

corporate governance

Attitude to governance

Statement of compliance

Datacentrix is dedicated to the highest standards of corporate governance.

- We are committed to good corporate citizenship and organisational integrity in our directing, control and stewardship of the group's affairs.
- Such commitment provides stakeholders with the comfort that the group's affairs are being managed in an ethical and disciplined manner. This philosophy is based on transparency, accountability and responsibility.

The directors of the group endorse the code of corporate practices and conduct recommended in the King Report and are supportive of the evolution that has taken place since its publication. We are satisfied that the group has observed and applied both the letter and the spirit of the code consistently during the period under review.

Our corporate governance framework ensures:

- the strategic guidance of the group
- the effective monitoring of management by the group's board
- effective communication that allows informed decisions about the acquisition and ownership of shares.

The King Code of Corporate Practices and Conduct

In accordance with the requirements of the JSE Securities Exchange (SA), applicable to all companies listed on the Main Board of the JSE, the directors submit that they subscribe to the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report. The directors recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices. The board has been briefed on the implications of the King II report, which was issued subsequent to year-end. It is in the process of establishing board driven assessment and review processes.

Risk management

The appropriate emphasis placed by the King II report on strategic, operational, financial, information technology and fraud risk management, including whistle blowing, is supported by the board of directors and is being implemented throughout the group.

Internal control

The board of directors is responsible for the group's systems of internal control. To fulfil its responsibilities, management maintains accounting records and has developed, and continues to maintain, appropriate systems of internal control. The directors' responsibility statement reports that the group's internal controls and systems are designed to provide reasonable, and not absolute, assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

It must be recognised that systems of internal control can provide only reasonable, and not absolute assurance. In that context, none of the above reviews indicated that the system of internal control was not appropriate or satisfactory. Furthermore no material loss, exposure, misstatement or material breakdown arose in the functioning of the systems or have been reported to the directors in respect of the year under review.

Internal audit

Until recently the size of the group's operations and financial support function did not warrant the establishment of an internal audit function. The board of directors and its audit committee is currently reviewing this, taking into consideration that such function's responsibility is not only to evaluate financial and internal controls, but also to track and report on the group's risk management process to the audit committee, or to another such committee deemed appropriate.

Disclosure and transparency

The group subscribes to a philosophy of providing meaningful, transparent, timely and accurate communication to its stakeholders. The financial statements are subject to a quality audit and incorporate full and responsible disclosure.

Board of directors

Responsibility of directors

The board of directors has a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the company, the group's staff, customers, suppliers and the communities in which the group pursues its business and all shareowners. The fundamental responsibility of the board is to improve the economic prosperity of the group. In this regard:

- the board has full and effective control over the entities in the group;
- they are responsible for guiding and reviewing corporate strategy and major plans of action, corporate performance, risk policy and other major policy decisions;
- this is achieved by monitoring business plans, key performance indicators, including non-financial criteria and annual budgets; while also
- overseeing major capital expenditures, acquisitions and disposals and any other matters that it has defined as material.

To fulfil their responsibilities, board members have full and unrestricted access to relevant information and all group premises. Directors are also entitled to seek independent professional advice at the group's expense in support of their duties.

Composition and frequency of board meetings

Datacentrix has a unitary board with a chairman who is an executive director. The Datacentrix board comprises ten directors, of which five are executive directors. The five non-executive directors are high calibre individuals with diverse backgrounds and expertise, each of whom add value and bring independent judgment to bear on the decision making process. The board meets bi-monthly and has a formal schedule of matters that it oversees. Committees have been established to assist the board in discharging its collective responsibility for corporate governance. These subcommittees include:

Executive committee

The Datacentrix executive committee is responsible for carrying out the strategies decided by the board and managing the business affairs of the group and comprises:

Gary Morolo (chairman), Gerhard Uys, Klaas Lammers, Charl Joubert, Stewart Barker and Ahmed Mahomed.

Audit committee

The audit committee comprises five members, three of whom are non-executive. The external auditors have unrestricted access to this committee. The audit committee meets periodically with management and the external auditors.

The main functions of the audit committee are:

- to ensure and report on the integrity, reliability and accuracy of the group's accounting and financial reporting systems;
- to promote the overall effectiveness of corporate governance in the group;
- to review the findings and reports of the external auditors;
- to consider and recommend the annual and interim financial statements for approval by the full board of directors; and
- to consider the independence of and recommend the re-appointment of the external auditors.

Remuneration and human resources committee

This committee determines the company's policy on remuneration and approves the remuneration of its executives and employees. No executive director is involved in setting his own remuneration. The committee comprises two non-executive members and two executive members.

Employee empowerment

Code of conduct

The group's business philosophy requires that the directors and employees conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. To this end a formal code of ethics has been adopted by the company.

Employee participation

Datacentrix relies on the commitment of its management and employees to ensure the highest levels of service delivery. Employees are required to maintain the highest ethical standards in ensuring that business practices are conducted in a manner that is above reproach. Employee commitment is nurtured by the continued development of innovative reward and incentive programmes that focus on long- and short-term operational and strategic goals.

The Datacentrix group is committed to providing equal employment opportunities to members of all communities and the company is delivering in terms of the Employment Equity workforce plans. The group has employment policies, which it believes are appropriate to the business and the market in which it trades. They are designed to attract, motivate and retain quality staff at all levels. Equal employment opportunities are offered to all employees without discrimination.