

THE PUBLIC INVESTMENT CORPORATION (PIC) –
STATEMENT OF CONTINUED SUPPORT FOR THE UNITED
NATIONS GLOBAL COMPACT

FEBRUARY 2017

1. Background

The PIC's business practices and investment thesis is underpinned by a strong commitment to ESG and ethical matters. Hence, it subscribes to the United Nations Global Compact (UNGC) as well as the Principles of Responsible Investment (PRI) and the Principles of Responsible Investment's statement on ESG in credit ratings, and is a representative in the Code for Responsible Investment in South Africa (CRISA). The PIC believes that a strong commitment to the highest standards of business practices and ethics is essential and that ESG considerations in business decisions are important in creating value for clients.

The PIC's values and business processes underpin its strategic approach to sustainability and reflect the desire to preserve the future for all its stakeholders. Therefore, the PIC remains committed to the sustainability principles and will continue on its sustainability journey with conviction and commitment, believing that its continued success depends on its ability to share its successes with other stakeholders, enhancing their lives and their own ability to be successful. PIC commits to remain an active participant of the UN Global Compact and will endeavour to learn from others and to improve on the implementation of the 10 principles.

The PIC requires ESG factors be considered as part of a robust investment management framework based on the following:

- ESG issues can have an impact on the possibility of meeting investment objectives and can affect the long-term sustainability of returns.
- ESG issues are a source of risk in any investment portfolio that must be managed and bolstered.
- Proper identification of ESG issues places the investment in a better position to deliver long-term sustainability and balanced investment returns.
- Effective stewardship can play a role in enhancing risk-adjusted performance of investment.
- ESG assessment and monitoring has the potential to reduce risk and manage the ESG impact on the investment return by potentially protecting and enhancing the investment wealth over the long term

The PIC continue to improve its initiatives and even playing a bigger role in promoting sustainable investing and the inclusion of ESG considerations in our investment processes. In 2016 PIC has signed a PRI statement on ESG in promote more systematic and transparent incorporation of environmental, social and governance (ESG) factors in credit ratings and assessment. During the year the PIC will continue to reduce its carbon footprint as operating entity, as it is moving its head office into a five star rated green building.

2. Communication On Progress

2.1 Introduction

The PIC is an institution that plays a significant role in the economy through its investments by supporting the well-functioning of financial markets and SOEs, by financing infrastructure projects and investing in strategic sectors that have a huge developmental impact on the economy. These investments aim to drive job creation and transformation in various sectors of the economy. The PIC has a major role to play in expanding the South African economy. However, this role must be fulfilled taking full cognisance of its clients' asset and liability models, which specify strategic asset allocations, risk parameters and commensurate sustainable investment returns.

The PIC contributes to the growth of the economy through our Vision 2030. Vision 2030 is anchored by our "DIRECT" investment approach – Developmental Investing for Radical Socio-Economic Transformation. The DIRECT approach is informed by the statistical evidence that shows a correlation between the GDP and the growth of PIC's AuM. Our DIRECT approach is congruent with key Government priorities of economic development such as the NDP, the Industrial Policy Action Plan (IPAP) and the New Growth Path.

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2.2 PIC approach to responsible and sustainable development

The PIC cannot have an investment approach based purely on short-term benchmarks with little focus on economic growth. Our investments focus on sustainable returns over the longer term, whilst stimulating economic growth and bringing about socio-economic transformation. This approach is underpinned by robust risk management and ensures that the PIC remains a beacon for responsible investing by driving good corporate governance. As a corporate entity, the PIC is aware of the need to adhere to corporate governance best practice and it also ensures that these are embedded in investee companies. We are aware of the effects of the current drought as well as climate change on our economy and food security. This emphasises the need for environmental sustainability, including investments in renewable energy and the agricultural and agro-processing sectors. We strive for good corporate citizenship and recognised the need for social transformation, prompting investments in education, healthcare, and student accommodation.

