

SOCIAL AND ETHICS COMMITTEE REPORT 2017

The Clicks Group social and ethics committee (the committee) is a statutory committee which assists the board in monitoring the group's corporate citizenship, sustainability and ethics.

The committee is governed by terms of reference which detail its duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities allocated to it by the board.

This report is presented in accordance with the requirements of the Companies Act and should be read together with the creating value through good citizenship report on pages 52 to 57 of the Integrated Report.

ROLE OF THE COMMITTEE

The committee acts in terms of the delegated authority of the board and assists the directors in monitoring the group's activities and disclosures in terms of legislation, regulation and codes of best practices relating to:

- ethics;
- sustainable development and sustainability;
- stakeholder engagement, including employees, customers, suppliers, communities and the environment; and
- strategic empowerment and transformation.

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the committee are as follows:

- monitor activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety;
- ensure appropriate short, medium and long-term targets are set by management;
- monitor progress on strategic empowerment and performance against targets;
- monitor changes in the application and interpretation of empowerment charters and codes; and
- monitor functions required in terms of the Companies Act and its regulations.

COMPOSITION AND FUNCTIONING

The committee comprises two independent non-executive directors, namely David Nurek (chairman) and Prof. Fatima Abrahams, and executive director David Kneale (chief executive officer). Executive director Bertina Engelbrecht served on the committee during the 2017 financial year and stood down as a member subsequent to year-end. She will in future attend meetings as an invitee. The members of the committee are nominated and appointed by the board.

The head of legal/company secretary and compliance officer attend committee meetings as invitees.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process. The committee was assessed to have adequately discharged its mandate. Attendance at committee meetings is detailed on page 50 of the Integrated Report and fees paid to committee members for 2017 and proposed for 2018 are detailed on pages 66 and 67 of the Integrated Report.

ACTIVITIES OF THE COMMITTEE

The committee met twice during the year and performed the following activities:

- monitored progress against transformation targets and the internal employment equity plan, and considered the external verification of the group's empowerment activities;
- assessed sustainability performance with specific reference to the group's inclusion in the newly constituted FTSE/JSE Responsible Investment Top 30 Index and performance in terms of the Carbon Disclosure Project;
- evaluated the group's corporate social investment (CSI) programme, focusing primarily on the following:
 - pharmacy bursary scheme;
 - pharmacy internship and graduate programmes;
 - investment in employee learning and development;
 - enterprise development and supplier development programmes; and
 - achievement of the commitment to donate 1% of net profit after tax to CSI;
- assessed the group's actions in relation to the 10 principles of the United Nation's Global Compact (UNGC). While the group is not a signatory to the UNGC, it has adopted the 10 principles and monitors compliance against these principles in the areas of human rights, labour, anti-corruption and the environment;
- reviewed the results of the past employee satisfaction survey and the plans to enhance employee engagement and retention; and
- reviewed compliance with the regulatory frameworks applicable to the group and received reports on litigation matters relevant to the committee's mandate.



David Nurek
Chairman
Social and ethics committee

10 November 2017