

## CORPORATE GOVERNANCE REGISTER

Chapter	Principle	Principle Description	Practice	Applied			Evidence for applied	Explanation/Compensating Practices	Not Applied Commentary
				•	•	•			
				Applied	Partially Applied	Not Applied			
1	1.1	The Board should provide effective leadership based on an ethical foundation.	The Board sets the values to which the company will adhere and these are formulated in the company's code of conduct	Applied			Mr Connie Molusi has been the independent non-executive chairman of AME for the past 10 years. He is well respected and highly regarded. He has the support of a dedicated and experienced board to provide support. The board also has access to various professionals to supply them with technical knowledge.		
1	1.2	The Board should ensure that the company is and is seen to be, a responsible corporate citizen.	The Board considers not only financial performance, but also the impact of the company's operations on society and the environment.	Applied			The group supports various charitable causes on a socio economic front as well as art, culture and education. Care has been taken to empower the companies on an individual basis and attention is given to a transformation program.		
1	1.3	The Board should ensure that the company's ethics are managed effectively.	The Board ensures that the ethical risks and opportunities are incorporated in the risk management process or ethics programme.	Applied			At least one AME director serves on the boards of the subsidiary companies. Guidelines are given to the subsidiary boards as to ethics and are monitored by the directors serving on the subsidiary board.		
2	2.1	The Board should act as the focal point for and custodian of corporate governance	The Board has a well defined charter	Applied			The board is responsible for the setting of corporate governance. An audit charter has been developed and adopted and remuneration policies have been set. These policies are communicated to the subsidiary boards through formal channels. The board meets at least 4 times a year.		
2	2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	The Board informs and approves strategy ( as opposed to being a passive recipient of strategy proposed by management)	Partially Applied				With the approval of the JSE, AME does not have a CEO and the group is managed by the senior executives of its major subsidiaries. This process relies on these senior executives of the subsidiaries proposing and implementing strategies. The process of formalising this has been started.	
2	2.3	The Board should provide effective leadership based on an ethical foundation	The Board sets the values to which the company will adhere and these are formulated in the company's code of conduct	Applied			Most of AME board members have been with the company for a number of years, they are all respected business men in their respective fields, and are highly regarded by the business community. The Board ensures the Board's and management's conduct sets an example.		
2	2.4	The Board should ensure that the company is, and is seen to be a responsible corporate citizen	The Board considers not only financial performance, but also the impact of the company's operations on society and the environment.	Applied			The board constituted the social and ethics committee that comprises an independent non-executive director, an executive director and the three managing directors of the major subsidiary companies. Part of their duties are to ensure that employment equity, transformation and codes of best practice are adhered to.		
2	2.5	The Board should ensure that the company's ethics are managed effectively.	The Board ensures that ethical risk and opportunities are incorporated in the risk management process or ethics programme.	Applied			The social and ethics committee has been delegated to fulfil this task, and it reports back to the board via their chairman.		
2	2.6	The Board should ensure that the company has an effective and independent audit committee	There is an independent audit committee	Applied			Neither the appointment nor the duties of the audit committee reduce the functions and duties of the board or the directors of the company, except with respect to the appointment, fees and terms of engagement of the external independent auditor. The board reviews and monitors the performance of the audit committee.		
2	2.7	The Board should be responsible for the governance of risk	A Policy and plan for a system and process of risk management have been developed	Applied			The board has set out in the audit charter that they remain responsible for the governance of risk.		
2	2.8	The Board should be responsible for information technology (IT) governance	The Board receives independent assurance on the effectiveness of internal control.	Applied			The process of documenting all aspects of the information technology was completed. This is an ever changing environment subject to ongoing development and refinement.		
2	2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The company has a system in place to ensure compliance with all applicable laws	Applied			The board constituted the social and ethics committee that comprises an independent non-executive director, an executive director and the three managing directors of the major subsidiary companies. The committee meets at least twice a year and is responsible for informing the board of changing legislation.		
2	2.1	The Board should ensure that there is an effective risk-based internal audit	The company has established an internal audit function.	Not Applied					Due to the size of the company and its subsidiaries an internal audit department is not deemed functional or effective. The size of the company allows the senior management to oversee and control daily functions and manage risk on a hands-on basis.
