



## Board Accountability and Delegated Functions

The general powers of the directors are conferred in the group's articles of association. The directors recognise the importance of conducting the affairs of the group with integrity and in accordance with acceptable corporate practices.

The holdings board views the following as its responsibilities:

- Approval of strategic plans, the setting of objectives and the review of critical success factors, operational risks and performance areas;
- Evaluation of overall policies and processes to ensure the integrity of the group's risk management and internal control;
- Determining the desired structure and process necessary to ensure that informed, rational, honest and transparent decisions are made within an identified, acceptable level of risk; and
- Review of customer satisfaction, quality of products and services, and performance of its employees.

Audit, corporate governance and remuneration committees assist the board in the discharge of its duties. Each committee acts within the terms of reference, under which certain functions of the board are assigned with defined purposes, membership requirements, duties and reporting procedures.

## Board of Directors

The King Code of Corporate Practices and Conduct states: "The board should comprise a balance of executive and non-executive directors, preferably with a majority of non-executive directors, of whom sufficient should be independent of management so that shareowners' interests can be protected."

Datacentrix holdings board comprises four non-executive members and seven executive members. With a current majority of three seats in favour of executive directors, the board believes that there is adequate experience, knowledge and skills to meet the present requirements and future challenges of the group. The board is currently in the process of evaluating candidates to add as independent non-executive directors, in order to achieve the balance required by the King Report.

The board meets bi-monthly, as well as at interim and year-end to review the group's financial results. The agenda and supporting schedules are distributed to all directors prior to each board meeting. The appropriate executive director motivates business decisions, bringing relevant facts and circumstances to all present. This allows the board to maintain full and effective control over the group and monitor the performance of the executive directors.

The board is 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. To fulfil their responsibilities, the board members have full and unrestricted access to relevant information and all group premises. The board is in the process of formalising the process to further facilitate the manner in which relevant information can be secured to ensure identification and compliance with laws and regulations applicable to the group.

Meetings of the holdings board were held as follows:

| Name                      | 17 March 2003 | 14 April 2003 | 19 May 2003 | 28 July 2003 | 6 Oct 2003 | 20 Nov 2003 | 22 Jan 2004 |
|---------------------------|---------------|---------------|-------------|--------------|------------|-------------|-------------|
| Gary Morolo (Chairperson) | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Gerhard Uys               | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Klaas Lammers             | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✗           |
| Charl Joubert             | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Stewart Barker            | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Ahmed Mahomed             | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Elizabeth Naidoo          | ✓             | ✓             | ✗           | ✓            | ✗          | ✓           | ✓           |
| Christoff Botha           | ✓             | ✓             | ✓           | ✓            | ✗          | ✓           | ✓           |
| Sam Nematswerani          | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Joan Joffe                | ✓             | ✓             | ✓           | ✓            | ✓          | ✓           | ✓           |
| Natanya Kuper*            | ✓             | ✓             | ✓           | ✓            | ✗          | N/A         | N/A         |
| Imogen Mkhize             | ✓             | ✓             | ✓           | ✓            | ✓          | ✗           | ✗           |

\* Natanya Kuper resigned as non-executive director effective 20 November 2003

## Executive Committee

The executive committee is responsible for carrying out the strategies of the board and managing the business affairs of the group and its subsidiary companies. Gary Morolo, Gerhard Uys, Klaas Lammers, Charl Joubert, Stewart Barker, Johann Coetzee, Ahmed Mahomed and Elizabeth Naidoo are members of the executive committee and all, except Johann Coetzee, are executive directors.

They are actively involved in performing the following functions:

- Formulating group strategies, vision and purpose and monitoring their implementation according to the board's directives;
- Compiling and presenting non-financial information to the board;
- Succession management and the planning and development of management;
- Risk management; and
- Identifying applicable codes of best business practice and ensuring compliance with the same.

The executive committee also conducts the day-to-day running of the group. It co-ordinates and monitors the use of all company resources used to achieve the group's goals.

## Audit Committee

The audit committee comprises two non-executive directors namely, Christoff Botha and Sam Nematswerani who chairs the committee and two executive directors namely Gerhard Uys and Elizabeth Naidoo. The external auditors have unrestricted access to this committee. The audit committee is charged with the responsibility of monitoring the adequacy of the group's financial controls and reporting.

The main functions of the audit committee are to consider, recommend and review:

- The risk areas of the group's operations to be covered by external and internal audits;
- The plans of the external auditors, ascertaining the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and ensuring that interim and year-end financial reporting meet accepted accounting standards;
- Risk management within the group;
- The reliability and accuracy of the financial information provided to management and other users of the financial management; and
- The annual and interim financial statements for approval by the full board of directors.

The board of Datacentrix subscribes to the practice of quality corporate governance and is committed to business integrity, transparency and professionalism in all its activities to ensure that the group is managed ethically and responsibly in order to enhance the value of its business for the benefit of all stakeholders.

