

that supports the establishment of an ethical culture.

APPLICATION OF PRINCIPLE 3 - RESPONSIBLE CORPORATE CITIZENSHIP

The Board should ensure that the Group is, and is seen to be a responsible corporate citizen.

APPLICATION OF PRINCIPLE 4 - STRATEGY AND PERFORMANCE

The Board should appreciate that the Group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Group has an approved Code of Ethics and Business Conduct and while the Board exercises ongoing oversight, it has delegated the governance of ethics, monitoring and implementation of TUHF's activities against the Code of Ethics and Business to the Social and Ethics Committee which also oversees the Group's governance of its ethical culture.

The Group implements the ethical principles by incorporating the Code of Ethics and Business Conduct, by reference, in contracts of employees, independent contractors and service providers.

In addition, the Group has a Whistle-blower Policy and Procedure Manual which is independently overseen by the Audit and Risk Committee and EXCO with an independent hotline for reporting fraud, ethical issues and any other issues.

- ❖ An overview for ethics governance is disclosed in the Corporate Governance Report section of the Integrated Annual Report.

The Board acknowledges its responsibility to the Group and the society in which it operates to ensure that TUHF is a good corporate citizen. In accordance with this responsibility, the Board develops and approves the business strategy. TUHF actively engages all its stakeholders and appreciates that being a responsible corporate citizen entails being responsive to stakeholders', be values driven and deliver in accordance with the reasonable expectation of all its stakeholders to enable it to measure its impact as a good corporate citizen.

In this regards, the Board, is assisted by the Social and Ethics committee which is delegated to:

- Consider the social, economic and natural impacts of the Group's operations
- Maintain and improve the full environment
- Ensure the Group's stakeholders practise good corporate citizenship.

The mandate of the Social and Ethics Committee's in the terms of reference deal with social and ethics activities under the following headings:

- Marketplace
- Workplace
- Social environment
- Ethics performance
- King IV
- Companies Act.

The Audit and Risk Committee assures financial information using internal or external assurance providers. The Board further oversees governance by receiving oral and written reports/minutes and the CEO's report.

The key areas of focus during the reporting period are outlined and disclosed in the Social and Ethics Committee report in the integrated Annual report.

The Board with management develops, informs and approves TUHF's strategy for implementation by management. It continually oversees that the strategy and its implementation are aligned to the Group value drivers.

The Board provides ongoing oversight and monitoring with the support of its committees and ensures that management implements and executes TUHF's strategy. The process that outlines how TUHF creates value for its stakeholders is explained in stakeholder engagement policies in detail.

The Social and Ethics and Audit and Risk committees play a pivotal role in ensuring that the Board accounts for its performance.

The Governance Framework and Board Charter task the Board with steering the formulation of the Group's policies, processes and procedures. This includes approving the

APPLICATION OF PRINCIPLE 5 – REPORTING

The Board should ensure that reports issued by the Group enable stakeholders to make informed assessments of the Group's performance and its short, medium and long-term prospects.

APPLICATION OF PRINCIPLE 6 - GOVERNING STRUCTURES AND DELEGATION

The Board should serve as the focal point and custodian of Corporate Governance in the company.

APPLICATION OF PRINCIPLE 7 - COMPOSITION OF THE BOARD

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

strategy and aligning strategic objectives, purpose, vision, values, risk management and business opportunities.

The Board receives reports from the executive management and committees and disclosures in the TUHF's Integrated Annual Report enable stakeholders to make an informed assessment of TUHF's performance.

The Group recognises that its sustainability depends on transparent and full disclosure and the Board through the Audit and Risk Committee introduces formal assurance processes for the Integrated Annual Report, Annual Financial Statements and other external corporate reports.

The Audit and Risk Committee and Social and Ethics Committee oversee corporate governance disclosures on behalf of the Board and ensures that the Annual Integrated Report, King IV apply and explain disclosures, TUHF Annual Financial Statements, as well as any other relevant information to stakeholders, are published on the Company's website, as well as through other media as is appropriate.

