

**FirstRand Foundation
Corporate Social
Investment Strategy**



FIRSTRAND



FIRSTRAND

FIRSTRAND FOUNDATION CORPORATE SOCIAL INVESTMENT STRATEGY

INTRODUCTION

Established in 1998, the FirstRand Foundation is the legal vehicle through which FirstRand Limited and its major franchises (First National Bank (FNB), Rand Merchant Bank (RMB), and WesBank) direct their individual and collective corporate social investment (CSI). This effort is not driven by the desire to shine a spotlight on the 'good things' that the company is doing in annual reports, press releases and public events. Instead, the Foundation is the embodiment of FirstRand's belief that corporations have a responsibility – beyond creating jobs and paying taxes – to contribute to the social and economic upliftment of all South Africans.

The Foundation achieves this through strategic, measurable CSI, given in the name of its major franchises and the parent group. Focus is placed on ensuring that the limited budget of the Foundation is targeted in the most effective way possible and that real impact is realised across programmes. There is a willingness to take considered risks in backing high-potential projects, but also a sensitivity to the changing fortunes of established partners and programmes. The Foundation prides itself as a learning organisation, which understands development as a complex and long-term issue, immune to easy solutions or quick fixes.

Today, the FirstRand Foundation is one of the largest corporate givers in South Africa, having invested over R1 billion in development interventions across the country. Ultimately, the Foundation aims to ensure that its social investments are made and measured with the same rigour as FirstRand's financial investments.

This document charts out the strategic intent of the Foundation, its guiding principles and strategic priorities, focus areas of investment, structure, and governance. In short, it provides a practical, procedural and principled guideline for how the Foundation 'does business.'

STATEMENT OF STRATEGIC INTENT

The FirstRand Foundation strives to be the foremost corporate social investor and knowledge collaborator committed to contributing to the development of a better South Africa.

FOUNDATION PRINCIPLES

The FirstRand Foundation bases its investment decisions on the following five core principles:

- The Foundation cannot be all things to all people – given limited resources, it narrowly targets its investment to maximise impact where possible.
- The Foundation does not respond to need only, but to evidence-based programming and performance, proven impact, and innovation.
- The Foundation supports programmes and organisations that are aligned with government priorities, objectives, and outcomes.
- The Foundation focuses strongly on the monitoring and evaluation of clearly defined objectives – this allows it to target investments more effectively.
- The Foundation is committed to partnerships and collaborations based on mutual trust with organisations (civil society, donors, institutional entities or government) that positively and innovatively pursue the goals of development.

In addition to these core principles, the Foundation's basic decision making is guided by the following:

- Only registered public benefit organisations (PBOs) can generally be supported by the Foundation.
- Generally, a partner can only receive one grant per annum from one of the brand committees.
- The Foundation aims to have a presence in each province, where practical.
- The Foundation does not generally fund infrastructure projects, though these are assessed on a case-by-case basis.
- The Foundation provides organisations with multi-year funding in most cases, which may include escalations to address inflation and/or reward strong performance.
- The Foundation does provide core funding support covering the overhead and administrative costs of its partner organisations, so long as these can be directly linked to the achievement of set objectives.
- The Foundation supports sustainable partners; sustainability is understood both as the ability to create long-term, lasting impact (beyond the Foundation's involvement) and to consistently and effectively raise funds from a variety of donors in order to meet set objectives.
- Responsible, clear exit strategies will be implemented based on a variety of factors, including the impact and performance of programmes, sustainability of partners and the Foundation's understanding of its role in each specific circumstance.
- In some cases, the Foundation will provide 'funding for fundraising' (i.e. supporting a fundraiser's salary, developing a fundraising database and/or providing capacity-building for existing fundraisers).

