



William Somerville

Company secretary
William Somerville (54) holds an ACIS, ACMA and a Diploma in Corporate Law from Rand Afrikaans University. He has extensive experience in company secretarial and corporate governance matters, and has been providing this service to clients in various sectors since October 2007. He was previously Group Company Secretary of Absa for 12 years until October 2007. William has experience in the JSE Listings Requirements, the regulatory requirements of banks, global governance standards and the Financial Sector Charter. He is a member of the Institute of Directors and serves on its Board Evaluation Panel.

Godfrey Gomwe

Non-executive, chairman
Godfrey Gomwe (55) is executive director of Anglo American South Africa. He was previously head of Group Business Development: Africa, and finance director and chief operating officer of Anglo American South Africa. He is chairman of Anglo Zimele, Anglo American Zimbabwe and a member of various Anglo American operating boards and executive committees. Godfrey has held many directorships in both listed and unlisted companies, and is a member of the Chamber of Mines. He is a chartered accountant, and holds a master's degree in business leadership from the University of South Africa.

Adrian Arnott

Non-executive
Adrian Arnott (64) B.Com, CA (SA), has strong experience in financial services, most recently as company secretary of FirstRand Limited, from which position he has retired. He was educated in Graaff-Reinet and studied at Rhodes University and the University of the Witwatersrand. On completing his articles he spent two years in the Middle East working in the auditing profession. Returning to South Africa in 1973, Adrian worked in various capacities within the Anglo American Group. Prior to the formation of the FirstRand Group in 1998, he was an executive director at Southern Life. Adrian is a trustee of the FirstRand Foundation.

Mothomang Diaho

Non-executive
Dr Mothomang Diaho (51) is a qualified medical doctor and the head of the Nelson Mandela Foundation dialogue programme, a position she has held since 2006. In this, Dr Diaho manages various knowledge-sharing fora of the foundation, including the prestigious annual lecture. She joined the Tshikululu board in July 2010. Dr Diaho is one of the founder members of TEACH South Africa, serves on the boards and committees of various educational and development-related organisations and programmes, and has edited or published numerous booklets and papers on matters of leadership, dialogue, and health.

Pre Rungasamy

Non-executive
Pre Rungasamy (58) is a retired former head of transformation at Anglo American South Africa. He completed his master's in psychology at Trinity College, Dublin, before joining Telkom and later MTN International in various senior HR capacities. He was an actively participating member of MTN boards for three years. Pre joined Anglo American in March 2004, with a portfolio including HR Leadership and Strategy in the Corporate Centre, project lead for the HIV/Aids counselling and testing campaign, and Ferrous Metals and Industries. He is a registered counselling psychologist, and a member of the Black Management Forum and the IPM.

Tracey Henry

Chief executive officer
Tracey Henry (41) is CEO of Tshikululu Social Investments. Tracey completed an MA in the social sciences, before joining the Chamber of Mines in 1991 as a human development and employee wellness practitioner. She then moved to the Anglo American Chairman's Fund in 1995 and helped establish Tshikululu in 1998. Tracey was appointed CEO of Tshikululu in 2008 and was selected by *CEO* magazine as the country's most influential women in the financial services sector (general) in 2010. She serves on the governing body of the African Children's Feeding Scheme, and is a member of the judging panel of the annual *Mail & Guardian* Investing in the Future Awards.

