





GOVERNANCE

GOVERNANCE

The Directors of the South African Broadcasting Corporation (SABC) Limited regard corporate governance as fundamental to the success of the business and are fully committed to ensuring that good governance is practised in order 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 that are continually benchmarked. 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 not only the letter, but also the spirit of 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) 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 71 of 2008, as amended, are augmented by those contained in the Public Finance Management Act, 1 of 1999, as amended by Act 29 of 1999 (PFMA).

PORTFOLIO COMMITTEES

During the year under review, the SABC Board appeared four times before the Portfolio Committee on Communications. The key issues raised were as follows:

- The 2013/15 Corporate Plan;
- The Skills Audit;
- Special Investigations Unit Report; and
- 1st Quarter Expenditure and Annual Reports.

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 (Board) 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 held two meetings with the Ministry of Communications during the 2012/13 financial year. The following matters were addressed:

- 2012/15 Corporate Plan;
- Progress on Special Investigation Unit (SIU);
- The collection of licences from Pay-TV operators;
- 2013 Medium Term Expenditure Framework (MTEF);
- Governance challenges i.e. 2010/11 audit findings;
- Alignment of planning cycles between State Owned Enterprise (SOE's) and DoC;
- Performance report as at end of the first quarter 2012/13;
- Progress on establishment of the 24 Hours News Channel;
- Government Guarantee;
- Government Employee Pension Fund (PIC) case versus the SABC;
- Amount owed by Government departments to the SABC;
- Launching of phase one of DTT;
- Low Power Transmitters; and
- Performance report as at end of the third quarter 2012/13.

THE SABC BOARD

Roles and Functions 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 of 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.

Board Charter

As recommended by King III, the Board has an approved Charter. 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 the goals and objectives of the company;
- Approving key policies including 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;
- Ensures that the SABC complies with and is operating in accordance with all applicable laws, regulations, government policies and codes of good 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; and
- Approving transactions beyond the authority of management.

The Board has strived to fulfil its roles and meet its responsibilities through the meetings convened and requesting management to provide the required inputs to assist the Directors to fulfil their fiduciary duties.

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.

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

Director Induction and Orientation

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

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

Board Evaluation

The performance of the Board and individual Directors is evaluated annually. Due to the leadership challenges during the year under review, a Board evaluation was not conducted and an evaluation will therefore be finalised as soon as possible in the next financial year. The performance of Board Committees is evaluated against their terms of reference. The Governance Nomination and Remuneration Committee is responsible for the evaluation of executive management. Due to the leadership challenges during the year under review, the evaluation of executive management was not conducted. Performance contracts are being finalised and evaluations will be conducted in the next financial year.

REPORT OF THE SABC BOARD for the Year Ended 31 March 2013

The Board of Directors is pleased to present the 76th Annual Report of the South African Broadcasting Corporation (SOC) Limited for the financial year ended 31 March, 2013.

The annual financial statements comprise the consolidated annual financial statements of the Corporation and its subsidiaries, (together referred to as the Group), for the year ended 31 March 2013.

These annual financial statements are presented in accordance with the Companies Act 71 of 2008 (as amended), the Broadcasting Act 4 of 1999 (as amended), the Public Finance Management Act 1 of 1999 (as amended) and in accordance with International Financial Reporting Standards.

It is important to register that the Interim Board of the SABC was appointed at the Public Broadcaster on 25th March 2013. The contribution of the previous Board in bringing the SABC through a difficult time is acknowledged and we, as the Interim Board and everyone at the SABC thank them for their accomplishments. During their tenure, they continued to eliminate those actions which led to the financial crisis of 2009 and ensuring that the lapses of the past do not occur in the future. The Interim Board will continue to ensure that the following, amongst 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 advertising spend.

The Interim Board continues to address all the Government Guarantee Conditions through a revision of the previous Turnaround Strategy for the Corporation, which was agreed in June 2010.

The Current Year under Review

Financial year 2012/13 was both a challenging and a rewarding year for the previous Board and everyone at the SABC. There has been much progress made and the Interim 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.
- To date the SABC only used the R1bn portion of the guarantee to borrow the same amount from Nedbank Limited. In view of improved cost management through the implementation of the turnaround plan and better working capital management, the SABC was able to pay back 80% of the loan. At present only R167m of the loan amount is still due to Nedbank.
- Fundamentally, the foundation has been laid for the Corporation to continue to move towards meeting the Government Guarantee Conditions and Targets and the achievement of an 11% reduction in the headcount must be noted.

Commercial Enterprises (Group Sales)

Group Sales closed the 2012/13 fiscal on a high note in terms of revenue performance. Provisional figures showed an over-performance of more than R125m for the year. This notable achievement resulted mainly from

the strong Radio advertising performance and improved Television advertising performance because of implementing remedial steps prior to the fourth quarter.

The ongoing meetings of the Advertising Industry/SABC Forum, continued to improve relationships whilst restoring the integrity of the SABC in the marketplace. The SABC executive management, the Advertising Industry Forum and the previous Board Member, Ms Clare O'Neil, continued to meet on a regular basis to give assurance to the advertisers regarding their investments.

Significant milestones were also met in the DTT journey, including SABC's first High-Definition Broadcast, when an HD channel was trialed during the AFCON soccer tournament. In addition, the DTT Laboratory was implemented during the fourth quarter, as was the Electronic Programme Guide and the development of trial interactive programmes for the DTT platform.

Radio and television exceeded quarterly revenue targets by 3% and 40% respectively. Despite continued schedule instability, which cost the SABC R29m, television reported a strong revenue performance.

Meeting overall revenue targets, as specified in the Government Guarantee, remains a challenge. Increases in licence revenue was premised on government approval of annual increases to the licence fee, the zero-rating of VAT on licence fees, government subsidies for low-income and concessionary households and a levy on broadcast receiving equipment, which have not been forthcoming. The decline in audience on television, together with the continued growth of alternative platforms, negatively influenced advertising revenues.

In a broadcast environment characterised by increased competition, the SABC continues to deliver the most watched television channels and listened to radio services in the country. Radio not only exceeded some of the targets set in the corporate plan, but increased listenership for nine key stations, including the nation's largest, Ukhozi FM. The robust performance of the PBS stations is particularly noteworthy. While television missed its overall audience targets, the benefits of the shift in the management of business operations is being experienced.

Looking Forward to the Next Fiscal

The work done during the last quarter of 2012/13 provides a basis for the national public broadcaster to deliver excellent public commercial broadcasting services in the forthcoming financial year.

The SABC has a duty to bring the advantages of the digital age to all licence fee payers. This is clearly outlined by the Government of South Africa through our Shareholder, the Department of Communications.

Rapid and fundamental changes will take place in the media landscape during the 2013 to 2016 period. The most significant will be the launch of DTT. This will continue to pose significant challenges to the Corporation in terms of DTT project readiness and its funding. Over the medium term, the Corporation will focus on rebuilding the organisation, with the strategic thrust being the re-alignment of the operating model with the imperatives of digital broadcasting.

The SABC's focus will also include participating in multiple-platforms for the provision of its compelling content designed to retain and attract key audiences while delivering on our public mandate. This will provide citizens with access to broadcasting services in a language of their choice in every part of the country. Exciting opportunities lie ahead for the SABC as it looks at new opportunities provided by DTT, as well as the rollout of the SABC 24 Hour News service on DTT, DTH and analogue platforms during the 'dual illumination' period and a dedicated 24 Hour Sports channel.

The imminent launch of the DTT channels in the coming year will signal our intent in delivering against this mandate. However, the huge capital and operational expenditure requirements, related to this project, which is of national importance, will place strain on our operating cash-flows. Hence we must embark on this project whilst remaining within budget and adhering to good corporate governance, following the guidelines contained in the Delegation of Authority Framework regarding policy formulation and the relevant approval processes.

I would like to take this opportunity to thank my fellow Interim Board members; the Parliament Portfolio Committee on Communications, the Shareholder, the National Treasury and most importantly, the men and women of the SABC, who ensure that the Corporation continues to function despite all the daily challenges they experience.



Ms Z E Tshabalala
Chairman of the SABC Interim Board

The Previous Board

BOARD

Composition of the Board

The SABC has a unitary board structure comprising 12 Non-Executive Directors and three Executive Directors.

The Broadcasting Act No 4 of 1999, as amended, provides that the SABC will be governed and controlled in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Executive Directors are appointed by the Minister in consultation with the Board.

The Non-Executive Directors must hold office for such period as the President may determine which period must not exceed five years. Executive Directors have standard employee service contracts and are subject to the SABC's conditions of service.

