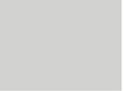




2017

**CORPORATE GOVERNANCE
REPORT**



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CORPORATE GOVERNANCE AND ETHICS REVIEW

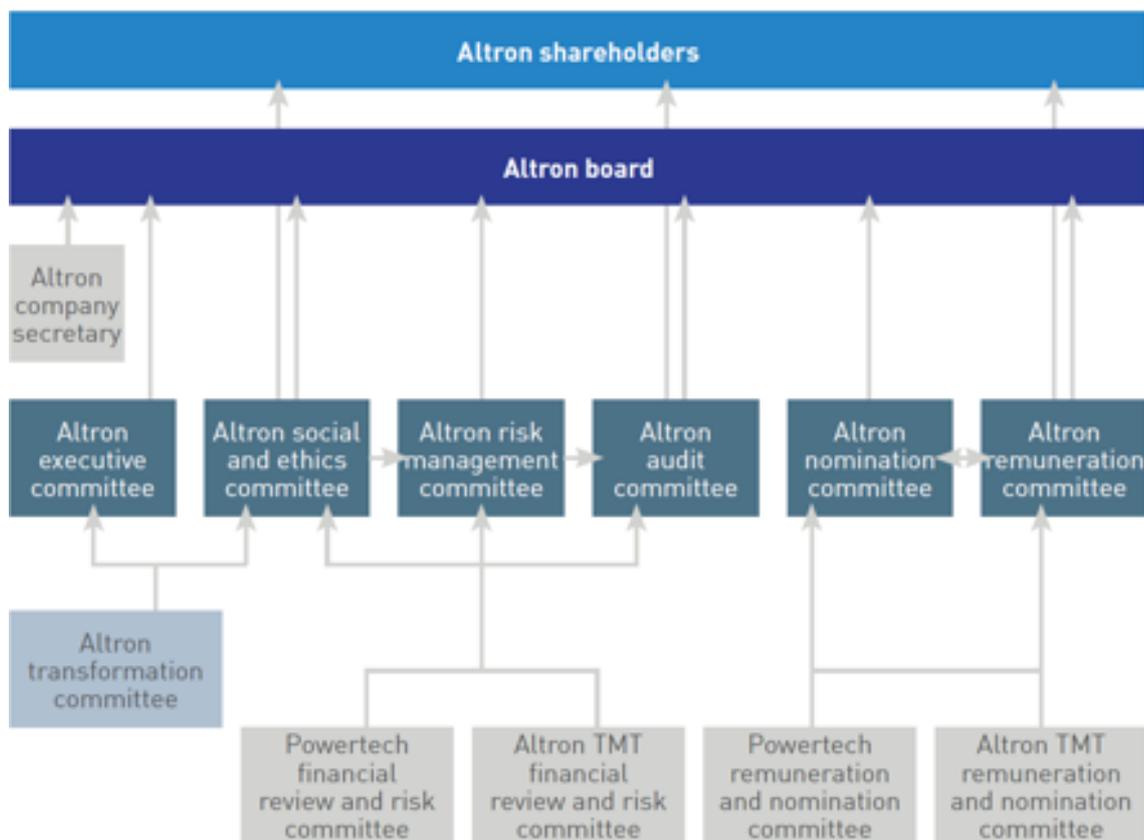
GOVERNANCE REVIEW

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. We remain steadfast in our pursuit of these objectives and in 2017, are confident that governance at Altron continues to be held in high regard. This helps us to mitigate risk, ensure accountability and deliver against our strategy and objectives.

At year-end, the Altron board was comprised of 10 members, four of whom are black, including a black female director. Eight board members are non-executive directors, of whom six are independent. The remaining two members are executive directors. Collectively, the Altron board members bring a set of skills and experiences from various sectors in order to appropriately govern a diverse group such as Altron. At year-end, Dr WP Venter retired as Altron Chairman and assumed a non-executive director position on the Altron board (as Chairman Emeritus), while Mr MJ Leeming was appointed Altron independent non-executive Chairman with effect from 1 March 2017. Subsequent to year-end and up until the date of this report, the Altron board underwent further changes to its members, as set out herein. For information on the specific qualifications of the respective directors, please refer to their individual résumés on pages 31 to 36 of this report. With the exception of the executive committee, all committees are chaired by an independent non-executive director. In the coming year, additional changes will be made to the Altron board in order to ensure that the board includes directors with the necessary ICT industry experience in line with the group's strategy to move to a more focused ICT business.

Given the numerous strategic matters attended to by the Company, the Altron board met 10 times during the year; attendance at these and sub-committee meetings is detailed in this report.

Altron's board and sub-committee structure is designed to oversee the group's most material issues while empowering management to execute and deliver against our strategy. Each of the Altron group's subsidiary companies has separate boards of directors, with a number of these having their own board and committee meetings, which the Altron board and its committees oversee and guide, as appropriate. The subsidiaries are also governed by the limits of authority set by the Altron board.



We have established a clear balance of power and authority at board level that ensures that no one director has unfettered power. Throughout the year, the board was led by Dr Bill Venter, our non-executive chairman, and supported by Mr Mike Leeming, the group’s lead independent non-executive director, to ensure adequate independence. The board also considers the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making process.

To ensure that we consistently practise effective corporate governance throughout the Altron group, our board materially applies the principles of King III and the JSE Listings Requirements. In November 2016, the Institute of Directors of Southern Africa (“IODSA”) and the King Committee released the King IV Report on Corporate Governance for South Africa (“King IV”) and will commence the implementation of the principles of King IV in a phased approach. During the year we will undertake a gap analysis to establish what disparities, if any, exist in relation to our position to King IV and we will commence the implementation of the principles of King IV in a phased approach. The group will be required to report in full on King IV in its 2019 financial year.

Our 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 annually and adopts any changes which may be required. The Altron Board Charter and sub-committee mandates and terms of reference are available on the Altron website.

While the board charter is closely aligned with the recommendations of King III, it is customised to suit Altron’s particular business, which has until March 2017 been characterised by a strong family culture. Subsequent to year-end, Altron shareholders, on 9 March 2017, approved the replacement of our memorandum of incorporation in line with the recent changes to the group’s control structure. During the year, the board charter will be reassessed in order to ensure that it aligns with the composition of the board and its overall responsibilities going forward, as well as with King IV, in line with the phased approach mentioned above.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

In addition, we continued to update our remuneration practices and policies. In particular, changes include further steps being taken to more closely incentivise performance, bringing executive salaries in alignment with shareholders' interest. For more information, see our remuneration report, online.

The group adopted a Supplier Code of Conduct policy during the year. The policy addresses aspects dealing with, *inter alia*, labour conditions, occupational health and safety, impacts on the environment and climate, as well as supply-chain and human rights. As reported on previously, we have commenced with the development of a holistic reputation management strategy which will support Altron's sustainable business strategy. Given the various changes within the group, particularly during the second half of the prior financial-year, further developments with regard to this strategy will be taken during the course of the year as Altron repositions itself as a more ICT focused business.

Our amended share plan (which includes Altron, Altron TMT and Powertech employees), as approved by shareholders to align with the new Companies Act, have been implemented, with further shares utilised during the year in line with the rules of the share scheme.

While we initially planned to conduct board and sub-committee self-evaluations to assess the efficiency of these bodies during the course of the previous financial year, it has been deemed appropriate for this exercise to be held over until such time as the composition of the board and sub-committees have been finalised in line with the group's ICT driven structure going forward.

ETHICS REVIEW

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. We take ethics extremely seriously at Altron because our reputation is critical to our ability to secure the trust and business of our clients, to our ability to attract and retain talented employees and to form successful partnerships. We take a zero-tolerance stance on bribery, fraud and corruption with our own workplace but the external risk remains and continues to impact our business.

Altron's approach to ethical business is based on a foundation of actions and behaviour. Our values provide the guidance to ensure we put ethics into action. At board level, oversight is provided by the group social and ethics committee ("SEC"). The SEC is supported by the group ethics officer, who will register with The Ethics Institute ("TEI") during the course of the year.

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 of 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 public company website. In addition, we feature topics related to ethics in company publications and periodically implement ethics initiatives to create awareness in the group. Ultimately, the board, together with the Chief Executive is responsible for the ethical culture of the group, supported by the SEC and ethics office.

In 2016, we further built on the group ethics framework which had been developed in 2015. The strategy is aligned with our mission, vision and values and aims to build and maintain a high-trust working environment for employees and high-trust relationships with all stakeholders. This framework was approved by the SEC during May 2016.

In addition, we continue to support the fight against corruption through collective action. We are 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 our involvement, we remain committed 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, we 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; and
- support corporate efforts to enhance anti-corruption implementation, corporate governance, innovative collective action and public-private partnership initiatives.

As previously reported on, Aberdare Cables (in respect of which the group has disposed of a major portion of its equity interest during April 2016), together with a number of other electrical power cable companies, are still the subject of a Competition Commission investigation into alleged cartel conduct. Since the commencement of the investigation, Aberdare Cables' management has co-operated fully and has also undertaken its own internal review. As a result, Aberdare Cables submitted a formal leniency application to the Commission, in terms of their Corporate Leniency Policy, which was accepted by the Commission during March 2012. While the investigation by the Commission remains ongoing, Aberdare Cables has been granted conditional immunity by the Commission and therefore does not anticipate incurring any fines or penalties.

