

Sustainability report

The directors acknowledge sustainable transformation as a business imperative and therefore prioritise social and environmental practices alongside financial reporting.

The group has in place processes, programmes and initiatives to ensure that all components of sustainability are appropriately and adequately addressed.

King III and the new Companies Act, the latter to come into effect in 2010, further emphasise the importance of triple-bottom line policies and reporting for long-term success.

Simeka's developments in sustainability during the year under review include:

- Formulation of a detailed, systematic, practical and strategic approach to BEE (see below);
- A shift in training focus from task orientation to people orientation;
- Introduction of 'soft-skills' training and self-mastery, in addition to technical courses to support the people-focused approach and equip managers to be effective and sustainable leaders;
- Coaching and mentoring programmes to develop future leaders;
- Focus on a career development path for each employee; and
- Implementation of a training centre to support a culture of continuous learning and high performance

The group recognises that people make a business. As a result strong emphasis has been placed on the development and retention of staff.

BEE

Simeka believes that BEE is an integral driver of economic and social transformation in South Africa, and as such achievement of BEE targets forms part of the group's core values and is a strategic and an operational imperative.

The group's integrated approach to BEE covers six key areas – equity ownership and control, employment equity, skills

development, preferential procurement, enterprise development and CSI – and is encapsulated in the key principles below, BEE:

- is an ongoing process, not an event;
- must result in meaningful and significant participation by black staff in the company and in the broader economy through substantial changes in the racial composition of ownership, control, management structures and skilled and specialist positions;
- must lead to an advantaged strategic position for the company, greater profitability, business growth and a sustainable increase in stakeholder value; and
- is the responsibility of all management.

Equity ownership and control

In accordance with the latest ICT Charter and Department of Trade and Industry BBBEE Codes of Good Practice, Simeka is well in excess of the required black ownership threshold with over 50% direct BEE shareholding at group level. Notwithstanding this achievement, continued emphasis is placed on promoting and marketing Simeka shareholding with historically disadvantaged individuals.

Simeka's strong empowerment platform extends across all employment levels within the group – 62% of group executives is black, as is at least 90% of the board of Simeka of which 27% comprises black females.

Employment Equity

Employment equity is the responsibility of the board, assisted specifically by the EXCO.

Simeka is committed to non-discriminatory employment practices that recognise and reward initiative, effort and merit across the board while at the same time prioritising the advancement of black staff. A formal employment equity policy is in place to redress past disadvantages in employment and ensure equitable representation in all occupational categories and levels. This seeks to eliminate any discriminatory barrier

or practice that prevents an employee from enjoying the fundamental opportunities, rights, benefits and privileges accorded to any other employee within the group. The policy further sets out the group's commitment to achieving an employment status that fairly represents the demographics of the country. Simeka has specifically concentrated on accelerating black employees into management positions (as reflected in the tables below).

Simeka adopts a holistic approach to developing a diverse workforce. This includes effective recruitment and selection, promotion and succession planning, loyalty and retention

strategies, cultural transformation and diversity management, as well as the provision of an enabling environment.

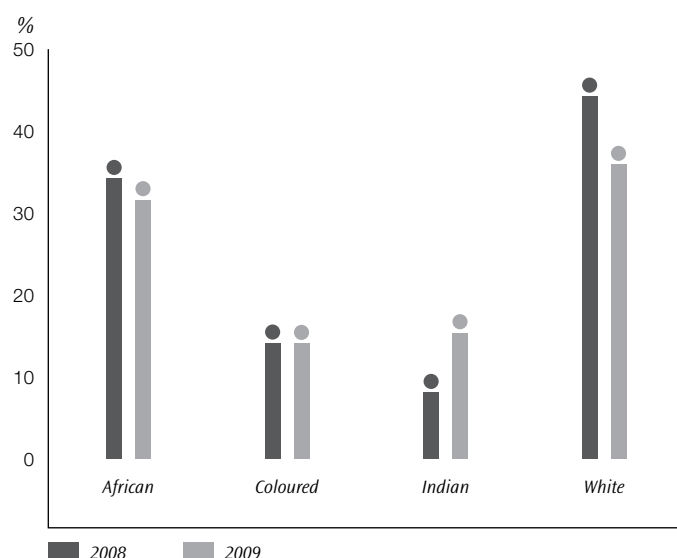
Employment equity within the group is tracked on a monthly basis in order to ensure that targets are met and maintained. Centralised recruitment ensures that all of the policy requirements are adhered to. Simeka is mindful of its obligation to be a centre of excellence and maintain standards of efficiency and productivity. To this end the group endeavours to attract and retain high calibre staff.

59,2% of Simeka's permanent staff complement is black, with 26,6% of these being black women.

