

ALTRON

# REMUNERATION REPORT

FOR THE YEAR ENDED  
**29 FEBRUARY 2020**

FY20

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# Part 1:

# Chairperson's report

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## ACTIVITIES OF THE COMMITTEE

The Altron Remuneration Committee met twice during the financial year ended 29 February 2020 in carrying out its mandate to, among others, oversee the development of remuneration policy and its implementation across the group.

Focus areas of the Committee during the year included:

- Continuing to link pay to performance and value creation by reassessing the short-term incentive policy to align with the effective allocation of long-term incentives in the group.
- Consideration and recommendation of the award of long-term incentives to participants in terms of the Altron 2009 Share Plan.
- Continuing to improve annual disclosure in relation to remuneration practices.
- Further improved engagement with shareholders in accordance with the principles of the King IV Report on Corporate Governance for South Africa, 2016 (King IV™).
- Progressing initiatives and policies managed by Altron Human Resources around standardising remuneration practices across the group, including position grades and salary benchmarks.
- Focused attention on the Altron benefit schemes, including the pension and provident funds.

## FURTHER MATTERS ADDRESSED DURING THE YEAR

The Committee was able to devote more time during the year to the ongoing implementation of Principle 14 of the King IV, which relates to remuneration policy. In this regard, the following policy issues were addressed relative to FY20, resulting in decisions as follows:

- *Performance contracts with senior executives have been reconfigured with new performance criteria to apply in FY21.*
- *A fuller disclosure to shareholders of the non-financial factors used in the evaluation of the performance of senior executives annually will be made in future.*
- *Statistics confirming the outcome of the skills development programmes at top management level will be collated and disclosed going forward.*
- *IT sector skills shortages and the protection of these skills will continue to receive due attention with special measures, as may be required, implemented to address this aspect further in FY21.*

## CONSULTANTS USED

Altron utilised PE Corporate Services SA to provide benchmarking services in FY19 and to advise on remuneration policy issues for FY20 reporting purposes.

## APPROVAL OF REMUNERATION POLICY AND PREVIOUS REPORT

As required by King IV, the remuneration policy and implementation report will be tabled annually for separate non-binding advisory votes by shareholders at the Altron annual general meeting (AGM), scheduled to be held on 15 July 2020 and an engagement process will be conducted in the event that either the policy and/or report are voted against by 25% or more of the voting rights exercised at the AGM. In this the Committee is satisfied with the outcome of the FY20 AGM voting of 93.5% in support of the endorsement of Altron Remuneration Policy and 98.23% in support of the endorsement of implementation of Altron Remuneration Policy.

## CONCLUDING COMMENT

The Committee will continue to encourage regular dialogue with shareholders in order to clarify remuneration policy questions. Enquiries around this aspect can be initiated through the office of the Group Company Secretary, [wkgroenewald@altron.com](mailto:wkgroenewald@altron.com)

### Antony Ball

Altron Remuneration Committee Chairperson

28 May 2020

# Part 2:

# Remuneration policy

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## STATEMENT OF COMPLIANCE

The Committee, having considered the principles and guidelines detailed in the remuneration policy set out in the report to shareholders during the previous financial year, is satisfied that there has been no material deviation in the application of the policy during the year under review. Having reviewed this report, including the details relating to executive director and prescribed officer emoluments, the Committee confirms that disclosure around these be included in the 2020 Integrated Annual Report.

## THE DEVELOPMENT OF POLICY WITHIN ALTRON

The section hereunder sets out Altron's approach to remuneration and the manner in which remuneration is being governed within the group.

## REMUNERATION GOVERNANCE

Remuneration policy within the Altron group is reviewed annually by the Committee, which is constituted as set out in the 2020 Altron Governance Report. The responsibilities and composition of the Committee and the attendances at Committee meetings are set out in the 2020 Governance Report, which is available at [www.altron.com](http://www.altron.com). The mandate and terms of reference of the Committee include the formulation of remuneration policy as it affects employees at all levels throughout the group. During the year under review the Committee's mandate and terms of reference were reviewed to ensure that policy has remained in alignment and compliance with the recommendations of King IV.

The Committee furthermore takes steps annually to ensure that the group complies with principles laid out in the King report and with the terms of the Companies Act, 71 of 2008 when determining and disclosing details of the remuneration of executive management and non-executive directors.

The Committee endeavours to align policy with international best practice and observes the principles laid down by the International Corporate Governance Network (ICGN) in order to meet the standards of institutional investors worldwide.

## OUR REMUNERATION PHILOSOPHY

Remuneration policies have developed during the recent years on the platform of our philosophy that remuneration drives collaboration, innovation, service to customers and the development of teamwork – all of which are critically important in the context of the ICT industry.

