representatives help each company track ongoing B-BBEE progress.

Measurement

Altron measures its transformation progress against the targets of Transformation Vision 2012. External verification agency, Empowerdex, conducts an annual audit of the group's B-BBEE position and ranks its performance for each Code.

Performance

Altron Empowerdex 2010 dti Scorecard

| Scorecard element | Weighting | Total Score 2010 | Total Score 2009 | Total Score 2008 |
|----------------------------|-------------|------------------|------------------|------------------|
| Ownership | 20% | 11.50% | 11.50% | 8.90% |
| Management control | 10% | 3.72% | 2.60% | 4.44% |
| Employment equity | 15% | 3.80% | 5.10% | 4.46% |
| Skills development | 15% | 15.00% | 11.90% | 4.46% |
| Preferential procurement | 20% | 17.56% | 14.20% | 12.58% |
| Enterprise development | 15% | 15.00% | 15.00% | 15.00% |
| Socio-economic development | 5% | 5.00% | 5.00% | 5.00% |
| Total B-BBEE Score | 100% | 71.58% | 65.30% | 54.84% |

Highlights and challenges

External verification agency, Empowerdex, conducts an annual audit of the group's B-BBEE position and ranks its performance for each element of the code. Altron achieved its Transformation Vision 2012 goal of becoming a level 4 contributor during the year under review, improving its overall B-BBEE score from 65.30% to 71.58%. The company was ranked number 2 in the General Industrials sector of the FM/Empowerdex Top Empowered Companies in South Africa 2010 Survey, and was ranked the 34th most empowered company overall. Altech was rated seventh in the ICT sector.

Highlights included an improvement in the score for management control – an area identified in last year's report as particularly challenging – and for preferential procurement. While the company maintained a full-points score for enterprise development, skills development and socio-economic development, the score for ownership remained the same and the score for employment equity dropped, an area identified as a priority for the future development of human capital throughout the group.

» Material issue: Ownership

Altron scored 11.50% for the ownership element of the scorecard, the same as for the previous year. This score is not inclusive of empowerment transactions that were concluded in the last quarter of the financial year, such as:

- Altech's empowerment transaction with black investment management company Thebe Investment Corporation (Pty) Ltd, and women-owned and run investment firm Identity Capital Partners (Pty) Ltd. The consortium takes a 25% plus one share equity stake in three Altech subsidiaries, namely Altech Netstar, ComTech and Altech Netstar Fleet Solutions; and
- Powertech Transformers' empowerment deal with black empowered company, Power Matla, which took a 20% empowerment equity stake in Powertech Transformers during the year under review.

The current status of B-BBEE ownership is shown in the accompanying table.

B-BBEE executive summary matrix

| Sub-holding company | B-BBEE PARTNER | % stake | Operation affected |
|---------------------|--|------------------|---|
| Altech | Pamodzi Investment Holdings | 25.01% | Altech Information Technologies |
| | Thebe Investment Corporation and Identity Capital Partners | 25.00% + 1 share | Altech Netstar, ComTech, Altech Fleet Solutions |
| Bytes | Kagiso Strategic Investments | 27.00% | Bytes SA |
| Powertech | Izingwe Capital | 27.00% | Aberdare Cables |
| | Izingwe Capital | 25.10% | Powertech SA |
| | Kagiso Ventures Limited | 25.10% | Battery Technologies |
| | Power Matla | 20.00% | Powertech Transformers |
| | Mahogany Capital | 25.01% | Powertech Calidus |

» Material issue: Management control

We were pleased with the small improvement made in the management control score – from 2.60% in 2009 to 3.72% – due to the appointment of a black female to the executive committee. We are however aware that this is still an area that requires attention. The formation of the HCC, together with succession plans, leadership training, performance management policies and retention bonuses will help the company improve on this score.

» Material issue: Employment equity

Employment equity (EE) represents our most significant transformation challenge. Our EE score unfortunately dropped from 5.10% to 3.8%, partly due to retrenchments in Powertech.

As indicated in last year's report, the main challenges are the lack of senior female managers (one black female was appointed to senior management position during the year under review) and black disabled employees.

The HCC, formed during 2009, will play a pivotal role in helping us to improve our EE score. All elements of the human capital plan – including succession planning, performance management, training and development, remuneration and recruitment – focus on diversity as a core element. Altron is confident that its EE score at the senior management level will be improved by the training and development of young black managers through the succession plan and leadership development programmes. Recruitment, retention and remuneration schemes will help us to attract and retain the most talented black women in the industry.

However, it should be noted that these interventions will require time before their impact is fully felt. In an industry plagued by skills shortages, we strongly believe that a long-term development plan is the only solution ensuring demographic representation within the company in the long run.

» Material issue: Skills development

Altron achieved a full 15% score for skills development, showing a marked improvement on the 11.90% score of the previous year. The company was also ranked the top General Industrials sector company for skills development by FM/Empowerdex Top 200 Empowerment Companies Survey in 2010, reflecting the company's commitment to empowering future leaders through training. The group spent over R61 million on training programmes during the year, many of which benefit employees from historically disadvantaged backgrounds (refer to the [human capital chapter](#) for more detail).

Skills development spend

| Company | Total training spend |
|-----------|----------------------|
| Altech | R11 500 000 |
| Bytes | R23 339 823 |
| Powertech | R27 166 838 |

Skills trained at Powertech Transformers

| | |
|---------------------------|----|
| Transformer assemblers | 38 |
| Large winding assemblers | 17 |
| Medium winding assemblers | 9 |
| Winders | 21 |
| Boilermakers | 2 |
| Electricians | 2 |
| Fitters | 3 |

The development of black leadership talent is our most pressing skills development challenge. We conducted the planned-for skills audits in each subholding company and used this gap analysis to inform the establishment of the HCC and its policies. Work has now begun implementing the human capital management process by identifying and developing internal talent throughout the group.

During the reporting period, the Altech Academy also extended its product offering to all companies within the Altron group. Certificates, diplomas and short courses, along with masters, doctoral and leadership development programmes, will now benefit all our companies and their employees. These programmes all favour historically disadvantaged candidates, and will serve as a vital transformation skills development pipeline.

» Material issue: Preferential procurement

Our preferential procurement score improved from 14.20% to 17.56% during the year, bringing the company ever closer to attaining the full 20% score for this important element of transformation. Around R11.4 billion was spent on preferential procurement, representing 68% of the group's R16.7 billion total procurement spend. All companies within Altech showed an improvement of at least 50% on this score and many companies within Powertech receive full points for preferential procurement.

In the past few years the procurement council has developed sophisticated systems, processes and tracking initiatives, which have proved valuable in helping us improve our preferential procurement rating. One of the biggest challenges has been the lack of accreditation among some suppliers, but we have now undertaken to pay for an external rating agency to rate their B-BBEE credentials. This has helped to include many previously unaccredited Powertech suppliers.

» Material issue: Enterprise development

Altron maintained a full-points score of 15% for enterprise development (ED) during the year under review, investing around R42.9 million in small-to-medium black-owned business during the year under review. Powertech earns 15% for enterprise development in many operations, drawing on its historical strength in the development of small businesses. Enterprise development initiatives also strengthen relationships with suppliers and the labour force and the company will continue to investigate new ED partnerships in the year ahead. All operations within Bytes received 15% for ED.

Although some operations within Altech achieve high ED scores, it was highlighted in last year's sustainability report that other operations were struggling to match this performance. In accordance with plans outlined in 2008, the company formulated an enterprise development strategy to assist all its operations in understanding the requirements of ED, and implementation guidelines to drive the practical achievement of ED targets.

» Material issue: Socio-economic development

Altron again achieved a full-points score of 5% points for socio-economic development, spending around R14.8 million on projects to uplift and develop poor communities.

