“Each step you take reveals a new horizon. You have taken the first step today. Now, I challenge you to take another.”

Dan Poynter

#TakeTheNextStep
The Directors of the South African Broadcasting Corporation SOC Limited (SABC) regard corporate governance as fundamental to the success of the business and are fully committed to ensuring that good governance is practised so that the SABC remains a sustainable and viable business. This commitment is embraced at all levels of the SABC.

The SABC ensures that its processes and practices are reviewed on an ongoing basis to ensure compliance with relevant legal requirements; the use of funds in an economic, efficient and effective manner; and adherence to good corporate governance practices which are continually benchmarked. SABC processes and practices are underpinned by the principles of openness, integrity and accountability and an inclusive approach that recognises the importance of all stakeholders with respect to the viability and sustainability of the SABC.

• Compliance, with all the relevant governance codes remains a priority for the Corporation. As a state-owned company, the SABC is guided by the principles of the King III Report on Corporate Governance for South Africa (2009) (King III Report), as well as the Protocol on Corporate Governance in the Public Sector (2002). Furthermore, the statutory duties, responsibilities and liabilities imposed on the Directors of the SABC by the Companies Act No. 71 of 2008, as amended, are augmented by those contained in the Public Finance Management Act No. 1 of 1999, as amended (PFMA).

Executive Authority

Shareholding

The Government of the Republic of South Africa is the sole shareholder of the SABC. The Shareholder representative is the Minister of Communications.

Shareholder Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, the SABC must, in consultation with its Executive Authority (the Minister of Communications), annually conclude a Shareholder Compact documenting the mandated key performance measures and indicators to be attained by the SABC, as agreed between the Board of Directors and the Executive Authority.

The Compact is not intended to interfere in any way with normal company law principles. The relationship between the Shareholder and the Board is preserved as the Board is responsible for ensuring that proper internal controls are in place and that the SABC is effectively managed.

The SABC Board attended two meetings with the Ministry of Communications during the 2015/16 financial year on 15 July 2015 and 11 March 2016.

The Accounting Authority: The SABC Board

Role and Function of the Board

The Board is the Accounting Authority of the SABC in terms of the PFMA and constitutes the fundamental base of corporate governance in the SABC. Accordingly, the SABC must be headed and controlled by an effective and efficient Board, comprising Executive and Non-Executive Directors, of whom the majority must be Non-Executive Directors in order to ensure independence and objectivity in decision-making. The Board of the SABC has absolute responsibility for the performance of the entity and is accountable for such performance.

The Board Charter sets out the roles, duties and responsibilities of the Board as well as salient corporate governance principles. The role of the Board includes the following activities:

• Providing strategic direction and leadership;
• Determining goals and objectives of the company;
• Approving key policies including for investment and risk management;
• Reviewing the company’s goals and strategies for achieving its objectives;
• Approving and monitoring compliance with corporate plans, financial plans and budgets;
• Reviewing and approving the company’s financial objectives, plans and expenditure;
• Considering and approving the annual financial statements and notices to the Shareholder;
• Ensuring good corporate governance and ethics;
• Ensuring that the Shareholder's performance objectives are achieved and that this can be measured in terms of the performance of the SABC;
• Ensuring that the SABC complies with and is operating in accordance with all applicable laws, regulations, government policies and codes of business practice, regulations and instructions prescribed in terms of legislation;
• Monitoring and reviewing performance and effectiveness of controls;
• Ensuring effective, prompt and open communication with the Shareholder and relevant stakeholders with substance prevailing over form;
• Liaising with and reporting to the Shareholder;
• Guiding key initiatives;
• Retaining full and effective control over the SABC and monitoring management in implementing Board decisions, plans and strategies; and
• Approving transactions beyond the authority of management.

Delegation of Authority

The Board has the authority to lead and control the business of the SABC, including the authority to delegate its powers. Its aim is to ensure that the SABC remains a sustainable and viable business.

The Board’s responsibilities are supported by a well-developed governance structure of Board Committees and a clear and comprehensive Delegation of Authority Framework. The Board delegates the management of the day-to-day operations of the Corporation to the Group CEO. The Group CEO is assisted by the Group Executive Committee (Exco). The Delegation of Authority Framework, which undergoes an extensive review annually, assists in the control of the decision-making process and does not dilute the duties and responsibilities of the Directors.

Directors’ Induction and Orientation

All new Directors are taken through an induction programme designed to enhance their understanding of the SABC’s legislative framework, its governance processes and the nature and/or operations of its business.

Continuous training is also provided on request to meet the needs of Directors. Directors are made aware of new laws and regulations on an ongoing basis.

Board Evaluation

The performance of the Board and individual Directors is evaluated annually. The performance of Board Committees is evaluated against their Terms of Reference (TOR). However, during the year under review, this evaluation was not conducted. Subsequent to the end of the financial year, the evaluations of the Board and its Committees were completed in respect of 2014/15 and 2015/16 financial years. The Governance and Nomination Committee is responsible for the evaluation of Executive Management. Performance Contracts were finalised with Executive and Senior Management. Performance Contracting will be implemented throughout the SABC with effect from 1 April 2016.

Report of the SABC Board for the Year Ended 31 March 2016

The Board of Directors is pleased to present the 79th Annual Report of the South African Broadcasting Corporation SOC Limited for the financial year ended 31 March 2016.

The annual financial statements comprise the consolidated annual financial statements of the Corporation and its subsidiaries (together referred to as the group) and of the Company for the year ended 31 March 2016. These annual financial statements are presented in accordance with the Companies Act No. 71 of 2008 (as amended), the Broadcasting Act No. 4 of 1999 (as amended), the Public Finance Management Act No. 1 of 1999 (PFMA) (as amended) and in accordance with International Financial Reporting Standards (IFRS).

It is important to register the following changes that were made to the Board during the 2015/16 year:

• Mr FL Matlala was appointed as the Group CEO with effect from 1 July 2015. He was placed on cautionary suspension with effect from 18 November 2015; and
• Mr JB Matthews was appointed as the Acting Group CEO with effect from 18 November 2015.

Despite the changes that have occurred, the Board will continue to ensure that the following, among other things, are achieved:

• Corporate governance is maintained at the SABC;
• Financial and internal controls and risk measures are entrenched and maintained;
• The culture of fruitless and wasteful expenditure is totally eradicated within the Corporation;
• The cost-to-income ratio is reversed as cost growth has far outpaced revenue growth; and
• Content procurement practices are aligned to the attraction of commensurate commercial funding.

The Current Year Under Review

2015/16 was both a challenging and a rewarding year for the Board and everyone at the SABC. There has been much progress made and the Board is pleased to confirm that:

• The SABC, as an organisation, has regained stability;
• Prudence in spending, cost reduction and, most importantly, the implementation of strict financial and internal controls have begun to yield healthy financial returns, with significant savings being realised.

I would like to take this opportunity to thank my fellow Board members, the Parliamentary Portfolio Committee on Communication, the Shareholder, the National Treasury and most importantly, the women and men of the SABC, who always make sure that the Corporation continues to function despite all the daily challenges they experience.

Prof. M.O. Maguvhe
Chairperson of the SABC Board
**Governance**


**GOVERNANCE**

**South African Broadcasting Corporation (SOC) Ltd | SABC Annual Report 2015/2016**

Companies Act, the Shareholder has appointed an Advisor to the Audit Committee.

The roles and responsibilities of the Audit Committee include:

- Serving as the Audit Committee for the SABC Group;
- Recommending the appointment of the External Auditors and overseeing the external audit process;
- Monitoring the internal control system to protect the SABC’s interests and assets;
- Reviewing accuracy, reliability and credibility of financial reporting and recommending the annual financial statements and the Annual Report, as presented by management, together with the External Auditors’ Report, for approval by the Board;
- Reviewing any accounting and auditing concerns raised by Internal and External Audits, the annual financial statements and the various reports to the Shareholder;
- Ensuring that an effective Internal Audit function is in place and that the roles and functions of External Audit and Internal Audit are clear and coordinated to provide an objective overview of the operational effectiveness of the Corporation’s systems of internal control, risk management, governance and reporting;
- Reviewing activities of the Internal Audit Department, the effectiveness thereof and the adequacy of available Internal Audit resources;
- Evaluating the independence, objectivity and effectiveness of the External Auditors;
- Ensuring that the Corporation has implemented an effective policy and plan for risk management that will protect the Corporation’s ability to achieve its strategic objectives;
- Ensuring that a combined assurance model is applied; and
- Obtaining assurance for IT as it relates to the management of IT assets, governance and controls, risks and disaster recovery.