Altron's competitive advantage in these areas flows from its technical capabilities in specialised fields, which in turn demand an in-depth knowledge of our markets and our customers' ever-evolving requirements. These relationships and capabilities are all people-driven at a high level and depend on efficient systems, policies and procedures.

## THE FRAMEWORK OF THE REMUNERATION SYSTEM AFFECTING ALL EMPLOYEES

Remuneration policies conform to and fit within a sound remuneration policy framework throughout the Altron group, differentiated by grades and levels of responsibility.

All positions are graded using the Hay system, facilitating the classification of the workforce into the following groups which are based on levels of responsibility:

1. *Executive management*  
*Members of the Altron Executive Management: graded in the Hay 23 and upward bands;*
2. *Senior executives*  
*Members of the divisional Executive Committees: graded in the Hay 17 – 22 bands;*
3. *Line managers*  
*Heads of departments: graded in the Hay 13 – 16 bands; and*
4. *Support staff*  
*Graded in the Hay 7 – 12 bands.*

The system recognises career development along both a professional and a managerial workstream, illustrated as follows:



The following remuneration policies apply across the Altron group:

Responsibility level	The guaranteed package	Short-term incentives	Longer-term incentives
<b>Technical Specialists</b>	TCOE is fixed on average at the median for positions, based on salary surveys. For the individual employee, TCOE is reviewed annually based on an assessment of competency in relation to defined competency standards for the position. Employment benefits include retirement funding and medical benefits	An outcome-based bonus may be awarded dependent on project completion and maintenance goals.  Competency-based merit increases in guaranteed pay can be earned based on performance.	Career advancement is the primary incentive, supported by personal development plans that are planned at an individual level.
<b>The Sales Team</b>	TCOE is fixed deliberately below the median cost of employment for positions; however, sufficient to cover average retirement savings and medical benefits.	Commissions are individual as well as team-based on a meaningful scale, enabling employees to earn substantially more than market average total remuneration levels funded by net revenue.	Career advancement is the primary incentive, supported by personal development plans that are planned at an individual level.

# Part 2:

## Remuneration policy

(CONTINUED)

Responsibility level	The guaranteed package	Short-term incentives	Longer-term incentives
<b>Administrative support staff</b>	TCOE is fixed on average at the median for positions, based on salary surveys. For the individual employee, TCOE is reviewed annually based on an assessment of competency in relation to defined competency standards for the position. Employment benefits include retirement funding and medical benefits.	An outcome-based bonus may be awarded tied to both individual and departmental performance scorecards.  Competency-based merit increases in guaranteed pay can be earned based on performance.	Career advancement is the primary incentive, supported by personal development plans that are planned at an individual level.
<b>Line Manager</b>	TCOE is fixed on average at the median for positions, based on salary surveys. For the individual employee, TCOE is reviewed annually based on an assessment of competency in relation to defined competency standards for the position. Employment benefits include retirement funding and medical benefits.	An outcome-based bonus may be awarded tied to departmental scorecard results.  Competency-based merit increases in guaranteed pay can be earned based on performance.	Career advancement is the primary incentive, supported by personal development plans that are planned at an individual level.
<b>Senior executives and senior professional staff</b>	TCOE is fixed on average at the median for positions, based on salary surveys. For the individual employee, TCOE is reviewed annually based on an assessment of competency in relation to defined competency standards for the position. Employment benefits include retirement funding and medical benefits.	An outcome-based bonus may be awarded dependent on both individual and job-related performance criteria.  Competency-based merit increases in guaranteed pay can be earned based on performance.	Awards of share rights in the company share plan in line with tier levels are made annually.
<b>Prescribed officers</b>	TCOE is fixed on average at the median for positions, based on salary surveys. For the individual employee, TCOE is reviewed annually based on an assessment of competency in relation to defined competency standards for the position. Employment benefits include retirement funding and medical benefits.	An outcome-based bonus may be awarded. Individual job-related KPIs are set as well as financial targets for the organisation, aligned with the commitment to shareholders.  Competency-based merit increases in guaranteed pay can be earned based on performance.	Awards of share rights in the company share plan in line with tier levels are made annually.

## THE PACKAGE STRUCTURES APPLYING AT DIFFERENT LEVELS

The following package structures are negotiated with employees based on these principles:

Package breakdown	Senior executives		Technical and line managers		Senior professionals		Support staff	
	% of TR	% of GP	% of TR	% of GP	% of TR	% of GP	% of TR	% of GP
Guaranteed pay	51 – 40	100	80	100	83	100	87	100
STI at target	17 – 19	45 – 70	20	25	17	20	13	15
LTI at expected value	26 – 32	50 – 80	–	–	–	–	–	–
Total remuneration	100	195 – 250	100	125	100	120	100	115
Maximum STI	46 – 56	90 – 140	40	50	34	40	26	30

## THE RULES OF GOVERNANCE AFFECTING EXECUTIVE MANAGEMENT

Appropriate processes are in place to govern and control the remuneration of executive management.