The following activities and areas are **not** considered for support by The Foundation:

- Overseas tours and exchanges.
- Sporting activities, sports and recreation clubs (except for specific projects that are focused on community development).
- Company promotions and membership subscriptions.
- Musical festivals/choirs and/or video and film productions.
- Fundraising gala events.
- Conferences, workshops and memorial lectures (except in special circumstances where the focus of the event is directly aligned with the Foundation's work and there is a strong strategic case for support).
- Political or quasi-political bodies.
- Religious organisations (except community outreach projects).
- Trade unions.
- General fundraising requests (only specific requests will be considered).
- Meeting the costs of collecting donations from others.
- Endowment trusts.
- Commercial ventures (closed corporations and other for profit activities).
- Loans and investments.
- Individual school requests, including ECD centres.
- Advertising in educational or other supplements.

STRATEGIC PRIORITIES

The Foundation has identified four strategic priorities that cut across all of the programmes and activities that it supports. These priorities strengthen the guiding principles of the Foundation in order to promote development in the country. They also contribute to the critical goal of scaling up the impact of the Foundation beyond grantmaking.

Mainstreaming disability

The Foundation recognises that many of South Africa's most vulnerable citizens are adults and children with disabilities. They often lack the services, support and opportunities that they need in order to succeed. With this in mind, the Foundation places strong emphasis on mainstreaming disability across all of its programmes. Mainstreaming may include supporting programme partners that work specifically with people with disabilities, as well as providing grants to partners that aim to integrate people with disabilities into their traditional programming (i.e. improving inclusivity). The Foundation's activities explicitly support a social model approach to disability, as opposed to a medical one.

Mainstreaming disability contributes to the scaling up of impact because it assists the Foundation in reaching a population of people that is very often excluded or overlooked by traditional development interventions. It also can influence other corporate donors, ideally facilitating the flow of funding to people with disabilities.

Capacity building

The non-profit sector will only fulfil its potential if it builds and strengthens its capacity to implement effective programmes in an efficient, professional way. Building capacity leads to improved organisational sustainability, the upscaling of interventions where relevant and the implementation of more successful programmes. The Foundation aims to provide access to capacity-building services – including mentoring, training and leadership/organisational development – to its non-profit partners (and, where possible and appropriate, to those not currently receiving funding).

Capacity-building contributes to scaling up impact by strengthening sustainability and building leadership within the non-profit sector, as well as contributing to the development or strengthening of effective organisations that can more effectively respond to and assist the communities they serve.

Leveraging partnerships

In order to maximise impact, the Foundation looks for ways to ‘punch above its weight’ where possible. One of the primary methods of doing this is through partnerships. The Foundation aims to develop and strengthen meaningful relationships with partners – including other donors, civil society organisations, institutional entities and government – that share the same philosophy and have a common objective of contributing to a better South Africa. Such partnerships look to combine resources, experience and expertise to make a larger impact than what could be achieved in isolation. Crucially, partnerships do not need to be financial in nature, but may involve knowledge sharing, policy and advocacy work, or strategy design and implementation.

Leveraging partnerships contributes to scaling up impact by harnessing the strengths of like-minded partners in order to accomplish the Foundation’s goals. In short, it speaks to the well-known adage that ‘the whole is greater than the sum of its parts.’

Knowledge sharing

The CSI sector in South Africa contributes billions of rand towards the socio-economic development of the country each year. In many cases, these investments are made with little collaboration or coordination. This can result in reduced impact and coverage because little or no effort is made to optimise collective resources. Therefore, one of the Foundation’s key priorities is to share knowledge across the sector, with other donors, government and civil society partners. Across programmes, the Foundation aims to facilitate networking opportunities and disseminate information in relation to its challenges, successes and lessons learnt. This may take the form of publishing articles and reports (both through its website and other channels), holding knowledge-sharing workshops or having meetings and discussions with others in the sector.

Knowledge sharing contributes to the scaling up of impact by ensuring that the Foundation does not operate in isolation. It facilitates learning from the experience and expertise of others and allows for contribution to the pool of knowledge in the development field, where partners may benefit from it.

OVERVIEW OF PROGRAMMES

As part of its social investment strategy, the FirstRand Foundation provides grantmaking support within a number of focused programme areas. Our programmatic approach involves provision of substantial three-year grants to selected partner organisations, which leads to more structured and meaningful engagement and the end result of developing high-quality partnerships and having more measurable impact.