Refer to page 79 for the report of the Audit Committee detailing how it carried out its functions.

Eight Committee meetings were held during the financial year. These were attended by the External Auditors, the Acting Group CEO, CFO, COO, the Chief Audit Executive and other relevant corporate officials. The Chief Audit Executive and the External Auditors have unrestricted access to the Chairperson of the Committee and to the Chairperson of the SABC. The attendance of Members at Committee meetings is summarised in the Table 3.2.

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### Attendance at Board Meetings

Board meetings are scheduled annually and in advance. Special meetings are convened as necessary to address specific issues. Directors or external Committee Members who, on an exceptional basis, cannot physically attend meetings may communicate electronically. The records of attendance for the four Board meetings during the reporting period are effected in the Table 3.1 below.

**Table 3.1 Meeting attendance record for Board Members**

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>O Maguwe (Chairperson)</td>
<td>4</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>5</td>
</tr>
<tr>
<td>L T Khumalo</td>
<td>4</td>
</tr>
<tr>
<td>F L Matlala*</td>
<td>1</td>
</tr>
<tr>
<td>J B Matthews*</td>
<td>3</td>
</tr>
<tr>
<td>V G M Maxuso</td>
<td>5</td>
</tr>
<tr>
<td>N M Mhakaza</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>4</td>
</tr>
<tr>
<td>K Naidoo</td>
<td>5</td>
</tr>
<tr>
<td>N A Tshidzumba</td>
<td>3</td>
</tr>
<tr>
<td>B L Tugwana</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Appointed as Group CEO on 1 July 2015.
2. Suspended as Group CEO on 18 November 2015.
3. Appointed as Acting COO from 20 October 2015 to 17 November 2015.
4. Appointed as Acting Group CEO on 18 November 2015.
5. Appointed as Acting COO from 18 November 2015 to 14 December 2015.

### Board Committees

A number of Board Committees exist in order to assist the Board in discharging its responsibilities. This assistance is rendered in the form of recommendations and reports submitted to the Board at its meetings whereby transparency and full disclosure of Committee activities are ensured. Each Committee operates within the ambit of its defined TOR which set out the composition, role and responsibilities, delegated authority and meeting requirements of the Committee.

### Audit Committee

The Audit Committee comprises three independent Non-Executive Directors who are appointed by the Shareholder in terms of the requirements of Section 94 of the Companies Act. The Committee is chaired by an independent Non-Executive Director. Members collectively have sufficient qualifications and experience to fulfil their duties and sufficient understanding of financial reporting, internal financial controls, external audit process, internal audit process, corporate law and IT governance. In addition, in terms of Article 13.4.1 of the MoI and Clause 72(2)(a) of the Companies Act, the Shareholder has appointed an Advisor to the Audit Committee.

The roles and responsibilities of the Audit Committee include:

- Serving as the Audit Committee for the SABC Group;
- Recommending the appointment of the External Auditors and overseeing the external audit process;
- Monitoring the internal control system to protect the SABC’s interests and assets;
- Reviewing accuracy, reliability and credibility of financial reporting and recommending the annual financial statements and the Annual Report, as presented by management, together with the External Auditors’ Report, for approval by the Board;
- Reviewing any accounting and auditing concerns raised by Internal and External Audits, the annual financial statements and the various reports to the Shareholder;
- Ensuring that an effective Internal Audit function is in place and that the roles and functions of External Audit and Internal Audit are clear and coordinated to provide an objective overview of the operational effectiveness of the Corporation’s systems of internal control, risk management, governance and reporting;
- Reviewing activities of the Internal Audit Department, the effectiveness thereof and the adequacy of available Internal Audit resources;
- Evaluating the independence, objectivity and effectiveness of the External Auditors;
- Ensuring that the Corporation has implemented an effective policy and plan for risk management that will protect the Corporation’s ability to achieve its strategic objectives;
- Ensuring that a combined assurance model is applied; and
- Obtaining assurance for IT as it relates to the management of IT assets, governance and controls, risks and disaster recovery.

Refer to page 79 for the report of the Audit Committee detailing how it carried out its functions.

Eight Committee meetings were held during the financial year. These were attended by the External Auditors, the Acting Group CEO, CFO, COO, the Chief Audit Executive and other relevant corporate officials. The Chief Audit Executive and the External Auditors have unrestricted access to the Chairperson of the Committee and to the Chairperson of the SABC. The attendance of Members at Committee meetings is summarised in the Table 3.2.

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Local travel magazine show Mooiloop.
Table 3.2: Meeting attendance record for Audit Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N M Mhlakaza (Chairperson)</td>
<td>8</td>
</tr>
<tr>
<td>J R Aguma1</td>
<td>8</td>
</tr>
<tr>
<td>J Malele2</td>
<td>5</td>
</tr>
<tr>
<td>F L Malala1; 3</td>
<td>1</td>
</tr>
<tr>
<td>J B Matthews1; 4</td>
<td>4</td>
</tr>
<tr>
<td>L T Khumalo</td>
<td>1</td>
</tr>
<tr>
<td>G H Motsoeneng1</td>
<td>5</td>
</tr>
<tr>
<td>K Naidoo</td>
<td>7</td>
</tr>
<tr>
<td>N A Tshidzumba</td>
<td>4</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Appointed as Advisor effective 1 August 2015.
4. Appointed as Acting Group CEO effective 18 November 2015.

Eight meetings were held. Four Audit Committee meetings for the year, including the six special meetings, were scheduled.

Finance, Investment, Procurement and Technology (FIPT) Committee (formerly the Acquisitions and Disposals Committee)

The Finance, Investment, Procurement and Technology (FIPT) Committee comprises four independent Non-Executive Directors and the Group CEO and is chaired by an Independent Non-Executive Director.

The roles and responsibilities of the FITP Committee include:

- Reviewing the long-term and short-term funding plan for submission to the Board;
- Monitoring the current funding plan of the Corporation to enable it to fulfill both its commercial and public mandates in line with the corporate goals;
- Reviewing and recommending the annual capital and operating budget to the Board for approval;
- Recommending the limits applicable to counter-parties to the Board, monitoring and reviewing all borrowings made by the Corporation and the guarantees and sureties issued on behalf of the Corporation;
- Reviewing funding and solvency implications of transactions and making recommendations to the Board;
- Reviewing the capital investment process and monitoring total Group capital expenditure;
- Reviewing and approving any capital project, the procurement of any capital or the commencement of any capital project item included in the approved budget of the SABC above R100 million and up to R200 million;
- Reviewing and recommending to the Board the commencement of any capital project or the procurement of any capital item the cost of which exceeds R200 million;
- Reviewing the performance of all investments and acquisitions made;
- Reviewing and recommending to the Board the opening of new offices or new regional offices within the borders of the Republic of South Africa;
- Reviewing and recommending to the Board for approval the opening of new offices or new regional offices outside the borders of the Republic of South Africa;
- Reviewing and recommending to the Board regarding the SABC’s investment strategy;
- Evaluating and recommending to the Board business cases for new ventures or projects;
- Approving the criteria and guidelines for investments and approve investments within its delegated authority;
- Reviewing the budgetary guidelines for investments and approving such investments within its delegated authority;
- Ensuring that the reporting and budget submission deadlines set by the SABC are complied with;
- Reviewing the Group’s procurement policies for alignment with the BBBEE Charter and procurement policy guidelines set by the Government from time to time;
- Reviewing the Bid Adjudication Committee (BAC) processes for effectiveness and integrity and ensuring group-wide adherence thereto, having regard for the principles of the Group’s procurement policies;
- Reviewing the appropriateness of the BAC’s processes to the needs of the individual entities within the Group, having due regard for the operational dynamics of each entity, and to implement such measures as are deemed necessary to ensure the functional effectiveness of these processes;
- Reviewing the effectiveness of the BAC and implementing such measures as deemed necessary to ensure that this structure is functionally effective;
- Considering and approving the write-off resulting from the impairment of assets up to an amount of R20 million or recommending for approval by the Board the write-off of any amount over R20 million;
- Reviewing disposals made by Exco in accordance with the authority granted to it by the Board;
- Reviewing and recommending to the Board for approval the removal from the asset register of assets above R15 million (at book value);
- Reviewing and recommending to the Board for approval the writing off from the asset register of stock above R15 million (at book value);
- Reviewing and recommending to the Board for approval the sale of moveable assets of between R10 million and R16 million (book value) and for Board to recommend approval by the Shareholder for assets above R16 million (book value);
- Subject to the provisions of the PMFA, reviewing and approving any sale or disposal of assets, the cost of which shall not exceed R50 million per item;
- Reviewing and recommending to the Board for approval the write-off resulting from the impairment of assets up to an amount of R20 million;
- Reviewing and recommending to the Board for approval the entering into any agreement for the lease, hire or rental of property, where the cumulative value and the term are above R25 million per annum/five years;
- Reporting to the Board on the extent to which the Technology Division has achieved its objectives during the relevant period;
- Ensuring that the Corporation employs technology, which enables it to fulfill both its commercial and public mandates in line with the corporate goals;
• Ensuring that the technology employed by the Corporation is appropriate and able to support the strategic objectives of the Board, including in a converged or multi-channel environment;

