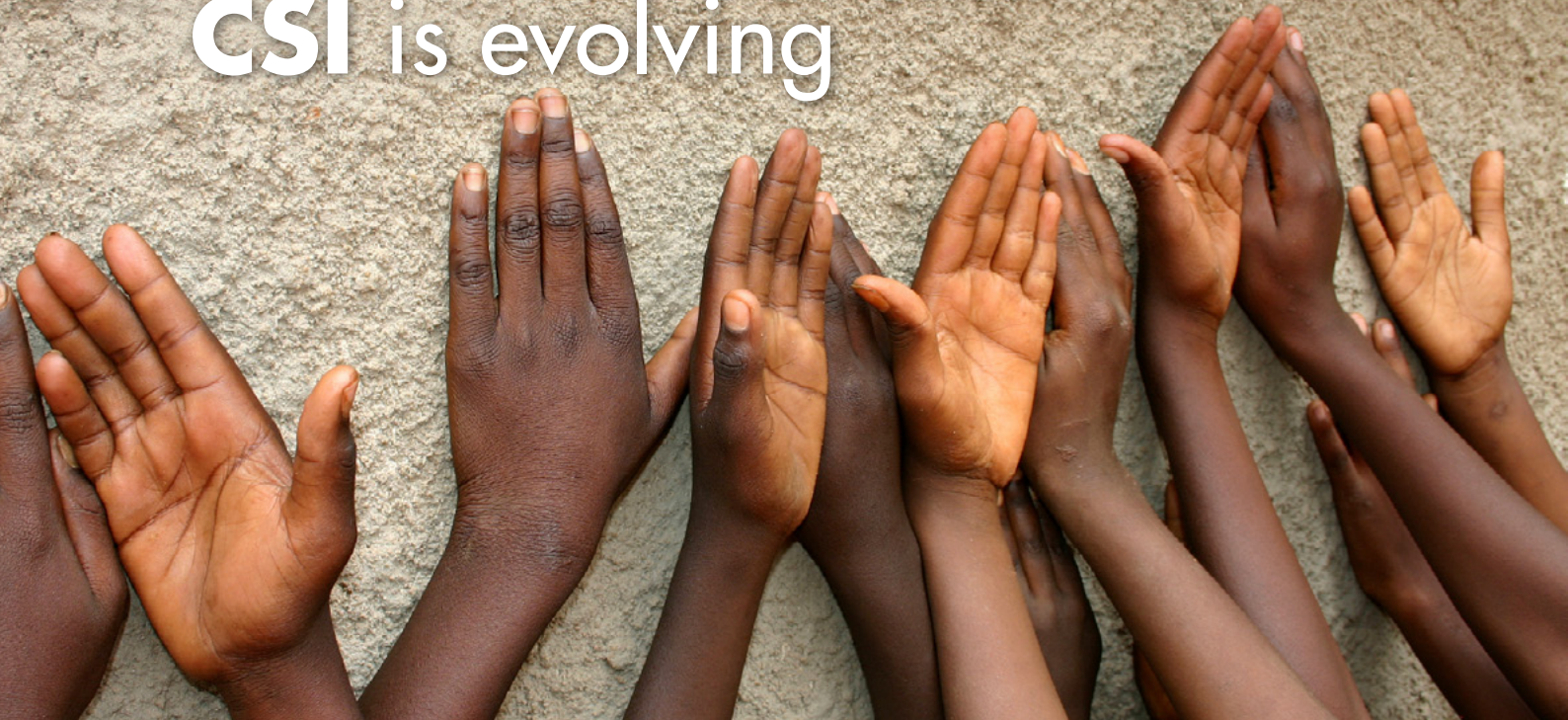




MASSMART

GROUP UPDATE

Massmart's approach to CSI is evolving



When the main ideas about the social responsibilities of business began to be formulated in the early 1970s, there were many books and articles written, many business and law courses offered in the world's most prestigious universities and many criticisms offered by a variety of philosophical and political commentators. This gave many business ground for concern, such as defence industries and trading companies, fast food companies, the entertainment industry and pesticide manufacturers.

