



## Allied Electronics Corporation profile

Profile generated on 04 November 2014

### Business Details

|                 |                                   |
|-----------------|-----------------------------------|
| <b>Country:</b> | South Africa                      |
| <b>Sector:</b>  | Electronic & Electrical Equipment |
| <b>SEDOL:</b>   | 6020381                           |
| <b>ISIN:</b>    | ZAE000029658                      |

### Main Activities

Allied Electronics Corporation. The Company is an information and communication technology and power electronics group. It is divided into three divisions: multi-media, electrical and electronics equipment, telecommunications and IT division. The Company has acquired the remaining minority shares in Altech at a three-year low share price, and delisted the Altech entity. The structure of Altron has changed such that Altech and Bytes have been integrated under a new entity called Altron TMT (which stands for Telecommunications, Multi-media and Technology). The sub holding company known as Powertech, on the other hand, has undergone very little change. It now falls under the 4entity called Altron Power. The Company's revenue for the financial year ending 28 February 2014 is stated as ZAR 27,774m (2013: ZAR 24,744m). The Company reported the total number of permanent group employees as 12,904 (2013:12,852). [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

Company website: [www.altron.com](http://www.altron.com)

### Environment

#### Environmental impact

Allied Electronics Corporation (JSE) has been classified as having an overall **medium** environmental impact because it is involved in **Electronic & electrical equipment** (medium), **Telecoms** (low) and **Support services** (low).

The most significant direct impacts of the **electronic & electrical equipment** sector are water pollution and waste generation due to emissions containing heavy metals or other hazardous materials involved in the production processes. The sector is classified as medium impact.

The **telecoms** sector has traditionally been seen as a low impact sector in environmental terms, and analysis of available data supports this in most areas. The sector's use of office space involves general impacts in areas such as energy consumption, waste generation and water consumption. In addition the sector generates a moderate amount of waste through the excavation and construction work needed in order to supply their services and the high product turnover caused by technological advances. The sector is classified as low impact overall.

The **support services** sector is classified as low impact as its main environmental impacts are limited to



universal business environmental issues such as resource use, procurement in offices and business / staff travel.

### Environmental policy

Assessment: The Company meets the minimum JSE SRI Index criteria for environmental policy.

The Company has an environmental policy which publicly discloses the following elements:

- \* all key issues - water use, energy, air emissions, water emission and waste
- \* responsibility at board level with supporting resources - sustainability department supported by the board oversees environmental performance
- \* provision of quantitative objectives and targets for all key areas- the Company has set targets for water use, energy, air emissions, water emission and waste in 2013
- \* commitment to monitoring and auditing - the Company contracts external environmental consultants to conduct compliance audits on key issues
- \* Commitment to reporting - the Company reports on its environmental performance
- \* globally applicable corporate operating standards - the Company encourages its environmental champions to ensure performance beyond internationally recognised frameworks and internal policies

The environmental policy does not publicly disclose the following elements:

- \* commitment to stakeholder involvement
- \* commitment to address product or service impact
- \* strategic moves towards sustainability - information submitted to EIRIS not sufficient to meet the criteria of this element

[Annual Integrated report, 28/02/2013] [Annual Integrated report, 28/02/2014] [Company website, 21/07/2014]

### Environmental management

Assessment: The Company meets the minimum JSE SRI Index criteria for environmental management systems.

The Company has an EMS publicly discloses the following elements:

- \* environmental policy
- \* identification of significant aspects - the Company has baseline data with which it is aligning with its benchmarking process
- \* quantitative objectives and targets in all key areas - there are objectives for the key areas, in 2013 the Company reports its quantitative targets for water use, energy, air emissions, water emission and waste
- \* outline of processes and responsibilities, manuals, action plans, procedures - a variety of environmental certifications, including ISO14001, ISO9001 and OSHAS18001, are in place. The Company has also established a dedicated sustainability department responsible for driving and managing the group's environmental performance and monitoring the impacts of initiatives.
- \* internal system audits - external environmental consultants conduct compliance audits on water, waste and energy at relevant sites across the group. The purpose of these audits is to ensure that all companies comply with legal requirements relating to safety, health and environmental issues
- \* internal reporting and management review - the Company has an internal standardised reporting framework on environmental reviews
- \* communicates policy internally - distributes an internal sustainability manual on environmental systems to the employees
- \* training for relevant employees - the employees are trained on the Company's EMS



The Company has 100% of its operations covered by ISO14001-certified EMS.

