



# **Allied Electronics Corporation Limited (Altron)**

UNGC communication on progress report for the  
period 1 March, 2015 to 29 February, 2016



## Introduction

Altron is pleased to present its 2016 United Nations Global Compact (UNGC) Communication on Progress (COP) report, covering the group's activities for the period **1 March, 2015 to 29 February 2016**. Altron has been a signatory to the UNGC since 2009, and has been an active participant in various meetings and related initiatives in line with the UNGC principles, in particular through the National Business Initiative (NBI), a local business association that supports and encourages implementation of among others the UNGC's 10 principles and the United Nation's Sustainable Development Goals (SDGs), and serves as the Local Network contact in South Africa for the UNGC.

This document represents Altron's seventh COP report since its participation started in 2009 and as the different commitments, initiatives and projects outlined in this report show, Altron continues to support and integrate the 10 principles into its strategy, culture and day-to-day operations, demonstrating its continued commitment and support towards the UNGC.

Through Altron's commitment to the UNGC it emphasises its efforts to embrace, support and enact a set of core values in the areas of human rights, labour standards, the environment as well efforts to combat corruption. Altron believes that this 2016 COP report continues to highlight the importance it places on the 10 principles and also assists stakeholders to cross reference each of the principles to the various initiatives implemented and the progress made to date.

As a publicly listed company on the Johannesburg Stock Exchange (JSE) in South Africa, Altron accepts its responsibility to ensure that the company operates in a manner that not only strives to be financially sound, but also encourages a high level of transparency, accountability and social and environmentally responsible behaviour. To achieve this, Altron ensures that governance and risk management structures identify, and where applicable, adhere to local and international standards and best practices, including the UNGC.

In addition to being signatories to the UNGC, Altron actively takes part in the following local and international initiatives and codes of good practise:

- CDP Climate Change – voluntary submission since 2008;
- CDP Water – voluntary submission since 2011;
- Adherence to the recommendations of the King Code of Corporate Governance for South Africa (King III) – since 2010; and
- International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework – since 2009.

Altron's 2016 Integrated Annual Report (IAR) conforms to the requirements of local and international reporting frameworks, including those of the South African Companies Act No 71 of 2008, the JSE Listings Requirements and the application of King III. The Global Reporting Initiative (GRI) G4 Sustainability Reporting guidelines and the International Integrated Reporting Framework <IR> have been used to guide Altron in monitoring its performance and to align and structure its IAR. This allows Altron to show the connectivity between material information on its strategy, governance and performance and also shows how its strategy affects, and is affected by environmental, social and financial issues. In 2016 Altron published its seventh integrated annual report (IAR) – See: <http://www.altron.com/iar2016/>

## Statement of continued support

2016 has been a challenging year for the Altron group. Our leadership has critically evaluated past decisions taken and have agreed on a future strategy that capitalises on the strengths of this group, its people and its products and services. It is our belief that this critical reflection will lay the foundation for stabilisation and future growth. The group has embarked on a strategic repositioning to reduce exposure to the manufacturing sector and to divest non-core assets.

Our challenges have not been experienced in isolation. The manufacturing environment in South Africa faces an array of obstacles that make it increasingly difficult to maintain a competitive edge over imported products. Considering the capital- and labour-intensive nature of our manufacturing businesses, and amidst a capital-constrained backdrop, continued investment in these parts of our business is no longer feasible. Furthermore, labour instability continues to represent a significant risk to production and profitability. In response to the challenging conditions and outlook of the sector, we have taken the strategic decision to reduce our manufacturing exposure. In doing so we expect to be able to redeploy our people and capital more efficiently towards the opportunities presented by the technology field.

Coming out of this period of change, we expect the group to be a markedly different entity from what it was just a year ago. Altron will be a leaner company focused on delivering technological solutions in the ICT industry with a foundation of innovation, intellectual property and industry experience. We are confident that our core is stronger than ever and will offer an excellent proposition to a more focused customer base and provide good returns to investors.

Altron continues to support the 10 principles of the UN Global Compact in respect of human rights, labour rights, environmental protection and anti-corruption. As Chief Executive of Altron, I welcome the opportunity to again reaffirm our commitment to advancing the UNGC principles not only through our direct business activities, but also within our sphere of influence. We aim to lead by example in the area of responsible business conduct by raising awareness of the importance of the UNGC principles. Respecting these principles today will ensure a better future for our company and our stakeholders tomorrow.

We know and understand that our business success is directly linked to the integration of environmental, social, and governance issues into our long-term business strategy as well as our day-to-day operations.

The Altron group continues to strive for the highest possible standards in good corporate citizenship and sustainable business practices. As such, integrity and commitment to our stakeholders have been one of our primary focuses over the years. In all of our business dealings, honesty, fairness, equality, and ethical conduct form the cornerstone of how we conduct business.



**Robert E. VENTER**

Chief Executive: Altron

1 October, 2016

## Communication on progress in meeting the expectation of the 10 UNGC principles

This year marks the seventh year of Altron's commitment to the UNGC and its 10 guiding principles. While much has changed in the world and within Altron since its first COP report in 2009/2010, its commitment to the UNGC's 10 principles remains firm. Altron recognises that it has a duty of responsibility that extends to its shareholders, employees, customers, suppliers, business partners, government and the communities in which it operates. Altron's commitment to the Global Compact – as well as its commitment to working responsibly – is a fundamental part of how it fulfils its vision and mission statements.

### Altron's vision

Our vision is to leverage emerging market dynamics and integrate technology solutions in order to enable sustainable growth.

### Altron's mission

Our mission is to make technology accessible to our customers through our heritage, our people, our innovative products and services, our partnerships and our commitment to ethical business practices in order to ensure sustainable growth and financial return.

In practice this means focusing on customer-centric solutions rather than just selling products. It means taking pride in its long-standing South African history and the longevity of the business. It means showing appreciation for the talented people whose loyalty and efforts drive the business. It means continually investing in innovation and adaptation to provide innovative products and services. It means staying at the forefront of technology by partnering with some of the best companies in the world.

If Altron accomplishes all of this with ethics and integrity, it believes sustainable growth and financial return will follow, delivering value to the group's key stakeholders.

The principles are embedded within Altron's business practices, policies, and operations and help it to perform and operate in a responsible manner.

The landscape of business is continually changing. Governments, citizens and customers are

increasingly calling on companies to account for the way in which they do business – they expect businesses to behave responsibly and transparently, and to ensure that their impact do not cause harm to people or the planet. What this means is that business can no longer chase profits at the expense of everything else. A company that makes money while harming the environment, employing child labour, disrespecting the rights of its employees or selling harmful products, will no longer be tolerated and cannot survive or thrive.

Sustainability is not a new concept to Altron – it is something that it has been doing for a long time in various ways. While Altron has always focused on ensuring that the business is well-run, profitable and able to adapt to changing market conditions, its sustainability journey first began in the late 1990s when Altron turned its attention to diversity and the issue of black economic empowerment. This was followed by a strong focus on corporate social investment and later, an effort to understand and reduce its environmental impacts.