2	2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation	The gap between stakeholders perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation.	Applied			The board ensures that all stakeholders (shareholders, creditors, staff, SARS) are informed of any information relevant to them. Rules and regulations are complied with in an open and transparent manner.		
2	2.12	The Board should ensure the integrity of the company's integrated report	The company has controls to enable it to verify and safeguard the integrity of its integrated report	Applied			The audit committee reports back on their recommendations on the annual report and the board is afforded the opportunity to scrutinise and interrogate the information supplied. Annual report is approved by the board before release. The directors prepare the other information included in the annual report and are responsible for both the accuracy and consistency with the financial statements.		
2	2.13	The Board should report on the effectiveness of the company's system of internal controls	Refer to chapters 7 and 9	Applied			The board reports in the company's system of internal controls and its effectiveness to shareholders in their statement of responsibility and approval by the board of directors in the annual report.		
2	2.14	The Board and its directors should act in the best interest of the company	Directors are permitted to take independent advice in connection with their duties at company cost following a Board approved procedure.	Applied			The board is responsible to all stakeholders of the company. They have access to the audit and social and ethics committee as well as the company secretary. They are allowed to take independent advice in connection with their duties at company cost approval by the chairman of the board.		
2	2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act, 71 of 2008.	The solvency and liquidity of the company is continuously monitored.	Applied			The solvency and liquidity of the company is continuously monitored before material expenses are approved.		
2	2.16	The Board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The chairman is an independent non-executive director.	Applied			Mr Connie Molusi has been the independent non-executive chairman of AME for the past 10 years. With the approval of the JSE, AME does not have a CEO as the group is managed by the senior executives of its major subsidiaries.		

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2	2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority	The Board appoints the CEO	Not Applied			With the approval of the JSE, AME does not have a CEO as the group is managed by the senior executives of its major subsidiaries.
2	2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The Board comprises a majority of non-executive directors.	Applied	The AME board presently comprises four independent non-executive directors an independent non-executive chairman and two executive directors.  Connie Molusi has served on the board as independent non-executive chairman for the past ten years. The board has assessed his service and his independence and judgement was not considered to be affected or impaired by the length of service.  The independence of non-executive directors is reviewed each year regardless of their length of service. Independence is maintained by ensuring that there are no material transactions between the directors and the company, no loan accounts or share transactions, nor any operational involvement in the company. Directors' interest registers are also completed at each board meeting to ensure all interests are disclosed.		
2	2.19	Directors should be appointed through a formal process	Procedures for appointments to the Board are formal and transparent and are a matter for the Board as a whole, assisted by the nominations committee.	Applied	Appointments to the board are done in a formal and transparent manner and are a matter of deliberation by the board. In general the appointment of a nomination committee is not appropriate.		
2	2.20	The induction of and on-going training and development of directors should be conducted through formal processes	The Board ensures that inexperienced directors are developed through mentorship programmes	Partially Applied		Progress has been made in the process of formalising a policy of formal training, with several inter and learnership programs initiated.	
2	2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary	The company secretary is empowered by the Board to effectively perform his/her duties.	Applied	All directors have unlimited access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining approval from the chairman. The board considers the skills, qualification and continued training of the company secretary on an annual basis. The company secretary is independent from the company, she has no investments in the company or relations within the company board, shareholders or management and remuneration is based on an arms length contract.		
2	2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The Board determines its own role, functions, duties and performance criteria, as well as that for directors on the Board. The Board and Board committees serve as a benchmark for performance appraisals.	Partially Applied		A system of review is in place for the executive directors of the AME board. There is no formal review process in place for the non-executive directors of the board. Due to the size of the board non-performing board members will be identified and reprimanded when instances of non-performance occur.	
2	2.23	The board should delegate certain functions to well-structured committees but without abdication of its own responsibilities	The risk committee's terms of reference are approved by the Board.	Partially Applied		Due to the size of the company and its subsidiaries no risk committee has been formally constituted but its responsibilities are performed by the audit, remuneration and social and ethics committees.	
2	2.24	A governance framework should be agreed between the group and its subsidiary boards	There is a governance framework between the group and its subsidiary boards.	Partially Applied	The board has finalised the audit charters for the subsidiary boards	Remuneration committee charters have not been drafted and social and ethics committee responsibilities are vested with AME.	
