

Amecor Corporate Governance 2014

Application of the King code 2014



Chapter	Principle	Principle Description	Practice	Applied / Partially Applied / Not Applied	Evidence for Applied	Explanation / Compensating Practices	Not Applied Commentary
Chapter 1	Principle 1.1	The Board provides effective leadership based on ethical foundation	The Board sets the values to which the company will adhere to and these are formulated in the company's code of conduct.	Applied	The Board ensures that the Board's and management's sets an example in accordance with the company values.		
Chapter 1	Principle 1.2	The Board ensures that the company is and is seen to be a responsible corporate citizen	The Board considers not only financial performance, but also the impact of the company's operations on society and the environment.	Applied	The Board protects, enhances and invests in the wellbeing of the economy, society and the environment.	A formally documented Ethical Code of Conduct is currently in progress.	
Chapter 1	Principle 1.3	The Board ensures that the company ethics are managed effectively	The Board ensures that ethical risks and opportunities are incorporated in the risk management process or ethics programme.	Applied	The Board ensures that ethics are maintained in all areas of the business including risk management initiatives.		
Chapter 2	Principle 2.1	The Board acts as the focal point for and custodian of corporate governance	The Board has a well drafted charter.	Applied	The Board meets at least four times a year, in addition to holding governance strategy meetings through relevant committees.		
Chapter 2	Principle 2.2	The Board appreciates that the strategy, risk, performance and sustainability are inseparable	The Board informs and approves strategy (as opposed to being a passive recipient of strategy as proposed by management).	Applied	Board takes steps to ensure that long-term planning will result in sustainable outcomes taking account of all stakeholders and the environment.		
Chapter 2	Principle 2.3	The Board should provide effective leadership based on an ethical foundation	The Board sets the values to which the company will adhere to and these are formulated in the company's code of conduct.	Applied	The Board ensures that the Board's and management's conduct sets an example in that it aligns to the company values.		
Chapter 2	Principle 2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	The Board considers not only financial performance, but also the impact of the company's operations on society and the environment.	Applied	The Board protects, enhances and invests in the wellbeing of the economy, society and the environment.	Corporate Social investment is further enhanced by initiatives of Amecor's Social and Ethics Committee.	
Chapter 2	Principle 2.5	The Board should ensure that the company's ethics are managed effectively.	The Board ensures that ethical risks and opportunities are incorporated in the risk management process or ethics programme.	Applied	The Board ensures that the ethical conduct is maintained throughout all areas of the business, and are included when assessing risk and opportunity.		
Chapter 2	Principle 2.6	The Board should ensure that the company has an effective and independent audit committee.	There is an audit committee.	Applied	The audit committee is made up for 3 independent non-executive directors, whose terms of reference are approved by the board.		
Chapter 2	Principle 2.7	The Board should be responsible for the governance of risk.	A policy and plan for a system and process of risk management have been developed.	Applied	The integrated report discloses how the Board has satisfied itself that risk assessments, responses and interventions are effective.		

Chapter 2	Principle 2.8	The Board should be responsible for information technology (IT) governance.	The Board receives independent assurance on the effectiveness of the IT internal controls.	Applied	The Board has appointed an IT committee to review and control all governance and risk related to IT protocols. The Board assumes ultimate responsibility for IT governance.		
Chapter 2	Principle 2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The company has a system in place to ensure compliance with all applicable laws.	Applied	The Board oversees that the compliance policy and system provide for examination of the context of law, and how other applicable laws interact with it.		
Chapter 2	Principle 2.10	The Board should ensure that there is an effective risk based internal audit.	The company has established an internal audit function.	Applied	An internal auditor reporting directly to the audit committee has been appointed to ensure internal audits and risk management is controlled effectively.		
Chapter 2	Principle 2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation.	The gap between stakeholder perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation.	Applied	Public information is carefully monitored by the Group's governance department. Reputational risk is dealt with by Amecor's risk committee.		
Chapter 2	Principle 2.12	The Board should ensure the integrity of the company's integrated report.	The company has controls to enable it to verify and safeguard the integrity of its integrated report.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 2	Principle 2.13	The Board should report on the effectiveness of the company's system of internal controls.	Refer to chapters 7 and 9.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 2	Principle 2.14	The Board and its directors act in the best interests of the company	Directors are permitted to take independent advice in connection with their duties at company cost following a Board approved procedure.	Applied	Real or perceived conflicts of interest are disclosed to the Board and managed appropriately.		
Chapter 2	Principle 2.15	The Board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	The solvency and liquidity of the company is continuously monitored.	Applied	The solvency and liquidity of the company is continuously monitored before material expenses are approved.		
Chapter 2	Principle 2.16	The Board has elected a chairman of the Board who is an independent non executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	The chairperson is an independent non-executive director.	Applied	The chairman is both an independent non-executive director and does not occupy the role as Chief Executive Officer.		
Chapter 2	Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The Board appoints the CEO.	Applied	The Board votes on the matter if it arises.		