### EMPLOYMENT POLICY

Remuneration packages, including entitlement to long-term incentives, are contracted with incumbents annually with effect from the beginning of each financial year, aligning commitment with accountability to shareholders.

Employment contracts are terminable on 60 days' notice.

Malus and claw back conditions are included in all employment and incentive scheme rules to limit corporate losses in cases of fraud and breach of contract.

No special severance arrangements apply to any senior executive currently. Restraint payments may, however, be approved from time to time in the future – this when a term employment contract is negotiated in order to ensure that there is a payback on the company's outlay.

### THE REMUNERATION PACKAGES

Remuneration is defined as a package containing three elements:

- The total guaranteed package (TGP) which includes the costs of employment benefits such as travel allowances and retirement and medical fund contributions are agreed annually.
- A short-term incentive (STI) may be agreed in the form of an annual bonus or a profit-pool funded bonus.
- A long-term share-based incentive (LTI) is awarded annually.

### THE MARKET POSITIONING OF GUARANTEED PAY

The remuneration packages of executive management are benchmarked periodically by the Committee on the basis of a reputable salary survey. The benchmarking in the previous year was undertaken on the basis of the PE Corporate Services Salary Survey utilising a combination of the JSE Index, Global Grading and LMO Executive Remuneration methods.

The following steps are followed in this review exercise:

- The total guaranteed pay of each member of executive management is indexed relative to the median of the survey. The Altron Group Chief Executive (CE) makes recommendations to the Committee in relation to the pay level of each member based on the index reading, taking into account the competency of the individual and the criticality of his/her contribution to the group. The level of the index applying to the remuneration of the Altron Group CE is reviewed by the Committee in liaison with the Chairman of the Board.
- An annual increase is determined annually by the Committee based on expected inflation and gross domestic product forecasts. General increases granted to other employees within the group are also taken into account.
- The succession risks in relation to top management positions individually are taken into consideration by the Committee during the review exercise.

# Part 2: Remuneration policy

(CONTINUED)

## THE SHORT-TERM INCENTIVES

Each member of executive management is awarded a performance bonus at the end of the financial year based on a scorecard of corporate (financial) and personal or job-related (non-financial) performance criteria that is approved by the group Altron Group Chief Executive at the commencement of the financial year. The performance criteria applying to the Altron Group Chief Executive are approved by the Committee in liaison with the Chairman of the Board.

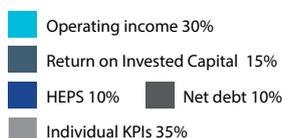
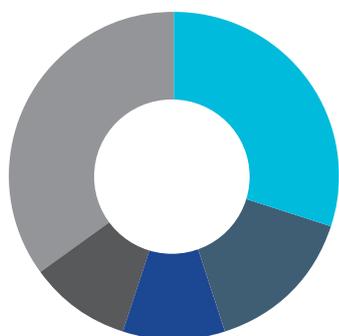
The weighting between financial and non-financial criteria is on a 65:35 basis in the case of the Altron CE and 70:30 in the case of other executive management.

The scale of the incentive is determined in the case of the Altron Group Chief Executive and other executive management on the basis of the package structures set out below, which illustrate the extent to which market-related pay is at risk in each case as well as the maximum bonus payable.

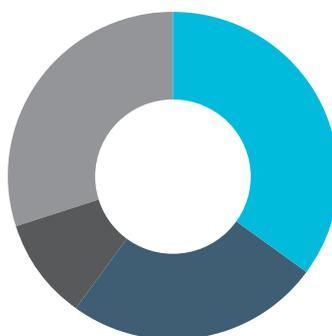
Element of remuneration package:	Altron Chief Executive	Executive Management
Short-term incentive at target	70%	45 to 60%
Maximum STI	140%	90 to 120%

The performance criteria to apply to the financial element of the short-term incentives of the Altron Group Chief Executive and executive management for FY21 will be based on financial measures that create shareholder value, as set out below. In relation to the executive management of Altron, financial parameters (incorporating minimum, on target and stretch targets) are defined based on board approved budgets, with reference to the approved financial indicators.

### ALTRON GROUP CHIEF EXECUTIVE



### ALTRON EXECUTIVE MANAGEMENT



The non-financial or individual KPI targets include initiatives in respect of, *inter alia*, debtors, sales, transformation and values alignment. For executive management, this assessment is reviewed and approved by the Altron Group Chief Executive and/or the Committee, as appropriate.

The actual performance level relative to target determines the quantum of STI bonuses within the range. In all instances STI payments are subject to final Altron Board approval.