[Annual Integrated report, 28/02/2013] [Annual Integrated report, 28/02/2014] [Company website, 21/07/2014]

### Environmental reporting

Assessment: The Company meets the minimum JSE SRI Index criteria for environmental reporting.

The Company has an environmental report which publicly discloses the following elements:

- \* text of environmental policy
- \* description of main impacts - the Company provides a detailed description of the main impacts of all the key areas energy, water use and waste
- \* quantitative data - trend data for all key areas provided for three years and above for energy, water and waste
- \* outline of environment management system - ISO14001 compliance table provided
- \* details of non-compliance, prosecutions, fines, accidents, etc. - the Company reports that it did not incur any fines or prosecutions for non-compliance with environmental laws and regulations in 2014
- \* financial dimension - the Company reports that it might face a carbon tax bill of ZAR 6.6m in 2014
- \* coverage of sustainability - the Company gives a brief description of its environmental sustainability
- \* external verification - third party assurance provided by Integrated Reporting and Assurance Services (IRAS)

The report does not publicly disclose the following elements:

- \* performance measured against targets
- \* stakeholder dialogue

[Annual Integrated report, 28/02/2013] [Annual Integrated report, 28/02/2014] [Company website, 21/07/2014]

### Climate change

Allied Electronic Corporation has publicly met **all best performance and most development** indicators for management response to climate change issues.

#### Policy and governance

The Company has provided public evidence of the following indicators:

- Senior responsibility for climate change related issues - the Environmental Committee is a subset of the Altron risk management committee which focuses on environmental concerns including carbon emissions and climate change. The Altron risk management committee comprises of the CEO's of the various operating companies, as well as the Group Chief Executive and other executive and non-executive directors. The company's response to CDP is compiled under the auspices of the Group Alliances Manager and in consultation with other disciplines within the group. It is also submitted to the Altron risk management committee and the Altron Social and Ethics committee of the board for consideration. Altron has lower level responsible persons in the form of multiple carbon champions throughout the group at each of the operations.
- Climate change commitment - the Company is committed to managing and reducing their carbon footprint through robust management policies and structures, on-going measurement

and a range of targeted initiatives. This is the Company's fourth consecutive year of reporting on their carbon footprint.

- Policy reflects national or international governmental agenda - the Company expects climate change to become an increasingly important investment theme in coming years and fully supports the intentions of international agreements such as the United Nation's Framework Convention on Climate Change (UNFCCC) and Millennium Development Goals (MDG). The Company furthermore understands that to be effective, such agreements need to be developed in partnership with industry, government and other relevant stakeholders. As far as possible the Company will participate in coordinated efforts by government and business regarding mitigation and adaptation efforts with regards to climate change impacts. The Company therefore supports the principles and mechanisms of the Kyoto Protocol and will work towards doing its part in achieving the goals set out by the Kyoto Protocol, within a defined timeline.
- Public policy leadership - the Company reports that it understands that, to be effective, agreements such as the Kyoto Protocol need to be developed in partnership with industry, government and other relevant stakeholders. The Company therefore participates through relevant forums such as the NBI and WWF in facilitating and influencing government's policies around the mitigation and adaptation of efforts with regards to Climate Change impacts.
- Remuneration linked to climate change performance - management bonuses are directly linked to environmental performance, specifically carbon emission reduction targets

### **Management and strategy**

The Company has provided public evidence of the following indicators: Short term goal linked to GHG emissions reduction - the Company has set a goal to reduce its carbon footprint by 3% on average by 2015 (baseline 2009)

The Company has not provided public evidence of the following indicators:

- Long-term strategic goal linked to GHG emissions reductions
- Qualitative targets

### **Disclosure**

The Company publicly discloses:

- Absolute emissions - the Company reported scope 1 CO<sub>2</sub> emissions of 15,091 tonnes and scope 2 CO<sub>2</sub> emissions of 131,372 tonnes in 2014
- Normalised emissions (or appropriate denominator) - uses intensity measure CO<sub>2</sub> per employee / revenue
- Scope - the Company reports on scope 1, 2 and 3 emissions data
- Methodology - applied GHG Protocol
- Trend data - the Company reports trend data from 2011 to 2014
- Verification - the third party verification was conducted by Sustainability.co.za
- Risk disclosure - the Company forecasts an increase in costs by ZAR 6.6m due to carbon tax
- Reporting against targets - the Company presents performance from 2012 to 2014 against 2015 emissions target

### **Performance and innovation**



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The Company has provided public evidence of the following indicators: Operational emissions reductions - in 2014 the Company emitted 165,264 tonnes of CO2 equivalent, compared with 162,352 tonnes in 2013. Normalised with respect to employees this represents 7.07% annual reduction in CO2 emissions.