Chapter 2	Principle 2.18	The Board comprises a balance of power, with a majority of non executive directors. The majority of non executive directors are independent.	The Board comprises a majority of non-executive directors.	Applied	The weighting of non-executive directors, with a majority of whom are independent, outweigh the number of executive directors.		
Chapter 2	Principle 2.19	Directors are appointed through a formal process	Procedures for appointments to the Board are formal and transparent and are a matter for the Board as a whole, assisted by the nomination committee.	Applied	Appointment of directors is done via a nomination committee and are subject to shareholder approval.		
Chapter 2	Principle 2.20	The induction of and ongoing training, as well as the development of directors are conducted through a formal process	The Board ensures that inexperienced directors are developed through mentorship programmes.	Applied	The Board ensures that directors receive regular briefings on changes in risks, laws and the business environment.		
Chapter 2	Principle 2.21	The Board is assisted by a competent, suitably qualified and experienced company secretary.	The company secretary is empowered by the Board to effectively perform his duties.	Applied	The Company Secretary does not occupy the role of a director on the board, and has an arms length relationship to board members.		
Chapter 2	Principle 2.22	The evaluation of the Board, its committees and individual directors is performed every year.	The Board determines it's own role, functions, duties and performance criteria as well as that for directors on the Board and the Board and Board committees to serve as a benchmark for performance appraisal.	Applied	Formal evaluations of the board as a whole are conducted annual, and submitted for assessment to the Chairman and Company Secretary.		
Chapter 2	Principle 2.23	The Board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	The risk committee's terms of reference are approved by the Board.	Applied	Each committee is given a mandatory functions and responsibilities which are overseen by the board.		
Chapter 2	Principle 2.23	The Board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	There is a nomination committee.	Partially Applied	Each member of the board forms part of the nomination committee. Proposals are reviewed and collectively approved by the board.	Non-executive directors Chair the transformation and social and ethics committee, with the majority of members holding the status of Group employee. When analysing the costs vs. benefits, the decision was taken to include more employees than directors within these committees. Employees provide greater insight, and add substantially to progressive initiatives of these two committees.	
Chapter 2	Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary Boards	There is a governance framework between the group and its subsidiary Boards.	Applied	Subsidiary companies apply the governance framework of Amecor Limited.		
Chapter 2	Principle 2.25	The company remunerates its directors and executives fairly.	Remuneration policies and practices address base pay and bonuses, employee contracts, severance and retirement benefits, share-based and other long-term incentive schemes.	Applied	Remuneration policies and practices are aligned with company strategy.		
Chapter 2	Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer.	The remuneration report includes details of all benefits paid and awarded to directors.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 2	Principle 2.27	The shareholders have approved the company's remuneration policy.	Shareholders pass a non-binding advisory vote on the company's remuneration policy every year.	Applied	Approved annually at the Annual General Meeting.		

