



## **ALTRON LIMITED BOARD CHARTER**

### **1. PREAMBLE**

- 1.1. The Board of Directors of Altron Limited (“Altron or the Company”) regard corporate governance as fundamentally important to the success of the Company’s business and are unreservedly committed to applying the principles of good corporate governance in their direction of the Company.
- 1.2. The Board is the focal point of the Company’s corporate governance system and remains ultimately accountable and responsible for the performance and affairs of the Company.
- 1.3. The terms “Board”, “directors” and “Board members” have been used interchangeably in this Board Charter.
- 1.4. Words importing the masculine gender shall include females, and words importing persons shall include created entities (corporate or not).

### **2. AIM AND OBJECTIVES**

- 2.1. The aim of this Board Charter is to regulate the parameters within which the Board operates and to ensure the application of the core principles of integrity, transparency, accountability and responsibility in all dealings by, in respect and on behalf of, the Company.
- 2.2. This Board Charter sets out the specific responsibilities to be discharged by Board members collectively, as well as the roles and responsibilities incumbent upon directors as individuals.
- 2.3. The Board recognises that with regard to corporate governance, it is critical that substance prevails over form, and in applying the principles contained in this Board Charter, the Board will be guided by the principles and recommendations contained in the Companies Act No 71 of 2008 (as amended) (“the Act”), the King IV Report on Governance for South Africa 2016 and the related principles (“King IV”), the JSE Listings Requirements, from time to time in force (“Listings Requirements”), as well as by established standards of best governance practice.
- 2.4. The provisions of this Board Charter shall at all times be interpreted in a manner consistent with the Company’s Memorandum of Incorporation. In the event of any inconsistency between this Board Charter and the Memorandum of Incorporation of the Company, the provisions of the Memorandum of Incorporation shall prevail.

### **3. THE ROLE OF THE BOARD**

- 3.1. The Board exercises leadership, enterprise, integrity and judgement in directing the Company so as to achieve continuing prosperity for the Company and its stakeholders and shall at all times act in the best interests of the Company in a manner based on integrity, transparency, accountability and responsibility.

- 3.2. The Board's primary responsibilities include determining the Company's purpose and values and assuming collective responsibility for steering and setting the direction of the Company, approving policy and planning, overseeing and monitoring of implementation and execution by management, and ensuring accountability and organisational performance. Furthermore, the Board shall provide strategic direction to the Company, identifying key risk areas and key performance indicators of the Company's business, monitoring the performance of the Company against agreed objectives, advising on significant financial matters and reviewing the performance of executive management against defined objectives and, where applicable, industry standards.
- 3.3. The Board should specifically:
- 3.3.1. lead the Company ethically for sustainability in terms of the economy, environment and society, taking into account its impact on internal and external stakeholders;
  - 3.3.2. promote corporate governance as integral to running of the Company and delivering governance outcomes such as an ethical culture, good performance, effective control and legitimacy;
  - 3.3.3. promote the spirit of Ubuntu in corporate governance by expressing compassion, justice, reciprocity, dignity, harmony and humanity in the interests of building, maintaining and strengthening the community;
  - 3.3.4. strategically direct, control, set the values, align management to the latter and promote the stakeholder inclusive approach of governance. In this regard the Board should assume responsibility for organisational performance by steering and setting the direction for the realisation of the Company's core purpose and values through its strategy;
  - 3.3.5. ensure that each director adheres to the duties of a director;
  - 3.3.6. define levels of authority, reserving specific powers to itself and delegating other matters, with the necessary written authority, to the Chief Executive ("CE");
  - 3.3.7. continually monitor the exercise of delegated authority;
  - 3.3.8. exercise courage in taking risks and capturing opportunities, but do so in a responsible manner and in the best interests of the Company;
  - 3.3.9. take responsibility for anticipating, preventing or otherwise ameliorating the negative outcomes of the Company's activities and outputs on the triple context (economy, society and environment) in which it operates, and the capital that it uses and affects;
  - 3.3.10. ensure that a system of policies and procedures appropriate to the Company is in place and maintained and that suitable governance (including, without limitation, technology and information governance) structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
  - 3.3.11. ensure that the Company is and is seen to be a responsible corporate citizen, by, among others, ensuring that the Company's responsible corporate citizen efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standard and adherence to its own codes of conduct and policies;
  - 3.3.12. oversee and monitor, on an ongoing basis, how the consequences of the Company's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with

management in all of the following areas: a) workplace, b) economy, c) society and d) environment;

