



THE WAITROSE FOUNDATION (SOUTHERN AFRICA)

Introduction of WF (SA) to Importers, Exporters and Grower Members

July 2015



Waitrose
FOUNDATION
Southern Africa





BY APPOINTMENT TO
HER MAJESTY THE QUEEN
GROcers AND PAstry CHEFS IN CHIEF
TO HER MAJESTY THE PRINCESS OF WALES



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Waitrose



Dear Waitrose Foundation Member,

It is with great pleasure that I welcome you to the Waitrose Foundation, an industry-leading initiative aimed at improving lives and transforming communities around the world. The Foundation sits at the core of Waitrose's business operations (www.waitrose.com/foundation) and operates within supply chains that are strategically important to the success of our business.

Since the Foundation was established in 2005, Waitrose, along with its importer, exporter and grower partners have invested over £8million to improve lives in farming communities across South Africa, Ghana and Kenya. This money has been invested by democratically elected worker committees in consultation with the country boards.

Key to the success of the Foundation is the proactive involvement of these partners, all of whom shape the activities and direction of the Foundation. We hope your involvement will lead to stronger relationships with our supply chain partners and transformations within your local communities.

Through working together in this way, we can all positively contribute towards the future of food and farming; building more resilient supply chains, enabling progressive global development and better lives for people. We encourage you to embrace the work of the Waitrose Foundation and contribute to its success, ensuring it is benefitting all involved. At Waitrose we will continue to talk about the great work of the Foundation to our customers and strive to drive sales of the Waitrose Foundation products.

So, thank you, for joining the Waitrose Foundation. We look forward to many successful years working together!

Yours Faithfully,

Mark Williamson
Commercial Director
Waitrose Ltd

A member of



Waitrose
FOUNDATION

Food shops of the John Lewis Partnership

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INTRODUCTION TO THE WAITROSE FOUNDATION (Southern Africa)

Rationale and Historic Context

Waitrose sources fresh produce for its retail stores in the United Kingdom from *inter alia* South Africa, Kenya and Ghana in Africa. The socio-economic and socio-political environment in which producers of agricultural products operate in these countries are, like most other African countries, not conducive to real economic growth and sustainable livelihoods for workers and their families. The deep rural areas often are scarcely resourced and economically disempowered.

Waitrose and its supply partners in 2005 resolved to secure the sustainability of the supply chain through an investment in the socio-economic development of the communities at the very root of the supply process – the farm workers and their families.

The Waitrose Foundation (Southern Africa) (WF (SA)) subsequently opened its doors in 2006 in Simondium, Paarl as a partnership initiative between UK-based Waitrose and its supply partners. Joining Waitrose as founding partners were Green Marketing International, Poupart and Gordon Fairbrother with 6 citrus growers as the first Grower-members of WF (SA). Namibian Growers also joined WF (SA) later in 2013.

Today the Waitrose Foundation (SA) are supported by Waitrose, 5 Importers, more than 15 Exporters and more than 58 Growers producing wine, citrus, grapes, avocados, stone fruit, soft fruit and top fruit on more than 160 different farms across Southern Africa.

Similar Foundations were established in Kenya and Ghana to support the worker communities supplying to Waitrose from these countries. The respective Foundations are all independent legal entities registered in their hosting countries and governed by autonomous Boards of Directors.

Waitrose Alignment: Commercial, Technical and Social Development

The success of the Waitrose Supply Chain is largely dependent on the measure of synergy achieved between the respective supply partners. To be consistent, robust and sustainable over extended periods of time, the core elements of the supply chain need to be appropriately aligned and constantly developed and strengthened. These include all technical, commercial and social aspects of sustainable production and supply.

The balance between and strength of these elements are essential for sustainability. Although the **WF (SA)** focusses on only one of the core elements of the supply chain – **Social Development** – it therefore strives to stay aligned with technical and commercial development on Grower farms to ensure a strong, sturdy and sustainable supply chain.