The year brought about an important development in our SED journey, as we made a shift towards the adoption of large-scale flagship projects. This represents a natural evolution of our plans to form long-term partnerships and invest in large, sustainable projects that will deliver the greatest impact to beneficiaries.

In spite of this shift, we will continue to honour our current commitments to various CSI projects that are already underway. However, these may not be renewed in the future.

Our CSI focus areas are aligned with national social development imperatives and its core business as a technology company. They include:

- **Education and training, incorporating:**
 - general education in technology and IT, electronics/multimedia, engineering, maths and science,
 - school infrastructural development, outreach programmes and Adult Basic Education and Training (ABET); and
 - skills development programmes aimed at improving skills levels in communities to allow people to earn a living and become self-sustainable.

- **Job creation outside the company value chain, including:**
 - general education in technology and IT, electronics/multimedia, engineering, maths and science,
 - school infrastructural development, outreach programmes and Adult Basic Education and Training (ABET); and
 - skills development programmes aimed at improving skills levels in communities to allow people to earn a living and become self-sustainable.

- **Community development and support, incorporating:**
 - Health and social welfare in medical, primary healthcare and welfare projects within communities in which the company operates
 - Community Aids awareness programmes aligned to government programmes
 - Support for security and public safety programmes (such as training of volunteers working at police stations, equipment or outreach programmes).

- **Conservation and environment, including:**
 - Environmental awareness and projects;
 - Support of conservation initiatives and programmes; and
 - Involvement in disaster relief programmes.

- **Arts, culture and sports, including:**
 - Support of developmental programmes;
 - Training of new talent; and
 - Development of historically disadvantaged individuals or teams.

Launching a flagship health project

A milestone was reached with the signing of a public private partnership between Altron (including Bytes and Powertech), Altech, Vodacom, the Gauteng Provincial Department of Health and Wits University's Reproductive Health and HIV Research Unit (RHRU).

A R14 million investment (R7 million from Altron and R7 million from Altech) will be matched by Vodacom to repair, upgrade and improve the infrastructure of the Centre for Specialised Services in Hillbrow, Johannesburg, over a three-year period.

The centre, in the heart of the Hillbrow health precinct, provides medical care to pregnant women and children infected with HIV/Aids and TB. Its R28 million upgrade will go a long way to relieving the pressure on the over-burdened Chris Hani Baragwanath Hospital and will help address one of the country's most urgent health challenges.

Environment

Companies have a responsibility to minimise the impact their operations have on the environment, and although Altron's operations do not pose a significant risk, the company takes seriously its duty of care towards the environment. The group recognises that the global fallout from climate change will negatively impact its business and the markets in which it operates. The group is committed to comply with all relevant environmental legislation and look for opportunities where the businesses can profit from products and services that reduce mankind's environmental footprint.

» Material issue: *Management and policy*

Altron makes use of independently commissioned environmental compliance and risk assessment audits to determine where its greatest areas of risk lie. Most of Altron's manufacturing operations undergo ISO 14001 and ISO 18001 accreditation and make use of local benchmarks such as the JSE SRI Index and environmental elements of the GRI's G3 index to further determine its impact.

We support international agreements such as the United Nations Framework Convention on Climate Change and the Kyoto Protocol and are a signatory of the Copenhagen Communiqué.

Approach and policies

During the year the board adopted a single, group-wide policy for safety, health and the environment, which governs the way in which all operations in the company manage their environmental impact. It also has policies in place regarding waste, pollution, product responsibility and energy efficiency, and is further guided by national legislation, independent risk and compliance reports and international agreements.

While ultimate environmental responsibility rests with the chief executive of the group, managers within each operation are tasked with ensuring that their company complies with the necessary legislation and behaves in an environmentally responsible manner. Environmental champions and a carbon committee identify environment issues at Altron's subholding companies, and these are reviewed by the risk management committees for feedback to the board. The Altron group company secretary is assigned responsibility for measuring and reducing the company's impact on climate change. During the review period, Altron did not receive any environmental fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

Engaging stakeholders

The success of environmental management, energy saving and carbon reduction initiatives relies on the awareness and buy-in of employees. Altron engages in a great deal of environmentally-related communication to ensure employees are informed and on board.

The intranet has a dedicated carbon footprinting web portal, and a specially developed Altron carbon footprint brand is used on all internal communication material. Ongoing communication via the intranet, staff magazines and memos highlights the importance of environmental responsibility and provide guidance on how employees can change their

behaviour – at work, at home and in their communities – to be more environmentally responsible. A stand at the Altron annual awards event gave employees the opportunity to measure their own carbon footprint.

Determining and measuring environmental impact

Altron makes use of independently commissioned environmental compliance and risk assessment audits to determine where its greatest areas of risk lie. The company’s operations undergo ISO 14001 and OHSAS 18001 accreditation and we make use of local benchmarks such as the JSE SRI Index and environmental elements of the GRI’s G3 index to further determine our impact.

Information is gathered at each site and captured in the company’s Everest information management system. For the past two years, PricewaterhouseCoopers has been contracted to conduct a carbon footprint assessment exercise, the results of which inform our ongoing journey to reduce our carbon footprint.

| Company | ISO 14001 | OSHAS 18001 and other |
|----------------------------------|---|--|
| Arrow Altech Distribution | Compliant but not accredited as it handles no hazardous substances. | ROHS compliant (the European standard for removal of harmful substances) |
| Altech Netstar | None | 70% of components received lead-free |
| Altech UEC | System has been updated for ISO 14001 compliance. Accreditation no done due to recession, and SHE Manager was retrenched. | ROHS compliant WEEE compliant |
| Aberdare Cables | ISO 14001 Port Elizabeth ISO 14001 Pietermaritzburg Gauteng operation, Eloff, Warehouse, Distribution recently moved to new premises accreditation delayed. | BASEC certified OHSAS 18001 certified |
| Powertech Transformers | | |
| – Pretoria West | Certified | OHSAS 18001 certified |
| – Cape Town | Certified | OHSAS 18001 certified |
| – Booyens | Working towards accreditation | Working towards accreditation |
| Powertech Batteries | Certified | OHSAS 18001 certified |
| Battery Technologies | Expected end of 2010 | OHSAS 18001 certification expected end of 2012 |
| Crabtree | System has been updated for compliance. Accreditation delayed due to cost containment imperatives. | OHSAS 18001 certification expected end of 2012 |
| Powertech Calidus | System has been updated for compliance. Accreditation delayed due to cost-containment imperatives. | Working towards accreditation |
| Powertech IST | Working towards certification 2010 | OHSAS 18001 certified |