- 3.3.13. ensure compliance by the Company with all relevant laws and regulations, audit and accounting standards, the Company's code of conduct and code of ethics, as well as such other principles, codes and policies of best business practice as may be established by the Board from time to time;
  - 3.3.14. ensure the Company's ethics programme is managed effectively through building an ethical culture, setting ethical standards, measuring adherence and incorporating ethics into its risk management, operations, performance management and disclosure;
  - 3.3.15. regularly review and evaluate the business risks to the Company and ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks;
  - 3.3.16. ensure that no one person or a block of persons has unfettered power and that there is and remains an appropriate balance of power and authority on the Board which is, inter alia, usually reflected by separating the roles of the CE and Chairman and by having a balance between executive and non-executive directors;
  - 3.3.17. exercise objective judgement on the business affairs of the Company, independent from management, but with sufficient information to enable a proper and informed assessment to be made; and
  - 3.3.18. identify and monitor non-financial aspects relevant to the business of the Company and ensure that the Company acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs.
- 3.4. Having regard to its role set out above, the Board has defined, among others, the following as key issues which it will consider in the course of its direction of the Company:
- 3.4.1. developing and reviewing the strategic direction of the Company and adopting business plans proposed for the achievement of the Company's objectives;
  - 3.4.2. approving specific financial objectives, including budgets, and non- financial objectives and policies proposed by management;
  - 3.4.3. reviewing the management of business risk;
  - 3.4.4. reviewing processes for ensuring compliance by the Company with its key legal obligations;
  - 3.4.5. delegating appropriate authority to the CE for capital expenditure and reviewing investment, capital and funding proposals for Board approval in terms of the delegation policy set out in this Board Charter;
  - 3.4.6. appointing a CE on the recommendation of the Nomination Committee;
  - 3.4.7. approving, on the recommendation of the Nomination Committee, succession plans in respect of key executive positions within the Company and the Altron Group;
  - 3.4.8. overseeing the Company's performance against agreed targets and objectives; and
  - 3.4.9. providing leadership and vision in a way that will enhance value and ensure the long-term organisational health of the Company.

- 3.5. The day-to-day management of the Company will be vested in the hands of the CE and the management team appointed by him.

#### **4. COMPOSITION OF THE BOARD**

- 4.1. The constitution of the Board is dictated by the Company's Memorandum of Incorporation. The Board should assume responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The Company shall be headed by a unitary and effective Board that can both lead and control the Company. The Board should comprise a balance of executive and non-executive directors, with a majority of non-executive directors, most of whom should be independent of management for shareholder interests (including minority interests) to be protected.
- 4.2. The Board should annually appoint a non-executive director as the Chairman of the Company. If the Chairman is not independent, then a lead independent non- executive director should be appointed. The appointment of a Chairman who is not an independent non-executive director should be disclosed in the Company's integrated annual report, together with the reasons and justifications for the appointment.
- 4.3. The directors shall be required to retire in accordance with the terms of the Memorandum of Incorporation of the Company.
- 4.4. The Board shall, from time to time, be entitled to nominate persons whom they consider suitable to be appointed as non-executive directors of the Company on the basis prescribed in the Company's Memorandum of Incorporation. The Nomination Committee shall evaluate the prospective candidates having regard to, inter alia, the criteria set out in 4.6 and 4.7 below, for the purposes of making appropriate recommendations to the Board.
- 4.5. The Board shall appoint new or additional directors or remove directors from office in accordance with the Act and the Company's Memorandum of Incorporation. The appointment of new or additional directors shall be subject to confirmation by the shareholders at the first annual general meeting following their appointment.
- 4.6. As set out above, in determining the optimum composition of the Board, the Board shall seek to ensure that it collectively contains the skills, experience, diversity, demographics and mix of personalities appropriate to the strategic direction of the Company and necessary to secure its sound performance.
- 4.7. Key qualifications and competencies for membership of the Board include:
- 4.7.1. the ability to make sensible and informed business decisions and recommendations;
- 4.7.2. the ability to contribute an independent view to matters under consideration and to add value to Board deliberations;
- 4.7.3. high ethical standards and sound practical sense and the ability to demonstrate a wide and unfettered perspective on issues facing the Company; and
- 4.7.4. an unequivocal commitment to furthering the interests of the Company in achieving its goals and where appropriate, to bring the benefit of broader national or international experience to the Board. In this regard, the Board, in conjunction with the Nomination Committee, should carefully consider the number of Board appointments prospective non-executive directors hold so as to ensure that the Company will enjoy the full benefit of their expertise.

- 4.8. Every director recognises that his primary fiduciary duty is to the Company as an entity and not any particular constituency by which the appointment of the director may have been recommended. Irrespective of a Board member's special expertise or knowledge, all members of the Board recognise that they are collectively responsible for and must be prepared to act with enterprise for the Company, in creating value. In doing so, the Board should appropriately consider the legitimate interests and expectations of all its stakeholders.
- 4.9. The termination of an employment contract for an executive director will result ipso facto in the termination of his membership of the Board and any committee, unless the Board determines otherwise.
- 4.10. The Chairman or any director may at any time appoint alternate directors to act in their place during their absence or inability to act personally, subject to the procedure for such appointment as laid down in the Company's Memorandum of Incorporation.
- 4.11. A director shall cease forthwith to hold office as such if he is absent from two consecutive Board meetings or three (3) Board meetings in the aggregate during any one calendar year and has failed to obtain the prior leave of absence from the Chairman of the Board.