The Company has not provided public evidence of the following indicator

Operational transformational initiatives

[Annual integrated report, 28/02/2013] [Carbon Disclosure Project 2012, 24/07/2013] [Annual Integrated Report, 28/02/2014] [Carbon Disclosure Project 2013, 21/07/2014] [Company website, 21/07/2014]

## Stakeholder issues

## Employee issues

### Training and Development

Allied Electronics Corporation has publicly met **some** indicators in the area of training and development.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for training and development:

- Public commitment to training and development - the Company seeks to develop existing skills through training and succession planning initiatives and makes considerable investment in the development of the external skills pipeline through bursary, learnerships and experiential training programmes
- Senior responsibility for training and development - the group Human Capital Council (HCC) bears ultimate responsibility for human capital management for the entire Company
- Supporting data on employee training and development - the Company states that its total training and development spend for 2013/ 2014 was ZAR 68m

The Company has not publicly provided evidence of the following **core** element(s): Documented objectives and targets

The Company has publicly disclosed evidence of the following **desirable** element(s) for training and development:



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Supporting data on external skills development (e.g. overall budgets, time and money spent on training, bursaries / learnerships (not limited to black persons) etc.) - the Company invested ZAR 2.8m in 63 bursaries

In addition the Company has not publicly disclosed evidence of the following **desirable** elements:

- Proportion of staff having training and development review - the information reported does not separate career development reviews from performance reviews
- Performance against targets

[Annual Integrated report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Trade unions and employee participation

Allied Electronics Corporation has publicly met **some** indicators in the area of employee relations.

The Company has publicly disclosed evidence of the following **core** elements:

- Disciplinary and grievance policy / procedures in place - a whistle-blowing hotline, Tip-Off Tim, provides employees with a safe and anonymous platform to report suspected incidents of fraud and unethical behaviour
- Disciplinary and grievance policy / procedures communicated to all employees - communicated to employees during induction. employee magazine *Profile* and the intranet site *Alix* are used to communicate important information and build a sense of belonging among employees. Altech and Powertech publish their own internal staff magazines.
- Percentage of global workforce covered by collective agreements / union recognition / equivalent consultative arrangements (where applicable) or alternatively, procedures in place for employee relations / workforce consultation in non-unionised settings - 26.95 % of employees are covered by collective bargaining

The Company has not publicly disclosed evidence of the following **core** element(s): Senior responsibility for union negotiations (where applicable) or employee relations / workforce consultation

In addition, the Company has publicly disclosed quantitative data on business impact of employee relations issues (e.g. number of strike days or financial impact of industrial action) - the Company states that there was a two weeks of strike at Altech during the 2013 period

[Annual Integrated report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Equal opportunities

Allied Electronics Corporation has publicly met **all** indicators in the area of equal opportunities.

Allied Electronic Corporation has publicly disclosed evidence of the following **core** elements for equal opportunities:

- Documented targets for promoting equal opportunities - as part of the Transformation Vision 2012, guided 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 as well as the ICT charter

- Supporting data - the Company has percentage workforce and management composition covering race, gender and disabilities

In addition, Allied Electronic Corporation has publicly disclosed evidence of the following **desirable** element for equal opportunities:

- Public statement specifying forms of discrimination covered by equal opportunities / diversity policy - nationality, race, gender, physical disability, sexual orientation and religion
- Global applicability of policy - applies to all employees of the Company
- Performance against targets - performance is relative to DTI Code of Good Practice and ICT charter
- Existence of flexible working arrangements and family benefits (includes e.g. flexible working hours; child care facilities / subsidy; job sharing; career breaks; paternity and/or maternity leave period and/or payment exceeding statutory requirement) - the Company offers paid maternity leave

[Annual Integrated report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

#### Equal Opportunities (Black Economic Empowerment)

Allied Electronics Corporation has publicly met **all** indicators in the area of black economic empowerment.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for black economic empowerment:

- Documented targets in two or more preferential procurement, ownership & control and workforce composition - as part of the Company's black economic transformation strategy entitled Transformation Vision 2012, guided 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 well as the ICT charter
- Performance against specific targets - the Company reports on performance on BEE against DTI Code of Good Practice as well as the ICT Charter
- Systems to monitor performance against targets (e.g. internal / external audits of scorecard) - the Company reported on its BBEE Scorecard verified by Empowerdex

