



# Corporate Social Investment Policy

September 2018

Massmart + Walmart 



# Purpose

Massmart is committed to occupying an impactful role as a socially responsible corporate citizen. This commitment is rooted in a deep moral conviction and is driven by prudent business sustainability practice and is further reinforced in our Code of Ethical Conduct which states that we will always act as a compassionate and responsible Corporate Citizen. In this context we have embraced a variety of socially responsible business practices which include a commitment to proactively invest in the social development needs of the countries in which we operate.

Massmart's approach to Corporate Social Investment (CSI) is underpinned by the view that we must achieve a pragmatic balance between meeting the developmental needs of society whilst simultaneously deriving value for our business. In this context our primary CSI objectives will be to:

- Make a relevant and notable contribution to the social development agenda in the education sector where our primary criteria for success will be the real difference that we have made in the lives of the beneficiaries that we assist.
- Nurture a reputation amongst our stakeholders for being a compassionate organization that is playing its part in the upliftment of the poorest of the poor, which in South Africa will refer predominantly to financially disadvantaged black South Africans.
- Finally, we will, wherever possible, establish synergies between the priorities of our business and our CSI involvement. This may involve leveraging our CSI initiatives in order to consolidate our position in existing markets or to gain access to new business opportunities.

# Principles

The practice of CSI will be de-centralized to the individual division and/or operating company level, at which level the relevant executive committees or Boards of directors will be given discretion within the parameters of the Walmart International Giving Procedures.

The framework incorporates a number of CSI considerations the following of which deserve particular emphasis:

- Operating companies are required to set aside 1% of profit after tax for CSI initiatives in alignment with the Broad Based Black Economic Empowerment codes. For budgeting purposes CSI spend should be based on the previous year's profit after tax forecast.
- The CSI budget must be represented and tracked in a separate cost centre so that it can be clearly distinguished from contributions that are made as part of good Customer Relationship Management practices. This underscores the fact that Massmart sees a clear difference between CSI practices and Public Relations practices, both of which are important to our business.
- CSI initiatives must focus on the Education sector although operating companies have broad discretion to select initiatives within this sector focus. The selected initiatives should, as far as is possible, be consistent with government education procedure.
- The beneficiaries of CSI support within the borders of South Africa must be predominantly financially disadvantaged black South Africans. Black refers, in this context, to African, Coloured and Indian South African Citizens. Beneficiaries in foreign countries should reflect the demographics of those countries.



- CSI spending must be allocated at the beginning of each financial year. This plan must describe a pro-active CSI strategy for the year and should provide the basis for tracking and evaluating CSI performance.
- The CSI plan must be based on an insightful understanding of the targeted social development issue and should incorporate the input of representatives of the development community with proven knowledge of the issue.
- CSI initiatives must be underpinned by realistic and measurable social development objectives. These should be supplemented by an understanding of the business benefits associated with involvement in the initiative.
- The allocation of CSI resources should be based on quality of initiative impact rather than on the number of contributions made. Care must be taken not to dilute the impact of CSI spending by making token contributions to a wide variety of recipients.
- Every reasonable effort should be made to synergize CSI efforts with those of other Massmart group companies, development agencies and the corporate donor community as a whole.
- The recipients of CSI support must be evaluated in terms of clear performance targets and should understand that continued support will be dependent upon their achieving these targets.
- The success or otherwise of CSI initiatives must ultimately be measured in terms of beneficiary perceptions.

## Monitoring and Reporting

Accountability for the implementation of this Procedure will be decentralised to the operating companies and/or divisions who will:

- Assign executive accountability for CSI to an appropriate board or executive committee member who will: be accountable for overall CSI governance, fulfil the role of chairman of the CSI committee and who will report the status of CSI efforts to the operating company's board of directors.
- Establish the corporate governance processes that will be required to ensure the professional management of CSI in the organization.
- Appoint a CSI Practitioner, in a fulltime or part-time capacity, with responsibility to coordinate the design, development, implementation and assessment of the company's CSI involvement.
- Elect a representative CSI committee that should ideally incorporate at least one external subject matter expert. The CSI committee will have overall responsibility for selecting and approving CSI support to nominated initiatives.