The group did not incur any statutory or regulatory fines at group level during the year, nor were any material fines incurred by any subsidiaries. Furthermore, the group was not informed of any requests in terms of the Promotion of Access to Information Act during the year.

Following on from the ethics survey conducted by the Ethics Institute in 2016, findings indicated that the company has had success with imbedding its ethical standards in spite of relatively low awareness among staff of formal ethics interventions such as training, 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 changes that occurred at the same time as the survey. We are working with Bytes People Solutions to develop and provide training and awareness material in order to address key areas identified in these surveys.

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 email. All tip-offs are actively investigated, followed up and resolved by the internal audit department. In 2017, we received 22 tip-offs (2016: 26), the vast majority of which have been dealt with in terms of the relevant resolution structures within the group.

Our whistle-blowing guidelines policy outlines the procedures for reporting suspected instances of corruption and ensures that employees are not unfairly penalised for raising their concerns/distresses.

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

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

OUR STRATEGY AND MATERIAL ISSUES

As we work to refocus our businesses, we are cognisant of the need to re-evaluate the themes and issues that drive our performance, as well as our response to them.

Altron's sustainable business strategy is built around four value drivers, namely: financial sustainability, human capital, products and services, and external relationships. These drivers and the themes and issues they are comprised of, have been at the core of how we do business since they were formalised into our sustainable business strategy in 2012.

Over the years, we have refined not only our material issues, but also the process undertaken to assess the level of materiality associated with these. Periodically, we conduct detailed assessments based on surveys, one-on-one discussions with key internal and external stakeholders and through the review of key documentation. In the interim, we continue to revisit these issues through an annual series of interviews with senior Altron management.

In 2017, we conducted one such round of discussions with seven executives and three non-executive board members. These individuals represented not only the major divisions within the group, but also serve as custodians of relationships of key stakeholders including employees, customers and clients, government, investors, suppliers and strategic partners.

The process was facilitated by an independent consultancy and helped to test the continued relevance of our previously identified issues as well as to identify new topics that warranted inclusion. Ultimately, we confirmed that our existing value drivers continue to be relevant and added two new material focus areas:

- Under financial sustainability, "Rationalising and refocusing the business", and
- Under external relationships, "Investors".

These, and 13 material focus areas carried over from the previous year, form the basis for the group's sustainable business strategy as well as this report's structure and content. The value drivers are discussed in more detail in our integrated annual report, available on our website.

VALUE DRIVERS	OBJECTIVES	MATERIAL FOCUS AREAS
Financial sustainability	Improve profitable revenue growth	Profitable growth Capital and cost efficiencies Rationalise and refocus the business
Human capital	Invest in our biggest asset – our people	Transformation Human resources Company culture
Products and services	Lead through innovation by embracing technology and market shifts	Innovation and R&D Product and service offerings
External relationships	Build and maintain strategic alliances and key partnerships	Clients and customers Investors Government and parastatals Strategic partners Suppliers Environment Community

OUR OPERATIONAL PRIORITIES

The Altron group has during the past year taken significant steps in transitioning from a family controlled business to an independently managed structure. With guidance from our newly appointed Chief Executive, supported by his restructured executive committee and by our board of directors, we will develop a new strategic direction and associated operating model in order for the group to streamline and transition the way we do business. Within the overarching guidance of our sustainable business strategy, we continue to pursue the implementation of three operational priorities, before moving on to the finalisation of our strategy going forward. These are intended to steer the group and its businesses towards a profitable, stable future, as summarised below:

PRIORITY	OBJECTIVE	2017 PERFORMANCE
Rationalisation and refocus of the business	<ul style="list-style-type: none"> Lower costs Reduce debt levels Focus on core businesses while cross- and up-selling Improve operating profits 	<ul style="list-style-type: none"> Altron group services division established with new structures in place across various functions, including legal, audit, IT, facilities, HR, procurement and marketing and communications A total saving of approximately R120 million per annum achieved to date A 42% reduction in debt levels
Exit the manufacturing sector	<ul style="list-style-type: none"> De-risk Labour stability Capital intensity Higher margins Focus on intellectual property at an operational level 	<ul style="list-style-type: none"> Disposal by Powertech of 75% of its 70% equity interest in Aberdare Cables Disposal of Strike Technologies and Technology Integrated Solutions ("TIS"), as well as the completion of certain other non-core asset disposals Altech UEC/Multimedia and remaining Powertech entities held for sale
Transition from a holding company to an operating company	<ul style="list-style-type: none"> Increase focus on long-term development of all business units Centralise strategy, capital allocation and measurements Optimise asset portfolio and capital allocation Find growth and sustainability in core businesses 	<ul style="list-style-type: none"> Non-core assets identified and in the process of being disposed of Refocusing towards an ICT driven business Moved towards a leaner management structure

These priorities are influenced by and in turn themselves influence, our performance against the four key value drivers. For additional information on our efforts against these priorities, see "Our performance" in our integrated annual report.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

THE ROLES, RESPONSIBILITIES, COMPOSITION AND FOCUS AREAS OF OUR BOARD AND ITS COMMITTEES

THE ALTRON BOARD

The board met on 10 separate occasions during the 2017 financial year, of which six were special purpose board meetings. In addition to these, the board also held two strategy sessions, as well as a number of teleconference calls to, *inter alia*, monitor the group's progress against its strategy disclosed to shareholders in 2015 of the disposal of non-core assets and reducing borrowings.

As at 28 February 2017, the Altron board comprised of eight non-executive directors, six of whom are independent and two of whom are executive directors, totalling 10 members. During the year, two independent non-executive directors resigned.

Post year-end changes to the composition of the Altron board included the following: Dr Bill Venter, founder of the group, resigned from his role as non-executive chairman with effect from 28 February 2017. He was replaced by Mr Mike Leeming, previously the group's lead independent non-executive director on the Altron board, with effect from 1 March 2017. Dr Venter assumed a non-executive director role on the board, as Chairman Emeritus. The group's partnership entered into with Value Capital Partners ("VCP") resulted in VCP's co-founders, Messrs Antony Ball and Samuel Sithole, being appointed to the Altron board as non-executive directors, with effect from 9 March 2017. Mr Robbie Venter stepped down from the position of Altron Chief Executive and assumed a non-executive director role on the board, with effect from 31 May 2017. Mr Mteto Nyati was appointed as an executive director on the Altron board, as Chief Executive, with effect from 1 April 2017. The group also announced the appointment of Mr Brett Dawson, the previous CEO of Dimension Data and Mr Stewart van Graan, the previous managing director of Dell Computers, South Africa and Dell Africa and with extensive IBM experience, as non-executive directors, both with effect from 1 June 2017.

Messrs Myron Berzack, Jacob Modise and Simon Susman retired from the Altron board as non-executive directors and relevant committees, with effect from 31 May 2017.

KEY

	White male Non-executive director		White male Executive director
	Black male Non-executive director		Black female Non-executive director
	White male Group executive		Black male Group executive

Summary of roles and responsibilities



Non-executive chairman

Dr WP Venter

Roles and responsibilities of the Chairman:

The Chairman is responsible for, among other things:

- the overall effectiveness of the board and its committees;
- ensuring that the board provides effective leadership, maintains ethical standards and is responsible, accountable, fair and transparent; and
- ensuring that strategies are developed and implemented with the aim of achieving sustainable economic, social and environmental performance.

To achieve this, the Chairman needs to foster a culture of openness and constructive dialogue within the board that allows for debate and discussion and an expression of a diversity of views. He also makes himself available to shareholders for discussions on corporate governance matters of concern to shareholders and other stakeholders.

Within Altron, the roles of Chairman and Chief Executive are separate.



Lead independent director

MJ Leeming

(Following the appointment of Mr MJ Leeming as Altron Chairman, with effect from 1 March 2017, no further appointment was made to the position of Lead Independent Director on the Altron board)

Role and responsibilities of the lead independent director

Altron's non-executive Chairman, who until recently was Altron's single largest shareholder and formerly its Executive Chairman, cannot be classified as independent. We have therefore, in terms of the JSE Listings Requirements and King III, appointed a Lead Independent Director who:

- mitigates any risk of potential conflicts of interest at board meetings;
- ensures that the independent members of the board demonstrate impartiality and leadership;
- when required, acts as a spokesperson for the various investors in Altron;
- tests the independence and objectivity of the board's non-executive directors annually; and
- takes part in the evaluation of the Chairman's performance and makes recommendations on his remuneration to the remuneration committee.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