SABC Board: dissolved on the 25th of March 2013

- Dr Ben Ngubane:
Chairman
- resigned 8 March 2013
- Mr Thami ka Platjje:
Deputy Chairman
- resigned 8 March 2013
- Mr Sembie Danana
- resigned 17 March 2013
- Mr Cedric Gina
- resigned 17 March 2013
- Mr Desmond Golding
- resigned 17 March 2013
- Prof Phillipa Green
- resigned 17 March 2013
- Adv Cawe Mahlati
- resigned 17 March 2013
- Dr Patricia Makhsha
- resigned 31 December 2012
- Mr Clifford Matsepe
- resigned 13 April 2012
- Mr Lumko Mtimde
- resigned 17 March 2013
- Ms Clare O'Neil
- Board dissolved on 25 March 2013
- Ms Suzanne Vos
- resigned 22 March 2013



Dr Ben Ngubane
Chairman



Mr Thami ka Platjje
Deputy Chairman



Mr Sembie Danana



Mr Cedric Gina



Mr Desmond Golding



Prof Phillipa Green



Adv Cawe Mahlati



Dr Patricia Makhsha



Mr Clifford Matsepe



Mr Lumko Mtimde



Ms Clare O'Neil



Ms Suzanne Vos

The SABC Interim BOARD



Ms Ellen Zandile Tshabalala
Chairman



Ms Noluthando Primrose Gosa
Deputy Chairman



Mr Vusumuzi Mavuso



Mr Mashangu Ronny Lubisi



Ms Lulama Mokhobo
Group Chief Executive
Officer (Group CEO)



Mr Hlaudi Motsoeneng
Acting Chief Operations
Officer (COO)



Mr Tian Olivier
Acting Chief Financial
Officer (CFO)

The SABC Interim Board was appointed on the 25th of March 2013.

Ms Ellen Zandile Tshabalala Chairman

Ms Ellen Tshabalala is a strategic management consultant with extensive experience in international business and economic diplomacy, banking, strategic management, project advisory and development as well as investments advisory. She has worked extensively in the fields of corporate advisory and management consultancy, geostrategic advisory and risk, investments facilitation, education and community work.

Ms Tshabalala's rich and diverse experience cuts across a spectrum of sectors and disciplines. Her far-reaching experience in the field of economic diplomacy has seen her make an enormous contribution in trade and investments negotiations with countries and businesses abroad on behalf of African states and companies. Her equity and vast experience in these above-mentioned areas augments her ability to consult and give expert advice on how business should position itself in the macro-environment for long-term sustainability and growth.

In a career spanning over 30 years, Ms. Tshabalala has amassed extensive senior management experience in the corporate and state owned companies in South Africa including Standard Bank, Transnet Ltd, PortCon Consulting and South African Post Office.

She has also served on numerous international structures and was a council member and the Chairman of the Council of Durban University of Technology between 2002 and 2006. She currently serves as National Ambassador responsible for government relations at the Institute of People Management.

Ms Tshabalala serves on several Boards, both corporates and state owned entities including:

- SABC (Chairman);
- Presidential Advisory Council on Broad Based Black Economic Empowerment (BBBEE);
- Sishen Iron Ore Company – CDT;
- Transnet Limited – SOC;
- Transnet Foundation;
- Cape Empowerment Limited;
- Ascension Properties;
- Port Shepstone Harbour Development Company; and
- Moral Regeneration Movement.

Ms Tshabalala holds a BCom degree (Industrial Psychology and Economics); Post Graduate Diploma in Labour Relations (University of South Africa); International Licentiate Diploma in Banking from Institute of Bankers; Corporate Governance and Risk Management Certificate (Milpark Business School).

Ms Noluthando Primrose Gosa Deputy Chairman

Ms Noluthando Primrose Gosa is the Chairman and CEO of Akhona Properties as well as Chairman of Akhona-Broll Properties. She also serves on the Boards of Investec Asset Management and is the Deputy Chairman of Broll Properties Group, amongst others. She is a Commissioner in the National

Planning Commission and is a former Commissioner in the Broadcasting Complaints Commission and Councillor of the South African Telecommunications Regulatory Authority, a predecessor to ICASA. She is a member of the Institute of Directors and has done a number of courses with the Institute.

Ms Gosa holds an MBA degree (University of New Brunswick in Canada); an International Certificate in Regulation (City University of London, UK) and a BA Communications Honours degree (Fort Hare University). Currently completing her MPhil Economic Policy (University of Stellenbosch).

Mr Vusumuzi Mavuso

Mr Vusumuzi Mavuso prides himself as a multi linguist (who can speak five official languages). Mr Mavuso was a member of the Gauteng Provincial Legislature until 1998. He has also held many positions in the public service from Municipal Manager to Regional Director at municipal levels. Mr Mavuso has also held key positions of Deputy Director General (HOD) of the Department of Development and Planning – Local Government, as well as the Public Service Commissioner for Gauteng. He holds a Post Graduate Diploma in Public and Development Management (University of the Witwatersrand).

Mr Mashangu Ronny Lubisi

Mr Mashangu Ronny Lubisi is currently the Managing Director of MRL Incorporated, an accounting firm that he founded. Mr Lubisi, with his vast financial background, has held positions in finance at various institutions including the University of Venda, Gobodo Incorporated and Vodacom to name a few. He holds a BCom degree (University of Zululand), BCompt Honours degree and a Certificate in the Theory of Accountancy (UNISA) and is a member of the South African Institute of Chartered Accountants and Independent Regulatory Board of Auditors (IRBA) since 2000.

Executive Members of the Board

Ms Lulama Mokhobo

Group Chief Executive Officer (Group CEO)

Ms Lulama Mokhobo, the current Group Chief Executive Officer of the SABC, first joined the SABC as Head of PBS in 2005, and later became the division's Group Executive responsible for SABC1, SABC2 and 15 radio stations. She left the SABC in 2010.

Prior to that Ms Mokhobo ran the Communications divisions of Eskom, of the South African Post Office and the PR division of DaimlerChrysler SA. She is a former head of educational TV and radio of the now defunct Bop Broadcasting Corporation where she pioneered the use of broadcast content to help redress the educational imbalances that were created by the apartheid system. She was a bid team-member of MidiTV, which later won the first free-to-air broadcast licence (eTV) and later became its Director of Audit, Compliance and Head of Gauteng operations. She counts, among the numerous recognitions she has received for her work, the Robert M de Keiffer excellence Award (USA); the Martin Luther King Award for humanitarian work (USA); the Eskom Manager's Award and more recently the Black Business Executive Circle Award (BBEC). She has also been awarded an honorary membership of the Wits University's International Golden Keys Society.

Ms Mokhobo holds a BA degree and a Concurrent Diploma in Education (University of Botswana and Swaziland) and a Master of Science degree in Instructional Technology (Utah State University USA). She has served on a number of boards including that of a JSE listed company and is a current trustee of the Nelson Mandela

Children's Fund. Ms Mokhobo serves as a board member on the SABC Foundation.

Mr Hlaudi Motsoeneng

Acting Chief Operations Officer (COO)

Mr Hlaudi Motsoeneng first joined the SABC in the early 1990's as a freelance journalist with a commitment and a passion for quality news and for broadcasting. He was appointed as a full-time trainee journalist early in 1995. He has made a significant contribution to the SABC as a journalist, as a producer of news and current affairs and as an Executive Manager. He is focused, deliverables-driven and has worked himself through the ranks to achieve his present position of Acting Chief Operations Officer.

Mr Motsoeneng has achieved several qualifications and recognition from participation at various levels, including the National Certificate: Generic Management NQF Level 5 (Prodigy), the Thompson Foundation Certificate in Radio Journalism, the SABC Leadership Development Programme at the Gordon Institute of Business Science (University of Pretoria) and the Analysis of Contemporary Social Issues (University of the Witwatersrand). Further to this he received a Certificate of Positive Role Models awarded by the Free State Youth Commission and a Special Recognition Certificate awarded by the QwaQwa Campus of the University of the North and the QwaQwa Community, in recognition of Mr Motsoeneng's achievements as a journalist and for the service he rendered to the QwaQwa Community for being a role model and source of motivation to the members of the community.

Mr Motsoeneng serves on the board of the SABC Foundation and is a director of the Local Organising Committee (LOC) of the Confederation of African Football (CAF). He has also recently been appointed as a member of the BRICS Council. He has also been awarded a Certificate of Recognition by the International Olympic Committee for his contribution to the success the London 2012 Olympic Games.

His exceptional abilities in stakeholder management were identified by the Free State provincial government where he worked as a Media Liaison Officer to the MEC for Co-operative Governance and Traditional Affairs. In this role, he served as a critical link between the department and its stakeholders, playing a pivotal role as an advisor to the MEC.

Mr Tian Olivier

Acting Chief Financial Officer (CFO)

Mr Tian Olivier joined the SABC in 1989 as Chief clerk: Budgets in the Finance division. After five months he was promoted to the position of Accountant: TV Productions. In 1991 the SABC decentralised the finance function and Mr Olivier was allocated to the Television News division as Management Accountant. After six years at News he was asked to move to TV Licences as Financial Manager and promoted to General Manager: Finance and Operations of the TV Licence division a year later. In January 2010 he was seconded to the office of the CFO to assist with the annual budget planning process, cash flow modelling and financial performance reporting during the Government Guarantee period.

Mr Olivier holds a BCom Education degree (RAU), a BCom Honours degree in Economics (RAU), as well as an MCom Business Management degree (RAU). To qualify for his Masters he had to present an 80-page dissertation consisting of theory and case study about 'The organisational structure of SABC TV News', an evaluation he successfully completed. Mr Olivier serves as a board member on the SABC Foundation.