# Divisional Strategies



## Massmart

Massmart CSI focuses on identifying community heroes and individuals who have implemented compelling projects aimed at materially improving the lives of others. We have recognized, in taking this approach, that a CSI funding gap exists where socially conscious community members find it exceedingly difficult to secure support for their initiatives. We believe that by bridging this gap, we can within the constraints of our existing budget, successfully occupy this reputational space. Not only are the funding requirements of these beneficiaries typically better aligned with our existing CSI budget allocation, but we have also noted that stories of everyday hero's championing social causes receive disproportionately high media attention.

Key projects have included:

- Massmart Urban Bookshelf Project
- Massmart Sport in a Box Project
- Monetary donation in support of human rights and legal advocacy

## Massdiscounters

Massdiscounters is committed to playing a meaningful role and to being a socially responsible corporate citizen. This commitment is rooted in their investment in the social development needs of the countries in which they operate. The focus of their corporate social investment is primarily in education, where they assist in basic literacy, school infrastructure and assistance to the poorest of the poor.

Key projects have included:

- Game Amalunchbox
- Game Tools 2 Teach

## Masswarehouse

Makro focus their CSI activities primarily on education enabling initiatives, school nutrition and infrastructure maintenance projects and recently, youth sports development. Through the Masswarehouse CSI partnerships they are committed to making an impact on the lives of the underprivileged within the communities in which they operate. They are committed to delivering on our promise of contributing at least 1% of profit after tax to deserving causes.

Key projects have included:

- Hope Worldwide SUCCEED programme
- The Tomorrow Trust

## Massbuild

Massbuild aims to make a relevant and notable contribution to the social development agenda by investing in early childhood development, education and training, women's empowerment and nutrition. Through their merchandise offering, Massbuild can provide meaningful school infrastructure and development support.

Key projects have included:



- **Take My Hand** – Sports facility construction
- **Ripples for Good** - school refurbishments

## Masscash

Through donations and active involvement, Masscash invests in education and nutrition initiatives.

Key projects include:

- Container kitchens donated to their school feeding initiative.
- Food donations to Food Forward

## Donation Process

All donations made are governed by the Walmart international Giving Procedures as well as the International Anti-Corruptions Compliance Procedures.

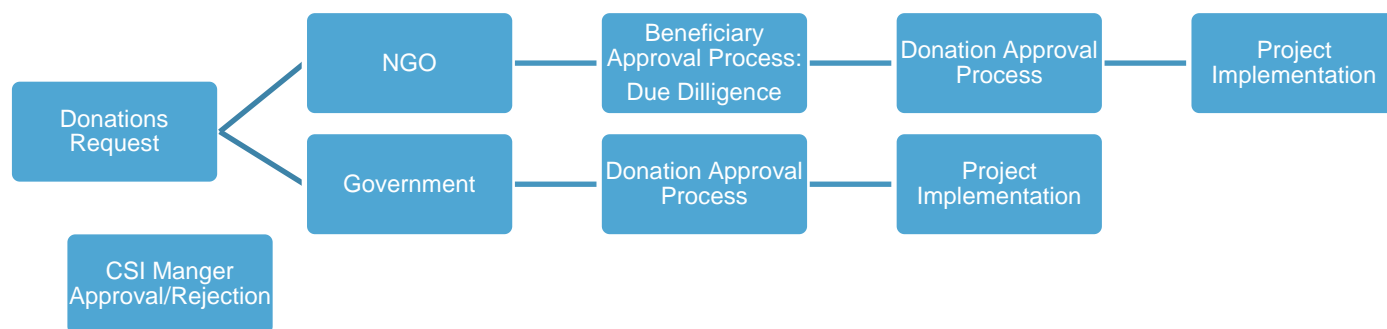


Figure 1. Massmart donation process