

Red Star Express Plc's - Corporate Social Investment Policy

1. Background

Red Star Express Plc, a leading Courier and logistics group in Nigeria, believes that it has a fundamental responsibility to assist in improving the lives of disadvantaged communities in Nigeria. Red Star has therefore developed a Corporate Social Investment (CSI) policy which is aligned to the company's strategy and which contributes to the company's overall mission and vision.

This brought about the Formation of the **Red Star Foundation** as a semi-autonomous body saddled with the responsibility of executing the CSI Policy.

Red Star Express's Corporate Social Investment (CSI) Programme is a deliberate, focused, coherent and progressive programme that is:

- Well co-ordinated
- Guided by a common policy framework
- Has clear focus areas
- Mutually beneficial
- Seen as a strategic business function
- Aligned to the core business

2. CSI Programme Objectives

The following are commonly shared objectives of Red Star Express CSI programme:

- Make a positive, sustainable impact on the communities in which Red Star Express operates through investing in improving the quality of life of disadvantaged communities
- To develop and empower disadvantaged communities through skills transfer and training for the sustainability and long-term growth of the company
- To build and improve relationships with the company's existing and potential stakeholders through forming mutually beneficial partnerships
- To create and enhance the company's reputation as a caring corporate citizen
- To attract quality socially responsible staff to the company as well as retain and enhance the loyalty and pride in the company of existing staff
- To increase customer goodwill and loyalty

o CSI Policy

Policy Statement

Red Star Express believes that being a responsible and contributing corporate citizen is a key component of the company's business strategy. Through its community investment strategy, the company is committed to the empowerment, development and growth of disadvantaged communities.

Purpose of the CSI Policy

The purpose of this CSI Policy is to:



- outline the company's CSI strategy and therefore its involvement in community development and upliftment
- set out the processes and procedures by which the company will identify, manage, and support its corporate social investment activities

Red Star Express's CSI "Footprint"

Investments will be made in areas where Red Star Express operates, particularly focusing on the communities in the operations area.

4. CSI Focus Areas

The focus areas outlined in this policy indicate areas in which Red Star Express shall direct their corporate social investment spend. In allocating resources to the outlined focus areas, Red Star Express shall be guided by the need to:

- focus on communities in which the company operates
- emphasize investments in disadvantaged communities
- support programmes that engender educational empowerment and development

Programme Focus Areas

Three focus areas have been identified, namely:

- Education
- Technical Skills Training
- Orphans and Vulnerable People

Education

There is a national crisis in education in Nigeria's schools with a lot of families not able to afford basic education for their children hence a lot of children are out of school. This situation is exacerbated by the considerable barriers to learning: poverty, poor facilities, overlarge classes, a lack of facilities and resources, and illness. The problem is particularly dire in mathematics, science and technology education and English Language where it is estimated that one third of schools offering these subjects achieved pass rates of less than 20%.

Investment by the private sector and civil society is critical to redress the imbalances created by the Government at all levels' inability to prioritize education and allocate a minimum of 30% of its resources to Education as advocated by the UNESCO.

Red Star Express's social investment programme attempts to address these needs through supporting projects providing:

- Scholarships for primary and secondary school students through the Red Star Foundation.
- Career guidance and support for school children through mentorship programmes and the likes.



- Technology related equipment, supplies and infrastructure
- Technical skills acquisition to foster entrepreneurship

Scholarship Scheme

The educational inequalities that resulted from poor funding of the sector, combined with the growing pressures of globalization have led to an increased mismatch of skills within the labour market and a shortfall of skilled labour in many sectors.

Red Star Express's social investment programme attempts to address these needs through supporting projects providing:

- Providing scholarships to indigent, academically sound students who hitherto may not have the chance to have a good education owing to their poor background.
- Donations to schools in its operations area.

Flagship Projects

Red Star Express will be proactive in setting up flagship projects within the Education focus area, and will allocate the majority of the CSI budget to such projects. The balance of CSI funding will be made available for grants to smaller non-flagship projects. The flagship project will be run by **Red Star Foundation**, a not for profit organization set up to carry out Red Star Express's Corporate Social Investment Policy.

In cases where Red Star Express is proactive in setting up flagship projects, they will undertake to:

- evaluate the projects in order to assess the need and ultimate impact of the projects
- draw up a formal contract with the flagship projects which will clearly identify the roles, rights and intended benefits that pertain to each of the parties involved.
- ensure that flagship projects are sustainable in the long term, and achieve real and measurable developmental impact.

Criteria for Selecting Projects

All organizations and projects identified for financial support from Red Star Express must:

- have an ultimate objective of improving the quality of life of members of disadvantaged communities within Nigeria
- focus on the disadvantaged communities within which Red Star Express operates
- be able to demonstrate some form of sustainability
- prove that more than 75% of the beneficiaries are indigent members of the society where Red Star Express operates.