ATTENDANCE OF BOARD MEETINGS

Board meetings are scheduled annually 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 record of attendance of the 15 Board meetings during the reporting period is reflected below

Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships	Other Committees or Task Teams	No of Meetings attended
Dr B S Ngubane - Non-Executive Director: Chairman						
11 January 2010	8 March 2013	Matriculated at St Francis College, Marrianhill 1960; MB ChB, Durban Medical School 1971; Diploma in Tropical Medicine, University of the Witwatersrand 1982; Diploma in Public Health, University of the Witwatersrand 1983; M Prax Med (Master of Family Medicine and Primary Health), Natal Medical School (1986); Postgraduate Diploma in Economic Principles, University of London 2003	Medical Doctor; Business Expertise; Economics	Habalda's Creations CC; Toyota South Africa; Blue Horizon Investments 39; Blue Horizon Investments 41; Bukubuhle Engineering; Gade Holdings; Gade Investments; Gade Minerals Investments; Intambo Health Care; Mitsui and Co African Railway Solutions; Southey Holdings; Thandisa Investments; Venus Railway Solutions; Yokogawa South Africa; Global Collieries Fuel Distribution SA; Ngubane Family Trust; Humtrex 305; Mbizo Oil Company	Governance Nomination and Remuneration Committee; Social and Ethics Committee	11
Mr T S ka Plaatjie - Non-Executive Director: - Deputy Chairman						
16 January 2012	8 March 2013	BA degree: Vista University 1989; Honours: Vista University 1990; UED. University Education Diploma: Vista 1991; Masters: University of Johannesburg 1995. Thesis topic: Ideological Conflict in the ANC Youth League 1944 – 1955.		Dukathole Agriculture Services; Dzivha Investment Holdings; Footprints Consulting Services; Mawethu Farming Enterprises; Pan African Foundation; Ringmaster Trade and Invest 30; Spy 2 Publishers and Training; The Messenger Media; Xylonor 327; Sheppard Boutique Hotel; SABC Airwave Travel (Pty) Ltd; Heritage Council; SABC Foundation	Governance Nomination and Remuneration Committee; Risk Committee; News Committee	13
Mr J S Danana - Non-Executive Director						
3 June 2011	17 March 2013	Bachelor of Journalism; BA (Honours); MBA	Business Executive Management; Business Transformation	Ubunye Cement Distribution; Mbambushe Investments (Pty) Ltd; Mdeba Property Developers; Worldsview Consulting;	Audit Committee; Governance Nomination and Remuneration Committee; News Committee; Public Broadcasting Services Committee; Public Commercial Services Committee; Risk Committee; Social and Ethics Committee; Technology Committee	12
Ms G P Duda - Executive Director						
1 March 2012		Chartered Accountant (SA); Post Graduate Diploma (Financial Management); Bachelor of Commerce (Accounting); Honours Bachelor of Accounting Science (CTA) 2000; Executive Leadership Development Program	Finance	Qoundonix; Astrapak; Cath Seta; Adcorp Holdings		10
Mr C S Gina - Non-Executive Director						
11 January 2010	17 March 2013	Human Resource Management: 1999 - UNISA; Development Programme in Labour Relations; Management Development Programme; Executive Development Programme	Labour and Human Resources		Audit Committee; Finance, Investment and Procurement Committee; Governance Nomination and Remuneration Committee; Public Broadcasting Services Committee; Public Commercial Services Committee; Risk Committee; Social and Ethics Committee; Technology Committee	15

Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships	Other Committees or Task Teams	No of Meetings attended
Mr D K Golding - Non-Executive Director						
11 January 2010	17 March 2013	Masters of Law (Banking and Finance), University of London, England; Masters of Global Relations, Wits University (distinctions in International Economic Systems and Foreign Relations); Finance for Senior Executive, Harvard Business School, Boston, USA; US Monetary Policy, Federal Reserve Bank of New York, USA; Risk Management, NM Rothchild, London	Finance and Economics		Audit Committee; Finance, Investment and Procurement Committee; News Committee; Risk Committee	6
Ms N Gosa - Non-Executive Director: Deputy Chairman						
8 January 2013 25 March 2013	17 March 2013	MBA in Marketing University of New Brunswick Canada; International Certificate in Telecoms Regulation from City University of London; BA Communications Honours Degree University of Fort Hare.	Marketing; Business Strategy; Finance and Investment	Akhona Amabamba Womens Investment Holdings (Pty) Ltd; Akhona Nalapha Investment (Pty) Ltd; Akhona Properties (Pty) Ltd; Akhona-Broll Properties (Pty) Ltd; Independent Audit Committee Member of the ANC Parliamentary Caucus; AON South Africa; Broll Property Group; Boohoo Properties (Pty) Ltd; Clyde 598 (Pty) Ltd; Cildet Way Trading 50 (Pty) Ltd; Investec Asset Management (Pty) Ltd; Investec Management Holdings (Pty) Ltd	Audit Committee; Governance Nomination and Remuneration Committee; Public Commercial Services Committee; Risk Committee	3
Prof P M Green - Non-Executive Director						
11 January 2010	18 March 2013	Masters of Science, Journalism, Graduate School of Journalism, Columbia University, New York City (cum laude); BA Honours, Economic History, University of Cape Town; Bachelor of Arts, South African Economic History and Comparative African Government and Law, University of Cape Town; IsiZulu 110 and 120, 210 and 220	Journalism	Nieman Trustees SA (NPO); Pippa Green CC; Kuiper Awards for Investigative Journalism; Citadel Awards on Financial Journalism; Academic Non-fiction Writers Association; South African National Editors' Forum University of Pretoria; Astrasat (Pty) Ltd; SABC Airwave Travel (Pty) Ltd	Audit Committee; Governance Nomination and Remuneration Committee; News Committee; Public Broadcasting Services Committee; Public Commercial Services Committee; Risk Committee	14
Adv C B Mahlali - Non-Executive Director						
3 June 2011	17 March 2013	LLB (NUL) MA Diplomatiche Akademie Wien	Legal		Audit Committee; Public Commercial Services Committee; Risk Committee; Technology Committee	11
Dr S P Makhesha - Non-Executive Director						
3 June 2011	31 December 2012	DBA, MBA, EDP, MDP Strategy Formulation and Implementation, NDIP PR.	Transformation	None	Governance Nomination and Remuneration Committee; News Committee; Public Broadcasting Services Committee; Social and Ethics Committee; Technology Committee	8
Ms LP Mokhobo - Executive Director						
16 January 2012		BA degree and Concurrent Diploma in Education (University of Botswana and Swaziland); Master of Science degree in Instructional Technology (Utah State University in the United States); Chief Executive Program (Eskom); Course on Managing Public Entities	Broadcasting	Commonwealth Broadcasting Association; Southern African Broadcasting Association; Nelson Mandela Childrens Fund; SABC Foundation	Social and Ethics Committee	15

Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships	Other Committees or Task Teams	No of Meetings attended
Mr N C Motsepe - Non-Executive Director						
11 January 2010	13 April 2012	BProc; LLB; Various Management Certificates	Legal		Finance, Investment and Procurement Committee; Public Broadcasting Services Committee; Public Commercial Services Committee; Risk Committee	0
Mr G H Motsoeng - Executive Director						
28 November 2011		National Certificate: Generic Management NQF Level 5; The Thompson Foundation Certificate in Radio Journalism; Leadership Development Program (GIBS); Analysis of Contemporary Social Issues (WITS)	Broadcasting	Imbumba Trust; LOC of the CAF; BRICS Council; SABC Foundation	PBS/PCS Committee; Social and Ethics Committee	13
Mr L C Mtimde - Non-Executive Director						
3 June 2011	17 March 2013	BSc degree in Physiology and Biochemistry; Postgraduate Diploma in Telecommunications; Postgraduate Diploma Information Policy; Executive Development Programme; 3 Day MBA in Leadership (Terrapin Training) and Strategic Leadership Academy (Regal Exchange, UK).	Media; Advertising; Information and Communication; Technology; Broadcasting Policy Telecommunications Policy; Communications Policy and Regulations	Lefikeng Investment (Dormant); Unitech Board (Dormant); Redlex 455 (Dormant); Nokeng Transport Services (Dormant); CII Broadcasting; Market Demand 649 (Dormant); MDDA; MICT Seta; WSA; UN Gain; Limko Mtimde Consulting (Dormant); SABC Foundation	Finance, Investment and Procurement Committee; Governance Nomination and Remuneration Committee; News Committee; Public Broadcasting Services Committee; Social and Ethics Committee; Technology Committee;	15
Mr C Olivier - Acting Executive Director						
Not Applicable		BCom Education (RAU); BCom (Honours) in Economics (RAU); MCom (Business Management, RAU)	Finance	SABC Foundation	Audit Committee; Finance, Investment and Procurement Committee Governance Nomination and Remuneration Committee; Technology Committee;	4
Ms C F O'Neil - Non-Executive Director						
11 January 2010	Board dissolved 25 March 2013	Global Executive Development Programme	Media, Marketing and Advertising; Consulting in the Broadcasting Sector	Michele Munro and Associates cc; SAARF (South African Advertising; Research Foundation) (NPC)	Audit Committee; Finance, Investment and Procurement Committee; Governance Nomination and Remuneration Committee; News Committee; Public Broadcasting Services Committee; Public Commercial Services Committee; Technology Committee;	13
Ms S C Vos - Non-Executive Director						
11 January 2010	22 March 2013		Journalist	SABC Foundation; Suzanne Vos Communications (Pty) Ltd; Company has been dormant since 1994	Finance, Investment and Procurement Committee; Public Broadcasting Services Committee; Social and Ethics Committee; Technology Committee	14
Ms Z E Tshabalala - Non-Executive Director: Chairman						
25 March 2013		BCom (Industrial Psychology and Economics); Post Graduate Diploma in Labour Relations (UNISA); International Licentiate Diploma in Banking from Institute of Bankers; Corporate Governance and Risk Management Certificate Milpark Business School		Presidential Advisory Council on Broad Based Black Economic Empowerment (BBBEE); Sishen Iron Ore Company – CDT; Transnet Limited – SOC; Transnet Foundation; Cape Empowerment Limited; Ascension Properties; Port Shepstone Harbour Development Company; Moral Regeneration Movement AON South Africa; Harrington and Mount; Precious Prospect; Ndonga (Pty) Ltd; Dikgabo (Pty) Ltd		0

Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships	Other Committees or Task Teams	No of Meetings attended
Mr M R Lubisi - Non-Executive Director						
25 March 2013		Chartered Accountant (SA); Certificate in the Theory of Accountancy (CTA); BCompt Honours; BCom (Accounting)	Accounting; Auditing; Tax; Project Management	MRL Auditors Property Limited; MRL Electrical and Consulting; Lubisi Human Capital Incorporated		0
Mr V G M Mavuso - Non-Executive Director						
25 March 2013		Post Graduate Diploma in Public and Development Management; Short Courses in: Strategic Planning and Change Management, Monitoring and Evaluation, Governance and Political Leadership, Mediation and Conflict Resolution, Advanced Labour Law, Industrial Relations and Conflict Resolution	Strategic Operations; Change Management; Drafting of legislation	None		0

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 Board meetings whereby transparency and full disclosure of Committee activities are ensured. Each Committee operates within the ambit of its defined terms of reference that set out the composition, roles and responsibilities, delegated authority and meeting requirements of the Committee.

Meetings held	No of Members	Name of Members	Roles and Responsibilities <i>The roles and responsibilities of the Committee include:</i>
Audit Committee			
4 <i>Meetings were held during the period</i>	5 <i>Members plus 2 Independent Advisors served during the period</i>	D K Golding ¹ <i>(Chairman)</i> J S Danana ² <i>(Chairman)</i> C S Gina ² C B Mahlati ² P M Green ² M Mazwi ³ G Morris ^{3,4} C F O'Neil ⁵	<ul style="list-style-type: none"> 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; Reviews the accuracy, reliability and credibility of financial reporting and recommends 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 audit, the annual financial statements and the various reports to 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 co-ordinated to provide an objective overview of the operational effectiveness of the Corporation's systems of internal control, risk management, governance and reporting; It reviews the activities of the Internal Audit department, the effectiveness thereof and the adequacy of available internal audit resources; It is also responsible for the evaluation of 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; Obtaining assurance for IT as it relates to the management of IT assets, governance and controls, risks and disaster recovery; <p>Refer to page 63 for the report of the audit committee detailing how it carried out its functions.</p>

1) Replaced on 19 November 2012 by the Shareholder in terms of Section 94 of the Companies Act

2) Reappointment approved on 19 November 2012 by the Shareholder in terms of Section 94 of the Companies Act

3) Independent Advisor

4) Resigned effective 31 January 2013

5) Appointment approved on 19 November 2012 by the Shareholder in terms of Section 94 of the Companies Act

Meetings held	No of Members	Name of Members	Roles and Responsibilities <i>The roles and responsibilities of the Committee include:</i>
Finance, Investment and Procurement Committee			
3 <i>Meetings were held during the period</i>	5 <i>Members plus 1 Independent Advisor served during the period</i>	N C Motsepe ¹ (Chairman) C S Gina (Chairman) ² D K Golding L C Mtimde C F O'Neil S C Vos I Buthelezi ³	<ul style="list-style-type: none"> Review of 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 fulfil both its commercial and public mandates in line with the corporate goals; Review and recommend the annual capital and operating budget to the Board; Monitor the financial performance of the Corporation against its budget on a quarterly basis; Consider and approve the Treasury Manual for approval by the Board; Recommend the limits applicable to counter-parties to the Board, and monitor and review all borrowings made by the Corporation, and the guarantees and sureties issued on behalf of the Corporation; Review funding and solvency implications of transactions and make recommendations to the Board; Review the capital investment process, monitor total group capital expenditure; Review and recommend to the Board the commencement of any capital project or the procurement of any capital item the cost of which exceeds R100m; Subject to the provisions of the Public Finance Management Act (PFMA), review and approve any sale or disposal of assets, the cost of which shall not exceed R50m per item; Consider and approve the write-off of bad debt, from R5m up to an amount of R10m, and recommend for approval by the Board of any amount above R10m; Consider and approve the write-off resulting from the impairment of assets, up to an amount of R20m, and recommend for approval by the Board of any amount over R20m.

1) Resigned effective 13 April 2012 2) Appointed effective from 13 April 2012 3) Independent Advisor

Governance, Nomination and Remuneration Committee			
8 <i>Meetings were held during the period</i>	7 <i>Members served during the period</i>	T S ka Plaatjie (Chairman) B S Ngubane J S Danana C S Gina N Gosa ² P M Green S P Makhsha ¹ L C Mtimde	<ul style="list-style-type: none"> Recommendations to the Board on the appointment of New Executive Directors; Ensure that the structure, size, composition, skill sets and performance of the Board and its Committees are regularly reviewed and maintained at levels which are appropriate; Evaluate succession-planning arrangements for members of the Board and the Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience; Review and, where appropriate, make recommendations 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 Shareholders on how the Corporation's Policy on Conflicts of Interest has been applied during the year; Responsible for the oversight and monitoring of the human capital management strategies and implementation within the Corporation; Approve conditions of employment and all benefits applicable to the Group Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Group Executives and the terms and conditions of the severance of employment of such individuals; Approve the general material terms and conditions of employment to be applied for all employees; Determines, agrees and develops the Corporation's general policy on executive and senior management remuneration; Consider and recommend the Human Capital Policies and review the prevailing industrial relations policies and the Corporation's strategies in respect thereof in order to ensure that the appropriate policies are applied; Develop, evaluate and review 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 appropriate in keeping with the tenets of good corporate governance; Approve a performance and evaluation measurement framework to monitor the effectiveness of the Board, Board Committees, individual Directors and the Group Chief Executive Officer; Ensure compliance with the relevant and applicable Labour Related legislation; Responsible for the oversight and monitoring of the Human Capital management strategies and implementation within the SABC, and ensure 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.

1) Resigned effective 13 December 2012 2) Appointed effective from 13 April 2012

News Committee			
4 <i>Meetings were held during the period</i>	6 <i>Members served during the period</i>	J S Danana (Chairman) D K Golding P M Green T S ka Plaatjie ¹ S P Makhsha ² L C Mtimde S C Vos	<p>Responsible for guiding and leading the direction of the SABC and the implementation thereof. Its role is to:</p> <ul style="list-style-type: none"> Define the SABC strategy in line with the SABC's mandate; Guide and lead the implementation of that strategy; Develop and manage the strategy capability needs; and Manage business needs.

1) Appointed effective from 21 February 2013 2) Resigned effective 31 December 2012

Meetings held	No of Members	Name of Members	Roles and Responsibilities
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The roles and responsibilities of the Committee include:

Public Broadcasting Services Committee

Meetings held during the period	Members served during the period	Name of Members	Roles and Responsibilities
4	7	P M Green (Chairman)	Ensure that the SABC delivers on its obligations as provided for in the Public Broadcasting Service Charter of the Corporation. Public Services must:
		J S Danana	<ul style="list-style-type: none"> Be made available to South Africans in all the official languages;
		C S Gina	<ul style="list-style-type: none"> Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
		S P Makhsha ¹	<ul style="list-style-type: none"> Strive to be of high quality in all of the languages served;
		N C Motsepe ²	<ul style="list-style-type: none"> 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;
		L C Mtimde	<ul style="list-style-type: none"> 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;
		C F O'Neil	<ul style="list-style-type: none"> Enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
		S C Vos	<ul style="list-style-type: none"> 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; and Review the sports broadcasting rights.