MISSION, PURPOSE AND DEVELOPMENT APPROACH

Mission

The Waitrose Foundation (SA) was established to improve the standards of living of farm workers employed by Waitrose's Grower supply partners in Southern Africa.

Our Vision is to achieve:

- Better **livelihoods** for employees and their families;
- **Thriving, self-sustaining** rural and farming communities;
- **Sustainability** in the supply chain to Waitrose.

To achieve this Vision, the WF (SA) strives to:

- Introduce an integrated, holistic approach to socio-economic development in a quest to achieve effective farm operations that underpins a sustainable supply chain.
- Engage and empower workers to accept **shared responsibility** for:
 - socio-economic development in their communities;
 - establishment of a sustainable supply chain for the benefit of all involved

Focus areas

The Foundation does not limit the nature or focus of the social initiatives it is prepared to support, but gives preference to sustainable initiatives with a direct impact on the mission, vision and objectives of the Foundation.

The following **Outcome Themes** were identified to direct the focus of the Foundation:

- Increased household **income and assets** - to improve buying power and support upliftment (*Economic Empowerment*)
- Sustained **physical health** and reduction in health related disorders - to avoid human suffering, improve mortality rates, decrease absenteeism and secure personal income levels (*Health Care*)
- Improved **education and training** levels, increased capacity and enhanced competency amongst workers - to improve productivity and self-esteem, limit social decay, enhance career prospects, improve income generating prospects and cultivate prospective Growers to sustain the supply chain in future (*Education and Training*)
- Integrated **community development** - to empower leaders to take ownership for the sustained development and wellbeing of their communities (*Social Wellness*)
- Sustained **natural environment** - to ensure long term sustainability for humanity (*Sustainable Environment*)

To achieve the identified outcomes the following **Focus Areas** were identified:

- Economic Empowerment
- Education and Training
- Health Care
- Social Wellness
- Environmental Sustainability

Development Approach

A Partnership Initiative

The Waitrose Foundation distinguishes itself from conventional corporate social responsibility programmes by its unique **partnership approach** to socio-economic development on farms.

The Implementation Partners for social development are:

Farm Workers (Beneficiaries)

The responsibility for social development in worker communities on individual farms are first and foremost that of the workers themselves – **informed, guided and endorsed** by the Management and Owners of the farm and the Field Managers of WF (SA).

Although it is a joint-ownership approach, the primary beneficiaries on the farm also remain the principal partners in the development process. They are encouraged to accept ownership for any initiative that will impact on the quality of life of their communities. For this purpose **Farm Worker Committees**, elected by workers to represent their interests, are established on every member farm.

Farm Worker Committees

Elected Worker Committees are equipped by WF (SA) and encouraged to take an active role and shared responsibility for their communities' development. Where assistance is required Field Managers of the Foundation will assist farm worker communities in electing and constituting a representative Farm Worker Committee. The Foundation offers **capacity building programmes** to empower committee members with the skills and knowhow required to conduct meetings, identify social needs and allocate resources to initiatives that will address the priority needs of the respective communities.

In the spirit of **cooperation**, the Worker Committees considering Waitrose Foundation projects and programmes often are the same committees responsible on various levels of decision-making for the allocation of funds from other development agencies and donors such as the Albert Heijn Foundation and Fair Trade.

Farm Management/Owners

The owners and management of farms remain accountable for social development on their farms and therefore also for social funds spent through Worker Committees. Both workers and management have to endorse applications to WF (SA) before it is considered by the Foundation. Worker Committees are encouraged to develop social plans (*see below*) and submit these for

consideration by Management. Through these plans, joint decision-making between workers and the Management of a farm is encouraged.

The Managers of farms are furthermore encouraged to **integrate** social development planning with their business plans for their farms and to engage with Worker Committees in the process.

The Management of a farm is also responsible for authorizing appropriate project budgets submitted to WF for consideration, oversee project implementation and prepare project accounts for auditing purposes.