By virtue of its listing on the JSE Securities Exchange of South Africa ("JSE"), the group is obliged to comply with the Code of Corporate Practices and Conduct contained in the King Report on corporate governance in South Africa published in March 2002. Amendments to the JSE Listing Requirements and continuing obligations came into effect 1 September 2003.

Meetings of the Audit Committee were held as follows:

| Name                           | 7 April 2003 | 10 April 2003 | 28 Aug 2003 | 1 Oct 2003 |
|--------------------------------|--------------|---------------|-------------|------------|
| Sam Nematswerani (Chairperson) | ✓            | ✓             | ✓           | ✓          |
| Gerhard Uys                    | ✓            | ✓             | ✓           | ✓          |
| Elizabeth Naidoo               | ✓            | ✓             | ✓           | ✗          |
| Christoff Botha                | ✓            | ✓             | ✓           | ✓          |
| Natanya Kuper*                 | ✓            | ✓             | ✓           | ✓          |

\* Natanya Kuper resigned effective 20 November 2003.

Johan Landsberg is the company secretary and group financial manager and is an invitee to the audit committee.

The audit partner and the audit manager from Deloitte & Touche are invitees to the audit committee.

The audit partner from Sizwe Ntsaluba VSP is an invitee to the audit committee.

#### Remuneration Committee

This committee comprises three non-executive directors namely, Joan Joffe, Imogen Mkhize and Christoff Botha. No executive director is a member of the committee. The committee is chaired by Joan Joffe, an independent non-executive director.

The committee is responsible for:

- Setting and continuously reviewing the group's general policy on executive and senior management remuneration, taking into account market decisions;
- Advising the board on share incentive schemes and amendments to them;
- Reviewing, at least annually, the terms and conditions of the contracts of executive directors;
- Reviewing and assessing criteria for the monitoring of the performance of executive directors; and
- Monitoring, developing and maintaining the implementation of transformation policies and practices to ensure compliance with the relevant legislation/practices and retaining the focus on transformation as a business imperative.

Meetings of the Remuneration Committee were held as follows:

| Name                     | 17 March 2003 | 10 April 2003 | 28 Aug 2003 | 25 Feb 2004 |
|--------------------------|---------------|---------------|-------------|-------------|
| Joan Joffe (Chairperson) | ✓             | ✓             | ✓           | ✓           |
| Christoff Botha          | ✓             | ✓             | ✓           | ✓           |
| Imogen Mkhize            | ✓             | ✓             | ✓           | ✓           |

#### Datacentrix Holdings Share Trust

Two independent trustees, Joan Joffe and Imogen Mkhize manage the share incentive trust. The trustees are responsible for the financial management of the trust and to ensure adherence to the prescriptions of the share trust deed.

#### Company Secretary

All directors have access to the services of the company secretary, who is responsible to perform the duties as stipulated in the Companies Act of South Africa (Act 61 of 1973) and to ensure that the board's procedures are followed. All directors are entitled to seek independent professional legal advice with respect to any affairs of the group at the group's expense. The company secretary is also responsible for advising on all closed periods. All directors are obliged as per the JSE listing requirements to inform the company secretary of any trading in Datacentrix shares.

#### Risk Management

The directors acknowledge that they are responsible for the formulation of a risk policy, as well as the monitoring thereof. The directors assess the risk profile of Datacentrix on an ongoing basis in accordance with a Critical Risk Matrix. This is used to decide which risks to avoid, control, transfer or accept.

The King Report recommends that a comprehensive system of control should be established by the board to ensure that risks are mitigated and that the group's objectives are attained. In response to this, the directors of Datacentrix are proactively involved in identifying and addressing areas of possible concern, and designing relevant control activities to respond to such risks throughout the group.

The directors believe that there is an adequate and effective system of internal control in place to mitigate the significant risks faced by the group to an acceptable level. These systems have been designed to manage, rather than eliminate risk and can only provide reasonable but not absolute assurance.

#### Internal Controls

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 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. These controls and systems safeguard, verify and maintain accountability of the group's assets and detect and minimise the significant fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

#### Non-Financial Matters

In order for companies to balance their economic, social and environmental issues, the King Report has introduced a new section that covers non-financial issues. This is due to the growing global awareness that a company's long-term success, or even its viability, are inextricably linked to its interaction and impact with social, environmental and economic communities within which it operates. Datacentrix' operations have no discernable impact on the environment.

The directors of Datacentrix support these statements and have been working on the following initiatives:

- An HIV/AIDS policy has been prepared, which has been adopted by the board;
- A Social Responsibility Committee ensures Datacentrix' participation in various projects and activities to improve the lives of disadvantaged groups;
- The group has established a bursary fund for students wishing to study in the IT field and some students who have been sponsored are now employed by Datacentrix.

#### Code of Conduct

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

#### Social Transformation

Datacentrix has clearly demonstrated its commitment to black economic empowerment. This can be seen in the composition of the board as well as in the overall statistics of the employees of the group. Equal employment opportunities are provided to members of all communities and the group is delivering in terms of the employment equity workforce plans. The group has employment plans, 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.



Business integrity  
Professionalism and ethics  
Responsibility