In 2004 Altron produced its first dedicated Sustainability Report and at the end of the decade Altron was one of the first companies in South Africa to make the transition to integrated reporting which brings sustainable business practices into the core of its business. This evolution has paved the way for where Altron is today.

## Building the UNGC principles into how Altron governs its business

In its response to the UNGC the key element in ensuring that the 10 principles are effectively implemented and become part of the group's way of doing business Altron believes that effective governance structures play a critical role. Altron's approach to governance is founded on the premise that a successful business requires strong controls, meaningful structures and unwavering commitment to ethical conduct in order to reach its full potential. Altron remains steadfast in its pursuit of these objectives and in 2016 are confident that governance at Altron continues to be held in high regard. This helps the group to mitigate risk, ensure accountability and deliver against its strategy and objectives. This section provides an overview of the

key aspects of Altron’s governance and ethics during the year and is supplemented by its [full governance report](#).

Altron continues to pursue the long-term sustainability of its business through its core strategic values and has established clear lines of accountability for these values from board level throughout the organisation.

Altron’s application of these values is based on its recognition that strategy, performance, sustainability and risk are inseparable. The board also considers the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making process.

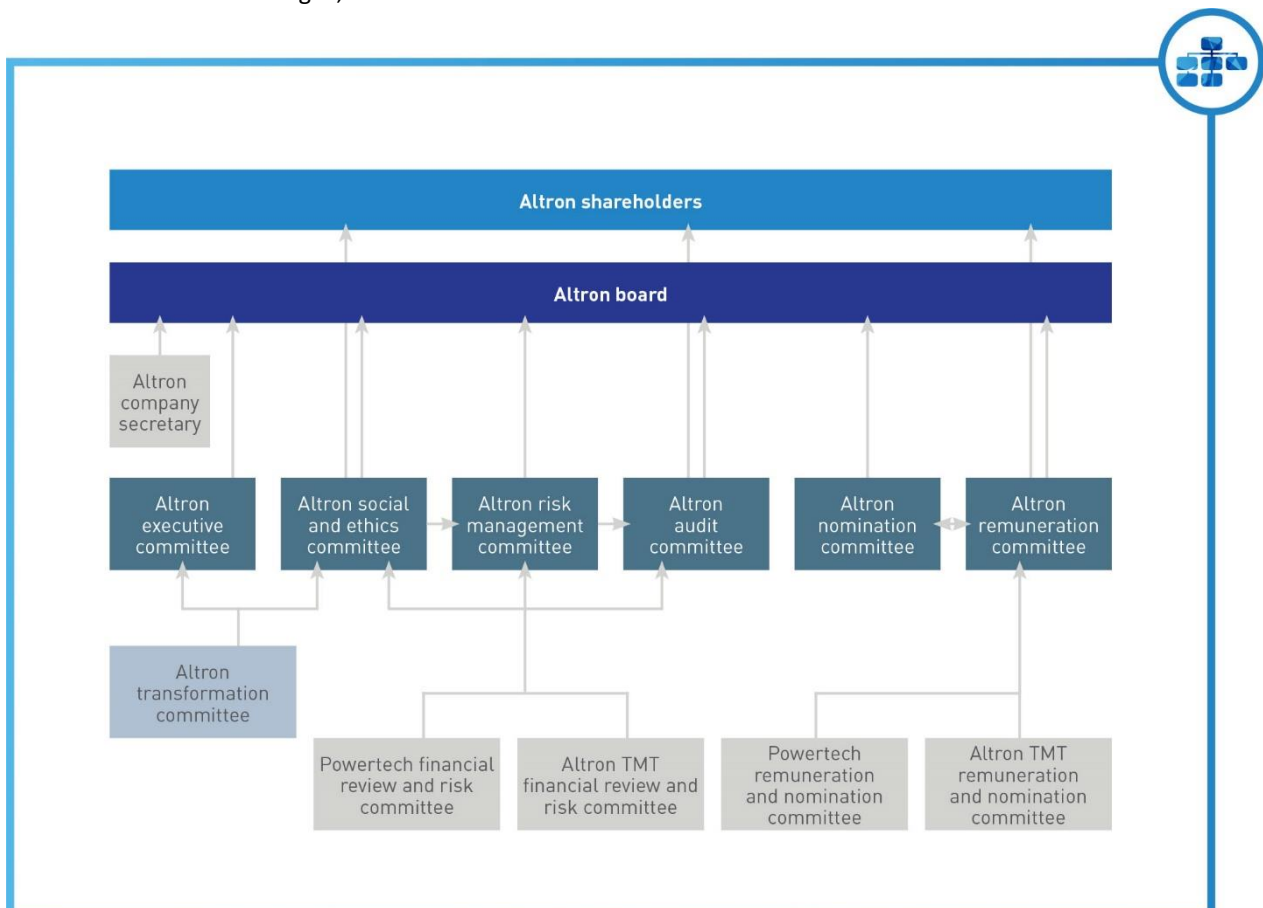
The Altron board performs its governance responsibilities within a framework of policies and controls, which manage our economic, environmental and social performance and provides for effective risk assessment. The board’s responsibilities are outlined in its charter which the board reviews and adopts annually. Certain mandates, charters and terms of reference governing the board and its committees are available on the Altron website while others are available from the Altron secretariat on request.

While the board charter is closely aligned with the recommendations of King III, it is customised to suit

Altron’s unique business. The charter and Altron’s memorandum of incorporation detail the responsibilities and duties of the board.

See the 2016 Altron governance report at [http://www.altron.com/iar2016/static/pdfs/2016\\_Altron\\_Governance\\_Report.pdf](http://www.altron.com/iar2016/static/pdfs/2016_Altron_Governance_Report.pdf)

All the board’s committees operate under board-approved mandates and terms of reference, which are updated as necessary, to ensure their alignment with current best practice and evolving business conditions. With the exception of the executive committee, all committees are chaired by independent non-executive directors who attend Altron’s annual general meeting to respond to any shareholder queries. Every year Altron’s shareholders are required to elect the members of its audit committee at its annual general meeting, as it is a statutory committee in terms of the Companies Act. The members of Altron’s other board committees are re-appointed annually by the board at the first board meeting following the annual general meeting.



## **Altron's summary of progress towards meeting the expectations of the 10 UNGC principles**

Altron continues to build on previous sustainability initiatives across the group and within its direct sphere of influence. All these initiatives are supported through a variety of structures developed its first formal sustainability strategy which was launched in January 2013.

Altron's Social and Ethics Committee, which was appointed by the Altron shareholders and came into effect on 1 March 2012, continues to monitor and oversee those social and ethical functions as set out in the South African Companies Act, as amended from time-to-time, as well as those responsibilities assigned to it by the Altron Board. These responsibilities include but are not limited to Altron's performance with respect to legislation and codes of best practice, labour, human rights, and the environment.

With this COP, Altron confirms that it continues working towards ensuring that the UNGC and its principles become fully entrenched in its business strategy and culture, and that it will continue to seek and participate in collaborative projects that advance the broader development goals of the UNGC and the SDGs. The aim of this 2016 COP report is to detail the ongoing commitments, actions and progress Altron has made against the 10 principles. The report provides an abridged and partial view into how Altron acknowledges and implement the 10 principles in its business. The report should be read in conjunction with the group's 2016 integrated annual report and other supporting statutory and governance reports, and the GRI G4 core table, which can be retrieved at <http://www.altron.com/iar2016/> under other documents.

