

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



#### Letter from the Chief Executive (CE)

Allied Electronics Corporation Limited (Altron) is a publicly listed company on the Johannesburg Stock Exchange in South Africa, in the Electronic & Electrical Equipment sector, and is among the largest listed companies in the country. As such, I firmly believe that we have a duty to ensure that our business operates in a manner that not only strives to offer financial returns to our shareholders, but does so in a manner that adheres to the highest degrees of transparency, accountability, social and environmental responsibility. To do so, we actively strive to ensure that our governance and risk management structures identify and adhere to the highest local and international standards, including the United Nations Global Compact (UNGC).

Following the lead of other significant business leaders in South Africa, including Sasol and AngloGoldAshanti, it was my pleasure to lead Altron into becoming a signatory to the UNGC as of the 17<sup>th</sup> of December 2009. In doing so, I committed our team to providing our stakeholders an annual 'Communication on Progress' ('COP') that includes three specific elements:

1. A description of the practical actions Altron has taken to implement the UNGC principles, and to provide an outlook on our planned strategies and actions;
2. A description of our measured outcomes and/or expected outcomes resulting from our strategies and actions; and,
3. A statement of continued support for the UNGC.

This report therefore represents our 2010 COP.

Whereas the UNGC recommends that the COP process should be linked to existing reporting procedures, it was our considered decision to produce a stand-alone COP for 2010, rather than attempt to incorporate the 10 UNGC principles into our Integrated Annual Report ('IAR', i.e., including Sustainability). This decision was based solely on our lack of internal capacity to combine the content of the two processes in 2010, but on the condition that as from 2011, the 10 UNGC principles would be explicitly reported within our IAR.

I am pleased to confirm that Altron supports the ten principles of the UNGC pertaining to respect for Human Rights, labour rights, environmental protection and anti-corruption. I am also pleased to confirm that, where relevant, Altron aspires to assist in South Africa's attempts to meet the eight UN Millennium Development Goals (MDGs) pertaining to poverty and hunger alleviation, access to education, gender equality, improving health for mothers and children, combating HIV/AIDS, protecting the environment, and building and/or participating in global partnerships for development.

Altron is also a signatory of the Carbon Disclosure Project (CDP), and is committed to annual reporting on our progress to reducing our carbon emissions in line with the reporting guidelines of the International Protocol for Climate Change (IPCC). In 2010, Altron was ranked 10<sup>th</sup> in South Africa for its CDP submission.



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



I believe that it is Altron's responsibility to uphold the UNGC and its 10 Principles. This is not a matter of 'ticking a box', but rather the result of guidance we have received from a number of our stakeholders, as well as a deep appreciation for the fact that the principles represent reasonable guidelines for securing not only our own long term future, but that of our stakeholders. As such, I believe that it is in our mutual interests to work together to create a sustainable business economy that supports our shareholders, employees, customers, business partners and communities in which we operate, and that supports the principles of fairness, equality, ethical conduct, transparency and accountability.

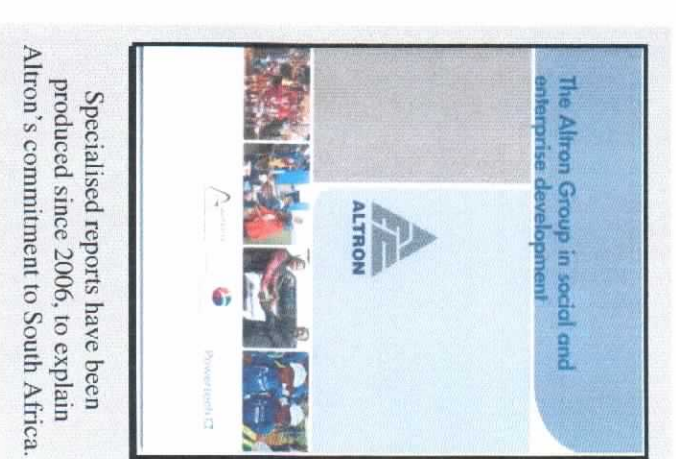
With this communication, I hereby express Altron's continued commitment to advancing the UNGC principles not only within our direct business activities, but also within our sphere of influence. I also wish to confirm that we are actively working towards ensuring that the UNGC and its principles become fully entrenched in our business strategy, culture and day-to-day operations, and that we will continue to seek and participate in collaborative projects that advance the broader development goals of the UN, particularly the MDGs.

This COP is designed to provide a reasonably comprehensive communication of our actions pertaining not only to the UNGC Principles, but also the MDGs, and is structured to provide direct links to our responses to the relevant Global Reporting Initiative (GRI) G3 Guidelines contained within our 2010 IASR.

It's interesting to note that in 2004, the first year Altron included a sustainability section within the Annual Report, the full scope on 'non-financial reporting' spanned no further than pages 25 to 34, with a strong focus on share value and Black Economic Empowerment, from a legislative compliance perspective. In 2005, the sustainability report significantly expanded to pages 25 to 47 of the Annual Report, with a bold step towards including comparable performance data, as well as a commitment to reporting in line with the Global Reporting Initiative's GRI Guidelines. From that point on, the Altron Group has been committed to ensuring that our reporting meets not only local and international best practice, but the information requirements of our most material stakeholders. In that, I firmly believe that expanding the scope of our reporting to include not only a commitment to the UNGC, but an annual update on our progress, is not simply a 'nice to have', but a measure of our own understanding of how reporting helps inform our ability to manage the economic, social and environmental impacts and opportunities throughout our diverse group.