2	2.25	Companies should remunerate directors and executives fairly and responsibly	Remuneration policies exist that address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long term incentive schemes.	Applied	The board mandated the remuneration committee to review and set fair remuneration packages.		
2	2.26	Companies should disclose the remuneration of each individual director and certain senior executives	The company has disclosed the remuneration of each individual director and prescribed officer.	Applied	The details of each director of AME and the combined salaries per category of each of its three top managing directors of the subsidiary companies are disclosed.		
2	2.27	Shareholders should approve the company's remuneration policy	Shareholders pass a non-binding advisory vote on the company's remuneration policy each year	Applied	Shareholders approve the non-executive director's remuneration via a special resolution at the annual general meeting each year.		
3	3.1	The Board should ensure that the company has an effective and independent audit committee	There is an audit committee	Applied	Neither the appointment nor the duties of the audit committee reduce the functions and duties of the board or the directors of the company, except with respect to the appointment, fees and terms of engagement of the external independent auditor. The board reviews and monitors the performance of the audit committee.		
3	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	The role of the audit committee is summarised in the integrated report	Applied	The audit committee comprises of three independent non-executive directors. They come from various backgrounds that cover most aspects of corporate governance. The audit committee members are re-appointed each year at the AGM. The members evaluate their own and other members independence and skills set and are also reviewed by the board for independence and performance.		
3	3.3	The audit committee should be chaired by an independent non-executive director	The chairperson of the audit committee is an independent non-executive director and not the chairperson of the board	Applied	The audit committee is chaired by an independent non-executive director who is not the chairman of the board and this is disclosed in the annual report.		
3	3.4	The audit committee should oversee integrated reporting	The audit committee arbitrates between the management and the external auditors when there is a disagreement and auditing and accounting matters.	Applied	The audit committee reviews the annual report. They receive feedback from the auditor and also interrogate management on the disclosure and compilation of the annual report.		
3	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The audit committee ensures that the combined assurance received is appropriate to address all significant risks facing the company.	Applied	The audit committee works closely with the independent auditor in ensuring that risks are identified before the audit commences and that sufficient comfort has been obtained that satisfy the auditors and the audit committee that the risk has been addressed.		
3	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	The audit committee performs a review of the finance function every year.	Applied	The audit committee will satisfy itself of the expertise, skills and experience of the financial director on an annual basis. It also considers the appropriateness of the expertise and adequacy of the resources of the finance function and experience of the senior members of management responsible for the financial function on an annual basis.		

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3	3.7	The audit committee should be responsible for overseeing of internal audit	The audit committee is responsible for the appointment, performance assessment and/or dismissal of the chief audit Executive or outsourced internal audit provider. It is responsible for the approval of the audit plan.	Not Applied					Due to the size of the company and its subsidiaries an internal audit department is not deemed functional. The size of the company and its subsidiaries allows the senior management to oversee and control daily functions and manage risk on a hands on basis.
3	3.8	The audit committee should be an integral component of the risk management process	There is a risk committee consisting of Board members.	Partially Applied	Applied				Due to the size of the company and its subsidiaries no risk committee has been constituted but its responsibilities are performed by the audit, remuneration and social and ethics committees. The audit committee recommends new controls to be implemented based on their experience within other fields of business and risks that they have come across. The senior management of the subsidiary companies do the same and feed possible risk and suggested controls to the audit committee. This ensures that the management of risk is dynamic and benefits from a wide field of knowledge.
3	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The audit committee approves the external auditor's terms of engagement and remuneration	Applied			The audit committee meets with the auditor at the planning stage and receive feedback once the audit is completed. The audit committee reviews the independence of the auditor with reference to the services performed by them and the responsible senior staff responsible for planning and executing the audit. The audit committee will re-appoint the auditor should they be of the opinion that all criteria have been met.		
3	3.1	The audit committee should report to the board and shareholders on how it has discharged its duties	The audit committee reports internally to the Board on its statutory duties assigned to it by the Board.	Applied			The audit committee reports on its duties and the results of decisions made in the annual report. The audit committee also reports back to board meetings		
4	4.1	The board should be responsible for the governance of risk	A policy and plan for a system and process of risk management have been developed	Applied			Neither the appointment nor the duties of any of the board subcommittees reduce the functions and duties of the board or the directors of the company. All charters are approved by the board of directors before they are implemented.		