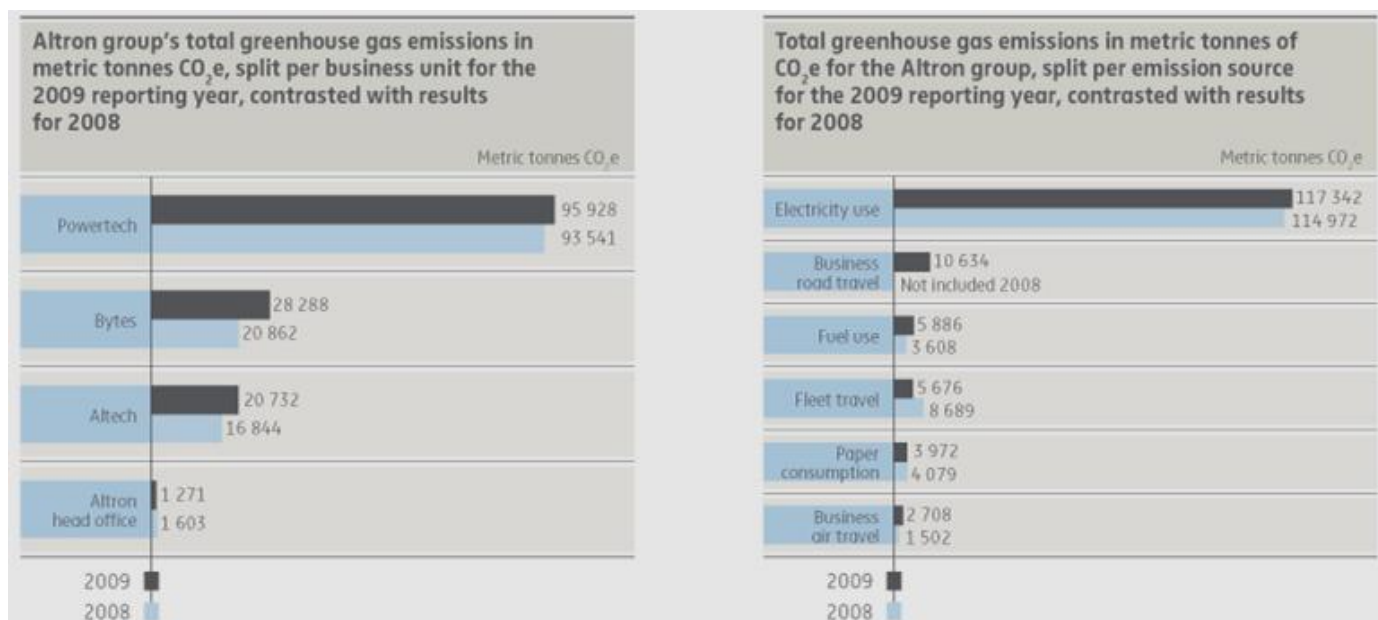
» Material issue: *Reducing Altron's carbon footprint*

Four years ago Altron embarked on a group-wide initiative to understand, measure and ultimately reduce its carbon footprint. Our position paper on climate change, endorsed by the chief executive, acknowledges the group's environmental risk areas and commits to transparent reporting, responsible management and progress against goals. Altron is determined to both reduce its impacts as well as gain business benefits in the environmental arena.

Adopting a phased approach

Altron's carbon footprint journey began in 2006 when the issue became a standing item on risk management committee and board meeting agendas and culminated in a position paper on climate change developed during 2007. In 2008, PricewaterhouseCoopers (PWC) assessed Altron's carbon footprint, leading to a more detailed follow-up assessment for the year under review, now including Scopes 1, 2 and 3 emissions under the Greenhouse Gas Protocol. The scope and source of emissions measured was made as inclusive as possible, and the company refined its collection and measurement methodology, developing a carbon footprinting methodology manual. While we have made progress towards adopting universally agreed measurements across all operations in the group, more work remains to be done.

The Altron group's total carbon footprint is estimated at 146 219 metric tonnes of carbon dioxide equivalents (CO₂e). While this figure suggests an increase of 9% on 2008, the difference is largely a result of more accurate measurement of including Scope 3 Indirect Emissions, in particular business road travel (including travel in private vehicles). Other forms of emissions, such as fuel use, paper consumption and business air travel, have also been measured more accurately and inclusively, making year-on-year comparisons inconclusive. Now that measurement of the group's carbon footprint is more accurate, this year's figure can become a benchmark for measuring future progress.



Notes to the graphs

- Emissions from electricity usage have increased by 2 % relative to 2008 largely due to a positive response from the Altron group to report data in kilowatt hours (kWh) and not rand value only. kWh data was not available for a number of buildings for the 2008 footprint calculation, necessitating the use of average group cost per kWh to calculate consumption figures. This introduced inaccuracies and resulted in an understatement of electricity consumption figures. The current 2009 figure is a more accurate reflection of the Altron group's electricity usage.
- A new category of Scope 3 Indirect Emissions has been included in the 2009 calculation, i.e. business road travel. This category includes data for private vehicle use, rental vehicles used for business travel and transport allowances. The additional category adds a further 7,621 metric tonnes of CO₂e to the total for business travel. Whereas all vehicle travel was included under Scope 3 fleet travel in 2008, it was decided to refine the scope to account for previously excluded, but potentially material, transport emissions in 2009.
- In terms of fleet travel, see the above bullet point.

- The 39% increase in emissions from fuel use, is due to the incorporation of additional fuel types, such as liquid petroleum gas and natural gas.
- With regards to paper use, data was in the whole reported in the units required i.e. reams, kilograms and sheets. This resulted in fewer exclusions and an increased contribution from paper use.
- CO₂e emissions from business air travel have increased now that a more comprehensive dataset is obtained from a single source.
- 2008 - 2009 comparisons are not wholly applicable due to refined and improved scopes of measurement.

Follow the link to Altron's *full Carbon Footprint report*. Altron has made a firm commitment to setting reduction targets and is in the process of quantifying the impact of its current energy savings initiatives in order to evaluate these savings against its current carbon footprint. In conjunction with the results of the benchmarking exercise, this will enable the setting of realistic, yet material reduction targets.

Carbon Disclosure Project

Since 2000, the Carbon Disclosure Project (CDP) has, on behalf of institutional investors, challenged the world's largest companies to measure and report on their carbon emissions. This year, the CDP – backed by 475 institutional investors, representing more than US\$55 trillion in funds under management – sent questionnaires to more than 3,700 of the world's largest corporations. The CDP requests information on their greenhouse gas emissions, on the potential climate-related risks and opportunities to their businesses, and on their strategies for managing these risks and opportunities. Although entirely voluntary, organisations are encouraged to participate, as the CDP provides accountability to all stakeholders and permits companies to benchmark their performance against their peers. The Carbon Disclosure Leadership Index (CDLI) has been developed to identify companies with outstanding disclosure practices. This assessment is based on the quality of the disclosure by companies in their response to the CDP questionnaire. Altron has proactively responded to the CDP for the last three years, and was ranked 17th out of the JSE Top 100 in the CDLI in 2009. This is the company's highest ranking to date, representing a significant achievement for Altron, and showing further evidence of its commitment to tackling climate change.

» Material issue: Improving energy efficiency

Altron is committed to reducing its energy consumption, both because it is the environmentally responsible thing to do and because it makes good business sense – electrical supply is becoming more expensive, and potentially less reliable.

The company measures its electricity consumption as part of its annual carbon footprint exercise.

Summary of electricity consumption per operation

| Operation | Electricity consumption kWh |
|--------------|-----------------------------|
| Altech | 13 213 167 |
| Bytes | 18 582 165 |
| Powertech | 81 311 403 |
| Altron | 818 218 |
| TOTAL | 113 924 553 |

The survey reveals that electricity consumption accounts for around 80% of the group's total greenhouse gas emissions (see *full Carbon Footprint report*). Powersave@Altron is an internally-driven initiative that encourages employees and operations to reduce their electricity consumption. The programme makes use of the intranet, internal memos, monthly staff magazines and poster campaigns to communicate power-saving ideas to staff. While this has a direct benefit to the company, behavioural changes at work can also lead to behavioural changes at home.

Each operation is responsible for implementing energy-saving initiatives. Altech UEC has installed power factor correction equipment, while Altech Netstar has upgraded its servers – the primary consumers of energy in the company – to ‘green’ energy-efficient versions..

The Bytes Office Park in Midrand identified that 64% of its energy is spent on cooling systems, which are now regulated. The company conducted a full energy audit and has implemented automated systems that are activated whenever energy consumption increases past a pre-selected maximum, switching off non-essentials. Bytes Office Park has also installed electro-active lights that switch off when there is no one in the building. The project at this facility could act as a model of energy-saving for the rest of the Altron group.