During the financial year, we committed ourselves to a renewed focus on shareholder activism and responsible investing and we bolstered our Environmental, Social and Governance (ESG) frameworks, including policies for Listed Investments in equities and fixed income, SOEs and Unlisted Investments including properties. Risk management remains a high focus area and the Audit and Risk Committee (ARC) continues to engage actively with management on various matters of potential risk. The Board is comfortable with the way in which risks are managed at both investment and corporate levels.

During the financial year under review, the PIC implemented the following:

- ESG policy for listed equities
- ESG policy for fixed income
- ESG policy for public entities/SOEs
- ESG policy for Unlisted Investments

The PIC's responsible investing activities, which have been integrated with its investment process, include:

- Conducting ESG quality reviews: The ESG team delves into the core of an investee company's controls, its sustainability strategy, its social responsibility intent and, ultimately, its commitment to all stakeholders. Reviews are based on publicly available information, which includes the investee company's annual

financial statements and sustainability reports, and its website. Reliance is placed on the audit and risk reports. The assessment includes thorough interrogation of the investee company's business model, its practices and risks, the regulatory environment and obligations that require compliance. Best practice dictates appropriate disclosure on ESG issues by investee companies as well as timeous and appropriate reporting on activities and progress towards implementing responsible practices. This informs the ESG rating, calculated using the appropriate PIC ESG rating metrics, to measure investee companies' ESG compliance and identify areas for engagement.

- Exercising voting rights (proxy voting): The PIC makes its proxy voting reports available publicly on its website, in adherence to best practice and CRISA principles. Proxy voting reports are updated quarterly. Should the PIC not support a particular resolution and vote against it, the motion carries should other shareholders vote differently. The matter against which the PIC votes will then become an engagement item with the investee company.
- Liaison with investee companies: The ESG team participates in various meetings with the management teams of investee companies to address concerns.
- Influencing the ESG landscape through shareholder activism.
- The PIC further supports the country's developmental agenda by embracing transformation as an investment driver. As a result the PIC requires that investments fulfil this mandate to drive the transformational strategy through the Broad-Based Black Economic Amendment Act No. 46 of 2013.

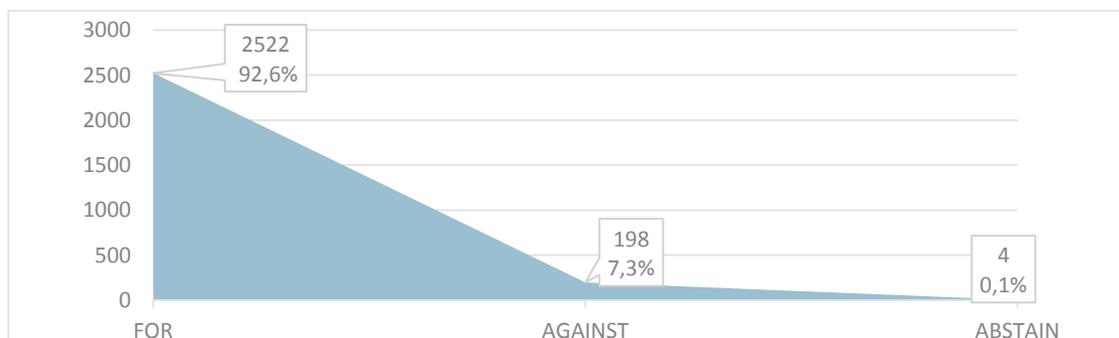
2.3 Voting At Company Meetings And Company Engagements

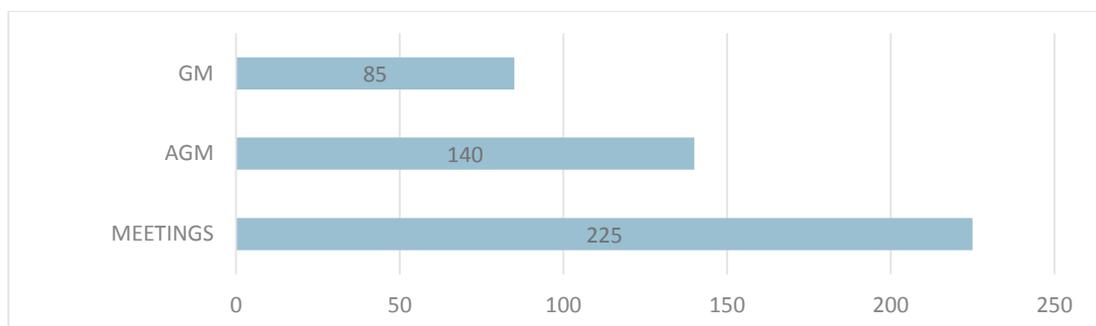
The PIC seeks to support and enhance its investment rationale for companies through appropriate levels of engagement, activism and through the subsequent exercise of voting rights. Investee Company Engagement issues included, amongst other matters:

- Non-executive directors' independence,
- Board and executive management diversity,
- Company's transformation plans with a focus on BBBEE and employment equity, and
- Environmental sustainability.

SECTOR	MEETINGS	AGM	GM	RESOLUTIONS	FOR	AGAINST	ABSTAIN
Property	84	25	59	618	594	24	0
Investment Services	11	8	3	109	91	16	2
Consumer	33	28	5	465	413	50	2
Industrial	19	15	4	270	253	17	0
Insurance	10	8	2	192	184	8	0
Banks	9	8	1	191	174	17	0
Resources	37	31	6	571	524	47	0
Telecoms	5	5	0	72	70	2	0
Construction and Engineering	9	8	1	142	136	6	0
Health Care	8	4	4	94	83	11	0
TOTALS	225	140	85	2724	2522	198	4

The following graphical illustrations provide a summary of the voting results for the reporting period.





2.4 Company Engagements

The primary objective of ongoing engagements with companies is to protect and enhance investment value over the long term and to improve a company's level of governance and behaviour across a range of issues including governance structures, remuneration policy, accountability and transparency. The PIC believes engagement is a tool to manage the risks and opportunities presented by ESG issues. It can drive change, pushing companies to behave more responsibly, generating better long-term financial rewards for investors, more sustainable prospects for the business, and positive impacts for the labour force, communities and environments affected by corporate activity.

For the period under review, companies were mostly engaged on the following issues:

- Competition Commission matters
- Corporate governance
- Remuneration policies
- Director remuneration especially executive director remuneration
- Share plans
- ESG integration
- Company strategy
- Social and ethics issues
- Transformation
- Environmental sustainability
- Fraud and corruption

2.5 Key Development Indicators

Highlights of Social Impact by Isibaya since inception

Employment	#
Total number of permanent employment opportunities sustained	88 606
Total number of temporary employment opportunities created	8 751
Total number of construction jobs facilitated	39 268

Community upliftment and economic benefit :	#
Number of community groups supported (micro loan)	60 169
Number of SME's supported through Isibaya	1097
Number of Community Trust and Employee Share Schemes established and supported	14

Education:	#
Number of student loans disbursed	34 047
Total number of student rental properties	31
Total number of student beds	11 824
Number of school supported	22
Number of Student (Basic education)	15 600

Healthcare: Direct	#
Total number of hospital projects	3
Number of hospital projects in Gauteng	2
Number of hospital projects in Mpumalanga	1
Total number of beds available in hospital projects (225 still under construction)	436
Healthcare: Indirect	#
Total number of investment	6
Total number of hospital projects	10

Number of hospital Operating	5
Number of hospital under construction	5
Total number of beds available in hospital projects	820

Housing:	#
Total Number of Properties	578
Total number of Units	59,155

Renewable Energy	
Total MW Committed	2,620.54 MW

2.6 PIC Corporate Sustainability updates

(a) Governance

The PIC believes that sustainable performance can only be achieved if good corporate governance principles, underpinned by the Companies Act (Act 71 of 2008) and the King III Report, are embraced. This has been achieved through:

- The PIC board also had a thorough relook at all board committees as well as the committee structure and membership. Terms of Reference for all committees has been revised.
- Advancing policies that protects minority shareholders such as community trusts, employees and BBBEE partners; and
- Nominating PIC representatives to the Boards of investee companies to ensure good governance.