Farm Coordinators

Although not compulsory, many farms identified at least one coordinator (full-time or part-time person in service of the farm) to drive the social development agenda of the farm. The Coordinators as a rule would have access to management on short notice and would be accepted and trusted by workers to ensure productive facilitation of social development. They are an extension of the Workers Committee, Farm Management and WF (SA).

WF (SA) presents capacity building programmes to empower Coordinators and equip them for their facilitation role.

Social Plans

The introduction of social development plans to inform and direct social project spending on member farms of the Foundation is a prerequisite for WF funding. It is suggested that Management facilitate the process of social planning on farms with active involvement of the Worker Committees. Worker Committees (WC's) and Management are therefore encouraged to jointly develop social development plans for their respective farms.

The Foundation provides capacity building programmes focusing amongst other on the development of social plans for farms and rural communities.

Social plans include baseline worker community profile information, a database of all existing projects, an assessment of current needs and priorities and potential initiatives to address these issues. It also refers to the yard sticks available to measure the impact of the envisaged interventions, strategies to ensure the sustainability of new projects and the various sources of income available to the Committee. Social plans must be endorsed by both Management and Worker Committees. In the unlikely event of non-consensus between Management and the Worker Committee, WF will facilitate an amicable solution to ensure social plans are both comprehensive and accepted by all stakeholders.

The process comprises of four steps:

- 1.1. Data and information collection towards Farm Profiling and Needs Analysis ;
- 1.2. Discussion of perceived needs and possible resolutions by WC's within the framework of the 5 focus areas of WF;
- 1.3. First draft Joint Social Development plans developed by WC and Facilitator;
- 1.4. Presentation, discussion and finalisation of the draft Social Development plan by WC to Management for joint consideration, inputs and acceptance.
- 1.5. The Foundation staff provide templates, advice and expertise to be used for the Social Plan development to the coordinators/facilitators on the farm.

Sustainable Development

Due to the Foundation's interdependence on its members supplying produce to Waitrose on-going projects with the potential to become self-sustaining or partially self-sustaining rather than those remaining entirely dependent on the Foundation, are preferred.

The Foundation will assist Worker Committees in developing sustainability plans for initiatives on their respective farms. Projects should become self-sustaining or partially self-sustaining and independent or partially independent of Foundation funds within two years of implementation.

Annexure A: Mission Statement

Annexure B: Social Plan Template



BENEFICIARIES

The primary beneficiaries of the Waitrose Foundation are the families and households of *bona fide* employees of Grower-members of the Foundation. Secondary beneficiaries are members of the communities in which these employees and their families work and live.

Primary Beneficiaries

The ***Primary Beneficiaries*** of WF (SA) are:

- **Full-time, permanently employed** workers and those sharing their households;
- **Seasonal or part-time workers** while employed by a Grower-member of WF(SA) and those sharing their households;
- Individuals and their households legitimately **living on property** owned by a Grower-member of WF (SA) who are *bona fide* employees of the Grower;
- Individuals and their households who are not living on property owned by a Grower-member, but who are *bona fide* employees of a Grower-member;
- The **members of the families** and/or extended families of *bona fide* (permanent as well as part-time or seasonal) employees of Grower-members who live in their communities of origin (e.g. remote rural areas) while the employees work on the farm (when appropriate and feasible).

Secondary Beneficiaries

Secondary beneficiaries of WF (SA) include but are not limited to:

- Members of the communities where *bona fide* employees of Grower-members of WF (SA) are living but who are not themselves working for a Grower-member, providing that at least one of the categories above are the primary beneficiaries of an initiative benefitting secondary beneficiaries too.



GOVERNANCE OF THE FOUNDATION

Statutory Status

The Waitrose Foundation (Southern Africa) is registered under the South African Companies Act, 2008 (Act No. 71 of 2008) as a company not for gain (NPC) (Registration Number: 2005/018850/08) and as such also registered with the Department of Social Development as a Public Benefit Organization (PBO) (Registration Number: 930022373). As PBO, the Foundation is exempted from all forms of obligatory tax (including Value Added Tax). Although the Foundation since its conception in 2005 opted for voluntary financial auditing by an independent firm of auditors, it in 2014 became obligatory to independently audit all companies of which the majority of income derives from other than South African sources, such as the Foundation.

