

AME LTD: King IV application register 2018

The King IV Principles and the extent of the company's compliance during the financial year ended 31 March 2018, are set out in the table below, as required by the JSE Listings Requirements and recommendations of the King IV Report on Corporate Governance:

Principle		Compliance status	Application of compliance
1	Leadership: The governing body should lead ethically and effectively.	Comply	The Board of Directors of AME is committed to good Corporate governance as guided by King IV. The AME Board leads by overseeing the Group subsidiaries' boards, ensuring that the Group's ethical behaviour is in line with the ethical principles followed by the Board. This process is overseen by the independent non-executive Chairman. With the approval of the JSE, AME does not have a CEO as the managing directors of AME's subsidiaries report on the activities of those companies and attend the AME board meetings where they provide feedback on those businesses.
2	Organisational Ethics: The governing body should govern the ethics of the group in a way that supports the establishment of an ethical culture.	Comply	The Social and Ethics Committee meets at least twice a year and is responsible for informing the board of changing legislation. Each operating unit reports to the Social and Ethics committee on ethical issues and compliance with industry codes. Management is responsible for communicating the group's values and ethics to the employees and monitoring it, as well as ensuring that it is applied in all dealings with stakeholders.
3	Responsible corporate citizenship: The governing body should ensure that the organisation is and is seen to be, a responsible corporate citizen.	Comply	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. The Social and Ethics Committee ensures that employment equity, transformation and codes of best practice are adhered to.
4	Strategy and Performance: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Comply	The AME Board regard the value creation process as a high priority. Management reports to the board on all aspects of their business and is evaluated in terms of their performance and sustainable development on a quarterly basis. Annual targets are set for performance. Risks and opportunities in the Group are constantly evaluated by the Board, which is evident from the Group's investment strategies. The Board is supported by the Audit committee which is responsible for the identification of risks and assessment of their possible impact on the group on a continuous basis.

5	<p>Reporting: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.</p>	Comply	<p>Reports issued by the organisation include all relevant information for stakeholders to make informed assessments of the organisation's performance and contain sufficient information to enable stakeholders to assess the organisation's short, medium and long-term prospects. The integrity of these reports is reviewed by the Board together with the assistance of the audit committee.</p>
6	<p>Primary role and responsibilities of the governing body: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	Comply	<p>The board is ultimately responsible for corporate governance. The Board has adopted policies throughout the Group which ensure that the Company's corporate governance procedures are consistently applied and adequate.</p>
7	<p>Composition of the governing body: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	Comply	<p>The AME board presently comprises four independent non-executive directors, an independent non-executive chairman and two executive directors. The members of the Board have the requisite skills, balance of knowledge, experience, diversity and independence to responsibly discharge their duties.</p>

<p>8</p>	<p>Committees of the governing body: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>Comply</p>	<p>With the approval of the JSE, AME does not have a CEO as the managing directors of AME's subsidiaries report on the activities of those companies and attend the AME board meetings where they answer any questions the board may have regarding those businesses, ensuring a balance of power and effective discharge of duties. Executive directors attend annual formal training sessions, while non-executive directors receive training when required. The Board has delegated certain responsibilities to its committees to assist the board to discharge its responsibilities effectively.</p> <p>Due to the size of the company and its subsidiaries no Risk Committee has been formally constituted. The risk is addressed at Board level. Where appropriate the function to define, identify and monitor the risk of the company, is delegated to the audit committee.</p> <p>The Audit Committee currently comprises 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.</p> <p>A Remuneration committee, comprising of three non-executive directors, are mandated to review and set fair remuneration packages.</p> <p>The board has constituted the Social and Ethics committee that comprises an independent non-executive director and two executive directors. The MDs of the subsidiaries attend committee meetings by invitation. Part of their duties is to ensure that employment equity, transformation and codes of best practice are adhered to. The Social and Ethics committee is also responsible for ensuring that the company's ethical requirements are met, and it reports back to the board via the committee chairman.</p>
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9	<p>Evaluations of the performance of the governing body: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.</p>	Comply	<p>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 where instances of non-performance occur.</p> <p>The board evaluate on an annual basis the performance of the company secretary and that the relationship with the board is at arm's length, objective and independent.</p>
10	<p>Appointment and Delegation to Management: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.</p>	Comply	<p>With the approval of the JSE, AME does not have a CEO as the managing directors of AME's subsidiaries report on the activities of those companies and attend the AME board meetings where they provide an update on the activities of the business and answer any questions the board may have regarding those businesses. This process relies on these senior executives of the subsidiaries proposing strategies.</p> <p>The board sets out its risk policies to management, which reports back to the board on all aspects of the business' including risk' via quarterly meetings. Management is responsible for the management, training, continued education, professional development of its staff relating to risk and the compliance with regulations. Management understands its responsibilities and authority and is monitored to ensure effective management.</p> <p>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 arm's length contract.</p>

11	<p>Risk Governance: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	Comply	<p>Neither the appointment nor the duties of any of the board subcommittees reduce the functions and duties of the board? of the company. All charters are approved by the board before they are implemented. 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 where standards are set for internal control aimed at reducing the risk for error or loss in a cost-effective manner, which are constantly monitored. This filters down to all levels of management. The board has adopted a conservative approach within the available resource constraints.</p> <p>The radio industry is a highly regulated industry and compliance reports have to be submitted monthly, quarterly and annually. Management is responsible for these submissions timeously.</p>
12	<p>Technology and information governance: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	Comply	<p>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. The group and subsidiaries have dedicated IT teams who are suitably qualified and experienced persons who report on IT governance issues through reports submitted to the Board and executive management. The strategic aspects of the information technology input are properly documented and updated on a regular basis.</p>
13	<p>Compliance governance: The governing body should govern compliance with applicable laws and adopt the necessary rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	Comply	<p>The social and ethics committee is tasked with overseeing legislation changes as well as compliance with applicable laws. The MDs of the major subsidiaries attend committee meetings by invitation and contribute to the knowledge pool. The Audit committee also assists the Board with monitoring compliance with all applicable laws and regulations. These subcommittees report to the Board on a regular basis.</p> <p>Management is responsible for the management, training, continuing education and professional development of its staff relating to risk and compliance with regulations.</p>
14	<p>Remuneration governance: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	Comply	<p>The board has mandated the remuneration committee to review and set fair remuneration packages. Market trends are assessed to ensure alignment with the market place. Directors' remuneration is disclosed in the annual financial statements. The remuneration policy is tabled each year for shareholders' approval at the Annual General Meeting.</p>

15	<p>Assurance: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	Comply	<p>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. The board reports on the company's system of internal controls and its effectiveness to shareholders in its statement of responsibility and approval by the board of directors in the annual report. 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 and reviews the annual report. The committee receives feedback from the auditor and also interrogates management on the disclosure in and compilation of the annual report. See intro to para</p>
16	<p>Stakeholders: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	Comply	<p>The company secretary is responsible for managing the stakeholder relations at Group level. The MDs of the major subsidiaries of the group manage their stakeholder relations independently with learning experiences shared across the group. 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.</p> <p>The board communicates with its stakeholders as and when required through SENS, the website and publications and written 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. The company secretary is responsible for receiving disputes and resolving them by escalating the dispute to the relevant committee or board and providing formal feedback to the stakeholders. There is only one class of share in issue and the Board ensures that minority shareholders are protected.</p>
17	<p>Responsibilities of institutional investors: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	N/A	<p>Not applicable, The Group is not an institutional investor.</p>