Composition as at 28 February 2017 DIRECTORS (continued)		Summary of roles and responsibilities
	Independent non-executive directors	<p>The board is responsible for directing, governing and being in effective control of the company. As fiduciaries, board members are directly accountable to Altron and indirectly accountable to its shareholders. They also owe a duty of care and diligence to the company and, consequently, its shareholders. The board is responsible for:</p> <ul style="list-style-type: none"> governing the company on behalf of its shareholders; its own governance, including the appointment and training of directors, the rotation of directors and eliminating conflicts of interest; developing strategy, strategic decision-making and overseeing the execution of strategy; engaging with stakeholders and in particular ensuring that investors and potential investors are kept well-informed; determining Altron's approach to social responsibility, safety, health, the environment, ethics and risk; monitoring and assessing Altron's reputation in the market place; and IT governance across the Altron group. <p>Summary of key focus areas during FY2017</p> <ul style="list-style-type: none"> focused on the disposal of non-core assets of the group; focused on realising value for shareholders and other stakeholders by overseeing the implementation of further cost saving initiatives associated with the consolidation of the various head offices and continuing to reduce expenses; oversaw the significant steps taken by the group in preparing for the transition from a family-managed business to an independent management structure; oversaw the refinancing of the group's term debt with its lenders, in line with the significant progress made with regard to the reduction of the group's debt levels; and approved the adoption of a number of group policies and procedures, including, <i>inter alia</i>, a Supplier Code of Conduct policy. <p>Summary of key focus areas for FY2018</p> <ul style="list-style-type: none"> develop and oversee the implementation of a revised strategy for the group as a more ICT focused business; continue focusing on the disposal of non-core assets of the Altron group and finalise these transactions; continue to further reduce the current levels of debt throughout the Altron group to more acceptable borrowing levels; guide and support the Chief Executive of the Altron group and the Altron executive committee with regard the group's ICT focused operating model to be developed and finalised during the year;
	GG Gelink	
	Dr PM Maduna	
	JRD Modise	
	DNM Mokhobo	
	SN Susman	
	Non-executive directors	
	MC Berzack	
	Executive directors	
	RE Venter <i>(Chief Executive of Altron)</i>	
	AMR Smith <i>(Chief Financial Officer of Altron and Financial Director)</i>	

Summary of roles and responsibilities

- assess the composition of the board to reflect the reduced size of the Altron group and its intention to become more ICT focused; and
- monitor and consider the impact of and where appropriate, commence the phased implementation of the new principles and recommendations set out in King IV.

ATTENDANCE AT ALTRON BOARD MEETINGS

Board Directors	Special March 2016	Special April 2016	May 2016	Special July 2016	August 2016	October 2016	Special Novem- ber 2016	Special Decem- ber 2016	Special Febru- ary 2017	Febru- ary 2017
 Dr WP Venter <i>(Chairman)</i>	Yes	Apology	Yes	Yes	Apology	Yes	Apology	Apology	Apology	Yes
 MJ Leeming <i>(Lead independent director)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 RE Venter	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 NJ Adami	Apology	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
 MC Berzack	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 GG Gelink	Yes	Yes	Apology	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 SN Mabaso-Koyana	Yes	Apology	Apology	N/A	N/A	N/A	N/A	N/A	N/A	N/A
 Dr PM Maduna	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Apology
 JRD Modise	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 DNM Mokhobo	Yes	Yes	Yes	Yes	Yes	Apology	Apology	Yes	Yes	Yes
 AMR Smith	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 SN Susman	Yes	Yes	Apology	Apology	Yes	Yes	Apology	Yes	Yes	Yes

Yes – Attended

Apology – Submitted apologies and was granted leave of absence in terms of Altron's memorandum of incorporation

N/A – Mr NJ Adami resigned from the Altron board with effect from 31 May 2016, while Ms SN Mabaso-Koyana resigned from the Altron board with effect from 13 June 2016.

- A board strategy planning session was held on 25 and 26 August 2016.
- A strategy planning session driven by the Altron non-executive directors were held on 25 November 2016.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

EXECUTIVE COMMITTEE

The executive committee meets monthly and holds additional meetings as and when required.

Composition as at 28 February 2017	Summary of roles and responsibilities
<p>Members</p> <p> RE Venter <i>(Chief Executive of Altron and Chairman of the committee)</i></p> <p> NM Kayton <i>(Chief Executive Officer of Powertech)</i></p> <p> DM Ramaphosa <i>(Group Executive: Corporate Affairs)</i></p> <p> Dr WH Oosthuysen <i>(Group Executive: Technology and Strategy)</i></p> <p> AMR Smith <i>(Chief Financial Officer and Executive Financial Director of Altron)</i></p> <p> AJ Holden <i>(Operations Executive: Information Technology)</i></p> <p> LM Savage <i>(Operations Executive: Telecommunications and Multimedia)</i></p> <p> PR Riskowitz <i>(Group Executive: Corporate Finance)</i></p> <p>Invitees</p> <p>Certain other senior executives of Altron</p>	<p>The executive committee is responsible for, among others:</p> <ul style="list-style-type: none"> • implementing the Altron group strategy; • carrying out the board's mandates and directives; • managing the operational activities of the Altron group; • monitoring operational and financial performance against set objectives; and • monitoring competitive forces in each area of operation. <p>The committee assists the Chief Executive in the performance of his duties by:</p> <ul style="list-style-type: none"> • taking responsibility for the operational activities of the Altron group; • developing operational plans, policies, procedures and budgets for consideration by the board; • assessing, controlling and mitigating risk; and • prioritising and allocating resources (including financial and human capital).

AUDIT COMMITTEE

The audit committee met three times during the 2017 financial year. It convenes additional meetings as and when necessary.

Composition as at 28 February 2017	Summary of roles and responsibilities
<p>Members</p> <p> GG Gelink <i>(Chairman)</i></p> <p> NJ Adami <i>(resigned with effect from 31 May 2016)</i></p> <p> MJ Leeming</p> <p> JRD Modise</p>	<p>The Altron audit committee, which is a statutory committee, also served as the formal audit committee for Altron TMT and Powertech during the course of the year. The committee:</p> <ul style="list-style-type: none"> • reviews the Altron group’s financial statements and integrated reporting; • reviews the findings of the internal and external auditors and oversees the internal audit function; • obtains assurance on the financial statements, internal controls and sustainability information included in Altron’s integrated annual report; • carries out its statutory duties as set out in section 94 of the Companies Act, 2008, which includes the duty to: <ul style="list-style-type: none"> – assess the independence of the external auditor; – nominate the registered external auditor for appointment; – determine the fees to be paid to the external auditor and their terms of engagement; – determine the nature and extent of any non-audit services the external auditor may provide to the group; – provide a report to stakeholders describing how the audit committee carried out its responsibilities during the prior year; and – deal with any internal or external complaints relating to accounting practices, internal financial controls, internal audit and the content or auditing of the company’s financial statements. • reviews and satisfies itself as to the expertise and experience of Altron’s financial director and the Altron group’s financial functions; • reviews and satisfies itself that management regularly monitors compliance with Altron’s code of conduct; • reports to the board on matters concerning the group’s accounting policies, financial controls, records and reporting; • oversees other areas as may be determined by the board; • reviews the following: <ul style="list-style-type: none"> – findings of the risk management committee; – the external auditor’s report for the relevant year-end periods; – internal auditor’s reports; – mergers and acquisitions concluded in the relevant year under review; – year-end audit plans and internal audit plans; and – conducts solvency and liquidity tests and recommends the group’s going-concern status to the board.
<p>Invitees</p> <p>Altron Chief Executive Altron Chief Financial Officer Lead partner external auditor Head of internal audit (The invitees do not have voting rights)</p>	

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

AUDIT COMMITTEE (CONTINUED)

Summary of roles and responsibilities

Summary of key focus areas during FY2017

- monitored the findings of the Altron TMT and Powertech financial review and risk committees in terms of the strength of internal controls, compliance, legal and tax issues and financial performance;
- continued the focused-on treasury and cash management with a view to reducing the group's debts levels ; and
- reviewed the following:
 - findings of the Altron risk management committee;
 - external auditor's report for the year ended 28 February 2017; and
 - external and internal audit reports and plans for 2017.
- satisfied itself of the appropriateness of the expertise and experience of the Altron chief financial officer who is a full time executive financial director.

Summary of key focus areas for FY2018

- continue to monitor the findings of the Altron TMT and Powertech financial review and risk committees in terms of the strength of internal controls, compliance, legal and tax issues and financial performance – insofar as the existence of these committees remain appropriate within the group structure going forward;
- regularly focus on the Altron group's working capital requirements and ensure that Altron and its subsidiaries continue to operate as going-concerns;
- focus on treasury and cash management with a view to further reducing the group's debt levels;
- review and monitor potential mergers, acquisitions and disposals throughout the Altron group and conduct impairment tests; and
- conduct an audit committee self-evaluation exercise in line with the restructuring of the committee during the year.

For additional information regarding the Altron audit committee, please review the Altron audit committee report for the financial year ended 28 February 2017.

ATTENDANCE AT ALTRON AUDIT COMMITTEE MEETINGS

Members	May 2016	October 2016	February 2017
 GG Gelink (Chairman)	Yes	Yes	Yes
 NJ Adami*	Apology	N/A	N/A
 MJ Leeming	Yes	Yes	Yes
 JRD Modise	Yes	Yes	Yes

Yes – Attended

Apology – Submitted apologies and was granted leave of absence

* – NJ Adami resigned from the Altron board and the committee with effect from 31 May 2016.

ALTRON REMUNERATION COMMITTEE

The remuneration committee met twice during the 2017 financial year. It convenes additional meetings as and when required.