General Exclusions

Red Star Express will not offer financial support to:

- Profit-making organisations and companies
- Religious organizations for sectarian activities
- Political parties or groups with partisan political affiliations
- Labour unions

5. CSI Budget

Red Star Express's CSI expenditure will be calculated according to a specific formula of a minimum of 0.5% Red Star Express Plc Profit After Tax. The budget will run from the 1 April to the 31st of March each year.

The following split is proposed for Red Star Express's CSI budget:

Flagship Project= 60%

Non-flagship Projects = 40%

Non-financial contributions will include staff hours in participating in employee mentorships during company working hours as well as material donations of computer equipment and software, school supplies & consumables.

6. Employee Involvement

Red Star Express realizes the value of involving employees in its CSI activities and as such will endeavour to develop and implement an employee participation programme that will address the needs of the employees in a holistic manner whilst also achieving its corporate objectives.

Red Star Express will develop a formal employee mentoring programme where employees will be encouraged to mentor young people in the community for at least one (1) month in a year

These volunteer projects will include the projects that the company's CSI programme supports as well as staff- nominated projects and identified community development projects.

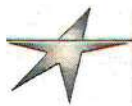
Employee volunteering support can include volunteer time, financial contributions and donations in kind. The volunteer needs of projects that the company is supporting will be identified and communicated to employees to ensure that employees are aware of the opportunities available.

7. Decision-making Structure & Roles and Responsibilities

A formal CSI Committee will be established to ensure that a co-ordinated, coherent and focused social investment strategy is realized. This committee has the mandate to work with the Red Star Foundation in this regard. The CSI Committee will meet on a monthly basis.

The Committee shall be chaired by the CSI co-ordinator and include (but not be limited to) the following members:

- Human Resources representative
- Finance representative



- Staff representatives (three representatives)

The CSI Committee responsibilities will include:

- Recommendation of selected projects for investment including flagship projects
- Allocation of budget to selected projects
- Drawing up of contracts/grant agreements with the selected projects.
- Monitoring the effectiveness of funded projects
- Co-ordinating the implementation of an effective CSI communication programme

The CSI programme will be managed by the CSI Committee whose responsibilities will include:

- Determining the CSI policy and strategy
- Determining the CSI budget
- Identifying, screening and selecting CSI projects to present to the CSI Committee
- Controlling the CSI expenditure
- Managing the implementation of selected projects on a day to day basis
- External and internal CSI reporting

The Group Managing Director and Executive Director, Finance and Administration will be responsible for:

- Final approval of the CSI budget
- Final approval of the CSI policy

8. Reporting Structure

Project Reporting

- Exact reporting formats and dates for report submission shall be set out in the grant agreements to be signed by each of the major projects funded.
- Volunteer projects supported through employee volunteer hours will be required to sign contract letters which will specify reporting requirements

Management Reporting

- The CSI Co-ordinator will report to the CSI committee on all CSI activities through project progress reports at the CSI committee meetings
- The CSI Co-ordinator will report to the GMD and ED Finance annually on the CSI programme
- The CSI Co-ordinator will report to staff regularly on the projects' progress

9. Communication

The CSI communication plan will communicate information on Red Star Express's CSI activities and successes both internally and externally. The aim of the communication plan is to enhance the company's reputation as good



corporate citizens and ensure that staff, the Board of Directors, customers, investors, potential partners and all relevant stakeholders are kept informed.

The development and implementation of the external and internal communication plan will be the responsibility of the CSI Committee and the HR Manager.

Internal Communication

The internal communication plan will provide feedback to staff and management on the CSI policy and strategy, projects selected, project achievements, and project volunteer opportunities. This will be communicated through the following mediums:

- Email
- Intranet
- Staff meetings
- Office Noticeboards
- New employee induction packs

External Communication

The external communication plan will create public awareness for the company's CSI programme and their role in community upliftment through:

- Company website
- Company profile
- Sales presentations
- Tender documents
- Annual Reports and Accounts

10. Evaluation and Feedback

An effective evaluation and impact analysis process will be developed and implemented and will apply to all selected projects. The measurement and evaluation of the projects will be defined within the grant agreements which set the framework for periodic evaluation.

For flagship projects a pre-funding evaluation, site visits and end of contract evaluation will be conducted where a full impact analysis will be undertaken. Furthermore, Red Star Foundation will be required to have an in-built monitoring element for the programme being funded.

The extent of evaluation on non-flagship projects will be determined according to the size of grant. A non-professional evaluation process will be used involving the use of application forms, conducting site visits and development of formal contracts with set reporting requirements.

Full disclosure of grantees and the amount of grants made are in the best interest of Red Star Express in terms of good Corporate Governance practices.



Effective Date:

This policy is effective from the date of signature as shown below.

Approved by the Board this 26th day of April 2018.

Signed For and On Behalf of the Board

A large, stylized cursive signature in black ink, written over a horizontal line.

GROUP MANAGING DIRECTOR/CEO

A smaller, stylized cursive signature in black ink, written over a horizontal line.

DIRECTOR