## **5. BOARD LEADERSHIP**

- 5.1. There should be a clear division of responsibilities between the executive responsibility for the running of the Company's business and the leadership of the Board, such that no one individual has unfettered powers of decision-making.
- 5.2. In compliance with the JSE Limited ("JSE") Listings Requirements, the roles of the CE and Chairman will be separated.
- 5.3. The Chairman shall preside over meetings of the Board and shall be responsible for, among others:
  - 5.3.1. setting the ethical tone for the Board and the Company;
  - 5.3.2. providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
  - 5.3.3. identifying and participating in selecting Board members (via the Nomination Committee), and overseeing a formal succession plan for the Board, CE and certain senior executive appointments such as, among others, the chief financial officer (CFO);
  - 5.3.4. formulating (with the CE and / or Altron Group Company Secretary) the yearly work plan for the Board against agreed objectives, and playing an active part in setting the agenda for Board meetings;
  - 5.3.5. ensuring that time in Board meetings is used productively. The Chairman should encourage collegiality among Board members without inhibiting candid debate and creating tension among Board members;
  - 5.3.6. managing conflicts of interest in accordance with the provisions of the Act. The Chairman must ask affected directors to recuse themselves from discussions and decisions in which they have a conflict;

- 5.3.7. acting as the link between the Board and management and particularly between the Board and the CE;
- 5.3.8. being collegial with Board members and management while at the same time maintaining an arm's length relationship;
- 5.3.9. ensuring that Board members play a full and constructive role in the affairs of the Company and taking a lead role in the process for removing non-performing or unsuitable directors from the Board;
- 5.3.10. ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable directors to reach an informed decision;
- 5.3.11. monitoring how the Board works together and how individual directors perform and interact at meetings. The Chairman should know Board members' strengths and weaknesses;
- 5.3.12. mentoring to develop skills and enhance directors' confidence (especially those new to the role) and encouraging them to speak up and make an active contribution at meetings. The mentoring role is encouraged to maximise the potential of the Board;
- 5.3.13. ensuring that all directors are made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continuing professional education is adopted at Board level;
- 5.3.14. ensuring that good relations are maintained with the Company's major shareholders and its strategic stakeholders, and presiding over shareholders' meetings;
- 5.3.15. building and maintaining stakeholders' trust and confidence in the Company and ultimately the Altron Group;
- 5.3.16. upholding rigorous standards of preparation for meetings by for example, meeting with the CE and/or Altron Group Company Secretary before meetings and studying of the meeting information packs distributed; and ensuring that decisions by the Board are executed.
- 5.4. The Chairman will act as facilitator at meetings of the Board to ensure that no director, whether executive or non-executive, dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed and that Board discussions lead to appropriate decisions.
- 5.5. The Chief Executive ("CE")
  - 5.5.1. The CE shall act together with senior executives where appropriate, subject to the reporting requirements of the Board.
  - 5.5.2. Without in any way limiting the obligations of the CE as determined in his employment contract, the CE shall, in particular, be responsible for:
    - 5.5.2.1. monitoring and managing the day-to-day operational requirements of the Company;
    - 5.5.2.2. recommending or appointing the executive team and ensuring proper succession planning and performance appraisals;
    - 5.5.2.3. developing the Company's strategy for consideration and approval by the Board;

- 5.5.2.4. developing and recommending to the Board yearly business plans and budgets that support the Company's long-term strategy;
- 5.5.2.5. monitoring and reporting to the Board the performance of the Company and its conformance with compliance imperatives;
- 5.5.2.6. establishing an organisational structure for the Company which is necessary to enable execution of its strategic planning;
- 5.5.2.7. setting the tone in providing ethical leadership and creating an ethical environment;
- 5.5.2.8. ensuring that the Company complies with all relevant laws and applies sound corporate governance principles;
- 5.5.2.9. ensuring that the Company applies all recommended best practices and, if not, that the failure to do so is justifiably explained.
- 5.5.2.10. overseeing the effective operation and administration of the Company;
- 5.5.2.11. ensuring appropriate human resource strategies are in place to meet the Company's objectives and legal compliance obligations;
- 5.5.2.12. maintaining personal awareness of business, economic and political trends that may affect the operations of the Company;
- 5.5.2.13. attending Board meetings as CE;
- 5.5.2.14. involving himself in Altron Group affairs as set out in the mandate and terms of reference of the Altron Executive Committee;
- 5.5.2.15. acting as chairman of the Altron Executive Committee;
- 5.5.2.16. ensuring that the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk;
- 5.5.2.17. ensuring that comprehensive and appropriate internal control mechanisms are approved by the Board in order to mitigate against key risks and to ensure that they function effectively;
- 5.5.2.18. not causing or permitting any practice, activity or decisions by or within the Company that are contrary to commonly accepted good business practice, good corporate governance or professional ethics; and
- 5.5.2.19. confirming (when necessary) to the Board, via the Remuneration Committee and the Social, Ethics and Sustainability Committee, details of the Company's compliance with employment equity and human capital development imperatives.