The remuneration implementation section of the report below (Part 3) provides disclosure relating to the financial year under review.

### THE LONG-TERM INCENTIVES

Share-based incentives are offered to executive management in order to encourage and reward the achievement of long-term strategic goals and to retain executives over the long-term in order to be able to influence the financial earnings capacity of the group.

In line with the Altron LTI framework, these incentives take the form of annual share appreciation rights, subject to performance vesting conditions.

The awards made to executive management in FY20 are five-year share appreciation rights which are subject to the following performance vesting conditions of equal weighting:

- *HEPS growth: 7.5% to 15%, with attribution from 0% to 100% on a straight-line basis (where 7.5% = 0% achievement and 15% = 100% achievement);*
- *EBITDA growth: 7.5% to 15%, with attribution from 0% to 100% on a straight-line basis (where 7.5% = 0% achievement and 15% = 100% achievement); and*
- *ROCE: 17% to 21%, with attribution from 0% to 100% on a straight-line basis (where 17% = 0% achievement and 21% = 100% achievement).*

The awards will vest in three equal tranches on the third, fourth and fifth anniversary of their allocations.

The awards are controlled within the limits of the approved rules of The 2009 Altron Share Plan (the plan).

### THE FUNDING OF VARIABLE PAY AND PAY MIX

The policies as set out above are illustrated here based on the remuneration packages of the Altron Group Chief Executive and executive management in the current financial year:

#### ALTRON GROUP CHIEF EXECUTIVE

R'000	Threshold	Expected	At Stretch
TCOE	7 823	7 823	7 823
STI	–	5 476	10 952
LTI	–	–	10 388

#### ALTRON CHIEF OPERATING OFFICER

R'000	Threshold	Expected	At Stretch
TCOE	4 722	4 722	4 722
STI	–	2 833	5 667
LTI	–	–	5 069

#### ALTRON CHIEF FINANCIAL OFFICER

R'000	Threshold	Expected	At Stretch
TCOE	3 750	3 750	3 750
STI	–	2 250	4 500
LTI	–	–	4 780

#### Note:

*The LTI figures on these charts are the IFRS 2 projected outcomes based on forfeiture as the 'threshold', the fair value of the grant at grant date as the 'expected' and the expected times a factor of 1.5 as the 'stretch' levels.*

# Part 2:

## Remuneration policy

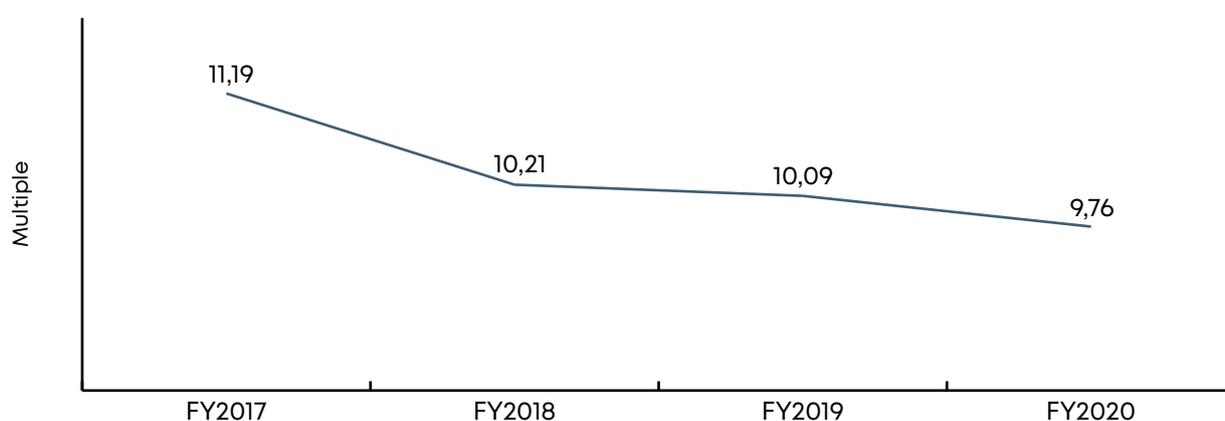
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### THE LEVEL OF SENIOR EXECUTIVE PAY IN RELATION TO THAT OF OTHER EMPLOYEES

The Committee considers that the remuneration framework in place, being based on a grading system that recognises the responsibility level of every position and on regular and systematic benchmarking, will ensure that the remuneration of every employee is continuously market-related and set on a fair and equitable basis.