In support of this communication on progress, our team has assembled three tables:

- Table 1: Summary of Progress Toward Meeting the Expectations of the 10 UNGC Principles
- Table 2: Summary of Progress Toward Meeting the Expectations of the UN Millennium Development Goals (MDGs)
- Table 3: Altron's Responses to Relevant GRI G3 Indicators





## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Also, the team has provided a list of useful corresponding documents, including our 2010 Integrated Annual Report and “*Envirowatch: A better tomorrow starts today*”, our recent publication to heighten environmental awareness throughout our sphere of influence (i.e., among employees, customers, suppliers, business partners and other interested and affected parties).

For more information about our commitment to the UNGC, the MDGs or the CDP, please contact Altron’s sustainability team at [sustainability@altron.com](mailto:sustainability@altron.com).

Sincerely,

**Robert E Venter**

**Chief Executive, Allied Electronics Corporation Limited (Altron)**

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



#### Overview of Corporate Responsibility & Sustainability at Altron

Altron takes pride in our status as a South African company that is often viewed as not only a “Good Corporate Citizen”, but as a company that is stepping up the challenge of leading the local business environment in matters pertaining to climate change, transparency and accountability through effective reporting, and establishing benchmarks for compliance to international conventions and/or commitments.

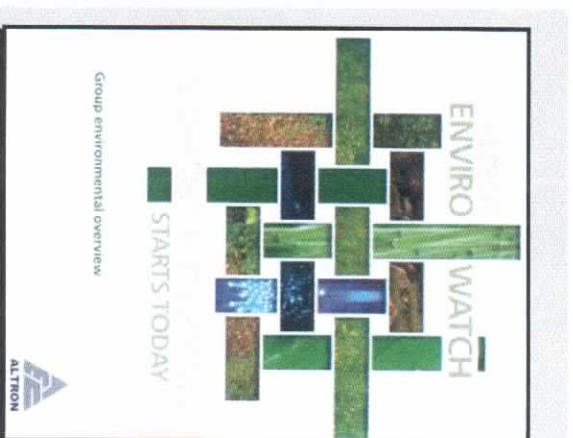
In much the same way as we approach our commitments to the Carbon Disclosure Project to help manage environmental impacts, our adoption of the UN Global Compact (UNGC) is viewed as an opportunity to benchmark our performance across the 10 UNGC principles, as well as to identify ways in which Altron can continue to improve. By participating in the Local Network sessions, and engaging in constructive dialogue with our peers who are also signatories, Altron seeks to establish a broader understanding of stakeholder expectations, as well as our performance against those expectations.

Part of the rationale for signing up to the UNGC is reputation management. There’s an expectation that Altron demonstrate that the company *is* a responsible corporate citizen, and the UNGC helps inform existing strategy and identify areas of additional improvement. Being a signatory is *not* to tick a box, but rather to manage risk and identify opportunities for shared growth (moral, ethical and/or regulatory) within the company’s sphere of influence, including our suppliers and customers.

With respect to using our position of influence to affect positive change, it should be noted that Altron is currently developing a process through which suppliers can be engaged to consider their roles and responsibilities with respect to the 10 principles of the UNGC.

We, as a company, are under pressure to demonstrate a commitment to social and environmental responsibility, and thus are under pressure to ensure that we are cascading this down through our own supply chain. However, one must respect that compliance cannot be a tick-box exercise. The risk is that by communicating our commitment to the UNGC (or other commitments) to our suppliers, a measure of skepticism and/or conspiracy theory could be established within the supply chain, and thus Altron must cautiously approach supply chain compliance to ensure that the intentions are not misconstrued.

One must not create a perception that the UNGC is being adhered to in order to weed out certain suppliers, while at the same time not risking relationships with key, and particularly sole source, suppliers.



“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.”



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



The UNGC, per se, is not necessarily driven down through the organization, but much of what is contained within the UNGC is already entrenched within South African corporate expectations. Thus, Altron's policies and procedures, where aligned to the UNGC, are already being cascaded down through the rest of the organization, and the UNGC is not specifically being addressed. Issues such as ethics, human rights and transformation are relevant in the South African context via the Department of Trade and Industry (dti) Codes of Good Practice, King Code of Corporate Governance (King III), the SA Companies Act, JSE Listing Requirements and various other industry and/or government policies, procedures and legislated acts.

It's also important to note that our commitment to the UNGC is already having an impact on Altron. While we firmly believe that our actions have always been aligned with the highest degree of compliance to local and international conduct expectations, our formal policies and procedures did not always reflect this commitment. For example, our first step in becoming a UNGC signatory was to conduct an internal policy and procedure gap analysis, and while we found that in almost all cases the relevant policies and procedures were in place, one UNGC-expectation had not yet been met. As such, the only policy that was specifically developed within Altron as a direct result of the 10 principles of the UNGC was the Human Rights Policy. Although we previously dealt with human rights issues via the SA Constitution, no specific policy was in place for human rights prior to joining the UNGC.

#### Our Progress

Altron has been a signatory to the UNGC since 2009, and has participated in meetings and related initiatives on the UNGC, particularly the most recent Local Network session. This document represents our first 'Communication on Progress' (COP), and is perhaps more comprehensive that would otherwise be expected. Due to the timing of our annual reporting, Altron was unable to align our 2010 Integrated Annual Report with COP expectations in time to meet our COP obligations for 2010, and therefore this document has been established as a bridge to further compliance. However, we are committed to ensuring that as from 2011, all future annual reports will be aligned to the UNGC COP requirements.

