



DIVERSITY POLICY  
FOR  
THE ALTRON BOARD

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Date of last review: 5 April 2018

Date of approval: 9 May 2018

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**Approved By:** \_\_\_\_\_

**MJ Leeming**

On behalf of the Altron Board

**Recommended By: MJ Leeming**

On behalf of the Altron Nomination Committee

**Reviewed By:** \_\_\_\_\_

**WK Groenewald**

Group Company Secretary

## ALTRON BOARD – DIVERSITY POLICY

WITH EFFECT FROM: 1 MAY 2018

### 1. Purpose

This Altron Board Diversity Policy (“the Diversity Policy”) sets out the approach to diversity, as regards to both gender and race, on the Allied Electronics Corporation Limited Board (the “Board”).

On 30 November 2015, the JSE amended its Listings Requirements to add a disclosure obligation with regard to the implementation of gender diversity at board level. In terms of paragraph 3.84(k) of the Listings Requirements of the JSE:

*“The board of directors or the Nomination Committee, as the case may be, must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the Nomination Committee, as the case may be, have considered and applied the policy of gender diversity in the Nomination and appointment of directors. If applicable, the board of directors or the Nomination Committee must further report progress in respect thereof on agreed voluntary targets.”*

The implementation date of above was 1 January 2017. As such all annual reports issued on or after 1 January 2017 have to comply with this required disclosure. The Altron Board adopted a gender diversity policy in line with these requirements on 17 October 2016, which policy is now included as part of the group’s holistic Diversity Policy.

Following the above, on 22 June 2017, the JSE amended its Listing Requirements to ensure that listed companies have a policy in place to promote racial diversity at board level. These amendments have been implemented in conjunction with amendments dealing with the King IV Report on Corporate Governance for South Africa 2016 (“King IV Report”).

The JSE commenced with proposed amendments to its listing requirements after the King IV Report was released in November 2016. The amended requirements include a policy on the promotion of race diversity at board level and the publication of an annual compliance report following the Broad-Based Economic Empowerment Amendment Act No.46 of 2013 (the “BBEE Act”).

The implementation date of the required disclosure in the annual report of the policy on the promotion of race diversity at board level will be 1 June 2018. As such all annual reports issued on or after 1 June 2018 will have to comply with the required disclosure. The intention with the lead time is to afford listed companies with sufficient time to comply with the new requirement.

Publication of the annual compliance report pursuant to the BBEE Act has been a requirement as from 19 June 2017 – and which Altron complies with accordingly.

### 2. Policy Statement

Altron recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Altron Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new directors. The Nomination Committee also oversees the

conduct of the annual performance evaluation and assessment of Board effectiveness. In terms of Regulation 43(5) of the Companies Act No. 71 of 2008 (“the Act”), the Altron Social and Ethics Committee is required to report on, among others, the promotion of equality, diversity and the prevention of unfair discrimination within the group.

In reviewing Board composition, the Nomination Committee will consider the benefits of all aspects of diversity specifically including, but not limited to gender and race diversity, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board.

As part of the performance evaluation and assessment of the Board, Board Committees and individual directors, the Committee will consider the balance and mix of skills, experience, independence and knowledge and the diversity representation on the Board, including gender and race, how the Board works together as a unit, and any other factors relevant to its effectiveness.

### **3. Role of the Board**

Altron is committed to implementing a broader and more inclusive Diversity Policy which is aimed at having a balance of diversity attributes including the requisite skills, experience, gender mix, racial mix and others, which will contribute to the effectiveness of the Altron Board and the long-term sustainability of the Altron group.

The Diversity Policy should be read in addition to the requirements of the applicable B-BBEE Codes, and to the UN Global Compact to further promote the elimination of discrimination in respect of employment and occupation, and any other related race and gender specific legislation that may apply from time to time.

The Board will foster an environment where there is appreciation and recognition of diversity and inclusiveness at all levels of specialty within the Altron Board.

The underlying objective of this policy is to enhance representation of senior women of diverse backgrounds on the Altron Board.

To achieve this objective, Altron will through its appropriate structures such as Human Capital and transformation initiatives accelerate its current programs to expand the representation of women in senior management and professional specialty roles within the Altron group.

A voluntary target of 30% board representation of women has been set by the Altron Board, with a voluntary Board diversity target of 60% representation.

The Altron Board, having received reports from the Nomination Committee and the Social and Ethics Committee on all areas of the work performed by Human Capital and through the group’s transformation initiatives in expanding the representation of empowerment candidates and women at all levels in the group, will assess the diversity objectives annually (or more frequently as required), as well as the progress made towards achieving these.

### **4. The Nomination Committee**

Further to its obligations above, the Nomination Committee, in nominating and recommending the appointment of empowerment candidates and women directors to the Altron Board, shall on an annual basis:

- (i) Review the voluntary targets set in terms of this policy;
- (ii) Review the initiatives and programs undertaken by Altron Human Capital and the group's transformation initiatives in expanding the representation of empowerment candidates and women in senior management positions;
- (iii) Measure the actual diversity representation on the Altron Board against the voluntary targets;
- (iv) Make recommendations to the Altron Board to achieve its agreed voluntary target of 30% gender diversity and 60% race diversity.

## **5. Achieving Diversity**

Altron recognises that in order to improve diversity on the Altron Board, it must enhance the participation of women, particularly black women on the Altron Board. The increase in the proportion of director posts held by empowerment candidates, with particular focus on black women, on the Altron Board shall be the crucial measurement test of Altron's success in implementing this policy. Therefore, the Altron Board, through its various governance structures, will afford priority to candidates falling within aims of the group's Diversity Policy when a position on the main board becomes available.

The Altron group will also through its governance structures continue to build a succession planning pipeline to further enhance and develop future leaders that could potentially fulfil these positions within the group.

## **6. Reporting Responsibility**

Altron will report to shareholders in its Integrated Annual Report how the Altron Board or the Nomination Committee, as the case may be, has considered and applied this policy in the nomination and appointment of directors.

## **7. Measurable Objectives**

Annually, the Nomination Committee will discuss and agree proposed objectives, including, without limitation, the setting of voluntary targets, for achieving diversity on the Board and recommend the same to the Board for approval and adoption. If and when appropriate, the Nomination Committee shall engage with the Social and Ethics Committee in terms of seeking its guidance and input around both gender and race diversity at Board level.

## **8. Monitoring and Reporting**

The Nomination Committee will report annually to its shareholders in the corporate governance section of the Altron Integrated Annual Report, on the process adopted in relation to Board appointments and the consideration given to diversity on the Board in general and more specifically gender and race diversity. Such report should include a narrative on how the Board or the Nomination Committee, as the case may be, have considered and applied the Diversity Policy in the nomination and appointment of directors. If applicable, the Board or the Nomination Committee must further report progress in respect thereof against agreed voluntary targets.

## **9. Approval and Review of the Policy**

This Diversity Policy was approved by the Board on 9 May 2018, retrospective with effect from 1 May 2018. It is, however, recognised that, as pertaining to gender diversity, the Altron Board adopted such policy on 17 October 2017, which now forms part of this policy.

The Nomination Committee and when applicable, the Social and Ethics Committee, will review this Policy annually, and where required may propose any revisions thereto, to the Board for approval.