1) Resigned effective 31 December 2012 2) Resigned effective 13 April 2012

Public Commercial Services Committee

Meetings held during the period	Members served during the period	Name of Members	Roles and Responsibilities
4	6	C F O'Neil (Chairman)	Ensure that the SABC delivers on its obligations as provided for in the Public Broadcasting Service Charter of the Corporation. Commercial Services must:
		J S Danana	<ul style="list-style-type: none"> Be subject to the same policy and regulatory structures as outlined in the Act for commercial broadcasting services;
		C S Gina	<ul style="list-style-type: none"> Comply with the values of public broadcasting service in the provision of programmes and service;
		N Gosa ¹	<ul style="list-style-type: none"> Commission a significant amount of their programming from the independent sector;
		P M Green	<ul style="list-style-type: none"> Subsidise the public services to the extent recommended by the Board and approved by the Minister; and
		C B Mahlati	<ul style="list-style-type: none"> Be operated in an efficient manner to maximise the revenues provided to the Shareholder.
		N C Motsepe ²	

1) Appointed effective 21 February 2013 2) Resigned effective 13 April 2012

Risk Committee

Meetings held during the period	Members served during the period	Name of Members	Roles and Responsibilities
6	6	C B Mahlati ¹	<ul style="list-style-type: none"> Monitor the SABC's compliance with statutory and legislative obligations and fiduciary responsibilities;
		T S ka Plaattjie ² (Chairman)	<ul style="list-style-type: none"> Confirm that the SABC has appropriate controls in place to identify, and implement legislative and regulatory changes, which will affect its operations;
		J S Danana	<ul style="list-style-type: none"> Monitor 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;
		C S Gina	<ul style="list-style-type: none"> Review 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;
		D K Golding	<ul style="list-style-type: none"> Assist 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;
		N Gosa ³	<ul style="list-style-type: none"> Review 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; to review the principal risk policies for consistency with the Group's risk appetite and to approve any material changes to these policies;
		P M Green	<ul style="list-style-type: none"> Review 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;
		M Mazwi ⁴	<ul style="list-style-type: none"> With input from the Audit Committee, as appropriate, review 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;
		G Morris ^{4; 5}	<ul style="list-style-type: none"> Review 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;
		N C Motsepe ⁶	<ul style="list-style-type: none"> Review the adequacy and quality of the risk management function and the effectiveness of risk reporting (including timeliness and risk events); Evaluate 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; Develop and refine the SABC's enterprise-wide appetite for risk, in conjunction with the full Board; and Evaluate 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.

1) Replaced effective 4 April 2012
2) Appointed effective from 4 April 2012
3) Appointed effective from 21 February 2013
4) Independent Advisor
5) Resigned effective 31 January 2013
6) Resigned effective 13 April 2012

Meetings held	No of Members	Name of Members	Roles and Responsibilities <i>The roles and responsibilities of the Committee include:</i>
Social and Ethics Committee			
4 <i>Meetings were held during the period</i>	6 <i>Members served during the period</i>	S P Makhsha ¹ <i>(Chairman)</i> B S Ngubane ² <i>(Chairman)</i> J S Danana C S Gina L P Mokhobo L C Mtimde S C Vos	<p>Monitor/oversee the Corporation's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to the following functions:</p> <ul style="list-style-type: none"> • 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 United Nations Global Compact Principles are an integral part of the business strategy, day-to-day operations, and organisational culture; the United Nations Global Compact Principles are incorporated in the decision-making processes of the Board; • The Corporation advances the United Nations Global Compact Principles and the case for responsible business practices through advocacy and outreach to peers, partners, clients, consumers, and the public at large; • Review and make recommendations to the Board with respect to the Corporation's Social Economic Development; • Monitoring Social Economic Development Initiatives; • The Committee has the mandate to assist the Board in discharging its responsibility to ensure that Broad Based Black Economic Empowerment (BBBEE) is pursued and implemented throughout the SABC; • The Committee shall review the Corporation's standing in terms of the goals and purposes of the promotion of equality and the prevention of unfair discrimination; • The Committee will review the SABC's standing in terms of its support of the four strategic objectives in respect of the International Labour Organisation Protocol on decent work and working conditions; • Monitor the SABC's employment relationships, and its contribution toward the educational development of its employees; • Review 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; • In conjunction with the Risk Committee, the Committee oversees and reviews the anti-corruption and bribery practices; • Review 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; • The Committee shall promote 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 • In conjunction with the Risk Committee review and make recommendations to the Board with respect to the SABC's Health and Safety Policies and review the procedure for reporting and investigating accidents and incidents at work.

1) Resigned effective from 31 December 2012 2) Appointed effective from 21 February 2012

Technology Committee			
4 <i>Meetings were held during the period</i>	7 <i>Members served during the period</i>	L C Mtimde <i>(Chairman)</i> J S Danana C S Gina C B Mahlali S P Makhsha ¹ C F O'Neil S C Vos	<p>The Committee shall from time to time assess and evaluate the adequacy of the Corporation's technology and related systems and make necessary recommendations to the Board to consider and resolve. Its role is to:</p> <ul style="list-style-type: none"> • Report to the Board on the extent to which the Technology Division has achieved its objectives during the relevant period; • Ensure that the Corporation employs technology, which enables it to fulfil both its commercial and public mandates in line with the corporate goals; • Ensure that the SABC has access to innovative technology and an information systems platform that will enable the Corporation to deliver on its mandate; • Ensure 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; • From time to time, receive and evaluate Management's analysis of the technology, management, information systems and relevant controls within the Corporation and advise the Board on their suitability to support the implementation of the planned strategy of the SABC; • Recommend to the Board the approval of policies, which fall within its mandate and identify, evaluate and report to the Board on any risks associated with technology of the Corporation; • Specifically consider the challenges posed by the broadcasting needs for major national or international events and advise the Board on the necessary actions to be taken to ensure that the SABC is able to deliver on its broadcasting objectives in relation to the event; • Oversee the development of the disaster recovery plan put in place by the Corporation and advise the Board on the adequacy and suitability thereof; and • Advise the Finance, Investment and Procurement Committee of the Board and the Board generally on purchasing decisions involving the acquisition of technology or systems.

1) Resigned effective from 31 December 2012

Remuneration of Board Members

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 Directors' remuneration appears on pages 124 to 126 (AFS).

RISK Management

Nature of Risk Management

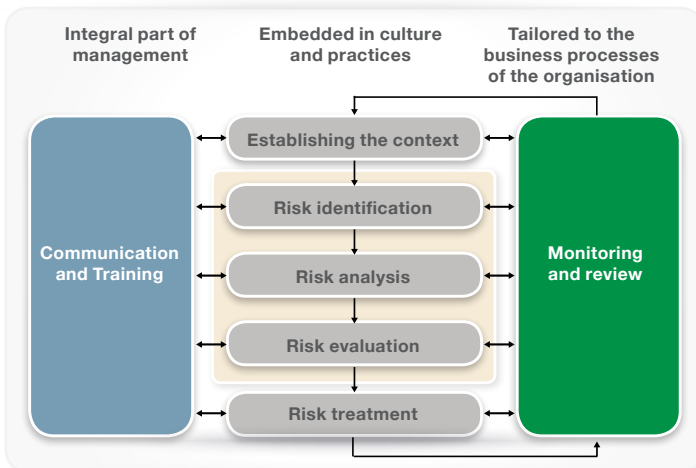
The SABC Board defines the risk appetite in terms of the level of risk that is acceptable to the organisation. Risks with unacceptable exposure are addressed in an appropriate manner by management according to the SABC's risk framework and strategy. Risk management is central to all business decisions and has as much focus on the need to seize opportunities as well as control threats.

The SABC has developed and implemented a common, systematic and integrated enterprise-wide approach to risk management (ERM). This approach will increase risk awareness, ensure appropriate management of risks, and make divisional risk profiles transparent, therefore enabling risks to be compared and aggregated and facilitating an integrated response to risks which will ultimately improve efficiency and effectiveness in risk management efforts.

This integrated approach to managing risk seeks to ensure that knowledge and experience is shared and risk management becomes embedded in day-to-day systems, processes and the way the organisation is run and that every key risk in each part of the organisation will be included in a structured and systematic process of risk management.

Risk Management Strategy

The risk strategy defines how the enterprise risk management process is implemented in the SABC. A brief summary of the risk management process has been outlined below.



Context

Risk management is a continuous process that supports the development and implementation of the SABC's strategy. It methodically addresses all the key risks associated with the SABC's activities and ensures that these risks are appropriately mitigated.

Before commencing the risk management process, the context of the division, unit or task under consideration should be established. Establishing the context requires:

- Consideration of goals, objectives and strategies;
- Defining the scope and parameters of the activity/process, or area of the SABC to which the risk management process is being applied;
- Full consideration of the need to balance costs, benefits and opportunities;
- Consideration of the resources required and the documents/ records to be retained;
- Consideration and defining of the risk appetite of the SABC; and
- Establishing a risk culture within the SABC.

Risk Identification

After establishing the context it is necessary to carry out risk identification to document the risks to be managed. Comprehensive identification using a well-structured, systematic process is critical, because a potential risk not identified at this stage will be excluded from further analysis. Identification should include all risks, whether or not they are under the control of the SABC i.e. internal and external to the SABC.

The aim of the risk identification process is to generate a comprehensive register of events that might impact the achievement of the SABC's objectives and operations. These risks are then considered in more detail, to identify the potential impact of each risk.

Having identified a register of risks, it is necessary to consider possible causes, factors contributing to the risks and the consequences if the risk occurred. The following are the objectives of the risk assessment:

- To understand and promote the awareness of key risks across all business areas within SABC;
- To identify all risks, in a top-down, bottom-up approach which could prevent the successful achievement of SABC's business objectives and strategies;
- To prioritise and assess the impact and likelihood of all the risks identified;
- To evaluate and discuss the effectiveness of mitigation strategies/ controls in addressing the identified risks;
- To assess the management of these risks; and
- To identify possible management actions for improvement following the above evaluation and understanding of risk.