In addition, Allied Electronics Corporation has publicly disclosed evidence of the following **desirable** elements for black economic empowerment:

- Commitment to monitor / maintain compliance or review achieved targets on a regular basis - the Company has formulated a new Beyond Vision 2012 transformation strategy to drive the next phase of transformation
- Number of black persons participating in learnerships or other skills development programmes - the Company reports that 474 black persons are participating in learnerships

[Annual Integrated report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Health & safety

Allied Electronics Corporation has publicly met **all** indicators in the area of health & safety.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for health and safety:

- Senior responsibility for occupational health & safety - the Chief Executive officer has the ultimate responsibility for Health and safety
- Supporting data - the Company reports that injuries increased 6 in 2013 to 20 in 2014
- Risk assessment conducted within the last three years - the Company had Health and safety reviews conducted last year for the various operations these included safety induction and safety awareness training, wellness days, various site and contractor audits and human capital audits that cover issues of safety and wellness
- Programmes and procedures to mitigate main health & safety risks - internal and external auditing on health and safety are conducted at operations a regular basis

In addition, Allied Electronics Corporation has publicly disclosed evidence of the following **desirable** elements for health and safety:

- Health & safety training - health and safety training is conducted as part of staff induction in the segment companies Powertech and Bytes
- Data on coverage of certified health & safety or equivalent systems - operation are OHSAS 18001 compliant

[Annual Integrated Report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Health & Safety (HIV/AIDS)

Allied Electronics Corporation has publicly met **some** indicators in the area of HIV/AIDS.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** element(s) for HIV/AIDS:

- Prevention, education and awareness programmes for employees - the Company states that they continue to 'drive HIV/Aids awareness campaigns and engage employees in education on the prevention, detection and treatment of the disease'
- Existence of HIV/AIDS policy (covering at a minimum confidentiality, non-discrimination and commitment to develop / implement programmes for treatment / prevention) - the policy is reviewed on an annual basis to ensure it remains relevant and compliant with legislation. In particular, this policy aims to: prevent unfair discrimination and prejudice against employees living with HIV/Aids; minimise fear and panic among employees
- Access to voluntary counselling and testing for employees - several operations within the Company have on site clinics with nursing and counselling services that provides VCT on an ongoing basis



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The Company has not publicly disclosed evidence of the following **core** element(s): Evidence of risk assessment in relation to HIV/AIDS

The Company has not publicly disclosed evidence of the following **desirable** element(s):

- Global applicability of policy
- Documented objectives and targets for addressing direct impact of HIV/AIDS
- Strategies to address indirect business risks of HIV/AIDS (e.g. effect on customer base / supply chain)
- Occupational health & safety training / procedures covering prevention of transmission of HIV
- Provision of treatment, care and support benefits for employees (directly or indirectly through providing access or facilitating government programmes in countries where these are available/effective)
- Sponsorship of / support for community-based prevention, education and awareness programmes
- Sponsorship of / support for community-based treatment, care and support

[Integrated Annual report, 28/02/2013] [Integrated Annual report, 28/02/2014] [Company website, 17/07/2014]

### Community involvement

Allied Electronics Corporation has publicly met **all core** indicators in the area of community relations.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for community relations:

- Details of projects supported - the Company has invested ZAR 14m in three in the Research Unit Shandukani Centre at the Gauteng Provincial Department of Health and Wits University's reproductive Health and HIV Research Unit
- Monetary value of charitable giving - the company spent ZAR 12.9m was spent on CSI initiatives in 2014

The Company has not publicly disclosed evidence of the following **desirable** element(s):

- Employee secondment, gifts in kind or payroll giving schemes
- Social impact assessment

[Annual Integrated report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Stakeholder engagement

Allied Electronics Corporation has publicly met **all** indicators in the area of stakeholder engagement.

Allied Electronics Corporation has publicly disclosed evidence of stakeholder engagement - this includes a number of formal and informal interactions such as structured surveys, one to one business dealings, call centre, websites, site visits, magazines, newsletters, intranet poster campaigns



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In addition, Allied Electronics Corporation has publicly disclosed evidence of stakeholder identification - shareholders and investors, customers and business partners, suppliers, employees, trade unions, government and regulators, educational and research institutions society and media

[Annual Integrated report, 28/02/2014] [Company website, 16/07/2014]

### Stakeholder reporting

Allied Electronics Corporation has publicly met **some** indicators in the area of social reporting.

