



NTINGA O.R. TAMBO DEVELOPMENT AGENCY SOC Ltd

DRAFT CORPORATE SOCIAL INVESTMENT POLICY

POLICY NUMBER	
POLICY TYPE & CATEGORY	Governance
LAST APPROVAL DATE	N/A
COMMENCEMENT DATE	01 JULY 2021
INITIAL APPROVAL DATE	N/A
PREVIOUS REVIEWALS	N/A
NEXT REVIEW DUE	30 June 2022
RESPONSIBLE OFFICIAL	Chief Executive Officer

TABLE OF CONTENTS

1. INTRODUCTION	3
2. LEGISLATION.....	5
3. MGMS ALIGNMENT.....	5
4. DEFINITIONS AND ABBREVIATIONS.....	5
5. POLICY STATEMENT.....	6
6. POLICY OUTCOME	7
7. POLICY OBJECTIVES	7
8. IMPLEMENTATION STRATEGIES	7
8.1.1 Community Development Projects (CDP)	7
8.1.2 CDP Applications Requirements.....	8
8.1.3 CDP Application information.....	8
8.1.4 Application guidelines.....	9
8.2. SPONSORSHIP AND DONATIONS.....	9
8.2.1 Disbursements of Sponsorships and Donations.....	10
8.2.2 Application form.....	10
8.2.3 General guidelines.....	10
8.2.4 Schedule	11
9. PARTNERSHIP AND JOINT VENTURES.....	12
10. INTERNAL CONTROL.....	12
11. RISK MANAGEMENT PROVISIONS	12
12. MONITORING AND EVALUATION	13
13. SCOPE AND APPLICATION	13
14. GOVERNANCE AND REPORTING.....	13
15. APPROVAL	Error! Bookmark not defined.
16. CONCLUSION	14
17. POLICY OWNER.....	Error! Bookmark not defined.

1. INTRODUCTION

The days when the government was seen as the exclusive social change agent and the absolute macro problem solver are becoming part of the past, as companies are gradually taking a larger role, actively participating in social and community projects under the concept of Corporate Social Responsibility (CSR). Corporate Social investment (CSI) originated from philanthropic responses and approaches by organizations to assist in improving the lives of individuals and communities in South Africa.

It is very common to use the words; 'corporate social investment' in the place of 'corporate social responsibility'. The 'investment' aspect relates more to the actual financial commitment made by the organization whilst responsibility relates to all the activities engaged in as capacity building activities necessary for social development. However, for the purpose of this guide, in the discussion of the subject matter; the term 'corporate social responsibility' will be used for simplicity and clarity purposes.

CSI forms an integral part of **Ntinga's** commitments to development of communities and to enhance the company's reputation of being a responsible corporate and valued partner amongst the communities it serves. To give effect to the intent, Ntinga O.R. Tambo Development Agency commits itself to invest in the development of projects that empower and assist especially vulnerable community groups within the broader O.R. Tambo District Municipality area. This will be done by selecting a suit of community development projects that have the potential to become sustainable and independent operations after existing of Ntinga. The number of projects and focus areas will change per financial year and as the need prescribes. In addition, sponsorship and donations will be used as a means to partner and increase the marketing collateral of the **Ntinga** .

CSI implies long term commitment in a project with a stronger focus on returns. Social returns are defined from the outset and measuring output and evaluating impact are important project components. Processes are adjusted based on the interim indicators, which show whether the project is on track to deliver the anticipated social return. There is usually an exit plan once success and project continuity are reasonably assured.

Corporate Social Investment encompasses projects that are external to the normal business activities of Ntinga and not directly involved in generating company profits. These projects have a strong developmental approach and rather utilize company resources to benefits and uplift communities and are not primarily driven as marketing initiatives.

There are many definitions of the term; 'Corporate Social Responsibility' (otherwise known as CSR). CSR means different people and many organizations interpret what CSR means to them based on their own peculiar business requirements and the size of their organisation. For some organisations, they measure or evaluate their CSR initiative by their company's allocation or budget for CSR. In such an instance, most of these organisations refer to their CSR initiatives as CSI (Corporate Social Investment). This relevance is all-embracing and it goes beyond the actual amount spent to drive.

There are so many things a business or an organisation can do to drive and sustain its CSR initiatives which may not be monetary based. In giving effect to strengthening various organisations, Ntinga will be investing in projects, partnerships, events, activities and related to the following focus areas that may have a job creation element, and that address the need of vulnerable groups including children, youth and woman. These focus areas include:

- Environmental, waste and cleansing projects
- Training /Capacity Building
- Health Care
- Socio Economic Development
- Enterprise Development
- Heritage, Arts, Culture and Tourism
- Safety and Security
- Food security (Soup Kitchens /Food gardens)

Projects must show active engagement with communities it intends to assist. The costs per projects must be quantifiable justified prior to being approved, and **Ntinga** must undertake a due diligence of the respective applications through actual site visits, verifications and due-diligence.