The Foundation currently awards grants in nine different programme areas. These are supported by the FNB Fund, RMB Fund, WesBank Fund and the FirstRand Foundation itself.

FirstRand Foundation Maths Education Chairs Initiative

This innovative initiative is a flagship programme of the Foundation, which represents a long-term commitment to generating research and influencing policy in partnership with government. It consists of two separate components: the FirstRand Foundation South African Maths Education Chairs (jointly funded by the Foundation, Department of Science and Technology [DST], and the RMB Fund), and the South African Numeracy Chairs (jointly funded by the Foundation, the DST and the Anglo American Chairman's Fund). Three maths chairs and two numeracy chairs are supported, working in four universities around the country.

The initiative is an intervention in mathematics education in South Africa. The vision is for the chairs to serve as beacons of excellence by initiating and coordinating teacher education and research projects that focus on improving the quality of mathematics teaching and learning. The initiative intends to use the existing experience and expertise of the selected chairs to address the crisis that exists in mathematics education in South Africa. It has four interrelated objectives:

- improve the quality of teaching of in-service mathematics teachers at primary and secondary schools;
- improve learner performance in primary schools and the mathematics results (pass rates and quality of passes) in secondary schools as a result of quality teaching and learning;
- research sustainable and practical solutions to the challenges of numeracy and mathematics in schools; and
- provide leadership in numeracy and mathematics education and increase the dialogue around solutions for the mathematics education crisis.

FirstRand Laurie Dippenaar and FirstRand Cannon Collins scholarship programmes

The Foundation provides scholarship funding through the FirstRand Laurie Dippenaar scholarship and the FirstRand Cannon Collins (FRCC) scholarship programmes. The objective of these programmes is to award exceptional South African students the opportunity to pursue a postgraduate degree at an overseas university of their choice. The scholarship is based entirely on merit and is awarded to candidates who have the potential to be destiny changers. The only requirement of the successful candidates is that they return to South Africa after their studies to use what they have learned for the betterment of South African society. The FRCC scholarship will officially launch in 2015 and will be awarded to an exceptional South African to study at Cambridge in the United Kingdom.

FNB early childhood development programme

This programme aims to improve the quality of and increase access to early childhood development (ECD) services in the country. The Fund invests specifically in increasing access to ECD services through non centre-based activities (e.g. play groups, home visiting, parental training, toy libraries, etc.), with a particular focus on parent/caregiver support and mainstreaming of disability.

In addition, the FNB Fund is one of the lead funders – in partnership with the DG Murray Trust and ELMA Philanthropies – of *Ilifa Labantwana*, a national ECD initiative. The second phase of this unique initiative, which runs from 2013 to 2016, seeks to provide the evidence (based on actual experience of implementation and careful evaluation) and build consensus and mechanisms to scale up appropriate and cost-effective ECD services and support for young children in South Africa, with a particular focus on provision for the poorest 40% of the population under six years of age.

FNB primary education programme

This programme focuses on primary schools within four education districts, two each in the Free State and KwaZulu-Natal. The schools are identified in partnership with the districts and service providers are contracted to provide targeted support to each school based on its specific needs. All programme interventions fall within three core categories:

- leadership development of principals and school management teams;
- teacher development; and
- addressing barriers to learning.

FNB tertiary education programme

This programme provides both full and partial bursaries and is administered by specialist bursary service providers. The programme is open to South African citizens who wish to study a full-time undergraduate degree at a recognised South African university and demonstrate financial need and academic potential. Support is provided for commerce, science and engineering. At honours level, support is only available for accounting.

RMB creative arts programme

This programme aims to promote access to quality arts in education in order to enable more young South Africans, regardless of physical or socio-economic disadvantages, access to the learning opportunities offered through the creative arts. It also aims to facilitate the promotion of excellence in the disciplines of music, dance, drama, visual art and heritage so that young South African artists may participate effectively in the creative economy.

RMB environment programme

This programme aims to facilitate the rehabilitation and restoration of ecosystems through shared partnerships and improving environmental practices within South African communities.

