



# SOCIO-ECONOMIC DEVELOPMENT POLICY DOCUMENT

(Revised August 2024)

## **Lewis Group Limited**

### **Socio-Economic Development Policy Document and Operational Guidelines**

#### **1: Introduction:**

Lewis strives to improve the quality of life of all our stakeholders by positively impacting on their lives. As such, we seek to be an integral part of the community, recognised by the communities in which we operate as a dependable, caring and an ethical corporate citizen.

Our core Socio-Economic Development strategy is reflected in our motto: “Supporting communities that support us”.

The majority of our support goes towards education and training, followed by feeding and nutrition and health and social development (community upliftment) — especially towards the plight of children at risk in our society. We endeavour to make a difference in our communities and society.

Socio-Economic Development is managed along firm and transparent criteria, as well as clear corporate governance principles detailed in this policy document.

#### **Socio-Economic Development Position Statement**

We wish to enhance our brands, both to our customers as well as to our employee base, through active pursuit of an integrated Socio-Economic Development strategy in a transparent manner.

#### **2: Socio-Economic Development Guidelines**

Lewis' target is to budget 1% of its after-tax profits for Socio-Economic Development initiatives. This target will be achieved progressively in terms of approved projects.

### **Top Management Buy In:**

The Socio-Economic Development Program is supported by the board and employees within the organisation.

### **Human resources available to Socio-Economic Development programme:**

- Socio-Economic Development Manager — Ms Sharon Cowdrey
- Socio-Economic Development Officers — Ms Colleen Adams and Ms Sindiswa Jama
- Social Ethics and Transformation Committee includes at least 3 Directors of the Lewis Group Board
- Approval of SED Budget — Human Resources Director, Chief Financial Officer/Chief Executive Officer
- Branch Managers and branch staff— involved in the handover of donations/beneficiary selection
- Head Office merchandising team — involved in sourcing merchandise as donations

### **Integration:**

Our aim is to engage Socio-Economic development participation from every level of the organisation by:

1. actively seeking employee community involvement opportunities
2. communicating these projects through our internal communication channels
3. encouraging our stakeholders to get involved

### **3: Strategic Guidelines:**

#### **Investment Strategy:**

The corner stone of our social investment strategy is to identify opportunities that:

- Are in line with our company's goals and objectives.
- Promise sustainability.
- Show measurable results in the short, medium and long term.
- Create a win / win between the company and beneficiaries.
- Job creation opportunities
- Offer the greatest social impact and value for the Company.

**The Company focuses on mobilising charities that operate in the fields of:**

- Education
- Health
- Welfare

**The Company intends accomplishing the following in the community:**

- Primary: all children at risk, their nutritional, educational and social wellbeing needs. Education and education facilities and job creation.
- Secondary: feeding schemes, school feeding, community sports development, homes for abused women, and the elderly.
- Societies for the Blind, Deaf, Disabled, etc.

**The Company opts for:**

- A combination of large flagship projects, established projects and miscellaneous donations
- Offering bursaries to deserving individuals meeting our criteria
- Mobilising community-based projects
- Communities close to our business operations
- Communities where our staff live
- Creating working models that can be replicated

**Resource Allocation:**

The Company commits to direct and indirect financial investment in socially responsible initiatives and activities and allocates funds throughout the year.

- Direct financial investment — financing approved projects
- Indirect investment—a contribution in kind (e.g. resources, goods & material)

**Tax Exemption:**

The Company does not require beneficiaries to have a Section 18A status, which provides for the deductibility of donations made to certain public benefit organisations. However, it is preferable that a potential beneficiary has either an NGO/PBO or Section 18A status.

**Sustainability:**

We prefer to support projects that are striving towards self-sustainability. The project should be sustainable after a fixed period of time, agreed by both parties. Where applicable, the beneficiary is informed of these funding conditions.

### **Beneficiary Reporting:**

We require regular feedback for our support to continue our funding.

### **4: Fund Allocation**

#### **Portfolio Weighting:**

The Company has developed a benchmark for fund allocation, ensuring effective social investment.

The portfolio weighting is set out below:

| <b>Budget Allocation</b>       | <b>%</b> |
|--------------------------------|----------|
| Primary Projects               | 33.06    |
| Established Projects           | 12.77    |
| Bursaries/Education            | 33.13    |
| Southern African States        | 7.52     |
| Discretionary Donations        | 12.77    |
| Employee Community Involvement | 0.75     |

#### **What the Company Does Not Fund:**

- Loans
- Purchasing of equipment for research purposes
- International Programmes & Institutions

#### **Exceptions:**

- We will occasionally support individual requests where the beneficiaries are linked to a store (customers) or staff members.