Foundation Members

The following supply chain partners of Waitrose Ltd are invited to be members of the Waitrose Foundation:

- Waitrose Ltd;
- Importer Members;
- Exporter Members;
- Grower Members (after probation period)

Criteria for Grower Membership are included in Section 4 of the Foundation Handbook.

Annual Members Meetings

The Memorandum of Incorporation of the Foundation provides for a Members Meeting to be held once a year within six months after the financial year ends on the 30th of June every year. At these meetings Members elect their representatives on the Board, adopt annual financial statements and engage with the Board and Management on the activities of the Foundation.

Compilation of the Board

The Board of WF (SA) comprises of representatives from all its members:

- 4 x Grower and Exporter representatives;
- 2 x Waitrose representatives;
- 2 x Importer representatives;
- 3 x Worker representatives;
- 1 x Independent representative appointed by the Chairperson

The role and function of the Board is defined in the Memorandum of Incorporation of the Waitrose Foundation (SA). The Chairman of the Board is appointed by the Board members.

The Board delegated responsibility for the day-to-day supervision of the Foundation to an Executive Committee comprising of the Chairman and two to three members appointed from time to time by the Board.

The Board meets twice per year and the Company AGM is being held in South Africa once a year.

Memorandum of Incorporation

The Waitrose Foundation (SA) is governed by a statutory Memorandum of Incorporation (MOI) complying with the requirements of the Companies Act. The MOI is available on request.

Management

The executive management of the Foundation is entrusted to a duly appointed General Manager or Chief Executive Officer reporting to the Board, and a team of members of staff as deemed appropriate from time to time. The Board authorizes the Management Team to approve for implementation project applications to a value as determined from time to time. All applications beyond the mandate of Management are considered by the Board at a regular biannual Board Meeting as and when submitted by Management.

Physical Address

Unit 1, Innovation Centre 1, 2 Meson Street, Techno Park, Stellenbosch

Annexure C: Current Board of Directors and Management



MEMBERSHIP OF THE FOUNDATION

Membership Categories – roles and responsibilities

All members of the Foundation, including Grower members, contribute financially to the work of the Foundation. However, Grower members first enjoy Probation status before becoming Full Members of the Foundation. During the Probation phase Grower employees do not yet benefit from the Foundation and do not contribute to the Foundation either. Once Full Membership status is reached all members have access to the Foundation on equal terms. Grower members are categorized in three categories that determine the specific dispensation with regards to the Foundation's modes operandi:

Category A members: After four years as full members, selected grower members that comply with pre-determined criteria related to the legal status and capacity of their on-farm social development programmes (minimum annual social spending as determined from time to time, independent legal entity for social development with worker representation, a full time on-farm facilitator, etc.) are invited to become Category A members of the Foundation. Category A members are operating according to a different cooperative agreement allowing for more autonomy and joint decision making with regards to the application of Foundation funds.

Category B Members: All Foundation members not in Category A or C.

Category C Members: Foundation Members consistently receiving less than a pre-determined threshold annual allocation from the Foundation as determined from time-to-time.

Selection of Grower Members

A grower invited to pack for Waitrose becomes eligible for Waitrose Foundation status after a sustained period of constant supply to Waitrose at a pre-defined minimum threshold volume and adherence to the following Waitrose technical requirements:

- Successful adoption of the Waitrose Farm Assessment programme.
(More information on this can be found at <http://www.sustainableagriculturewaitrose.org/>)
- Independent 3rd party global gap certificate.
- Registration of the grower on Sedex, linked to Waitrose and completed self-assessment questionnaire.
- Independent SMETA or SIZA audit from within the past 12 months shared with Waitrose on Sedex.