Composition as at 28 February 2017	Summary of roles and responsibilities
<p>Members</p> <ul style="list-style-type: none">  JRD Modise (Chairman)  MC Berzack  SN Susman  MJ Leeming (appointed with effect from 1 August 2016) <p>Invitees</p> <ul style="list-style-type: none"> Altron Chief Executive - right of attendance Altron Chairman Altron Chief Financial Officer 	<p>The remuneration committee's responsibilities, which it carries out in consultation with executive management, include, among others:</p> <ul style="list-style-type: none"> • ensuring appropriate and transparent disclosure of remuneration; • determining the Altron group remuneration strategy and policy for board and shareholder approval; • ensuring that Altron's directors and executives are remunerated fairly and responsibly and that their remuneration is aligned with shareholders' interests; • making remuneration strategy and policy recommendations to the board and shareholders for their consideration and final approval; • benchmarking Altron's senior executive remuneration against companies in similar sectors and in size and ensuring that automatic increases and ratcheting does not occur; • reviewing the minutes and activities of the remuneration and nomination committees of Altron TMT and Powertech; and • recommending non-executive fees for shareholder approval. <p>Executive management do not participate in discussions regarding their own remuneration and benefits and they do not have voting powers.</p> <p>Summary of key focus areas during FY2017</p> <ul style="list-style-type: none"> • conducted a review of Altron's total reward policy for the senior executives and benchmarked the senior executives' TCOE and total reward packages relative to the market; • progressed the alignment of senior executives' TCOE packages with the 50th percentile of those peer groups chosen by the committee on the recommendation of PwC; • appointed, through the Altron board, Mr MJ Leeming as an additional member of the committee; • reassessed the identified peer groups of companies against which to benchmark Altron, Altron TMT and Powertech in future, given the smaller size of the group; • oversaw developments around a group-wide exercise to ensure that equal pay is provided for equal work in terms of recent amendments to The Employment Equity Act; • oversaw further developments around a policy regarding addressing the wage gap; and • implemented an employee shareholder status scheme for senior executives at Bytes UK <p>Summary of key focus areas for FY2018</p> <ul style="list-style-type: none"> • consider the constitution of the committee, as guided by the board, in line with the resizing of the Altron board and the group's ICT focus going forward; • finalise a wage gap policy for the Altron group; • consider the implementation of a minimum shareholding policy for the most senior executives of the Altron group; • continue to link pay to performance and value creation; and • conduct a remuneration committee self-evaluation exercise in line with the restructuring of the committee during the year.

For additional information regarding the Altron remuneration committee, please see the Altron 2017 remuneration report for the financial year ended 28 February 2017.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

ALTRON REMUNERATION COMMITTEE (continued)

Members	April 2016	February 2017
 JRD Modise (Chairman)	Yes	Yes
 MJ Leeming*	N/A	Yes
 MC Berzack	Apology	Yes
 SN Susman	Yes	Yes

Yes – Attended

Apology – Submitted apologies and was granted leave of absence

* – Mr MJ Leeming was appointed as a member of the remuneration committee with effect from 1 August 2016.

ALTRON NOMINATION COMMITTEE

The nomination committee met twice during the 2017 financial year. It convenes additional meetings as and when required.

Composition as at
28 February 2017

Summary of roles and responsibilities

Members	The responsibilities of the nomination committee include:
 Dr PM Maduna (Chairman)	<ul style="list-style-type: none"> ensuring that Altron's executive and senior leadership is aligned with the spirit and targets set out in the dti Codes of Good Practice; identifying and evaluating suitable candidates for appointment to the Altron board and ensuring effective succession planning. The committee reviews succession plans twice a year; ensuring that the appointment of Altron's directors is transparent and governed by the formal procedures set out in the committee's mandate and terms of reference and the board charter; ensuring that directors retire and are re-elected in accordance with the committee's mandate and the company's memorandum of incorporation; reviewing and testing the independence of the non-executive directors annually; reviewing and nominating the non-executive chairman for re-appointment each year; nominating the audit committee members for election at the annual general meeting; and considering directors' period of service on the board, their performance and experience when deciding to nominate them for re-election at the annual general meeting. <p>In terms of paragraph 3.84(a) of the JSE Listings Requirements Dr PM Maduna had during the year been regarded as the lead independent director for purposes of the Altron nomination committee only.</p>
 NJ Adami (resigned with effect from 31 May 2016)	
 MC Berzack	
 MJ Leeming	
 SN Susman	
 Dr WP Venter	
Invitees Altron Chief Executive – right of attendance Certain other senior executives of Altron	

ALTRON NOMINATION COMMITTEE (continued)

Summary of roles and responsibilities

Key focus areas during FY 2017

- ensured appropriate executive appointments in key management positions and focused on succession planning;
- co-ordinated the developments by the group with regard to the transition from a family-managed business to an independent management structure;
- continued to focus on ensuring that the right calibre of people fill the key positions within Altron;
- focused on talent management and the retention of key employees;
- oversaw in conjunction with the corporate affairs department the continued introduction and impact of the new dti Codes of Good Practice and the amendments to the ICT Charter on the Altron group;
- assessed the performance of the non-executive chairman;
- assessed the experience and capabilities of Mr MJ Leeming as Altron chairman and recommended his appointment in this position to the board;
- assessed the experience and capabilities of Mr WK Groenewald as Altron group company secretary and recommended his appointment in this position to the board;
- evaluated the Altron group company secretary as per the JSE Listings Requirements and satisfied itself on his competence, qualifications and experience;
- oversaw the development of a policy on the promotion of gender diversity at board level as per the JSE Listings Requirements, for consideration and approval by the Altron board; and
- reviewed the independence of those non-executive directors classified as independent non-executive directors and particularly those who have served on the Altron board for longer than nine years.

Key focus areas for FY 2018

- re-assess the composition of the Altron board in the context of the revised strategy for the Altron group and its reduced size going forward;
- consider the expertise and capabilities of persons proposed to be appointed in non-executive positions on the Altron board, as appropriate;
- appoint executives in key management positions as a result of the revised strategy for the Altron group and focus on succession planning;
- continue to focus on attracting the right calibre of persons to fill the key positions at Altron, as well as on talent management, succession planning and the retention of key employees;
- re-visit the composition of the various board committees to ensure that they are adequately resourced in order to effectively discharge their responsibilities;
- evaluate the Altron group company secretary as per the JSE Listings Requirements; and
- conduct a nomination committee self-evaluation exercise in line with the restructuring of the committee during the year.

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

ATTENDANCE AT THE NOMINATION COMMITTEE

Members	May 2016	February 2017
 Dr PM Maduna (Chairman)	Yes	Yes
 NJ Adami	Apology	N/A
 MC Berzack	Yes	Yes
 MJ Leeming	Yes	Yes
 SN Susman	Apology	Yes
 Dr WP Venter	Apology	Apology
 RE Venter	Yes	Yes

Yes – Attended

Apology – Submitted apologies and was granted leave of absence

N/A – Mr NJ Adami resigned from the Altron nomination committee with effect from 31 May 2016.

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee met twice during the 2017 financial year. It convenes additional meetings as and when required.

Composition as at
28 February 2017

Summary of roles and responsibilities

Members

 DNM Mokhobo
(Chairperson)

 MC Berzack

 GG Gelink

 RE Venter

Invitees

Certain other senior executives and managers of Altron

The Altron social and ethics committee is responsible for monitoring, overseeing and discharging certain statutory and other obligations required of a social and ethics committee in terms of the Companies Act and otherwise, on behalf of the Altron group. The primary role of the committee, is to assist the board by supporting, advising and providing guidance on the effectiveness or otherwise of management's efforts in respect of social, ethics and sustainable development-related matters which include:

- ensuring a culture of ethical behaviour is embedded throughout the Altron group, in partnership with the Altron ethics office, which is run by the chief ethics officer and assisted by the internal audit function;
- monitoring the group's activities with regard to any relevant legislation or codes of best practice;
- monitoring compliance with regard to social and economic development and good corporate citizenship;
- monitoring the group's performance in terms of the environment, health and public safety, including the impact of the group's activities and its products and services and its standing in terms of B-BBEE and employment equity;
- overseeing stakeholder engagement including consumer relations; and
- monitoring the group's activities in respect of the promotion of equality, prevention of unfair discrimination, reduction of corruption, transformation and social responsibility policies and strategies.

SOCIAL AND ETHICS COMMITTEE (continued)

Summary of roles and responsibilities

Key focus areas during FY2017

- continued to review and where applicable address the Altron group's employment equity and other BEE targets;
- continued monitoring the group's approach to anti-corruption and bribery and its standing in terms of the 10 Principles of the UNGC;
- monitored the group-wide policy dealing with donations (including political donations), charitable givings and sponsorships;
- developed a group-wide ethics framework;
- continued monitoring the group's approach to respecting human rights and preserving the natural environment; and
- confirmed that the Altron social and ethics committee is the designated committee which will perform the functions required by Regulation 43 of the Companies Act in respect of Altron TMT, Powertech and their subsidiaries.

Key focus areas during FY2018

- continue monitoring the group's approach to anti-corruption and bribery and its standing in terms of the 10 Principles of the UNGC;
- roll-out group-wide ethics training including anti-bribery and corruption training;
- monitor the group's donations and charitable givings policy particularly in the context of upcoming local elections;
- oversee the continued implementation and roll-out of the ethics framework for the Altron group; and
- conduct a social and ethics committee self-evaluation exercise in line with the restructuring of the committee during the year.