Allied Electronics Corporation has publicly met the **core** reporting elements in each of the following areas:

- Training and development
- Equal Opportunities
- Community Relations
- Stakeholder Engagement
- Health & Safety
- Black Economic Empowerment

In addition, the Company has publicly disclosed the following **core** reporting element: Public disclosure of any major non-compliance, fines or prosecution - no fine or prosecutions were brought against the company in 2013/2014 period

The Company has not publicly met the **core** reporting element(s) in each of the following areas: HIV / AIDS

In addition, the company has publicly disclosed the following **desirable** reporting element: Statement of independent assurance covering social reporting - an external evaluator Integrated Reporting Assurance Services provided assurance on social reporting in 2014

[Annual Integrate report, 28/02/2013] [Company website, 23/07/2014]

## Governance

### Board practice

Allied Electronics Corporation has publicly met **all core and most desirable** indicators in the area of board practice.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for board practice:

- Public commitment to comply with an internationally recognised governance standard (e.g. King II or UK Combined Code) - the Company adopts and applies the principles of King III
- Existence of board charter - there is a board charter
- Separate CEO and chairperson - the roles of the CEO and the Chairman are separate
- Existence of board committees for audit and remuneration - the audit committee and remuneration committee exists

- Majority non-executive directors - there are eight independent non executive directors, two one non-executive directors and four executive directors
- A Lead Independent non-executive Director (LID) and not an Independent chairperson
- Procedures to review / address external audit findings - an evaluation of the effectiveness and quality of external auditors is undertaken by the Audit Committee

In addition, Allied Electronics Corporation has publicly disclosed evidence of the following *desirable* elements for board practice:

- Global applicability of governance policies and practices - the King III code applies to all the operations
- Existence of board committee(s) for nominations and risk - there is a risk committee and nomination committee
- Independent chair of all board committees (except where committee performs an executive function) - all committees are chaired by an independent non-executive director
- Internal audit function - monitors compliance with policies and procedures and reviews effectiveness of internal control environment
- Annual performance appraisal of Board conducted - in addition to the formal self-evaluation of its effectiveness the board conducts every second year, the Company began an independent external evaluation of its board's effectiveness at the beginning of 2014

The Company has not publicly disclosed evidence of the following *desirable* element(s):

- Minuted Board appraisals available to external auditors

[Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

## Codes of ethics

Allied Electronics Corporation has publicly met *all core and most desirable* indicators in the area of code of ethics / conduct.

Allied Electronics Corporation has publicly disclosed evidence of the following *core* elements for code of ethics / conduct:

- Code of ethics covering:
  - Commitment to legal and regulatory compliance - included, the Company adheres to all laws and regulations determining Company's legal and moral obligations
  - Prohibiting giving and receiving of bribes - included
  - Prohibiting facilitation payments - included
  - Guidelines on giving and receiving gifts - included
  - Guidelines on political donations - included; no political donations were made by the company
  - Addresses conflicts of interest - included
- Other significant aspects (e.g. money laundering provisions, prohibiting anti-competitive practices, etc.) - not included
- Senior responsibility for ethics management - the Social and Ethics committee oversees ethics management with the ethics offices, which is run by the chief ethics officer and assisted by the internal audit function;

- Disclosure of applicability of code of ethics / conduct - the code of ethics covers all employees, businesses and subsidiaries
- Commitment to manage whistleblowing, fraud reports or other concerns in a non-discriminatory and confidential fashion - a whistle-blowing hotline, Tip-Off Tim, provides employees with a safe and anonymous platform to report suspected incidents of fraud and unethical behaviour
- Training and/or communication on code for employees - in 2013 the Company reports that 10,500 employees received ethics training

In addition, Allied Electronics Corporation has publicly disclosed evidence of the following **desirable** elements for code of ethics / conduct:

- Compliance monitoring - the Social and Ethics Committee performs an oversight and monitoring role in partnership with the Altron ethics officer and internal audit function to embed a culture of ethical behaviour within the organisation.
- Regular reviews of code of ethics / conduct - in 2014 the Company commissioned the Ethics Institute of South Africa (EthicSA) to undertake a review of its ethics programme against the Institute's ethics management framework.
- Secure communication channel for employees to seek advice or voice concern - a whistle-blowing hotline, Tip-Off Tim, provides employees with a safe and anonymous platform to report suspected incidents of fraud and unethical behaviour

The Company has not publicly disclosed evidence of the following **desirable** element(s): Reporting on non-compliance

[Annual Integrated Report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Indirect impacts

Allied Electronics Corporation has publicly met **some** indicators in the area of indirect impacts.