Risk Analysis and Assessment

During the annual strategy and business planning process, the Executive Management, together with the divisions / subsidiary companies will undertake a thorough reassessment of its risks, considering:

- The prevailing business environment and any emerging risk areas that have been identified;
- Any changes that may be taking place in the business and the risks inherent in these changes e.g. technology changes, new products etc;
- The new operating model and any sources of risk associated with it;
- Understand the cause and effect of risks across different divisions of the SABC; and
- Understand the root causes of risks and those factors that will contribute to a risk occurring.

Risk Evaluation

The identified risks are measured in terms of the severity or impact on SABC and the likelihood or probability of the risks materialising. The identified risks are mapped using their respective ratings in terms of impact and likelihood expressed as a combination of these two components for the top 20 risks and reported to the Risk Committee.

The objective of this analysis is to prioritise and rank risks so that not only major risks are clearly identified but minor risks are also noted. Lower level risks can be excluded from further more detailed risk considerations. This ranking can later be used to assist in the assessment and treatment of risks.

Risks will be assessed on both an inherent and residual (after consideration of controls/ mitigating actions) basis.

Once assessed, risks can be ranked in order of priority in order to assist in allocation of capital and resources to the most significant risks.



➤ *SABC mourns the loss of Vuyo Mbuli, an Iconic TV and Radio presenter.*

Risk Treatment and Controls

Treatment strategies for all key risks need to be considered and a decision made whether to terminate, treat, transfer or tolerate the specific risk.

Once a treatment strategy has been determined, controls or mitigating actions need to be considered to manage risks to an acceptable residual level. The effect of the control on the risk will determine the residual risk. A cost benefit analysis of controls to be implemented needs to take place before implementation.

Identification of risk owners, actions required and due dates to implement actions needs to be documented and the effectiveness of current controls needs to be assessed.

Progress made in Addressing the Risks Identified

The effectiveness of the Board in the year under review has been unsatisfactory and therefore determined an unwarranted progress in addressing the risks identified. Board effectiveness is one of the risks identified and it's clear that the 'tone at the top' was not set appropriately and clearly. Overall strategic risk management was negatively affected and therefore the Interim Board will continue to address the risks as per SABC's risk management strategies.

INTERNAL CONTROL

The SABC internal control function resides within operational divisions; there is no single division responsible for the internal control environment. However there were pockets of excellence in the review and enhancement of controls to address the control deficiencies identified by the External Auditors in the 2011/12 year-end audit.

Overall, the internal control environment requires major review. The Board has noted the deficiencies and established the Internal Control Unit that will assess the control effectiveness and enhance them on a continuous basis.

Internal Audit will continue to provide continuous feedback on the independent assessment of controls effectiveness and lastly the Internal Control Unit will develop an integrated internal control framework to improve the organisation's internal control environment.

Internal Audit and

AUDIT COMMITTEE

Activities of the Group Internal Audit

Mandate and Purpose of the Internal Audit

The mandate of the SABC Group Internal Audit is determined in terms of Section 51 (1) (ii) of the PFMA which requires that the SABC Board of Directors (Accounting Authority) must 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 was 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.

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

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

Internal Audit Performance

The Group Internal Audit continued to play its pivotal role in the governance pillar by executing audit projects against the Risk Based Annual Audit Plan as approved by the Audit Committee whilst continuing to assist the organisation in managing the fraud risk exposures by conducting forensic investigations and reporting the findings to management accordingly. During the year, the department introduced continuous business monitoring in order to provide management with an alternative view on business risks and controls thereby assisting in proactively monitoring of key risk areas within the organisation to ensure the achievement of the business objectives. Data analysis through CAATS was conducted on critical transactions within Human Capital Services, Procurement, Payroll and Sales and Marketing.

The following table presents the summary of performance for the year:

Details	2011/2012	2012/2013
Internal Audit Reports Issued	31 (72%)	41 (82%)
Planned Audits Deferred	12 (28%)	9 (18%)

These improvements are attributable to new audit methodology which was implemented towards the end of 2011/2012 and the continuous improvements brought by the establishment of the Quality Improvement Section. Group Internal Audit reported its findings and recommendations to Management on an ongoing basis and provided quarterly reports to the Audit Committee on significant findings.

During the 2012/13 financial year, Group Internal Audit continued with the process to add value by facilitating the implementation of the Combined Assurance projects with other governance structures of the organisation including Corporate Risk, Legal, Procurement and Compliance and Monitoring. The following process improvement were implemented:

- During September 2012, the Board requested Group Internal Audit to establish a project to develop and implement the Integrated Internal Control Framework. To this end, the Project Charter and Plan were formulated.
- The formal Integrated Internal Control Framework (IICF) is a step in the right direction in improving the SABC's control environment. This project is sponsored by the GCEO and other Group Executives and will be implemented in conjunction with other governance stakeholders to ensure that its ownership and accountability is at the right level.

Internal Audit Overall Assessment of the Internal Control Environment

Group Internal Audit executed audit projects based on the audit coverage from the approved 2012/13 Risk Based Annual Audit Plan. See the status of performance against the approved plan under Internal Audit Performance.

In our opinion, we found that the internal controls over most focus areas were partially ineffective and required significant improvements. Whilst management had in some areas already taken concrete steps to address the control environment including initiating a process to review and update the SABC Policies and Standard Operating Procedures, other areas required urgent attention during the year under review. Internal Audit completed 41 audit reports (31 last year) in terms of its approved Annual Audit Plan.

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

Year	2011/12	2012/13
No of report issued	31	41
Rating 3 and 4 Audit Opinions (Negative Opinions)	67%	73%
No. of Significant Findings	94	166
1 and 2 Audit Opinions (Positive Opinions)	33%	27%

THE REPORT OF THE AUDIT COMMITTEE

We present our report for the financial year ended 31 March 2013.

Audit Committee Members

Section 94 of the Companies Act 71 of 2008 (as amended), requires that the Members of the Audit Committee must be appointed by the Shareholder at every AGM. During the year under review, the Shareholder did not approve the appointment of the Members of the Audit Committee at the AGM held on 17 August 2012. The Minister's approval for the appointments was received on 19 November 2012, resulting in there not being an Audit Committee for the period from 17 August 2012 to 19 November 2012.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (a) (ii) of the PFMA. The Audit Committee has adopted a formal terms of reference and has attempted to discharge its responsibilities as contained therein. However, the Audit Committee did not fully comply with the requirements of Treasury Regulation 27.1.

The Audit Committee had four meetings during the year under review, and reviewed the effectiveness of the Internal Audit Function and the reports arising from the execution of the annual work programme and the co-ordination between the internal audit function and 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.

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 has shortcomings. In view of the significant and material non-compliance with prescribed policies and procedures, the Auditor General has found sufficient and appropriate audit evidence to issue a disclaimer audit opinion.

The Audit Committee considers the disclaimer a serious matter and the necessary steps will be implemented to ensure that the required corrective action is taken. The Audit Committee will monitor the steps being taken by Management to address each of the issues raised.

Risk Management

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. 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 was not effective and are being addressed.

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.



Mr M R Lubisi
Chairman of the Audit Committee

Compliance with Laws and REGULATIONS

The compliance responsibility of the organisation rests with the functional areas of the organisation and indeed controls have been implemented in some areas of the organisation to manage the risk of non-compliance with laws and regulations.

The Board is not satisfied with the progress made in addressing the compliance deficiencies as identified by the external auditors in 2011/2012 Audit report. The Board has resolved to centralise the function in order to focus the management of compliance risk of the organisation in one area.

The Compliance function will develop an enterprise compliance framework, which will define the process, responsibilities, monitoring and reporting of the compliance activities within the organisation.

KING III

The SABC has applied the King III principles and practices. As a state owned company, some of these principles cannot be applied. In these instances, the SABC has adopted alternative practices to those recommended by King III. Explanations are presented in the table below and where there are not approved policies, processes or procedures yet, these are reflected as areas for improvement. 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

Number and description of King III principle or practice not in place	
2.16.1	Board should elect a Chairman on an annual basis Determined by the President
2.17.1	Board should appoint a chief executive Determined by Shareholder in conjunction with the Board
2.18.10	Board should be able to remove any director without shareholder approval Determined by the President in conjunction with the National Assembly
2.8	The Board should be responsible for information technology (IT) governance The Audit Committee is tasked with overseeing IT Governance and is awaiting the IT Governance Framework
2.27	Remuneration policy Draft policy in place
2.24	Subsidiary governance framework Draft framework in place
3.5.1	Combined assurance model Practice being updated
5.1.2	IT charter Charter in the process of being finalised
5.3	IT governance framework Framework in the process of being finalised
6.1.1	Compliance register Register in the process of being finalised
3.8.2.2	Internal financial control policy Policy will be developed
5.3	Internal control framework The Internal Control Framework will be developed in the year 2013/2014, however the documentation of existing controls is currently underway
2.1	The Board should report on the effectiveness of the company's system of internal controls The internal controls are in the process of being reviewed
3.4	The audit committee should oversee integrated reporting Consideration is being given to the preparation of an integrated report
9.1	The Board should ensure the integrity of the company's integrated report Consideration is being given to the preparation of an integrated report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting Consideration is being given to the preparation of an integrated report
9.3	Sustainability reporting and disclosure should be independently assured Consideration is being given to the preparation of an integrated report

FRAUD

and Corruption

Responsibilities for Fraud and Corruption Risk Management

Assessment of Fraud and Corruption Risk

The SABC, under the guidance of the Group Executive: Risk and Governance and with input from the Operational Risk Committee, will conduct annual fraud and corruption risk assessments to identify potential fraud and corruption risk exposures to the SABC. This process will ensure that actions to address the identified fraud and corruption risk exposures will be implemented to mitigate these exposures.