Table 1 (below) represents our progress towards meeting reasonable performance expectations with respect to the ten principles of the UNGC, with a reference column linking the relevant GRI G3 Guidelines to each of the 10 principles.

Although not explicitly required, but because of the inter-relatedness of the UN Millennium Development Goals with the UNGC, we are providing a summary of our progress toward meeting the eight MDGs (Table 2), where applicable.

References are made to our 2010 Integrated Annual Report, and an additional table provides a breakdown of our responses to the relevant GRI G3 indicators (Table 3). In cases where our 2010 Integrated Annual Report does not offer a response to a specific GRI G3 indicator, we have endeavoured to either provide a response in the table, or to offer a commitment to providing reasonable information in future reports. Additional resources, specifically referred to within this document, are listed in Appendix 1 (below).





## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Other examples of Altron's use of 'Profile' to educate stakeholders about key sustainability issues



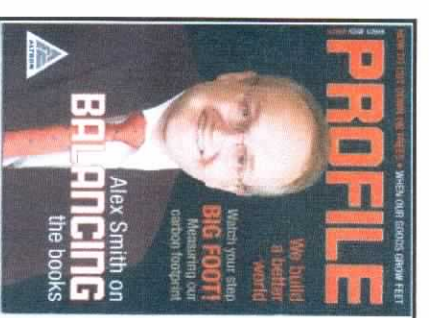
Issue 2, 2007: 'Tip Offs Anonymous', the Deloitte facility for whistle blowing.



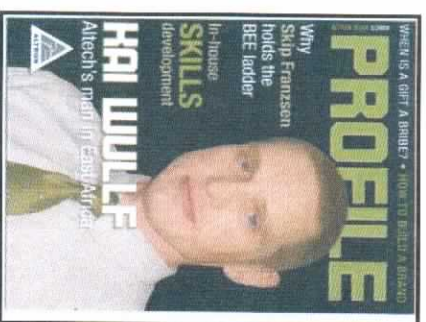
Issue 3, 2007: Our golf day raised R120k for orphan and palliative care charities.



Issue 6, 2008: The golf day raises R150 000 for HIV/AIDS and Arts charities.



Issue 1, 2009: The launch of Altron's carbon footprint measurement exercise.



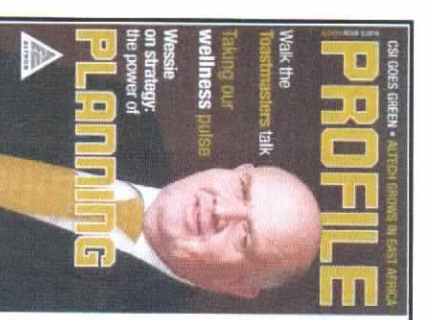
Issue 2, 2009: Defining the difference between a 'gift' and a 'bribe'.



Issue 5, 2009: Informing employees about Altron's wellness and medical aid programmes.



Issue 2, 2010: Informing stakeholders of the launch of Altron's Envirowatch information report.



Issue 5, 2010: Discussing Altron's commitment to linking Corporate Social Investment to environmental needs.

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Table 1: Summary of Progress Toward Meeting the Expectations of the 10 UNGC Principles

Global Compact Principle	Altron's UNGC COP	Corresponding GRI G3 Indicators (see Table 3) <sup>1</sup>
1. Support and respect the protection of international human rights within their sphere of influence.	<p>The Altron Group has a comprehensive set of policies, procedures and commitments to ensuring the protection of Human Rights, where the protection of rights permeates through a number of employee, subsidiary and/or supplier codes and/or agreements. In fairness, our formal Human Rights Labour Conditions Policy was only developed in response to our commitment to the UNGC.</p> <p>Formally, we ensure that our policies and procedures address such things as forced and/or compulsory labour, child labour, discrimination and gender equity.</p> <p>While our 'sphere of influence' extends beyond our employee population, the primary focus thus far has been on this critical stakeholder group. However, Altron is the process of defining the most appropriate mechanisms for expanding the scope of our Human Rights expectations of suppliers, customers and other key stakeholders.</p>	EC5, LA4, LA6 to LA9; LA13, LA14, HR1 to HR9, SO5, PR1, PR2, PR8
2. Make sure their own corporations are not complicit in human rights abuses.	<p>Altron adheres to this principle through a combination of procedures which include our bi-annual risk register review and an annual legislative compliance assessment. Moreover the group attempts to proactively guard against abuse through the distribution of appropriate policies, procedures and codes of conduct, which all employees have access to, and are trained on.</p> <p>Employees are made aware of their responsibility to know that they have been afforded full access to the Group's online (intranet) 'Policy Manual', both in their induction training and via regular 'Staff Information Notices', as well as via our employee newsletter ('Profile').</p>	HR1 to HR9, SO5
3. Freedom of association and the effective recognition of the right to collective bargaining.	<p>As expressed in our 'Human Rights and Labour Conditions Policy', Altron actively recognises the right of employees to collective bargaining and freedom of association in accordance with all relevant labour legislation, and rates of union participation vary from 0% at Bytes in the UK, to 62% at Powertech.</p> <p>Wherever they are represented, Altron maintains constructive relationships with all of our unions, who are afforded consultative and/or negotiating powers on issues of shared interest.</p>	LA4, LA5; HR1 to HR3, HR5, SO5