Energy-saving products from Powertech IST Otokon

- Silk Online Energy Monitoring and Automated Meter Readings
- ecControl Load Prediction and Control Software
- ecWIN Integrated Load Data Acquisition and Display Tool
- GRASP Measurement and Verification Performance Monitoring Software
- PowerStatus Desktop Electricity Demand Status Software.

To date various energy saving initiatives such as lighting and air-conditioning monitoring have resulted in energy savings of around 7%.

Powertech Transformers Pretoria West engaged into a contract with Eskom DSM (demand-side management) to replace all High Pressure Sodium lighting with energy efficient fluorescent lighting in the factory during 2005/6. This resulted in a projected load reduction of 177kW.

Powertech Batteries works with NMMU for a cleaner environment

Powertech Batteries has a close working relationship with the Nelson Mandela Metropolitan University, where specialist testing is conducted on battery plates, alloys and plastics. This helps to improve factory efficiency, resulting in less scrap and reworking, which in turn lowers carbon footprint. In the year under review the company also loaned the university some single cell test equipment required for a development project involving the addition of carbon additives to automotive batteries. This additive is critical for batteries in new ‘green’ stop-start vehicles that automatically switch off when the car is stationary. This work has clear environmental benefits.

Altech ISIS has made a concerted effort to reduce its energy consumption over the year, through three key initiatives. By converting more than 35% of its servers to virtual platforms, the company has saved 19 466 kWh a year. The replacement of older monitors with more energy efficient LCD ones has helped save 17 600 kWh a year. Where possible, the company has implemented office automation systems that put systems not being used into standby mode.

» Material issue: *Responsible use of water*

All of Altron’s operations use water, and although our data-gathering systems still require refinement, we have started to measure and track our water usage. To date, figures for all operations and premises are not available – we hope to have more comprehensive water usage data in the year ahead. As these tracking systems are new, we were also not yet able to determine the source from which all water is drawn, but the majority of it is piped to the operations through municipal systems. The company does not currently measure its total water used or discharged by quality and destination.

Water contamination risks are identified through independent external audits.

Powertech Transformers Distribution Pretoria West drilled a borehole to monitor the groundwater following an historic spill at a railway siding. There are no indications that the oil penetrated the water but the situation continues to be closely monitored.

Samples taken at Powertech Transformers Distribution Cape Town indicate low levels of total petroleum hydrocarbon (TPH) in the oil and ground water from the monitoring wells. MS Alexander & Associates has indicated that the risk is low and does not consider long-term remediation necessary, however the company has implemented bi-annual sampling to track any changes.

Willard Batteries has drilled eleven boreholes across the expanse of its Port Elizabeth site to monitor soil and underground water for contaminants. The company has implemented a programme of annual sampling from these boreholes for monitoring purposes.

» Material issue: *Reducing pollution and harmful emissions*

Issues of air, water, ground and noise pollution chiefly affect Altron's manufacturing operations in Powertech, and to a lesser extent those in Altech. The relevant operations actively manage all pollutants and harmful emissions, with guidance provided by independent audits conducted during the year are used to identify, track and manage any pollution issues that may arise.

The most material pollutants and harmful emissions include polychlorinated biphenyls, transformer oil, total petroleum hydrocarbons and lead. There were no significant spills during the year under review.

▪ **Polychlorinated biphenyls (PCBs)**

Previous audits highlighted the need to carefully manage PCBs at Powertech Transformers Distribution Cape Town. The company has been diligent in monitoring the situation and compiling a long-term plan to remediation plan for Department of Water Affairs and the South African Bureau of Standards (SABS) with. Oil samples taken did not show significantly high levels of PCBs, and the current levels remain stable when compared with samples taken in the previous year. However, PCBs were found in the groundwater samples for the first time, and while this does not pose an immediate risk the issue is a serious concern. During the latter part of the reporting period, the company undertook extensive remediation, excavating at least 95% of the affected area. The sub-contractor tasked with this job was guided by Geo Technologies, the company involved in monitoring the site for more than four years. The hazardous soil was disposed of at Visserhok by Enviroserve, and Powertech Transformers Distribution Cape Town is in possession of all disposal certificates. Twelve measuring points have been sunk into the ground and these will be used for bi-annual monitoring.

The site at Powertech Transformers Distribution Pretoria West currently tests all transformers for possible PCB contamination prior to allowing access to the site for repairs.

All transformers at the Port Elizabeth site of Willard Batteries have been tested for and declared free of PCBs.

▪ **Ground contamination**

The New Environmental Management Act stipulates that contaminated sites need to be registered with the Department of Environmental Affairs and Tourism. The Powertech Transformers Distribution Pretoria West site has a history of soil contamination, but the definition of contamination under the Act is wide and the company is investigating whether the site needs to be registered. Since the last audit was undertaken, the company has compiled scientific reports and documents which are available for inspection by the relevant government authority should the need arise.

A small oil spill outside the premises was remediated and the final laboratory report shows that samples taken are within the acceptable limits.

Four underground oil storage tanks were removed after a leak was discovered, and the surrounding sand removed by a contractor, Picelo, for safe disposal. However, the sand was dumped illegally in a rural area. Powertech Transformers immediately picked up on the problem and appointed Geo Pollution Technologies to remediate the sand. The latest reports indicate that the remediation was successful but the company has engaged the Department of Water Affairs and Forestry to supply certification that it is satisfied with the outcome.

To prevent possible leaching, Willard Batteries has replaced an underground diesel tank with a new above-ground tank on its Port Elizabeth site. Water and soil tests from the borehole directly downstream from the excavated area were free of diesel contamination.

- **General pollutants**

Samples taken and tests conducted revealed no atmospheric contaminants, dust or water pollution at Powertech Calidus in Johannesburg. Similarly, the legal audit conducted at Altech UEC did not reveal any pollutants. There were no noise pollution issues at any of the operations assessed.

- **Hazardous substances**

Crabtree Electrical uses lead in the blending and manufacture of PVC Tubing. Historically, lead used was in a powder form but the company has switched to lead pellets. This reduces the risk of lead dust contamination.

Powertech Calidus uses certain hazardous chemicals (xylene, acetone, methyl ethyl ketone and vinyl) in the manufacture of resins and paints. Minimum quantities (less than 200L) of flammable liquids are retained on site to reduce the risk of fire, with the remaining quantity stored off-site at an approved facility. The liquids retained on site are stored in a purpose-built flammable liquids store. The company controls and limits access to this store, as well as to other areas where sensitive chemicals are kept. There are spill kits in all these areas.

Empty storage drums are disposed of via a contracted company that issues a compliance certificate to Calidus, while waste chemicals and products are disposed of through EnviroServ.

Powertech Calidus (Johannesburg) stores and mixes flammable liquids, but the amounts being stored and mixed at the premises exceed the legal limits. MS Alexander & Associates conducted an audit and have made recommendations for the construction of a flammable liquids store and attached mixing facility. This storage facility has not yet been built. Flammable liquids are stored off site and re-called on when needed. Volumes are closely monitored and controlled.

» **Material issue: Usage of materials and handling of waste**

The manufacturing operations at Powertech and Altech have the highest environmental impact and pose a potential risk in terms of materials used and resultant waste. Aberdare Cables and Willard Batteries make use of lead, the only hazardous substance of significance. The Altron group does not have any operations in or adjacent to protected areas or areas of high biodiversity, and there were therefore no significant impacts on such areas. Subsequent to the financial year end, ERM environmental consultants have been commissioned to conduct a formal evaluation of the Altron group's impact on biodiversity, which will be reported on in the 2011 annual report. Around 75% of the lead procured for Willard batteries comes from recycled sources.