## Human Rights

**PRINCIPLE 1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**

**PRINCIPLE 2: BUSINESS SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

### Policies, procedures and management structures

Altron remains committed to upholding fundamental human rights in the workplace and throughout our sphere of influence. In general, human rights are satisfactorily managed throughout the group. As a signatory to the UNGC, Altron has made a public commitment to the Universal Declaration of Human Rights. This commitment is encapsulated in the company's Code of Ethics and its Human Rights and Labour Conditions Policy that can be found on our website under Policies and Procedures at: [http://www.altron.com/about\\_policies.asp](http://www.altron.com/about_policies.asp)

Altron has a comprehensive set of policies, procedures and committees to ensure the protection of human rights, where the protection of rights permeates through a number of employee, subsidiary and/or supplier codes and/or agreements. We review these policies on a regular basis to ensure that we adequately address issues such as forced and/or compulsory labour, child labour, discrimination and gender equity.

Altron is committed to embedding a strong ethical culture in its businesses and maintaining good corporate governance structures. The Altron social and ethics committee facilitates Altron's approach in this regard and it offers the group a structured forum for the monitoring, measuring and reporting of the ethics and certain other non-financial aspects of Altron's business. As referred to earlier in the report on how we govern our business, the committee works within the framework set out in Regulation 43 of the Companies Act of 2008 (Companies Act) and the King Report on Governance for South Africa 2009 (King III). See: [http://www.altron.com/iar2016/pdfs/2016\\_Altron\\_Governance\\_Report.pdf](http://www.altron.com/iar2016/pdfs/2016_Altron_Governance_Report.pdf)

### Implementation and initiatives

The Altron Social and Ethics Committee, which is a statutory committee in terms of the Companies Act of South Africa, assists the group with the oversight of social and ethical matters relating to the Altron group and performs an oversight and monitoring role in terms of any relevant human rights abuses associated with our group, our suppliers and our partners. Altron acknowledges that our 'sphere of influence' extends beyond our employees and shareholders. We embrace a cradle-to-grave approach to corporate responsibility and as such extended our human rights focus to include our own suppliers and contractors.

In the past Altron conducted surveys with a range of international suppliers from different countries and industries to assess their practices relating to basic human rights including health and safety; hours, wages and leave; fair treatment of employees; community impacts; product stewardship, labour practices; the risk profile of the country concerned; and the extent to which suppliers' manage and monitor human rights in their own supply chain.

The group continues to engage with and educate suppliers on issues of sustainability where appropriate and possible, ensuring that they are familiar with Altron's expectations as outlined in the group's policies and procedures. With its "Sustainability in the supply chain strategy" Altron is currently looking at engaging with our major suppliers around our four sustainable business value drivers. Phase one of the strategy included the identification and evaluation of our most strategic and key suppliers based on a variety of factors including total spend, geographical location, criticality of supply, to name a few.

Phase two of the study is scheduled to commence at the end of this year and the group aims to develop a more detailed engagement process with these shortlisted suppliers. In addition, Altron requires all key suppliers to confirm that they have read and understood and agree to the relevant Altron policies and procedures and that they subscribe to principles of lawful and ethical business conduct as dealt with in these policies. A more comprehensive Supplier Conduct Policy has been developed and being finalised for distribution to the group's supplier base.

Continued stakeholder engagement is a core focus for the group and forms the underlying departure point for how the group determines its materiality. The information we gather from our various stakeholder engagements feeds into our decision-making process and also drives our business strategy. Altron's Sustainability Department engages with a wide range of stakeholders including employees, suppliers, customers and contractors on key topics such as human rights, ethics and the company's sustainability strategy. To date no human rights issues were brought to our attention or identified as part of our stakeholder engagement process.

A detailed discussion of our stakeholder engagement is available on our group's website at <http://www.altron.com/iar2016/our-governance/stakeholder-engagement.html>

While certain countries in which Altron operates, have been identified as posing a potential risk to human rights, none of our operations reported or were implicated in any incidents of discrimination, violation of human rights or the rights of indigenous peoples, nor were there any grievances relating to human rights abuses, in the year under review.

## Feedback and Goals

<b>Achievements</b>	<p>Continuing to build on previous work done in Phase one of the “Sustainability in the Supply Chain Strategy”– identification and evaluation of key suppliers; and now preparing for Phase two to engage with key suppliers</p> <p>Monitored human rights through our Social and Ethics Committee;</p> <p>Chief Ethics Officer continued to monitor any human rights abuses; and</p> <p>Reviewed and where applicable, updated the following policies and procedures:</p> <ul style="list-style-type: none"> <li>• Human Rights and Labour Conditions</li> <li>• Code of Conduct</li> <li>• Code of Ethics</li> <li>• Supplier Conduct Policy</li> </ul>
<b>Commitments</b>	<p>Continue to engage with all stakeholders to identify human rights violations (whether by direct or indirect actions) and promote human rights;</p> <p>Continue to roll out the ethics training to all employees;</p> <p>Identify any human rights issues via the group’s Social and Ethics Committee</p>
<b>GRI G4 alignment</b>	<p>G4-HR1 – HR12, G4-SO1, SO2</p> <p>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development (G4-43)</p>
<b>UN SDG alignment</b>	<p>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <p>16.1 Significantly reduce all forms of violence and related death rates everywhere (G4-HR7)</p> <p>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all (G4-HR12)</p>

## Labour

### PRINCIPLE 3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

#### Policies, procedures and management structures

As expressed in our “Human Rights and Labour Conditions Policy” (See: [http://www.altron.com/about\\_policies.asp](http://www.altron.com/about_policies.asp) ), Altron actively recognises the right of employees to collective bargaining and freedom of association in accordance with all relevant labour legislation. Altron is also committed to facilitating open communication and direct engagement between employees and management in those situations where the right to freedom of association and collective bargaining is restricted under law.

Organised labour unions are an important stakeholder in many of our businesses, and large numbers of employees belong to various unions across the group, particularly in our manufacturing operations.

In addition to union representation, employee rights are protected through the full compliance of all Altron companies with relevant local legislation, including the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act 55 (1998), the Skills Development Act (1998), the Occupational Health and Safety Act (1993), the Unemployment Insurance Act (1993) and the Broad-Based Black Economic Empowerment Act (2003). We are also governed by the Bill of Rights as contained in the South African constitution, the United Nations Global Compact on Human Rights and our own internal Human Rights Policy, all of which cover various aspects of the rights of employees.

#### Implementation and initiatives

All Altron group employees have the freedom to belong to recognised bargaining councils, in accordance with the Labour Relations Act of South Africa and the UNGC Principles. Altron is confident that human rights in the Altron group is dealt with in accordance with its policy on human rights and labour. This policy was updated and approved by the Altron board during the period and Altron is currently developing a process to improve the way in which it regularly monitors and observes its behaviour in terms of human rights. The Altron social and ethics committee will monitor this aspect in more detail during the following year. A follow-up supply chain analysis, similar to the analysis conducted in the 2012 financial year is likely to be introduced to support the programme.