The above will be formulated into a 'Fraud Risk Assessment' which will provide an indication of how fraud and corruption risks are manifested and, a 'Fraud and Corruption Risk Register' which will prioritise the fraud and corruption risks and indicate actions to mitigate these risks.

Employee Awareness

The main purpose of fraud and corruption awareness campaigns (including workshops, training interventions and other awareness initiatives) are to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will be trained on the following:

- Introduction to fraud and corruption trends and statistics;
- Awareness of anti-fraud and corruption legislation;
- The SABC's zero tolerance towards fraud, the contents of the SABC's Fraud and Corruption Prevention Policy and what the SABC is doing to reduce the occurrence of fraud and corruption in the organisation;
- How to report incidents of fraud and corruption which will include how to use the Hotline;
- Current developments in fraud and corruption schemes;
- Red flags to identify fraud and corruption; and
- The penalties for non-compliance with prevailing legislation.

Internal Controls

Internal controls are the first line of defence against fraud and corruption. Whilst internal controls may not fully protect the SABC against fraud and corruption, they are essential elements in the overall fraud and corruption prevention strategy.

All areas of operations require internal controls, for example:

- Physical controls (securing of assets);
- Authorisation controls (approval of expenditure);
- Supervisory controls (supervising day-to-day issues);
- Segregation of duties;
- Analysis of data;
- Monthly and annual financial statements; and
- Monthly reconciliation of bank statements.

Group Internal Audit will be responsible for implementing a risk-based internal audit program, in line with the Risk and Control Matrix, which will incorporate steps to evaluate adherence to internal controls.

Prevention Strategies

A number of combined initiatives result in an overall preventative environment in respect of fraud and corruption.

These include the following:

Conducting Fraud and Corruption Surveys amongst Staff

The SABC will from time to time consider conducting perception surveys amongst the staff to determine the employees' views on the prevalence of fraud and corruption in the organisation and their views on the effectiveness of the fraud and corruption prevention mechanisms in place.

Pre-Employment and during Employment Screening

Consensual pre-employment screening will be carried out for all appointments and evidence of such screening will be maintained by Human Capital Services. Consideration should be given to the following pre-employment screening:

- Verification of identity;
- Criminal history;
- Reference checks with the two most recent employers – this will normally require telephone contact;
- Credit reference checks;
- National Intelligence Agency (NIA) clearance for Executives;
- A consideration of any gaps in employment history and the reasons for those gaps; and
- Verification of formal qualifications claimed.

The SABC's policy of pre-employment screening will cover all new and promoted employees including those with administrative responsibilities or computer access. The screening will be performed by a person/people nominated by the Human Capital Services in conjunction with the Group Executive: Risk and Governance to ensure that screening is consistent and appropriately resourced throughout all departments. Screening will be conducted in accordance with the classification of the employee or the levels of screening outlined below.

Where an employee is promoted into a management position and has not been screened during the course of the previous three years, the applicant will be re-screened. The levels of screening include:

Level 1 – All employees (including those with administrative functions or computer access)

- Verification of educational qualifications;
- Declaration of any financial interests in any entities outside the SABC; and
- Criminal history checks (after authorisation has been obtained from the prospective employee).

Level 2 – All cost centre owners, IT and finance staff

- All Level 1 checks; and
- Credit reference check.

Recruitment Procedures

Recruitment will be conducted in accordance with the requisite recruitment procedure. It will be a transparent process and all appointments will be confirmed only after due recommendation. Any person, involved in any decision-making during the recruitment

process, who may have a conflict of interest, must declare such a conflict in writing to the Human Capital Services and withdraw from any further procedures.

Risk-Based Internal Audit Plan

A robust risk-based internal audit plan, which focuses on the prevalent high fraud and corruption risks, serves as an effective preventative measure. The internal audit department will compile such a plan on an annual basis, and such a plan will also include 'surprise audits'.

Fraud and Corruption Prevention Plan

The actions set out in this plan are all focused at mitigating the risk of fraud and corruption in the SABC.

Disclosure of Interests

All employees of the SABC will be required to disclose their business interests on an annual basis, as required by the Conflict of Interest Policy. A conflict of interest register will be kept by the Company Secretary.

Maintaining a Gift Register and Gift Policy

The SABC's Gift Declaration Policy covers the following key issues:

- An employee may not abuse his/her position to obtain private gifts or benefits;
- An employee may not accept any gift or benefit under circumstances that can be construed as a bribe;
- An employee who is aware of family members and/or friends receiving gifts, must declare it in the gift register. The Gift Declaration Policy specifies the value of gifts that must be declared and where and to whom to declare the gift; and
- Action will be taken if an employee accepted a gift and failed to declare it.

A gift register is maintained and all gifts received by an employee and his/her family members/friends should be entered in this register. The Company Secretary and the Group Executive: Risk and Governance will review the register regularly.

Where gifts of a significant value are offered to an employee or where the circumstances of receiving the gift can be construed as a bribe or may influence the employee in the manner in which he performs his duties or makes decisions, then the employee must be informed not to accept the gift or to return it.

Where necessary, the SABC will investigate the circumstances and reasons for the offering of the gift.

The gift register is kept in a secure and safe place.

The SABC will regularly remind employees to declare all gifts received.

Detection Strategies

Detection of fraud and corruption may occur through:

- Vigilance on the part of employees, including line management;
- The Internal Audit function;
- External audits;
- Adhoc management reviews;
- Anonymous reports; and
- The application of detection techniques (manual or electronic).

The Group Executive: Risk and Governance will be responsible for developing detection strategies, and will work closely with line management and the Group Internal Audit function for this purpose.

Mechanism to Report Fraud and Corruption

The reporting of fraud and corruption may be reported in the following manner within the organisation:

The Supervisor or any other Management Member:

Any disclosure of fraudulent and/or corrupt activities made by an employee would generally be a protected disclosure provided that such disclosure is made:

- In good faith and without any improper motives;
- To a legal practitioner or to a person whose occupation involves the giving of legal advice;
- To the SABC in accordance with the prescribed procedure authorised by the SABC; and
- To a body or body of persons prescribed by the SABC.

Great care needs to be taken when conducting investigations of suspected fraudulent and/or corrupt activities which fall within the definition as included in the Fraud and Corruption Prevention Policy, so as to avoid unsubstantiated accusations or alerting individuals against whom an allegation has been levelled that the matter has been raised and an investigation is underway.

The supervisor of the informant or any other management member that becomes aware of the allegations of fraud and corruption is required to report the matter to the Head of Internal Audit within 48 hours of his or her acquiring knowledge of the matter or in cases where this is not practicable, as soon as possible. Forensic Audit shall conduct a preliminary investigation into the complaint, to determine the legitimacy of the complaint. Should the complaint found to be legitimate, Forensic Audit should report back to the Head of Internal Audit to decide on further action.

Through the SABC Whistle-Blowing Hotline

Once a suspicion has been reported through the hotline, the hotline administrator will inform the Head of Internal audit. Forensic Audit will perform a preliminary investigation into the complaint.

Confidentiality concerning the informant/s and information shall be maintained at all stages.

Procedures for Investigations and Actions Taken

Suspected fraudulent and/or corrupt activities must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the SABC and the suspected individual. The investigation process shall vary according to the circumstances of each case and this shall be determined by the Head of Internal Audit in consultation with the GCEO and Group Executive: Risk and Governance.

The investigation process shall involve the use of authority or delegated powers to:

- Screen allegations or information to gauge their credibility
- Secure all evidence;
- Interview suspects;
- Interview witnesses;
- Take statements; and
- Liaise with departments or other agencies (Including the relevant SAPS and/or NIA or other appointed persons).

The Head of Internal Audit shall appoint an investigating team which shall normally comprise staff from within Forensic Audit, but may be supplemented with other resources from within the SABC or from outside. Where the initial investigation reveals that there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision shall be taken by the GCEO, and the Head of Internal Audit in consultation with the Group Executive: Risk and Governance.

The Head of Internal Audit shall keep the Group CEO, Group Executive: Risk and Governance, and the Head of Legal informed of the progress of the investigation and any further developments. On completion of the investigation, the Head of Internal Audit shall prepare a full written report setting out:

- Background as to how the investigation came about;
- What action was taken in response to the allegation;
- The facts that came to light and the evidence in support;
- Action taken against any party where the allegations were proved;
- Action taken to recover any losses; and
- Recommendations and/or action taken by management to reduce further exposure and to minimize or eradicate any recurrence (in both instances where allegations were proved or not).

A copy of the above report shall be submitted to the Board Audit Committee. In order to provide a deterrent to other staff members, a brief and anonymous summary of the circumstances shall be intrepidly published.

The Head of Internal Audit will report all suspected fraud and corrupt activities to the South African Police Services, and any other law enforcement agencies as is deemed necessary.

