IT GOVERNANCE COMMITTEE REPORT

INTRODUCTION

The IT Governance Committee ("ITGov") assists the Board in monitoring Cashbuild's governance and risk management of its responsibilities of the IT infrastructure. This report by ITGov is prepared in accordance with the requirements of the Companies Act. It describes how ITGov has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 30 June 2015.

MEMBERS

The composition of the IT Governance Committee is set out on page 25. Biographical details of the committee members are provided on pages 18 and 19.

COMMITTEE MEETINGS

The committee held four meetings during the year under review. Attendance has been set out on page 28 of the Corporate Governance Report.

FUNCTIONS OF THE COMMITTEE

The IT Governance Committee is a sub-committee of the Board and is responsible for:

- governance of Cashbuild's IT projects;
- strategic alignment of IT with the business and collaborative solutions;
- value delivery of IT concentrating on optimising expenditure and proving the value of IT;
- risk management addressing the identification, assessment, monitoring and tracking of IT project and Company-wide IT risks;
- IT resource management which includes optimising IT knowledge and infrastructure; and
- Business continuity management (BCM) plans formulated and validated through testing.

IT Governance forms an integral part of Cashbuild's business. Achievement of IT Governance objectives is monitored through quarterly IT Governance meetings chaired by an independent non-executive director and attended to by representatives of all stakeholders having a part in Cashbuild's IT environment. The monitoring and achievement of IT Governance objectives is facilitated through this forum where appropriate IT risks and related business objectives are attended to.

As part of enhanced IT governance in Cashbuild, an IT Internal Audit service line exists. This service line addresses a number of focus areas which were identified during an IT risk assessment exercise completed during 2014. These are, amongst others, Logical Access, SAP and Active Retail (AR) interface, and IT Management Framework internal audit reviews.

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The results of a detailed IT Governance Framework Review conducted by Cashbuild IT Internal Audit in consultation with Executive Management is being considered in order to update the Cashbuild IT Management Framework and align IT strategy with business strategy. This is a long-term project receiving appropriate and prioritised attention from Executive Management.

Cashbuild's integrated Active Retail and SAP All-in-One solutions are continuously being refined and improved. Business imperative items receiving continued and focused attention include daily balancing of transactional data between Active Retail and SAP.

The roll-out of Active Retail to the Malawi store has been completed at the year-end after the unique business requirements associated with that country had successfully been made and tested by store and financial management.

The "SAP all in one" solution initially sourced for Cashbuild's budgeting and rebate billing/collection process was found not to meet business specific requirements. Initiatives are under way to simplify the existing budgeting process and potentially source and implement an alternate solution. Cashbuild is currently utilising an interim solution to meet budgeting and forecasting needs with appropriate checks and balances in place to ensure that immediate business requirements are met. The existing rebate system is being enhanced to integrate with SAP and provide the necessary controls over billing accuracy and collection management.

In support of a new Cashbuild store model (Cashbuild DIY), Cashbuild has contracted an alternate IT service provider who has developed and successfully implemented an in-store point of sale application which integrates retail store data generated within the DIY stores with SAP.

Assessment
The IT Governance Committee is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans.

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IT Governance Committee Chairman

31 August 2015