Further to the above, the PIC also addressed the ten principles of the United Nations Global Compact in the following ways:

(b) Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

As a Public Entity, the PIC must comply with all South African legislation. Human rights are enshrined in the Constitution of the Republic of South Africa. South Africa is a member of the International Labour Organisation (ILO) and has ratified the ILO instruments. These requirements have been included in South African labour legislation which is applicable to the PIC.

Human rights are central to PIC's legitimacy and are principally addressed in the PIC's Code of Conduct and Ethics which includes: Acting according to the law; acting fairly; properly exercising powers; explaining the reasons for decisions; being honest, truthful and conscientious. Each employee of the PIC has a copy of the Code of Conduct and Ethics and new employees are issued with copies when they join the Corporation. Internal policies, procedures and practices prohibit any violation of human rights. Any breach of these is treated seriously and will result in disciplinary action.

Holistic employee health (physically as well as mentally) is an important component of creating value for employees and for this purpose the PIC has contracted an external service provider to provide the PIC staff and their immediate family members with an Employee

Wellness Programme, free of charge. All PIC employees are subscribed to the programme. Each year the PIC has a PIC health day where all employees can have their cholesterol, blood sugar levels, blood pressure etc. tested on site. Dieticians are also available to give advice to staff members.

The PIC has an HIV/Aids policy and through its Employee Wellness Programme, also provides assistance to employees living with this disease. Programmes which cover education and prevention are also frequently run. Employees are continually encouraged to know their status and to look after themselves and others accordingly. Condoms are available on site, free of charge. The PIC celebrates International Aids Day.

All PIC employees enjoy the benefits of a medical aid scheme and a pension fund.

Broad-based black economic empowerment (BBBEE) is very important in the South African context and is embedded in the PIC's recruitment and procurement policies. The PIC's policy is to promote employment equity at all levels of the organisation, including its Board.

The PIC realises that it does not exist in isolation and that it should also reach out to the communities in which it operates.

(c) Labour

- *Principle 3:* Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- *Principle 4:* the elimination of all forms of forced and compulsory labour;
- *Principle 5:* the effective abolition of child labour; and
- *Principle 6:* the elimination of discrimination in respect of employment and occupation.

The PIC is committed to eliminating any form of discrimination in respect of employment and occupation. The PIC practices freedom of association which enables employees to join trade unions. Employees may use established grievance procedures which prohibit victimisation.

The PIC maintains transparency and worker consultation in decision-making through meetings and other forums.

Employment equity policies have been implemented that are inclusive of race, gender, and people with disabilities to ensure that the PIC is an organisation that is representative of all the people of South Africa. The PIC complies fully with the Employment Equity Act.

Alignment of the PIC business plan with its skills requirements is critical. Demand and supply of required skills and competencies within all business units are assessed, skills levels defined and timeframes set for the filling of vacancies. A combination of internal development (talent management), internal promotions, and external recruitment forms part of the recruitment strategy of the PIC. The PIC also has a graduate programme in place, recruiting graduates from various South African Universities and assisting them with practical training within different divisions in the PIC

At the end of the financial year, we had 296 employees. During the year, the PIC recruited 43 employees and 35 employees resigned. The restructuring that happened in 2015 also involved leveraging expertise from the market by partnering with Mowana Properties for the property management portfolio. As a result the PIC has transferred 121 employees from the properties division to Mowana.

Within our workforce, we engage, develop, and retain a high-performance culture. Our performance management culture is robust, agile and rewards excellence. Through performance consulting and regular reviews, we track and monitor individual contribution and provide development coaching and opportunities for our staff. This is to ensure that our staff remains abreast of the latest and most effective best practice and innovative ideas in their field of expertise. Our culture of open and honest dialogue promotes immediate and direct performance feedback between the manager, employee, and team to help individuals identify performance gaps and address development needs more accurately and effectively.

We invest significantly in a number of opportunities for development and training of our employees. PICeeds, our flagship graduate programme, has had 100% pass rate for all its South African Institute for Chartered Accountants (SAICA) graduates. The graduate programme runs for two years and has a retention rate of more than 80%. We currently have 28 graduates, with the intention of increasing the graduate intake for the year ahead. The PIC strives to be an active participant in youth employment and skills development.