## **6. INDUCTION OF NEW BOARD MEMBERS**

- 6.1. On appointment, new Board members will undergo an induction programme aimed at facilitating their understanding of the Altron Group and the business environment and markets in which it operates. The induction programme will be conducted by the Altron Group Company Secretary and where appropriate, with the Company's sponsor. The induction programme will include but not necessarily be limited to :-

- 6.1.1. background on the Altron Group and guidance on the business of the Altron Group (products and services offerings, business and manufacturing processes, corporate (including globalisation) strategies, organisation structure, business risks and opportunities, management and people and comparison with local and international competitors and benchmarks);
- 6.1.2. background on the Altron Group, its history and its culture (which can be facilitated by making available to new Board members, scrapbooks, corporate videos, publications and press releases);
- 6.1.3. instruction in the key financial statements (i.e. annual financial statements, directors' report, trends of the key financial ratios and financial performance of the business);
- 6.1.4. a clear identification of reciprocal expectations on appointment (by way of discussions with the Altron Group Company Secretary, and where appropriate, the Altron sponsor, as regards the director's role, duties and responsibilities, as well as rights and obligations, Board practices and procedures, corporate strategy and organisation, disclosure and communication policies, financial management systems, internal control procedures, potential contributions and particular knowledge, the identification of any gaps in knowledge of Board or governance procedures where training may be required and a clear understanding of the director's own expectations from the Chairman and the Board as a whole);
- 6.1.5. familiarisation by means of, inter alia, site visits and factory tours of the Altron Group's operations, senior management and its business environment;
- 6.1.6. formal induction in terms of their statutory and common law (fiduciary) duties and responsibilities; and
- 6.1.7. any other matters of interest to the Board.

## **7. UNDERTAKINGS BY BOARD MEMBERS**

- 7.1. Every Board member shall:
  - 7.1.1. at all times conduct himself in a professional manner, having due regard to his statutory and fiduciary duties and responsibilities to the Company;
  - 7.1.2. uphold the core values of integrity and enterprise in all dealings on behalf of the Company and avoid conflicts of interest;
  - 7.1.3. ensure that he has sufficient time available to devote to his duties as a Board member. In this regard:
    - (i) executive directors should be encouraged to hold other non- executive directorships only to the extent that this does not interfere with their immediate management responsibilities; and
    - (ii) (ii) non-executive directors should carefully consider the number of board appointments they hold so as to ensure that the Company enjoys the full benefit of their expertise;
  - 7.1.4. exercise care, skill and diligence in discharging his duties to the Company and seek to acquire a broad knowledge of the business of the Company so as to be able to provide meaningful direction to it;



- 7.1.5. regularly attend meetings of the Board, strategic planning sessions and any committees on which he serves; and
- 7.1.6. endeavour to keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social and legal climate generally, which may impact the businesses of the Company.
- 7.2. Every Board member should, in addition, be aware of, and conversant with, the statutory and regulatory requirements affecting the direction of the Company.

## **8. REMUNERATION OF BOARD MEMBERS**

- 8.1. The Remuneration Committee, guided by the Altron remuneration policy, will determine the level of remuneration paid to executive directors and senior executives (including prescribed officers) of Altron and as a general principle will as far as possible ensure that their interests are aligned to those of shareholders and the strategy of the Company and that no Board member shall be involved in deciding his own remuneration. The remuneration for non-executive directors shall be a matter for a disinterested quorum of the Board, and the shareholders in general meeting.
- 8.2. The shareholders should approve the Company's remuneration policy whereafter the Remuneration Committee should (as per the authority delegated to it by the Board in its mandate and terms of reference), determine the remuneration of the Company's executive directors and prescribed officers in accordance therewith.
- 8.3. The form, objectives and quantum of any incentive scheme recommended by the Remuneration Committee shall be approved by the Board and/or shareholders, as and when appropriate.

## **9. BOARD GOVERNANCE**

- 9.1. Board, Strategic Planning and Committee Meetings
  - 9.1.1. Board members will use their best endeavours to attend all Board and where relevant strategic planning and committee meetings, to read all necessary documentation and prepare themselves thoroughly in advance of meetings. Board members are expected to participate fully, frankly and constructively in Board and where relevant strategic planning and committee discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to such discussions.
  - 9.1.2. Board members who are unable to attend those meetings referred to herein shall advise the Chairman of the Board or the relevant committee Chairman, as the case may be, as well as the Altron Group Company Secretary, in advance of a meeting.
  - 9.1.3. The Board should allow every director to play a full and constructive role in its affairs.
  - 9.1.4. The non-executive directors should meet from time to time without the executive directors to consider the performance and actions of executive management.

## 9.2. Frequency and Quorum

- 9.2.1. Meetings of the Board will be held at such times and at such venues as the Board deems appropriate, subject to a minimum of four (4) meetings per annum.
- 9.2.2. Reasonable notice in writing of meetings of the Board shall be given to all Board members.
- 9.2.3. Unless otherwise determined by the Board, the quorum necessary for the transaction of business is the majority of the directors for the time being, of whom at least one half shall constitute non-executive directors.
- 9.2.4. In addition to the rules of procedure set out in this Board Charter, meetings and proceedings of the Board will be governed by the Memorandum of Incorporation of the Company and by the Act.

## 9.3. Confidentiality

- 9.3.1. The Board agrees that the maintenance of the confidentiality of Board proceedings is of paramount importance;
- 9.3.2. The Altron Group Company Secretary shall keep records of all Board submissions and papers and all material presented to the Board together with the minutes of meetings. These records will be accessible to all directors on request.