• Recommending to the Board the approval of policies, which fall within its mandate and identifying, evaluating and reporting to the Board on any risks associated with the technology of the Corporation;

• Overseeing the development of the disaster recovery plan put in place by the Corporation and advising the Board on the adequacy and suitability thereof;

• Advising the Board generally on purchasing decisions involving the acquisition of technology or systems;

• Determining whether the proposed transaction is in line with the strategic objectives approved by the Board for the Technology Division and the SABC generally;

• Determining whether the proposed transaction is in line with the public broadcasting mandate set out in Section 10 of the Broadcasting Act and the corporate goals;

• Determining whether the proposed transaction has been budgeted for and whether the business aspects of the decision are fundamentally sound;

• Determining whether the financial implications of the transaction will be and how much money will the Corporation make/stand to lose by supporting/rejecting the proposal; and

• Determining whether the proposal before the Committee contains all relevant information in sufficient detail and whether the Committee is satisfied that it has sufficient, appropriate information to enable it to thoroughly probe the decision and make a recommendation to the Board.

Two FITP Committee meetings were held during the financial year. The Group CEO, prior to the appointment of the Acting Group CEO as a member of the Committee, the COO, the CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at FITP Committee meetings is recorded in Table 3.3 below.

Table 3.3: Meeting attendance record for FITP Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>M O Maguhe (Chairperson)</td>
<td>2</td>
</tr>
<tr>
<td>J R Aguma¹</td>
<td>1</td>
</tr>
<tr>
<td>F L Matlala¹,²</td>
<td>1</td>
</tr>
<tr>
<td>J B Matthews³,⁴</td>
<td>1</td>
</tr>
<tr>
<td>K Naidoo</td>
<td>2</td>
</tr>
<tr>
<td>G H Motsoeneng¹</td>
<td>2</td>
</tr>
<tr>
<td>N A Tshidzumba</td>
<td>1</td>
</tr>
</tbody>
</table>

¹. Attends by invitation.
². Suspended with effect from 18 November 2015.
³. Appointed as Acting Group CEO effective 18 November 2015.
⁴. Appointed as a Member on 26 November 2015.

Governance and Nominations Committee

The Governance and Nominations Committee comprises three independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The roles and responsibilities of the Committee include:

• Regular reviewing of the size, structure and compositions of the Committees of the Board, with due regard to the legal requirements, skills and expertise required for effective performance of each Committee;

• Ensuring that appropriate succession planning is in place for both Executive and Non-Executive Directors of the Board;

• Evaluating succession-planning arrangements for Executive Directors to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;

• Annually reviewing the key data indicators of listed successors for direct reports of the Group CEO to determine their status on the succession plan and readiness to assume a role as the need arises. Such data should include the performance evaluation outcomes and outputs of management conversations;

• Supervising the administration of the Corporation’s policies relating to actual or potential conflicts of interest affecting Members of the Board;

• Preparing a description of the role and capabilities required for particular appointments to the Board and for identifying and nominating candidates for the approval of the Board for recommendation to the Minister and the President;

• Recommending to the Board for the continuation (or not) in service of any Director as an Executive or Non-Executive Director;

• Reviewing and, where appropriate, recommending to the Board about proposed appointments to the Boards and Committees of Subsidiary Businesses, including the exercise of shareholder rights to remove a Director, and the nomination of Group representatives to sit on the Boards of subsidiaries;

• Approving conditions of employment and all benefits applicable to the Group CEO, CFO, COO and the terms and conditions of the severance of employment of such individuals;

• Assist the Group CEO in the selection of the CFO and COO when vacancies occur provided that the appointment of such persons would remain the decision of the Minister;

• In consultation with the Board, and subject to the approval of the Minister, determine the remuneration for the Executive Directors, on appointment, having regard to the remuneration policy;

• Recommending in respect of the fees and/or remuneration of the Non-Executive Directors to the Board from time to time, which Directors’ fees and/or remuneration shall be subject to the approval of the Minister;

• Recommending to the Board for its approval, appropriate Key Performance Indicators (KPIs) for the Executive Directors at the beginning of each financial year;

• Determining and agreeing with the Board on the policy for the remuneration of the Executive Directors. No Director or Executive shall be involved in any decisions as to their own remuneration;

• When appropriate, requesting and considering reports and presentations by the Audit Committee, the Risk Committee or the Social and Ethics Committee;

• Developing, evaluating and reviewing the corporate governance structures, policies, practices and procedures of the Corporation and implement such
structures, policies, practices and procedures as the Committee deems to be in keeping with the tenets of good corporate governance;

- Reviewing and evaluating regularly the balance of skills, knowledge and experience and performance and effectiveness of the Board and its Committees, recommending to the Board with regard to any adjustments that it considers appropriate, and approving the section in the Annual Report dealing with the performance of the Board;

- Establishing and ensuring implementation of an induction programme for new appointees to the Board;

- Approving a performance and evaluating measurement framework to monitor the effectiveness of the Board, Board Committees, individual Directors, the Group CEO, CFO and COO;

- Reviewing and, where appropriate, recommending to the Board about actual or potential conflicts of interest affecting any Member of the Board, carry out an annual review of declarations of conflicts of interest by the Board, and approve a report to the Shareholder on how the Corporation's Policy on Conflicts of Interest has been applied during the year;

- Preventing any Human Capital practices that will result in unauthorised, irregular, fruitless and wasteful expenditure and losses from criminal conduct and expenditure not complying with legislation;

- Ensuring compliance with the relevant and applicable labour related legislation;

- Responsible for the oversight and monitoring of the Human Capital Management strategies and implementation within SABC, and ensuring that these are beneficial to the Corporation and employees; the continued existence of the Corporation; and to ensure a return on investment for the Shareholder;

- Ensuring that there is rigorous probing of strategic plans and investment proposals, by asking “what if” and “why not” questions, and by challenging the assumptions underlying strategy;

- Ensure that a proper strategic planning process is implemented;

- In conjunction with the Board set the parameters within which Management develops strategy, which may include ensuring that short-term and longer-term strategies are balanced and that it provides a platform for sustainability;

- Ensure that the strategies are aligned with the purpose of the business, the prevailing culture and ethics and the interests of the SABC's stakeholders; and

- Instituting regular and formal board strategy reviews or strategy audits and examine progress towards the predetermined objectives and evaluate current performance in the light of these predetermined objectives.

Three Governance and Nominations Committee meetings were held during the financial year. The attendance of Members at the Committee meetings is given in Table 3.4 below.

### Table 3.4: Meeting attendance record for Governance and Nominations Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>M O Maguvhe (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>2</td>
</tr>
<tr>
<td>LT Khumalo</td>
<td>3</td>
</tr>
<tr>
<td>J B Matthews</td>
<td>1</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>2</td>
</tr>
<tr>
<td>N A Tshidzumba</td>
<td>3</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Appointed as Acting Group CEO effective 18 November 2015.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises three independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Ensuring that the structure, size, composition, skill sets and performance of the Corporation is regularly reviewed and maintained at levels which are appropriate;

- Evaluating succession-planning arrangements for Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;

- Approving conditions of employment and all benefits applicable to the Group Executives of the Corporation; and the terms and conditions of the severance of employment of such individuals;

- Approving the general material terms and conditions of employment to be applied for all employees of the Group;

- Reviewing the specific application of the Remuneration Policy with regard to Group Executives and make a recommendation to the Board for approval;

- The remuneration of the General Managers and Heads of Business Units will be determined by the Group CEO,
within the ranges laid down by the Committee and recommended to the Committee for approval;

- Assisting the Board in its oversight of the Remuneration Policy and its specific application to the Group Executives and its general application to all Group employees, the review of the remuneration philosophy of the Group, the adoption of annual and longer-term incentive plans, the determination and approval of levels of reward to the Group Executives;
- Approving the general retirement policies of the Group and any changes in such policies or to the rules of the retirement funds.
- Considering and recommending the Human Capital Policies and reviewing the prevailing industrial relations policies and the Corporation’s strategies in respect thereof in order to ensure that the appropriate policies are applied.