4	4.2	The board should determine the levels of risk tolerance	The Board sets the levels of risk tolerance every year	Applied			The board sets the risk parameters in an on-going process of identifying risk and assessing its impact on the group. This process starts at board level and filters down to all levels of management. The board has adopted a conservative approach within the available resource constraints.		
4	4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	The risk committee considers the risk policy and plan	Partially Applied					Due to the size of the company and its subsidiaries no risk committee has been constituted but its responsibilities are performed by the audit, remuneration and social and ethics committees. The audit committee is responsible to identify and report risks, their possible impact and measures that have been taken to address these risks, to the board. This is done in a formal report-back session at main board level.
4	4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Management is responsible for integrating risk in the day-to-day activities of the company.	Applied			The board filters down its risk policies to management, management reports back to the board on all aspects of their business including risk via quarterly board packs.		
4	4.5	The board should ensure that risk assessments are performed on a continual basis	The Board ensures that effective and on-going risk assessments are performed.	Applied			Risk assessment forms part of the quarterly reports provided by management		
4	4.6	The Board should ensure that frameworks and methodologies are implemented to increase the profitability of anticipating unpredictable risks	The Board ensures that a framework and processes are in place to (remove) anticipate unpredictable risks.	Applied			The board sets standards for internal control aimed at reducing the risk for error or loss in a cost effective manner. The standards include the proper delegation of responsibility within a clearly defined framework, and effective accounting procedures.		
4	4.7	The Board should ensure that management considers and implements appropriate risk responses	Management identifies and notes in the risk register the risk responses decided upon	Applied			The board sets standards for internal control aimed at reducing the risk for error or loss in a cost effective manner. The standards include the proper delegation of responsibility within a clearly defined framework and effective accounting procedures. These are constantly monitored.		
4	4.8	The Board should ensure continual risk monitoring by management	The Board ensures effective and continuous monitoring of risk management takes place.	Applied			Risk assessment forms part of the quarterly reports provided by management		
4	4.9	The Board should receive assurance regarding the effectiveness of the risk management process	Management provided assurance to the Board that the risk management plan is integrated in the daily activities of the company	Applied			Management reports back to the board on the effectiveness of the controls		
4	4.1	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	There is disclosure of any material losses and their causes that the company has suffered for the period under review, the effect that these losses have had on the company and the steps taken by the Board and management to prevent a recurrence.	Applied			Such processes are monitored on an on-going basis. Management reports these to the board on a quarterly basis.		
5	5.1	The Board should be responsible for information (IT) governance	The Board receives independent assurance on the effectiveness of the IT controls	Partially Applied					Due to the size of the company and its subsidiaries the assurance on the effectiveness of the IT controls is performed as part of the audit and is at a high level and no assurance is given by the auditor.
5	5.2	IT should be aligned with the performance and sustainability objectives of the company	The Board ensures that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT	Applied			Business strategies and objectives and the role of IT in achieving them are clear and management reports on the effectiveness of each project for use within the group.		
5	5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework.	Applied			Individuals responsible for IT are suitably qualified and experienced persons who report on IT governance issues through reports submitted to the Board and executive management.		
5	5.4	The Board should monitor and evaluate significant IT investments and procedures	The Board oversees the value delivery of IT and monitors the return on investment from significant IT projects.	Applied			Business strategies and objectives and the role of IT in achieving them are clear and management reports on the effectiveness of each project for use within the group		
5	5.5	IT should form an integral part of the company's risk management	IT risks form an integral part of the company's risk management activities	Applied			IT reports on risk form part of the monthly reports to management and the quarterly report to the board.		
5	5.6	The Board should ensure that information assets are managed effectively	The Board ensures that all personal information is treated by the company as an important business asset and is identified.	Applied			The process of documenting all aspects of the information technology was completed. This is an ever changing environment subject to ongoing development and refinement.		

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5	5.7	A risk committee and audit committee should assist the board in carrying out IT responsibilities	The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes.	Partially Applied		Due to the size of the company and its subsidiaries no risk committee has been constituted but its responsibilities are performed by the audit committee. The audit committee ensures that the audit processes cover the IT environment each year.	