There is no child or forced or compulsory labour at the PIC or any of its subsidiaries. Such employment is not only illegal but it goes against the PIC's internal values, standards,

policies, and procedures. Established recruitment practices are followed in all appointments made at the PIC for the period under review and no instances of child labour have been found. Current screening practices will highlight any under-age applicants.

(d) Environment

- *Principle 7:* Businesses should support a precautionary approach to environmental challenges;
- *Principle 8:* undertake initiatives to promote greater environmental responsibility;
- *Principle 9:* encourage the development and diffusion of environmentally friendly technologies.

Given the increasing impact of climate change, the PIC has a renewed focus on environmental standards. The PIC is in the process of re-looking its environmental footprint and there will be a much bigger focus on environmental matters, not only from an investment perspective but also for the PIC as operational entity. The PIC is finalising building new head office which is a 5 star green building.

(e) Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The PIC is governed by the Constitution of the Republic of South Africa, the Public Investment Corporation Act, the Public Finance Management Act, the Companies Act as well as the King Codes on Corporate Governance and its own Corporate Governance Policy. In addition to the prevailing legislative environment, internal policies and procedures at the PIC prohibit any corrupt behaviour. Criminal behaviour is not tolerated and formal charges will be laid against any perpetrator. Integrity is a core PIC value and the organisation is committed to the highest standards of ethical behaviour in all its actions and decisions. This ethical awareness also influences the PIC's engagement with suppliers and other stakeholders, as well as its investment decisions.

The PIC has a whistle blowing hotline which is in operation 24 hours a day, every day of the week. This hotline ensures the anonymity of any person reporting a complaint. All fraud and corruption allegations are investigated and reported to the Audit and Risk Committee of the

Board. Where possible and practical, the PIC will pursue full recovery of all losses resulting from acts of fraud and corruption.

The PIC has various policies in place aimed at the prevention of fraud and corruption, and dealing with the declaration of interests, ethics and acceptance of gifts, among others. Facilitated by the human resources, compliance and legal divisions of the PIC, structured sessions take place with all employees and Board members emphasising proper conduct to ensure compliance with legislation and internal values, standards, policies and procedures.

The PIC has an internal audit function which reports functionally to the Audit and Risk Committee. The terms of appointment of the Internal Audit Manager as well as her performance assessment are conducted by the Audit and Risk Committee.

(f) The Social and Ethics Committee

The PIC has established, in line with the Companies, Act, a Social and Ethics Committee (SEC). The SEC operates within a Terms of Reference (ToR) that complies with the Companies Act and King III requirements and is approved by the Board of Directors. The ToR is subject to an annual review by the Board.

The main objective of the SEC is to assist the Board to address social and ethics matters and to assist the Board and the Executive Committee in the fulfilment of their duties and responsibilities to ensure that the PIC remains a good corporate citizen. This is done by monitoring the sustainable development practices of the PIC, thereby assisting the Board in achieving one of its values of doing business ethically.

The SEC's monitoring role includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and safety, as well as labour and employment.

During the period under review, in the execution of its duties, the SEC has reviewed PIC's progress in addressing the principles of the UN Global Compact Principles and the OECD Guidelines; as well as PIC's performance and strategy in terms of sustainable development as it relates to the following:

- Socio and Economic Development;
- Corporate Social Investment;
- Broad Based Black Economic Empowerment;
- Stakeholder Relations;
- Health and Safety;
- Labour Relations, including Employment Equity; and
- Management of the PIC's environmental impacts.

During the period under review, the SEC has either put in place or reviewed PIC's:

- No-Gifts Policy – the Gift Policy was amended that employees may no longer receive any gifts;
- Safety, Health and Environmental Policy;
- Procurement Policy, as it relates to environmentally friendly purchasing;
- Politically Connected Persons Policy;
- ESG Policy for Listed Equities;
- ESG Policy for Unlisted Investments;
- ESG Policy for State Owned Entities;
- ESG Policy for Fixed Income; and
- Corporate Social Investment Policy.
- B-BBEE Guidelines Policy

Several remuneration policy matters were discussed with investee companies. PIC voted against a number of remuneration policies and Companies were engaged on these matters. In particular, Companies were requested to disclose the ratio between highest and lowest paid employees. Of these, some Companies indicated that they would consider the disclosure of this information.

