

Corporate Social Investment (CSI) Policy

31 May 2020



TUHF

1.0 INTRODUCTION AND BACKGROUND

TUHF's core commercial activity is leading financial investments in declining inner-city areas of South Africa. As such, TUHF has a strong developmental focus with an objective of achieving high social and economic impact in addition to financial return. We provide access to finance for people with passion, potential and integrity for purchasing, converting and refurbishing buildings in the inner cities of South Africa. Our hands-on approach and specialised knowledge of the complexities of the inner cities enable us to empower our clients as our partners in the regeneration of our neighbourhoods and communities.

The following are some of the key social and economic impacts that TUHF achieves through its commercial investments:

- 1.1 Access to finance for property entrepreneurs.
- 1.2 Growth and development of property entrepreneurs through training and mentorship.
- 1.3 Provision of quality affordable rental housing.
- 1.4 Local economic development.
- 1.5 Job creation.
- 1.6 Improved energy and water efficiencies in buildings.
- 1.7 Increase in municipal revenue.
- 1.8 Improvement in quality of life of inner-city residents.

In addition to the social and economic impacts that are achieved through our commercial investments, as a responsible corporate citizen we are committed to contributing part of our net profit after tax each year towards CSI initiatives.

2.0 OUR CSI VISION

TUHF Ltd will pursue initiatives that make a positive and sustainable impact on the quality of life of those communities in which we operate. This we will do through innovative and mutually beneficial partnerships with all relevant stakeholders.

3.0 OBJECTIVES OF THE POLICY

The objectives of this policy are:

- 3.1 To enhance TUHF's profile as a committed corporate citizen.
- 3.2 To provide a programme through which TUHF's employees can express empathy for vulnerable communities and concern for social justice, and through which they can participate in giving back to society.
- 3.3 To increase customer goodwill and loyalty.

4.0 APPLICABILITY

TUHF's CSI policy has been developed in accordance with the South African Companies Act 61 of 1973 and recommendations of the King Codes of governance.

The Policy shall apply to all CSI projects undertaken by the company.

This policy shall be applicable to TUHF Ltd. including all its subsidiaries, and all their employees.

5.0 GOVERNANCE AND OVERSIGHT

CSI falls within the ambit of Corporate Citizenship which is one of the core responsibilities of the Social and Ethics Committee.

The Terms of Reference for the Social and Ethics Committee set out the scope of responsibilities in a number of Annexures including Annexure C: Social Environment. In Annexure C is a theme termed 'Philanthropy'. CSI Policy falls within this particular theme.

The Social and Ethics Committee will be responsible for:

- 5.1 Approving the CSI policy and refining it as and when necessary.
- 5.2 Ensuring that in each financial year the Company sets aside part of its net profit, after tax, to support the implementation of the CSI strategy.
- 5.3 Ensuring that every financial year funds committed by the company for CSI activities are utilised effectively, and that implementation is regularly monitored.
- 5.4 Ensuring that there is annual reporting of CSI activities on the company website and in the integrated annual report.

6.0 CSI BUDGET

The CSI objectives and budget will be included in the Strategy and Business Plan for approval by the Board each financial year.

TUHF's CSI expenditure will be calculated according to a specific formula to be determined by the Chief Financial Officer and the Social and Ethics Committee from time to time.

The budget will run from the 1st of April to the 31st of March each year.

Non-financial contributions will include staff hours during company working hours as well as material donations such as computer equipment and software.

7.0 SELECTION CRITERIA AND PROJECT FRAMEWORKS

The company's CSI projects will be identified and approved by the Development Impact Unit (DIU).

7.1 Criteria for Selection

Projects must meet the following criteria to be selected for review and approval:

- 7.1.1 Be inner-city based
- 7.1.2 Be legally registered PBOs or NPOs
- 7.1.3 Have a clear community development focus
- 7.1.4 Be well governed and structured

- 7.1.5 Have proper financial and accounting records and systems
- 7.1.6 Demonstrate impact in their area of focus, for example, early childhood development, addressing short-term shelter needs/homelessness, youth technical skills development.
- 7.1.7 Have a good track record with traceable references

7.2 Project Frameworks

Projects proposed for approval must include the following:

- 7.2.1 Clearly defined objectives (developed out of existing societal needs determined through baselines/studies/research)
- 7.2.2 Clearly defined targets or outputs
- 7.2.3 Timelines for implementation
- 7.2.4 A progress monitoring system
- 7.2.5 A reporting framework that includes impact assessments
- 7.2.6 Budgets
- 7.2.7 Cashflow projections, including fund disbursements linked to targets/outputs

7.3 Exclusions

TUHF's CSI activities will not offer support to the following:

- 7.3.1 Profit-making organisations and companies
- 7.3.2 Political parties or groups with partisan political affiliations
- 7.3.3 Labour unions

8.0 APPROVALS, MONITORING AND REPORTING

Proposals for CSI projects will be presented to the Development Impact Unit for approval. The DIU will submit reports to the Social and Ethics Committee bi-annually detailing all approved projects for the committee's noting. The DIU to ensure that all approved projects comply with the guidelines and criteria listed above.

The Social and Ethics Committee will monitor the implementation of the CSI Policy and Strategy through periodic reviews of the activities of the specific supported projects. These reviews will be done in terms of the monitoring and reporting framework for each supported project.

The Development Impact Unit will ensure that:

- 8.1 CSI spend is closely monitored and funds are released against the cash-flow programme targets/outputs. This may require field visits.
- 8.2 CSI spend is audited in an accountable and transparent manner.
- 8.3 Progress reports on CSI projects are presented bi-annually to the Social and Ethics Committee.
- 8.4 TUHF's employees are encouraged to participate in CSI initiatives. These will include the projects that the company's CSI programme supports as well as staff-nominated projects or other identified community development projects.

Furthermore, the Development Impact Unit will prepare the S&E Committee's annual CSI report

to be filed by the Company Secretary.