Wherever employees are represented by unions or through collective bargaining units, Altron maintains constructive relationships with all of our unions, who are afforded consultative and/or negotiating powers on issues of shared interest.

Copies of the Basic Conditions of Employment Act, the Skills Development Act and the Employment Equity Act are displayed in all work places and made available on the company’s intranet. Formal grievance procedures are also in place through which employees can raise issues.

Through its Social and Ethics Committee Altron continues to monitor and provide feedback on any issues related to freedom of association and collective bargaining.



	<p>The Altron group ensures that its employees' rights are protected by fully complying with all the relevant legislation in the countries in which we operate. None of the countries in which we operate have been identified as posing a significant risk for incidents of forced or compulsory labour, child labour, or for undermining the right to exercise freedom of association and collective bargaining.</p> <p>Our employees can easily access the Basic Conditions of Employment Act, the Skills Development Act and the Employment Equity Act, which are displayed in our workplaces and are available online via the company's intranet or on request from the various human resource teams.</p> <p>Notice periods regarding operational changes are outlined in our standard terms and conditions of employment and range from 30 to 60 days. The provisions of the main agreement with the Metal and Engineering Industries Bargaining Council (MEIBC) determine the notice periods for scheduled employees.</p>
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**Feedback and Goals**

During the year under review, none of Altron's operations were specifically identified as posing a risk for undermining the rights of employees to exercise freedom of association and collective bargaining. All employees have the freedom to belong to recognised bargaining councils as per the Labour Relations Act of South Africa. As at year-end, 15% of our total workforce was unionised and this was heavily concentrated in the manufacturing environments, including Altech UEC, Arrow Altech Distribution and Altron Power. The National Union of Metalworkers of South Africa (NUMSA), is the most predominant union, with 1 320 members (74% of the total unionised workforce). Other unions with bargaining rights include Federal Council of Retail and Allied Workers (FEDCRAW), Metal and Electrical Workers Union of South Africa (MEWUSA), South African Equity Workers Association (SAEWA), Solidarity and United Association of South Africa (UASA).

Altron is part of the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) bargaining council that consists of over 400 employers. During wage negotiations our employees occasionally go on strike as part of a broader exercise for reasons outside of our control. November strikes at Aberdare Cables, however, were a different matter. Driven by a local union organiser, these unprotected strikes related to a range of disputed issues and were successfully converted into a lockout. Within two weeks the majority of workers had returned to work with minimal impact to the company

In the coming year Altron will continue to support employees affected by the business rationalisation and refocus. Our aim is to redeploy individuals within the group, where possible, and offer opportunities for professional development that will help them to find employment. The following provides a summary of achievements and future commitments on freedom of association and collective bargaining:

<p><b>Achievements</b></p>	<p>Engaged with employees via unions and collective bargaining units;          Included unions and collective bargaining units in relevant meetings and committees;          Continued to monitor and review issues related to freedom of association and collective bargaining;          Identified and addressed areas of concern as raised by unions throughout the period under review;          Conducted workplace risk assessments; and          Reviewed and where applicable updated the following policies and procedures:</p> <ul style="list-style-type: none"> <li>• Human Rights and Labour Conditions</li> <li>• Industrial Relations Policy</li> <li>• Code of Conduct</li> </ul>
<p><b>Commitments</b></p>	<p>Continue to uphold and implement the actions listed above</p>
<p><b>GRI G4 alignment</b></p>	<p>G4-11, G4-HR4, HR7, G4-LA4, LA8</p>
<p><b>UN SDG alignment</b></p>	<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all          8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment (G4-11, G4-HR4)</p>

## Labour - Continued

**PRINCIPLE 4: ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR**

**PRINCIPLE 5: EFFECTIVE ABOLITION OF CHILD LABOUR**

### Policies, procedures and management structures

As indicated in our 'Human Rights and Labour Conditions Policy', Altron does not permit any form of forced, compulsory or child labour be it within any of our own companies, or within our extensive supply chain. 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 within their respective employment contract conditions. 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.

#### Labour and Human Rights

All Altron employees have the freedom to belong to recognised bargaining councils, in accordance with the Labour Relations Act of South Africa and the UNGC Principles. Altron is confident that human rights in the Altron group are dealt with in accordance with its policy on human rights and labour. This policy was updated and approved by the Altron board during the year and Altron is currently developing a process to improve the way in which it regularly monitors and observes its behaviour in terms of human rights. The committee will monitor this aspect in more detail during the following year. A follow-up supply chain analysis, similar to the analysis conducted in the 2012 financial year is likely to be introduced to support the programme in the year ahead.

### Implementation and initiatives

Altron supports the promotion of equality and prevention of unfair discrimination within the work environment. Its group-wide transformation strategy "Beyond 2012" was launched in July 2012. This strategy strives to address, among others, employment equity targets for senior management and higher levels within the group.

Similar to overseeing human rights in the group, Altron's Social and Ethics Committee, is also responsible for monitoring social and ethical matters relating to forced and compulsory labour and/or child labour.

As previously mentioned in principal one, Altron's "Sustainability in the Supply Chain Strategy" will include human rights issues such as forced, compulsory and child labour issues. As part of this engagement we aim to identify any human rights violations and incidents in our supply chain with the view to guide and if necessary assist these suppliers in addressing their human rights issues.

While certain countries in which Altron operates have been identified as posing a potential risk to human rights, none of our operations has specifically been identified as posing a risk for incidents of forced or compulsory labour, child labour or for undermining the right to exercise freedom of association and collective bargaining.

To our knowledge there were no grievances filed relating to any of Altron's operations, their partners or suppliers with regards to any form of human rights abuse including forced and compulsory labour or child labour during the year under review.

### Feedback and Goals

#### Achievements

Continue to include our "Human Rights and Labour Conditions Policy" to suppliers as part of their appointment contract;  
Continue to monitor the press for any indication of human rights issues identified with any of our suppliers and/or clients;  
Improved awareness among employees on their rights around forced and compulsory labour;  
Reviewed and where applicable updated the following policies and procedures:

- Human Rights and Labour Conditions
- Human Resources and Employment Policy
- Code of Conduct
- Anti-Slavery and Human Trafficking Statement for the Year ended 29 February, 2016

#### Commitments

Continue to uphold and implement the actions listed above;  
Include labour issues in our "Sustainability in the Supply Chain Strategy";  
Finalise our Supplier Conduct policy; and  
Continue to monitor and manage any labour related issues internally in the group and in our supply chain.

#### GRI alignment

G4-HR1, HR2, HR5 - HR7

#### UN SDG alignment

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

### PRINCIPLE 6: ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

#### Policies, procedures and management structures

Altron adheres to this principle through a combination of policies, procedures and committees ensuring the protection of employee rights. Altron supports the promotion of equality and prevention of unfair discrimination within the work environment. Its group-wide transformation strategy, "Beyond 2012", was launched during 2012 and strives to address, among others, employment equity targets.