For years the formula for this policy area was CSR, or Corporate Social Responsibility. This was also the time when

the concept of the stakeholder emerged to parallel that of shareholder. The emphasis on the idea of responsibility, especially for social or environmental problems associated directly or indirectly with businesses, resulted in thousands of business originated programmes that were essentially charitable or philanthropic in nature.

Over the decades, the ongoing business communication and the responses of governments to increased citizen concerns have evolved even more dynamic relationships between businesses and society.

Massmart looked for an understanding of what its broad socio-economic role for CSI could be. The result is what Massmart strives for today: being part of a business community that works with government and social development agencies to share in South Africa's social transformation in overt and measurably practical ways. Massmart's approach to Corporate Social Investment (CSI) is underpinned by the view that the group must achieve a pragmatic balance between meeting the developmental needs of society while simultaneously deriving value for Massmart's businesses. The key word, investment (not responsibility), shows that Massmart wants to identify and support projects

that are underpinned by realistic and measurable social development objectives which are, even if only in the long term rather than immediate, both sustainable in themselves and consistent with an understanding of the business benefits associated with involvement in the initiative. The effects of any given project should be, immediate and where possible, benefit the poorest of the poor in South African society.

Massmart's journey begins

Massmart's CSI journey began years ago when the group was earmarking money for CSI. We responded to requests for funding out of a 0.5% of Profit After Taxes (PAT) amount that we had set aside. Our corporate, in-house focus was to figure out how to get the divisions to budget and spend their CSI money in the broad area of education.

Soon, our group contribution for CSI increased to 1% PAT. This decision to increase our commitment was influenced by governmental, especially BEE, guidelines. We were then able to offer guidelines to our chains and ask them to direct their CSI efforts toward nationally identified school feeding programmes. Now we ask the divisions to set aside an extra 0.85% of PAT to invest in both school nutrition (because it builds the capacity to learn) and English literacy (because it builds the capacity to acquire knowledge through both formal public and informal media).

Feeding South African schoolchildren

All of our divisions have been participating in our group-wide priority to provide assistance to school feeding programmes, in an effort to improve food security among vulnerable South Africans:

1. Game and CBW school container kitchens provide immediate solutions for the hygienic preparation of food at schools participating in the education departments school nutrition programme.

2. Makro provides funding to established feeding schemes such as the African Childrens Feeding Scheme.

3. Builders Warehouse supports school vegetable tunnels, which are purchased from the Robin Good Foundation, to provide fresh vegetables that supplement the dry ingredients provided by the Department of Education for school feeding.

4. Massmart holdings makes regular bi-annual donations to Foodbank South Africa for onward distribution to those in need.

Massmart's integrated nutrition and literacy approach

Within the same beneficiary schools receiving food aid, Massmart now supports a programme to improve the delivery of core literacy education in the classroom in support of one of the Department of Education's core strategic programmes, Foundations for Learning. This will ensure that additional resource is placed in schools where it will have the highest chance of achieving the desired outcome. Based on evaluation of existing Massmart beneficiary schools, the literacy programme could be introduced in 2011 to those that have performed well in current programmes.

This integrated approach allows Massmart to take a strong position in support of a niche social area, and to build a profile in this area. This approach is centred on the learner rather than the school, and it is these learners and their families who are the current and future customers of Massmart stores.

Massmart group position can be summarised as: Under-nutrition and weak foundations in reading and writing are amongst the biggest barriers to learning in our schools. Massmart helps the primary school learners achieve their individual best by ensuring that they receive a balanced meal and the best available teaching

methods and resources that help literacy learning. This is done by building on what is provided by government in the School Nutrition Programme and the Foundations for Learning campaign.

Massmart's previous educational projects

Massmart and its chains had been investing in educational learner support programmes that were addressing the needs of student in under-resourced schools. Such projects have included holiday schools for matric students in need of extra help before final exams, mobile science labs for rural high school learners, stationery donations to the South African Police Service Widows and Orphans Fund and more.

Each chain also has ongoing projects and some of these will continue. Builders warehouse, for example, has been running four projects for some time:

1. Lapdesks: 1 600 lapdesks were provided to four rural schools in Polokwane, Port Elizabeth, Pinetown and Bloemfontein. These provide children with portable work surfaces at schools where there are limited desks.