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress





















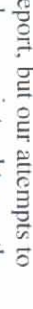

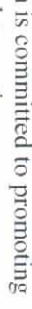














Global Compact Principle	Altron's UNGC COP	Corresponding GRI G3 Indicators (see Table 3) <sup>1</sup>
4. The elimination of all forms of forced and compulsory labour.	As expressed in our 'Human Rights and Labour Conditions Policy', Altron does not permit any forms of forced and/or compulsory labour within our sphere of influence, be it within any of our companies, or within our extensive supply chain, in accordance with all relevant legislation. All employees, including contractors, are sourced from the open labour market, with all employment occurring in the presence of mutually agreed upon labour contracts in accordance with relevant labour legislation. All employees are afforded the freedom to resign at any time. However, our ability to police our supplies remains based more on implicit expectations than formal policies, which is one of the reasons why Altron is in the midst of a policy and procedure assessment of our supply chain.	HR1 to HR3, HR7, SO5
5. The effective abolition of child labour.	As expressed in our 'Human Rights and Labour Conditions Policy', Altron does not permit the use of child labour within our sphere of influence, be it within any of our companies, or within our extensive supply chain, and no incidents of child labour use within Altron, or within our supply chain, have been identified. Altron actively monitors compliance with the labour legislation in each of the countries within which we operate, and are mindful of the variances in minimum age restrictions. As per South African labour law, Altron does not recruit employees under the age of 18. Exceptions could potentially arise, but only in the context of school leavers who participate in vocational training programmes.	HR1 to HR3, HR6, SO5
6. The elimination of discrimination in respect of employment and occupation.	Altron is committed to the principles of transformation and employment equity in the workplace, and discrimination, of any kind, is explicitly forbidden as per our 'Human Rights and Labour Conditions Policy'. As per South African legislation, Altron submits to government an annual Employment Equity Report, and includes all relevant statistics within our Integrated Annual Report. No incidents of discrimination were identified within the past financial year.	EC7, LA2, LA13, LA14, HR1 to HR4, SO5
7. Support a precautionary approach to environmental challenges.	The precautionary approach to identifying and managing environmental risk is at the heart of Altron's environmental policies, procedures and management strategy. Our commitment to producing an annual sustainability report, in the form of our Integrated Annual Report, is predominantly based on Altron's understanding of ever-increasing stakeholder expectations for effective environmental management. Over the past 2 years, Altron has evolved from a company that has measured the bare minimum in terms of environmental impacts, to a company that was recently recognised as one of South Africa's leading participants in the Carbon Disclosure Project (ranked 10 <sup>th</sup> ). This shift has borne out of our identification of carbon disclosure as an emerging challenge for companies, and in the spirit of the precautionary approach, Altron has opted to act now, rather than wait until a change in legislation demands action.	EC2, EN18, EN26, EN30, SO5



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Global Compact Principle	Altron's UNGC COP	Corresponding GRI G3 Indicators (see Table 3) <sup>1</sup>
8. Undertake initiatives to promote greater environmental responsibility.	<p>As demonstrated by various articles that are published within our bi-monthly newsletter, 'Profile' – which is distributed to employees, customers, suppliers and other interested stakeholders – as well as by the production of our in-house environmental handbook, <i>Envirowatch: A better tomorrow starts today</i>, Altron is committed to promoting environmental responsibility in all aspects of our business. Not only is Altron committed to continuous improvement in our environmental performance, as reported in our Integrated Annual Report, but our attempts to educate our employees, customers and suppliers, through 'Profile', further demonstrates how we intend to use the knowledge we gain at the operational level to inform positive change throughout our sphere of influence.</p>	EN1 to EN30, SO5, PR3, PR4
9. Encourage the development and diffusion of environmentally friendly technologies.	<p>Although not applicable across all product and/or service lines, the development and diffusion of environmentally-friendly technologies is often at the forefront of our future-minded thinking. With the cost of electricity rapidly rising in South Africa, the decision to develop and/or adopt energy-wise solutions is most frequently based on our continuous push towards financial efficiency: for ourselves, and for our customers.</p> <p>One such product offering has been developed by Strike Technologies, a company within the Powertech stable. Silk™ is an online energy monitoring service that collects meter data over cellular phone networks, processes this information and delivers easy to read reports via the Internet.</p> <p>With this information, users are able to identify opportunities to reduce their overall electricity consumption, eliminate 'peak clipping', where overloaded circuits draw excessive power, and/or allow users the opportunity to shift electricity consumption to 'off-peak periods' when the cost of electricity is lower due to reduced demand.</p> <p>Arrow Allech Distribution, another company within the Altron Group (Powertech division), distributes two power management solutions, one is a microcontroller to optimize power consumption on large, high energy dependent CPUs while another is an Energy Star EPPS-rated 24W (12V) power adapter that reduces total electricity consumption.</p> <p>Wherever possible, the Altron Group leads by example, including the adoption of Silk within 6 of our companies, and the use of Arrow Allech's power-saving solutions throughout the Group. As well, <i>Profile</i> magazine, <i>Envirowatch</i>, have been deployed to encourage energy saving leadership from within the Group, as well as to launch a variety of recycling and responsible product use campaigns (e.g., use of environmentally friendly office paper).</p> <div data-bbox="375 1451 817 1758">                                    </div>	EN2, EN5 to EN7, EN10, EN18, EN26, EN27, EN30, SO5