Nosipho Gxumisa

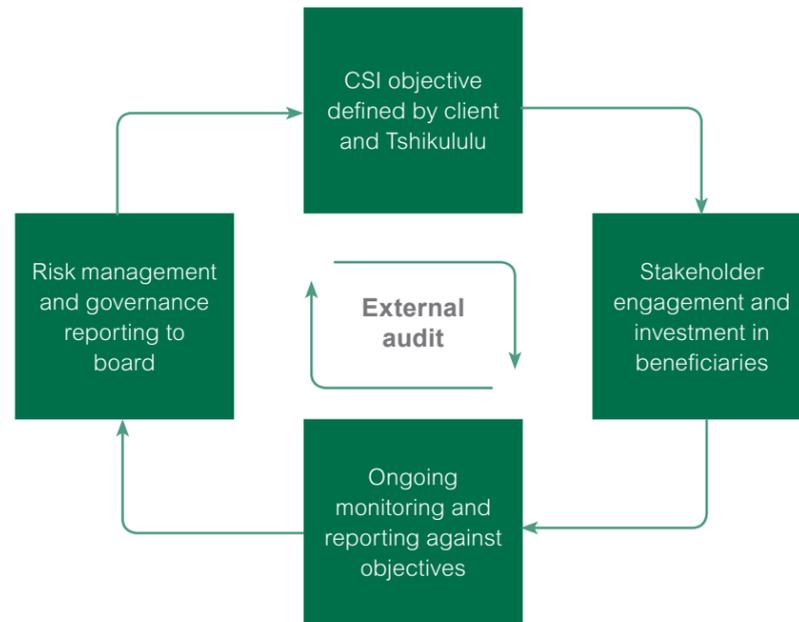
Non-executive
Nosipho Gxumisa (45) is the executive in charge of strategy at Barloworld Logistics. She was formerly head of Supply Chain Services at De Beers Consolidated Mines. Nosipho read a BEng (Hons) at Salford University in Manchester and she subsequently worked for a number of companies including SA Breweries and SAA. In 2010, she took a year off to read for an MBA full-time at the Wits Business School. While studying there, Nosipho was awarded a scholarship to complete her MBA at Rotterdam School of Management. Other awards received include British Council and Fulbright scholarships.

Governance and risk management

Sound investments need strong governance

Corporate governance is an integral part of Tshikululu's corporate culture, and is viewed as indispensable in being recognised as the leading social investment management company in South Africa.

Tshikululu governance model



Tshikululu's financial and non-financial performance objectives are overseen by the board of directors and its committees. Tshikululu's board is the focal point of corporate governance for the company and has three committees that assist the directors in delivering on their responsibilities. In addition to the management executive committee (Exco), board committees have been appointed to deal with human resources and remuneration, as well as audit, risk and compliance. These committees have formal charters and report on their activities at each board meeting.

With the exception of Exco, all committees are chaired by non-executive directors.

Stakeholder responsibility

Tshikululu has defined its stakeholders as entities and individuals who are appreciably affected by its activities and those who have the potential to impact upon the company's ability to effectively implement strategies and achieve objectives.

In performing its duties and overseeing the performance of its committees, Tshikululu's board of directors takes account of the reasonable interests and expectations of identified stakeholders.

Ultimate responsibility for stakeholder engagement rests with the board of directors, while engagement mechanisms are addressed by the board committee dealing most directly with the particular stakeholder group. Business units are empowered to manage stakeholder interfaces in accordance with the particular needs of their operations and their stakeholders.

Stakeholder	Engagement mechanisms			
	Transactional dialogue and documents	Face to face ad hoc engagement	Line management/ relationship managers	Regulatory returns and official communiqués
Government and regulators		✓	✓	✓
Employees		✓	✓	
Clients	✓	✓	✓	
Grantees/beneficiaries	✓	✓	✓	
Suppliers	✓	✓	✓	
Communities and state departments	✓	✓	✓	✓
Natural environment (civil society)		✓		✓

Governance

Tshikululu's board of directors – both executives and non-executives – carry full fiduciary responsibility and owe a duty of care and skill to the company and its stakeholders in terms of common law and the company's Code of Ethics. The directors recognise and subscribe to the four principles of good corporate governance: good faith, care, skill and diligence.

The directors endorse the King Code of Governance for South Africa 2009 ("King III Code"). During the year, the directors have reviewed the recommendations made in the King III Code and are satisfied that Tshikululu's governance structures can accommodate the new recommendations. These structures will be progressively improved in accordance with the recommendations, where relevant.

Board of directors

The fundamental responsibility of the board is to improve the economic prosperity of the company, over which it has full and effective control in the interests of all of its stakeholders.

Composition

Tshikululu has a unitary board. At 31 December 2010, the board comprised six directors, one of whom is executive and five of whom are non-executive. This ensures a balance of authority and precludes any one director from exercising unfettered powers of decision making. The chairman is non-executive and the roles of chairman and chief executive officer are separate.

There is a clear policy in place for appointments to the board. Prior to appointment, directors are screened to ensure that they are fit and proper.

Role and function of the board

The directors have a fiduciary duty to act in good faith, with due diligence and care, and in the best interests of the company and all stakeholders. They are the guardians of the values and ethics of the company. The roles of the board and its committees are clearly set out in the board charter and committee terms of reference, which are updated to keep ahead of best practice and the needs of the organisation and the legitimate interests and expectations of the company's stakeholders.

Company secretary

WR Somerville of Corporate Statutory Services provides company secretarial and corporate governance advisory services to the company. The company secretary is suitably qualified and is sufficiently empowered and resourced to fulfil the obligations required by the role.