## **5: Human Resources & Governance**

### **Socio-Economic Development Officer:**

Responsibilities of the Officer:

The Socio-Economic Development Officer is required to stay informed in the areas set out below:

- The Regulatory Environment surrounding Socio-Economic Development
- The degree to which the Company gets involved in the various projects
- The Nature of The Projects: and successes of the beneficiaries the Company supports

Day to day responsibilities include:

- Socio-Economic Development Reporting and Communication
- Feasibility studies and sustainability assessment
- Project selection
- Relationship management
- Budgeting control

### **Socio-Economic Development Officer Mandate:**

The Socio-Economic Development Manager allocates funding up to a certain level thereafter funding approval for larger projects must be obtained from the Human Resources Director, Chief Executive Officer or the Chief Financial Officer.

### **Employee Community Involvement:**

The Company encourages employees to get actively involved in community programmes.

- Staff Community projects — Individuals are encouraged to submit request for funding assistance in a range of projects within the community they serve.

## **6: Beneficiary Selection**

### **Funding Application:**

We request the following on funding applications:

- Contact details
- Project description
- Proposed objectives & outcomes
- Realistic & comprehensive budget
- Plans for sustainability
- What is required of our Company
- Proof of registration of organisation, if any
- Proof of Section 18A registration with SARS, if any
- NPO/NGO status certification

### **Evaluation:**

The Company places a high value on direct, first-hand information and ensures that information is gathered in a thorough and unbiased manner.

The Company assesses projects for the following:

- Proven project model
- Project sustainability
- Transparency
- Quality management team
- Accountability/Responsibility
- Fits our investment and corporate focus strategy
- Does the project genuinely address community issues or problems?
- Is the project viable and socially acceptable?
- Is the community itself prepared to commit its support for the project?
- Is the project high risk? Is it a pilot?
- What contributions are the various role-players expected to make?
- The ratio of administration costs to beneficiary spend
- The viability of the organisation
- Exposure to reputational risk
- Any other vital issues or considerations affecting the project

## **Approval Process**

Successful requests for significant levels of funding are presented to the funding committee for consideration. The committee consists of the Socio-Economic Development Manager, Human Resources Director, Chief Executive Officer and Chief Financial Officer.

A deeper evaluation of the potential beneficiary takes place and usually requires more in-depth information from the applicant and where possible, a visit to the project. If the committee is satisfied with the additional research and outcome of the field visit, then the proposal will be approved and signed off.

The projects now enter the funding stage where the Company and beneficiary enter into a legally binding contract, if necessary, and arrange timelines and deliverables.

Upon approval of a donation, a formal letter is sent to the beneficiary organisation for **each** approval, whether it is a first-time application or if the beneficiary organisation has received funding from the Company previously.

In the approval letter the following is requested:

- A letter in acknowledgement of the donation, referring to:
  - The amount donated
  - The demographics (%racial breakdown) of the beneficiaries
  - What the donation has been used for
- The completion of a Donations Return Form which is required for our BBEEE audit
- An income tax deduction receipt/certificated under section 18A of the Income Tax Act of 1962
- High resolution photographs of the beneficiaries of the donation where possible

If the above documents are not returned, no further applications for donations from that particular beneficiary organisation will be considered.

## **Resource Mobilisation:**

Wherever possible, the Company will facilitate procurement and negotiate best prices on behalf of the beneficiaries.

## 7: Reporting

### Socio-Economic Development Recognition:

Whilst achieving developmental impact is the core objective, the Company does request some level of recognition for its Socio-Economic Development activities. The Company would seek to display its logo and obtain media coverage wherever possible.

The Company recognises the importance of Socio-Economic Development communication and endeavours to draw awareness to its social investment activities by regularly informing stakeholders.

- Socio-Economic Development Reports are produced for the Transformation Committee bi-annually with senior leadership input.
- Communication with staff through internal channels.
- The Company receives regular, detailed, transparent accounts of application of funds from beneficiaries.



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W. ACHMAT  
HUMAN RESOURCES DIRECTOR



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S.A. COWDREY  
GROUP SED MANAGER