The Board has adopted its Governance Framework and the Board Charter that are reviewed annually. These define governance responsibilities, roles, membership requirements and procedures for the conducting of Board matters. Through its committees, the Board oversees the implementation of governance practices throughout the Group.

The Board and its committees met regularly during the reporting period, and the Board is satisfied that it fulfilled its primary role and responsibilities in relation to governance in accordance with its Charter. The Board Charter authorises the Board or its committees to seek independent, external professional advice at TUHF's expense concerning matters within the scope of their duties.

Per the Governance Framework and Board Charter, the Board leads by embedding sound corporate governance values in managing its responsibilities in its relationship with management and other stakeholders. The Board is satisfied that it has fulfilled its responsibilities in accordance with the Governance Framework and Board Charter.

- ❖ Attendance of Board and Committee meetings during the reporting period is disclosed in the Corporate Governance Report of the Integrated Annual Report.

The Board conforms to the Memorandum of Incorporation, Governance Framework and The Board Charter which, together, set out the composition of the Board; election, knowledge, skills, experience and diversity requirements; and independence to objectively and effectively discharge governance roles and responsibilities. It sets the direction and approves the process for the Board to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

The categorisation of the independent directors as independent is done applying the Companies Act and the King IV independence indicators and recommended practices as related to non-executive directors that have held long tenure as Board members.

The Board Chairperson is a non-executive director but is not independent as defined by King IV Requirements. The Board considered this governance deviation in the appointment of the Board Chairman. It was the Board's well thought out view that the Chairperson's long term association with TUHF and his industry experience, were factors that were paramount in ensuring that TUHF adds value to the future direction and growth of the company for the benefit of all stakeholders and ensure the company's ability to continue in a sustainable manner, under his leadership. Consequently, in the spirit of promoting

good governance, the Board agreed to a three year rotation of the chairperson from the beginning of the 2019 financial year.

To continuously evaluate the Board's performance and effectiveness in executing its governance responsibility, the Board appointed a Lead Independent Director (LID) to deal with and manage any perceived or potential conflict of interests. The LID acts as the Chairperson of the Board and fulfils the Board Chairman's role in all such matters where the Board Chairman is not able to fulfil. During the year, the LID's independence was reviewed and the Board was agreed that Mr Robert Emslie is indeed independent and can continue serving as the LID of the Company.

The Board mostly comprises Non-executive Directors as opposed to Independent Non-executive Directors. The Board and shareholders have carefully considered this non-compliance with the King IV principles and due to the company being a strategic shareholder company and some directors' history, shareholders believe that though relevant, this requirement is not material to the Group's present size, nature and complexity.

It is the Board's however, the intention to align the Group with best practice regarding board rotation.

The Group Company Secretary inducts all newly appointed directors in the TUHF business, Board matters, and their duties and governance responsibilities, in accordance with each director's specific needs.

The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

- ❖ The Board composition and the statement thereto on its composition are disclosed in the Corporate Governance Report section of the Integrated Annual Report.
- ❖ A brief curriculum vitae for each director is disclosed in the Group's Integrated Report.

APPLICATION OF PRINCIPLE 8 - COMMITTEES OF THE BOARD

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Memorandum of Incorporation, Governance Framework and the Board Charter require the Board to delegate specific responsibilities to board committees without abdicating from its own responsibilities.

These committees play an important role in enhancing high standards of governance and achieving good corporate governance in the TUHF Group. The committees are appropriately constituted and members are appointed by the Board, to create an even spread of power and authority. The majority of committee members are Non-executive Directors elected by the Board. The Audit and Risk Committee is an exception – as a statutory body, its members are elected by shareholders at every Annual General Meeting.