Signed on behalf of the board,

GG Gomwe

28 March 2011

Executive committee

Exco is empowered to implement the strategies approved by the board and to manage the affairs of the company.

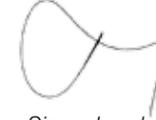
Composition

Exco is chaired by the chief executive officer of Tshikululu. The board of directors approves appointments to the executive committee of Tshikululu. Membership of Exco comprises the heads of the major business units:

- Chief executive officer Tracey Henry
- Chief financial officer Mthandazo Ngwenya
- Chief operating officer Francois Witbooi
- Corporate services executive Lynn Pretorius
- Public affairs executive Paul Pereira.

Role

The Exco terms of reference encompass strategy and responsibility for disseminating the company's value system, creating an enabling environment within which business units can grow and prosper.



Signed on behalf of the committee,

TW Henry

28 March 2011

Human resources committee

Composition

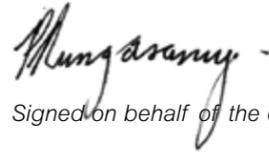
Meetings are chaired by a non-executive director. In attendance are the CEO, the corporate services executive and an independent advisor (Ms Anusuya Govender), who is a member of the South African Reward Association and who has more than 10 years experience in remuneration planning and management.

Role

The Human Resources committee is responsible for ensuring compliance with, and review of, relevant company policies; evaluating the process for annual salary increases; and recommending remuneration packages for Exco.

Ethics

Every year, all employees and directors sign Tshikululu's Code of Ethics and recommit to the principles and practices that it describes. No issues of impropriety or unethical behaviour on the part of any of the directors or employees were drawn to the attention of the committee during the period under review.



Signed on behalf of the committee,

P Rungasamy

28 March 2011

Audit, risk and compliance committee

Composition

Meetings are chaired by a non-executive director. In attendance are the CEO, the CFO, the company's external audit partner and external audit manager, and an independent advisor (Mr Clive Beaver) who is a retired partner of a leading auditing firm.

The committee conducted an annual review of the effectiveness of the finance and compliance function of the company in keeping with King III recommendations. The review also requires an assessment of the effectiveness of the CFO in the discharge of his duties. It is the view of this committee that the CFO possesses the appropriate qualifications, knowledge and experience necessary to the fulfilment of his obligations.

Role

The role of the committee is clearly set out in its terms of reference, which are updated to keep ahead of best practice and the needs of the organisation and its stakeholders.

The committee is responsible for assisting the board in managing a combination of audit, risk and compliance-related issues.

Key risks monitored and managed

- **Liquidity Risk** – ensuring sufficient cash is available to meet all obligations when due.
- **Operational risk** – relates to process breakdowns, outsourcing service level agreements, financial and internal controls, and business continuity risk (including disaster recovery and risks relating to fraud and error). Insurance policies are in place to safeguard the company's assets.
- **Regulatory risk (compliance)** – relates to the losses which the company may suffer as a result of its failure to comply with the laws, regulations, rules, standards and codes of conduct applicable to its activities.
- **Reputational risk** – safeguarding the company's reputation to ensure its sustainability, which is the responsibility of all members of staff.
- **Strategic risk** – the management of this risk considers the impact on earnings or capital arising from adverse business decisions, improper implementation decisions or lack of responsiveness to change.
- **Client concentration risk** – ongoing business development is aimed at expanding the company's client base.
- **Human resources risk** – covers both risks relating to operational inefficiencies and the well-being of the company's staff. This includes performance management systems and succession plans.
- **Information technology risk** – this covers both the security and the operational efficiency of the hardware and software used by the company.

Auditors

The annual financial statements have been audited by the independent auditors, Deloitte & Touche. The committee believes that the auditors have observed the highest level of business and professional ethics. The committee is satisfied that the auditors have, at all times, acted with unimpaired independence.



Signed on behalf of the committee,

AH Arnott

28 March 2011



Tshikululu Social Investments,
ground floor, 8 Hillside Road,
Parktown, Johannesburg

■ Directors' responsibility statement

Tshikululu Social Investments

The directors of Tshikululu Social Investments are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year that fairly present the state of affairs of the company at the end of the financial year, and of the results and cash flows for the year. In preparing the accompanying financial statements, International Financial Reporting Standards have been followed, suitable accounting policies have been applied, and reasonable estimates have been made. The board approves significant changes to accounting policies and the effects of these are fully explained in the annual financial statements. The financial statements incorporate full and responsible disclosure in line with the company's philosophy on corporate governance.