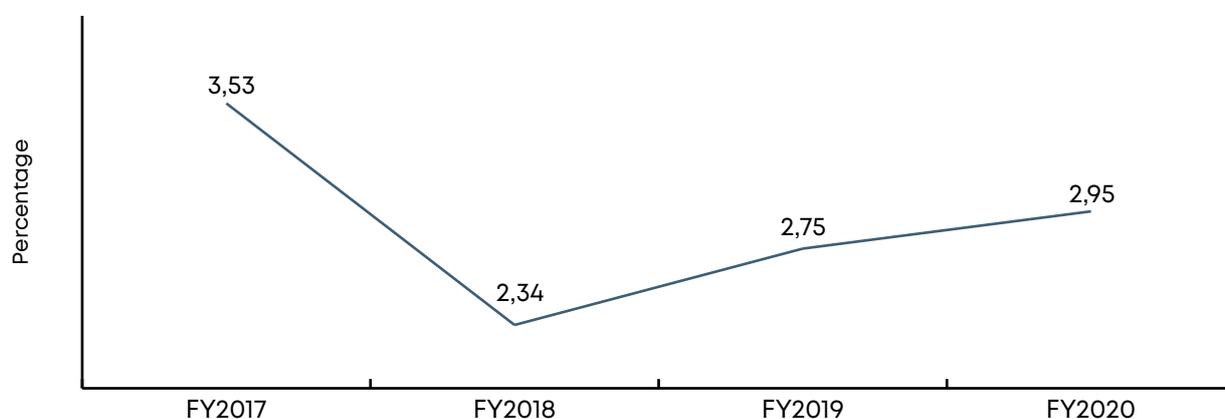
Whilst that is the case, the income gap as it may narrow as a result of changes from year-to-year attributable to the recognition by the remuneration system of enhanced skills assimilated by staff as a direct result of the company's skills development programmes during the same period, reflecting in a notable narrowing of the overall income gaps in the past four years, as reflected below.

### MEDIAN OF EXECUTIVE COMMITTEE MULTIPLE AGAINST THE GROUP



Further changes in the overall income gap have been occasioned by the corporate and managerial restructuring that has taken place across the group, which has been reported on to shareholders in recent years. Top management costs, after declining, have stabilised at around 3% of total employment costs. This includes the remuneration relating to the appointment of the Group Executive: Legal and Group Executive: Risk and Compliance during the year under review.

### EXECUTIVE COMMITTEE GP AS PERCENTAGE OF AGGREGATE GP



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## **POLICIES AFFECTING NON-EXECUTIVE DIRECTORS (INCLUDING THE ALTRON CHAIRMAN)**

### **Approval of the fee tariff**

All non-executive directors are provided with letters of appointment, distinct from employment contracts, from Altron upon appointment. Whilst the appointment of non-executive directors is considered and resolved based on proposals received from the Altron Nominations Committee, the remuneration of non-executive directors is based on proposals from this Committee, which are submitted to a disinterested quorum of the board and thereafter to shareholders for approval at the following AGM.

The remuneration of the Chairman and other non-executive directors are reviewed annually by the Committee, and is compared to the median of selected peer companies and sector benchmarking. As a result of the previous reviews, the basis of non-executive remuneration has been changed from a base annual fee (or 'retainer') plus attendance fee per meeting structure, to an annual retainer only. This annual fee for which approval will again be sought at the forthcoming annual general meeting, takes into account all scheduled meetings during the year. A tariff of annual fees is fixed and approved annually in advance for ordinary membership of the board of directors and of every sub-committee of the board. A higher fee is fixed and approved in the same way for the Chairman of the board and for the chairpersons of each sub-committee in recognition of the additional time involvement that they have in preparing for each meeting and in following up actions. A fee for the attendance of special board meetings and/or *ad hoc* strategy sessions has been maintained.

Non-executive directors do not generally receive STIs and do not participate in Altron's LTI scheme, subject to certain exceptions where the Board believes it to be in the best interests of the group and its shareholders and engagement with material shareholders.

Mr Robbie Venter, who was the previous Altron Group CE, stepped down in April 2017 and assumed a non-executive role. Mr Venter entered into a consultancy agreement with the group for a two-year period, which terminated on 31 May 2019.

In addition, Mr Brett Dawson who was appointed as a non-executive director of Altron in 2017 has entered into a consultancy arrangement with Altron which expires on 31 May 2020. Mr Dawson, formerly the managing director of DiData, has extensive experience in the ICT industry and provides material insight and support to the Altron executive management team in meeting their strategic objectives. He is also eligible to receive a STI based on achieving agreed KPIs as set by the board in liaison with the Altron Group CE. Furthermore, Mr Dawson holds Altron A ordinary shares, as disclosed in the FY20 annual financial statements of the group.

