

WHEN COMPANIES COMMIT TO THE FIGHT AGAINST POVERTY, IT WORKS!

Every alarm has been sounded! Although the poverty level had been steadily decreasing since the end of the second World War and up until the beginning of the 2000s, the tendency has now been reversed. The number of people living underneath the poverty line in France has increased by almost 1 million over the last 10 years (2005-2015). This is an historical shift.

A few indicators remind us of this situation's unbearable scope: according to INSEE, France has 8.9 million people living under the poverty line and 26% of the households where the main householder is under 30 years old are poor. 3.8 million people are without shelter or live in deplorable conditions. 21% of the population under 25 are unemployed. Slums have reappeared in our country and are now 'home' to 6,000 minors.

Everywhere in France, actors of the social sector are developing new and innovative methods to respond to the magnitude of these challenges. However, without the appropriate means, their ambition and actions are limited.

An entire new generation full of energy and hope for the future are looking to actively contribute to the social well-being and the reduction of inequalities.

The moment has arrived to create the conditions for a fundamental change and to reinvent our social model.

TOWARDS A NEW COMMITMENT BY COMPANIES IN THE FIGHT AGAINST POVERTY

The French President is expected to present a new anti-poverty plan to Parliament in September. This is the opportunity for France to set the example of a more responsible economy and to propose a new program of corporate commitment against poverty: the Local Corporate Endowment.

This Local Corporate Endowment Against Poverty would consist of a voluntary allocation of up to 2% of a company's net results towards programs that fight poverty and exclusion of young adults. 2% would allow concrete actions to be financed in the area where the company is located giving a greater sense to the social responsibility imperative.

There would be no obligation and the commitment would be voluntary. The only condition would be for the company to communicate each year on the expenses attributed under the Endowment and the locally obtained results. If no allocation of resources is made then the company will simply need to indicate this choice.

The most fragile and smallest companies are not required to engage themselves in the Local Corporate Endowment Against Poverty in order to avoid any potential strain it may cause.

The particularity of this Endowment is that the company would select, on its own, the projects of its choice in order to help the most destitute, specifically children and young adults on its territory: food aid, medical support, improvement of housing conditions, access to fundamental educational support

essential for any social integration, individual care, return to employment, support for handicapped persons, integration through sports or culture.

This endowment would also benefit from the philanthropic fiscal advantages under the Aillagon law, which allows companies to benefit from a 60% tax reduction on the amount donated. The expense for the company would thus only represent 0,8% net of its result.

Break Poverty Foundation developed this concept of a Local Corporate Endowment Against Poverty. The program was tested in the city of Romans sur Isère, where poverty statistics (22% for the entire population, 30% regarding the population less than 30-years old) are close to twice the national average. With the support of the Mayor, local companies were invited to participate. The results of the pilot program speak for themselves. Out of the 21 companies contacted, 15 have announced that they will support one or more projects among those Break Poverty presented. A few weeks after the pilot's launch, more than 200,000€ have already been collected to finance projects in Romans, a city of 33,000 residents. With the contribution of the town hall, 1 million euros could be raised over 3 years in order to give a chance to over 1 000 children and young adults amongst the most vulnerable. The scope the impact of such a measure would have at the national level is easily imaginable.

This new corporate social commitment corresponds to the growing expectations of millennials, this generation of young graduates and entrepreneurs motivated by the desire to bring about change and who hope to join a company that goes beyond solely the creation of economic wealth.

Far from being a strain on companies, the Local Corporate Endowment Against Poverty is perceived as an investment for the future of their territory.

No company wins in a world that loses. Confronted by the increasing pauperization in French society of its young generations living in the suburbs, the Local Corporate Endowment Against Poverty will favour the mobilisation of companies and foster new local partnerships to eradicate poverty.

Denis Metzger, President of Break Poverty Foundation

BREAK POVERTY FOUNDATION

At Break Poverty Foundation, we believe that transformative solutions exist to give all children and young adults, hope that they will build their future outside of the vicious poverty cycle.

We have chosen to focus on the causes of poverty to better prevent it. We identify and accompany projects that have a strong potential in France and internationally in the following areas: early childhood support, school dropout prevention, access to first employment and support for single parent households.

We implement these projects on the long-term in order to obtain the most important and durable impact. We actively mobilize all actors, and most notably companies, in this fight against poverty.

Break Poverty Foundation is an endowment fund based in Paris. Created by Denis Metzger, Chairman of Chequers Capital, a leading private equity investor in Europe, the endowment fund has Serge Papin, Véronique Saint-Olive, Christian Dagnat and Pierre Derieux as administrators.