For additional information regarding the Altron social and ethics committee, please review the Altron social and ethics committee report for the financial year ended 28 February 2017.

ATTENDANCE AT THE SOCIAL AND ETHICS COMMITTEE

Members	May 2016	February 2017
 DNM Mokhobo (Chairperson)	Yes	Yes
 MC Berzack	Yes	Yes
 GG Gelink	Yes	Yes
 RE Venter	Yes	Yes

Yes – Attended

CORPORATE GOVERNANCE AND ETHICS REVIEW

(CONTINUED)

RISK MANAGEMENT COMMITTEE

The risk management committee met twice during the 2017 financial year. It convenes additional meetings as and when required.

Composition as at 28 February 2017

Summary of roles and responsibilities

Members

-  MJ Leeming (Chairman)
-  GG Gelink
-  SN Susman
-  AJ Holden
-  AMR Smith
-  LM Savage
-  RE Venter
-  NM Kayton
-  DM Ramaphosa
-  Dr WH Oosthuysen

Invitees:

Certain other senior managers of Altron

The risk management committee's role is to assist the board with the discharge of its duties regarding the identification of risks and opportunities and the assessment of the effectiveness of risk management throughout the Altron group. The range of risks considered by this committee is guided by our four core value drivers, which include financial sustainability, human capital, products and services and external relationships. To achieve this, the committee:

- oversees the governance of risk in conjunction with the social and ethics committee, which includes the application of the Altron group's risk management framework and its system of internal controls (further explained in Altron's risk management report contained in the integrated annual report) and coordinates Altron's risk management and assurance efforts;
- establish a common understanding of the body of risks that the Altron group needs to address if it is to achieve its corporate objectives;
- reviews and confirms the Altron group's levels of risk tolerance and its risk profile at least twice a year;
- monitors the perceived effectiveness of the Altron group's existing controls, which includes the external verification of our risks by a range of independent assurers; and
- monitors external developments relating to corporate accountability, including emerging and potential risks. Refer to the risk management report in the integrated annual report.

Key focus areas during FY 2017

- continued its focus on IT security, disaster recovery and governance;
- reviewed and monitored the material risks pertaining to Altron, Altron TMT and Powertech;
- satisfied itself that there had been no material breakdown in controls and systems during the year under review;
- reviewed IT risks throughout the Altron group including the potential impact of the Protection of Personal Information Act once fully enacted; and
- oversaw the revised risk reporting structure for the group in line with Altron's sustainable business strategy.

Key focus areas for FY 2018

- continue to focus on IT security, disaster recovery and governance;
- review and monitor the risks regarding treasury in the context of the levels of debt within the Altron group;
- review information governance impact throughout the Altron group including the potential impact of the Protection of Personal Information Act once fully enacted, the Promotion of Access to Information Act and the General Data Protection Regulation as promulgated in the EU;
- continue to mitigate risks associated with a difficult economy, the implementation of Altron's revised strategy and the disposal of non-core assets; and
- conduct a risk management committee self-evaluation exercise in line with the restructuring of the committee during the year.

For additional information regarding Altron's risk management process, refer to the risk management report in the 2017 integrated annual report.

ATTENDANCE AT THE RISK MANAGEMENT COMMITTEE

Members	May 2016	February 2017
 MJ Leeming (Chairman)	Yes	Yes
 GG Gelink	Apology	Yes
 SN Susman	Apology	Yes
 AJ Holden	Yes	Yes
 NM Kayton	Yes	Yes
 Dr WH Oosthuysen	Apology	Yes
 DM Ramaphosa	Yes	Yes
 LM Savage	Yes	Yes
 AMR Smith	Yes	Yes
 RE Venter	Yes	Yes

Yes – Attended

Apology – Submitted apologies and was granted leave of absence

STATEMENT OF INTERNAL CONTROL

BOARD RESPONSIBILITY

The board recognises the importance of a sound system of internal control, which supports the achievement of the Altron group's policies, aims and objectives while ensuring compliance with statutory duties and responsibilities.

It acknowledges its overall responsibility for the Altron group's system of internal controls. This includes the establishment of an appropriate control environment and framework and a review of the effectiveness, adequacy and integrity of this system.

DELEGATION OF RESPONSIBILITIES

The delegation of responsibilities for both the Altron group's executive and operating management is clearly defined. This includes authorisation levels for all aspects of the business. The delegation of these responsibilities is reviewed annually.

POLICIES AND PROCEDURES

Clearly documented policies and procedures are set out in the Altron group policy manual which is subject to regular review and updating.

MANAGEMENT REVIEW MEETINGS

Management review meetings are held regularly for all operating units. Operational, financial and key management issues are identified, discussed and resolved at these meetings.

MONITORING OF RESULTS

Results against budget are monitored monthly at both operational and board level. Management follows up and takes action regarding significant variances against the budget.

CODE OF CONDUCT

The Altron group has an established code of ethics and code of conduct which sets out and reinforces corporate values and ethical behaviour.

WHISTLE-BLOWING

The Altron group has in place an anonymous whistle-blowing facility (Tip-off Tim), which is independently run by Deloitte. All tip-offs are actively investigated, followed up and resolved. Our whistle-blowing guidelines policy is regularly reviewed and updated when necessary. The ethics office also has a secure email address which employees can use to report unethical behaviour or to seek advice and guidance on ethical matters within the working environment. This email address is only accessible to the ethics officer.

INDEPENDENCE OF THE INTERNAL AUDIT FUNCTION

Following its annual review of the internal audit function's independence, the Altron audit committee concluded that it is satisfied that the independence of the function has not been impaired in any way. Should any significant issues be identified that warrant the removal of the head of internal audit, the matter would be decided by a majority vote of the audit committee.

KING III

Both the audit committee and the head of internal audit have reviewed the King III requirements pertaining to internal audits. Both parties agree that the internal audit function complies with the requirements of the King Code.

COMPLIANCE WITH INSTITUTE OF INTERNAL AUDITING STANDARDS

The internal audit function adheres to the International Standards for the Professional Practice of Internal Auditing ("IIA Standards"). Its compliance is confirmed by means of a review conducted by Deloitte. Deloitte conducted a review during November 2014 in terms of Standard 1312 of the IIA Standards. In terms of this standard, external assessments, such as quality assurance reviews, should be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.

AUDIT CYCLE

The audit plan is established by the Altron group internal audit function, approved by the audit committee and communicated to sub-holding executive management and the respective audit and financial review and risk committees.

Special assignments are also undertaken at the request of audit committee members when deemed necessary. In these cases, appropriate arrangements are made to ensure that these additional requests do not compromise the achievement of the audit plan.

THE ROLE OF THE INTERNAL AUDIT FUNCTION

Altron's internal audit function supports the audit committee, the board and each operation of the group by independently evaluating the adequacy and effectiveness of the controls throughout the Altron group of companies, their financial reporting mechanisms and records, information systems and operations. It also provides additional assurance on the safeguarding of group assets and financial information.

The internal audit department monitors compliance with policies and procedures and reviews the effectiveness of the internal control environment. Significant findings in respect of non-compliance with policies and procedures, or weaknesses in internal controls are highlighted in the department's reports, brought to the attention of management and reported to the audit committee.

Audits are carried out on all significant operating units. The frequency of an audit is determined by the assessment of risk, which includes, but is not limited to, the results of the previous audit review, operational financial contribution and changes in key employees and systems. High-risk operations are audited annually, medium-risk sites once every 18 months and low-risk sites once every three years. The audits are conducted in accordance with the IIA Standards.

The annual audit plan is reviewed and approved by the audit committee. The plan includes:

- a review of financial systems to assess the adequacy and effectiveness of the internal controls implemented and maintained by management;
- a review of computer systems based on the 5th edition of the internationally accredited Cobit™ framework;
- a health and safety review to ensure the company is complying with the requirements of the Occupational Health and Safety Act, of 1993, as amended;
- an environmental review to determine the level of compliance with respect to general and specific environmental duties, standards and legal liabilities, including the common law, based on the identified environmental risk and on the pending law and global and local trends;
- a general security review to ensure the company is complying with the requirements of the Altron group policies and South African legislation, that company property is adequately protected and that the company provides an environment that is safe and secure for its employees; and
- an ethics review to determine the ethical climate at particular operations.

STATEMENT OF INTERNAL CONTROL

(CONTINUED)

The following standard audit opinions have been defined to allow management to place in context the opinion given in internal audit reports.

Standard opinion	Definition
GOOD	The system of internal control is adequate and effective. Control weaknesses identified were minimal and of a minor nature, and do not impair the overall system of internal control.
SATISFACTORY	While for the most part satisfactory, certain controls are missing or are only partial in nature. While other controls compensated in part for the weakness, timely corrective action is required by management. The system of internal control is not significantly impaired.
CORRECTIVE ACTION REQUIRED	Critical controls are absent or inadequate. The weaknesses identified, taken together or independently, significantly impair the overall system of internal control. As a result, prompt corrective action by management is necessary to bring controls up to a satisfactory level.
DEFICIENT	Control weaknesses are so significant or widespread that there is a high risk of financial loss, business interruption, breach of privacy, non-adherence to company policies or failure to meet contractual or statutory obligations. Immediate action is required by management to implement effective controls. The overall system of internal control is materially impaired.