Share linked incentives (SLIs) – During FY18 Mr Venter was awarded 350 000 SLIs in lieu of benefits forfeited with regard to the change in role from Altron Group CE to non-executive director. These vested and were exercised during the year. Mr Dawson was awarded 750 000 SLIs as a retention mechanism to drive and execute on the Altron Group strategy and implementation thereof going forward, with specific focus on financial growth and shareholder value creation. These SLIs will vest in accordance with predetermined timelines.

The non-executive directors fees paid in FY20 and recommended for FY21 are disclosed in part 3 of this report.

### **EXPENSES**

The travel and accommodation expenses of non-executive directors and premiums for directors and officers insurance cover are paid by Altron in terms of a formal approved policy.

### **NON-BINDING ADVISORY VOTE**

The resolutions relating to Altron non-executive director fees for the 12-month period commencing on 1 September 2020 are available in the Altron 2020 Notice of Annual General Meeting at [www.altron.com](http://www.altron.com).

Altron shareholders are requested to cast a non-binding vote on Part 2 of this report at the company's AGM to be held on 15 July 2020.

# Part 3:

## Implementation

A summary of the outcomes of the implementation of the remuneration policies affecting the remuneration of executive directors, prescribed officers and non-executive directors in the financial year under review (FY20) is set out in this section of the report.

### GUARANTEED REMUNERATION

A general or average increase of 5.41% as applied to senior executives with effect from the beginning of the financial year under review, compared to that of 5.43% applied to general staff.

### SHORT-TERM INCENTIVES

The short-term performance criteria outcomes for the year under review were as follows:

#### ALTRON GROUP CHIEF EXECUTIVE

Criterion	Weight	Targets Agreed		Achieved	Outcome %
	%	Threshold	Target	%	%
EBITDA <sup>1</sup>	35	95	100	114,4	44
HEPS <sup>2</sup>	15	95	100	111,1	17,2
Net Debt <sup>3</sup>	15	95	100	0	0
Strategic Objectives	35	75	100	51,4	18
	<b>100</b>	<b>95</b>	<b>100</b>	<b>-</b>	<b>79,2</b>

#### Notes

- <sup>1</sup> The EBITDA target is the consolidated budget target for the group.
- <sup>2</sup> The HEPS target is the growth rate target in excess of the movement in the CPI.
- <sup>3</sup> The net debt target is the restructuring of interest-bearing debt.
- <sup>4</sup> The strategic objectives included a number of group initiatives adjudicated by the Chairman of the board.

#### ALTRON GROUP CHIEF FINANCIAL OFFICER

Criterion	Weight	Targets Agreed		Achieved	Outcome
	%	Threshold	Target	%	%
EBITDA <sup>1</sup>	40	95	100	114,4	48,61
ROCE	30	95	100	37,5	11,25
Strategic Objectives <sup>2</sup>	30	75	100	60	18
	<b>100</b>	<b>95</b>	<b>100</b>	<b>-</b>	<b>77,86</b>

#### Notes

- <sup>1</sup> The EBITDA target is the consolidated budget target for the group.
- <sup>2</sup> The Chief Financial Officer has a different list of job-related and strategic objectives agreed by him with the Altron Group CE at the beginning of the financial year and adjudicated at the end.

#### ALTRON GROUP CHIEF OPERATING OFFICER

Criterion	Weight	Targets Agreed		Achieved	Outcome
	%	Threshold	Target	%	%
EBITDA <sup>1</sup>	40	95	100	114,4	48,61
ROCE	30	95	100	37,5	11,25
Strategic Objectives <sup>2</sup>	30	75	100	95	28,5
	<b>100</b>	<b>95</b>	<b>100</b>	<b>-</b>	<b>88,36</b>

#### Notes

- <sup>1</sup> The EBITDA target is the consolidated budget target for the group.
- <sup>2</sup> Each prescribed officer has a different list of job-related and strategic objectives agreed by him with the Altron Group CE at the beginning of the financial year and adjudicated year and adjudicated at the end.

## LONG-TERM INCENTIVE GRANTS

Share appreciation rights were granted at the commencement of each of the previous and the current financial year to executive management equal to their package entitlements in terms of fair value based on a Black-Scholes valuation of the rights on the date of grant. The details of the grants are shown below under the heading of 'unvested share awards'.

## TOTAL REMUNERATION OUTCOMES

The following remuneration costs of executive management were recognised by the accounting system based on IFRS 2 rules during the financial year under review:

(All figures stated in R'000)	Guaranteed Pay <sup>1</sup>	Defined Contribution Pension Payments	Performance-related bonuses <sup>2</sup>	Other Payments	Share Options expense <sup>3</sup>	2020 Total
<b>Full time directors</b>						
29 February 2020						
<b>Executive</b>						
M Nyati	7 002	821	1 079	–	5 452	14 354
C Miller <sup>4</sup>	3 409	338	438	6 750	2 040	12 975
	<b>10 411</b>	<b>1 159</b>	<b>1 517</b>	<b>6 750</b>	<b>7 492</b>	<b>27 329</b>
<b>Prescribed officers<sup>5</sup></b>						
AJ Holden	3 698	954	633	120	1 510	6 915
	<b>3 698</b>	<b>954</b>	<b>633</b>	<b>120</b>	<b>1 510</b>	<b>6 915</b>

### Notes

<sup>1</sup> This relates to fixed annual salary.