The UK supplier (importer) is responsible for ensuring the suitability of new foundation member growers. Importers should ensure that potential new growers:

- Are principally in support of the progressive social development activities implemented through the WF (SA)
- Are principally willing to become a member of the Foundation.

- Meet the technical requirements outlined above

The activities of the WF (SA) should be included as an integral part of business relationships between all actors of the supply chain. Probationary status will be awarded once written confirmation from the Importer has been received by The Waitrose Foundation that a potential new grower meets the above criteria.

Probation Members

By the end of the 1st year of supply, a Grower will be assessed, according to commercial, technical and social criteria to decide whether they qualify for a second season supply. During the 2nd year of supply Probation members will be subject to a social audit by the Foundation personnel to assess suitability for full Foundation status. The social audit entails an assessment of the intent and commitment to an improved livelihood for all workers employed by the Grower. It is the Grower - not the crop - that is assessed for Foundation membership. Subject to a successful 2nd year of supply and social audit approval, a Grower gains full Foundation status for its 3rd season of supply. Grower members do not contribute financially to the Foundation during Probation although the contributions by other supply chain partners will accumulate in the Foundation from the first crop already for release once Full Membership has been reached.

Full Members

As soon as a Grower reaches full membership status the Foundation is responsible for the induction of and initiation of Foundation programmes with the new Member. Although it is accepted, based on climatic conditions and on changing commercial needs, that the grower base of Waitrose will change from time to time, these changes will be kept to a minimum. A Waitrose Foundation Grower should be a farm capable of a sustainable long-term supply relationship with Waitrose.

Full Membership in all three Categories (A, B and C) continues until a Grower ceases to supply to Waitrose or until supply volume declines to below the threshold level.

Exiting the Foundation

Should an exporter or importer cease to be a Waitrose supplier, their membership of the Foundation will be terminated. An invoice will be issued to collect all funds due to the date of the end of supply.

Should a grower cease to supply or if his contract to supply is ended, membership of the Foundation will terminate on the same date. The Workers Committee will be given 12 months from the date that supply ceases to apply for and complete projects using their allocated funds. Any funds remaining unspent at the end of this period will be incorporated into the main Foundation fund.

Only when a Grower is supplying such a small quantity of fruit that their Foundation account would be too small to support meaningful projects will they be given non-Foundation status (the threshold level for the size of this fund will change from time to time). For those Growers who supply more than one crop it is the cumulative total that determines the size of their fund and the entrance threshold.



FUNDING OF THE FOUNDATION

All Full Members of the Foundation contribute to the funds of the Foundation in pursuit of its Mission, Goals and Objectives. Contributions are based on the net retail value of sales of a particular Grower's supply and are directly proportional to the percentage of fruit supplied within a specific fruit category.

Currently 3% (1.5% for high value fruit categories such as soft fruit) of the retail value of sales is allocated to the Foundation, contributed proportionally in the following manner by all Members:

Waitrose	60% of 3% of net retail value
Importer	20% of 3% of net retail value
Exporter	10% of 3% of net retail value
Grower	10% of 3% of net retail value

All funds received from the sales of a particular Grower's produce are ring-fenced for the Foundation account of the particular Grower-member. 75% of allocated funds are made available to Worker Committees for on-farm projects while 25% of all funds received by the Foundation is allocated to the Foundation's main Development Fund and inter alia utilized for generic projects initiated by the Foundation with the intention to benefit all Members' worker communities. Current examples of these are the Foundation Bursary Fund, a computer aided mathematics and literacy programme for learners of all ages (CAMI) and capacity building programmes to empower Worker Committees.

Waitrose, the Importers and the Exporters will make their respective contributions from the 1st season a potential member is supplying to Waitrose – i.e. from the beginning of the Probation phase of the Grower. The Grower, however, will only start contributing to the Foundation after the third season of supply when becoming a Full member. The Grower will gain Full Foundation status as soon as the net retail value for the third season has been calculated and members, including the Grower, have been invoiced by the Foundation for their relevant contributions. Invoices are issued at the end of the season once retail value has been established.