The Altron Code of Ethics clearly lays out aspirational ethical guidelines for everyday behaviour to codify the conduct required by managers, employees and owners in their dealings with one another, customers, suppliers and society at large.

Altron requires all its representatives to act in good faith and in a manner that promotes our aspiration to be a good corporate citizen. As previously mentioned, the issue of corporate ethics receives attention from the highest level of management within Altron, with the chief executive being ultimately responsible for implementing our Code of Ethics and Corporate Code of Conduct. We also require all of our suppliers to acknowledge and confirm in all supplier contracts that they have read and understood our Code of Ethics and agree to be guided by it in terms of their actions and behaviour towards their own employees.

The group executive: corporate affairs, chairs the human capital council. The council develops the human capital strategy for the Altron group, which in turn is executed by our two operations and their respective business units. The council also develops and assists with the implementation of plans to prioritise human capital issues that need to be addressed in the group.

To ensure the group complies with and adheres to all relevant human capital issues we ensure that all our operations comply with the Labour Relations Act, No 9 of 1995, the Basic Conditions of Employment Act (1997), the Skills Development Act (1998), the Occupational Health and Safety Act (1993), the Unemployment Insurance Fund Act (1993) and the amended Board-based Black Economic Empowerment Act (2003).

#### Implementation and initiatives

The Board, Audit, Risk and Social and Ethics Committees monitor compliance with Altron's Codes of Ethics through feedback from the whistle-blower hotline (Tip-off Tim), the ethics office, Altron's Internal Audit Department and the relevant sub-holding group security officers. Our Social and Ethics Committee is the vehicle for the Altron directors to initiate various programmes and receive feedback on any unethical behaviour and discrimination in the workplace. Results of these programmes are reported to the Social and Ethics Committee which filter through to the Risk Management Committee, the Audit Committee and ultimately the Board.

The Social and Ethics Committee also assists the Board with the review of social and ethical matters relating to the Altron group, its employees, partners and supply chain. It performs an oversight and monitoring role in terms of:

- the embedding of a culture of ethical behaviour in Altron in partnership with the Altron ethics office, which is run by the chief ethics officer, and the internal audit function;
- activities with regard to any relevant legislation or codes of best practice;
- activities with regard to social and economic development;
- good corporate citizenship;
- performance in terms of the environment, health and public safety, including the impact of the company's activities on its employees; and
- promotion of equality, prevention of unfair discrimination, reduction of corruption, transformation policies and strategies and social responsibility policies and strategies

Altron recognises that transformation and elimination of discrimination in respect of employment and occupation, is an on-going process, not an end-point, and with this in mind the company is in the process of reviewing its "Beyond 2012" transformation strategy to drive the next phase of transformation.

Altron's Transformation Committee (Transcom) plays an integral part in the company's transformation success. Reporting to the Altron Executive Committee as well as the Altron Social and Ethics Committee, Transcom drives the company's transformation strategy and is guided in this by South Africa's broad-based black economic empowerment (B-BBEE) legislation, which includes the Skills Development Act and Employment Equity Act, and the Department of Trade and Industry's Codes of Good Practice (dti CoGP). As per South African legislation, Altron submits to government an annual Employment Equity Report, and includes all relevant statistics within our Integrated Annual Report.

Altron is committed to prevent discrimination in respect of employment and to promote employment equity in the workplace. To this end Altron continues to improve overall awareness around discrimination and where relevant review and update policies that deal with discrimination and harassment. The following policies and procedures are available from the Human Resource Departments of the Altron group and can also be accessed on the Altron Intranet as well as some policies that are publically available at [http://www.altron.com/about\\_policies.asp](http://www.altron.com/about_policies.asp)

## Feedback and Goals

<b>Achievements</b>	Continued to report any discrimination to the Social and Ethics Committee; Continued to conduct ethics climate surveys across our operations; and Various articles published in our internal magazines to prevent any form of discrimination
<b>Commitments</b>	Continue to review "Beyond Vision 2012" transformation strategy and introduce targets to achieve in terms of a transformation strategy; Continue to regularly review and update relevant policies; Continue to uphold and implement the actions listed above; and
<b>GRI alignment</b>	Identify relevant action plans to improve the overall awareness and effectiveness of the group's ethics programmes G4-10, G4-11, G4-LA1,LA2, LA3, LA9, LA11 ,LA12, LA13, G4-HR1, HR3, HR7, HR10, G4-EC5, EC6, Goal 5. Achieve gender equality and empower all women and girls 5.1 End all forms of discrimination against all women and girls everywhere (G4-HR3) 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life (G4-38, G4-40)
<b>UN SDG alignment</b>	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment (G4-HR3) Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels 16.b Promote and enforce non-discriminatory laws and policies for sustainable development (G4-HR3)

## Environment

**PRINCIPLE 7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**

**PRINCIPLE 8: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**

### Policies, procedures and management structures

There is a clear business case for sound environmental management in Altron. It reduces our exposure to a range of risks including financial risks arising from taxes and fines, reputational brand risks, supply chain management and business interruption risks that could arise from changes in weather patterns or extreme weather conditions associated with climate change.

In response to the imminent threats posed by climate change and increased pollution, Altron has, over the last few years, increased its understanding of environmental issues, and made a strong commitment to reduce its environment footprint. We focus on lowering our carbon and water footprint, improving energy efficiencies, reducing pollution, reducing waste to landfill and ensuring the responsible use of water.

While most of our operations, with the exception of Powertech, operate in industries with a low environmental footprint, we remain committed to lowering our environmental impact as part of our journey towards a sustainable business strategy. Environmental management is closely aligned to some of our business goals and has the potential to positively impact on our bottom line. Recycling and more efficient use of water and electricity, reduces overhead costs at a time when the entire group is focused on cost reduction initiatives.

See: <http://www.altron.com/iar2016/our-performance/external-relationships.html>

### Implementation and initiatives

The Altron Social and Ethics committee receives regular reports on the environmental performance of the Altron group and monitors the group's performance in terms of safety, health and environmental (SHE) legislation and regulations. Any risks that are identified are raised and addressed by the appropriate operational and business risk committees.

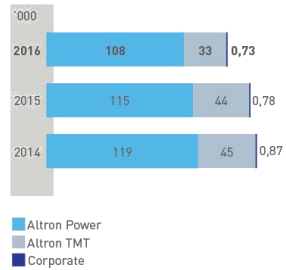
2016 marked the first of three years under our second environmental plan. The plan was approved by the Altron executive management and runs from March 2015 to February 2018. It commits the group to reduction targets on greenhouse gas (GHG) emissions, water consumption and municipal waste sent to landfill.

As was the case in the previous three-year plan, the reduction targets form part of senior management's performance bonus structure and are monitored on an annual basis.

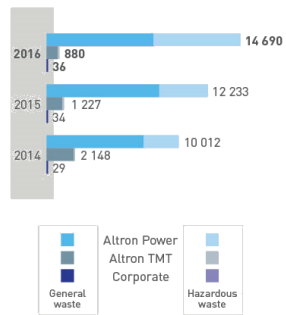
Leading up to the UN Climate Change Conference in Paris (COP 21) Altron committed to report on climate change initiatives and impacts in its mainstream reports as part of its fiduciary duty. Furthermore, we also committed to responsible corporate engagement in climate policy.