2010 UN Global Compact Communication on Progress



Global Compact Principle	Altron's UNGC COP	Corresponding GRI G3 Indicators (see Table 3) <sup>1</sup>
10. Work against corruption in all its forms, including extortion and bribery.	<p>Corruption, of any kind, is not permitted within the Altron Group, and the company goes to great lengths to ensure that all of our stakeholders understand what 'fraud', 'corruption', 'extortion', 'bribery' and 'facilitation payments' all refer to. By defining these issues in not only all of our relevant policies and procedures, but also in articles published in 'Profile', Altron seeks to ensure that no claim of ignorance could be supplied as a defence against poor judgement.</p> <p>Our commitment to combating corruption is primarily encoded in our in our code of ethics, but it is further entrenched in our Corporate Gifts Policy and our Corporate Compliance Policy, all of which are made available to staff in or online Policy Manual.</p> <p>Enforcement of the code is facilitated through the a whistle blowing facility that is outsourced to Deloitte, although this facility tends to be under-utilised. While we assume that the lack of calls to the phone numbers, which are widely displayed for all stakeholders to see, is the result of very few issues with respect to fraud and corruption, Altron attempts to ensure that this is actually the case, by continuously re-educating employees about the facility, as well as what suspicious and/or questionable acts the numbers can be used to report.</p> <p>All employees receive ethics training as a function of their induction as a new employee, and regular re-education occurs via poster campaigns and 'Profile' articles.</p>	SO2 to SO6

<sup>1</sup> The cross-references between the 10 UNGC principles and the GRI G3 Guidelines were taken from "*Making the Connection: The GRI Guidelines and the UNGC Communication on Progress*", a document provided by the UNGC to assist with the development of a COP aligned to the guidelines ([http://www.unglobalcompact.org/docs/communication\\_on\\_progress/Tools\\_and\\_Publications/Making\\_the\\_Connection\\_Final.PDF](http://www.unglobalcompact.org/docs/communication_on_progress/Tools_and_Publications/Making_the_Connection_Final.PDF)). While we do not necessarily agree with some of the cross-references, we have applied them prescriptively for the purposes of this exercise, and will endeavour to conduct a more thorough review in our next Integrated Annual Report, which will also be our next COP.



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



**Table 2: Summary of Progress Toward Meeting the Expectations of the UN Millennium Development Goals (MDGs)**

MDG	Altron's Millennium Development Goal (MDG) Progress
MDG 1: Eradicate extreme hunger & poverty	<p>Corporate Social Investment (CSI) focus areas within the Altron Group are heavily weighted towards education, including primary education. Direct investment in projects to alleviate hunger is not a significant part of the strategy, or annual budget, but is a consideration for the application of funds from within discretionary budgets.</p> <p>In partnership Food &amp; Trees for Africa, the Altron Group has embarked on an annual programme to offset carbon emissions through the planting of trees, specifically indigenous and fruit trees. At least part of the aim of this project is to ensure that disadvantaged communities have access to a secondary supply of food items (i.e., fruit).</p> <p>Willard Battery has developed a project where every car battery that is returned for recycling, funds are donated to FTFA to plant trees in under-privileged areas. Now in its fifth year, Willard's has already recycled enough batteries to ensure that more than 4 500 trees could be planted throughout South Africa.</p> <p>Although of Altron's community development projects – The Wonderbag Outreach Project – cuts across both poverty and hunger alleviation, in that a women's development cooperative produces specialised cooking bags that help to drastically reduce the amount of energy (electricity on a stove, or firewood) to cook meals. The bags create income for under-employed women, while cutting the costs associated with feeding.</p> <p><b>References:</b> <i>Altron 2006 Annual Report (pp. 56 – 61), and Altron Integrated Annual Report 2010 (p. 68)</i></p>
MDG 2: Achieve universal primary education	<p>Whereas in 2006 Altron invested approximately R10 million in community development projects, through our Corporate Social Investment activities, our 2010 budget reached nearly R14.8 million, up nearly 50% in 5 years. At present, Altron does not record the breakdown of our CSI expenditure according to developmental focus areas, but more than 50% of our funding is directed towards educational upliftment, particularly at the secondary and primary school levels.</p> <p>One relatively new focus area that has been developing throughout the Altron Group is the provision of support for pre-primary schools, due to the lack of foundation-level programmes throughout South Africa. Our assumption is that by investing in education at the earliest stages, learners will be better prepared to better obtain the skills required to succeed at the primary, secondary and tertiary school levels.</p> <p><b>References:</b> <i>Altron 2006 Annual Report (pp. 56 – 61), and Altron Integrated Annual Report 2010 (p. 68)</i></p>