Three meetings were held during the financial year. The attendance of members at the Human Resources and Remuneration Committee is recorded in the Table 3.5 below.

Table 3.5: Meeting attendance record for the Human Resources and Remuneration Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three scheduled meetings were convened</td>
<td></td>
</tr>
<tr>
<td>N M Mhlakaza (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma 1</td>
<td>3</td>
</tr>
<tr>
<td>F L Matlala 1,2</td>
<td>1</td>
</tr>
<tr>
<td>J B Matthews 1,2</td>
<td>2</td>
</tr>
<tr>
<td>M O Maguvhe</td>
<td>1</td>
</tr>
<tr>
<td>V G M Mavuso</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng 1</td>
<td>2</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Suspended with effect from 18 November 2015.
3. Appointed as Acting Group CEO effective 18 November 2015.

Public Broadcasting Services (PBS) Committee

The PBS Committee comprises three independent Non-Executive Directors and the Group CEO. The Committee is chaired by an independent Non-Executive Director. The CFO, the COO and other relevant corporate officials attend the meetings.

The role of the Committee is to ensure the SABC delivers on its obligations as provided for in the Public Broadcasting Service Charter of the Corporation. The SABC’s Public Services must:

- Be made available to South Africans in all 11 official languages;
- Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
- Strive to be of a high quality for all of the languages served;
- Provide significant news and public affairs programming, which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;
- Include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, science, early childhood development, agriculture, culture, technology, religion, justice and commerce and contributing to a shared South African consciousness and identity;
- Enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
- Strive to provide a broad range of services targeting, particularly, children, women, the youth and the disabled;
- Include programmes made by the Corporation as well as those commissioned from the independent production sector;
- Include national sports programming as well as developmental and minority sports;
- Review the Sports Broadcasting Rights;
- Report to the Board on the extent to which the News division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC’s news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation’s editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the Corporation.
Three PBS Committee meetings were held during the financial year. The attendance of Members at these meetings is reflected in the Table 3.6 below.

**Table 3.6: Meeting attendance record for PBS Committee Members**

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N A Tshidzumba (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>3</td>
</tr>
<tr>
<td>L T Khumalo</td>
<td>3</td>
</tr>
<tr>
<td>J B Matthews</td>
<td>3</td>
</tr>
<tr>
<td>V G M Mavuso</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>2</td>
</tr>
<tr>
<td>B L Tugwana</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Appointed as Acting Group CEO effective 18 November 2015.
3. Appointed as a Member effective 26 November 2015.
4. Appointed as Acting COO from 18 November 2015 to 14 December 2015.

Public Commercial Services (PCS) Committee

The PCS Committee comprises three independent Non-Executive Directors and the Group CEO. The Committee is chaired by an independent Non-Executive Director. The CFO, the COO and other relevant corporate officials attend the meetings.

The role of the PCS Committee is to ensure that the SABC delivers on its obligations, as provided for in the Public Commercial Service Charter of the Corporation. The SABC’s Commercial Services must:

- Be subject to the same policy and regulatory structures as outlined in the Act for commercial broadcasting services;
- Comply with the values of public broadcasting service in the provision of programmes and service;
- Commission a significant amount of their programming from the independent sector;
- Subsidise the public services to the extent recommended by the Board and approved by the Minister;
- Be operated in an efficient manner to maximise the revenues provided to the Shareholder;
- Report to the Board on the extent to which the News division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC’s news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation’s editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the Corporation.

Three PCS Committee meetings were held during the financial year. The attendance of members at these meetings is reflected in the Table 3.7.

**Table 3.7: Meeting attendance record for PCS Committee Members**

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N A Tshidzumba (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>3</td>
</tr>
<tr>
<td>L T Khumalo</td>
<td>3</td>
</tr>
<tr>
<td>J B Matthews</td>
<td>3</td>
</tr>
<tr>
<td>V G M Mavuso</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>2</td>
</tr>
<tr>
<td>B L Tugwana</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Appointed as Acting Group CEO effective 18 November 2015.
3. Appointed as a Member effective 26 November 2015.
4. Appointed as the Acting COO effective from 18 November 2015 to 14 December 2015.

**Risk Committee**

The Risk Committee comprises three independent Non-Executive Directors and the Group CEO and was chaired by an independent Non-Executive Director.

The role and responsibilities of the Risk Committee are:

- Monitoring the SABC’s compliance with statutory and legislative obligations and fiduciary responsibilities;
- Confirming that the SABC has appropriate controls in place to identify and implement legislative and regulatory changes which will affect its operations;
- Monitoring that management and administration of the products and services are conducted in accordance with relevant legislation, regulation, governing rules and within the terms of any delegation;
- Reviewing significant breaches, or potential breaches, of regulation and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed;
- Assisting in identifying, evaluating, mitigating, and monitoring the business risks that the Group faces during the course of its operations, its exposure to significant risk, and the adequacy of the identification of risk;
- Reviewing the SABC’s risk appetite and future risk strategy, particularly for economic (i.e. risk-based) capital, liquidity and reputation, but also for operational risk, and to make recommendations on risk appetite to the Board for it to review the principal risk policies for consistency with the Group’s risk appetite and to approve any material changes to these policies;
- Reviewing the risk profile against its risk appetite and strategy and review the drivers of the changes, if any, in the risk profile and their implications for liquidity and going concern status;
- With input from the Audit Committee, as appropriate, reviewing the adequacy of the Group’s processes and the effectiveness of controls over the determination of the compliance with the requirements of the Government Guarantee;
- Reviewing the design, completeness, and effectiveness of the Risk Management Framework relative to the enterprise-wide risk management policy, and plans for management of the significant risks activities;
- Reviewing the adequacy and quality of the risk management function and the effectiveness of risk reporting (including timeliness and risk events);
Evaluating the risk of exposure to fraud, reviewing policies and procedures in place to minimise or detect fraud, and make recommendations to the Board to enhance such policies and procedures;

Developing and refining the SABC’s enterprise-wide appetite for risk, in conjunction with the full Board; and

Evaluating the risk of exposure to fraud, review policies and procedures in place to minimise or detect fraud, and make recommendations to the Board to enhance such policies and procedures.

Three Risk Committee meetings were held during the financial year. The attendance of Members at these meetings is reflected in Table 3.8 below.

Table 3.8: Meeting attendance record for the Risk Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>L T Khumalo (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>3</td>
</tr>
<tr>
<td>F L Matlala</td>
<td>2</td>
</tr>
<tr>
<td>J B Matthews</td>
<td>1</td>
</tr>
<tr>
<td>K Naidoo</td>
<td>3</td>
</tr>
<tr>
<td>V G M Mavuso</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Suspended with effect from 18 November 2015.
3. Appointed as Acting Group CEO with effect from 18 November 2015.
4. Appointed as a Member effective 26 November 2015.

Social and Ethics Committee

The Social and Ethics Committee comprises four independent Non-Executive Directors and the Group CEO and was chaired by an Independent Non-Executive Director.

The role and function of the Social and Ethics Committee is to monitor and oversee the Corporation’s activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in to matters relating to the following functions:

- Advancing the Social and Economic Development goals of the Corporation, including the Corporation’s standing in terms of the goals and purposes of the ten principles set out in the UN Global Compact Principles as an integral part of the business strategy, day-to-day operations, and organisational culture and incorporating the UN Global Compact Principles in the decision-making processes of the Board;
- Advancing the UN Global Compact Principles and the case for responsible business practices through advocacy and outreach to peers, partners, clients, consumers and the public at large;
- Reviewing and recommending to the Board with respect to the Corporation’s Social Economic Development;
- Monitoring Social Economic Development initiatives;
- Assisting the Board in discharging its responsibility to ensure that BBBEEE is pursued and implemented throughout the SABC;
- Reviewing the Corporation’s standing in terms of the goals and purposes of the promotion of equality and the prevention of unfair discrimination;
- Reviewing the SABC’s standing in terms of its support of the four strategic objectives in respect of the International

Labour Organization Protocol on decent work and working conditions;

- Monitoring the SABC’s employment relationships and its contribution toward the educational development of its employees;
- Reviewing recommendations on ethical matters made by Management or other external sources and to make recommendations to the Board whether and, if so, to what extent these should be applied to the SABC;
- Overseeing and reviewing the anti-corruption and bribery practices, in conjunction with the Risk Committee;
- Reviewing the policies and processes for managing non-financial risks affecting the business, including relationships with stakeholders (principally colleagues, partners, customers, local communities, non-governmental organisations, regulators, shareholders and suppliers) and the impact of the SABC’s activities on its general business reputation;
- Promoting environmental policies that relate to the activities where the SABC has its most significant environmental impacts in respect of energy management and climate change, water quality, resource productivity (including leakage and waste); and
- Reviewing and recommending to the Board with respect to the SABC’s Health and Safety Policies and review the procedure for reporting and investigating accidents, incidents and accidents at work, in conjunction with the Risk Committee.