Altron has again participated on a voluntary basis in the CDP's climate change and water programmes, scoring 97C in this year's climate change programme, up from 87B in the previous year.

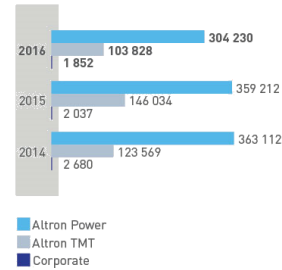
Total GHG contribution by group company (tCO<sub>2</sub>e)



Total general and hazardous waste generated by group company (tonnes)



Total water sourced by group company (kl)



### Energy and emission management

Altron's total carbon footprint (encompassing scopes one, two and three emissions), declined 11% to 142 203 tonnes carbon dioxide equivalent (tCO<sub>2</sub>e) (2015: 159 935 tCO<sub>2</sub>e). Scope two emissions (derived from electricity purchased), particularly from our manufacturing operations in Altron Power, continue to represent the greatest proportion (76%) of our total emissions. The group consumed 124 221 MWh during the year, down 8% from 134 934 MWh in 2015. Of this, 81% (100 209 MWh) was consumed by Altron Power.

The reduction comes as a result of a combination of factors. Energy- and cost-saving measures such as the installation of a photovoltaic solution at Powertech Systems Integration's offices in Pretoria helped to reduce our footprint. The scaling back and closure of certain factories' operations also meant that we consumed less electricity and therefore emitted less than in previous years.

Overall the emissions per full-time employee decreased to 11,2 tCO<sub>2</sub>e (2015: 13,27 tCO<sub>2</sub>e), due to a combination of efficiency measures, reduced production in the manufacturing facilities and a 13% increase in headcount within the Altron TMT operations.

With the discontinuation and/or disposal of the remaining manufacturing businesses over the coming year, we expect our carbon emissions to reduce substantially in the coming year. This will necessitate a review of our reduction targets going forward.

### Water management

More than three-quarters (74%) of the 409 909 kl water withdrawn by the group in 2016 was consumed by Altron Power. Total consumption declined 19% from 2015 (507 283 kl), again due to reduction measures such as closing taps, identifying and repairing leaks, and decreased production and consolidation of facilities.

In the latter half of our 2016 financial year South Africa experienced water shortages as a result of a severe drought experienced across the country. Some of our manufacturing operations were impacted by the water restrictions; however, many processes rely on closed-loop systems in which water is recycled back into the system rather than discharged. This has helped to shield the operations from the full impact of the restrictions.

### Waste management

The group and its businesses are governed by South Africa's Waste Management Act, No. 5 of 2008 in its management and disposal of waste streams. We remain committed to recycling as much waste as possible, thereby limiting the amount that is sent to landfill. This also helps us to reduce waste disposal costs as outlined within our [waste management policy statement](#).

Our operations have initiatives in place to encourage our employees to dispose of paper, glass, plastic and electronic waste in dedicated recycling bins. In total the group recycled 5 299 tonnes of hazardous and non-hazardous waste during the year – 34% of all waste generated (15 607 tonnes). By comparison 29% (4 486 tonnes) was sent to landfill. This is a 97% increase from 2015 (2 276 tonnes) and can be attributed to improved record-keeping and reporting across the group.

The Altron Power group's battery recovery activities account for 99% of all hazardous waste generated in the group.

## Feedback and Goals

### Achievements

Conducted various internal environmental audits;  
Continued to conduct internal environmental legal compliance audits;  
Reported on G4 Core guidelines for 2016  
Submitted our 7<sup>th</sup> voluntary CDP Climate Change submission;  
Took part in our 5<sup>th</sup> voluntary CDP Water submission

### Commitments

The group's commitment to exit the manufacturing sector will significantly impact its environmental impact going forward. These discontinued operations comprise in excess of 75% of the group's current environmental footprint. While our impact will be significantly less our commitment to environmental initiatives will receive the same – or greater – focus going forward.

Our reduction targets will have to be reviewed and aligned with the new structure of the group in the year ahead. In doing so consideration is being given to the Science Based Targets joint initiative by the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and World Wildlife Fund (WWF). This initiative provides guidance to companies to align their targets with the level of decarbonisation required to keep global temperature increase below two degrees Celsius compared to pre-industrial temperatures.

We believe that opportunity exists to focus our environmental efforts to align better to our industry peers. As such we will explore more relevant and appropriate metrics and indicators within the technology sector, whereas we previously applied generic indicators to obtain a common view across the group. Similarly, we will be focusing on addressing the most material aspects of our environmental footprint across the group's value chain, including the impact of our supply chain as well as the delivery, use and disposal of products and services.

Continue to implement environmentally friendly processes and practices; and  
Continue to roll out and implement the automation of data capturing wherever possible;  
Continue to take part in CDP reporting initiatives;  
Determine a new baseline for environmental footprint reduction targets, including water, waste and energy and to be used for the next round of environmental footprint reduction targets  
Increase overall awareness of the group's sustainability agenda through articles, site visits, workshops, audits and road shows.

### GRI alignment

G4-14, G4-EC2, G4-EN1 - EN31

Goal 6. Ensure availability and sustainable management of water and sanitation for all

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity (G4-EN27)

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology (G4-EN31)

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead (G4-EN27)

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities (G4-EN31)

Goal 12. Ensure sustainable consumption and production patterns

12.2 By 2030, achieve the sustainable management and efficient use of natural resources (G4-EN27)

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment (G4-EN27, G4-EN30)

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (G4-EN27, G4-EN31)

Goal 13. Take urgent action to combat climate change and its impacts\*\* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (G4-EN27, G4-EN30, G4-EN31)

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning (G4-EN31)

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements (G4-EN31)

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels  
 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all (G4-EN29), G4-EN34)  
 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels (G4-37, G4-38, G4-40, G4-45)

## Environment - continued

### PRINCIPLE 9: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

#### Policies, procedures and management structures

In recent years Altron has made significant strides towards establishing a robust environmental management culture by embedding environmental sustainability policies, systems and practices into our business. The group continues to focus on delivering the best quality products and services without harming the environment. To this end we adhere to applicable legislation, policies and procedures as well as relevant standards and frameworks including but not limited to ISO14001, ISO9001 and OSHAS18001. Aberdare Cables achieved ISO 50001 (energy management system) certification during the year.

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. The increased global focus on environmental responsibility and the ever increasing pressure from our stakeholders opens up new business opportunities for the group each year.

With the cost of electricity rapidly rising, and water soon to follow, the decision to develop and/or adopt energy-and-water-wise solutions is most frequently based on our continuous push towards financial efficiency and waste minimisation. In addition to being an important part of our environmental responsibility, greater energy and water efficiencies are a social and business imperative.