WesBank Masilimani Programme

This programme's overall goal is to promote and grow resilient networks of micro-farming households – from subsistence to livelihood level – through the establishment of sustainable support centres and knowledge-sharing initiatives. Its objective is to strengthen food security and agricultural livelihoods across the country, in order to alleviate poverty.

FirstRand KhulaSangam programme

KhulaSangam (a combination of isiZulu and Hindi, which is very roughly translated as 'growing by coming together') aims to address the critical skills shortage that exists in South Africa by bridging the gap between tertiary education and employability. It exposes unemployed South African youth graduates to Indian business, community development and society through extended internships. By participating in the programme, these graduates benefit in a variety of ways, including:

- work experience with leading companies in strategic sectors;
- exposure to international travel and culture;
- exposure to high-impact, youth-led community development projects;
- training on professionalism, personal development and leadership; and
- increased employability back in South Africa.

Other grantmaking notes

- Each franchise committee has the authority to make discretionary grants of up to 5% of their total budget each year. These grants must be aligned with the objectives of the Foundation and are subject to the normal due diligence and review process.
- The Foundation provides annual funding to the FirstRand Volunteers Programme, which is a group-wide initiative that promotes employee activity in the communities where FirstRand operates. Employees are encouraged to contribute their time, energy and money to community development initiatives, in order to fulfil the programme's goal of helping people to help themselves.
- The Foundation makes funding available to provide support for national disaster relief, should this be necessary.
- The Foundation recognises that technology will play a critical role in development throughout the 21st century. With this in mind, the following related grantmaking principles are in place:
 - Technology is powerful and has much potential, but it is not a silver bullet. The Foundation, therefore, invests in technology-related interventions soberly and cautiously.
 - The Foundation will encourage its programme partners to explore and utilise technology where it is appropriate and represents real value-add; in some cases, funding may be made available to support this process.
 - During calls for applications, high-quality proposals that include a strong, welldeveloped technology component will be given preference.

FOUNDATION STRUCTURE

The structure of the FirstRand Foundation is critical as it provides the basis for the Foundation to be effective and efficient.

Legal status

The Foundation is an independent trust and is composed of:

- FirstRand Foundation, through which donations are made to PBOs which do not qualify for tax deductible status under section 18A of the Income Tax Act, and
- FirstRand Trust, through which donations are made to educational projects and institutions which do qualify under section 18A and are thus tax deductible; the tax benefit for such donations is passed back to the companies contributing to the Trust.

Both the Foundation and the Trust have their own trust deeds, which are aligned with required legislation.

Governance

All Foundation decisions are made by a group of trustees. The board of trustees is made up of FirstRand executives and independent trustees with specialised skills in the field of development. The Foundation believes that the inclusion of independent trustees strengthens its investment decisions, as well as its overall understanding of development. Independent trustees receive a small fee for their services, which is paid for by FirstRand.

There are three subcommittees of the Foundation. These subcommittees, or funds, represent each of the FirstRand franchises, namely FNB, RMB and WesBank, and are mainly made up of employees from each of the franchises. The subcommittees are not legal entities as such, but have certain powers as delegated by the trustees of the FirstRand Foundation. The trustees have delegated authority to the committees to approve grantmaking to partners which fit the broader strategy and do not exceed R500 000 annually (R1 500 000 in total for a three-year grant). All grants approved by the subcommittees are reported to the trustees, while grants in excess of R500 000 per annum (or R1 500 000 over a three-year period) are presented to the trustees for consideration and approval.

The board of trustees meets on a quarterly basis, as do each of the subcommittees. Specific programmes (as listed above) are considered once per annum at specific meetings during the year (e.g. the FNB early childhood development programme is considered in November of each year, while the RMB creative arts programme is in September of each year). The June meeting of both the Foundation and subcommittees is reserved for strategy and no grants are usually made during this time.

A quorum¹ must be present to make any decisions about funding, policy or strategy and minutes are kept of all trustee meetings and decisions. Finally, the board of trustees provides a quarterly report to the FirstRand board.

Fund management

Tshikululu Social Investments is contracted to provide overall management of the Foundation and each of the subcommittees. Tshikululu is tasked with implementing this CSI strategy, as well as all related decisions made by the Foundation's trustees.