The original ESG Matrix for Listed Investments has evolved over the years and there was a specific drive to add more social and environmental metrics. In the past the Matrix had only been populated with publicly available information. With the current inclusion of the new additional metrics, certain information that is not publicly available will be included, such information will be sourced directly from the company. This will enable us to make more

informed decisions with regards to ESG issues. Particular care will be taken to ensure that no price sensitive information is disclosed to the PIC.

The metrics and questionnaires of the International Finance Corporate and the CDC Group plc, a Development Finance Institution, were used as benchmarks during the development of the ESG Matrix for Unlisted Investments. The Matrix was based on the same underlying principles as the Matrix for Listed Investments to ensure consistency across the metrics applied.

The PIC's Code of Conduct's compliance is monitored through a whistle-blowing facility, the details of calls and follow-up actions are presented to this Committee for consideration.

(g) Principles For Responsible Investments:

The PIC has adopted a belief system that incorporates economic, social and institutional considerations into investment decisions. This approach to investment management is consistent with increasing global concern and awareness around sustainability issues. The United Nations-backed Principles for Responsible Investment Initiative (UNPRI) is a network of international investors working together to put the six Principles for Responsible Investments into practice.

The Principles were devised by the investment community. They reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large. The PIC lived-up to these principles in the following ways:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

The PIC's commitment to ESG matters in the investment process is informed by the believe that:

- Sound environmental management forms an essential part of sustainable economic growth and social development which lead to sustainable businesses;

- Social matters need to be addressed especially in a society such as South Africa with its discriminatory past. For any business to be sustainable it has to take broader society (all stakeholders and not only shareholders) into account in its decision making processes.
- Good governance practices mitigate the risk of corporate failure and that ultimately will lead to enhanced long term returns.

There is currently ESG policies in place in all the investment divisions.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Given the PIC and GEPF's active role in addressing matters of governance and ethics within corporate South Africa and as the largest institutional investor and pension fund on the African Continent it was fundamental for the two entities to ensure that its investment decisions moved beyond the mere financial performance of companies. The challenge was to delve into the core of a company's controls, its sustainability strategy, its social responsibility intent and ultimately its commitment to all stakeholders. The PIC uses a corporate governance rating matrix to measure the ESG compliance of investee companies and through the PIC-GEPF ESG Working Committee various engagements with companies on ESG performance took place.

The PIC, especially through its Isibaya Fund, invests significantly in socio economic development including skills development. The Isibaya Fund has evolved from having a mainly private equity focus to one which predominantly focuses on the following priority areas:

- Economic infrastructure (comprising energy, logistics, water, broadband, liquid fuels and commuter transport);
- Environmental Sustainability projects such as renewable energy, energy efficiency, clean technology, recycling and green firms, environmentally friendly construction, green buildings and conservation;
- Social infrastructure, focusing on health, education and housing;
- New Enterprise, Job Creation and BBBEE focusing of SMME development, support for fund managers espousing principles of BBEEE and investments in sectors that foster growth, job creation and BBBEE particularly in those priority sectors identified

by Government's Industrial Policy Action Plan (IPAP) (including agriculture, agro-processing, green and renewable energy technology, tourism and business process outsourcing).

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

The PIC was one of the key role-players involved in initiating the drafting of the Code for Responsible Investing in South Africa (CRISA). Principle 1 of the Code states that "An institutional investor should incorporate ESG considerations into its investment analysis and activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries". The Code requires both asset owners and institutional investors to incorporate ESG issues in investment processes. It also requires these institutions to have policies dealing with ESG matters publicly available and to disclose voting records

The PIC is one of only a few asset managers that has its Corporate Governance Code as well as proxy voting records available on its website. Quarterly reports detailing all voting are also submitted to clients.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

The PIC works closely with its external managers to promote the implementation of the UNPRI. The ESG Working Committee had discussions on various ESG issues with the external managers and there are frequent discussions between the PIC and the external managers on company specific issues.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

The PIC is an active member of the UNGC and UNPRI South African Network. It is also a member of the Association for Savings and Investments in South Africa (ASISA).