Disciplinary Process for Employees

The Head of Internal Audit in consultation with the Group Executive: Human Capital Services and the Head of Legal shall ensure that appropriate documentation or facts have been achieved in order to permit:

- Appropriate disciplinary action;
- Protection of innocent persons;
- Support of appropriate civil and/or criminal action;
- Preservation of the integrity of any criminal investigation and prosecution; and/or
- Avoidance of any unnecessary litigation.

All persons concerned must co-operate fully with SAPS and NIA including reporting to such agencies and support of prosecution where necessary.

All disciplinary action should be in accordance with the Disciplinary Code of Conduct and Grievance Procedures.

Disciplinary Process for Members of the Board

In the event that any member of the Board is required to attend disciplinary action to answer to allegations of fraud and/or corrupt activities, a disciplinary panel shall be convened.

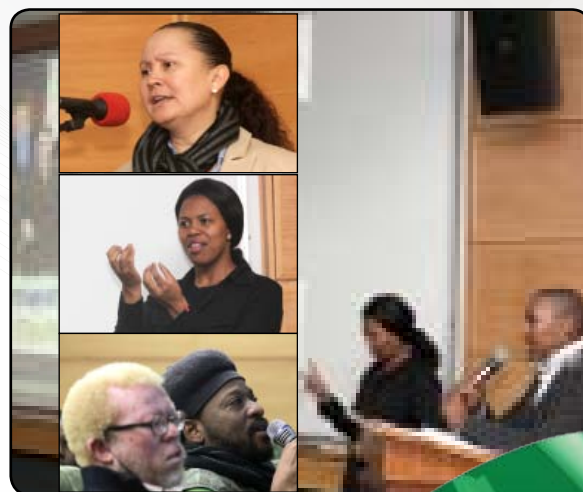
All disciplinary action should be in accordance with the Disciplinary Code of Conduct and Grievance Procedures.

Initiation of Recovery Action

The SABC shall take appropriate steps, including legal action, to recover any losses from fraudulent and/or corrupt activities or any other wrongful act. This may include action against third parties involved in fraudulent and/or corrupt activities or any other wrongful act, or whose negligent actions contributed to such acts.

The Head of Internal Audit, in consultation with the Head of Legal, shall make recommendations to the Board as to the procedures to be adopted in the event that the SABC seeks compensation for all losses incurred by:

- Obtaining compensation orders in criminal cases;
- Taking civil proceedings in order to obtain a judgment;
- Making deductions from superannuation contributions;
- Making arrangements for voluntary payments;



Management and disabled staff members addressing on Employment Equity.

- Considering any insurance claim; and
- Considering any other lawful means of recovery.

Where it is considered appropriate that the matter not be reported to the police, the SABC reserves its right to pursue a range of remedial actions, including appropriate disciplinary action. Any disciplinary action pursued will be done in accordance with the disciplinary procedures.

Exit interviews and exit checklist procedures will be performed in the event of dismissal from the SABC for misconduct or fraud. This is necessary to ensure that factors contributing to misconduct and fraudulent activity by employees can be managed as a process to mitigate fraud and corruption risk.

Liaison with the National Intelligence Agency (NIA) and/or the South African Police Services (SAPS)

Any decision to refer a matter to the NIA and/or the SAPS shall be taken by the Head of Internal Audit in consultation with the Group Chief Executive Officer and the Group Executive: Risk and Governance.

All employees shall co-operate fully with the NIA and/or SAPS. Any internal investigation or disciplinary process may be conducted in conjunction with any NIA and/or SAPS investigation.

Fraud or corruption involving any SABC employee, including a Member of the Board, shall be referred to criminal prosecution in every case.

Members of the public, consultants, vendors, contractors, outside agencies conducting business with the SABC and/or any other parties with a business relationship with the SABC who defraud the SABC, shall be referred for criminal prosecution.

Any decision not to refer an allegation of fraud or corruption to the police for investigation (where there is sufficient evidence to justify making such a report) will be referred to the Board Audit Committee and the Board Risk Committee, together with the reasons for the decision.

Responsibility for complainant statements lodged with SAPS will be assigned on a case by case basis by Group Internal Audit in consultation with the investigator.

Documentation of the Results of the Investigation

The appointed investigator is to submit a written report to the Head of Group Internal Audit detailing the circumstances, findings and recommending appropriate remedial action following the investigation.

MINIMISING

Conflict of Interest

A Conflicts of Interest Policy was approved by the Board on 21 February 2013 and will be 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 declarations of interest on-line, which is forwarded to their line manager for approval.

The SABC is highly committed in ensuring that the risk of having employees partaking in business opportunities is mitigated.

To this intent, employees are encouraged to declare their business interests in various governance bodies and the SABC business at large. It should be noted that the procurement policy was revised and approved during February 2013 which incorporates the conflict of interest component. The procurement policy clearly stipulates that employees who are members of the procurement key bodies must declare their business interests upfront. Where there is a conflict of interest, members must recuse themselves from the procurement key evaluation/decision bodies.

It should however be noted that another initiative is in progress to proactively effect employee vetting via the in-house ERP system that will integrate the Procurement Vendor Master Data Module to the HR Module, mainly on employee's general details.

Code of CONDUCT

During the financial period under review, the SABC Board approved a Code of Business Conduct and Ethics.

The aim thereof is to ensure that every employee of the organisation shares in the same values and levels of accountability. This policy will be rolled out throughout the Corporation during the coming months.



SABC partnered with Habitat for Humanity where SABC staff members built three houses for the families of Orange farm.

HEALTH,

Safety and Environmental Issues

During the year under review, the SABC's health and safety measures were put to test during the Henley studio fire and areas of improvements from the learnings injected new energy in dealing with health and safety across the business. Noise, air quality and light surveys have been conducted in Auckland Park and most provinces to determine compliance with legislation. Water tests are done regularly to ensure that the tap water in SABC buildings is clear of algae and cholera. Waste is disposed of according to classification and smoking inside the SABC is restricted to designated areas.

The financial year therefore saw an effective implementation of the occupational health and safety programme, health and safety policies as well as awareness programmes which assisted in keeping injuries on duty low. For the period under review there were only 12 reported incidents with no fatalities. The SABC was issued with a letter for 2012/13 from the Compensation Commissioner for Good Standing. Fire equipment for the complex has been serviced as per safety legislation and live evacuation drills were undertaken in November and December 2012 with Emergency Management Services. SABC forums took place to address disability and safety.

REPORT BY THE COMPANY SECRETARY

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.

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act 71 of 2008, for the year ended 31 March 2013, 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.

Ms T V Geldenhuys
Johannesburg
June 2013

SOCIAL

Responsibility

The Public Broadcaster's mandate requires the SABC to educate, inform and entertain its audiences. A very high premium is placed on educational informative programmes across all the SABC's platforms (SABC radio stations as well as SABC TV channels).

The role of the SABC, however, extends beyond broadcasting and its mandate. As a good corporate citizen, the SABC is actively involved in a range of developmental and social projects across the country. Equally important is the alignment of the SABC SED activities with those of its core business. This allows the Corporation to leverage its national footprint, resources and expertise, when partnering with NGO's and other institutions.

Some of the highlights of the SABC's SED initiatives in the past fiscal were:

- Ukhozi FM the changed lives of four families in KZN by building houses for them and also donated a large number of wheelchairs.
- Lotus FM organised the Global Diabetes Walk where they managed to raise R120.000 which was channelled towards assisting diabetic people.
- Radio 2000 participated in the Breast Cancer awareness campaign which collected large sums of money that was used to assist cancer patients.
- Majority of SABC Radio stations use the period between January to March each year, to embark on back to school campaigns by donating school uniforms to destitute learners in rural areas. This initiative raised in excess of R500.000 for these learners. Our Radio OB vans were used during these campaigns.
- Lesedi FM's focus was on disability. Last year the Station donated more than 100 wheel chairs to disabled people in the Free State and Gauteng.
- The SABC also followed monthly calendar themes based on Days of National Importance by getting experts on radio to talk about the awareness of the month or the day ie Cancer, HIV/Aids etc. This is to educate the public of the challenges our society faces, e.g. health, drug abuse, poverty, education, abuse of women and children.
- The SABC partnered with Habitat for Humanity where SABC staff members built three houses for the families of Orange farm, on Mandela Day.
- Learners in the Eastern Cape received learning material on June 16th 2012. The SABC also bought 1000 reference books which were donated to two rural schools which do not have electricity and therefore they cannot have or use computers. However these books will help them to do research towards their studies.

Community organisations and institutions were beneficiaries of exposure and given the opportunity to make Public Service Announcements (PSA) at no cost on both Radio and Television. We have recently appointed Ms Iris Francis, as Chief Executive Officer of the SABC Foundation.



- ▶ *Lotus FM radio personality, Neville Pillay, who is also diabetic, was with the public at the starting line, wishing, encouraging and thanking all walkers for participating and showing their support at the annual 5km Durban leg of the Global Diabetes Walk.*



- ▶ *Tru FM's Youth day 2012 initiative, the Provincial General Manager Mr Zola Yeye and Katleho Tsole with Whittlesea's Nompumelelo High School students, handing over 1000 school books.*



- ▶ *Lesedi FM donating School shoes and Computers to local schools in QwaQwa.*