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



MDG	Altron's Millennium Development Goal (MDG) Progress
MDG 3: Promote gender equality & empower women	<p>Over and above Altron's explicit commitment to South Africa's constitution, including its expectations of gender and racial equality, Altron is committed to ensuring that gender and/or racial profile is never even perceived as a barrier to success. However, overcoming disparity remains a challenge for the Group. In 2006, only 797 (22.7%) of the Group's management were female, and only 1 202 (34.2%) were 'non-white'. In 2010, only 418 (22.7%) of Altron's Middle to Senior Top Management were female, and only 550 (29.9%) were 'non-white', stressing the importance of Altron's 'Vision 2012' commitment to transformation within the Group.</p> <p>Gender and racial equality is at the heart of 'Vision 2012', and is firmly embedded in our HR policies and procedures.</p>
MDG 4: Reduce child mortality	<p>Although Altron is well aware of the need to attend to the health and welfare of 'at risk children' in the communities in which we operate, our commitment to society is imbedded in our strategic decision to develop core focus areas for Altron's Corporate Social Investment (CSI) funding. Based on our evaluation of needs, and Altron's ability to make a meaningful contribution to development, CSI within the Altron Group is heavily weighted towards education, including primary education, with support for HIV/AIDS projects being a secondary core focus area.</p> <p>As such, direct investment in projects that seek to reduce child mortality is not part of Altron's Group CSI strategy. However, it is both our assumption and hope that by focusing our efforts on uplifting communities through education, a material spin-off from our investments will be communities that are better educated, and thus better prepared to manage the risk of child mortality.</p> <p>However, our investments in HIV/AIDS projects, including the recent development of a community-based HIV/AIDS clinic in the impoverished Hillbrow area of Johannesburg, in partnership with Vodacom and the Gauteng Department of Health, are often confirmed due to the way in which these projects are designed to positively affect mother-to-child transmission of the HI-Virus to unborn children, thus hopefully having a direct impact on infant and/or child mortality.</p>
MDG 5: Improve maternal health	<p>As stated above, Altron's CSI strategy is focussed primarily on education. As such, direct investment in projects that seek to improve maternal health is not part of Altron's Group CSI strategy. However, it is both our assumption and hope that by focusing our efforts on uplifting communities through education, including projects that specifically target female learners to remain in school, a material spin-off from our investments will be communities that are better educated, and thus better prepared to manage their overall health and well-being.</p>
MDG 6: Combat HIV/AIDS, malaria and other diseases	<p>Although HIV/AIDS has always been a priority area within our CSI strategy, our commitment to helping combat HIV/AIDS was stepped up significantly in 2009. During our 2010 financial year (late 2009), Altron entered into a partnership with Vodacom, one of South Africa's main cell phone operators and a key Altron business partner, and the Gauteng Department of Health, to spend R28 million over a 3-year period, of which 50% will come from the Altron Group, to develop a community-based HIV/AIDS clinic in the impoverished Hillbrow area of Johannesburg.</p>



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



MDG	Altron's Millennium Development Goal (MDG) Progress
	<p>Because of the significance of HIV/AIDS in the South African context, other diseases such as malaria and tuberculosis (TB) are not afforded similar investment consideration. However, CSI project proposals are considered against a set of criteria that include whether or not at least a secondary impact will be on the health and welfare of the communities in which we operate.</p>
<p><b>MDG 7: Ensure environmental stability</b></p>	<p>The Altron Group has formally measured and monitored its environmental impacts, to the extent of providing performance data within our Annual reports, as from no later than 2005, with ISO 14001 certification within the Group occurring as early as 2004. However, our approach to environmental management has only recently taken serious steps toward what we would consider 'best practice' within the South African context. Altron not only launched its carbon footprint measurement exercise in 2009, but used this as an opportunity to enhance our policies, procedures and reporting systems to affect positive change for environmental well-being.</p> <p>Willard Battery, one of the companies within the Altron Group, developed a project where for every car battery that is returned for recycling, funds are donated to Food and Trees for Africa to plant trees in under-privileged areas (including fruit trees). Now in its fifth year, Willard's has already recycled enough batteries to ensure that more than 4 500 trees could be planted throughout South Africa.</p> <p>In 2010, Altron launched the first in what is to become a series of environmental information reports – 'Envirowatch' – with the intention that these documents will be used to inform change not only within the companies in the Group, but in the homes of our employees, and in the homes of the employees of our suppliers, customers and other key stakeholders.</p>
<p><b>MDG 8: Develop a global partnership for development</b></p>	<p>It is assumed that this is not a goal that could be discussed in any context outside of Altron's commitment to participate in global discussions and/or debates regarding development, including proving attention to stated commitments to meet the MDGs and UNGC, Carbon Disclosure Project, and JSE SRI Index expectations.</p> <p>Altron participates in various industry and national discussions regarding development themes throughout the year, and wherever possible engage in partnerships to meet specific development objectives (e.g., the partnership with Vodacom and the Gauteng Department of Health to create a central Johannesburg HIV/AIDS clinic, as discussed above).</p>

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Table 3: Altron's Responses to Relevant GRI G3 Indicators (including reference to pages within the 2010 Integrated Annual Report, 'IAR')

Indicator	Description	Response	Not reported
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Altron is still in the relatively early stages of assessing the full and/or potential impact of climate change on the Group. Once our carbon footprint exercise, including the identification of possible mitigation strategies, has been completed, Altron will provide more meaningful data regarding the estimated financial implication of climate change on the Group.	Not reported
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Although Altron is well-aware of the fact that South Africa has the highest Gini Coefficient in the world (i.e., the economic measure of income disparity), the Group has not yet conducted an analysis of the range of wage ratios. However, Alton's commitment to 'fair wages' is entrenched in our Human Resources and Employment Policy, as well as in our Human Rights and Labour Conditions Policy. Both of these policies refer explicitly to the right to access to bargaining councils and/or trade unions, as well as Altron's commitment to paying wages at or above legislated minimums.	Not reported
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Although not explicitly reported in our 2010 IAR, Altron's Human Resources and Employment Policy stresses the importance of local recruitment, particularly in areas where companies are established in non-urban areas, or new countries. Wherever possible, management positions are filled from within the local community, although Altron's first priority is to ensuring that the correct skills and experience are in place to protect both shareholder value and the Group's brand equity.	Not reported
EN1	Materials used by weight or volume.	The number of mobile handsets, decoders and tracking units – as well as the volume of lead, copper rod, equipment, paper, toner cartridges – is provided within the IAR.	72