As soon as Full Membership has been achieved a Grower can apply for project funding using the accumulated funds contributed during the Probation phase as well. If a Grower fails to gain Full Foundation status and ceases to supply to Waitrose, the accrued funds will be assimilated into the Foundation Development Fund.



WF DEVELOPMENT FUND

The Foundation's Development Fund (including the Educational Fund) has been established to fund programmes and projects initiated by the Foundation with the aim to benefit all grower member communities, regardless of size or strategic importance.

The Fund is sustained by retaining 25% of all funds received from Members; interest on accumulated funds; unallocated funds by Growers; funds accrued on behalf of Probation farms not graduating to Full membership status and; surplus funds from joint ventures with strategic allies such as the British Department for International Development (DFID). The programmes or projects initiated with the resources of the Development Fund are approved by the Board of Directors and does not discriminate between farms in terms of scope or extent of involvement.

The Development Fund currently supports the following programmes, depending on the availability of funds:

- Bursary Fund (Two post-matric bursaries per annum)
- Capacity Building Fund (Worker Committee training, Farm Workers Conference, Coordinator's training)
- Education Fund (CAMI, crèche registrations)
- Strategic Alliance Initiatives (Youth Development Programme - DFID)

The Foundation's overhead costs are also sourced from the funds retained from member-contributions.

APPLICATION FOR AND ALLOCATION OF FUNDS



Application Procedure and Guidelines

The Application Procedures and Guidelines for Category C Members are reflected in a separate agreement between the Foundation and the relevant members when they become Category C Members.

Funding Criteria

The Waitrose Foundation is a joint venture by Waitrose and its supply chain partners. As a **partnership initiative** the overriding aim of the Foundation is to support and enhance all efforts of Grower Members to achieve the goals and objectives of WF and in the process improve the quality of life of the primary and secondary beneficiaries in farm communities.

Funding is therefore not restricted in any way if in pursuit of the mission of WF.

The Foundation will not support initiatives, projects or programmes that are:

- Political in nature or has political influence, change or advancement as intend;
- In pursuit of specific religious or denominational goals and objectives;
- Directly or indirectly supporting activities, physical infrastructure, equipment or objectives with the farm's commercial interests as purpose or intend;
- Enriching or benefitting only individuals or exclusive groups of individuals in beneficiary communities;
- Not directly contributing to the social, material and/or socio-economic well-being of primary and secondary beneficiaries as defined in Chapter 3 of this manual;
- Not aligned with the Social Development Plans of the farm and not endorsed by both Worker Committees and Management.

Procedure

Project applications are submitted according to the approved application procedure:

- The development of an annual Joint Social Development Plan (see Section 2) for each farm – endorsed by both farm Management and Worker Committees – is required as a prerequisite for funding from the Foundation. All projects applied for must be in support of the adopted Social Development Plans.
- A Detailed project application (document attached) is used to apply for funding and both the Farm Workers Committee Chairman and a representative of the farm's Management have to endorse the application.
- Any project expenses prior to written confirmation of approval will incur at own risk and the Foundation is under no obligation to refund non-approved expenditure.