The accompanying table lists the significant materials procured by specific Altron group companies.

| Material procured | Weight / Number of units | Operation |
|---|--------------------------|--|
| Mobile handsets | 379 679 units | Altech Autopage Cellular, Bytes System Integration |
| Copper rod | 26 000 tonnes | Aberdare Cables, CBI-electric Aberdare |
| Equipment, paper, toner cartridge, financing services | 637 tonnes | Bytes Technology Group |
| Lead | 7 704 tonnes | Aberdare Cables, Willard Batteries |
| Decoders | 1 956 000 units | Altech UEC, Arrow Altech Distribution |
| Tracking units | 3 084 units | Altech Netstar |

Environmental audits

During the year, independent environment consultants conducted environmental compliance audits for the Altron group. A legal audit was also carried out at Altech UEC's operation in Mt Edgecombe, KwaZulu-Natal. Powertech IST was audited for ISO 14001 compliance. These audits highlight various issues, make certain recommendations for improvement and include new risks arising. Two issues are receiving attention:

- The new Waste Management Act holds companies responsible for waste disposal, and this includes waste contractors. In response, Altron is engaging with all waste disposal contractors to ensure they have the correct waste disposal permits and that waste is being disposed of at approved waste disposal sites.
- New Asbestos regulations require extreme care in the management of asbestos, commonly used as a heat insulator. All companies have to maintain a register on asbestos, undertake risk assessments and inform employees of the hazards related to the material. Powertech Transformers (Pretoria West), Powertech Transformers Distribution (Cape Town) and Aberdare Cables have all located asbestos in their operations and are making plans to remove or replace this hazardous material.

» Material issue: *Responsible management of the product lifecycle*

Altron has a responsibility to manage the full life-cycle of its products to ensure that they do not cause environmental harm. This includes recycling where possible, and ensuring the responsible disposal of waste, products, components and materials used in manufacture.

As a manufacturer of lead acid batteries Willard Batteries is very conscious of the devastating impact that careless disposal of its products would have on the environment. To mitigate this risk, the company is involved in a countrywide drive to collect as many scrap batteries as possible. It recovers more than 90% of the automotive batteries it produces, and around 80% of industrial batteries. The unrecovered batteries have an intrinsic value as scrap and enjoy a high rate of secondary recovery, either by unemployed persons or by scrap merchants.

A financial incentive is offered to the consumer on the return / trade-in of the exhausted lead acid battery and purchase of a new product to encourage recycling.

Of the batteries that it recycles, Willard Batteries recovers 100% of the metals and plastics. Batteries are sent to Fry's Metals, the company's lead supplier, for recovery of lead and polypropylene plastic, both of which are recycled. The sulphuric acid that is drained from these batteries is treated in a stainless steel sump and pumped to the supplier's main effluent works for further treatment in compliance with Department of Water specifications. Around 75% of the lead procured for Willard Batteries comes from recycled sources.

All batteries produced by Powertech Batteries are re-chargeable, and therefore do not pose the kinds of environmental risks associated with non-rechargeable batteries which end up in landfills. The industry has, however, not evolved to the extent where safe disposal sites or bins are available to consumers for responsible disposal of the exhausted product.

To heighten awareness around the importance of recycling and environmental stewardship, Willard Batteries donates approximately R75 000 per annum to Food and Trees for Africa (FTFA). They also participate in National Arbour Week to promote and create awareness of the need to plant and maintain indigenous trees in South Africa. Willard Batteries has been involved with FTFA for five years and have planted approximately 4 500 trees.

Where possible Crabtree Electrical recycles defective or scrap PVC in its manufacturing of tubing. All waste, including the bags containing lead pellets, are disposed of in a controlled manner by approved contractors. There is no 'free lead' in the waste product. Powertech IST has installed an e-waste bin on its premises for electrical and IT waste.

ABERDARE GROUP WASTE FIGURES FY2009/10

| TYPE OF WASTE | UNIT | 2009 | | | | | | | | | | 2010 | | YTD |
|------------------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|---------------|
| | | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | |
| HAZARDOUS WASTE LAND FILLED | | | | | | | | | | | | | | |
| Paint tins | kg's | 1 000 | 0 | 3 000 | 3 000 | 1 000 | 2 000 | 2 000 | 2 000 | 4 000 | 10 000 | 12 000 | 2 000 | 42 000 |
| Oily rags | kg's | 2 586 | 1 069 | 1 740 | 1 523 | 3 377 | 1 700 | 2 687 | 3 097 | 1 538 | 1 312 | 1 257 | 3 913 | 25 799 |
| Fluorescent tubes | kg's | 12 | 36 | 32 | 31 | 24 | 42 | 12 | 15 | 343 | 2 | 45 | 2 | 596 |

| | | | | | | | | | | | | | | |
|--|------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|
| Solvents | lt's | | | | | | | | | | | | 18 960 | 18 960 |
| Waste oil | lt's | 7 220 | 29 340 | 17 580 | 25 480 | 29 600 | 8 160 | | 490 | | 1 210 | 2 100 | 840 | 122 020 |
| Spill waste | kg's | 0 | 120 | 0 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 | 150 |
| Powder chemical bags | kg's | 200 | 0 | 0 | 1 560 | 0 | 0 | 0 | 1 287 | 0 | 0 | 320 | 0 | 3 367 |
| Sludge - Landfill | kg's | 2 440 | 19 490 | 3 240 | 26 970 | 1 420 | 31 560 | 22 560 | 5 740 | 2 480 | 2 480 | 1 080 | 4 440 | 123 900 |
| Effluent into sewer | lt's | 39 300 | 0 | 0 | 0 | 19 800 | 19 240 | 27 220 | 29 640 | 0 | 0 | 10 980 | 0 | 146 180 |
| Empty chemical bags and drums | kg's | 1 230 | 2 198 | 0 | 234 | 0 | 410 | 0 | 2 189 | 0 | 469 | 2 467 | 0 | 9 197 |
| Medical waste | kg's | 11 | 10 | 12 | 20 | 10 | 28 | 17 | 9 | 22 | 11 | 8 | 15 | 173 |
| Grease drums | kg's | 4 952 | 112 | 16 | 34 | 12 | 35 | 4 556 | 4 892 | 4 303 | 109 | 45 | 52 | 19 118 |
| NON-HAZARDOUS WASTE LAND FILLED | | | | | | | | | | | | | | |
| General waste | kg's | 64 944 | 50 091 | 63 026 | 69 051 | 66 206 | 65 162 | 63 443 | 68 273 | 68 831 | 50 314 | 36 920 | 51 610 | 717 871 |
| Builders rubble | kg's | 0 | 0 | 0 | 200 | 0 | 0 | 120 | 0 | 0 | 0 | 0 | 0 | 320 |
| WASTE FOR RECYCLING AND REUSE | | | | | | | | | | | | | | |
| Cardboard | kg's | 6 320 | 480 | 5 100 | 5 060 | 4 200 | 3 480 | 4 240 | 5 000 | | 5 200 | | 4 940 | 44 020 |
| Copper | kg's | 97 233 | 75 086 | 103 057 | 96 300 | 107306 | 96 688 | 77 744 | 98 183 | 54917 | 22 599 | 31 105 | 72 350 | 93 2568 |
| Paper | kg's | 360 | | 520 | | | 1 440 | | 800 | 3 900 | 367 | | | 7 387 |
| Aluminum | kg's | 46 784 | 46 536 | 54 199 | 44 676 | 35 762 | 12 470 | 18 446 | 17 506 | 12 347 | 7 083 | 9 754 | 12 898 | 318 461 |
| Galvanized wire | kg's | 8 953 | 10 644 | 8 727 | 17498 | 18 893 | 18 566 | 13 438 | 8 908 | 6 707 | 3 020 | 4 849 | 19 164 | 139 367 |
| Printer cartridges | kg's | 0 | 12 | 0 | 17 | 0 | 3 | 18 | 0 | 0 | 24 | 0 | 12 | 86 |
| Plastic | kg's | 1 822 | 0 | 1 627 | 100 | 1 400 | 0 | 1 360 | 155 | 1 180 | 1 390 | 0 | 1 040 | 10 074 |
| Pallets (wooden) | kg's | 0 | 200 | 0 | 340 | 0 | 560 | 0 | 770 | 130 | 0 | 810 | 0 | 2 810 |
| PVC recycling | kg's | 2 508 | 4 277 | 29 352 | 14 725 | 4 724 | 17 356 | 14 287 | 10 272 | 25 196 | 13 843 | 17 201 | 39 252 | 192 993 |
| Metal | kg's | 20 915 | 1 855 | 20 040 | 2 871 | 5 254 | 10 020 | 8 953 | 4 834 | 34 031 | 7 696 | 3 006 | 28 310 | 147 785 |