The most evident business case for environmental responsibility is that it reduces our exposure to a number of risks and should result in cost reductions throughout the group. Direct financial risks arise from the proposed South African carbon taxation legislation, the potential for fines relating to non-compliance with environmental legislation, damage to operations and business disruptions that could result from physical environmental disasters. In addition, responsible environmental management protects us from reputational risk and the risk of losing customers and industry partners, as a result of products and services produced and delivered in an environmentally unfriendly manner. Altron will continue to invest and support innovative products and services ideas through its innovation hubs and research and development budgets.

#### Implementation and initiatives

Environmental, health and safety reviews conducted throughout the group in the past year revealed that no SHE impacts relating to group's activities, products and services have been reported on communities, employees and/or customers. Altron continues striving towards improving product stewardship and monitors potential risks associated with products and services in its supply chain, including the potential risk of a product recall. As part of our innovation and R&D initiatives, operations within the group continue to look at and investigate environmentally friendly technologies associated with our products and services.

#### Feedback and Goals

##### Achievements

Identified and encouraged environmental initiatives through the "Altron Greenest Company Awards";  
 Submitted our sixth CDP Climate Change submission;  
 Took part in our fourth voluntary CDP Water submission;  
 Conducted our fourth internal "sustainability workshop";  
 Continue to conduct internal environmental legal compliance audits;  
 Continue to support innovations and research and development around our products and services;  
 Completed the "Sustainability in the Supply Chain Strategy"; and  
 Completed phase one of the "Sustainability in the Supply Chain Strategy".

##### Commitments

Identify key areas to implement new environmentally friendly technologies through our own products and services;  
 Implement phase two of our "Sustainability in the Supply Chain Strategy" in the next year;  
 Review environmental reduction targets and trends annually;



## GRI alignment

Continue to take part in CDP reporting;  
Increase overall awareness of the group's sustainability agenda through articles, site visits, workshops, audits and road shows; and  
Continue to engage with all relevant stakeholders around future environmental requirements and product specification.

G4-EN2, EN7, EN10, EN19, EN27

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending (G4-EN31)

## UN SDG alignment

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development: Technology

17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed (G4-EN31)

## Anti-Corruption

### PRINCIPLE 10: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

#### Policies, procedures and management structures

Altron subscribes to the highest standards of good governance and ethical business practice. Altron has a zero-tolerance approach towards those who engage in corruption, bribery, fraudulent or illegal acts in the conduct of its business.

Altron's compliance framework rests on the company's comprehensive set of policies. These are regularly updated to reflect governance best practice and the evolving legal environment. All group companies and employees are obliged to comply with these policies. Altron's Corporate Compliance Policy focuses on 10 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 insider trading;
- No deception;
- No discrimination;
- No infringement of others' intellectual property rights;
- No conflicts of interest;
- No misinformation; and
- No breach of laws.

We are guided by the Altron Code of Ethics and Corporate Code of Conduct which commit all employees to the highest standards of behaviour. The Code of Conduct is included in the Altron group Policy Manual and outlines Altron's philosophy on corruption. In addition, Altron's Anti-corruption and Economic Crime Policy provides guidance on preventing and dealing with corruption, fraud and other illegal acts. This policy is closely aligned with the requirements of the UK Bribery Act the US Foreign Corrupt Practices Act and our own domestic legislation regarding bribery and corruption.

Altron requires all its representatives to act in good faith and in a manner that promotes our aspiration to be a good corporate citizen. The issue of corporate ethics receives attention from the highest level of management within Altron, with the chief executive being ultimately responsible for implementing our Code of Ethics and Corporate Code of Conduct. We also require all of our suppliers to acknowledge and confirm in all supply contracts that they conclude with the group that they have read and understood our Code of Ethics and agree to be guided by it in terms of their actions and behaviour.

As stated previously the Altron Board, Audit and Social and Ethics Committees monitor compliance with Altron's Code of Ethics through feedback from the anonymous whistle blowing hotline, Tip-off Tim, independently administered by Deloitte, to facilitate the reporting of incidences of fraud, theft, bribery,

#### Implementation and initiatives

At Altron, anti-corruption and the promotion thereof falls within the ambit of the wider Altron ethics management programme.

The Altron board confirmed its commitment to conducting business with the highest ethical standards including the values of integrity, accountability, transparency and respect, by signing an Altron board ethics statement and publishing same on the Altron intranet in late 2013.

Corruption is an unfortunate reality of the South African business environment. Businesses and individuals are exposed to fraud, bribery and other unethical behaviour and in some instances unwillingness to participate in these activities can even limit opportunity. Altron takes ethics extremely seriously because our reputation is critical to its ability to secure the trust and business of its clients, to its ability to attract and retain talented employees and to form successful partnerships. A zero-tolerance stance on bribery, fraud and corruption within its workplace is adopted, but the external risk remains, and continues to impact Altron's business.

At Altron ethics isn't just about compliance; and the approach to ethical business is based on a foundation of actions and behaviour. Altron's values provide the guidance to ensure that it puts ethics into action. At a board level oversight is provided by the group social and ethics committee (SEC). The SEC is supported by the group ethics officer, who is registered with the Ethics Institute of South Africa.

During 2016, the committee focused on and monitored Altron's activities in respect of a number of matters including, inter alia: B-BBEE, human rights and labour, the workplace environment, products and services, environmental safety and protection, sustainability, the marketplace, the social environment including the group's expenditure on donations and charitable givings, various legislation and codes of good practice, as well as ethics, including the group's ethics awareness initiatives. The committee will continue to monitor and report on these areas however, greater emphasis will be placed on matters identified as material in the following year. The committee revised its reporting strategy during the period under review to align the requirements stipulated in Regulation 43 of the Companies Act and King III, with Altron's sustainable business strategy and the material issues facing the group. The revised reporting strategy was developed to ensure that committee members are guided in the right direction with regard to matters requiring debate, versus matters requiring general oversight.

All the Altron board members previously committed themselves to ethical leadership by signing the Altron board ethics statement and the board's commitment was reaffirmed during the year when the Altron code of conduct was revised, updated and approved by the Altron audit committee, in accordance with King III.



corruption and all other forms of dishonest and/or illegal, also underwent a rebranding to complement the overall ethics identity and to raise the awareness for the hotline. A series of training forums were also hosted at certain operations that had previously been identified as needing assistance to enhance the understanding and awareness of Tip-off Tim by employees. Particular emphasis was placed on reportable incidences including the difference between grievances relating to human resources versus incidents of fraud, theft, bribery, corruption and other such forms of dishonest and/or illegal behaviour.

Altron also maintains its existing ethics office with its dedicated ethics officer, who facilitates a one-on-one forum to assist employees who have ethical dilemmas.

Ongoing group-wide communication featuring Altron's ethics-related policies, statistics on the consequences of misconduct and maintaining awareness around the fact that unreasonable profit pressure may result in employees acting unethically, is also being used to maintain ethical awareness in Altron through the Altron intranet and internal newsletters and magazines. These communication initiatives also reinforce Altron's zero tolerance policy towards crime and all forms of unethical conduct.