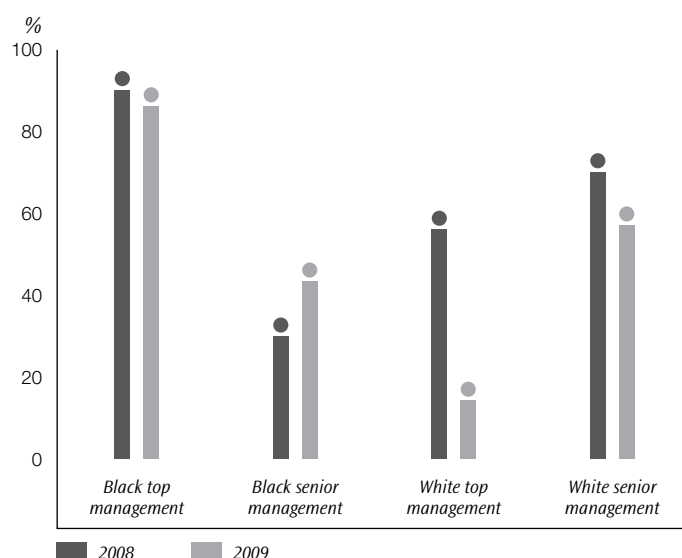
	Female				Female Total	Male				Male Total	Grand Total	% Black	% Female
	African	Coloured	Indian	White		African	Coloured	Indian	White				
1. Top Management	0	1	1	0	2	1	0	3	1	5	7	85,7	28,6
2. Senior Management	0	1	1	7	9	0	2	16	25	36	44	43,2	17,3
3. Middle Management	13	4	3	13	33	10	4	18	21	35	86	67	38,4
4. Skilled and professionally qualified	40	10	11	56	107	41	11	32	106	190	297	45,5	36,0
5. Junior Management	37	26	13	58	134	29	10	17	46	102	236	56	56,8
6. Semi-Skilled	33	15	4	14	66	36	10	10	10	66	132	82	50
7. Unskilled	20	11	0	1	32	3	3	0	1	38	70	95	45,7
Grand Total	143	68	33	149	383	120	50	96	210	497	880	59,2	43,5

*Permanent employees only, excludes contractors.

Percentage of categorised staff: 2008 and 2009



Comparative of top and senior management: 2008 and 2009



In a drive to increase the number of disabled staff the group is currently working with 'The Living Link', a non-profit organisation that supports the development of intellectually impaired adults and facilitates their transition to independent living. Simeka is in the process of employing such individuals to provide the opportunity for growth and empowerment.

Skills development

Simeka relies primarily on highly skilled employees to deliver superior quality service. The group therefore seeks to develop, nurture and maximise the deployment of its skills through training, mentorship and coaching. It targets an annual training spend of 3% – 5% of payroll. In addition focus is on facilitating advancement of employees, particularly those who were historically disadvantaged.

A culture of continuous learning is being instilled through in-house training facilitated by a learning centre, which oversees measurement and management of career growth. The centre records all individual requirements to enable clear, objective decisions and performance appraisals. Simeka is further aiming to engage employees in a broader sense by sharing and transferring knowledge and skills via the training centre and other in-house training.

During the year in-house training courses included change management workshops; inductions; conflict management fora; stress management and coping strategies; effective communication skills, assertiveness training, presentation skills; and goal-setting. To encourage development, feedback was communicated on individual employee assessments. External training was done based on the requirements of the various subsidiaries. In the manufacturing environment the focus was on health and safety, first aid, fire fighting, Principles of the RF in the Packaging Industry (operation of high-frequency heating machines), and production management. In the HR department, labour law and job grading were covered. In the Microsoft environment a large number of employees attended courses on installation and deployment, applications and customisation.

Other assorted short courses were offered ranging across ECM Oracle, Excel training, PL/SQL Basic Fundamentals, Java Programming, IBM Cognos, Analytics: Server Architect, project risk management, booking and financial management, SAP, tenders and tendering training, Doceo Training (Business Ethics),

Pastel training. Deal Maker, ITSM training, ITIL Training, Service Excellence, Prince 2 in Project Management, Key Account Managers and Cobit Essentials.

At senior management level, Simeka held a number of strategy sessions for managing directors and executive management on understanding the global economy and trends motivating leaders in these times. Internationally renowned Franklin Covey conducted two such sessions.

A shift in focus has taken place from task-to people-orientation. All new managers will therefore be undergoing soft-skills training in the future before being placed in a position of managing others, which will ensure competent leaders and less wasted time on addressing inappropriate management styles and/or incompetence in the position.

Two black employees enrolled for MBA and MBL degrees during the year, financially assisted by the company.

Development programmes

Simeka continued to develop two proprietary programmes in conjunction with the Gordon Institute of Business Science (GIBS) to ensure a leadership pipeline – the Leadership Development Programme (LDP) and Management Development Programme (MDP). The programmes focus on Simeka's strategic goals as Action Learning Projects.

The MDP serves as a follow-up to the LDP, targeting the next senior managerial level. During the year 21 employees benefited from the MDP, of which 19 successfully completed the programme. One candidate is close to completion.