The Company has publicly disclosed evidence of the following **core** elements for indirect impacts: identification of indirect impacts in one or more of social, environmental or economic elements (e.g. related to supply chain, products and services, community, etc.) - the Company tackles human rights issues in relation to its supply chain

The Company has not publicly disclosed evidence of the following **core** element(s): assessment of indirect impacts in one or more of social, environmental or economic elements.

Allied Electronics Corporation has publicly disclosed evidence of having adopted voluntary standards that address indirect impacts - the Company is member of National Business Initiative

[Annual Integrated Report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Business value and risk management

Allied Electronics Corporation has publicly met **all** indicators in the area of business value and risk management.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** elements for business value and risk management:

- Identification of main business risks and opportunities - main risks are linked to financial sustainability, human capital, products and services and external relationships
- Procedures for ongoing risk management and internal control - the Risk Management Committee and Company Internal Audit Department have frameworks in place for risk management and internal control
- Identification of social, ethical and environmental (SEE) issues / risks facing the business, including:
  - Regular Board review of SEE issues / risks - the Company discloses that the risk Management committees review findings of its committee meetings at the board meeting and following the previous committee meetings
- Description of systems / initiatives to value and protect key assets (e.g. valuation of tangible and intangible assets including intellectual capital, disaster recovery and business continuity, insurance, contingency plans etc.) - the Company states that business continuity and disaster recovery plans are in place
- Description of systems / initiatives to create value (e.g. Research & Development, innovation, customer attraction and retention, growth strategy etc.) - total research and development expenditure amounted to ZAR 86m in 2013
- An outline of corporate policies and procedures for ongoing SEE risk management - the Company states the management structure relating to sustainable issues. Regular appraisals are conducted by the Risk management committee with the relevant responsible body, consolidating the risk issue and reports to the board. This process ensures a link between operational management and the board.

In addition the Company has publicly disclosed evidence of the following **desirable** elements:

- Documented targets for achieving strategic objectives / realising opportunities (should ideally be time-bound, quantitative, e.g. performance targets, KPIs or balanced scorecard) - the Company sets targets in 11 themes namely external factors, cost and cash management, business partners and relationships, human capital, environment, corporate governance, income and growth, products and services, customer relationships, transformation and business conduct in foreign regions
- Management incentives / compensation linked to strategic objectives - incentives are aligned to the achievement of the business strategy at the business unit level
- Senior responsibility for governance of information technology (IT) - the audit committee and risk committee assist the board in carrying out its IT responsibilities

[Annual Integrated Report, 28/07/2014] [Company website, 16/07/2014]

### Broader economic issues

Allied Electronics Corporation has publicly met **all** indicators in the area of broader economic issues.

Allied Electronics Corporation has publicly disclosed evidence of the following **core** element(s) for broader economic issues:

- Evidence of commitment to local empowerment including: procedures for local hiring at all levels of the organisation - the company reports its workforce composition in relation to BEE requirements
- Demonstrated commitment to local economic development including infrastructure investments and services provided primarily for public benefit - in 2013, ZAR 11m was spent on enterprise development initiatives in the period under review, mainly on education projects

In addition, Allied Electronics Corporation has publicly disclosed evidence of activities / initiatives in support of national economic priorities on issues such as skills development, enterprise development, job creation - the Company is a member of the National Business Initiative

[Annual Integrated Report, 28/02/2013] [Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

### Governance and related sustainability reporting

Allied Electronics Corporation has publicly met **all** indicators in the area of governance and related sustainability reporting.

Allied Electronics Corporation has publicly met the **core** reporting elements in each of the following areas:

- Board Practice
- Indirect Impacts
- Business Value & Risk Management
- Broader Economic Issues
- Code of Ethics / Conduct

In addition, the Company has publicly disclosed the following **core** element: Major non-compliance, fines or prosecutions (e.g. linked to anti-competitive practices or other governance / economic issues, including non-compliance with code of ethics / conduct) - the Company reports that no non compliance, fines or prosecutions were imposed on the Company in the year under review

In addition the Company has publicly disclosed the following **desirable** element: A value-added statement (e.g. direct economic value generated and distributed, taxes paid etc.) - the taxes paid to the government amounted to ZAR 326m in 2014

[Annual Integrated Report, 28/02/2014] [Company website, 16/07/2014]

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