COMPANY SECRETARY

The Altron company secretary is responsible for administering the proceedings and affairs of the directorate (board and sub-committee meetings), the company and, where appropriate, owners of securities in the company, in accordance with the relevant laws.

The company secretary is available to assist all Altron directors individually and collectively with advice on their responsibilities, professional development and any other relevant assistance they may require.

Altron Management Services (Pty) Ltd is the duly appointed company secretary of Altron and Mr WK Groenewald performs the company secretary role. Previously, the company secretary function was performed by Mr AG Johnston, who resigned from this position with effect from 15 November 2016. Mr Groenewald is neither a director nor a shareholder of Altron or any of its subsidiaries and the board is comfortable that he maintains an arm's length relationship with the executive team, the board and the individual directors in terms of paragraphs 3.84 (i) and (j) of the JSE Listings Requirements.

Mr Groenewald is a qualified and admitted attorney and holds a BCom LLB degree as well as the ACIS qualification. He has never been censured by the JSE or penalised or fined for any misconduct. Having assessed his abilities, qualifications, experience and the level of competence he has demonstrated as the Altron group's Company Secretary over the past number of months, in terms of the requirements of paragraphs 3.84 (i) and (j) of the JSE Listings Requirements, the nomination committee recommended his continued appointment as company secretary to the board. Mr Groenewald recused himself from the meeting while the board deliberated on his suitability to act and perform the role and duties of Altron group Company Secretary. He was declared suitably qualified, competent and experienced to continue as the Altron's group's Company Secretary by the board on 10 May 2017.

BOARD GOVERNANCE PROCESSES

Process	Approach
Appointment of directors	Directors are appointed by way of a transparent and formal procedure, governed by the mandate and terms of reference of the nomination committee and the board charter. A director's skills, knowledge, experience in relevant sectors, qualifications, availability, number of external board appointments and what they bring to the diversity of the board are among the issues considered in the selection process, which is conducted bearing Altron's strategic objectives in mind. Shareholders vote annually on the re-election of non-executive directors to the board who have served on the board for nine or more years and also those who are 70 years or older. The board votes on the reappointment of the chairman every year.
Rotation of directors	In terms of article 25.17 of the company's memorandum of incorporation, one-third of our directors are required to retire by rotation at each annual general meeting. They may choose to stand for re-election.
Directors' conflicts of interest	<p>In terms of the Companies Act, King III and the Altron board charter, a company director must avoid a situation in which he/she has, or can have a direct or indirect personal financial interest that conflicts or may possibly conflict with the interests of the Altron group. Procedures have been established for directors of Altron to notify the company of any actual or potential conflict situation and to declare any personal financial interests every three months.</p> <p>If directors find that a conflict of interest is unavoidable, then they must disclose it and recuse themselves from any decisions regarding matters where this interest may impair their judgement.</p> <p>The Altron group's declaration of interest policy regulates the behaviour of all group employees.</p>
Induction and training of directors	When we appoint new directors, they receive a formal induction to the Altron group which includes their expected duties as directors of Altron. This now includes providing them with access to a customised e-book which facilitates an online and virtual induction process. We invest in ongoing training of our board members which ensures that they remain effective in a rapidly evolving business environment. We recognise that on occasion our directors may feel the need to seek advice from independent professionals regarding the discharge of their duties. Our board charter, as well as a detailed policy contained within a board resolution, encourages our directors to seek independent advice funded by Altron.

STATEMENT OF INTERNAL CONTROL

(CONTINUED)

BOARD GOVERNANCE PROCESSES (continued)	
Process (continued)	Approach
Board effectiveness	<p>In addition to the formal self-evaluation of the board's effectiveness, we conducted an independent external evaluation of our board's effectiveness at the beginning of financial year 2016. The evaluation found that most board members felt that strategy development and monitoring, and performance monitoring has improved, but felt that more board time should be set aside for strategy development and the monitoring of performance against strategy. The evaluation found that directors contribute and participate and are open and frank in their approach and there is robust and open debate. Directors felt that the Altron board is well constituted in terms of skills and experience but that there could be more female representation on the board. The strong representation of non-executive directors on the board ensures objectivity and independent decision making, in the interests of all stakeholders of the company. The evaluation indicated that executive succession receives regular attention. Board members felt that performance targets for executives should be set earlier in the financial year. Directors felt that the ethical tone of the group was generally sound. They also felt that a good level of risk, governance and compliance is being applied, however, they would like to see less emphasis on governance, which would give more time for the business issues. The evaluation indicated that more consideration should be given to the structure of the executive pay mix, particularly in terms of short-term and long-term incentives and that there should be greater weighting to 'at risk' pay in the form of long-term share-based incentives. Board members felt that Altron properly fulfils its role with regards to the company's stakeholders, however, it was felt that the group's role from a community perspective needs to be more clearly articulated. Board members felt that the committees are working well, are efficiently run and have the right members and composition. Most board members felt that the chairman provides effective leadership of the board and that the lead independent director is doing a good job in his role. The committee chairs were highly regarded and there was high praise for the Altron company secretary.</p> <p>Once the composition and resizing of the Altron board have been finalised in line with its ICT driven strategy going forward, the board will conduct another evaluation as to its effectiveness. In this regard, a number of positive steps have already been taken post year-end, with the appointment of a new Chairman, Chief Executive and non-executive directors with relevant strategic, commercial and IT experience seen as fundamental to the future of the group.</p> <p>The remuneration committee also evaluates directors annually when it reviews their remuneration packages relative to performance. The nomination committee evaluates directors who are due for retirement in terms of recommending them for re-election to shareholders.</p>
Stakeholder engagement	<p>Stakeholder engagement is one of our key material objectives. The board is responsible for communicating with our shareholders, which it does mainly via executives and departmental heads who are responsible for regularly engaging with analysts, investors, individual shareholders and potential investors. This is done always in terms of our group disclosure policy to avoid inadvertent disclosures during closed periods or any other prohibited period.</p> <p>Our sustainability team engages with a wide range of stakeholders on behalf of the board on key topics such as human rights, ethics and the company's sustainable business strategy. These stakeholders include employees, suppliers, customers and contractors.</p> <p>We encourage feedback and dialogue and regularly contract an independent organisation to survey the perceptions of the investor community following the release of our annual results.</p> <p>The Altron group's policy governing all statutory and non-statutory disclosures made by Altron group directors and employees is reviewed annually.</p> <p>A detailed discussion of our stakeholder engagement is available in the integrated annual report.</p>
Dealing in securities	<p>Altron has a policy in place which provides guidance to directors and designated employees on dealing in the company's securities. The JSE Listings Requirements specifically prohibit directors and senior employees from buying or selling a listed company's shares during a closed period.</p>

MEMBERSHIPS

Memberships of associations and national/international advocacy organisations assist Altron in fulfilling its role as a good corporate citizen.

Directors/ prescribed officers	Organisation
Mr RE Venter	Member of Business Leadership South Africa (BLSA) Member of the National Business Initiative (NBI)
Mr JRD Modise	Trustee of the Nelson Mandela Children's Fund
Mr SN Susman	Chairman of the Advisory Board of the University of Stellenbosch Business School Chairman of Conservation International (South Africa) Director of Business Against Crime South Africa
Mr NM Kayton	Member of the Manufacturing Circle Director of South African Electrotechnical Export Council (SAEEC)

KING III INDEX

	Apply	Partially apply	Under review/ do not apply
Ethical leadership and corporate citizenship			
Effective leadership based on an ethical foundation	Yes		
Responsible corporate citizen	Yes		
Effective management of company's ethics	Yes		
Assurance statement on ethics in integrated report			6
Boards and directors			
The board is the focal point for and custodian of corporate governance	Yes		
Strategy, risk, performance and sustainability are inseparable	Yes		
Directors act in the best interests of the company	Yes		
The Chairman of the board is an independent non-executive director			1
Framework for the delegation of authority has been established	Yes		
The board comprises a balance of power, with a majority of non-executive directors who are independent	Yes		
Directors are appointed through a formal process	Yes		
Formal induction and ongoing training of directors is conducted	Yes		
The board is assisted by a competent, suitably qualified and experienced Company Secretary	Yes		
Regular performance evaluations of the board, its committees and the individual directors		2	
Appointment of well-structured committees and oversight of key functions	Yes		
An agreed governance framework between the group and its subsidiary boards is in place	Yes		
Directors and executives are fairly and responsibly remunerated	Yes		
Remuneration of directors and senior executives is disclosed	Yes		
The company's remuneration policy is approved by its shareholders	Yes		
Internal audit			
Effective risk-based internal audit	Yes		
Written assessment of the effectiveness of the company's system of internal controls and risk management	Yes		
Internal audit is strategically positioned to achieve its objectives	Yes		
Audit committee			
Effective and independent	Yes		
Suitably skilled and experienced independent non-executive directors	Yes		
Chaired by an independent non-executive director	Yes		
Oversees integrated reporting	Yes		
A combined assurance model is applied to improve efficiency in assurance activities		3	
Satisfies itself of the expertise, resources and experience of the company's finance function	Yes		
Oversees Internal audit	Yes		
Integral to the risk management process	Yes		
Oversees the external audit process	Yes		
Reports to the board and shareholders on how it has discharged its duties	Yes		