ASISA is empowered by a mandate from an industry that manages assets of more than R5.5 trillion and is therefore considered a formidable partner around Government's negotiation table where we proactively engage on policy, regulatory and issues of common concern.

The PIC now has representatives on key ASISA Standing Committees such as:

- Employment Equity and Education
- Empowerment Financing Working Group
- Responsible Investing Standing Committee

The PIC will, via this platform, further ensure that the UNGC principles are implemented throughout the South African investment and asset management industries.

The PIC is also represented on the Centre for Corporate Governance in Africa at the University of Stellenbosch. The PIC is a frequent participant at both UNPRI and UN Global Compact events and conferences. .

Principle 6: We will each report on our activities and progress towards implementing the Principles.

The PIC is one of a few asset managers that publicly disclose its voting records. The Corporate Governance Policy of the PIC is also a public document.

2.6.1 Environmental Sustainability-Resource Efficiencies

(a) Water and Electricity Usage

In line with its commitment to ESG principles, the PIC is implementing initiatives to monitor and reduce water and electricity usage, as well as its carbon footprint. Water infrastructure is maintained and leakages are monitored and repaired immediately. The building management strategy now also includes proactive monitoring and maintenance to avoid any wastage through leakages. Despite the implementation of a water and electricity usage monitoring strategy, the overall usage increased from 2014/15 to 2015/16. This is attributable to increased office space to provide for increased staff numbers over the next three years.

(b) Carbon Footprint

The PIC is sensitive to its impact on the environment and will implement measures to monitor and reduce its carbon footprint. The CO² tons relating to travelling decreased from 844.05 in 2014/15 to 325.98 in 2015/16.

(c) Paper Recycling

The PIC collaborated with Mpact Recycling to recycle 9.14 tons of paper during the 2015/16 financial year. Service providers used for collections were all empowered small entrepreneurs benefiting from an enterprise development initiative, and proceeds from paper

collected went to the Society for the Prevention of Cruelty to Animals (SPCA). The business also prints documentation double-sided and uses a board pack application to reduce paper usage.

2.6.2 Corporate Social Investment

Beyond AuM activities, the PIC runs a Corporate Social Investment (CSI) programme, which seeks to alleviate social ills in identified communities. During the year under review, R1,897 million was invested in CSI initiatives. In addition, employees invested their personal time and financial resources to better the lives of people in need.

All focal areas of the PIC CSI drive are important, however, priority in future will be given to education-related initiatives, specifically those benefiting people with disabilities. Support for CSI will involve not only direct monetary contributions, but leveraging on the PIC's wide network of partners to collaborate on sustainable projects that make a difference.

The PIC's CSI policy focuses on five areas:

- Education and training;
- Socio-economic development;
- Agriculture, Conservation, Environment; and
- BBBEE.

The PIC recognises the need to maintain involvement in certain projects to realise long-term benefits. Over the past few years, it has been involved in the following initiatives:

(a) Libraries

This initiative aims to provide prefabricated libraries to needy schools across the nine provinces. To date, the PIC has placed five libraries in the Eastern Cape, Free State, Limpopo, Northern Cape and North West. A container library benefits about 1 500 pupils a year. During the year under review, a library was donated to Putuma Junior Secondary School in Mbashe village, Eastern Cape.

(b) Solar Bags

This involves the donation of solar-energy-harvesting bags made from recycled plastic bags and fitted with solar panels that collect solar energy while the scholar walks to and from school. The solar panel is then fitted to a glass jar, to allow the scholar to study at home at night without electricity.

During the year under review, the PIC doubled its donations of solar bags to benefit 100 children from Tlakukani Primary School in Mamelodi. Employees supported the initiative by providing their used plastic bags. Not only was this initiative an environmentally friendly initiative by promoting recycling of plastic bags, it was in support of a black female owned business, Rethaka Trading, which produces this original South African innovation, which has been recognised and commemorated internationally.