## 9.4. Independent Professional Advice

- 9.4.1. The Board has approved a procedure in terms of which any director may take independent external professional advice, at the expense of the Company, where, inter alia, there is doubt as to whether a proposed course of action is consistent with his statutory and/or common law (fiduciary) duties and responsibilities.

## 9.5. Conflicts of Interest

- 9.5.1. On first appointment and at regular intervals (at least every quarter), or at any time when circumstances change, all directors shall, in good faith, disclose to the Altron Group Company Secretary for recording and disclosure to their fellow directors, any business or other personal financial interest that is likely to create a potential conflict of interest, including, without limitation, (a) all business interests (direct or indirect) in any other company, partnership or other business venture; (b) membership of trade, business or other economic organisations; and (c) their shareholding and/or other equity interests in any company.
- 9.5.2. Directors who have a personal financial interest in respect of a matter to be considered at a Board meeting or who know that a related person has a personal financial interest in that matter:
  - 9.5.2.1. must disclose the interest and its general nature before the matter is considered at the meeting;
  - 9.5.2.2. must disclose to the meeting any material information related to the matter and known to the director; and
  - 9.5.2.3. may disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors.

- 9.5.3. Unless the Board resolves otherwise, a conflict shall, without limiting the generality thereof, be deemed to exist where:
- 9.5.3.1. a director is personally financially interested in any contract entered into by the Company, regardless of whether the quantum of such financial interest may ordinarily be regarded as material or not; or
- 9.5.3.2. a director is a director or a shareholder entitled to exercise more than five percent (5%) of the voting rights of any entity with which the Company is about to contract.
- 9.5.4. Directors must recuse themselves from meetings before decisions are taken on matters in which they have a conflict of interest.
- 9.5.5. In addition to the provisions set out in this Board Charter, conflicts of interest will be governed by Section 75 of the Act, the Memorandum of Incorporation of the Company and by the Altron Declaration of Interest Policy, as amended or updated from time to time.

## **10. SHARE DEALINGS**

- 10.1. In terms of the Company's Disclosure Policy and the Directors Dealing in Securities Policy, directors are precluded from dealing in Altron securities during closed and prohibited periods, including when the Company is trading under a cautionary announcement. "Securities" include inter alia options, stocks, shares and debentures, as defined in the Listings Requirements. Where appropriate, additional closed periods, as well as the persons to whom such closed periods apply, may, from time to time, be invoked by the Board.

## **11. COMMITTEES**

- 11.1. The Board may form such committees as may be necessary to facilitate efficient decision making and to assist the Board in the execution of its duties, power and authorities. The Company presently has five standing Board committees, namely Remuneration Committee ("RemCo"); Social, Ethics and Sustainability Committee ("SESCoM"); Nomination Committee ("NomCo"), Audit and Risk Committee ("AARC") and the Investment Committee ("InvestCo").
- 11.2. The shareholders must appoint the members of AARC and therefore the committee shall be constituted as a statutory committee of the Company in respect of their statutory duties and as committees of the Board in respect of all other duties assigned to them by the Board.
- 11.3. Each committee of the Board shall be constituted with formal terms of reference which shall determine, inter alia, the membership (subject to 11.4.4 below), purpose, powers, frequency of meetings and authority of the committee, the scope of its mandate and its relationship to the Board.
- 11.4. As general principles:
- 11.4.1. Board committees will observe the same rules of conduct and procedures as the Board, unless the Board specifically determines otherwise in the committees' terms of reference;
- 11.4.2. Committees shall be entitled to act on behalf of the Board only when specifically so authorised;
- 11.4.3. There shall be transparency and full disclosure from the Board committees to the Board, except where the committee has been otherwise mandated by the Board;
- 11.4.4. The Board, after taking into account rotation and re-election of directors in terms of the Company's Memorandum of Incorporation at each Annual General Meeting, shall appoint

the Chairman and the members of the committees (excluding the AARC whose members shall be elected by shareholders) at the first Board meeting following the Annual General Meeting.

- 11.5. The delegation of the Board's authority in certain defined areas to committees constituted in terms of this clause 11 will absolve neither the Board, nor its directors, from their respective accountability to ensure the due discharge of their duties and responsibilities.

#### **11.6. The AARC**

- 11.6.1. The AARC is presently comprised of independent non-executive directors, the majority of whom are financially literate and has written terms of reference that deal adequately with its membership, authority and duties. The AARC, which is chaired by an independent non-executive director, meets at least three (3) times a year and is responsible for, inter alia:

- 11.6.1.1. providing independent oversight of, among others,
- a) the effectiveness of the Company's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance services providers, internal audit and the finance function;
  - b) overseeing integrated reporting, including the integrity of the integrated annual report, annual financial statements, the disclosure of sustainability for consistency with the financial information and, to the extent designated by the Board, other external reports issued by Altron;
- 11.6.1.2. recommending engaging an external assurance provider on material sustainability issues;
- 11.6.2. considering the need to issue reviewed interim results;
- 11.6.3. reviewing summarised information and engaging the external auditor to provide assurance on summarised financial information;
- 11.6.4. ensuring there is a combined assurance approach for assurance activities to address all significant risks;
- 11.6.5. monitoring the relationship between external assurance providers and the Company;
- 11.6.6. reviewing annually and satisfying itself on the Company's finance function and disclosing such in the integrated annual report;
- 11.6.6.1. recommending the external auditor appointment and overseeing the external audit process (nomination, terms of engagement, remuneration, monitoring independence, defining non-audit services policy and pre- approval of non-audit services, being informed of reportable irregularities, and review quality and effectiveness of external audit process);
- 11.6.6.2. reporting internally to the Board and externally to shareholders on:
- a) the discharge of its statutory duties;
  - b) the independence of the external auditor;
  - c) financial statements and accounting practices;
  - d) effectiveness of the internal financial controls, including the effectiveness of the CFO and the finance function;

- e) its role, composition, meetings and activities; and recommending the integrated annual report to the Board for approval.

11.6.7. Additionally, in respect of risk management and oversight, the AARC's purpose is to assist the Board in the discharge of its duties relating to the identification of risk and the assessment of the effectiveness of risk management and opportunities within the Altron Group and is responsible for, inter alia:

11.6.7.1. establishing and maintaining a common understanding of the risk universe that needs to be addressed in order to achieve corporate objectives;

11.6.7.2. identifying the risk profile of the Company and the Altron Group in general;

11.6.7.3. reviewing the risk philosophy, strategies and policies and ensuring compliance with such policies;

11.6.7.4. reviewing and assessing the integrity of risk control systems and ensuring that the risk policies and strategies are effectively managed;

11.6.7.5. setting out the nature, role, responsibility and function of risk management throughout the Altron Group;

11.6.7.6. monitoring external developments relating to corporate accountability, including but not limited to emerging and prospective trends;

11.6.7.7. reviewing the impact that significant litigation could have on the Altron Group;

11.6.7.8. identifying and taking regular account of the significance of and risks to the Altron Group's short and long term value arising from social, environmental and ethical matters as well as the opportunities to enhance value that may arise from an appropriate response;

11.6.7.9. reviewing the adequacy of the insurance coverage;

11.6.7.10. monitoring procedures to deal with and review disclosure of information to stakeholders; and

11.6.7.11. undertaking such other duties or functions as may be assigned to it by the Board from time to time.

## **11.7. The SESCom**

11.7.1. The SESCom is presently chaired by an independent non-executive director and comprises a majority of independent non-executive directors. The SESCom has written terms of reference that deal adequately with its membership, authority and duties. meets at least three times a year and is responsible for, inter alia:

11.7.1.1. monitoring the Altron Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

11.7.1.1.1. social and economic development, including the Altron Group's standing in terms of the goals and purposes of:

- a) the 10 principles set out in the United Nations Global Compact Principles;
- b) the OECD recommendations regarding corruption;
- c) the Employment Equity Act, as amended;
- d) the Broad-Based Black Economic Empowerment Act, as amended;

- e) good corporate citizenship, including the Altron Group's:
- 11.7.1.2. promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - 11.7.1.3. contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed record of sponsorship, donations and charitable giving; the environment, health and public safety, including the impact of the Altron Group's activities and of its products or services; consumer relationships, including the Altron Group's advertising, public relations and compliance with consumer protection laws;
  - 11.7.1.4. oversight of the Altron Group's environmental, social and governance ("ESG") matters and monitoring of the Group's ESG strategy and the implementation thereof by management;
  - 11.7.1.5. labour and employment, including:
    - 11.7.1.5.1. the Altron Group's standing in terms of the International Labour Organization Protocol on decent work and working conditions;
    - 11.7.1.5.2. the Altron Group's employment relationships, and its contribution toward the educational development of its employees;
    - 11.7.1.5.3. ensuring that the Altron Group's ethics, including organisational ethics, is managed effectively (as recommended in principle 2 of King IV, including:
      - a) leadership demonstrating support for ethics throughout the Altron Group;
      - b) a strategy for managing ethics that is informed by the negative and positive risks the Altron Group faces;
      - c) ethical standards are articulated in a code of ethics and supporting ethics policies;
      - d) structures, systems and processes are in place to ensure that the various Boards, employee and supply chains are familiar with and adhere to the Altron Group's ethical standards;
      - e) ethics performance is included in the scope of internal audit and reported on in the Company's integrated annual report;
      - f) ethics is imbedded in the corporate culture; and
      - g) drawing matters within its mandate and terms of reference to the attention of the Board as occasion requires.

## 11.8. The RemCo

The RemCo meets at least three times a year and is responsible for oversight and ensuring governance around remuneration and benefits within the Altron Group, this oversight includes *inter alia*:

- 11.8.1. reviewing and determining the remuneration packages, as well as but not limited to short term and long-term performance related incentives, of the executive directors as well as executive management and proposing fees to be paid to the non-executive directors;
- 11.8.2. ensuring that the level of remuneration is sufficient to attract, motivate, reward and retain the quality and calibre of directors and senior executives needed to run the Board and the Altron Group successfully;
- 11.8.3. ensuring that the Company's annual remuneration report forming part of the integrated annual report discloses the details of the remuneration and benefits of each director and prescribed officers of the Company; and

- 11.8.4. granting of any share appreciation rights, performance shares and/or bonus shares by the Company or the creation of any employee share based and other long-term incentive scheme with the inclusion of any profit-sharing arrangements by the Company.