2. Building Blocks: This is a programme to identify and support community facilities by encouraging staff participation at these facilities. Support ranges from painting/renovations to once off soup kitchens at a school in Tygerberg and a community centre in the Cape. This was done in partnership with Media 24 and the Global Reach Organisation, who support the training and development of artisans.

3. Wildlands Trust: Builders has supported this NGO that trains "treepreneurs" to plant and grow trees in communities. Entrepreneurs can then barter the trees for various things, and in this case, for building materials from Builders Warehouse. The company's objective has been to add a green element to its CSI programme. 573 trees in two nodes bartered to the value of R135 000.

4. Vegetable Tunnels: This programme includes 36 tunnels provided to 12 schools in partnership with NGO, Robin Good, to supplement the existing school nutrition programme. This programme aims for the following outcomes: (a) to supplement children's meals at school and at home; (b) to sell produce to create an income for a community member who tends the tunnel and (c) provide a tool to help educate young South Africans about the importance of proper nutrition.

More investments in education

Now that Massmart and its chains are aligning capacity-building programmes that address English literacy and proper nutrition as necessary to taking on knowledge, some of the group's and the chains' projects will be reviewed and either aligned with the new integrated approach or replaced with projects that can achieve greater results. Ongoing projects include:

Stocking classrooms with Tools-to-Teach

Our Game stores have a compelling back-to-school merchandise inventory and have become a regular destination for back-to-schoolers to purchase their stationery needs. With this in mind, they developed their Tools-to-Teach programme to distribute packs containing a year's supply of stationery to deserving learners and educators.

Rewarding Excellence in Education

Makro launched its Excellence in Education Awards programme in partnership with the Gauteng Department of Education to recognise the achievements of underprivi-

Case study: Vegetable tunnels can address many community needs

One of the recipients of Builders Warehouse vegetable tunnel project was Sefokeng Primary School on the Leeuwkop Prison grounds. This no-fee school hosts about 530 children, who are mostly the children of domestic workers in the area or who come in from the Diepsloot area daily.

The vegetable tunnels were donated in the second term of 2009. Three tunnels were provided along with training, seedlings, black bags and the fertilisers to grow the spinach that is grown in the tunnels. The school makes its own compost and has fertiliser from a wormery.

Shortly after the tunnels were delivered, the school arranged for the groundsman to go on a Permaculture course, and a very productive vegetable garden has been planted behind the tunnels. This garden is well maintained and is producing a good harvest of vegetables. The vegetable garden includes an outside classroom, where children are taught about gardening as part of the LO curriculum.

Two of the vegetable tunnels are used for the school and produce from the third tunnel is sold by the groundsman as his compensation for maintaining the tunnel. According to the principal, the harvest from the tunnels is abundant. Spinach from the garden supplements the school meal about three times a week, and in a good week, the groundsman can earn R200 from sales from the third tunnel. Surplus produce is sold by the school and this is used to buy salt, oil, matches used to prepare the school meal.

Later this year there will be a follow-up visit from Robin Good to track progress.

leged schools that overcome challenging circumstances to produce good results in final year matriculation examinations. Winning schools in the past have been awarded Makro gift vouchers of up to R40 000 for the purchase of stationery or sports equipment.

Improving employability

Due to South Africa's high unemployment rate, our educational focus has also extended beyond school classrooms and includes providing employment-related training to unemployed adults. The Builders Warehouse Men on the Side of the Road programme teaches artisan skills to unemployed men and women to enable them to find employment in our stores or with our building contractor customers.

Our partnerships with Hot Dog Café and the Umsobomvu Youth Fund helps to provide unemployed youths with access to subsidised Hot Dog Café and Coffee Stop franchises at our stores.

The Massmart Rural Women's Development Fund established with the Women's Development Businesses (WDB), an NGO that helps rural women establish new retail-related businesses in rural areas.

In further improving our CSI work, Massmart will continue to consult and working alongside existing government structures and policies. This will allow us to build stronger partnership with government on investing in sustainable, community based, holistic, win-win ventures. ■