The directors have reviewed the company's budget and flow of funds forecast for the year ending 31 December 2010. On the basis of this review, and in the light of the current financial position, the directors have no reason to believe that Tshikululu will not be a going concern for the foreseeable future. The going concern basis has therefore been adopted in preparing the financial statements. The company's external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears below.

GG Gomwe

Chairman
28 March 2011

TW Henry

Chief executive officer
28 March 2011

■ Auditors' report

We have audited the annual financial statements of Tshikululu Social Investments (Association Incorporated Under Section 21 1998/010772/08) for the year ended 31 December 2010, from which the abridged financial statements were derived, in accordance with International Standards on Auditing. In our report dated 28 March 2011, we expressed an unqualified opinion on the annual financial statements from which the abridged financial statements (pages 40 to 43) were derived.

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the financial statements from which they are derived and in accordance with the measurement and recognition requirements of International Financial Reporting Standards.

For a better understanding of the entity's financial position and the results of its operations for the year and of the scope of our audit, the abridged financial statements should be read in conjunction with the financial statements from which the abridged financial statements were derived, and our audit report thereon.

Deloitte & Touche

Per: **T Abdool-Samad**
Partner
28 March 2011

Abridged statement of comprehensive income

for the year ended 31 December 2010

	2010 R	2009 R
Fee income	35 316 111	34 220 100
Other income	497 435	493 281
Interest received	1 491 604	1 545 977
Total income	37 305 150	36 259 358
Interest and finance charges paid	(27 389)	(40 337)
Operating expenditure	(35 245 598)	(31 357 451)
Income before taxation	2 032 163	4 861 570
Taxation	(591 827)	(1 414 530)
Total comprehensive income	1 440 336	3 447 040

Abridged statement of financial position

for the year ended 31 December 2010

	2010 R	2009 R
ASSETS		
<i>Non-current assets</i>		
Plant and equipment	3 289 613	1 829 773
Deferred taxation asset	700 455	362 784
Total non-current assets	3 990 068	2 192 557
<i>Current assets</i>		
Accounts receivable	2 741 244	1 265 355
Taxation receivable	–	192 164
Cash and cash equivalents	17 328 629	17 086 139
Total current assets	20 069 873	18 543 658
Total assets	24 059 941	20 736 215
EQUITY AND LIABILITIES		
<i>Funds and reserves</i>		
Accumulated funds and reserves	18 338 886	16 898 550
Total funds and reserves	18 338 886	16 898 550
<i>Current liabilities</i>		
Accounts payable	3 266 368	1 730 508
Provisions	1 939 214	1 295 657
Non-interest-bearing liabilities	262 000	811 500
Taxation payable	253 473	–
Total current liabilities	5 721 055	3 837 665
Total equity and liabilities	24 059 941	20 736 215

Abridged statement of changes in reserves

for the year ended 31 December 2010

	Accumulated funds R	Total R
Balance at 1 January 2009	13 451 510	13 451 510
Total comprehensive income	3 447 040	3 447 040
Balance at 31 December 2009	16 898 550	16 898 550
Total comprehensive income	1 440 336	1 440 336
Balance at 31 December 2010	18 338 886	18 338 886

Abridged statement of cash flows

for the year ended 31 December 2010

	2010 R	2009 R
OPERATING ACTIVITIES:		
Cash generated from operations	2 521 567	5 080 632
Interest and finance charges paid	(27 389)	(40 337)
Interest received	1 491 604	1 545 977
Taxation paid	(483 861)	(2 012 681)
<i>Net cash inflow from operating activities</i>	3 501 921	4 573 591
INVESTMENT ACTIVITIES:		
Acquisition of plant and equipment	(2 721 034)	(241 433)
Proceeds on disposal of assets	11 103	6 581
<i>Net cash outflow from investment activities</i>	(2 709 931)	(234 852)
FINANCING ACTIVITIES:		
Net decrease in non-interest-bearing liabilities	(549 500)	–
<i>Net cash outflow from financing activities</i>	(549 500)	–
Net increase in cash and cash equivalents	242 490	4 338 739
Cash and cash equivalents at beginning of the year	17 086 139	12 747 400
Cash and cash equivalents at the end of the year	17 328 629	17 086 139

For full audited financial statements, please see our online 2010 Report to Society at www.tshikululu.org.za