#### **11.9. Nomination Committee**

The Nomination Committee is presently chaired by and is comprised of a majority of independent non-executive directors. The Nomination Committee has written terms of reference that deal adequately with its membership, authority and duties. The Nomination Committee meets at least twice annually and is responsible for, inter alia:

- 11.9.1. reviewing the size and composition of the Board from time to time and recommending changes thereto that will result in a Board that suits the Company's requirements;
- 11.9.2. subject to 3.4.7, establishing and maintaining succession plans for key members of the Board and for the Chairman and CE in particular;
- 11.9.3. recommending the appointment of executive and non-executive directors to the Board;
- 11.9.4. considering the performance of directors who are retiring by rotation or who have reached the age of 70 years or older or who have served on the board in aggregate for longer than nine years and recommending to the Board and shareholders whether they should be re-elected; and
- 11.9.5. recommending the composition of the Board and the various committees.

#### **11.10. Investment Committee**

The Investment Committee is chaired by a non-executive director and comprises of Altron Group executives and other senior non-executive directors. Other Altron executives and managers attend the meetings of this committee through invitation. This committee's purpose is to assist the Board in the discharge of its duties relating to the identification of risk and the assessment of the effectiveness of risk management within the Altron Group. It meets on an ad hoc basis and is responsible for, inter alia:

- 11.10.1. consider and evaluate the viability of proposed investment opportunities, disposals, and expansion projects, for recommendation to the Board for their consideration and approval;
- 11.10.2. consider and evaluate any other capital allocation decisions including, but not limited to, share buybacks, and research & development budgets, for recommendation to the Board for their consideration and approval;
- 11.10.3. taking into consideration the Company's strategic goals, review, challenge and approve for recommendation to the Board specific major investment proposals;
- 11.10.4. evaluate and make recommendations to the Board on proposed acquisitions, new development (including research & development) projects and/or disposals of assets including the effect they may have on the Company's funding capacity;
- 11.10.5. evaluate and make recommendations to the Board on proposed share buybacks, sale of treasury shares and/or issue of new shares, after taking into account the current intrinsic value of the Company and the impact any such actions will have on shareholder's net worth;
- 11.10.6. ensure that the decisions taken by the Committee and the actions to be taken identified through such decisions are appropriately allocated to the relevant management teams throughout the Group and that such actions are implemented accordingly;
- 11.10.7. ensure appropriate independent advice is sought in relation to major investments; and

- 11.10.8. ensure correct and appropriate due diligence procedures are followed in respect of any investment related transaction.

## **12. MATTERS RESERVED FOR THE BOARD AND CERTAIN COMMITTEES**

Subject to the provisions of 2.4 of this Board Charter, the following matters shall be reserved for decision by the Board, supported by recommendations, where appropriate, from the various committees and subject to the approval by shareholders in general meeting, where appropriate:

- 12.1. the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic decision or material deviations in business plans;
- 12.2. the undertaking of any new business activity outside the approved business strategy;
- 12.3. the conclusion of any contract outside the ordinary course of business;
- 12.4. any acquisition or merger in line with the Company's limits of authority as approved by the Board and in co-operation with the Investment Committee;
- 12.5. the approval of annual financial statements and interim financial statements;
- 12.6. determining the capital structure of the Company with the support of the Investment Committee;
- 12.7. subject to Section 45 of the Act, the incurring of any borrowings with a repayment term of longer than twelve months and a capital amount exceeding R100 million, excluding finance leases entered into in the ordinary course of business;
- 12.8. subject to Section 45 of the Act, the incurring of any borrowings with a repayment term of less than twelve months and a capital amount exceeding R250 million;
- 12.9. the creation and modification of mortgages, liens or other charges on assets, otherwise than in the ordinary course of business;
- 12.10. the issue of any guarantees, suretyships or indemnities or other undertakings, otherwise than in the ordinary course of business;
- 12.11. the submissions of any tender, or the entering into of any contract for the sale of goods or provision of services where the value exceeds R750 million;
- 12.12. the making of any loan to any third party other than a subsidiary of the Company or otherwise than in the ordinary course of business;
- 12.13. the payment of any management fees by the Company to any third party;
- 12.14. a change in the financial year end of the Company or the name and / or logos of the Company;
- 12.15. the adoption of any significant change in the accounting policies and practices following the recommendation of the AARC;
- 12.16. the conclusion of financial or suspensive sale contracts binding the Company to any ongoing financial commitments over and above any provision made for the same in the then current budget or business plan of the Company;
- 12.17. the sale or disposal of any business with a market value greater than R25 million, save as otherwise provided for in terms of the Altron limits of authority matrix from time to time;