Three Social and Ethics Committee meetings were held during the financial year. The attendance of members at these meetings is reflected in the Table 3.9 below.

Table 3.9: Meeting attendance record for the Social and Ethics Committee Members

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N M Mhlakaza (Chairperson)</td>
<td>3</td>
</tr>
<tr>
<td>J R Aguma</td>
<td>3</td>
</tr>
<tr>
<td>M O Maguva</td>
<td>0</td>
</tr>
<tr>
<td>J B Matthews</td>
<td>2</td>
</tr>
<tr>
<td>V G M Mavuso</td>
<td>3</td>
</tr>
<tr>
<td>G H Motsoeneng</td>
<td>2</td>
</tr>
<tr>
<td>K Naidoo</td>
<td>3</td>
</tr>
</tbody>
</table>

1. Attends by invitation.
2. Appointed as the Acting Group CEO with effect from 18 November 2015.
3. Appointed as a Member effective 26 November 2015.
**Directors’ Remuneration**

Non-Executive Directors receive fees for their contribution to the Board and the Committees on which they serve. The Shareholder determines the rate in consultation with National Treasury. Non-Executive Directors are also reimbursed for out-of-pocket expenses incurred on the Corporation’s behalf.

Further information on the Directors’ remuneration appears on pages 138 to 139.

**Company Secretarial Function**

Directors have unrestricted access to the advice and services of the Company Secretary as well as the Secretariat Department. The Directors are entitled to obtain independent professional advice at the SABC’s expense should they deem this necessary.

The Company Secretary, together with other assurance functions, monitors the SABC’s compliance with the requirements of the PFMA, Companies Act and other relevant legislation.

**Reporting to Stakeholders**

In order to present a balanced and understandable assessment of its position, the SABC is continuously striving to ensure that its reporting and disclosure to stakeholders is relevant, clear and effective. The SABC places great emphasis on addressing both positive and negative aspects in order to demonstrate the long-term sustainability of the organisation. The King III Report, the National Treasury Guideline on Annual Reports and Treasury Regulations are used in compiling the annual report.

**Stakeholder Relations**

In addition to the interests of the Government as Shareholder, the SABC recognises the legitimate interest of specific Government departments, employees, consumers, suppliers, the media, policy and regulatory bodies, trade unions, non-governmental groups and local communities in its affairs.

Communication and interaction with stakeholders is ongoing during the course of the year and is addressed through various channels depending on the different needs of the various stakeholders.

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**Risk Management**

The SABC acknowledges the importance of embedding risk management and corporate governance principles in the organisation. Risk is an intrinsic part of all activities undertaken by the SABC. The SABC Risk Management Framework was derived from Section 51(1)(a)(i) of the PFMA, as amended, read with Treasury Regulation 27.2.1. It prescribes that the accounting officer must ensure that the institution has, and maintains effective, efficient and transparent systems of financial and risk management. The realisation of the SABC strategy is dependent on the organisation being able to take calculated risks in a manner that does not jeopardise the direct interests of stakeholders.

To fulfil this responsibility, the SABC has an approved Risk Management Policy and the Risk Management Framework is aligned to the International Organization for Standardization (ISO) 31000 (2009) International Risk Management Standard, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework, the Public Sector Risk Management Framework issued by National Treasury in 2008 and the King III Report.

The Risk Management Framework ensures that key risks are identified, assessed and managed. Risk management is a central part of strategy development, implementation and management. The management of risks is the responsibility of management and risk owners use this framework to assist in identifying, responding to, measuring, managing, monitoring and reporting on risk. The SABC continued to embed a risk management culture into its day-to-day business operations during the period under review.

During the 2015/16 financial year, annual risk assessments were conducted in line with the corporate strategic objectives as per the Corporate Plan to determine strategic and operational risks to which the SABC is exposed. The identified risks were assessed and risk treatment plans developed and allocated to the relevant role players to ensure risk control strategies are in place for effective risk management and monitoring. Cura, a risk management software tool for risk capturing, reporting and monitoring, is utilised and the risk registers are updated on a regular basis. During the year under review, in fulfilling their risk and governance responsibility, the Board and Group Executives jointly identified SABC’s key strategic risks as well as defining strategic risk response, which was monitored for implementation through Risk Management and Governance reports for oversight and action on monitoring the delivery of the risk management strategy.
Internal Control

The Board has the ultimate responsibility for establishing a framework for internal control, including an appropriate procurement and provisioning system. The controls throughout the SABC focus on critical risk areas identified by Operational Risk Management, confirmed by Executive Management and endorsed by the internal auditors. The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Organisational policies, procedures, structure and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Management, with the assistance of the Group Internal Audit (GIA) Division, closely monitors the controls and actions taken to correct deficiencies as they are identified.

Audit

In line with the PFMA and King III Report requirements, the GIA Division provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of an independent objective appraisal and evaluation of the risk management processes, internal controls and governance processes, as well as by recommending corrective actions and suggested enhancements to the controls and processes. The risk-based Internal Audit Plan focuses on major risks emanating from the SABC’s internal risk management process. The Internal Audit Plan is responsive to changes in the SABC’s risk profile.

The GIA Division is fully supported by the Board and the Audit Committee and has full and unrestricted access to all Corporation activities, records, property and personnel. External Auditors are responsible for independently auditing and reporting on the financial statements in conformity with International Standards on Auditing.

Activities of the Group Internal Audit (GIA) Division

Mandate and Purpose of the Internal Audit

The mandate of the SABC GIA is determined in terms of Section 51(1)(ii) of the PFMA, which requires that the SABC Board of Directors (as the Accounting Authority) to ensure that the SABC has and maintains “a system of internal audit under the control and direction of an Audit Committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77” of the Act.

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve on organisational operations in order to ensure that the organisation accomplishes its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Charter, which is approved by the SABC Audit Committee, establishes the purpose, scope of work, responsibility, accountability, independence and authority conferred by Board on the SABC Internal Audit Unit in terms of the PFMA as well as the International Standards for Professional Practice of Internal Auditing (the Internal Auditing Standards).

In line with the approved SABC Internal Audit Charter, the PFMA, the Internal Auditing Standards and the King III Report, the following are incorporated in the activities of the GIA:

- Providing assurance on the adequacy and effectiveness of risk management processes, the system of internal controls and governance processes;
- Investigating possible misconduct and irregularities; and
- Providing consulting services on corporate governance matters and elements impacting the control environment.

Internal Audit Performance

The GIA Division played a pivotal role in the governance pillar by executing audit projects against the Risk Based Annual Audit Plan, as approved by the Audit Committee, and reporting the findings to management accordingly.

The Division also executed continuous business monitoring projects to provide management with an alternative view on business risks and controls and thereby assisting in proactively monitoring key risk areas within the organisation to ensure the achievement of the business objectives. Data analysis, through Computer Aided Audit Tools (CAATS), was conducted on critical transactions within Human Resources, Procurement and Payroll.
The following table presents a summary of the Internal Audit function’s performance for period 2013/14 to 2015/16.

**Table 3.10: Number of Internal Audit Reports issued and planned audits deferred for the 2013/14, 2014/15 and 2015/16 periods**

<table>
<thead>
<tr>
<th>Details</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit Reports issued</td>
<td>56 (90%)</td>
<td>46 (94%)</td>
<td>41 (91%)</td>
</tr>
<tr>
<td>Planned audits deferred</td>
<td>One (1.6%) deferred and five (8.4%) replaced</td>
<td>3 (6%)</td>
<td>4 (9%)</td>
</tr>
</tbody>
</table>

The audit projects deferred during the year were necessitated from the changes in business processes which required the GIA Division to formulate a different audit approach.

