

LITERACY CAPITAL PLC
(the 'Company')

Grant Making Policy (the 'Policy')

Adopted by the Board of the Company (the 'Board') on 6 February 2019

1. Introduction

1.1 The objectives of this Policy are:

1.1.1 To provide grants to support recipient organisations in advancing the education of children in the United Kingdom, in particular by promoting or supporting the development of literacy; and

1.1.2 to support such other charitable purposes for the public benefit in the United Kingdom as the Board from time to time in its absolute discretion sees fit (together the '**Objectives**').

2. Grant making policy

2.1 The Board envisages that the Company will make annual grants equating to 0.9% of the Company's net assets to support the furtherance of the Objectives.

2.2 The Board will consider projects and initiatives of varying amounts and durations, although projects and initiatives are not normally supported for longer than three years.

2.3 The Board will not consider unsolicited applications from organisations whose annual income exceeds £3m.

2.4 The Board expects that the main focus of the Company's grant making will be on projects and organisations that advance children's literacy. The Board is particularly interested in supporting organisations that offer direct services to improve children's literacy, at the heart of our communities, through an efficient, scalable, sustainable model and projects where their funds will make a significant impact.

2.5 The Company provides grant funding to UK charitable organisations (including registered charities, community interest companies, social enterprises, not-for-profit registered companies and voluntary organisations) and may provide grant funding to other organisations to cover the cost of literacy improvement programmes, quality reading materials and designated reading areas in community settings.

2.6 The Company does not provide grant funding to individuals, statutory services (unless these are specifically to cover the cost of literacy improvement programmes, quality reading materials and designated reading areas in community settings), universities, further education colleges and independent schools and the Board will not consider unsolicited applications for funding from the public.

2.7 The Board will not consider applications from pressure groups, campaigning organisations or organisations promoting religion or politics of any kind.

- 2.8 The Board considers that organisations with high levels of unrestricted reserves are in less need of our funding. This means that organisations with more than nine months' running costs in unrestricted reserves are less likely to receive support. At the same time, organisations with minimal reserves or an overall deficit will need to convince the Board that their organisation is viable, and they are taking action to increase reserves.
- 2.9 The Board will consider applications for revenue costs such as staff salaries and overheads, project costs and capital projects focused on implementing digital solutions to deliver transformative results.
- 2.10 All grants under this policy must be freely given, with no obligation on the recipient organisation to provide goods or services to the benefit of the company or any person connected with the company.

3. Grant-making procedure

- 3.1 It is envisaged that grants will be made on a quarterly basis. Grants may be made at other times at the discretion of the Board. If grants are not fully allocated at each year end, they will accrue on the Company's balance sheet for allocation in subsequent periods.
- 3.2 Any proposal to make a grant should be presented to a meeting of the Board with a completed Application for Funding (in a specified format) and such further material as is considered necessary to enable the Board to make an informed decision.
- 3.3 Proposals should include an appropriate explanation of how the way in which the recipient organisation proposes to use the funds is consistent with this policy, whether the grant would pose reputational risks for the Company and the assurance checks and due diligence undertaken on the recipient organisation.
- 3.4 The Board shall apply such terms and conditions to each grant as are reasonable in the circumstances in order to ensure, to the extent that it is possible to do so, that grants are used only for exclusively charitable purposes (as defined in the Charities Act 2011).
- 3.5 Where a grant is made for a specific purpose within the scope of a recipient organisation's charitable purposes, such terms and conditions may stipulate that funding is to be held as a restricted fund.
- 3.6 All grants must be appropriately documented, setting out the basis on which the grant is being made, the purposes for which it may be used and the requirements for receiving progress reports and updates from the recipient organisation on how they have spent the grant.

4. Due diligence and monitoring

- 4.1 The Board will carry out appropriate due diligence on all grant recipients. In the majority of cases this will include a review of the grant recipient's annual report and accounts.

- 4.2 The Board will only make grants to recipient organisations that that it considers have appropriate financial controls and good governance procedures. Grants may be made conditional on improvements in these areas.
- 4.3 The grant recipient organisation may typically be asked to provide a letter of acknowledgement setting out the purposes for which it expects the funding to be used.
- 4.4 Where a grant is made to support a specific project or aspect of a grant recipient organisation's work, the Board envisages that, in the majority of cases, it will be appropriate to require the recipient to provide:
- 4.4.1 official project literature (if available);
 - 4.4.2 written assurances that the grant will be applied for the purpose for which it was given; and
 - 4.4.3 a written report on the application of the grant and the progress of the project for which the grant was made not less than once in every six months.

5. Amendment

This policy may be amended, varied, added to or revoked at any time by resolution of the Board.