

# Accountability

The Board has delegated legal and statutory compliance to the Group in South Africa to the Group Legal Manager and Group Company Secretary respectively. In the geographical areas the Group operates in outside of South Africa these responsibilities are delegated to the CEO's of those businesses. Areas of focus include Companies Acts, Listings Requirements, labour laws, taxation, health and safety regulations, environmental laws and regulations, and national and regional laws and statutes in respect of the various businesses and their operations. During the year the Group companies were not given notice of any material breach of laws and statutes. The Group's focus going forward is monitoring and understanding changes to laws and regulations and ensuring that all of the Group's businesses remain compliant with the changes.

The directors are responsible for the Group's system of internal controls. Whilst no system can provide absolute guarantees and protection against material loss, the systems are designed to give the directors reasonable assurance that problems can be identified promptly and remedial action taken as appropriate.

The Board reviews the effectiveness of internal controls on an on-going basis. The key features of the internal control system include:

## ORGANISATIONAL STRUCTURE

The structure of the Group is designed to minimise as far as possible the complexity of the reporting arrangements commensurate with the commercial demands made on the Group. The structure focuses on the core businesses of the Group, with an executive director and Exco member having direct line management responsibility for one or more of these activities. Certain of the Group's key functions, including taxation, secretarial, legal, internal audit, IT, treasury and insurance are undertaken centrally.

## FINANCIAL REPORTING

The Group operates a comprehensive financial reporting and evaluation system with the performance of each operating business unit monitored against budget and prior period performance through regular reviews with management. This monitoring allows effective and prompt action to be taken as the need arises.

## INTERNAL AUDIT

The Group Internal Audit Department is an independent appraisal function, the primary mandate of which is to examine and evaluate the appropriateness and effectiveness of the internal control systems applicable to the operational activities of the business units of the Group. Where necessary the skills of the internal audit team are supplemented using outside experts in particular fields.

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter that has been approved by the Board and is consistent with the requirements of King IV. The Group Audit Committee reviews the scope and coverage of the internal audit function annually and approves the work plan.

The Group Audit and Risk Manager currently has responsibility for the management of internal audit and reports directly to the Group Audit Committee in this regard. The Group Audit and Risk Manager attends all Group Audit Committee meetings and reports at these meetings on progress made in terms of internal audit plans, as well as on key findings and trends identified. He has unrestricted access to the Group Audit Committee Chairman.

The internal audit plan, which is of a rolling three-year nature, is based on the assessed strategic and operational risks of each operational business unit and support function. As risk is continually re-assessed, significant changes in profile, together with issues highlighted by the Group Audit Committee and senior management are also addressed in the internal audit work. In addition to the planned audits, the Internal Audit Department carries out Financial Health checks at all operations annually.

The internal audit team also carries out special investigations and assists with due diligence reviews on potential acquisitions.

## EXTERNAL AUDIT

The external auditor expresses an independent opinion on the AFS. The external auditor is appointed by the Board on the recommendation of the Group Audit Committee and the appointment is ratified by shareholders in accordance with the provisions of section 90(1A)(B) of the Companies Act. The external auditor's performance and independence are regularly monitored by the Group Audit Committee. During the year the external auditor provided certain non-audit services including legal reviews. The extent of the non-audit work performed is not significant and is not deemed to impact on the external auditor's independence.

# Accountability > continued

## **BUSINESS CONTINUITY AND TECHNOLOGY RECOVERY**

A process has been put in place to allow critical business processes to continue operating at an alternate business location in the event of a large-scale incident disrupting business activity. Testing of this business recovery capability occurs on a cyclical basis.

## **IT STEERING COMMITTEE**

The Group's IT Steering Committee is chaired by the Group CFO. The remaining members are the Executive Director of SGT and SGA, the Group Company Secretary and the CIO. The IT Steering Committee oversees the following:

- IT Strategy
- IT Standards
- IT Budget
- IT Projects

In addition, the CIO is a member of Exco and the Operating Business Executive Committees. This ensures that the IT requirements of the business are in line with the Group's IT strategy and plan. The CIO attends the Group Risk Committee meetings and reports on IT controls and other pertinent issues to this committee.

## **FRAUD HOTLINE**

Good corporate governance requires companies to implement mechanisms to combat theft, fraud and other unethical practices. Amongst other initiatives, the fraud hotline acts as a tool in the combating of unethical behaviour.

The Group's fraud hotline is managed as an independent reporting mechanism in partnership with an experienced external service provider. Whistle-blowers can register tip-offs anonymously via telephone, fax, email or the service provider's website. The tip-offs are relayed to the Group Audit and Risk Manager for investigation and disposition.

The hotline enforces the Group's approach of zero tolerance to crime, corruption and unethical behaviour. From time to time, internal communication campaigns are undertaken to stimulate awareness of the hotline and to communicate a reporter's anonymity.