Altech Isis collects waste paper for recycling and disposes of electronic waste through the use of an e-waste container that forms part of a municipal recycling project. The company has also implemented a printing system that requires users to submit a PIN code in order to release a print job. By making people aware of what they are printing, and asking them to be personally responsible for how much they print, the company hopes to cut down on unnecessary printouts and waste paper.

Bytes Document Solutions purchases an average of 30 tonnes per month of recycled paper for reselling to its customers, which amounts to around 1% of the total paper purchased.

Aberdare Cables recycled 492 242 kg of waste during the year under review. This includes cardboard, copper, paper, aluminum, galvanised wire, printer cartridges, wooden palletes, PVC and metal.

Altech Autopage Cellular is in the process of assessing a number of proposals and prospective partnerships to recycle handsets. Until a decision is taken in this regard, customers are directed to appropriate recycling facilities where these exist.

There were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

There are various initiatives across the group to recycle toner cartridges where possible.

Business conduct in foreign operations

The Bill of Rights in the South African Constitution, along with legislation governing labour, discrimination, competition and the protection of consumer rights, ensures that the rights of South Africans workers and customers are among the most protected in the world.

However, the same cannot be said for all countries across the globe. Altron is mindful of the fact that some of the foreign countries in which it operates are not governed by laws equivalent to those in South Africa and that, in these cases, there is a greater onus of responsibility on us to adhere to a strict code of business ethics.

Policy and approach

Altron has operations in Nigeria, Tanzania, Zambia, Kenya, Botswana, Mauritius, Mozambique, Namibia, Swaziland, India, China, Malaysia, Australia, Madagascar, Spain Portugal and the United Kingdom. Suppliers in certain global locations have a high perceived or potential risk for fraud, corruption and human rights violations.

As a signatory to the United Nations Global Compact, Altron is committed to upholding the rights of people and communities affected by its operations. This includes customers, consumers, people employed directly by Altron, as well as those employed by suppliers and contractors. The company is also guided by the GRI G3 performance indicators, particularly those relating to human rights, economic performance and fair labour and decent work practices.

Depending on the issue at hand, Altron engages with employees, suppliers and contractors, government agencies and communities in its foreign operations through a variety of engagement platforms.

» Material issue: *Impact of operations*

The benefits to emerging economies of improved telecommunications has been well documented, albeit circumstantially. Small and remote enterprises in particular, are able to gain valuable market information and add much needed dependability and reliability to their services through the advances in telecommunications which our products and services have brought to their communities. Purely societal benefits have also accrued to communities through improvements in telecommunication.

However, these need to be balanced by a commitment to ensuring that our products and services are not offered in a way that leads to the economic impoverishment of consumers. This is particularly true in poorer African countries, where many consumers living below the breadline. While telecommunications can open up a world of possibility to

previously unconnected consumers, these services can also add a burden to monthly expenses that some families may not be able to afford.

This issue is of particular relevance to Altech's operations in Kenya where the company is rolling out a fibre-optic network. Altech's approach is to provide customers with significant broadband capacity at the lowest cost per megabit. The company has provided internet connectivity to all Kenyan universities and major schools, and has offered free internet to communities in certain hotspots across the country. It has created eight digital villages in which community members can access internet connectivity at dramatically reduced rates and is engaging with local government authorities to roll out this service to more of these villages. It is also negotiating with European suppliers to secure the cheapest possible handsets.

Because Altech NamITech West Africa manufactures prepaid cellular vouchers, there is no risk of customers being tied into fixed-terms contracts that they are unable to afford.

» Material issue: Human rights and fair labour practices

During the year under review, Altron formulated a group-wide human rights policy which has been adopted by all local and foreign operations. This policy draws on international law, the United Nations Universal Declaration of Human Rights, the Conventions of the International Labour Organisation and the United Nations Convention on the Rights of the Child.

The policy informs how we roll out all our major foreign investments and provides clear expectations that suppliers and contractors should follow. In instances where a pattern of human rights abuse occurs, Altron will consider terminating its business relationship with the supplier or contractor concerned. However the policy does not yet make provision for human rights screening of suppliers and contractors. This is an area of perceived or potential risk in operations such as Altech UEC, which sources components from manufacturers in the China. In the year ahead we will focus on including this element into the human rights policy.

The policy covers issues of child labour; freedom to choose and terminate employment; fair compensation; health, safety and conditions of employment; fair working hours; harassment and violence; discrimination; freedom of association and collective bargaining; restrictions on the use of security forces; social responsibility; respect for communities and indigenous peoples; social responsibility; corruption and bribery; and withdrawal from or avoidance of certain countries with an unacceptable human rights record.

There were no incidents of human rights violations, child labour, forced and compulsory labour or violations of the rights of indigenous peoples in either our local or international operations during the year under review.

Management of ethics and business conduct in foreign operations

The Altron code of ethics, gifts and entertainment policy, as well as the corporate compliance policy, outlines the group's position on corruption, bribery and ethics.

Offering, giving, soliciting, or receiving any form of bribe is prohibited. The company's policies on bribery, fraud, corruption and ethics also cover its international operations and provide standards and guidelines for acceptable behaviour.

All operations are required to have written codes of conduct and complaints procedures, which must be communicated to all employees and translated into the relevant local languages. We recognise however that even with a complaints procedure in place, employees can be reluctant to speak out about severe breaches of policy for fear of recrimination. To redress this, we have an additional independent and confidential means of communication and feedback that employees can use without fear of recrimination.

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Corporate Governance issues

» Material issue: Protection of minority shareholders' rights

The previous King Report (King II) emphasised that there should be a clear division of responsibilities at the head of the company, ensuring a balance of power and authority, so that no one individual has 'unfettered powers of decision-making' (Code 2.3.1). This points strongly to having an independent non-executive chairman.

King III recognises that a company may have sound reasons for appointing a chairman who does not meet all the criteria for independence, but should be prepared to justify its decision. In such circumstances, King as well as the JSE Listings Requirements, advocate that the appointment of a lead independent director (LID) can assist the board in dealing with any actual or perceived conflicts of interest that arise in these or future circumstances.

Evolution of Altron's leadership

- Dr Bill Venter is the founder and erstwhile executive chairman and chief executive of Altron (1965 – 2001).
- In 2001, Dr Bill Venter relinquished the chief executive role of Altron to Mr Robert Venter, but remained on as a fulltime chairman of Altron until 2009.
- On 1 March 2009, the role of Dr Bill Venter changed from full-time chairman to non-executive chairman, following his successful guidance of the transition process that has seen his son Mr Robert Venter take over the running of the business as chief executive.
- Dr Bill Venter owns and controls 56% of the voting ordinary shares of Altron.