# Allied Electronics Corporation (Altron)

## 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
EN2	Percentage of materials used that are recycled input materials.	<p>Relevant data for the following materials is supplied within the IAR:</p> <ul style="list-style-type: none"> <li>Recycled lead for use in batteries</li> <li>The number of batteries recycled, including the number of trees planted as an environmental mitigation effort</li> <li>Recycled cables (primarily copper)</li> <li>Purchased volumes of recycled paper for on-selling to customers</li> <li>Recycled cardboard, copper, paper, aluminium, wire, printer cartridges, wooden pallets, PVC (plastic) and other metals.</li> <li>Mobile phones collected for recycling (programme in development)</li> </ul>	73
EN3	Direct energy consumption by primary energy source.	Specific data for direct energy consumption is not reported within the IAR, although this is an indicator targeted for improved reporting in the future, as data is available in at least some of Altron's companies.	Not reported
EN4	Indirect energy consumption by primary source.	Energy consumption and emissions data is supplied in pages 70-71 of the IAR.	70-71
EN5	Energy saved due to conservation and efficiency improvements.	At present, Altron does not have any significant energy conservation and/or efficiency improvement data. However, one of the intentions of our carbon footprint exercise is to identify areas for future investment and/or reporting.	Not reported
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	At present, Altron does not have any initiatives to provide energy-efficient or renewable energy based products and services to our customers. However, a Group-wide investigation of products and services that could be deemed, or converted to, 'energy efficient' is being conducted.	Not reported
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	At present, Altron does not have any significant initiatives to reduce indirect energy consumption. However, one of the intentions of our carbon footprint exercise is to identify areas for future investment and/or reporting.	Not reported

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
EN8	Total water withdrawal by source.	As explained within our IAR, initiatives are underway to improve Altron's water consumption measurement, monitoring and reporting systems and processes. No volume data is currently supplied within the IAR.	71
EN9	Water sources significantly affected by withdrawal of water.	Altron is still in the process of identifying all of its sources of water, including any sources that are significantly affected by the Group's withdrawals.	Not reported
EN10	Percentage and total volume of water recycled and reused.	Altron is still in the process of identifying any initiatives that are in place to recycle and/or reuse water.	Not reported
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN13	Habitats protected or restored.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN16	Total direct and indirect greenhouse gas emissions by weight.	Total direct and indirect greenhouse gas emission data is presented on p.70 of the IAR.	70
EN17	Other relevant indirect greenhouse gas emissions by weight.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future, and is a target within the current carbon footprint assessment exercise being conducted throughout the Altron Group.	Not reported



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future, and is a target within the current carbon footprint assessment exercise being conducted throughout the Altron Group.	Not reported
EN19	Emissions of ozone-depleting substances by weight.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN20	NOx, SOx, and other significant air emissions by type and weight.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN21	Total water discharge by quality and destination.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN22	Total weight of waste by type and disposal method.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN23	Total number and volume of significant spills.	Although not explicitly discussed within the IAR, no significant spills have occurred within the Altron Group.	71
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Various examples of initiatives to mitigate environmental impacts of products and services are discussed on pages 68-73 of the IAR, including a brief mention of the Group's ongoing attempts to secure partnerships for the recycling of mobile phones.	68-73
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Although a partial response, the number of batteries reclaimed by Willard Batteries is discussed on pages 72-73 of the IAR.	72-73

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Although not explicitly discussed within the IAR, no fines or sanctions for non-compliance with environmental laws and regulations have been raised against Altron.	Not reported
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
EN30	Total environmental protection expenditures and investments by type.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
LA2	Total number and rate of employee turnover by age group, gender, and region.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
LA4	Percentage of employees covered by collective bargaining agreements.	As explained on p.62 of the IAR, unionisation rates range from 0% at Bytes in the UK to 62% at Powertech.	62
LA5	Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements.	As explained on p.62 of the IAR, minimum notice periods range from 30 to 60 days.	62
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Key safety data is provided on p.64 of the IAR.	64
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	All employees are provided ongoing education and/or awareness campaigns, to assist in the education, training, counselling, prevention, and risk-control of serious diseases. In the South African context, this particularly applies to the ongoing risk of HIV/AIDS.	65
LA9	Health and safety topics covered in formal agreements with trade unions.	This information has not yet been collected for reporting purposes. This is an area of possible improvement in the future.	Not reported
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Board and employee gender and racial profile data is supplied in page 61 of the IAR, and board profiles are provided on pages 24-26.	24-26, 61