6	6.1	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The company has a system in place to ensure compliance with all applicable laws	Applied	The social and ethics committee is tasked with overseeing legislation changes as well as compliance with applicable laws. The three managing directors of the major subsidiaries serve on this committee and contribute to the knowledge pool.		
6	6.2	The Board and each individual director should have a working understanding of the effect of the applicable law, rules, codes and standards on the company and its business	The induction or on-going training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.	Partially Applied		Progress has been made in the process of formalising a policy of formal training, with several inter and learnership programs initiated.	
6	6.3	Compliance risk should form an integral part of the company's risk management process	The risk of non-compliance is identified, assessed and responded to through the risk management process.	Applied	The radio industry is a highly regulated industry and compliance reports have to be submitted monthly, quarterly and annually. Management is responsible for the submission.		
6	6.4	The Board should delegate to management the implementation of an effective compliance framework and process	Management has established the appropriate structures; it educates, trains and communicates and measures compliance.	Applied	Management is responsible for the management, training, continued education, professional development of its staff relating to risk and the compliance of regulations.		
7	7.1	The board should ensure that there is an effective risk based internal audit	The company has established and internal audit function	Not Applied			Due to the size of the company and its subsidiaries an internal audit department is not deemed functional. The size of the company and its subsidiaries allows the senior management to oversee and control daily functions and manage risk on a hands on basis
7	7.2	Internal audit should follow a risk based approach to its plan		Not Applied			Due to the size of the company and its subsidiaries an internal audit department is not deemed functional and effective.
7	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system if internal controls and risk management		Not Applied			Due to the size of the company and its subsidiaries an internal audit department is not deemed functional and effective.
7	7.4	The audit committee should be responsible for overseeing internal audit		Not Applied			Due to the size of the company and its subsidiaries an internal audit department is not deemed functional and effective.
7	7.5	Internal audit should be strategically positioned to achieve its objectives		Not Applied			Due to the size of the company and its subsidiaries an internal audit department is not deemed functional and effective.
8	8.1	The Board should appreciate that stakeholder perceptions affect a company's reputation	The gap between the stakeholder perception and the performance of the company is managed and measured to enhance or protect the company's reputation	Applied	The company secretary is responsible for managing the stakeholder relations at Group level.		
8	8.2	The board should delegate to management to proactively deal with stakeholder relationships	Management develops a strategy and formulates policies for the management of relationships with each stakeholder grouping.	Applied	The managing directors of the major subsidiaries are responsible for the strategy of the group and manage their stakeholder relations independently with learning experiences shared across the group.		
8	8.3	The Board should strive to achieve the appropriate balance between its stakeholder groupings, in the best interest of the company	The Board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interest of the company	Applied	The board ensures that all major decisions made are debated and all relevant information obtained to ensure that the best interests of the company and stakeholders are taken into account.		
8	8.4	Companies should ensure the equitable treatment of shareholders	There is equitable treatment of all holders of the same class of shares in issue	Applied	There is only one class of share in issue and the Board ensures that minority shareholders are protected		
8	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The Board has adopted communication guidelines that support a responsible communication programme	Applied	The board communicates with its stakeholders as and when required through the mediums available to them, i.e. SENS, publications and posted correspondence. Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders, whilst having regard to legal and strategic considerations.		
8	8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	The board has adopted formal dispute resolutions process for internal and external disputes	Applied	The company secretary is responsible for receiving disputes and resolving them by escalating the dispute to the relevant committee or board and provide formal feedback to the stakeholders. There have been no disputes registered during the period under review.		
9	9.1	The Board should ensure the integrity of the company's integrated report	The company has controls to enable it to verify and safeguard the integrity of its integrated reports	Applied	The audit committee is responsible for oversight of the preparation of the integrated report and recommends the approval of these to the board. The board reviews the integrated report and approves the report once satisfying itself on the accuracy and validity of the information contained therein.		
9	9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	The Board includes commentary in the company's financial results in the integrated report	Partially Applied		Sustainability reporting is in the process of being formalised. AME's management structure is decentralised. Each of its subsidiaries is responsible for identifying and managing the strategy of their company.	
9	9.3	Sustainability reporting and disclosure should be independently assured		Not Applied			Sustainability reporting is in the process of being formalised. At this stage it will not be beneficial to have the report independently assured.