Tshikululu's specific roles are to:

- assist in the design and implementation of the Foundation's CSI strategy;
- consistently review the strategy and, where relevant, revise it to align with changes or shifts in government or FirstRand policy;
- manage the grantmaking process for the Foundation;
- manage the Foundation's trust fund accounts, under the direction of the trustees;
- continuously monitor and evaluate all programmes and partners to ensure objectives are met and impact is maximised;
- apply specialist knowledge, judgement, flexibility and a willingness to engage different perspectives, in order to identify high-impact, evidence-based partners;
- liaise with relevant stakeholders (e.g. government, other donors, civil society) to share knowledge, form partnerships and collaborate;
- carry out an audit on the Foundation's finances on an annual basis, to ensure sound financial management;
- present any relevant information for discussion and approval at quarterly meetings; and
- act as custodian for all of the Foundation's documents.

Communications

The Foundation views any investment in communicating its work as an investment that can contribute to better CSI in South Africa. This type of communication strategy is not aimed at trying to tell consumers, regulators and other businesses about the work of the Foundation, but instead seeks to influence other corporates' social investment through thought leadership and knowledge sharing. FirstRand's *CSI that Works* campaign – paid for by FirstRand – is the clearest example of the Foundation's communications strategy.

FOUNDATION ASSESSMENT

As a learning organisation, the Foundation is committed to self-reflection and consistent evaluation. This commitment includes interrogating the Foundation's strengths and weaknesses, as well as its opportunities and threats, on a regular basis. Doing so helps the Foundation to set short-, medium-, and long-term goals for improvement.

¹ A quorum for a meeting of trustees is a majority or three of the trustees in office, whichever is the lesser (or, where the number of trustees is an even number, then half of the trustees in office).

The Foundation's effectiveness and efficiency is determined first and foremost by its strengths. These strengths include committed trustees with specialised skills, the programmatic approach to grantmaking, professional management and a long-term view of development. Similar to any other organisation, the Foundation also has weaknesses. Crucially, we view these weaknesses as opportunities for improvement, not simply negative characteristics. The Foundation's primary weaknesses include the need for stronger partnerships, as well as knowledge management and retention.

The Foundation's internal strengths and weaknesses are accompanied by external opportunities and threats. The Foundation sees opportunities in building long-lasting high impact partnerships with a number of stakeholders and communicating the lessons it has learned across the CSI sector. These opportunities, and the Foundation as a whole, will always be confronted with threats beyond its control. These may include an unpredictable economic environment, or major changes in national policy.

The Foundation's key priority is and will remain addressing weaknesses and capitalising on opportunities, while continuing to build off of its strengths.

FINANCES AND BUDGETS

The funding availability of the Foundation is determined by the financial success of the FirstRand group in any given year. The group sets aside 1% of its after-tax earnings and contributes this to the Foundation. Of this amount, there is a top-slice of approximately 10% for giving in the name of FirstRand, as well as an amount reserved for management expenses. The remainder is divided between the three subcommittees (dependent on each franchise's contribution to the group's profitability for the year).

The independent trust is a registered public benefit organisation, and, in terms of the trust deed, is obliged to commit 75% of its income each year. The Foundation's financial year runs from July to June.

CONCLUSION

This corporate social investment strategy guides the FirstRand Foundation in fulfilling its statement of strategic intent to contribute to a better South Africa. In addition, it provides a framework for ensuring that the Foundation is and remains a best-practice organisation.

For the Foundation, best practice means:

- staying within its strategy to prevent the dilution of its potential;
- following due diligence procedures in all of its activities;
- working with sustainable partners that go above and beyond the call of duty; and
- constantly seeking higher levels of excellence.

Perhaps most importantly, best practice means that there is always a willingness to improve. The Foundation will consistently strive to learn from its successes and mistakes, as well as through the experience of others. It operates through the recognition that best is always on the horizon, which the Foundation will continuously move towards.



FIRSTRAND

WWW.FIRSTRAND.CO.ZA