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
LA14	Ratio of basic salary of men to women by employee category.	At present, data systems are not able to provide this data in a timely manner. This is an area of possible improvement in the future.	Not reported
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	As a condition of supply agreement, all significant suppliers and contractors are expected to sign commitments to ensuring that Altron's human rights policies and procedures will be respected.	Not reported
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	As a condition of supply agreement, all significant suppliers and contractors are expected to sign commitments to ensuring that Altron's human rights policies and procedures will be respected.	74
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	At present, Altron does not record the number of hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations. This is an area of possible improvement in the future.	Not reported
HR4	Total number of incidents of discrimination and actions taken.	No incidents of discrimination have been raised against Altron.	74
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Although not explicitly reported within our IAR, Altron's Human Rights and Labour Conditions Policy, as well as its Human Resources and Employment Policy, protect the right to freedom of association and collective bargaining. Thus, no operations have been identified as at risk for barring freedom of association and/or collective bargaining.	Not reported
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Although not explicitly reported within our IAR, Altron does not permit any forms of child labour, as explicitly stated within our Human Rights and Labour Conditions Policy. Thus, no operations have been identified as at risk for child labour.	Not reported
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Although not explicitly reported within our IAR, Altron does not permit any forms of forced or compulsory labour, as explicitly stated within our Human Rights and Labour Conditions Policy. Thus, no operations have been identified as at risk for forced and/or compulsory labour.	Not reported

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Although not explicitly reported within our IAR, ALL security personnel are expected to be trained to understand Altron's commitment to ensuring respect for human rights. Because security is an outsourced function, service contracts include specific provision to ensure that Altron's commitments are respected.	Not reported
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No incidents of violations involving rights of indigenous people have been raised against Altron.	Not reported
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Although not explicitly reported within our IAR, ALL business units within the Group are annually reviewed by Internal Audit, and the relevant audit and/or risk committee, for risks related to corruption.	Not reported
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	As defined within the Group's Code of Conduct, all employees are trained and informed of Altron's policies and procedures to avoid all forms of corruption. In some cases, 'training' extends to informing all employees through notices and/or articles within the Group's 'Profile' magazine (bi-monthly newsletter).	66-67
SO4	Actions taken in response to incidents of corruption.	No incidents of corruption have been identified by Altron in the past financial year, even though Altron subscribes to a whistle-blowing hotline managed by Deloitte.	Not reported
SO5	Public policy positions and participation in public policy development and lobbying.	Wherever deemed strategic and/or socially responsible to do so, Altron participates in public policy discussions that are relevant to either the Group or our customers.	Not reported
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Altron does not provide financial and/or in-kind contributions to political parties, politicians, and related institutions by country. Any such contributions must be approved by shareholders, and no such contributions have been considered, as a matter of Group policy.	Not reported
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Altron does not yet provide detail within the IAR, or other relevant documents, pertaining to the life cycle stages in which health and safety impacts of products and services are assessed for improvement.	Not reported



## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress



Indicator	Description	Response	Not reported
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle have been raised against Altron.	Not reported
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Altron does not yet provide detail within the IAR, or other relevant documents, pertaining to the type of product and service information required by procedures, and/or the percentage of significant products and services subject to such information requirements.	Not reported
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling have been raised against Altron.	Not reported
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No complaints regarding breaches of customer privacy and/or losses of customer data have been raised against Altron.	Not reported

## Allied Electronics Corporation (Altron)

### 2010 UN Global Compact Communication on Progress

#### Appendix 1: List of Relevant Policies, Procedures and Other References

##### Policies

The following company policies are available to all employees via Altron's intranet Policy Manual:

- |  |  |
|--|--|
| 1. Code of Conduct                                   | 13. Sexual harassment policy                           |
| 2. Human resources and employment policy             | 14. HIV/AIDS policy                                    |
| 3. Letters of appointment and terms of employment    | 15. Corporate compliance policy                        |
| 4. Motor vehicle policy and procedures               | 16. Code of Ethics                                     |
| 5. Industrial relations policy                       | 17. Competition Law policy                             |
| 6. Corporate communications policy                   | 18. Safety, Health and Environmental Management policy |
| 7. Other services                                    | 19. Human Rights and Labour Conditions policy          |
| 8. Takeovers, acquisitions and disinvestments policy | 20. IT risk policy                                     |
| 9. Technology development policy                     | 21. IT good practice policy                            |
| 10. Accounting and financial policies                | 22. CSI policy   |
| 11. Altron disclosure policy                         | 23. Altron's position on climate change                |
| 12. Corporate gifts and entertainment policy         |  |

##### Supporting Documents / Additional Materials

The following documents – available on our website or via email at [sustainability@altron.com](mailto:sustainability@altron.com) – serve to support the assertions we make with respect to our progress towards meeting our commitments to both the 10 UN Global Compact principles, as well as the relevant portions of the eight UN Millennium Development Goals:

1. Allied Electronics Corporation Limited (Altron) Integrated Annual Report 2010 (<http://www.altron.co.za/annual2010/>)
2. *Envirowatch: A better tomorrow starts today*. The Altron Group environmental overview (<http://www.altron.com/Environment/index.html>).
3. Altron CSI Policy ([http://www.altron.com/sustainability\\_csi\\_policy.asp](http://www.altron.com/sustainability_csi_policy.asp))
4. Altron Transformation Vision 2012 (<http://www.altron.co.za/vision2012/index.htm>)
5. Policies ([http://www.altron.com/about\\_policies.asp](http://www.altron.com/about_policies.asp)), including:
  - a. Corporate Gifts and Entertainment Policy
  - b. Corporate Compliance Policy
  - c. Code of Ethics
  - d. Altron's Position on Climate Change
  - e. Human Rights and Labour Conditions Policy