

KING IV APPLICATION REGISTER

Principle 1: The governing body should lead ethically and effectively.

The Board of Directors ("the board") has adopted a code of ethics based on the company's five core values of honesty, integrity, mutual respect, accountability and professionalism. The code of ethics is a cornerstone for the long-term strategy of the company and confirms the way the company conducts its business and embodies the standards that the board has set for itself and for the Group.

The board ensures that stakeholders' interests are balanced against effective risk management and eMedia Holdings' obligations to ensure ethical management and responsible control.

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The company's code of ethics has clearly defined values which all employees are expected to abide by. The board sets the values which encourage an ethical environment of fairness and transparency and has delegated the authority to management to promote the code of ethics, but the board remains ultimately responsible for the ethics of the company.

Ethical conduct, good corporate governance, risk governance and fair remuneration are fundamental to the way that eMedia Holdings conducts its business.

The code of ethics of the company is principle-based, not governed by a set of rules that must be implemented and monitored.

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

As the owner of some of South Africa's leading broadcasters, eMedia Holdings is in the unique position to use its media platforms to support non-profit organisations that do important work and raise awareness around important social issues at a national level.

eMedia Holdings is committed to Broad-Based Black Economic Empowerment and undergoes an annual verification. Part of the Group's commitment to empowerment is evidenced through the promotion of small and medium sized enterprises on its television channels.

The Group also participates in the voluntary Carbon Disclosure Project to monitor the impact its businesses have on the environment and attempt to reduce this impact, on an annual basis.

eMedia Holdings sees itself as a good corporate citizen in all its financial matters and has always received an unqualified opinion from its auditors – no fraud or allegations of fraud have been identified.

The board ensures that the company is a responsible corporate citizen, by complying with all national and international laws.

Principle 4: 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.

The Group's strategy, developed by executive management, is considered and approved by the board, taking associated risks, value drivers, stakeholders' legitimate interests and growth into consideration. The board delegates the implementation of the strategy to executive management who ensure resources are available for the implementation while continually considering risks and sustainability.

Given technological and viewership challenges facing the television industry, the strategic plan is continuously reviewed and revised in order to align with current developments and to capitalise on opportunities.

Principle 5: 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.

The company has controls in place which has enabled it to verify and safeguard the integrity, i.e. accuracy and reliability, of its Integrated Annual Report. The board ensures that the reporting framework complies with the Companies Act of 2008, as amended, and the JSE's Listings Requirements.

The board reviews the provisional results, interim results, Integrated Annual Report and annual financial statements to ensure that all the reporting requirements are sufficiently met. The board, via its committees, is responsible for all reports and circulars that are published and circulated to shareholders.

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

One of the functions of the audit and risk committee is to oversee the corporate governance of the company. Good corporate governance incorporates best business practices which is aligned with the overall strategic direction of the company. The board is fully involved with approving policy and planning by managing the strategy of the company; determining if business actions are in line with the corporate vision; requesting and reviewing evaluations, reviewing the plans and the risks, and the manner in which these risks are mitigated.

Principle 7: 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.

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge, resources and intelligence to effectively discharge its governance role and responsibilities and carry out all its duties. This ensures that the number of directors and diversity of those on the board is sufficient.

The board is comprised of eight members, including two executive directors and six non-executive directors, of which three are independent non-executive directors. As per the rules of the JSE and the Companies Act of 2008, the board has a sufficient number of independent directors to appoint to the board committees and make up a quorum at the meetings. The board is experienced in legal, financial, media, labour relations and business sectors. The board is chaired by Mr John Copelyn, a non-executive director, who is not a former CEO of the company. Mr Copelyn intends to resign as chair of eMedia Holdings with effect from 31 October 2018 and will remain on the board as a non-executive director. There is a clear division of responsibilities between the chairman and chief executive officer.

Mr Loganathan Govender is the lead independent director and in the event that Mr John Copelyn is absent from a meeting he will chair the meeting. A formal role description exists for the chairperson.

One-third of the board, including executive directors, are elected by shareholders on a rotational basis. Furthermore, directors appointed to the board during the course of the year retire as directors of the company and stand for election by shareholders in accordance with the Companies Act of 2008, as amended.

The board does not have a nomination committee, all new candidates are vetted and approved by the board.

The board has applied its mind and has determined, that in line with the Companies Act, the independent directors, and those non-executive directors that have served for more than nine years, are not unduly influenced by any relationship which will cause bias in their decision making, and which is not in the best interest of the company.

The company considers itself as an outstanding example in relation to B-BBEE. It is both owned by more than 50% of PDI shareholders and its board is representative of this status.

The board has adopted a policy on the promotion of gender and racial diversity at board level which specifies that the company will at all times have a majority of directors who are black people, as defined by the Broad-Based Black Economic Empowerment Act, and ensure that women will make up 25% of directors. The composition of the board is 70% people of colour with female representation at 12.5%. The board is working towards meeting the gender diversity target of 25% female representation.

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties.

The board ensures that suitable candidates are appointed to the subsidiary committees to achieve the objectives of the board committee. The overall role and associated responsibilities and functions of the committees are included, where necessary, in the terms of reference.

All members of the board of the company as well as the committees of the board have access to resources and information and may request information directly from management on matters of interest to the board.