- 12.18. the sale or disposal of any immovable property for a value greater than R40 million, save as otherwise provided for in terms of the Altron limits of authority matrix from time to time;
- 12.19. the sale or disposal of all or a major part of the assets or of any material asset, whether tangible or intangible, and whether in the ordinary course of business or not, as per the relevant limits of authority approved by the Board;
- 12.20. the discontinuation of any of the material business activities;
- 12.21. any large-scale retrenchments and/or restructuring;
- 12.22. any dividend payable by the Company;
- 12.23. subject to the limitations contained in the Company's Memorandum of Incorporation, the making of any political donations which will require the prior approval of the Board, as well as shareholders in general meeting;
- 12.24. transactions with related parties, including organisations in which directors/managers have an interest;
- 12.25. based on the recommendations of the AARC, the adoption of appropriate risk management and internal control strategies;
- 12.26. subject to the processes defined elsewhere in this Board Charter, the appointment of the CE and appointments to and removals from the Board of executive or non-executive directors;
- 12.27. the appointment of, approval of terms of reference of and changes in the composition of the Company's various committees as are established from time to time;
- 12.28. the appointment, removal or replacement of the Company's external auditor;
- 12.29. the appointment, removal or replacement of the Altron Group Company Secretary;
- 12.30. the monitoring of the exercise of delegated powers;
- 12.31. any amendment to the Company's Memorandum of Incorporation;
- 12.32. any increase, alteration or reduction of the issued and/or authorised share capital of the Company;
- 12.33. the issue of any long-term or convertible debentures;
- 12.34. the institution or defence of any legal proceedings other than those arising in the ordinary course of business;
- 12.35. the winding up of the Company or any application for business rescue; and/or
- 12.36. a compromise generally with the Company's creditors.

Where any of the provisions of this Board Charter are found to conflict with or differ from any of the provisions set out in the limits of authority, as delegated by the Board to the executive directors of the Company from time to time, the provisions as set out in this Board Charter and not in the limits of authority shall prevail and the Board shall take all reasonable steps to ensure that the limits of authority are amended to align with the provisions set out in this Board Charter.

### **13. COMMUNICATIONS**

The Board shall, subject at all times to the provisions of the Company's Disclosure Policy, ensure that there is timely, relevant, balanced and accurate disclosure to shareholders of any information that would materially affect either the value or worth of their investment in the Company. All information affecting shareholders shall be prepared, audited (where appropriate) and disclosed in accordance with the aforesaid policy and with high quality standards of disclosure and objectivity. The Board shall further ensure that there is transparent communication with all stakeholders and that the quality of the information disclosed is based on substance over form.

### **14. CODE OF ETHICS**

As part of the Board's commitment to the highest standards of behaviour and accountability, the Company has adopted a code of conduct and a code of ethics ("code") to guide executive management and employees in carrying out their duties and responsibilities in an ethical manner. The code covers such matters as responsibilities to shareholders, relations with customers and suppliers, employment practices and responsibilities to the community.

### **15. BOARD EVALUATION AND PERFORMANCE**

- 15.1. In line with the recommendations of King IV as contained in principle 9, the Board shall, review the performance of the Chairman, Board members (individually and collectively), Board committees, Chief Executive and the Company Secretary:
  - 15.1.1. Annually, through a formal peer review; and
  - 15.1.2. once every three years, through an external facilitator, appointed by the Board.
- 15.2. a description of the performance evaluations to be undertaken during the reporting period, including their scope will be shared with the Board prior to the commencement of the evaluation.
- 15.3. Further to the above, the Board shall also, every three years, review the performance of each of the Board committees to ensure that their composition, mandate and authority enables them to provide effective assistance to the Board in the key areas in which they function.
- 15.4. Subsequent to the performance evaluations, the Board should disclose the following:
  - 15.4.1. an overview of the evaluation results and remedial actions taken; and
  - 15.4.2. whether the Board is satisfied that the evaluation process is improving its performance and effectiveness.

### **16. COMPANY SECRETARY**

- 16.1. The Altron Group Company Secretary shall work closely with the Chairman and the CE to ensure the proper and effective functioning of the Board and the integrity of the Board governance process.
- 16.2. The Board should be aware of the Altron Group Company Secretary's duties and should empower him to properly fulfil these duties. As the gatekeeper of good governance, it is important for the Altron Group Company Secretary to maintain an independent and arms-length relationship with the Board, as far as reasonably possible.
- 16.3. In addition to the statutory duties of the Altron Group Company Secretary, he must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company.

- 16.4. The Altron Group Company Secretary should be responsible for ensuring the proper compilation and timely circulation (at least 5 days prior to the scheduled meeting) of Board papers and for assisting the Chairman of the Board and the various committees with drafting of yearly work plans.
- 16.5. The Altron Group Company Secretary should have the duty to obtain appropriate responses and feedback to specific agenda items and matters arising from earlier meetings in Board and committee deliberations. The Altron Group Company Secretary's role should also be to raise matters that may warrant the attention of the Board, as well as ensure that all directors receive copies of relevant announcements and press releases prior to their publication, as appropriate.

## **17. PROCESS FOR REVIEW OF BOARD CHARTER**

This Board Charter shall be reviewed by the Board as and when necessary to ensure that it remains relevant to the business objectives of the Company and where appropriate, the Altron Group. The review process shall be initiated by the Altron Group Company Secretary in consultation with the Chairman.

12 May 2023