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ITT Dialcom, Inc.

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May 31, 1985

The Honorable Charles Rose, Chairman
Committee on House Administration
Subcommittee on Office Systems
722 H.O.B. Annex 1
Washington, D. C. 20515

JUN 3 1985

Dear Congressman,

This will acknowledge your May 15th request for ITT Dialcom to describe its business in South Africa. ITT Dialcom, Inc. does not operate in South Africa. However, our parent corporation, ITT Corporation, has several operations in that country.

ITT Corporation regularly assesses its operations in all areas of the globe. As you well know, South Africa is special, and receives our particular attention constantly.

ITT has been among the most progressive of American corporations doing business in South Africa. As one of the first subscribers to the Sullivan Principles, we believe ITT's continued work in South Africa contributes to the solutions rather than the problems in that country.

ITT is an equal opportunity employer, investor, and supplier throughout the world. Our business practices help our employees, shareholders and customers. They also set an admirable example for the host countries in which we operate.

Our experiences in South Africa have had a very positive effect on the quality of life of all peoples in that country. The attached report describes but a few of the projects and accolades involving ITT.

I believe the people of South Africa are better off because of ITT's business presence. This position has been supported by numerous black leaders including Chief Gatsha Buthelezi, head of South Africa's six million Zulus. Thank you for writing and giving us the opportunity to discuss this important issue.

Sincerely,

[Handwritten Signature]
Richard G. Taylor

RGT/tw
Attachment

ITT AND SOUTH AFRICA

ITT Corporation has over the years been among the most progressive of American corporations doing business in South Africa. We believe we have demonstrated responsible corporate citizenship in the Republic of South Africa, where we have been a positive force for social change for over a decade.

ITT was one of the first subscribers to the Sullivan Principles. The corporation wholeheartedly endorses and seeks to implement Reverend Sullivan's code as a guideline for our South African operations -- though less than one percent of the corporation's worldwide sales and revenues are generated in South Africa.

ITT's Alfred Teves Engineering, our major, wholly-owned operating unit in South Africa, received a Category II rating - "Making Progress" in the Eighth Sullivan Principles Report.

Teves, a manufacturer and distributor of brakes and braking systems for the automotive market, is one of the finest examples in the east Rand of management action in support of the Sullivan Principles. Teves has not only sponsored programs in the area of education, but has also implemented a program to train black apprentices. In addition, Teves has demonstrated its support of black enterprises by hiring black contractors for construction projects.

In education, Teves has taken a leadership role in developing a local primary school in their area. In 1982 Teves adopted the Nageng Combined Primary School in Vosloorus, a black township near the plant. Teves has held fund raising events for the school and installed electricity in the building in order for adults from the community to attend at night. They've also repainted the school and played a large role in developing the local PTA.

Teves has, in addition, awarded a scholarship to a black medical student, and provided the services of company nurses to go out into the community and give basic hygiene care to the residents and their families. The staff nurses also give regular lectures to teachers and students at Teves' Adopt-A-School.

We are very proud of the fact that the Sullivan Principles Communications Task Group highlighted photographs and quotations from Teves employees for the Principles new booklet, "Meeting the Mandate for Change."

We feel that the Sullivan Principles publication points out the significant contributions and leadership role Teves and ITT in general have taken in support of the Principles.

As we noted in the Sullivan Principles filing for the Eighth Report, in addition to Teves, ITT's other wholly-owned operating unit in South Africa is Supersonic Radio and TV, a manufacturer of commercial radios.

Despite serious cash flow problems which resulted from the generally gloomy economic climate in South Africa and the company's need to revise product lines, Supersonic also succeeded in achieving a Category II rating, "Making Progress." This was particularly gratifying since, as a result of numerous management changes, this was the first time the unit was able to complete the Sullivan Principles questionnaire in several years.

We also reported to the Sullivan Principles that ITT has minority equity investments (25 percent) in Maister Directories 1981 Pty. Ltd., a company that sells advertising space in telephone directories, and 10.5 percent in African Telephone Cables (ATC), a company which designs and manufactures telephone and instrumentation cables.

Maister Directories received a Category IIB rating, "based on short-form reporting." This is the highest rating that a company can receive which fills out the short form.

Our other subsidiary, African Telephone Cables, is listed in Category IV-D "Holding Less Than 50% Equity." Because our equity in ATC is only 10.5%, we were not required by the Sullivan Principles to report on this unit. The management of that company, however, assures us that the Sullivan Principles are fully implemented.

African Telephone Cables has been praised for hiring large numbers of unskilled blacks and training them for technical jobs. ATC is also considered a leader among the companies located in Brits in the area of social services and objectives for its employees. One of its undertakings, for example, has been the design and installation of a science laboratory at a local school for blacks.

ITT was the first major American corporation to send a Public Affairs Committee to conduct on-site reviews of its operations in South Africa in 1973, 1976, 1978, 1979 and 1980.

In 1982, one of our senior vice presidents conducted another on-site review of our operations in South Africa. He also participated in the November 18, 1982, opening ceremonies for the new ITT-sponsored sports complex at St. Anthony's Education and Training Center. ITT is proud to have pioneered financial and management support of St. Anthony's, a multi-racial technical training center in Reiger Park.

Some 3,500 coloureds, blacks, Asians and others are enrolled in St. Anthony's technical training courses, including many who attend the school's adult education evening and weekend programs.

The center is used from 7:30 in the morning until 9 o'clock in the evening. More than 350 students at St. Anthony's are now studying to be teachers. They obtain the same training as whites and will also receive the same salary when they have finished their three-year course.

ITT also provided \$50,000 both in 1982 and in 1983 toward the building of a new two-story library at St. Anthony's which will enable some 250 people to study in this facility. ITT and its South African subsidiaries

have contributed over \$450,000 to date toward the all important work of St. Anthony's.

ITT's management, both in corporate headquarters and within our local South African subsidiaries, has spent extensive time and monies to expand St. Anthony's from a small educational facility to what is now considered a major technical training center in South Africa. Our involvement with St. Anthony's has been cited throughout South Africa and in many other parts of the world as an example of creative corporate responsibility at its best.

We have continued to provide graduate level fellowships to enable black and coloured South Africans to study at U.S. universities. To date seven students have participated in our International Fellowship Program, which has opened the lines of communication and understanding between the United States and South Africa. The students have returned to South Africa upon completion of their studies to assume leadership positions in business, teaching, community development and other important fields. The ITT Fellow from South Africa this year, for example, is studying business administration at Arizona State University. The cost of such a fellowship for one South African student is approximately \$36,000.

Altogether, over 600 students from 53 nations have taken part in this program, which is administered by the Institute of International Education.

We are also proud of our continuing support of Project PACE, the first private, commercial high school for blacks in South Africa, built in Soweto. As members of the American Chamber of Commerce in South Africa, for the past several years we have provided the salary of the Project's director, and have also provided \$50,000 toward the building fund. In addition, we support a student through a scholarship of \$1,500.

Moreover, through our commitment to the Sullivan Principles, ITT and other concerned American corporations doing business in South Africa are seeking to actively address most, if not all, of the areas of concern in that troubled country -- namely housing, recognition of black trade unions, and the enforcement of fair labor practices.

As one of the original Signatory Companies to the Sullivan Principles, we have worked diligently to eliminate all vestiges of apartheid within our operations and elsewhere in the Republic of South Africa.

In short, our record clearly demonstrates that we are and have been a responsible corporation with a record of compassion and concern in South Africa. ITT corporation is deeply concerned with equal opportunity and human dignity for all of the people in the Republic of South Africa.