2. LEGISLATION

Corporate Social Responsibility (**CSR**) is a topic usually discussed under Corporate Governance. In terms of legislation, the Companies Act 71 of 2008 does not compel companies to engage in CSR activities or projects. However, various government policies and documents, and King III all address the need and relevance of companies to acknowledge all stakeholders and to adopt the 'triple –bottom line' approach. The Triple bottom line approach focuses on social, environmental and economic concerns of the organisations. Some scholars have further simplified the three concerns to mean people, plant and profit respectively.

Other critical laws and regulations include:

- The Constitution of South Africa in 1996
- Municipal Finances Management (MFM) Act 56 of 2003
- Local Government: Municipal Structure Act, 1998 (Act 117 of 1988)
- The Municipal Systems Act, No 32 of 2000

3. MGMS ALIGNMENT

The CSI policy enables Ntinga to align the delivery of CSI within Ntinga's strategic objectives and O.R. TAMBO DISTRICT MUNICIPALITY's IDP and strategic goals.

The CSI policy will be reviewed on an annual basis and will be informed by the Agency's strategic plan and aligned to ORTDM's IDP.

4. DEFINITIONS AND ABBREVIATIONS

ORTDM	O.R. Tambo District Municipality
Companies Act 71 of 2008	To provide to the incorporation , registration, organisation and management of companies, the capitalisation of profit companies, and the registration of offices of foreign companies carrying on business within the Republic; to define relationship between the companies and their respective shareholders or members and directors; to provide for equitable and efficient amalgamations, mergers and takeovers of

	companies; to provide for efficient rescue of financially distressed companies; to provide appropriate legal redress for investors and third parties with respect to companies.
Corporate Culture	Corporate culture is the collective beliefs, value systems and processes within the company.
CSR	'CSR is a corporate culture where businesses or companies decide voluntarily to contribute to a better society and a cleaner environment'.
CSI	Encompasses projects that are external to the normal business activities of the Ntinga and not directly involved in generating company profit. These projects have a strong developmental approach and rather utilize company resources to benefit and uplift communities and are not primarily driven as marketing initiatives.
CSIC	Corporate Social Investment Committee
Donations	Refer to <i>ad hoc</i> once-off payments to organisations/persons in dire need of funds and whose objectives and activities find resonance with the Ntinga's objectives. This is also classified as unsolicited bids.
Sponsorships	is a generally an unsolicited cash and/or in-kind fee paid to activities of organisations (typically in sports, arts, entertainment or causes) in return to the excess to the exploitable commercial potential associated with such activities or organisations.
CEO	Chief Executive Officer
CFO	Chief Financial Officer

5. POLICY STATEMENT

CSI is an integral part of organisations today and ensures the responsibility relating to capacity building activities, necessary for social development in shared by all and becomes part of the corporate culture. The general objective of the CSI policy is to support initiative that

stimulates socio-economic development through community-initiated projects, sponsorship and donations that complement the mandate of Ntinga.

6. POLICY OUTCOME

The expected outcomes of this CSI policy are:

- Strategic fit into CSI focus areas
- Projects must have a developmental approach
- Projects must benefit wider community or group with common interests
- Applications benefiting personnel interest will not be considered
- Projects should respond to a local or societal need and be based on a proper needs assessment

7. POLICY OBJECTIVES

The objectives of this CSI policy seek to achieve the following:

- Institutionalising a CSI policy that is consistent with the mandate of the Agency.
- Aligning the CSI objectives with the Agency's strategic goals and objectives;
- Ensuring that optimum Agency marketing collateral and publicity derived from the CSI investment;
- Ensure that the Agency and CSI related risks do not exceed the Agency's risk appetite and risk tolerance;
- Ensuring that communication with the various stakeholders is transparent, relevant and timely;
- Ensuring the achievement of strategic goals through monitoring and evaluation of projects to ensure maximum benefits of the CSI investment to the community.

8. IMPLEMENTATION STRATEGIES

8.1.1 COMMUNITY DEVELOPMENT PROJECTS (CDP)

Community development is an integral part of the developmental welfare system and has been adopted as an approach, philosophy, process, method and strategy to address basic material,

physical and psycho-social needs of the poor and vulnerable communities. It seeks the empowerment of local communities, taken to mean both geographical communities and communities of interest that are involved in projects that respond to the mandate of Ntinga. Community development projects aim to strengthen the capacity of people as active citizens through work in non-governmental organizations which allow them to shape and determine in their communities.

