



## **ALTRON'S POSITION ON CLIMATE CHANGE – 2012/13**

Altron, like many other companies around the world, has acknowledged and reacted, to climate change and related pressures. Altron's position on climate change is in line with its mission statement and core value commitments published from time to time in its integrated annual report. In order to integrate its climate change response into its business strategy, Altron declares its position as follows:

### **ACKNOWLEDGING CLIMATE CHANGE**

To establish a presence, Altron recognises that it must adapt to the changing pressures placed on its group companies and their industry value chain, as well as to the impacts of changes in the physical environment itself. Altron 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). Altron 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.

Altron furthermore understands that to be effective, such agreements need to be developed in partnership with industry, government and other relevant stakeholders. Altron participate 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.

### **CAUSES OF CLIMATE CHANGE**

The science of climate change is, in many ways, less vital than the increasingly widespread social acceptance that the climate is a reality and that man-made greenhouse gas (GHG) emissions are responsible for the changes we experience in our climate. In this context, Altron acknowledges that human activities related to the production and consumption of fossil fuels, primarily for the purpose of producing energy, results in the emission of GHGs, and are the leading causes of climate change.

### **SCOPE AND BOUNDARIES**

Altron believes that climate change is significant both locally and globally and will endeavour to openly report on its entire local and international operations' GHG and other emissions going forward.

Verification and assurance of emissions as captured by each of its operations takes place annually either through internal processes and/or an external third party. This is not only to ensure that the correct data sets are submitted, but it also keeps the group's reporting processes in line with best practice, assists with benchmarking and ensures that consistency and context is applied when data sets are reported. To this end, a sustainability manual has been compiled that serves as a guide to all of Altron's operations when they submit their monthly consumption/emission data.

### **OVERSIGHT BY THE BOARD OF DIRECTORS**

Altron's response to the issue of climate change is reviewed regularly by the executive committee and at board level, following representations made via the risk management committee and designated sustainability department. Thus the chief executive, by signing this document, is responsible for overseeing and approving Altron's position on climate change.

## **TRANSPARENCY**

Altron is committed to the transparent reporting of environmental data and will continue to identify, evaluate and track the consumption of energy and the production of GHG emissions using internationally recognised protocols, where economically feasible. Altron will continue to provide this information to stakeholders in a timely manner through its annual reporting process, its website as well as various other disclosure forums such as the Carbon Disclosure Project (CDP), Water Disclosure Project (via the CDP) and the JSE SRI index.

The changes required to make the adjustment from Altron's emissions pathway implied by the baseline scenario, to an emissions pathway in which the most significant environmental disruptions are reduced to acceptable levels within the Altron group's operations, will require a reduction in the carbon intensity of its group within the framework of the position statement.

## **STRATEGIC OBJECTIVES**

### *Improvement targets*

It is Altron's belief that operating performances and investment strategies of large established industries must change dramatically. Creating incentives to do so is only one of the ways to achieve rapid buy in – whether through direct benefits or subsidies for investments in alternative technologies.

Altron seeks to reduce its own emissions by assessing options to integrate best practices, energy efficiency and renewable energy considerations across its businesses. Altron has set targets to increase energy efficiency and decrease GHG emissions. Targets are reviewed annually by the Altron executive committee in conjunction with the Altron board and form a key performance indicator for the group's most senior executives to achieve in order to qualify for short term performance bonuses.

Currently only GHG reduction targets are included in senior executives' performance bonuses; however Altron is also planning to include water and waste reduction targets in the near future as part of this incentive structure.

### *Business continuity*

Altron will continue to include climate change risks and energy infrastructure considerations as part of its sustainable business planning process. This will ensure business continuity due to unforeseen external events caused by climate change related impacts.

### *Suppliers*

Altron accepts that energy consumption throughout its supply chain has implications for climate change and product costs. Altron will therefore encourage suppliers, contractors and associated stakeholders to improve their energy efficiencies, to reduce their GHG emissions and to report on the progress against these initiatives.

### *Product impact*

Altron recognises that most of its products and manufacturing processes contain GHG emissions that are released when these products are produced, transported or used. Altron will endeavour to continually explore ways to provide customers with products with appropriate packaging that are produced and transported with lower total GHG emissions per product unit.

### *Reliance on fossil fuels*

Altron acknowledges that the majority of its energy is derived from electricity, which in turn is generated from fossil fuels, and in particular, coal. As a result of rising energy costs, environmental considerations and security of energy supplies, Altron will seek to reduce its reliance on fossil fuels, whenever technically and economically feasible.

### *Renewable energy*

Altron acknowledges the need to explore new opportunities for energy efficiency and energy generation methods. Options such as solar, wind, waste-energy and co-generation represent opportunities to ensure energy security and to lower Altron's reliance on fossil fuels. However, leading up to the consideration and potential implementation of such alternatives, Altron also acknowledges that future costs to procure energy

from incumbent providers are set to increase and therefore aims to have a better understanding of its current and future consumption requirements.

#### **Emissions trading & Community Upliftment**

Altron supports market-based mechanisms, such as emissions trading and the Clean Development Mechanism (CDM), provided that they are structured to be efficient, cost effective, flexible and responsive to business needs. Altron will seek to reduce emissions where possible and to use these mechanisms to help finance emission reduction programmes when technically and economically feasible. If Altron seeks to purchase emissions reductions, this will only be carried out when it can be demonstrated that GHG emissions are unavoidable. Altron will only consider projects that have demonstrated emission reductions that are real and additional and make use of the most up-to-date internationally accepted standards and technologies<sup>i</sup>.

Given the Altron group's involvement with various corporate social investments initiatives, the group will aim to, where feasible and appropriate, engage in community upliftment projects and training of communities on how to minimise their carbon footprint. Furthermore, investment in emission reduction or avoidance projects will be assessed for real sustainable development benefits that have been verified by registered and authorised independent third parties.

#### **Water impacts**

South Africa is a water scarce country and climate change models predict that this is set to worsen. Accordingly, Altron will explore new methods of conservation, storage, rehabilitation and recycling of water within its operations where it is economically feasible. Altron will also be setting water reduction targets in the near future, encouraging better water efficiencies and water saving initiatives. Operations outside of South Africa will continue to be sensitive to the water situations relevant to the countries in which they operate.

#### **Waste**

Waste generation is a side-effect of any business activity and Altron acknowledges that the waste streams generated through its manufacturing, service delivery and other functions, need to be closely managed to ensure that landfill waste is minimised, and where possible to reduce, recycle and re-use all types of waste produced as part of its day-to-day operations.

### **CONCLUSION**

As a company Altron recognises that there are clear differences between leaders and laggards in many industries, sectors and countries, creating opportunities for those companies moving early to address the challenges and opportunities created to establish a competitive advantage. Altron aims to be a leader despite the low impact its operations have on climate change.



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**RE VENTER**  
Altron Group Chief Executive

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<sup>i</sup> Associated standards include ISO14064, ISO14065 and WRI GHG Protocol – Corporate Accounting and Reporting Standard.