Subsequent to the programmes two managers were promoted into more senior positions: Russell Steyn into the position of Managing Director at Foster-Melliar and Allan Richards into the position of General Manager at Matomo Technologies. Ongoing consultation is taking place with the graduates of the two programmes to ensure continuous learning, interaction and support.

Simeka has successfully continued its SEAL programme which encourages employees, especially those from historically disadvantaged backgrounds, to attain better qualifications within their disciplines. The programme is focussed on client services management, Microsoft certification and Solutions Architect certification.

Employee participation

Simeka is making considerable headway in its aim to become an employer of choice, creating an environment which attracts and retains employees. Retention starts at recruitment and the group has ramped-up its recruitment process to make it both more objective and comprehensive. Emphasis is on clear job descriptions and more thorough interview processes, which include assessments and panel interviews – all aimed at attracting highest calibre employees with the ‘right fit’. New employees undergo an induction process to understand the group and be instilled with a sense of team support.

Preferential procurement

Simeka is committed to broadening its supplier base with empowered enterprises and individuals who can supply goods and services on a preferred basis. A formal affirmative procurement policy is in place setting out the group’s strategy in this regard. Centralised procurement will ensure that all suppliers are vetted for their BEE status and that the targets of the policy can be achieved.

Enterprise development

Simeka will continue to assist in establishing and expanding sustainable and commercially viable SMME’s in the black community, encouraging vital black entrepreneurship. It is in the best interests of the group to empower SMME’s which in turn funnel their competence and expertise back into Simeka.

Focus during the year was on improving enterprise development by targeting ‘Level 4’ and above-rated companies. In support of such businesses Simeka implemented an early payment system which included settlement of invoices within 15 days, discounts and write-offs. In the past Simeka has implemented successful incubator programmes such as the one which benefitted group subsidiary Cybernet’s small contractors. These incubator programmes create job opportunities and economic activity for both the group and the SMME’s.

CSI

Simeka is committed to contributing a minimum of 1% of Net Profit After Tax to CSI initiatives. Further, employees are encouraged to participate in national and group fundraising initiatives which in addition to financing worthy causes, engenders a culture of social responsibility.

Through its CSI initiatives the group aims to find a ‘strategic fit’ between community needs and business goals to which it can harness its expertise, resources, and infrastructure for the benefit of the community and Simeka. The focus is on building strategic, sound and meaningful partnerships with the communities, civil society and government by addressing empowerment needs in a sustainable way.

Target areas will be of strategic importance to Simeka and must offer opportunity for maximum and sustainable community development.

Employee participation was evidenced during the year in:

- National Bandana Day for the Sunflower Fund – raises funds in support of Leukaemia research and sufferers;
- AIDS Week Business Bannerthon;
- Casual Day – held in support of people with disabilities;
- Discovery 702 Walk the Talk – benefits the Laureus Sport for Good Foundation;
- Discovery Cape Times Big Walk – benefits the Steenberg Foundation and Breast Cancer charities;
- Clothing donated to the United Cerebral Palsy Association of South Africa; and
- Skills training for Cotlands.

The group further supported the following organisations with financial assistance as well as donations of clothing, Christmas presents and stationery:

- Ubunye Development Centre for vulnerable and orphaned children in the Rietvlei Bush informal settlement near Cape Town;
- Ikamvu Youth Programme which provides tutoring to pupils from black communities;
- Abram Kriel Orphanage in Nylstroom; and
- Kids Haven, a shelter for street children situated in Benoni, which benefitted from monthly financial support for remedial classes for 10 students. Simeka also provided life skills sessions for the children.

Safety and health

Simeka undertakes proactive management of health and safety. A comprehensive policy is in place covering all Safety, Health, Environment and Quality (“SHEQ”) requirements. In addition

each subsidiary company has a trained SHEQ representative responsible for adherence with and development of this policy in line with legislative and regulatory changes and occurrences onsite.

HIV/AIDS

Simeka recognises the potential effects of HIV/AIDS on its employees and the community at large. The formal policy in this regard provides guidelines for group employees on matters surrounding prevention of the disease; elimination of unfair discrimination in the workplace; assistance of infected employees to obtain care and support; and generally forging a spirit of openness, support and co-operation.

During the year the policy was updated to ensure training and information sessions take place and emphasising the confidentiality of infected employees. The Employee Wellness Programme, offered with the assistance of independent organisation I-CAS, provides confidential support and counselling to affected or infected employees and their immediate families, at Simeka's expense. This is provided via telephonic counselling at all times, face-to-face counselling where required, personal emails or information on the intranet. The Programme makes provision for questions and answers or research.

Third party certifications

Simeka is accredited with ISO9001/2000. This international accreditation stipulates parameters within which Simeka must operate including quality and standard controls, corrective actions and compliance with regular audits.

Environment

Simeka's formal environmental policy covers all group companies in line with ISO9001/2000. Specific focus is on the Business Support Services division, especially in respect of outsourcing services where the division's activities include assembly and manufacturing.