AFRIMAT LIMITED	**INFORMATION TECHNOLOGY AND BUSINESS SYSTEMS GOVERNANCE FRAMEWORK**	www.afrimat.co.za
		F2016

Introduction

The Information Technology and Business Systems ("ITBS") governance framework is the process by which decisions are made around ITBS investments and Business Risk.

Optimising ITBS investments must become a priority as ITBS is at the core of Afrimat's ability to improve business efficiency. It should be an integral part of business governance and consists of leadership and organisational structures and processes that ensure that Afrimat's ITBS sustains and extends the organisation's strategies and objectives.

The King Code of Corporate Governance has elevated demands for improved compliance and risk management across the business and in particular on ITBS activities.

Key deliverables resulting from Framework:

- Information based management culture taking decisions with adequate suitable information from integrated systems used by the group
- Standardised reporting and systems which support above culture
- Management accounting and reporting aligned with individual KPI's
- Effective systems is affordable and user friendly to fulfil above

ITBS framework

1. ITBS organisation structure

- ITBS steering

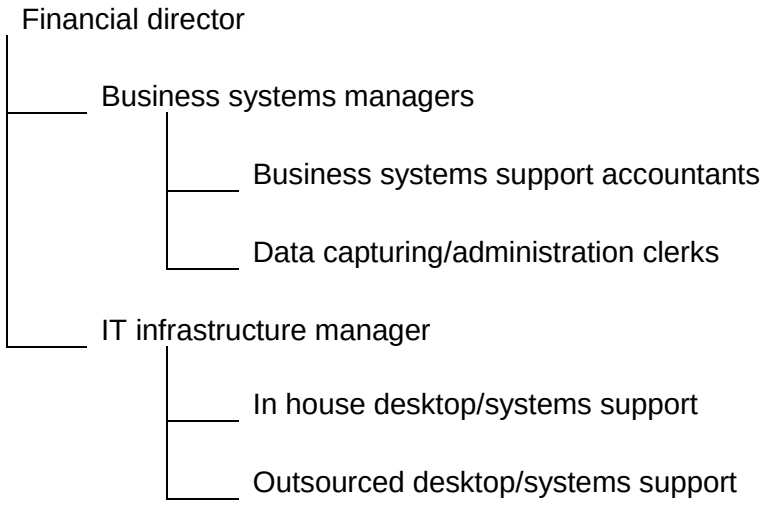
  ITBS strategic decisions are made by the ITBS Steering Committee in conjunction with the CEO and Audit & Risk Committee, including the prioritisation of projects.

  ITBS Steering Committee is chaired by the financial director and members include the senior ITBS employees and the financial managers of all subsidiaries.

  ITBS is structured as a centralised shared service for the entire group.

  Alignment between the business units and ITBS is ensured by applying standard project methodology for all ITBS projects.

- ITBS division structure



ITBS division reports to the financial director who provides strategic and operational leadership and represents ITBS on the Board, Audit & Risk Committee, Executive Committee and Management Committee.

Extensive use is made of external technical, application software and business intelligence consultants to assist the ITBS team.

- Decision making

Day-to-day decisions are jointly made by the financial director, ITBS management and the relevant subsidiaries' operational management. This includes expenditure commitments, capital expenditure, use of external resources and staff.

* All approvals are also subject to the Afrimat Authorisation Guideline.

2. ITBS processes

ITBS infrastructure, software change requests and software implementation projects will be delivered utilising formal project management methodology. Project teams will be appointed for each initiative and such project teams could consist of a Project Manager (should be a user representative), Financial Manager, Business Systems Managers, Business Systems Support Accountants and user management.

Annual capital expenditure and operating expenses budgets are prepared in line with approved business and ITBS strategies. ITBS strategy is updated annually and reviewed by the Audit & Risk Committee.

Afrimat's capital expenditure approval methodology is used for all investment decisions with compulsory signoff by the financial director and also by the CEO (when above a certain limit).

Major ITBS projects spanning over several years are closely monitored and actual expenditures vs. approved investment reported to the Audit & Risk Committee each quarter.

Most ITBS procurement is done by the IT infrastructure manager with only limited procurement at subsidiaries relating to desk top equipment. All operating software, network equipment, support services and application software is procured centrally.

3. Communication

ITBS strategy, major projects, disaster recovery and operational related issues are reported to the Audit & Risk Committee each quarter with comprehensive feedback on an annual basis.

Major strategic decisions relating to ITBS are communicated to the various management structures by the financial director and ITBS management.

4. Risk management

ITBS risk management forms an integral part of Afrimat's overall risk management initiatives.

ITBS risk incidents are reported monthly to the IT infrastructure manager and financial director.

5. Accountability

Operational user management together with finance is responsible for the integrity and credibility of their financial information and controls.

ITBS management is accountable for ITBS's own information and controls.

6. Performance indicators

The following performance indicators are monitored:

Category	Performance indicator	How measured?
IT value	ITBS alignment to business	Annual strategic ITBS planning
Users	User satisfaction	Invite constant feedback from management
Operational excellence	Minimal ITBS risks	Six monthly risk review Monthly risk incidents reporting
	Systems uptime	Monthly systems uptime reporting
	Response time for change and service requests	Formal help desk monitoring system
Future orientation	Exploitation of systems and processes	Value adding projects completed.

7. Life cycle management

Existing operating software, application software and equipment will be regularly reviewed to ensure optimal performance.

Software version upgrades and enhancements are implemented based on the principle of minimising the risk of operational disruption due to software failures; thus not to be at the forefront of change but rather follow once the integrity of the software have been proven by the software vendor's user community.

8. Training

In depth formalised user training is provided by the project team and/or external service providers, and/or software vendors during any new project.

Initial training is supplemented with refresher training where required including training of new users.

9. Support

Extensive user support is provided throughout the project phase of new implementations by the project team. Thereafter user support continues by dedicated support accountants and by the business systems managers.

The concept of super-users is highly desirable and depends on the available skill level and workload of users.

10. Access and data security

Network, equipment and application software access will be automatically controlled through the use of network and application systems passwords and restricting access to application systems functionality.

Data security is achieved through standardised backup routines and disaster recovery capabilities.

11. Application software changes

Detailed systems documentation must be maintained of all application software.

Change management process will be followed when any software changes are made.

12. Assurance

Compliance to ITBS control environment to be reviewed at least annually by business systems managers and IT infrastructure manager as part of Afrimat's internal audit processes.

Every 2 (two) years, suitably qualified external specialists will review the appropriateness and overall ability of networks and support infrastructure to meet the Company's business and growth plans.

General

This governance framework shall be reviewed on an annual basis by the Audit & Risk Committee.

END.