The Board ensures effective leadership in its committees by allowing collaboration between them through cross-membership, and ensures the coordinated timing of meetings for avoidance of duplication or fragmented functioning between the committees. Where duplication or fragmentation of functions exist, the Board assumes the responsibility of outlining a process of how each committee would deal with that similar matter by delegating specific role and position to the committees concerned rather than competing approaches.

The Board ensures that there is a balanced distribution of power in respect or membership across committees, so that no individual can dominate decision making, and no undue reliance is placed on any individual.

The committees are free to enlist independent professional advice. Each committee's overall role and associated responsibilities and functions, composition, invitees and external advisors who regularly attend committee and the number of meetings each committee held are disclosed in the Corporate Governance Report section of the Integrated Annual Report.

The Board has drawn up formal terms of reference in respect of each delegation which are reviewed annually. The following committees are in place:

- Assets and Liabilities Committee
- Audit and Risk Committee
- Equity Investment Committee
- IT Management Committee
- Jobs Fund Committee
- Loan Committee
- Remuneration and HR Committee
- Social and Ethics Committee.

They are supported by management sub-committees:

- Executive Committee
- Risk Management Committee
- Management Committee.

- ❖ The statement that each committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period is disclosed in the Corporate Governance Report section of the Integrated Annual Report.

**APPLICATION OF PRINCIPLE 9
– EVALUATIONS OF THE
PERFORMANCE OF THE
BOARD**

The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

**APPLICATION OF PRINCIPLE 10
- APPOINTMENT AND
DELEGATION TO
MANAGEMENT**

The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

**APPLICATION OF PRINCIPLE 11
- RISK GOVERNANCE**

The Board has assumed the responsibility for the evaluation of its own performance and that of its committees, chairperson and individual members.

The Social and Ethics Committee and the Company secretary evaluated the Board, committees, and Chairman and individual directors during the year.

- ❖ The results of the evaluation together with the areas of improvement by the Board are included in the Social and Ethics Committee report contained in the Integrated Annual Report.

The Chief Executive Officer was appointed on 31 May 2003 and REMCO is responsible for ensuring that succession plans are in place for this position. The role and functions of the Chief Executive Officer are specified in the Governance Framework and the Board Charter, and his performance is evaluated by REMCO and the Board against the responsibilities surrounding executing of approved strategy, policy and operational planning as well as being the link between the Board and management.

The authority that the Board delegates to the CEO and the authority it reserves for itself are clearly stated in the Board Charter.

The Board agrees with the CEO on whether he may take up additional professional positions, including membership on other governing bodies outside TUHF. Time constraints and potential conflicts of interests are considered and balanced against the opportunity for professional development in making such decisions.

The Board has the ultimate responsibility for the governance of risk. The Audit and Risk Committee oversees the Group's risk management programme and is assisted by ALCO and the Risk Management Committee.

The Board should govern risk in a way that supports the Group in setting and achieving its strategic objectives.

**APPLICATION OF PRINCIPLE 12
- TECHNOLOGY AND
INFORMATION GOVERNANCE**

The Board should govern IT in a way that supports the Group setting and achieving its strategic objectives.

**APPLICATION OF PRINCIPLE 13
- COMPLIANCE GOVERNANCE**

The Board should govern compliance with applicable laws and adopted, non-binding rules, and standards in a way that supports the Group being ethical and a good corporate citizen.

Both the Audit and Risk and the Risk Management committees develop strategies for risk acceptance and capacity and dealing with a risk appetite policy.

The Board receives regular comprehensive reports that enable an effective policy and plan for achieving efficient strategic objectives.

- ❖ Overview of risk governance and management, key focus areas, arrangement taken to ensure effectiveness of risk management and how these are addressed are disclosed in the Corporate Governance Report Section of the Integrated Annual Report.

The Board has ultimate responsibility and accountability for the management and governance of technology and information. Technology and information management and governance are essential for TUHF to achieve its strategic objectives. The Board exercises oversight and direct the strategic and operational use of technology and information to ensure that opportunities derived from the use of technology and information are maximised. Technology and information management and governance capacity and awareness are supported by the Board and management structures within the businesses.