Chapter 3	Principle 3.1	The Board has ensured that the company has an effective and independent audit committee	There is an audit committee	Applied	Details are disclosed in the Integrated Annual Report.		
Chapter 3	Principle 3.2	Audit committee members are suitably skilled and experienced independent non-executive directors	The role of the audit committee is summarised in the integrated report	Applied	The names and qualifications of all members of the audit committee during the period under review, and the period for which they served on the committee are disclosed in the integrated report.		
Chapter 3	Principle 3.3	The audit committee is chaired by an independent non-executive director.	The chairperson of the audit committee is an independent non-executive director and not the chairperson of Board.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 3	Principle 3.4	The audit committee oversees integrated reporting	The audit committee arbitrates between the management and the external auditors when there is a disagreement on auditing and accounting matters.	Applied	The audit committee engages the external auditors to provide assurance on the summarised financial information.		
Chapter 3	Principle 3.5	The audit committee has ensured that a combined assurance model has been applied which provides a coordinated approach to all assurance activities.	The audit committee ensures that combined assurance received is appropriate to address all significant risks facing the company.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 3	Principle 3.6	The audit committee is satisfied with the expertise, resources and experience of the company's finance function.	The audit committee performs review of the finance function every year.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 3	Principle 3.7	The audit committee oversees the internal audit function	The audit committee is responsible for the appointment, performance assessment and/or dismissal of the CAE or outsourced internal audit service provider.	Applied	Internal audit reports are submitted for committee review. Amecor's internal auditor is invited to audit committee meeting to explain and comment on reports.		
Chapter 3	Principle 3.7	The audit committee oversees the internal audit function	The internal audit plan is approved by the audit committee.	Applied	Internal audit functions and strategy are submitted to the committee for approval.		
Chapter 3	Principle 3.8	The audit committee is an integral component of the risk management process.	There is a risk committee consisting of Board members.	Applied	A risk committee has been formally appointed to assess risk and matters raised by the audit committee.		
Chapter 3	Principle 3.9	The audit committee is responsible for the recommending the appointment of the external auditor and overseeing the external audit process.	The audit committee approves the external auditors' terms of engagement and remuneration.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 3	Principle 3.10	The audit committee has reported to the Board and the shareholders as to how it has discharged its duties	The audit committee reports internally to the Board on its statutory duties and duties assigned to it by the Board.	Applied	There is a description in the integrated report of how the audit committee carried out its functions in the period under review.		
Chapter 4	Principle 4.1	The Board is responsible for the governance of risk	A policy and plan for a system and process of risk management have been developed.	Applied	The integrated report discloses how the Board has satisfied itself that risk assessments, responses and interventions are effective.		

Chapter 4	Principle 4.2	The Board has determined the levels of risk tolerance	The Board sets the levels of risk tolerance every year.	Applied	It is disclosed where the limits of risk appetite exceed, or deviated materially from, the limits of the company's risk tolerance (the company's ability to tolerate).		
Chapter 4	Principle 4.3	The risk committee and/or audit committee has assisted the Board in carrying out its risk responsibilities	The risk committee considers the risk policy and plan.	Applied	The audit and risk committee play an integral part of the risk management of the company.		
Chapter 4	Principle 4.4	The Board has delegated to management the responsibility to design, implement and monitor the risk management plan	Management is accountable for integrating risk in the day-to-day activities of the company.	Applied	The Board of Directors oversees the risk management plan.		
Chapter 4	Principle 4.5	The Board has ensured that risk assessments are performed on a continual basis.	The Board ensures that effective and ongoing risk assessments are performed.	Applied	A systematic, documented, formal risk assessment is conducted at least once a year.		
Chapter 4	Principle 4.6	The Board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The Board ensures that a framework and processes are in place to (remove) anticipate unpredictable risks.	Applied	Risk assessment are conducted by all departments within the organisation and submitted to the Risk Committee for assessment and review.		
Chapter 4	Principle 4.7	The Board has ensured that management has considered and has implemented appropriate risk responses.	Management identifies and notes in the risk register the risk responses decided upon.	Applied	Management meeting are held monthly to monitor and manage potential risk.		
Chapter 4	Principle 4.8	The Board has ensured the continual risk monitoring by management.	The Board ensures that effective and continuous monitoring of risk management takes place.	Applied	Risk assessment are conducted by all departments within the organisation and submitted to the Risk Committee for assessment and review.		
Chapter 4	Principle 4.9	The Board has received assurance regarding the effectiveness of the risk management process.	Management provides assurance to the Board that the risk management plan is integrated in the daily activities of the company.	Applied	Risk assessment are conducted by all departments within the organisation and submitted to the Risk Committee for assessment and review.		
Chapter 4	Principle 4.10	The Board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	There is disclosure of any material losses and their causes that the company has suffered for the period under review, the effect that these losses have had on the company and the steps taken by the Board and the management to prevent a recurrence.	Applied	There is disclosure of any current, imminent or envisaged risk that is considered to threaten the long-term sustainability of the company in the integrated report.		
Chapter 5	Principle 5.1	The Board is responsible of information technology (IT) governance.	The Board receives independent assurance on the effectiveness of the IT internal controls.	Applied	The Board assumes the responsibility for the governance of IT and place it on the Board agenda.		
Chapter 5	Principle 5.2	IT has been aligned with the performance and sustainability objectives of the company.	The Board ensures that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT.	Applied	Business strategies and objectives and the role of IT in achieving them are clear.		