**Internal Audit Overall Assessment of the Internal Control Environment**

The GIA executed audit projects based on the audit coverage from the approved 2015/16 Risk Based Annual Audit Plan. For more information see the status of performance against the approved plan contained in the Internal Audit Performance section above.

It has been determined that the internal controls for most of the focus areas are partially adequate and partially effective, and operating within a cautious risk environment. The Internal Audit Unit completed 40 audit reports in the 2015/16 financial period (46 were completed in 2014/15) in terms of its approved Annual Audit Plan.

The results and the audit opinions are reflected in the table below.

**Table 3.11: Audit Reports issued and opinion ratings received for the 2013/14, 2014/15 and 2015/16 periods**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reports issued</td>
<td>56</td>
<td>46</td>
<td>40</td>
</tr>
<tr>
<td>Number of Significant Findings</td>
<td>311</td>
<td>205</td>
<td>204</td>
</tr>
</tbody>
</table>

- Economic, efficient, effective and transparent systems of financial and risk management and internal controls are in place;
- A system is maintained for properly evaluating all major capital projects prior to a final decision on each project;
- Appropriate and effective measures are implemented to prevent unauthorised, irregular or fruitless and wasteful expenditure, expenditure not complying with legislation or losses from criminal conduct;
- All revenues due to the SABC are collected;
- The available working capital is economically and efficiently managed; and
- The definition of objectives and the allocation of resources are carried out in an economic, efficient, effective and transparent manner.

In terms of the Treasury Regulations, the SABC’s Accounting Authority must, for “material” and “significant” purposes, in terms of sections 54(2) and 55(2) of the PFMA, develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority. This framework will be reviewed and updated annually.

In terms of Section 52 of the PFMA, the Accounting Authority of a public entity must submit to the Accounting Officer of the Department designated by the Executive Authority for the public entity a Corporate Plan in the prescribed format. The Corporate Plan must cover the affairs of the public entity for the following three financial years.

The Corporate Plan is also submitted to the relevant treasury, at least once a month or, as agreed with the National Treasury, before the start of its financial year. In terms of the Treasury Regulation 29.1.1 (f), the Corporate Plan must include a Materiality and Significance Framework.

The principles of the King III Report (2009) require that disclosure be made on matters of significance, interest and relevance to shareholders and a wide range of stakeholders. The Accounting Authority should establish guidelines of materiality for disclosure by the Corporation.

The Materiality and Significance Framework for the financial year under review, which is determined and annually reviewed by management, is outlined in Table 3.12 on the following page.
The King III Report on Corporate Governance for South Africa (2009)

The SABC applies certain King III principles and practices. As a state-owned company, some of these cannot be applied. In such instances, the SABC has adopted alternative practices to those recommended by the King III Report. Explanations for this are presented in the table below. Areas for improvement are reflected in the table where there are no approved policies, processes or procedures as yet. Draft documents do exist and these will be approved by the relevant governance structures in the next reporting cycle.

Applying the King III principles and practices

Table 3.13: The SABC’s application of the King III principles and practices

<table>
<thead>
<tr>
<th>Number and description of each King III principle or practice not in place</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.16.1 Board should elect a Chairperson on an annual basis</td>
<td>Determined by the President</td>
</tr>
<tr>
<td>2.17.1 Board should appoint a chief executive</td>
<td>Determined by the Shareholder in conjunction with the Board</td>
</tr>
<tr>
<td>2.18.10 Board should be able to remove any director without Shareholder approval</td>
<td>Determined by the President in conjunction with the National Assembly</td>
</tr>
<tr>
<td>2.8 The Board should be responsible for IT governance</td>
<td>The Audit Committee is tasked with overseeing IT governance and is awaiting the IT Governance Framework</td>
</tr>
<tr>
<td>2.27 Remuneration policy</td>
<td>Draft policy in place</td>
</tr>
<tr>
<td>2.24 Subsidiary governance framework</td>
<td>Draft Framework in place</td>
</tr>
<tr>
<td>3.5.1 Combined assurance model</td>
<td>Practice being updated</td>
</tr>
<tr>
<td>5.1.2 IT charter</td>
<td>Charter in the process of being finalised</td>
</tr>
<tr>
<td>5.3 IT governance framework</td>
<td>Framework in the process of being finalised</td>
</tr>
<tr>
<td>6.1.1 Compliance register</td>
<td>Register in the process of being finalised</td>
</tr>
<tr>
<td>3.8.2.2 Internal financial control policy</td>
<td>Policy will be developed</td>
</tr>
<tr>
<td>5.3 Internal control framework</td>
<td>Policy has been approved</td>
</tr>
<tr>
<td>2.1 The Board should report on the effectiveness of the company’s system of internal controls</td>
<td>The internal controls are in the process of being reviewed through Project Qinisa</td>
</tr>
<tr>
<td>3.4 The Audit Committee should oversee integrated reporting</td>
<td>Consideration is being given to the preparation of the integrated report</td>
</tr>
<tr>
<td>9.1 The Board should ensure the integrity of the company’s integrated report</td>
<td>Consideration is being given to the preparation of the integrated report</td>
</tr>
<tr>
<td>9.2 Sustainability reporting and disclosure should be integrated with the company’s financial reporting</td>
<td>Consideration is being given to the preparation of the integrated report</td>
</tr>
<tr>
<td>9.3 Sustainability reporting and disclosure should be independently assured</td>
<td>Consideration is being given to the preparation of the integrated report</td>
</tr>
</tbody>
</table>
Fraud and Corruption

Forensic Investigations
The Board is responsible for ensuring that an integrated crime prevention plan is implemented in order to minimise the risk and opportunity for crime and irregularities, in particular, fraud. In order to support the strategic intent and business objectives of the SABC, the Board or its Committees, at its discretion, may request a forensic audit where there is prima facie evidence indicating that such an audit is justified.

Fraud Risk Management
The Fraud and Corruption Prevention Strategy clearly indicates the SABC’s stance against fraud, corruption, theft and maladministration. The strategy is applied in conjunction with the Anti-Fraud and Corruption Policy. It is segmented into two facets, namely:
• Anti-Fraud and Corruption Prevention Plan; and
• Anti-Fraud and Corruption Response Plan.

During the year under review, a number of initiatives and programmes were undertaken, as described below.

Prevention and Detection Strategy
• The critical operational strategies were put in place including but not limited to anti-fraud and corruption risk assessment.
• Monthly employee awareness campaigns were rolled out as a build-up towards International Anti-Fraud and Corruption week in November.
• The Anti-Fraud and Corruption Policy and Strategy were reviewed as and when the need arose.

Response Plan
• The SABC invested in the internal control transformation process to ensure that the control environment within which the business operates is sound and effective for protecting the assets of the organisation, as well as ensuring quality public service delivery. This initiative is envisaged to extend over a period of three years. It involves business process mapping (Standard Operating Procedures), gap analysis, risk and controls identification and documentation.
• Fraud and corruption risk assessments are used to identify potential fraud and corruption risk exposures to the organisation. The process ensures that actions to address the identified fraud and corruption risk exposures are implemented to reduce the adverse effects on the organisation’s performance.

Minimising Conflict of Interest

A Conflicts of Interest Policy was approved by the Board on 21 February 2013 and has been rolled out throughout the Corporation. As part of the improvements in this regard, an electronic system has been developed and went live in July 2013. All employees are required to complete their declaration of interest annually online, which is forwarded to their line manager for approval.

Code of Conduct

The SABC has an approved Code of Business Conduct and Ethics. The aim thereof is to ensure that every employee of the organisation shares the same values and levels of accountability. This Code has been rolled out throughout the Corporation.

Health, Safety and Environmental Issues

The SABC is committed to safeguarding all employees, contractors and visitors against any injury and risk to their health arising from any operations associated with the SABC. The Corporation enforces health, safety and environmental standards in the workplace, as prescribed by the Occupational Health and Safety Act No. 85 of 1993, its regulations and related safe work practices.

Safety

The SABC’s vision for occupational health and safety of the workforce is zero tolerance to on-the-job fatalities, injuries and diseases. The effective implementation of the Occupational Health and Safety Programme, Storage and Stacking Programme, Fire Safety Programme, health and safety policies and awareness programmes assisted in keeping injuries on duty as low as possible.