Altron's internal audit function also compiled the Tip-off Tim register which the committee discussed and reviewed. Any material risks that are identified in the register are elevated to the Altron risk management committee for further deliberation per the risk management report. Fortunately, no incidences were reported in the year under review which required the risk management committee's attention.

Altron, its businesses and its employees are guided by the Altron Code of Ethics and Corporate Code of Conduct. An abridged version of these is included in all suppliers' contracts and terms and conditions, and service providers are expected to abide by the same level of ethics that we uphold in our own operations. The code of ethics is also available to employees on the group's dedicated ethics website and the [company website](#). In addition, Altron regularly feature topics related to ethics in company publications and periodic ethics competitions to create awareness across the group. Ultimately the board, together with the chief executive (CE), is responsible for the ethical culture of the group. They are supported by the social and ethics committee and ethics office.

In 2015, Altron developed a group ethics strategy which was approved by the committee on 12 May 2016. The strategy is aligned with Altron's mission, vision and values and aims to build and maintain a high-trust working environment for employees and high-trust relationships with all stakeholders. Altron also maintains its existing ethics office with its dedicated ethics officer, who facilitates a one-on-one forum to assist employees who have ethical dilemmas.

Given that Altron has an international footprint it is also subject to international laws, and more recently the UK Modern Slavery Act (2015) with emphasis on the prevention of slavery and trafficking activities within the supply chain. In line with this, the group has put into place a supplier conduct policy and a slavery and human trafficking statement, which are available on the group's public website

In addition, Altron supports the fight against corruption through collective action. Altron is a member of Business Leadership South Africa (BLSA) and a signatory to the UN Global Compact (UNGC). The group also belongs to *World Without Corruption*, an international initiative to fight corruption. Through its involvement Altron commits to work against corruption in all its forms, including extortion and bribery, as advanced by the UNGC's tenth principle. By signing its *Call to Action*, Altron encourage governments to:

- Fully implement and enforce the tenets of the UN Convention against Corruption by strengthening anti-corruption policies, laws and enforcement mechanisms to create a level playing field and incentivise good behaviour
- Make a commitment to reduce corruption risks from procurement and contract processes of large-scale projects that are designed to support sustainable development
- Commit to engaging in competitive and transparent procurement processes through public advertising of all government procurement cases
- Support corporate efforts to enhance anti-corruption implementation, corporate governance, innovative collective action and public-private partnership initiatives.

Altron's internal audit department conducted an employee survey to gauge perceptions and awareness of the group's code of ethics, reporting misconduct, the role of management, the role of staff and the group's culture of ethics. While overall perceptions have declined marginally from the previous survey conducted in 2015, they nevertheless indicate that Altron's employees are generally aware of and satisfied with ethics at Altron.

In addition, Altron participated in an ethics survey conducted by the Ethics Institute of South Africa. Findings from the sample of 56 employees indicated that the company has had success with imbedding its ethical standards in spite of a low awareness among staff of formal ethics interventions such as training and ethics communication and awareness programmes. Whereas the results of both surveys highlighted opportunity for improvement, they should also be understood in the context of significant organisational upheaval that occurred at the same time as the survey. Altron is working with Bytes People Solutions to develop and provide training and awareness material in order to address key areas identified in these surveys.

Altron did not introduce any new and formal group-wide training initiatives during the year for existing employees and rather took a decision to maintain its existing code of ethics training programme for new employees in the new employee induction programmes. In the following year, Altron intends implementing its formal ethics strategy for the group which will cover ongoing ethics educational initiatives for the group and will be aligned with Altron's sustainable business strategy.

**Whistle-blowing**

Altron provides an anonymous whistle-blowing facility to employees and external stakeholders via an independently run hotline. Tip-offs can also be submitted via phone, fax and e-mail. All tip-offs are actively investigated, followed up and resolved.

The whistle-blowing guidelines policy outlines the procedures for reporting suspected instances of corruption and ensures that employees are not penalised for coming forward.

Altron's ethics office also has a secure e-mail address that employees can use to report unethical behaviour or to seek advice and guidance on ethical dilemmas. This e-mail address is only accessible to the chief ethics officer.

Altron's Tip-Off Tim anonymous whistle-blowing hotline remains Altron's main tool for reporting incidents of fraud, theft, corruption and other acts of illegal/dishonest behaviour. The hotline is outsourced to an independent third party and reports on various investigations in to allegations of such behaviour are monitored by Altron's internal audit department. Reports by Altron's internal audit department are submitted to Altron's Social and Ethics Committee and Altron Risk Management Committee and ultimately get reported to Altron's Board.

Apart from Altron's anonymous tip-off line, concerns around unethical, fraudulent and/or illegal activity can also be reported directly to:

- Altron's Internal Audit Department;
- Altron's Ethics Officer via a secure, confidential email address; and
- the relevant sub-holding group security officers.

Altron's internal audit department continues to regularly conduct ethics climate surveys and reports on the results thereof get submitted to Altron's Social and Ethics Committee for deliberation. Operations identified as having weak ethical climates are referred to the ethics office so that remedial action can be implemented.

Apart from the abovementioned initiatives, Altron continues to develop its initiatives to counteract the risks associated with bribery and corruption in the workplace. To date, these have included, among others, the following:

- adoption of an Anti-corruption and Economic Crime Policy that deals with many of the issues contemplated in the UK Bribery Act and in the Foreign Corrupt Practices Act in the USA;
- adoption of a Corporate Compliance Policy;
- adoption of a Gifts and Entertainment Policy as well as an electronics gifts register;
- implementation of a Declaration of Interest Policy;
- inclusion of a standard ethical conduct clause for incorporation in all supply and other customer contracts;
- adoption of a Reportable Irregularities Policy;
- amendment of Altron's memorandum of incorporation to record that no donations may be made to political parties without obtaining the prior approval of shareholders;
- implementation of a Whistle-blowing Guidelines Policy; and
- the adoption and regular review of a group-wide Code of Ethics and Corporate Code of Conduct.

Altron remains a signatory to the World Without Corruption, both, international initiatives to fight corruption.

Altron is also satisfied that no donations have been made to any political parties during the past year, which is in accordance with Altron's memorandum of incorporation which states that all donations to political parties must be pre-approved by shareholders in a general meeting.

## Feedback and Goals

### Achievements

Ethics surveys continued during the year;

Continued to promote and run our anonymous tip-off line "Tip-off Tim";

### Commitments

Continue to uphold and implement the actions listed above;

Continue to roll out the ethics climate surveys to operations in the group;

Regular re-education on ethics occur via poster campaigns, 'Profile' articles and Alix;

Continue to monitor and implement changes to legislation around corruption, fraud and bribery;

Ensure all relevant policies, procedures and frameworks are reviewed and update if and when required;

Identify and monitor the risks associated with operations/suppliers/procurement agencies and/or associated Altron businesses that operate in countries that are considered to have high levels of corruption and bribery; and

Continue to roll out and promote Altron's policies around anti-corruption behaviour.

Develop policy on contributions to political parties

### GRI alignment

G4-56 - 59. G4-S03, S04, S05, S08,

### UN SDG alignment

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

16.5 Substantially reduce corruption and bribery in all their forms (G4-S03, G4-S04, G4-S05)