Chapter 5	Principle 5.3	The Board has delegated to management the responsibility for the implementation of an IT governance framework.	Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework.	Applied	The individuals responsible for IT are suitably qualified and experienced and have access and interacts regularly on IT governance matters with the Board and /or appropriate Board committee and executive management.		
Chapter 5	Principle 5.4	The Board monitors and evaluates significant IT investments and expenditure.	The Board oversees the value delivery of IT and monitors the return on investment from significant IT projects.	Applied	Business strategies and objectives and the role of IT in achieving them are clear.		
Chapter 5	Principle 5.5	IT is an integral part of the company's risk management plan.	IT risks form an integral part of the company's risk management activities.	Applied	Checks are done on a regular basis to ensure that risk is kept to a minimum.		
Chapter 5	Principle 5.6	The Board ensured that information assets are managed effectively.	The Board ensures all personal information is treated by the company as an important business asset and is identified.	Applied	The Board ensures that an Information Security Management System is developed, implemented and recorded that ensures security (confidentiality, integrity and availability of information).		
Chapter 5	Principle 5.7	A risk committee and audit committee assists the Board in carrying out its IT responsibilities.	The risk committee assists the Board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes.	Applied	External IT audits are conducted annually for review and by the audit and risk committee. Necessary controls delegated to and implemented via the IT Committee.		
Chapter 6	Principle 6.1	The Board ensures that the company complies with applicable laws and considers adherence to non binding rules, codes and standards.	The company has a system in place to ensure compliance with all applicable laws.	Applied	The Board oversees that the compliance policy and system provide for examination of the context of law, and how other applicable laws interact with it.		
Chapter 6	Principle 6.2	The Board and each individual director have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business.	The induction or ongoing training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.	Applied	Directors sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards in order to be able to discharge their legal duties.		
Chapter 6	Principle 6.3	Compliance risk should form an integral part of the company's risk management process.	The risk of non-compliance is identified, assessed and responded to through the risk management processes.	Applied	Compliance testing is done on a regular basis to ensure that the risk is properly managed.		
Chapter 6	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	Management has established the appropriate structures; it educates, trains and communicates; and measures compliance.	Applied	Management and staff meetings are held on a regular basis to ensure compliance is adhered to at all times.		
Chapter 7	Principle 7.1	The Board should ensure that there is an effective risk based internal audit.	The company has established an internal audit function.	Applied	An internal auditor reporting directly to the audit committee has been appointed to ensure internal audits and risk management processes are controlled effectively.		

Chapter 7	Principle 7.2	Internal audit should follow a risk based approach to its plan		Applied	The internal audit apply a risk based approach to planning when evaluating adherence to procedures.		
Chapter 7	Principle 7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.		Applied	Internal audit reports are submitted for committee review. Internal auditors are invited to audit committee meeting to explain reports.		
Chapter 7	Principle 7.4	The audit committee should be responsible for overseeing internal audit.		Applied	An internal auditor reporting directly to the audit committee has been appointed to ensure internal audits and risk management processes are controlled effectively.		
Chapter 7	Principle 7.5	Internal audit should be strategically positioned to achieve its objectives.		Applied	Internal auditor(s) have a standing invitation to audit committee meetings, and enabling quality assurances and strategic implementation of control by the audit committee.		
Chapter 8	Principle 8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation.	The gap between stakeholder perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation.	Applied	Public information is carefully monitored by the Group's governance department. Reputational risk is dealt with by Amecor's risk committee.		
Chapter 8	Principle 8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Management develops a strategy and formulates policies for the management of relationships with each stakeholder grouping.	Applied	The Board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company.		
Chapter 8	Principle 8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The Board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 8	Principle 8.4	Companies should ensure the equitable treatment of shareholders.	There is equitable treatment of all holders of the same class of shares issued.	Applied	The Board ensures that minority shareholders are protected.		
Chapter 8	Principle 8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The Board has adopted communication guidelines that support a responsible communication programme.	Applied	Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders whilst having regard to legal and strategic considerations.		
Chapter 8	Principle 8.6	The Board should ensure that disputes are resolved effectively and expeditiously as possible.	The Board has adopted formal dispute resolution processes for internal and external disputes.	Applied	Policies are in place, which are reviewed by management.		
Chapter 9	Principle 9.1	The Board should ensure the integrity of the company's integrated report.	The company has controls to enable it to verify and safeguard the integrity of its integrated report.	Applied	Disclosed in the Integrated Annual Report.		
Chapter 9	Principle 9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	The Board includes commentary on the company's financial results in the integrated report.	Applied	Disclosed in the Integrated Annual Report.		

Chapter 9	Principle 9.3	Sustainability reporting and disclosure should be independently assured.	Sustainability reporting is independently assured.	Partially Applied	Board committees review the accuracy and relevant disclosure inherent in the integrated Annual Report.	Will be independently assured when required.	
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