In combination these initiatives have resulted in the creation of a conducive work environment. During the 2015/16 financial year, the SABC had nine disabling injuries on duty, with no fatalities.

This is significantly low compared to the total workforce. However, the target is zero and, with concerted effort from all parties involved, it is achievable. The SABC was issued with a Letter of Good Standing from the Compensation Commissioner for the year 2015/16 for effectively managing these injuries occurring on duty, as required by the Compensation for Occupational Injuries and Diseases Act No. 61 of 1997.

Figure 3.1: Injuries occurring on duty during the 2015/16 review
In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act No. 71 of 2008, for the year ended 31 March 2016, the South African Broadcasting Corporation SOC Limited, has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act and all such returns are true, correct and up to date.

Johannesburg
July 2016

During the year under review, fire equipment for the entire complex was serviced as per safety-related legislation. Pest control is also well managed and there were no serious reports of infestations in our complex. During the third quarter, Auckland Park conducted evacuation drills in conjunction with Emergency Management Services (EMS) for all its broadcast facilities. No injuries or fatalities were reported during these drills. Legal Safety Compliance Audits were conducted in all Provinces to ensure that our broadcast facilities comply with the Occupational Health and Safety Act.

Health
The Occupational Health and Safety and Wellness Unit held regular workshops and expos and facilities were provided for employees to have their cholesterol, glucose levels and blood pressure checked, as well as having other health assessments.

The Environment
The SABC is committed to creating a healthy environment for all its employees. During the year under review, the SABC embarked on a biological programme to reduce the “sick building syndrome” effect on the workforce. The following initiatives were implemented:

- Noise, air quality and light surveys were conducted in most of the SABC Provincial Offices and at the Auckland Park Offices to determine compliance with legislation. Shortcomings that were identified and are in the process of being corrected.
- Water quality tests are conducted monthly to ensure that the tap water in the SABC buildings is algae and cholera free. All results were negative.
- Waste management in the building is being addressed accordingly and is disposed according to classification including hazardous chemicals which, for the SABC, is florescent tubes which contain mercury vapour.
- Smoking in SABC buildings is restricted to designated areas bringing the SABC in line with the requirements of the Tobacco Products Control Amendment Act No. 83 of 1993.

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES (SED)
The socio-economic campaigns implemented during the year under review gave the Corporation an opportunity to retain its Level 2 BBBEE status. The objectives of socio-economic development contributions include the promotion of beneficiary access to the economy. Contributions may include (but are not limited to):

- Development programmes for women, youth, people with disabilities and people living in rural areas;
- Support of healthcare and HIV/AIDS programmes;
- Support for education programmes, resources and materials at primary, secondary and tertiary education levels, as well as bursaries and scholarships; and
- Community training, skills development for unemployed people and adult basic education and training.

The SABC Radio Stations implemented individual socio-economic programmes in conjunction with the SABC.
Examples of these programmes implemented during the year under review are given below.

Education

- Lotus FM, through their Warm Hearts Campaign, donated school shoes to children from underprivileged schools in KwaZulu-Natal.
- Phalaphala FM donated school shoes to schools around Vhembe district, the Makhado Municipality as well as schools around Gauteng.
- Umhlobo Wenene FM raised funds from their annual 10km and 5km race for a Computer Lab for Nxanwimfundo Primary School from Motherwell in Port Elizabeth.
- All nine schools in Namakwaland, a district of the Northern Cape Province, which has a very high unemployment and school drop-out rate, were provided with much-needed school resources, including stationery, school uniforms, school shoes and winter jerseys by the SABC Foundation.
- The SABC Foundation partnered with Tru FM and the Provincial Department of Education to celebrate the outstanding 2015 Matric results of St George's School, situated in the rural community of Mount Frere in the Eastern Cape, by donating school uniforms and office equipment to the School.

- The SABC Foundation donated efficient learning materials such as educational toys and stationery to the Accelerated Education Enterprises (AEE) Centre, a “Life Prep College” that offers vocational training. This Centre accelerates learning and enables learners to reach their full potential.
- The SABC Foundation funded learners from Tembisa High School to attend the African Leadership Academy Model African Union (ALAMAU), a simulation of the AU, which brought young leaders from across Africa and the globe to a four-day conference in South Africa. The conference focussed on topics which will provide solutions to issues of African and global importance, by assuming the role of African leaders and operating within the framework of the AU. Delegates were challenged to debate, negotiate and ultimately agree upon resolutions to be adopted for tackling these issues.
- The SABC Foundation implemented a Teenage Health Campaign at Peninqhotsa School to educate and create awareness about health issues affecting young girls and to keep “Girls in School”. The programme provides resources aimed at minimising the school dropout rate for girls, enabling them to fully participate in social and academic activities.
Healthcare and HIV/AIDS

- Good Hope FM hosted an outdoor event engaging children to participation in various sports and creating awareness on the values of leading a healthy lifestyle.

- RSG donated airtime to the Organ Donor Foundation to encourage its listeners to register as organ donors.

- Phalaphala FM donated airtime to create awareness and educate their listeners about HIV/AIDS. The station also participated in a 5km walk to promote healthy lifestyles in support of people with diabetes.

- The SABC Foundation rolled out the “1 000 Babies Campaign” and donated Welcome Baby Bags filled with baby clothing and other supplies for babies born in the Limpopo’s Thabazimbi Hospital.

- The SABC Foundation donated household items and food parcels to the Grace Rehabilitation Centre. This community based non-profit organisation helps men and women to break free from drug addiction. They have expanded their offering to a Group of Treatment Programmes that covers primary, secondary and tertiary treatment options. They offer a full spectrum of care for individuals from all walks of life, including medical assessments, inpatient and outpatient treatment, halfway house (transitional housing) accommodation as well as recovery support and relapse prevention.

Disability

- Radio 2000 offered extensive support to the eco-mobility campaign in support of transport month to showcase the efficiency of public transport system for people living with disabilities.

- Good Hope FM hosted the WOW carnival to expose both disabled and disadvantaged school children, to the world of radio.
Development

- Radio 2000 partnered with the Department of Human Settlement for the Celebrity Build campaign in the Sedibeng District Municipality. A house was built for a 112 year old citizen, Ms Elda Mazongolo and 106 year old Selina van Rooi, to provide them with quality shelter.

- Munghana Lonene FM implemented their “K Build a House” project and built and donated homes for these families:
  - Five roomed house - Majeje family Baphalaborwa
  - Four roomed house - Grobler family from Nwamitwa Tzaneen
  - Four roomed house - Lishivha family originally from Zimbabwe from Madodonga village
  - Four roomed house – Khosa family

Nelson Mandela Day

- Umhlobo Wenene FM donated household items to “House of Joy”, a children’s shelter in Grahamstown, as part of their Mandela Day ‘67 minutes’ activities.

- SAfm, in partnership with Gift of the Givers, visited Bodibe Village, a centre for senior citizens in North West, and donated a fully furnished dining hall, a bore hole, food parcels, blankets and hygiene packages to senior citizens.

- RSG donated airtime to encourage blood donation as part of their Mandela Day activations.

- METRO FM partnered with the SABC Foundation, SABC1 and Nedbank to host a cook-off at Leamogetswe Safety Home in Atteridgeville, Pretoria and raised funds for much-needed resources which were donated to the home of safety.
Women’s Month: Strong Girl Campaign

All SABC platforms joined the country to celebrate Women’s Month in acknowledgement and recognition of the women who marched to the Union Buildings on 9 of August 1956. The month was dedicated to celebrating the role that women play in our communities and thus the Strong Girl Campaign partnership with ONE.ORG was launched. Listeners had to nominate their ‘Strong Girl’, a young woman who makes a significant difference in her community. After a rigorous selection process, Ms Mpho MacChambers won the Strong Girl ambassadorship and represented the SABC at the UN Summit in New York City.

Child-Headed Households

- Munghana Lonene FM donated clothing items to orphaned children at a place of safety in Phalaborwa.
- Umhlobo Wenene FM ran its 55th birthday competition and the final winner donated a share of their winnings to a charity of choice. Bhekithemba Ndlela, the final winner selected Bethany Children’s Home at Ikhwezi in Mthatha.
- The SABC2’s focus on family saw the channel adopting Jordan House Old Age Home in Westbury, Johannesburg.
- The SABC Television network also participated in the SABC Foundation’s initiative to refurbish a school in Qunu and the Mandela Hospital programme.
Supporting the Elderly

- The SABC Foundation supported the Samaritan Old Age Home in Chatsworth Durban and provided resources to fix the structural defects of the home to ensure that the senior citizens are hosted in a comfortable, warm and safe environment.