If required, the directors may take independent advice. Each board committee is chaired by a different non-executive director of the board. The board of the company consists of six non-executive directors which allows for a balanced distribution of power in respect of membership across committees, so that no individual can dominate decision-making, and no undue reliance is placed on any individual.

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The board of directors assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members.

The board has agreed that the assessments are best conducted by dialogue between all the board members in a transparent and open manner at the board meetings.

The audit committee completes written assessments of the committee, the finance director and the finance team as well as of the external auditors and submits these to the company secretary for review. An assessment of the internal auditor has not yet been conducted.

The chairperson's ability to add value, and his performance against what is expected of his role and function is assessed every year by the board.

The board determines the role, functions, duties and performance criteria for the directors on the board and board committees which serve as a benchmark for performance appraisal.

The remuneration committee reviews and assesses the results of the company and benchmarks them against set targets and the action plan as approved previously by the board.

The board of the company is satisfied that the manner of its evaluation process leads to improvements in its performance and effectiveness.

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the CEO. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the board. There is at present no formal succession plan for the CEO.

The CEO and CFO oversee that key management functions are headed by individuals with the necessary competence and authority as delegated by the board and have been authorised to ensure that key management functions are adequately resourced. The board of directors of the underlying investments contribute to decisions regarding senior executive appointments in their specific operations.

The board is satisfied that the delegation of the authority framework contributes to role clarity and the effective exercise of authority and responsibility within the company.

The company secretary is managed by a fellow of the Institute of Chartered Secretaries, who is empowered and authorised to provide corporate governance services to the board and management effectively.

The role and function of the company secretary is in accordance with Section 88 of the Companies Act of 2008. A resolution confirming the appointment of the company secretary by the board of directors is in place. The company secretary has unfettered access to the board (and vice versa) but, for reasons of independence, maintains an arm's-length relationship with it and its members; accordingly, the company secretary is not a member of the board. The performance and independence of the company secretary is evaluated annually by the board.

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

The board's responsibility for risk governance is expressed in the board charter and risk policy. As an investment holding company, eMedia Holdings continuously considers the risk and opportunities related to its current portfolio as well as future investments. This process, which is integral to the manner the company makes decisions, is led by the executive committee and supported by the audit and risk committee and the board.

The board monitors that risks taken are within the risk tolerance and appetite levels. The audit and risk committee reviews the risk management progress and maturity of the company, the effectiveness of risk management activities, the key risks facing the company, and the responses to these key risks.

The audit and risk committee reviews quarterly risk management reports, discussing the key risks facing the company and the responses to address these key risks.

Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving strategic objectives.

The board assumes the responsibility for the governance of IT. The audit and risk committee reviews IT governance on a quarterly basis through reports presented to the committee by the head of information technology.

Principle 13: The governing body should govern compliance with applicable laws, and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Group's major subsidiaries work within a regulated broadcasting environment. Complying with legal requirements and licence conditions is critical to the sustainability of the business. The social and ethics committee has been mandated to monitor the effectiveness of compliance with legal and broadcast licence regulations in the Group.

The social and ethics committee receives compliance reports at each meeting from the head of regulatory and strategy. This monitoring of compliance is a systematic and on-going process ensuring a compliance framework that is effective and that any associated risks and/or breaches in compliance are effectively managed and mitigated.

The board understands, and is aware, that the promotion of a culture of compliance within the Group reduces the risk of violating the rules and regulations that govern the company. The process of compliance can, furthermore, remedy any breach that may have occurred.

The board is further satisfied that the company has met the requirements of the Companies Act (No 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored on a continuous basis. As in previous years there has been no major non-compliance by, or fines or prosecutions against, the Group during the year under review.

Principle 14: 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.

eMedia Holding's remuneration committee is responsible for overseeing the remuneration and incentives of the executive directors and executive management. Remuneration is aligned with the company's approach to reward directors and senior executives fairly and competitively, but according to the overall level of performance of the Group.

Remuneration practices are aligned with company strategy which includes the achievement of strategic objectives within the organisation's risk appetite and tolerance levels.

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for the internal decision-making and the organisation's external reports.

Internal controls are established not only over financial matters, but also operational, compliance and sustainability issues. Although a combined assurance model has not yet been formalised, various sources of assurance are currently in place at group level. These include, but are not limited to, internal audit, compliance, external audit and the code of ethics.

The internal audit function is independent and objective. The function reports administratively to the financial director and functionally to the chairperson of the audit and risk committee, which has approved the appointment of the Certified Association Executive.

The internal audit function complies with the code of ethics of the Institute of Internal Auditors.

Principle 16: 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.

The board has adopted communication guidelines that support a responsible communication programme. Stakeholder communication is disseminated through SENS announcements, the company's website and further reports as required by the JSE. The company continuously monitors the effect any decision implemented would have on the company's reputation.

The board is looking at building on this stakeholder-inclusive approach which balances the needs, interests and expectations of material stakeholders in the best interest of the organisation. This stakeholder-inclusive approach requires the identification of the stakeholders and their inter-connectivity to allow for the development of a strategy to manage and integrate the relationships between all the stakeholders by managing the business environment, relationships and promotion of share interests.

The board has delegated the development of the strategy to management.