(c) Investment in Education: Mathematics

For the fourth year, the PIC offered extra mathematics lessons to school pupils in Mamelodi. The initiative was driven by PIC employees, who dedicated their time to tutoring grades 11 and 12 pupils. Pupils from Nellmapius Secondary School received 24 weeks of tutorials from PIC employees. In addition, the PIC partnered with the South African Maths Foundation (SAMF) to support pupils from Nellmapius Secondary School and Phateng Secondary School to participate in the South African Mathematics Team Competition, which challenges pupils' problem-solving skills.

(d) Teacher Training

Leveraging off its partnership with the SAMF, 68 primary-and high-school teachers, from some of the schools that received libraries, also received skills training in problem solving.

(e) TutuDesk Campaign: Lap Desk

The PIC also responded to the underdevelopment of functional literacy in primary school children resulting from a deficit of three million classroom desks in South Africa. In partnership with the Desmond Tutu Tutudesk campaign, the PIC delivered 1 335 portable Tutudesks to underprivileged pupils in Greytown, KwaZulu-Natal. The Tutudesk campaign aims to provide 20 million African children with portable desks by the end of 2020.

(f) Education for the Disabled

In the 2015/16 financial year, the PIC contributed to the training and development of persons with disabilities. Through an organisation, Action for the Blind and Disabled (Action), the PIC sponsored the training of 12 blind learners in IT skills as well as sponsored their accommodation. The learners received a certificate to enable them to seek employment as semi-skilled workers.

(g) Employee Initiatives

As part of National Woman's Day celebrations, PIC staff donated professional work clothes and shoes to victims of abuse accommodated at Mercy House women's shelter in Pretoria

North. The women were also treated to a lunch and attended a Curriculum Vitae preparation training session presented by PIC human resources staff.

In partnership with the Charities Aid Foundation Southern Africa (CAFSA), PIC employees provided soup to more than 1 000 Reshomile Primary school pupils and donated 500 food hampers to surrounding households, as part of the Mandela Day 67 Minutes initiative.

Fifty employees supported the Little Stars on Earth Christmas-in-a-Box campaign by donating Christmas gifts to underprivileged children at Bambino's Crèche in Danville. PIC staff also participated in the South African Blood Services blood donation drive.

(h) A Response to the Drought

Five provinces were declared disaster areas following the ravaging effects of drought. Communities that rely on farming for sustenance and economic activity suffered the most, with Senekal, Free State, one of the worst affected. With Operation Hydrate, which collects and distributes drinking water, the PIC donated 86 240 litres of water to the Senekal and Kroonstad communities.

(i) Arbor Month

In support of agriculture, conservation and the environment, the PIC celebrated Arbor Month by sponsoring a farming initiative at Holy Cross village, Eastern Cape. The sponsorship involved the installation of an irrigation system that included JoJo tanks, a petrol pump, and piping to pump water from a nearby river. Volunteers were trained in sustainable farming methods and will, in turn, train other community members. To ensure that the project is self-sustaining, the PIC funded the establishment of a worm farm, which will provide organic manure to fertilise the garden and generate income through sales of excess manure. The worm farm will be fuelled by organic waste, thus reducing waste in the community.

(j) Supporting 16 Days of Activism Against Abuse

As part of the 16 Days of Activism against Abuse, the PIC partnered with Nonceba Family Counseling Centre to build two new homes for two women and their children who had been victims of abuse. Nonceba, in Khayelitsha, Cape Town, offers a safe house and counselling to abused women and children, and has introduced a rehousing project to give survivors new homes to rebuild their lives. The PIC also donated school supplies to the center to assist other families.

(k) Donation of Assets

The PIC donated 38 to needy schools in Limpopo, North West, Free State, and Northern Cape. Furniture and office equipment were donated to several non-profit organisations.

CONTACT US

The PIC would appreciate comments or suggestions on the contents of this report. Please forward all comments to vhahangwele.manavhela@pic.gov.za