All significant technology and information related audit findings are reported to the Audit and Risk Committee, which ensures that these are addressed accordingly. The responsibilities and functions of the Audit and Risk Committee relating to IT governance are:

- Taking reasonable and prudent steps;
 - Adopting and implementing an IT internal control framework;
 - Adopting a process to use IT to improve the Group's performance and sustainability as and when opportunities arise;
 - Ensuring that the Group complies with IT laws;
 - Ensuring that management has embedded adequate business and disaster recovery procedures;
 - Appointing an information officer or an outsourced expert to manage IT;
 - Monitoring and evaluating significant IT investments and expenditure;
 - Obtaining assurances on the IT governance and controls; and
 - Ensuring that IT risks are adequately addressed which responsibilities can be delegated to the Risk Management Committee.
- ❖ The overview of information and technology governance and management, key focus areas, arrangement taken to ensure effectiveness of information and technology management and how these are addressed are disclosed in the Corporate Governance Report section of the Integrated Annual Report.

The Board has ultimate responsibility and accountability for the management and governance of compliance. Together, the Board and Audit and Risk Committee monitor management's compliance with statutory requirements, accounting standards and board-imposed regulations. They also ensure management's reporting is comprehensive.

The compliance policy requires the Group to comply with applicable laws and consider adherence to non-binding rules, codes and standards.

In terms of the Governance Framework and the Board Charter, management is responsible for effective compliance management.

- ❖ The overview of compliance governance and management, key focus areas, arrangement taken to ensure effectiveness of compliance management and how these are addressed are disclosed in the Corporate Governance Report Section of the Integrated Annual Report.

**APPLICATION OF PRINCIPLE 14
- REMUNERATION
GOVERNANCE**

The Board should ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board has ultimate responsibility and accountability to ensure that TUHF remunerates fairly, responsibly and transparently for the achievement and promotion of TUHF's strategic objectives over the short, medium and long term. REMCO has been delegated with the creation of a remuneration strategy for both executives and employees. The strategy ensures fair, responsible and transparent remuneration. The committee also develops, reviews, monitors and updates the Human Resources policies and procedure manual.

The committee ensures the accuracy, completeness and transparency of remuneration proposals including the Conditional Share Plan, and it independently recommends these proposals to the Board for final approval.

Board members' fees are approved at each AGM. Individual directors' remuneration is disclosed.

- ❖ The policy and implementation report are reported in detail in the Remuneration Report section of the Integrated Annual Report.

**APPLICATION OF PRINCIPLE 15
- ASSURANCE**

The Board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision making and of the Group's external reports.

The Board, with the support of the Audit and Risk Committee ensures effective assurance services and functions for an adequate and effective control environment and for the integrity of internal and external reports. It satisfies itself that the quality and integrity of the combined assurance model is effective and is sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of TUHF's external reports.

The Social and Ethics Committee is tasked with the responsibility that all social and environmental impact is considered and reported.

- ❖ Disclosures in relation to internal and external audit arrangements are made in the Audit and Risk Committee Report of the Integrated Annual Report.

**APPLICATION OF PRINCIPLE 16
- STAKEHOLDERS**

In its execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Group over time.

The Board recognises its stakeholder groups and that continuously and purposefully interacting with them is critical to the sustainability of the business. The Board, through the Social and Ethics committee sets the direction for how stakeholder relations should be approached and conducted.

The Board appreciates and understands that it needs to create value for its stakeholder and the relations must respond to the needs and interests of the Group's material stakeholders which, among others, includes:

- clients
- employees,
- shareholders,
- government and municipalities
- Regulatory bodies,
- Inner city communities

- ❖ Disclosures in relation to stakeholder management, key focus areas, arrangement taken to ensure effectiveness of stakeholder engagement and how these are addressed are disclosed in the Integrated Annual Report.

Principle 17

Responsibility of Institutional investors

Not applicable to the company