8.1.2 CDP APPLICATIONS REQUIREMENTS

The requirements that Ntinga CDPC will use in its decision-making mechanisms will comprise of the following:

- Projects must have a development approach
- Projects must benefit a wider community or group with common interests
- Projects must avail themselves to be visited and evaluated in order to assess the need and ultimate impact of the projects
- Application benefiting personnel interests will not be considered
- Projects must have the potential to be self-sustainable
- Projects should respond to local or societal needs and be based on a proper needs assessment
- Projects must profile and brand Ntinga as a caring company
- Projects should foster partnership agreements with other entities where /if possible
- Projects must clearly outline objectives, expectations and deliverables
- Project implementers must comply with corporate governance mechanisms as prescribed by Ntinga
- Should the applicant also be receiving funds from other sources for the exact same purpose then this will be considered as 'double-dipping' and they will be disqualified.

8.1.3 CDP APPLICATION INFORMATION

CDP applicants should provide in their proposals the information as set out in **NTINGA CDP Application Form** and should include the following:

- Project name
- Project background and executive summary

- Project goals and deliverables
- Strategic fit into Ntinga's CSI focus areas
- Stakeholders involved and extent of participation in project
- Beneficiaries of the project output
- Key Performance indicators against deliverables, output and results
- Sustainability beyond Ntinga's assistance
- Impact of Ntinga's intervention i.e. Multiplier affect effect on jobs, skills etc
- Timeframe from inception to implementation
- Detailed costing of the project
- Evaluation Report and Feedback from project beneficiaries

8.1.4 APPLICATION GUIDELINES

Applications will be requested every year in June from organisation operating in the Ntinga's chair who will convene the committee for the selection of application at least in August /September of every year by which time the operating budgets for the Agency will have been approved. This will ensure sufficient time to plan, notify and disburse funding to successful application during the ensuring financial year which runs from 1st July to 30th June.

Applications will be screened by the CSIC to see that they fall within the specific focus areas. Approved projects requests will result in an agreement being signed by the parties, only where after the funds may be disbursed. Disbursements will be made in tranches as per proposal requests or by agreement by the **CSI** committee and only on successful deliverables outlined in the preceding tranche allocation. At the close of any project event, the sponsored must provide the **Ntinga** with a close-out report detailing how the funds have been spent. **Ntinga** reserves the right to call for regular activity reports and meetings as it deems necessary with the beneficiary. This will provide a basis for disbursement of conditional tranches.

8.2. SPONSORSHIP AND DONATIONS

Sponsorship – Sponsorship is a generally an unsolicited cash and/or in-kind fee paid to activities of organisations (typically in sports, arts, entertainment or courses) in

return access to the exploitable commercial potential associated with such activities or organisations.

Donations –refers to ad hoc once-off payments to organizations in respect of charitable, on-profit organizations/persons in dire need of funds and whose objectives and activities find resonance with the Ntinga's objectives.

To enhance the impact of donations and sponsorships and to reflect the developmental nature of organisation, Ntinga will focus its resources on projects that are in line with the mandate of the Agency.

8.2.1 DISBURSEMENTS OF SPONSORSHIPS AND DONATIONS

Only written applications accompanied by an application form addressed to the Chief Executive Officer will be considered for sponsorship and donations from non-profit organisations. The CSI Committee will then make a recommendation to the Chief Executive Officer for approval/non-approval. Approved sponsorship/donation requests will result in a sponsorship agreement being signed by the parties, only where after the funds may be disbursed by the CFO.

8.2.2 APPLICATION FORM

All applications for sponsorship must be accompanied by a completed application form detailing the following:

- Brief history of the organisation
- Registration details
- Governance
- Previous funding details
- Primary beneficiaries of the project

8.2.3 GENERAL GUIDELINES

Ntinga will allow a process of allocating funds or grants for sponsorship and Donations in an open and transparent manner, which including posting these projects on the Ntinga's social media for all stakeholders assessing proposals will be assigned to view. The committee will assess proposals and on request of the CSI Chair visits the respective projects. Ntinga will on

an annual basis determine the amount of funding to be availed for sponsorships and donations based on its financial standing and advertise for responses from Not-for-profit Organisations and allocate such to deserving applications/proposals.

Subject to budget and funding availability, donations and sponsorships up to R50 000 (VAT inclusive) per organisation can be approved by the Chief Executive Officer. Donations and sponsorships exceeding R50 000 shall be approved by the Board of Directors upon recommendation by the Audit and Risk Committee.

8.2.4 EXCLUSIONS

Ntinga will not invest in the following:

- Employee of the state
- Individuals or small groups in their personal or capacity;
- Trade Unions;
- Political parties or groups with political affiliations;
- Professional fundraising organisations or intermediaries;
- Direct funding to government or other partners to fund its beneficiaries
- International travel
- All other regulations as per National Treasury regulations

The above list of exclusions is not exhaustive and may be amended.