Consequent to the above, Dr Bill Venter can never be classified as an independent non-executive chairman (or independent director) of Altron, as is contemplated in both the JSE Listings Requirements and King III, or in terms of the proposed Companies Act, 2008. Furthermore, perceptions of potential conflicts of interest would always taint the chairman's decisions vis-à-vis Altron and its shareholders, given his large equity interest in the Altron group.

Accordingly, on 3 August 2009 and having regard to the recommendations set out in King II and King III, which advocates having an independent non-executive chairman failing which a lead independent director, the Altron board appointed Mr Mike Leeming as lead independent non-executive director on the company's board.

The offices of the chairman and chief executive are separate and the office of the chairman is filled by a non-executive director, Dr Bill Venter. At a recently held nomination committee meeting, the committee satisfied itself regarding the chairman's performance for the past twelve months and confirmed that Dr Bill Venter had substantially complied with those recommendations set out in King III regarding the role and responsibilities of a chairman. Accordingly, the nomination committee recommended to the board that, subject to shareholder approval, Altron's non-executive chairman, Dr Bill Venter, be re-elected and appointed for a further 12-month period with effect from 14 July 2010.

The main function of an LID (as per King III) is to provide leadership and advice to the board, without detracting from the authority of the chairman, when the chairman has a conflict of interest. The LID should at all times be aware that his/her role is that of support to the chairman and board and not in any way to undermine the authority of the chairman. The LID

should also chair those board meetings which deal with the succession of the chairman and the chairman's performance appraisal.

In February 2010, the LID, Mr Mike Leeming attended a meeting of the Altron remuneration committee to address the committee on the performance of the chairman during the prior year and to advocate an increase to his fees.

Engagement with investor community on sustainability matters

In November 2009, the Altron group company secretary engaged with Altron's major institutional investors regarding the positive role which business sustainability plays in society, reducing impact on the environment and improving prospects for the company over the long-term.

Discussion items:

- The identification by investors of key long-term issues affecting the company and how Altron manages these
- The influence of the UN Principles for Responsible Investment (PRI) on investing approach
- The value of listing on the JSE SRI
- Altron's management of its impact on the environment
- Relevance of sustainability issues to investors and their investing mandates

All investors visited were appreciative of Altron's initiative to engage on the subject, and most recognised Altron's leadership in this regard. There was a wide range of awareness and interest, and all investment managers are becoming increasingly concerned with sustainability issues. For some this is due to pressure from clients.

Most investors are informed by the UN PRI and some apply their own responsibility principles, including social and environmental concerns, as part of their mandates. Few took cognisance of the JSE SRI. Specific issues noted were transformation, succession planning and the family ownership structure of Altron*. One significant shareholder called for more transparency on performance against measurable indicators, with a strong emphasis on social and environmental reporting.

** This is not envisaged to change in the medium to long term as the Venter family retain control of the Altron group through the ordinary shares. Liquidity is created by the 'N' shares.*

» Material issue: Management of ethics and business conduct

Corporate ethics

Corporate ethics receives attention from the highest level of management within Altron, with the chief executive being ultimately responsible for implementing the code of ethics and corporate code of conduct. During the period under review, Altron was instrumental in raising the profile of ethics throughout the organisation, and in this regard:

- adopted a group-wide code of ethics which received buy-in and endorsement from each of the material subholding companies;
- updated the corporate code of conduct to align with the corporate compliance policy, King III and relevant new legislation;
- dedicated a feature in the group's Profile magazine highlighting ethics within the workplace environment;
- continuously reinforced the Deloitte Tip-Offs Anonymous hotline; and
- included a clause in the group's supply contracts requiring employees, customers and suppliers to subscribe to and abide by the group's code of ethics.

It is envisaged that during the current year, the following aspects of corporate ethics will be considered:

- the need to establish a social and ethics committee as contemplated in terms of the Companies Act, 2008, as well as providing continuous ethics training to senior managers and executives throughout the group; and
- enrolling the Altron group company secretary on an ethics officer certification course.

[For further details on corporate ethics, corporate code of conduct, and corporate gifts and entertainment policy, see the full governance report.]

Compliance framework

In establishing an effective compliance framework, the Altron group has a comprehensive set of policies, regularly updated in line with changes in legislation and business governance requirements, with which all group companies and employees are obliged to comply. Recent additions include a new sexual harassment policy, a corporate gifts and entertainment policy and a corporate compliance policy.

Compliance Policy

In accordance with King III, Altron developed a corporate compliance policy which was approved by the board at its meeting held in October 2009. This policy focuses on ten fundamental principles of business conduct which includes the following:

- No anti-competitive behaviour
- No corruption
- No inappropriate risks for human health and the environment
- No illegal insider trading
- No deception
- No infringement of others' intellectual property rights
- No conflicts of interest
- No misinformation
- No breach of laws

This compliance policy is integrated and aligned with Altron's other material policies and business efforts, and compliance or non-compliance therewith is regularly appraised by the Altron risk management committee.

Management throughout the group reports on a monthly basis to their superiors on any risks, exposures and non-compliance. Altron legal, Altron internal audit and Altron tax monitor and report on all such matters involving liabilities, risks and/or losses. All material risks and liabilities are reported on a bi-annual basis to the Altron risk management committee, which monitors all risks throughout the Altron group and which reports to the board.

Throughout the group fraud increased from three to 11 incidents over the reporting period, while the value increased to R4.7 million from R3.8 million. Unfortunately only R520 000 was recovered resulting in a net loss of R4.2 million.

Incidents of theft decreased from 75 to 50. The total value of incidents amounted to R723 000 of which R327 000 was recovered resulting in a net loss of R396 000.

Hijackings and break-ins are also tracked by the company. During the year under review, hijackings decreased from 8 in the previous year to 7, and break-ins remained the same at 10 for both years. The total number of fraud, theft and other dishonesty incidents decreased from 105 in the previous year to 81. The total net loss from all incidents recorded decreased from R12.2 million in the previous year to R7.1 million, before insurance recoveries.

At Altech, there were 17 dismissals for theft, fraud or dishonesty, of which 12 were referred to the CCMA. Of these two were settled, four were dismissed, four are still pending, one resulted in an employee's reinstatement and one was found in favour of the company. Bytes had 38 fraud/dispute cases, 26 of which were referred to the CCMA. Of these 12 were won by Bytes, while 14 are ongoing or pending. Powertech had 29 fraud/dispute cases, 20 of which were referred to the CCMA or labour courts. Of these nine were won, one was lost and 10 are ongoing or pending. Of the 11 dismissals, one was for incapacity.

An aggressive drive to re-enforce Altron's code of conduct, and the ethics of the group received impetus with the introduction of the Deloitte Tip-Offs Anonymous independent hotline from 1 March 2007, further strengthening the group's internal controls. All employees receive training in ethics and anti-corruption via the Profile magazine, among others, and the company also invests on an annual basis in specific director training on this issue.

No judgements, damages, penalties, or fines were levied against any group companies, directors, officers, or employees during the period under review for non-compliance with any legislation.

Competition Tribunal finding against Altech Netstar

The Competition Tribunal found that Altech Netstar, Matrix, Tracker and VESA entered into an agreement or concerted practice approximately ten years ago between 1999 and 2003 which, at that time only, had the effect of substantially preventing or lessening competition. This was because the SVR companies, in the forum of the VESA SVR subcommittee (being a sub-committee to the Vehicle Security Association of South Africa known as VESA), set standards which lessened competition. These standards were adopted by VESA, and SAIA (the South African Insurance Association) which gave effect thereto by only endorsing SVR products approved by VESA.