	Apply	Partially apply	Under review/ do not apply
Compliance with laws, codes, rules and standards			
The board ensures that the company complies with relevant laws	Yes		
The board and directors have a working understanding of the relevance and implications of non-compliance	Yes		
Compliance risk forms an integral part of the company's risk management process	Yes		
The board has delegated to management the implementation of an effective compliance framework and processes	Yes		
Governing stakeholder relationships			
Appreciation that stakeholders' perceptions affect a company's reputation	Yes		
Management proactively deals with stakeholder relationships	Yes		
There is an appropriate balance between its various stakeholder groupings	Yes		
Equitable treatment of stakeholders	Yes		
Transparent and effective communication to stakeholders	Yes		
Disputes are resolved effectively and timeously	Yes		
The governance of information technology			
The board is responsible for information technology (IT) governance	Yes		
IT is aligned with the performance and sustainability objectives of the company	Yes		
Management is responsible for the implementation of an IT governance framework	Yes		
The board monitors and evaluates significant IT investments and expenditure	Yes	4	
IT is an integral part of the company's risk management	Yes		
IT assets are managed effectively	Yes	5	
The risk committee and audit committee assist the Board in carrying out its IT responsibilities	Yes		
The governance of risk			
The board is responsible for the governance of risk and setting levels of risk tolerance	Yes		
The risk management committee assists the board in carrying out its risk responsibilities	Yes		
The board delegates the process of risk management to management	Yes		
The board ensures that risk assessments and monitoring is performed on a continual basis	Yes		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Yes		
Management implements appropriate risk responses	Yes		
The board receives assurance on the effectiveness of the risk management process	Yes		
Sufficient risk disclosure to stakeholders	Yes		
Integrated reporting and disclosure			
Ensures the integrity of the company's integrated report	Yes		
Sustainability reporting and disclosure is integrated with the company's financial reporting	Yes		
Sustainability reporting and disclosure is independently assured		6	

NOTES

(CONTINUED)

EXPLANATION

1. Historically, Altron's chairman, Dr WP Venter was classified as a non-executive chairman given his material shareholding in Altron.

As per the recommendations of King III, Altron appointed a lead independent director to compensate for the lack of an independent non-executive chairman, as well as ensured that the composition of non-executive directors on its board exceeds the number of executive directors.

As indicated above, Dr WP Venter stepped down from the position as Altron's chairman with effect from 28 February 2017 and was replaced by Mr MJ Leeming, who previously fulfilled the role of lead independent director on the board. For further information regarding the role of the chairman please refer to the section on how we govern our business.

2. Performance evaluations of the board and its committee's takes place every other year as opposed to annually as recommended by King III. The board is satisfied that evaluations every other year as opposed to annually are appropriate for the business. As indicated above, it has been deemed appropriate for the board and committee evaluations to be held during FY2018, once the composition of the board and committees have been finalised in line with the group's ICT focused strategy to be set going forward.

Evaluations regarding the performance of individual executive directors take place annually, once during remuneration increase and performance bonus award periods and the other prior to the AGM regarding the re-election of directors.

Evaluations regarding the performance of individual non-executive directors take place annually (in respect of those standing for re-election at the AGM) and every other year for the remainder (part of the board and committee evaluations).

3. The Altron board and audit committee are committed to providing independent assurance on both financial and non-financial aspects of the business.

In line with King III, the audit committee has historically appointed the most appropriate service providers to meet the audit and assurance requirements of Altron's financial performance (our external auditor), as well as our sustainability matters. In past years, Environmental Resources Management Southern Africa Proprietary Limited ("ERM") and Sustainability Services have conducted independent assurance reviews of Altron's non-financial information. Each service provider has been mandated to provide assurance over aspects of our business, based on their specific expertise and experience.

Altron is not in favour of the common interpretations of the combined assurance approach advocated by King III due to the inherent conflicts of interest of having the external auditor provide assurance on both the financial and non-financial aspects of the business. Rather, Altron is committed to combining the services of two separate assurance providers, each independently assessing our reporting to stakeholders in parallel processes, to offer the greatest level of comfort over the accuracy and completeness of the information we provide.

4. The implementation of an IT shared services throughout the Altron group is in progress. The shared service is intended to manage the future investment of all non-core and common systems and infrastructure within the Altron group in accordance with policy as determined and approved by the IM council and the IT governance committee.

Investment in IT systems supporting core business technologies is managed through the usual capital expenditure processes.

5. A Protection of Personal Information, as well as a record retention policy has been developed by the Altron group. Embedded within these policies are the relevant classification frameworks. These policies are in the process of being implemented throughout the Altron group.

6. Due to the ongoing disposal of a number of manufacturing operations and cost cutting initiatives, it was decided that independent assurance on certain non-financial aspects have not been carried out during the prior year. However, BEE ratings will continue to be subject to assurance by SANAS accredited service providers.

DIRECTORS RÉSUMÉS

AS AT 28 FEBRUARY 2017

Name	MC (Myron) Berzack
Joined Altron board	1998
Positions	<p>Non-executive director of Altron</p> <p>Member of the Altron nomination committee</p> <p>Member of the Altron remuneration committee</p> <p>Member of the Altron social and ethics committee</p>
Qualifications and experience	<p>Myron has 23 years' experience in the cable manufacturing industry and 22 years' experience in the electrical distribution industry.</p> <p>Myron was previously the Chairman of Voltex Holdings and numerous subsidiaries thereof as well as a past executive director of the Bidvest Group Limited.</p>
Name	GG (Grant) Gelink
Joined Altron board	2012
Positions	<p>Independent Non-Executive Director of Altron</p> <p>Chairman of the Altron audit committee</p> <p>Member of the Altron risk management committee</p> <p>Member of the Altron social and ethics committee</p>
Qualifications and experience	<p>CA (SA); BCompt (Hons) (Unisa); BCom (UND) (Hons) (Unisa); HDip Education (Unisa); and Dip Public Administration (Peninsula Technical College).</p> <p>Grant was a high school teacher in Durban for six years and later joined Deloitte where he gained extensive experience over 26 years:</p> <p>Independent non-executive director, FirstRand Limited (2013 to present)</p> <p>Independent non-executive director, Grindrod Limited (2013 to present)</p> <p>Independent non-executive director, Santam Limited (2012 to present)</p> <p>Independent non-executive director, MTN Zakhele Limited (2012 to present)</p> <p>Independent non-executive director, Eqstra (2012 to 2015)</p> <p>Chief executive, Deloitte Southern Africa (2006 to 2012);</p> <p>Chairman, African Children's Feeding Scheme (2006 to 2012)</p>
Name	MJ (Mike) Leeming
Joined Altron board	2002
Positions	<p>Lead independent director of Altron (until 28 February 2017)</p> <p>Chairman of Altron (with effect from 1 March 2017)</p> <p>Chairman of the Altron risk management committee</p> <p>Member of the Altron audit committee</p> <p>Member of the Altron nomination committee</p> <p>Member of the Altron remuneration committee</p>
Qualifications and experience	<p>BCom (Rhodes); MCom (Wits); FIBSA; FCMA; AMP (Harvard).</p> <p>Mike has many years' experience in the banking industry (previously chief operating officer of Nedcor Bank Limited) and has held many directorships.</p> <p>Independent non-executive director, Woolworths Holdings Limited (2004 to 2016)</p> <p>Independent non-executive director, Imperial Holdings Limited (2002 to 2015)</p> <p>Independent non-executive director, AECI Limited (2002 to 2014)</p> <p>Executive director, Nedcor Bank Limited (1994 to 2002)</p> <p>Executive director, Nedcor Limited (1999 to 2002)</p>

DIRECTORS RÉSUMÉS

(CONTINUED)

