

# GROUP POLICY

# CORPORATE SOCIAL INVESTMENT



## 1. Objective

Grindrod Limited's Corporate Social Investment (CSI) focus & objectives will be to:

- Make a relevant and notable contribution to social development in the education sector.
- Nurture a reputation amongst stakeholders for being a compassionate organisation that is playing its part in the upliftment of the standard of education facilities in underprivileged communities.

Divisions within the group will wherever possible establish synergies between commercial priorities and CSI involvement. This may involve leveraging CSI initiatives in order to consolidate our position in existing areas of business or to gain access to new business opportunities.

## 2. Operational excellence

The practice of CSI will where appropriate be de-centralized to the individual division and/or operating company level, at which the relevant Executive or Board of Directors have discretion within the parameters of Grindrod's overriding educational theme. Policy guidance is provided at Group level. The CSI considerations which deserve particular emphasis are as follows:

- 2.1 Operating companies should set aside 1% of profit after tax for CSI initiatives. For budgeting purposes CSI spend should be based in the profit after tax forecasts.
- 2.2 The CSI budget must be represented and tracked in a separate cost centre so that it can be clearly distinguished from contributions that are made as part of Public Relations and marketing practices, both of which are important to the business.
- 2.3 CSI initiatives must focus on Education although operating companies have discretion to select from broad initiatives within this sector focus
- 2.4 The beneficiaries of CSI support must be financially disadvantaged people from poor communities.
- 2.5 CSI spending must be agreed in terms of an approved CSI Plan that is agreed at the beginning of each financial year.
- 2.6 The CSI plan must be based on an insightful understanding of the targeted social development issue and should incorporate the input of representatives of the development community with proven knowledge of the issue.
- 2.7 CSI initiatives must be underpinned by realistic and measurable social development objectives. These should be supplemented but an understanding of the business benefits associated with involvement in the initiative.
- 2.8 The allocation of CSI resources should be based on quality of initiative impact rather than on the number of contributions made. Care must be taken not to dilute the impact of CSI spending by making token contributions to a wide variety of recipients.

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- 2.9 Every reasonable effort should be made to synergize CSI efforts with those of other Group companies/ divisions
- 2.10 The recipients of CSI support must be evaluated in terms of clear performance targets and should understand that continued support will be dependent upon their achieving these targets.
- 2.11 All initiatives must be approached on the basis of developing a long term sustainable relationship with selected schools or educational institutions.
- 2.12 Grindrod will invest, develop, drive and co-ordinate CSI projects that:
- are aligned with the core business of the company;
  - are aligned with the values of the company
  - leverage resources to make a meaningful contribution to address both the socio-economic challenges of Southern Africa and the needs of poor communities;
  - inspire, motivate and engender a passion and pride for Grindrod among directors and staff;
  - enhance the Grindrod brand and reputation;
  - enhance the company's BEE profile;
  - support national and internal imperatives;
  - improve relationship with external stakeholders;
  - have demonstrated measurable outcomes;
  - profiles Grindrod as a good corporate citizen
- 2.13 Grindrod will not fund the following types of requests that are:
- Not aligned with the focus areas;
  - Not aligned with the company's business case;
  - Political parties;
  - Research;
  - Projects with religious or cultural prejudice/bias;
  - Administrative costs of an organization/project;
  - Vehicles and immovable assets or
  - Sports activities.

### 3. Application Monitoring and Reporting

In addition to projects managed at a group level accountability for the implementation of this policy will be decentralized to the operating companies and/or divisions who will:

1. Assign executive accountability for CSI governance within the division/company.
2. Establish the corporate governance processes that will be required to ensure the professional management of CSI initiatives.
3. Submit CSI progress reports to the Grindrod Social and Ethics Committee.
4. Policy amendments

This policy will be subject to an annual review by the Group Social and Ethics Committee.