The conduct for which the above tracking companies were accused of does not, in terms of the Competition Act, give rise to a fine, the only consequence being that the parties have to cease the conduct (which already occurred in 2003) and that they may be exposed to civil actions by competitors who may have suffered damages.

Altech Netstar is currently appealing the decision.

Competition Tribunal finding against Aberdare Cables and others

On Thursday, 6 May 2010, the Competition Commission conducted a search at the offices of Aberdare Cables and three of its competitors following allegations of prohibited practices by these companies in the power cable market.

Both Powertech and Aberdare Cables are co-operating fully with the authorities' investigations and have taken the allegations made against Aberdare Cables on advisement with external legal advisors.

Further communication to shareholders will be made once certain investigations have been completed.

Litigation matters

The Altron group was involved in 34 litigation matters in the past financial year to the total value of R176 million, appearing as plaintiffs in 19 matters (R97 million) and defendants in 15 (R79 million). All of these matters are handled and/or overseen by the Altron legal department and are elevated to the Altron risk management committee and where necessary referred to the Altron audit committee and board for deliberation and/or action.

The Altron board is cognisant of the need to ensure that all disputes are resolved effectively, expeditiously and efficiently. Consequently, the group's legal departments ensure that all incoming and outgoing legal agreements which the group enters into contain appropriate alternative dispute resolution clauses.

GRI index

| G3 | Indicator | Description | Website reference |
|---------------------------------|-----------|--|---|
| Strategy | 1.1 | Statement from senior decision-maker about the relevance and importance sustainability to Altech, the overall vision and strategy for the short term, medium and long term, particularly with regard to managing the key challenges associated with economic, environmental and social performance | Here |
| | 2.1 | Description of key impacts, risks, and opportunities | Here , here , here and here |
| Organisational profile | 2.1 | Name of the organisation | Here? |
| | 2.2 | Primary products, brands and/or services | Here and here |
| | 2.3 | Operational structure of the organisation | Here and here |
| | 2.4 | Head office location | Here |
| | 2.5 | Number of countries where Altron operates, and names of countries with major operations relevant to the sustainability issues covered in this report | Here |
| | 2.6 | Nature of ownership and legal form | Here and here |
| | 2.7 | Markets served | Here and here |
| | 2.8 | Scale of reporting organisation including: » number of employees » net sales » total capitalisation broken down in terms of debt and equity » quantity of products or services provided | Here , here , and here |
| | 2.9 | Significant changes in the reporting organisation during period under review | Here , here , and here |
| | 2.10 | Awards received during the reporting period | Here |
| Report scope and boundry | 3.1 | Reporting period | Here , here |
| | 3.2 | Date of most recent previous report | Here , here |
| | 3.3 | Reporting cycle | Here , here |
| | 3.4 | Contact details for further information about this report | Here , here |

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| | 3.5 | Process for: » determining materiality » process for prioritising topics in the report » identifying stakeholders expected to use this report | Here |
| | 3.6 | Report boundary | Here, here |
| | 3.7 | Limitations on the scope or boundary of the report | Here, here |
| | 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced operations | Here, here and here |
| | 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report Author's Note: Discussions regarding the measurement techniques and bases for calculations employed are included throughout the report, surrounding key Performance data. As additional information becomes available throughout the group, improvement in this regard is expected to occur in our next reporting cycle. | Here, here |
| | 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement Author's Note: No restatements of information provided in previous reports have been required and/or reported. | Current page |
| | 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report | Here, here |
| | 3.12 | GRI table | Current page |
| | 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Here, current page and here |
| Governance | 4.1 | Governance structure of the organisation | Here and here |
| | 4.2 | Indicate whether the chairman is also an executive officer and, if so, reasons for this arrangement | Here |
| | 4.3 | Number of independent and/or non-executive members | Here, here and here |
| | 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the board | Here and here |
| | 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives | Here and here |
| | 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided | Here |

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| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics | Here and here |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Here and here |
| 4.9 | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | Here |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance | Here |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organisation | Here |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | Here |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: <ul style="list-style-type: none"> » Has positions in governance bodies; » Participates in projects or committees; » Provides substantive funding beyond routine membership dues; or » Views membership as strategic. | Here |
| 4.14 | List of stakeholder groups engaged by the organisation | Here |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | Here and here |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. Author's Note: Details of stakeholder engagement described per material issue, with additional detail in full online integrated annual report. | Here and here |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, | Here and here |

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| | | and how the organisation has responded to those key topics and concerns, including through its reporting. Author's Note: Details of stakeholder engagement described per material issue, with additional detail in full online integrated annual report. | |
| Disclosures on Management Approach | DMA EC | The disclosures on management approach relate to the individual aspects reported on, including: EC1 – Direct economic value generated and distributed EC2 – Impacts of climate change EC6 – Spending on locally-based suppliers EC7 – Local hiring, including at senior management level EC8, EC9 – Economic impacts Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here Here Here and here Here Here |
| | DMA EN | The disclosures on management approach for all environmental aspects reported on. Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here |
| | DMA LA | The disclosures on management approach relating to labour practices and decent work reported on. Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here |
| | DMA HR | The disclosures on management approach relating to human rights reported on. Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here |

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| | DMA SO | The disclosures on management approach relating to Society reported on. Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here |
| | DMA PR | The disclosures on management approach relate to individual aspects reported on: PR1, PR2 – Product health and safety impacts PR4, PR5, PR8 – Customer satisfaction and privacy of data and non-compliance with regulations Author's Note: Disclosures on Management Approach are included throughout the report as an introduction to the relevant sections. Additional detail is available in the full online integrated annual report. | Here Here |
| Performance indicators | EC1 | Direct economic value generated and distribution, including revenue, operating cost, employee compensation, donation and other community investments, retained earnings and payments to capital providers and governments | Here Here Here |
| | EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Here |
| | EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement | Here |
| | EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts | Here |
| | EN1 | Materials used by weight or volume Author's Note: Additional detail in full online integrated annual report | Here |
| | EN2 | Percentage of materials used that are recycled input materials | Here |
| | EN3 | Direct energy consumption by source | Here |
| | EN4 | Indirect energy consumption by primary source Author's Note: Additional detail in full online integrated annual report | Here |
| | EN8 | Total water withdrawal by source. | Here |
| | EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | Here |
| | EN16 | Total direct and indirect greenhouse gas emissions by weight | Here |

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| EN22 | Total weight of waste by type and disposal method | Here |
| EN23 | Total number and volume of significant spills | Here |
| EN26 | Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation | Here |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category | Here |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations | Here |
| LA1 | Total workforce by employment type, employment contract, and region. | Here |
| LA4 | Percentage of employees covered by collective bargaining agreements. | Here |
| LA5 | Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. | Here |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region. Author's Note: Absenteeism has not been reported due to lack of data. | Here |
| LA8 | Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members, regarding serious diseases | Here |
| LA11 | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Here |
| LA13 | Composition of governance bodies in terms of diversity and breakdown of employees per category according to gender and other relevant indicators of diversity | Here and here |
| SO3 | Percentage of employees trained in organisation's anti-corruption policies and procedures | Here |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | Here |
| SO7 | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. | Here |
| PR4 | Total number of incidents of non-compliance with | Here |

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| | | regulations and voluntary codes concerning product and service information and labelling, by type of outcomes | |
| | PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Here and here |
| | PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | Here |
| | HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | Here |
| | HR4 | Total number of incidents of discrimination and actions taken. | Here |
| | HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken | Here |

An HTML version of the unabridged Altron Corporate Responsibility Report 2010 is available on www.altron.co.za

For more information email info@altron.com