Name	Dr PM (Penuell) Maduna
Joined Altron board	2004
Positions	Independent non-executive director of Altron Chairman of the Altron nomination committee
Qualifications and experience	<p>Bluris (UNISA); LLB (Zimbabwe); LLM (Wits); HDip Tax Law (Wits); and LLD (UNISA).</p> <p>Penuell is a former member of the ANC's Constitutional Committee and National Executive Committee, former Deputy Minister of the Department of Home Affairs (1994 to 1996) and former Minister of the Departments of Minerals and Energy (1996 to 1999) and Justice and Constitutional Development (1999 to 2004). Penuell is an admitted attorney, notary and conveyancer.</p> <p>Deputy chairman and partner, Bowman Gilfillan (present)</p> <p>Currently, Penuell is a partner at and of the Bowman Gilfillan's partnership board, as well as a non-executive director of Eland Platinum Holdings Limited, chairman of SAB Zenzele Holdings Limited and deputy chairman of Sasol Oil (Pty) Ltd.</p>
Name	JRD (Jacob) Modise
Joined Altron board	2003
Positions	Independent non-executive director of Altron Chairman of the Altron remuneration committee Member of the Altron audit committee
Qualifications and experience	<p>CA (SA); BCom (Wits); BAcc (Wits); MBA (Wits); AMP (Samford); and AMP (Harvard).</p> <p>Non-executive chairman and founder Batsomi Investment Holdings Limited (1998 to present)</p> <p>Chairperson, National Energy Regulator of South Africa (NERSA) (present)</p> <p>Non-Executive Director, ArcelorMittal (2013 to present)</p> <p>Chief Executive Officer, Road Accident Fund (RAF) (2004 to 2010)</p>
Name	DNM (Dawn) Mokhobo
Joined Altron board	2008
Positions	Independent non-executive director of Altron Chairperson of the Altron social and ethics committee
Qualifications and experience	<p>BA (SocSci), UNIN; and Programme in Strategic Transformation, Graduate School of Business (Stellenbosch).</p> <p>Dawn is one of South Africa's leading managers and businesswomen, with a highly successful and pioneering career spanning the public, private and parastatal sectors. Her talents and accomplishments were recognised in particular by her appointment as the first black woman to the management board of Eskom, as executive director in charge of growth and development.</p> <p>Dawn has worked as a senior manager and senior general manager (human resources) for Eskom and as senior divisional health education for the Anglo American Corporation.</p> <p>Her current board memberships include Engen Limited, Wesizwe Platinum Limited, Partnership Investments (Pty) Ltd, Sabvest (Pty) Ltd and Cricket South Africa.</p> <p>Dawn is also the founder of Nozala Investments Limited.</p>

Name	AMR (Alex) Smith
Joined Altron board	2008
Positions	Financial Director of Altron Member of the Altron executive committee Member of the Altron risk management committee Director of various Altron group companies
Qualifications and experience	Chartered Accountant (CA); Bachelor of Law (University of Edinburgh). Alex has 15 years' experience in the accounting profession with PricewaterhouseCoopers, both in the United Kingdom and in South Africa. He was initially involved in auditing and subsequently spent 8 years in the transaction and corporate finance fields.
Name	SN (Simon) Susman
Joined Altron board	2011
Positions	Independent non-executive director of Altron Member of the Altron risk management committee Member of the Altron remuneration committee Member of the Altron nomination committee
Qualifications and experience	Simon has 44 years' experience in retailing and is currently the non-executive chairman of Woolworths Holdings Limited, having retired after 10 years as chief executive of the Woolworths group. Simon also holds the following positions: Chairman of the University of Stellenbosch Business School (USB) Advisory Board; Chairman of Conservation International South Africa; Chairman of the Sustainability Committee TSIBA Free University, Cape Town; President of IGDS (Intercontinental Group of Department Stores); Member of Conservation International CELB Advisory Board, Washington DC; Director of Trent Limited, Mumbai India; Chairman of Virgin Active Group Limited; and Trustee and chairman of a number of charities and other development bodies.
Name	RE (Robert) Venter
Joined Altron board	1997
Positions	Chief Executive of Altron (until 31 May 2017) Non-Executive Director (with effect from 1 June 2017) Member of the Altron risk management committee Member of the Altron social and ethic committee
Qualifications and experience	BA (Econ) (UCLA); MBA (UCLA) Dean's List Four years' merchant banking experience in the United States, the latter part as Vice-President, Bear Stearns and Co. Inc (1987 to 1990) 27 years' experience in Senior management positions in the Altron group Chief Executive Office of Aberdare Cables (1993 to 1996); Chief Executive Officer of Powertech (1996 to 2001) before joining Altron as Chief Executive (2001 to 2017)

DIRECTORS RÉSUMÉS

(CONTINUED)

Name	Dr WP (Bill) Venter
Joined Altron board	1980
Positions	<p>Non-executive chairman of Altron (until 28 February 2017)</p> <p>Non-executive director of Altron/Chairman Emeritus (from 1 March 2017)</p> <p>Member of the Altron nomination committee; and</p> <p>Director of various Altron group companies.</p>
Qualifications and experience	<p>DPhil (BusMan) (UJ); MPhil (BusMan) (UJ – cum laude); MBA (Wales); DCom (hc) (UP, UFS and UPE); DSc (Eng) (hc) (Natal); DEng (hc) (Wits); C Eng (UK); and F.I.E.E. (UK).</p> <p>Bill is a UK-qualified chartered engineer and founder of Altron, through Allied Electric in 1965 and recipient of the Order of Meritorious Service (Gold), as awarded by the State President of South Africa for his significant contribution to South Africa's electronics and telecoms industries.</p> <p>He has devoted some 52 years to entrepreneurial and managerial endeavours and initiatives in the electronics, telecommunications and power electrical industries, both in South Africa and the UK, firstly as an electrical design engineer at GEC, then marketing manager at STC (SA) and thereafter as founder, chief executive and later as chairman of the Altron group.</p> <p>He has played an important role in developing the South African electronics and electrical industries into the key component of the national economy that it is today. Previously, Bill was the chairman of the CSIR, director of AMIC Limited, Nedcor Bank Limited and director of the Export Council of South Africa as well as a member of the State President's Economic Advisory committee.</p>

ALTRON BOARD APPOINTMENTS AFTER 28 FEBRUARY 2017

Name	AC (Anthony) Ball
Joined Altron board	9 March 2017
Positions	Non-executive director
Qualifications and experience	<p>MPhil (Management Studies), Oxford University (Rhodes Scholar), BCom (Hons), UCT</p> <p>Anthony, co-founded Capital Partners, South Africa's first independent private equity firm. In 1998, Capital Partners merged with the investment banking interests of Capital Alliance Holdings Limited to form Brait SE.</p> <p>Anthony served as Brait's Chief Executive Officer for nine years, during which time he played a key role in the raising, management and organisation of Brait's private equity funds and led numerous investments covering industrial services, technology, manufacturing, media, agricultural services and chemicals.</p>

Name	B (Brett) Dawson
Joined Altron board	1 June 2017
Positions	Non-executive director
Qualifications and experience	<p>BComm (Wits), BAcc, CA(SA)</p> <p>Brett previous held senior positions within Dimention Data (DiData), 12 years of which as CEO of DiData (2004 – 2016). Prior to working at DiData, Brett held senior positions at DiData North America and at Internet Solutions.</p>

Name	M (Mteto) Nyati
Joined Altron board	1 April 2017
Positions	<p>Chief executive of Altron</p> <p>Chairman of the executive committee</p>
Qualifications and experience	<p>BSC in Mechanical Engineering (University of KwaZulu-Natal)</p> <p>Mteto has served as Chief Executive Officer of MTN South Africa between July 2015 and March 2017. He previously held executive positions at IBM and Microsoft South Africa.</p>

ALTRON BOARD APPOINTMENTS AFTER 28 FEBRUARY 2017

(CONTINUED)

Name	S (Samuel) Sithole
Joined Altron board	9 March 2017
Positions	Non-executive director
Qualifications and experience	<p>BAcc (Hons), Institution, CA(SA), ACA, CA (Z)</p> <p>Sam served as Group Financial Director of Brait SE from 2008 until 2016. Sam was responsible for providing strategic direction for Brait on all financial-related matters including Group reporting and systems integrity, treasury and cash management, tax strategy, compliance and corporate governance matters as well as overseeing the investor relations program.</p> <p>He has previously served on the Boards of Brait SE and Pepkor Holdings Limited, among others. Sam, a Chartered Accountant by training, was a former Deloitte audit partner and group leader of the Financial Services Audit practice in Johannesburg prior to joining Brait.</p>
Name	S (Stewart) van Graan
Joined Altron board	1 June 2017
Positions	Non-executive director
Qualifications and experience	<p>BCom (Hons) in Systems and Technology (UCT)</p> <p>Mr Van Graan has more than 35 years' experience in the ICT industry. Prior to leaving Dell, he recently led Dell's Enterprise Solutions business in the EMEA Emerging Markets. Here he had responsibility for Dell's Enterprise Solutions strategy and performance across 104 emerging countries, including South Africa. Mr Van Graan also served as the chairman of the board of Dell in South Africa.</p> <p>Previously, over a combined period of 14 years, Mr Van Graan was the managing director of Dell in South Africa and the general manager of Dell Africa. Prior to joining Dell in 2002, he spent 23 years at IBM in various positions, both locally and internationally.</p>

DIRECTORS AND MANAGEMENT

ALTRON BOARD OF DIRECTORS AS AT 28 FEBRUARY 2017

Dr WP Venter	Non-executive chairman
Mr RE Venter	Chief executive
Mr MC Berzack	Non-executive director
Mr GG Gelink	Independent non-executive director
Mr MJ Leeming	Lead independent director
Dr PM Maduna	Independent non-executive director
Mr JRD Modise	Independent non-executive director
Ms DNM Mokhobo	Independent non-executive director
Mr AMR Smith	Chief financial officer and finance director
Mr SN Susman	Independent non-executive director

ALTRON PRESCRIBED OFFICERS AS AT 28 FEBRUARY 2017

Mr AJ Holden	: Group executive: Information Technology
Mr NM Kayton	: Chief executive officer of Powertech
Mr WK Groenewald	: Group Company Secretary
Dr WH Oosthuysen	: Group executive: Strategy and Technology
Mr LM Savage	: Group executive: Telecommunications and Multimedia