<sup>2</sup> In response to the impact of Covid-19 50% of, among others, Executive and Prescribed Officer performance related bonuses for FY20 were forfeited. The amounts indicated represent 25% of the eligible bonus payments, with the balance of 25% to be reassessed for payment at the FY21 half year. The bonuses in the report have been finalised following preliminary accrued bonuses set out as per the 2020 annual financial statements.

<sup>3</sup> IFRS 2 income statement expense in respect of options granted to directors.

<sup>4</sup> Appointed 1 May 2019.

<sup>5</sup> As confirmed by the Board on 13 May 2020, AJ Holden is classified as the only prescribed officer of Altron. Accordingly, DS Mashishi, MZ Maubane and MCS Govender are no longer classified as prescribed officers as per the 2020 annual financial statements.

The following remuneration costs of executive management were recognised by the accounting system based on IFRS 2 rules during the previous financial year:

(All figures stated in R'000)	Guaranteed Pay	Defined Contribution Pension Payments	Performance-related bonuses (accrued)	Other Payments	Share Options expense***	2019 Total
<b>Full time directors</b>						
28 February 2019						
<b>Executive</b>						
M Nyati	6 128*	709	7 791	–	4 444	19 072
	<b>6 128</b>	<b>709</b>	<b>7 791</b>	<b>–</b>	<b>4 444</b>	<b>19 072</b>
<b>Prescribed officers</b>						
AJ Holden	4 367**	861	3 889	120	10 269	19 506
	<b>4 367</b>	<b>861</b>	<b>3 889</b>	<b>120</b>	<b>10 269</b>	<b>19 506</b>

### Notes

\* This relates to fixed annual salary.

\*\* This relates to TCOE.

\*\*\* IFRS 2 income statement expense in respect of options granted to directors.

# Part 3: Implementation

(CONTINUED)

## UNVESTED SHARE AWARDS

The unvested share rights held by executive management which are required to be disclosed in terms of JSE Listing Requirements were as follows as at the end of the year under review:

29 February 2020	Share option	Allocation date	Strike price	Balance 1 March 2019
<b>Directors' options</b>				
M Nyati	Altron SAR	2017/04/01	10.00	2 000 000
	Altron BS	2017/07/17	n/a	409 836
	Altron SAR	2018/06/13	15.00	714 286
	Altron SAR	2019/02/27	18.60	375 878
	Altron SAR	2019/08/29	23.70	–
	Altron SAR	2020/02/26	20.00	–
C Miller	Altron SAR	2019/05/20	22.85	–
	Altron SAR	2020/02/26	20.00	–
RE Venter	Altron PS	2017/02/22	n/a	212 999
	Altron BS	2017/02/22	n/a	39 410
<b>Prescribed officers' options</b>				
AJ Holden	Altron SAR	2013/08/15	22.51	22 758
	Altron SAR	2014/08/16	28.34	17 359
	Altron PS	2017/02/22	n/a	84 588
	Altron BS	2017/02/22	n/a	48 424
	Altron SAR	2018/06/13	15.00	366 476
	Altron SAR	2019/02/27	18.60	267 106
	Altron SAR	2020/02/26	20.00	–

Share Linked Incentives

29 February 2020	Allocation date	Strike price	Balance 1 March 2019
<b>Directors' options</b>			
RE Venter	2016/03/01	5.89	48 096
	2017/06/01	10.99	350 000
AJ Holden	2016/03/01	5.89	1 228 279

Awarded	Lapsed	Excersied	Exercise date	Net gains R'000s	Exercise Price	Balance 28 February 2020	Expiry date
-	-	-	-	-	-	2 000 000	April 23
-	-	-	-	-	-	409 836	April 20
-	-	-	-	-	-	714 286	June 24
-	-	-	-	-	-	375 878	Feb 25
175 623	-	-	-	-	-	175 632	August 25
519 385	-	-	-	-	-	519 385	February 26
1 300 000	-	-	-	-	-	1 300 000	May 25
239 014	-	-	-	-	-	239 014	February 26
-	-	(212 999)	2020/02/24	4 959	20.93	-	February 20
-	-	(39 410)	2020/02/22	825	20.93	-	February 20
-	(22 758)	-	-	-	-	-	August 19
-	-	-	-	-	-	17 359	August 20
-	-	(84 588)	2020/02/24	1 970	20.93	-	February 20
-	-	(48 424)	2020/02/22	1 014	20.93	-	February 20
-	-	-	-	-	-	366 476	June 24
-	-	-	-	-	-	267 106	February 25
253 477	-	-	-	-	-	253 477	February 26