8.2.5 SCHEDULE

Due to the volume of requests, Ntinga will implement the framework below to manage and ensure quick turnaround in processing these requests.

Period 1	Period 2
01 Jul- 31 Oct	01 Nov- 30 Jun

The funding will be allocated to two bi-annual periods to ensure that all organisations have an equal chance accessing the donations and sponsorships. The schedule will be advertised in the local newspapers, Ntinga's website and on social media.

9. PARTNERSHIP AND JOINT VENTURES

In its approach to promote, attract investment and grow the economy of the O.R. Tambo District, Ntinga will consider partnership/joint ventures with project and reputable organisations that are in line with the mandate of the agency. Project must display a developmental approach and must aim to improve the quality of life of the citizens of the O.R. Tambo District.

Organisations can forward partnership/joint ventures proposals to the CEO's office. The proposals will then be reviewed by the Senior Management. The potential partner may be required to conduct a formal presentation to both Senior Management and the board. The Senior Management will make further recommendation and submit a report to the for further guidance and approval.

Partnership/joint venture request up to R100 000 (VAT Inclusive) per organisation can be approved by the Chief Executive Officer. Partnership requests exceeding R100 00 has to be approved by the board.

10. INTERNAL CONTROL

The CSIC chair will be tasked to co-ordinate with the CFO and Company Secretary all formal contracts between the Ntinga and funded organisations and will also monitor funding expenditure.

The CSIC will meet on a quarterly basis or when required for Sponsorship and Donation request to update members on the effectiveness of funded projects. The CSIC Chair will at this meeting provide an updated report on funded activities. At such meeting, the CSIC may on prior arrangement request funded organisations to make presentations on projects status. The CSIC Chair will draft a quarterly reports which will also be tabled at Ntinga's Executive Management and Board / Committee meetings and subsequently submit same to the parent municipality together with the agency's performance reports.

11. RISK MANAGEMENT PROVISIONS

The management of risk in the allocation of CSI funding is critical to the CSI Policy to ensure that the strategic objectives of the agency are not compromised by failures in the CSI Policy. It is thus critical for the CSIC to do due diligence and assess the sustainability of the project during the evaluation stage. An adherence to Supply Chain process will also limit the risk and ensure reliable risk monitoring information.

12. MONITORING AND EVALUATION

The CSI Committee will visit recipients of all funding from the Agency – CDF, Sponsorships and Donations to review projects and will also request a close-out report for conformance with policy requirements. The recipient will also provide the Agency with a portfolio of evidence including all invoices and pictures relating to the purchase of good services etc.

13. SCOPE AND APPLICATION

The CSI Policy covers all stimulate socio-economic development through community-initiated projects, sponsorship and donations that complement the mandate of Ntinga. These projects must show active engagement with the communities it intends to assist.

14. GOVERNANCE AND REPORTING

The objective of this section is to identify and define the roles of stakeholders in the process of making decisions regarding CSI and CSI investment. For each specific decision, the following is considered:

The following stakeholders involved in making decisions regarding CSI and Partnerships at Ntinga:

- CEO
- Senior Management
- CSI Committee

The functions of assessing CSI proposals will be assigned to the Ntinga Corporate Social Investment Committee (CSIC)

The CSI committee comprises of the following members:

- A representative from the office of the CEO

- A representative from the office of the CFO
- A representative from the office of Trading Enterprises
- A representative from Corporate Services Division

The CSI committee will assess CSI proposals and on request of the CSI Chair. Visit projects and review reports for conformance with policy requirements. Ntinga will on an annual basis determine the amounts of funding to be availed for CSI initiatives based on its financial standing and advertise for responses from Not-for-profit Organisations and allocate such to deserving applications /proposals.

All partnership requests will be advertised by Senior Management and will include the request for a presentation with a detailed business plan. Senior Management will make advice and submit recommendation to the board for further guidance.

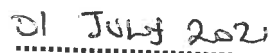
When the Corporate Governance of CSI is effectively implemented and maintained the following benefits are realised:

- Positioning CSI as a strategic enabler in the Agency;
- Improved stakeholder Communication;
- Improved trust between the Agency and the Community through engagement in CSI projects
- Achievement of Agency's strategic plan/objectives;
- Increased alignment of CSI investment towards Agencies strategic goals;
- Improved return on CSI investment and increased marketing collateral
- Improved management of Agency –related CSI projects;
- CSI executed in line with legislative and regulatory requirements



L.MBIKO
CHIEF EXECUTIVE OFFICER

DATE



S. MASE
CHAIRPERSON OF THE BOARD

DATE

15. CONCLUSION