- Application forms provide all information required by the Foundation and no supporting documentation such as receipts, invoices or quotations are needed before or during project completion.
- A project budget is required with the application form and a report on actual spending against budget (attached) is mandatory within 4 weeks of completion of a project.
- Funds will be transferred to the applicant-farm on approval of the project as per schedule in the application.
- Worker Committees must remain intimately involved in the initiation and execution of projects within the framework of the Joint Social Development Plan while the farm's Management is responsible for facilitating the process, implementation of the project, financial control and governance.
- Only projects to the net project value of R 10 000 or more per project (preferably larger) will be considered by the Foundation.
- Recipient-farms are responsible for project-specific financial record keeping and VAT administration.
- Only **VAT exclusive** applications must be submitted to the Foundation.
- Project applications are considered once per week at a Project Appraisal Meeting (PAM) and should be submitted to the Foundation at least one week prior to the relevant PAM.
- A decision on applications is usually reached within 14 days after the meeting at which it was considered.
- Projects must be completed by the agreed completion date.
- The Foundation will monitor project implementation and on completion assess the impact of projects against the initial objectives.
- The Foundation retains the right to reclaim all funds paid to beneficiaries or decline future applications in the event of non-compliance with requirements for financial record keeping or project delivery.
- All new fund-allocations received must be applied for within 12 months from the date the allocation was made available for spending within the framework of the adopted Social Development Plan.
- Completion dates for all new projects must be clearly indicated and projects must be completed within 12 months from approval of funds. Projects to be implemented over a longer period of time with a specific completion date clearly indicated will be considered on an ad hoc basis.
- A principle of "use-it-or-lose-it" will apply. Newly allocated funds not applied for within 12 months after allocation will be re-allocated to the Foundation's Development Fund.
- All projects are subject to internal and external auditing by the Foundation and its auditors (as and when required) and all supporting documents must be made available in the event of an audit. All supporting documentation must be retained by farms for possible auditing for a period of 24 months after project completion.

Guidelines

The following guidelines are introduced to ensure funds dedicated to socio-economic development are spent in a responsible way rather than accruing in the Foundation account:

- Projects up to R 499 999 can be applied for in one phase, from R 500 000 onwards projects must be structured in additional phases (milestones) for each R 500 000 project value.
- Projects with completion dates up to 12 months from approval can be submitted as one phase, beyond twelve months an additional phase is required for each 6 months.
- Farms are encouraged to rather submit projects with completion dates within 12 months.
- Project applications must reflect the phases separately.
- No project period longer than 2 years will be considered.
- Each phase ends with submission of the actual expenditure against budget for the particular phase and the latter activates payment of the next phase.
- Funds not used at all by a project's completion date must be repaid to the Foundation or re-allocated by re-applying for a new project. No further funds will be released to a farm until the unused funds were spent.

Approval process

A Project Appraisal Meeting (PAM) is conducted once a week to make recommendations to the Board of the Foundation with regards to new applications received. Since Board members are located in both South Africa and the UK the Foundation strives to communicate the outcome of applications within two weeks after a PAM.

The funds for approved projects are transferred to applicants' indicated accounts immediately after approval. Confirmation of deposit is communicated with the formal confirmation of project approval to applicants.

Approval in advance

Sometimes farms do not have sufficient funds in its Foundation account to either complete or initiate a project that is considered important enough to be implemented immediately.

The Foundation will consider approving a project in advance if the applicant farm is prepared to provide interim funding for the project and accept the risk for completion, subject to the following conditions:

- The concession will only be considered on specific request and is not standard practice;
- Only larger projects (to a value of R 100 000 or more) are considered for this concession;
- The farm guarantees up-front that it has sufficient own funds available to complete the project on approval – i.e. the Foundation's contribution comprises the last payment towards the project;
- The farm guarantees that it will implement the project with immediate effect and within the agreed project period;
- The Foundation refunds the farm only as and when funds are available in the member's Foundation account again;
- Refunding takes place against the approved original budget or actual cost, whichever is the lowest (to avoid artificial cost-inflation during implementation);

- No further/new funding is approved for projects on the particular farm until the relevant project has been refunded in full (to avoid long term open-ended obligations to the Foundation and to avoid the Foundation providing interest free “loans”);
- Each project will have an agreed negotiated cut-off point before which the bridging funds must be reclaimed from the Foundation. If sufficient funds are still not available in the farm’s Foundation account by the agreed cut-off point, the farm will forfeit its right to claim the outstanding amount from the Foundation. (The purpose of this is to avoid farms that are not supplying at all or supplying very little to Waitrose after the project was approved, having an open account with the Foundation for extended periods);
- The project must comply with all other requirements of the Foundation, in particular confirmation of the Workers Committee’s support for the initiative.
- The project must specifically be included in the farm’s joint social development plan as accepted by both management and worker committees to cement that plan in place.

