



MASSMART

# GROUP UPDATE



## Massmart's approach to corporate social investment in 2012

*Every year Massmart invests one percent of profit after tax (PAT) in impactful corporate social investment (CSI) initiatives. The programmes the group supports are designed to address the root causes of some of South Africa's biggest challenges.*

### Investing through its operating divisions

Massmart's CSI work is undertaken by its four operating divisions: Masswarehouse, which manages the Makro warehouse chain; Massdiscounters, which runs Game and DionWired; Masscash, which operates Jumbo Cash and Carry, Shield buying group and the Cambridge Food chain and Massbuild, which runs Builders Warehouse, Builders Express and Builders Trade Depot.

Each operating division runs social programmes that make the best use of its strengths, but all projects are aligned to Massmart's central CSI commitment.

### Championing primary school feeding

Traditionally 85% of Massmart's CSI work has been done in the areas of nutrition and education. In both cases, efforts have been aimed at benefitting learners at

primary schools in South Africa's poorest communities.

When it comes to feeding programmes, initiatives were and continue to be focused on installing container kitchens, which are mobile and can be installed quickly, at public schools on the Department of Basic Education's School Nutrition Programme. The largest of these projects is Game's AmaLunchbox campaign.

### Efforts have been aimed at benefitting learners at primary schools in South Africa's poorest communities

Besides container kitchens, Massmart's divisions run various other programmes that either help fund feeding programmes or help facilitate the growth of fresh produce on school grounds. Projects include Masscash's Econo-Kitchen, Masswarehouse's donations to the African Children's Feeding Scheme and Centaurus Feeding Scheme and Massbuild's Vegetables Under Construction project.

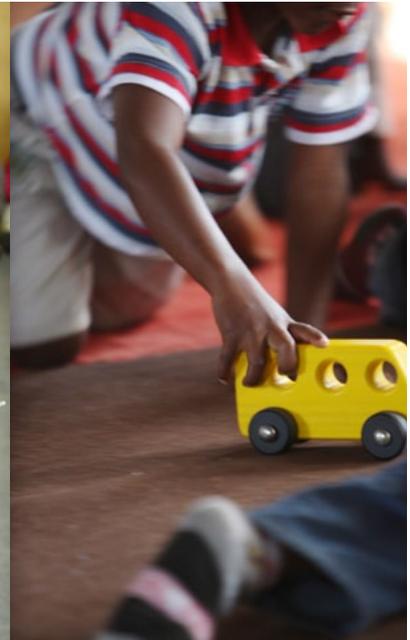
Vegetables Under Construction is an initiative that allows schools to grow fresh produce on location. This produce is included in the

meals that are prepared for learners and surplus crops can be sold for profit. Massbuild is now also involved with the Food Gardens Foundation in a programme that teaches people small-scale, low-cost organic farming in a manner that is both environmentally friendly and sustainable.

Because Massbuild believes it can achieve most in its business area of building, the division is also helping schools address the pressing issue of building repair. Many schools are in dire need of basic maintenance, but lack the tools to get the job done. To address this need Massbuild offers a school repair kit, which includes a hammer, screwdrivers, wrenches, spanners, nuts and bolts, a drill and more. There are also gardening tools in the kit, such as spades and rakes, and the division houses the kit in a sturdy storage shed. Although this is a new project for Massbuild, Builders chains have already identified and approached schools in their communities that they'd like to assist.

### Critical stage: early childhood

Massmart's focus on primary school children has led to many meaningful projects, and the group is also aware that some issues must be addressed even earlier in a child's



life. For some time Massmart has been looking for a way to make a positive difference for children within the crucial early childhood development (ECD) stage. It is during a child's earliest years that he or she takes on the skills for knowledge and develops an appetite for learning. This is when children learn language, begin to develop the skills needed for reading and writing, when they form basic ideas about numeracy and take important steps in problem-solving. There's also critical social development that takes place at this stage, when confidence and the desire to participate are fostered. It is for these reasons that Massmart believes this is a stage where it can make an even greater impact.

Since 2007 the South African government has prioritised improving access to Grade Reception (referred to as Grade R) classes for more pre-school children. At this time the South African Ministerial Committee on Learner Retention in the South African Schooling System reported that learners who had been exposed to the experiences essential to development in the ECD stages achieved more at school than those who had not. Overall, learners who participated in a form of meaningful ECD felt more motivated, scored better on tests and socialised more effectively with other students and school faculty at primary school level. These children were found

to be less likely to have to repeat grades or to drop out of school, meaning less money was required to see them through from Grade 1 to Grade 12. The bottom line is that investing in early childhood development is less costly than corrective action later on. In fact, research conducted by the University of Chicago suggests that

Learners who participated in a form of meaningful ECD felt more motivated, scored better on tests and socialised more effectively with other students

the return on investments in early childhood development is between R50 and R60 for every R7 spent.

#### ECD projects

Game's Tools to Play project was the first initiative in which one of Massmart's divisions invested specifically in the early stages of student development. This initiative provides purpose-built pre-school units filled with books, toys, blocks, puzzles, musical instruments, art supplies and beading kits. These educational toys can help young children in problem-solving, reading, numeracy, music and self-expression.

Massmart's other divisions are looking into projects that make use of their expertise in their respective fields, too. Makro, for example, is making use of its established sporting equipment know-how to explore the possibility of providing sports gear to children. At the same time, Makro has also established a relationship with HOPE worldwide, an international non-profit organisation that works to provide sustainable, high-impact services to people living in poor communities. Makro has partnered with HOPE worldwide to create the Makro Sowing HOPE, Growing MINDS programme. This is aimed at providing support to crèches that care for orphans and vulnerable children, through the provision of developmental toys. The programme also offers support to teachers and other caregivers working toward NQ4 L4 qualification, and the programme provides parental education on healthcare, nutrition and ECD. A key objective of this programme is to support each crèche in meeting and maintaining the minimum government standards for grant support.

#### Plans for 2012

Massmart's intention is to continue focusing on root cause issues during 2012 and support each of the group's divisional social investment projects that are aligned to this basic approach. ■