- SABC Television’s other CSI activities included an SABC1 initiative known as the Youth Movement Initiative, which focussed on young South Africans, in line with the channel’s youth-oriented character. The Youth Movement Initiative gave learners at identified schools an opportunity to interact with channel celebrities. At these events, information packs with career guidance booklets, t-shirts and back-packs were distributed to those in attendance.
Public Service Announcements (PSAs) supported by the SABC Foundation

Table 3.14: List of SABC Foundation campaigns and their expenditure for TV and radio for the 2015/16 year

<table>
<thead>
<tr>
<th>Name of Campaign</th>
<th>Radio Allocation</th>
<th>Television Allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>POWA</td>
<td></td>
<td></td>
<td>R1 000 000</td>
</tr>
<tr>
<td>Hospice</td>
<td></td>
<td></td>
<td>R700 000</td>
</tr>
<tr>
<td>Say No to Xenophobia</td>
<td>R1 000 000</td>
<td></td>
<td>R1 000 000</td>
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<tr>
<td>Tekkie Tax</td>
<td>R400 000</td>
<td>R600 000</td>
<td>R1 000 000</td>
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<tr>
<td>Rand Water Foundation</td>
<td>R1 000 000</td>
<td></td>
<td>R1 000 000</td>
</tr>
<tr>
<td>UNICEF</td>
<td>R200 000</td>
<td>R300 000</td>
<td>R500 000</td>
</tr>
<tr>
<td>Smile Foundation</td>
<td>R350 000</td>
<td></td>
<td>R350 000</td>
</tr>
<tr>
<td>Baby 1000</td>
<td>R700 000</td>
<td></td>
<td>R700 000</td>
</tr>
<tr>
<td>Narcotics anonymous</td>
<td>R500 000</td>
<td></td>
<td>R500 000</td>
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<tr>
<td>Slipper Day</td>
<td>R250 000</td>
<td>R600 000</td>
<td>R850 000</td>
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<tr>
<td>Women’s Month</td>
<td>R350 000</td>
<td></td>
<td>R350 000</td>
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<tr>
<td>Special Olympics SA</td>
<td>R450 000</td>
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<td>R450 000</td>
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<tr>
<td>National Book Week</td>
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<td>R600 000</td>
<td>R900 000</td>
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<tr>
<td>World Vision</td>
<td>R300 000</td>
<td>R400 000</td>
<td>R700 000</td>
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<tr>
<td>Bandana Day (Sunflower Fund)</td>
<td>R300 000</td>
<td>R500 000</td>
<td>R800 000</td>
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<tr>
<td>Ode to Arch Bishop</td>
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<td>R400 000</td>
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<tr>
<td>Celebs for Good Cause</td>
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<td></td>
<td>R500 000</td>
</tr>
<tr>
<td>Rand Water Foundation</td>
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<td></td>
<td>R1 000 000</td>
</tr>
<tr>
<td>Santa Fun Walk</td>
<td>R500 000</td>
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<td>R500 000</td>
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<tr>
<td>Dignity Dreams</td>
<td>R500 000</td>
<td></td>
<td>R500 000</td>
</tr>
<tr>
<td>Tears: Bang Your Pot</td>
<td>R700 000</td>
<td></td>
<td>R700 000</td>
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<tr>
<td>16 Days of Activism</td>
<td>R600 000</td>
<td></td>
<td>R600 000</td>
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<tr>
<td>TALKSIGN</td>
<td>R300 000</td>
<td>R700 000</td>
<td>R1 000 000</td>
</tr>
<tr>
<td>Shavaton CANSA</td>
<td>R300 000</td>
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<td>R300 000</td>
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<tr>
<td>Stop Human Trafficking</td>
<td>R700 000</td>
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<td>R700 000</td>
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<tr>
<td>Gift of the Givers</td>
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<td></td>
<td>R1 000 000</td>
</tr>
<tr>
<td>SABC Foundation</td>
<td>R3 000 000</td>
<td>R3 000 000</td>
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</tr>
<tr>
<td>Salvation Army</td>
<td>R700 000</td>
<td></td>
<td>R700 000</td>
</tr>
<tr>
<td>Total Allocation</td>
<td></td>
<td></td>
<td>R19 700 000</td>
</tr>
</tbody>
</table>

Table 3.15: List of campaigns supported by the SABC Foundation, their location and investment cost

<table>
<thead>
<tr>
<th>Category</th>
<th>Region and Beneficiaries</th>
<th>Investment Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative: Back to School</td>
<td>Education, Eastern Cape, Mount Frere, St Georges School</td>
<td>R100 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>Bloemfontein, Thibolela in Qwa Qwa and Bartmea in Thaba Nchu</td>
<td>R150 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>Durban</td>
<td>R65 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>Bloemfontein</td>
<td>R70 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>North West, Marumolwa School</td>
<td>R60 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>Gauteng, Freedom Park</td>
<td>R70 000.00</td>
</tr>
<tr>
<td>Education</td>
<td>Northern Cape, Namakwaland, Norap Primary, Lalifone Primary, Kheis Lerskood, Paulshoek Primary and Klipfontein Primary</td>
<td>R300 000.00</td>
</tr>
<tr>
<td>Education and Restoring Human Dignity</td>
<td>Limpopo, Peninghotosa Primary School</td>
<td>R200 000.00</td>
</tr>
<tr>
<td>Initiative: Community Development</td>
<td>Restoring Human Dignity, Gauteng, Mnguni family Sebokeng</td>
<td>R21 000.00</td>
</tr>
<tr>
<td>Restoring Human Dignity</td>
<td>Durban</td>
<td>R115 000.00</td>
</tr>
<tr>
<td>Restoring Human Dignity</td>
<td>North West, Retshwenyegile Relief Givers’</td>
<td>R40 000.00</td>
</tr>
<tr>
<td>Education and Health</td>
<td>Gauteng, Institution of Grace Rehabilitation Centre</td>
<td>R150 000.00</td>
</tr>
<tr>
<td>Initiative: Dignity for Girls Campaign</td>
<td>Education and Health, Limpopo, Peninghotosa Hospital</td>
<td>R50 000.00</td>
</tr>
<tr>
<td>Initiative: Baby 1 000 Campaign</td>
<td>Community Outreach, Limpopo, Thohoyandou Hospital, Seshego Hospital</td>
<td>R50 000.00</td>
</tr>
</tbody>
</table>
Audit Committee Report

We present our report for the financial year ended 31 March 2016.

Audit Committee Members

Section 94 of the Companies Act No. 71 of 2008 (as amended) requires that the Members of the Audit Committee be appointed by the Shareholder at every Annual General Meeting (AGM). During the year under review, the Shareholder confirmed the appointment of the Members of the Audit Committee at the AGM held on 4 September 2015.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(a)(ii) of the PFMA, the requirements of Treasury Regulation 27.1 and Section 94 of the Companies Act No. 71 of 2008. The Audit Committee has adopted appropriate formal Terms of Reference (TOR) and has discharged its responsibilities as contained therein.

The Audit Committee held eight meetings during the year under review. The additional meetings were convened in order to monitor management’s processes and procedures in resolving the audit issues that resulted in the qualified audit opinion for the 2014/15 financial year. The Committee reviewed the status of the clearing of the audit issues and reports arising from the execution of the Internal Audit annual work programme and the coordination between the Internal Audit function and the external auditors. Reports of significant investigations issued by the Internal Audit function, responses from management to specific recommendations, risk areas of the entity's operations and auditing concerns identified were also reviewed by the Audit Committee during the 2015/16 financial year.

The Effectiveness of Internal Controls

The various reports of the Internal Auditors and the Audit Reports on the annual financial statements and Management Letter of the Auditor General indicate that the system of internal control still has shortcomings.

The Audit Committee notes the improvement in the Audit Report from three qualifications paragraphs to the remaining qualification on Irregular, fruitless and wasteful expenditure. The Audit Committee still considers the remaining qualification paragraph as a serious matter and the necessary steps are being implemented to ensure that the required corrective measures are taken.

Risk Management

The Audit Committee reports that the implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored was not effective, to the extent of the issues the auditors raised. The processes to ensure that the Audit Committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations did not yield the desired outcome therefore still an area for improvement.

Evaluation of Financial Statements

The Audit Committee accepts and concurs with the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Ms N M Mhlakaza
Chairperson of the Audit Committee