Management of Value Added Tax (VAT)

Background

Project funds **excluding VAT** are paid in advance to member farms to administer social development projects on behalf of the Waitrose Foundation. Commercial enterprises, such as farming operations, are not entitled to claim VAT input on social spending or acquisitions for welfare projects and since Foundation funds are disbursed excluding of VAT a potential VAT leakage may occur.

The Waitrose Foundation is registered as a “NPO” with the Department for Social Development as well as a “Welfare Organization” in terms of the Value Added Tax Act and is therefore allowed to claim VAT input on social spending or acquisitions for welfare projects.

In order to avoid the potential VAT leakage the following process has been initiated and it is suggested to be followed by member farms to avoid any unnecessary loss:

Process

- The Waitrose Foundation (WF) will on approval of projects, transfer the project funds excluding VAT to member farms;
- All payments by WF to member farms must be treated as funds to be spent on behalf of the Waitrose Foundation;
- Funds received should be transferred into and held in a separate control account (general ledger account) to allow clear separation of WF funds and other funds;
- Member farms will purchase all goods and services for the approved project(s) from the dedicated ledger account, paying VAT from the farm’s own sources;
- Tax invoices for social project purchases from the dedicated control account should be made out to The Waitrose Foundation NPC, VAT number: 4070224003, Unit 1, Innovation Centre 1, 2 Meson Street, Techno Park, Stellenbosch, 7600, for delivery to “Farm Name”;
- On completion of the project, all valid tax invoices can be submitted to Waitrose Foundation NPC on a project by project basis for recovery of VAT from SARS;

- WF will refund member farms with the full VAT amount on receipt of the refunded amounts from SARS.
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 - *Annexure G: Guidelines for Crèche Registration with Department of Social Development.*



MONITORING, ASSESSMENT, EVALUATION AND AUDITING

The Foundation is focusing primarily on the impact projects have in target communities rather than the input it requires. Since the Foundation is built on a partnership approach it requires all partners to accept responsibility for assessing the success of projects against its original objectives. Measuring the impact of the Foundation therefore is an essential element of the WF project cycle.

The information gained from of assessment and evaluation are used to inform future projects planned by Foundation member farms while monitoring is done with a view on mid-process changes and course redirection if needed to ensure efficiency and effectivity. Financial and social auditing is essential to ensure responsible governance of the Foundation and the funds received from various stake holders.

Monitoring

The Field Managers of the Foundation, in conjunction with facilitators on the farm and Worker Committees are tasked with the responsibility to monitor progress in the implementation of projects to identify the need for adjustments as and when required. This process is managed in the Foundation office and while the farms are responsible for effective project implementation and therefore also for monitoring project implementation against goals and objectives, the primary responsibility for continuous monitoring is with the Foundation staff.

Assessment and Evaluation

Assessment and Monitoring of WF projects comprise of three separate yet integrated processes:

- The report to be submitted by a farm on completion of a project, including the financial reconciliation of the project, requires farms to assess the impact of the project against the initial intention or objectives of the project. This is an internal assessment process to be done for the farm's own intelligence as well as that of the Foundation.
- Field Managers officially assess the impact of projects at completion and any information that could be used by the farm from these reports will be communicated.
- Where possible, the changes and transformation of the social wellness in farm worker communities will be measured from time to time. This assessment will take the impact of a combination of projects into consideration and measure the

impact of the Foundation's work in conjunction with all other initiatives to this end on the farm.

Auditing

The Foundation retains the right to audit all financial aspects of any project at any given time during or after completion of a project. The purpose of financial auditing is to ensure that the Foundation at all times comply with the legal requirements for an NPC and NPO as defined by the company's act. The Financial Manager of the Foundation is available for technical advice and guidance with regards to the management of social funds, VAT and related issues.



ENQUERIES

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