Awarded	Lapsed	Excersied	Exercise date	Net gains R'000s	Exercise Price	Balance 28 February 2020	Expiry date
-	-	(48 096)	2019/03/01	631	19.00	-	March 19
-	-	(350 000)	2019/06/01	4 694	24.40	-	June 19
-	-	(1 228 279)	2019/03/01	16 103	19.00	-	March 19

# Part 3: Implementation

(CONTINUED)

## THE REMUNERATION OF NON-EXECUTIVE DIRECTORS

The following remuneration was paid to non-executive directors during the year under review:

Non-executive directors ('000)	Director's fees	Share options and share linked incentives	Other fees	Total
Fees for services as directors				
MJ Leeming (Chairman)	1 353			1 353
AC Ball	622			622
BW Dawson	357		2 925*	3 282
BJ Francis	519			519
GG Gelink	749			749
Dr P Mnganga	391			391
S Sithole	515			515
SW van Graan	755			755
RE Venter	771	11 031	1 005**	12 807
	<b>6 032</b>	<b>11 031</b>	<b>3 930</b>	<b>20 993</b>

\* Remuneration in terms of consultancy agreement including the achievement of performance related bonus (accrued) relating to strategic projects, finalised following preliminary accrued bonus set out as per the 2020 annual financial statements. Consultancy agreement expires 31 May 2020.

\*\* Remuneration in terms of consultancy agreement, expired in 2019 (R480 000) and fees earned as a member of the board of directors of Bytes Technology Group UK (R525 000).

The following tariff of fees will be submitted at the forthcoming AGM to be held on 15 July 2020 for approval in respect of the FY21 financial year. These fees do not include an increase from the fees approved at the previous AGM for the FY20 financial year.

Remuneration payable to independent non-executive chairman*	Proposed annual fee R (excl. VAT)
Altron independent non-executive chairman	1 100 000

\* These fees are exclusive of Value Added Tax ("VAT") which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution remains unchanged from the fee approved by shareholders at the annual general meeting held on 10 July 2019.

Remuneration payable to non-executive directors for their services as directors*	Proposed annual fee per member R (excl. VAT)
Altron non-executive directors	290 000

\* These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution remains unchanged from the fee approved by shareholders at the annual general meeting held on 10 July 2019.

<b>Remuneration payable to non-executive directors for participating in statutory and board committees*<sup>1</sup></b>		<b>Proposed annual fee R(excl. VAT)</b>	<b>Proposed attendance fee/meeting R(excl. VAT)<sup>2</sup></b>
3.1	Altron audit committee chairman	257 000	-
3.2	Altron audit committee member	131 000	-
3.3	Altron remuneration committee chairman	236 000	-
3.4	Altron remuneration committee member	110 000	-
3.5	Altron risk management committee chairman	140 000	-
3.6	Altron risk management committee member	76 000	-
3.7	Altron nomination committee chairman	140 000	-
3.8	Altron nomination committee member	76 000	-
3.9	Altron social, ethics and sustainability committee chairman	140 000	-
3.10	Altron social, ethics and sustainability committee member	76 000	-
3.11	Altron investment committee chairman <sup>2</sup>	140 000	31 500
3.12	Altron investment committee member <sup>2</sup>	76 000	31 500

\* These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fees set out in this resolution remains unchanged from those approved by shareholders at the annual general meeting held on 10 July 2019.

<sup>1</sup> Each of the statutory committees meet at least two to three times per annum.

<sup>2</sup> The investment committee meets twice per annum, as well as on an ad hoc basis. Per-attendance fee for additional meetings held during the year outside of standing meetings.

<b>Remuneration payable to non-executive directors for participating in special/unscheduled board and committee meetings and strategy sessions*</b>	<b>Proposed attendance fee meeting/session R(excl. VAT)</b>
Altron non-executive directors participation in special/unscheduled board and committee meetings and strategy sessions	34 000

\* These fees are exclusive of VAT which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution remains unchanged from the fee approved by shareholders at the annual general meeting held on 10 July 2019.

## **NON-BINDING ADVISORY VOTE**

Altron shareholders are requested to cast a non-binding advisory vote on Part 3 of this report at the company's AGM to be held on 15 July 2020.

## **APPROVAL OF REMUNERATION REPORT BY THE BOARD OF DIRECTORS**

This remuneration report was approved by the Remuneration Committee, mandated by the Altron Board of directors, on 28 May 2020.





# ALTRON

## CONTACT US

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