

# ENGAGING OUR STAKEHOLDERS

Transformation rating

5

2019: **6** (new BBBEE codes applicable)  
2018: **6** (new BBBEE codes applicable)

Total spend of socio-economic development

R18.7 million

2019: **R19.8 million**  
2018: **R18.4 million**

Total investment in bursaries

R6.3 million

2019: **R8.3 million**  
2018: **R6.2 million**

Total number of bursary students

112

2019: **171**  
2018: **140**



Clicks Group’s strategy recognises the importance of corporate citizenship as a key enabler in creating long-term value for all stakeholders. Responsible environmental and social practices support business resilience, enhance the reputation of our brand and benefit all stakeholders including employees, customers, shareholders, suppliers and the communities in which we trade.

**EMPOWERMENT AND TRANSFORMATION**

Clicks Group regards transformation and empowerment as critical aspects of sustainability and we are committed to the spirit of the Broad-based Black Economic Empowerment (BBBEE) Act.

Transformation is overseen by the board’s social and ethics committee and managed as well as monitored by the internal transformation committee, which is chaired by the chief executive and co-ordinated by the group human resources director. Business unit transformation forums are responsible for the implementation of transformation at an operational level.

The group’s transformation strategy is aligned to the Department of Trade, Industry and Competition Codes of Good Practice (CoGP). The group achieved a level 5 BBBEE rating in the 2020 financial year on the amended BBBEE CoGP, with a score of 75.27 points.

**Ownership**

The beneficial black ownership is determined by an independent analysis of the group’s shareholding. In 2020 the group scored 14.76 points (out of a maximum of 25) on the ownership element of the scorecard.

**Management control**

The management control element of the scorecard is determined by the composition of the board of directors, group executive committee and senior management who are members of the business unit operating boards. The board comprises 56% black directors, with women making up 33%. The group executive committee has 67% black representation and 33% female. The score for the management control element increased slightly to 13.58 this year.

BBBEE element	Points available	2020	2019	2018
Ownership	25	14.76	13.41	15.03
Management and employment equity	19	13.58	13.27	12.06
Skills development	25	13.81	18.43	15.57
Preferential procurement, enterprise and supplier development	44	28.12	26.37	26.55
Socio-economic development	5	4.99	5.00	5.00
<b>Total</b>	118	<b>75.27</b>	76.49	74.21
<b>BBBEE Level</b>		<b>5</b>	6*	6

\* Level 5 discounted to level 6 in 2019.

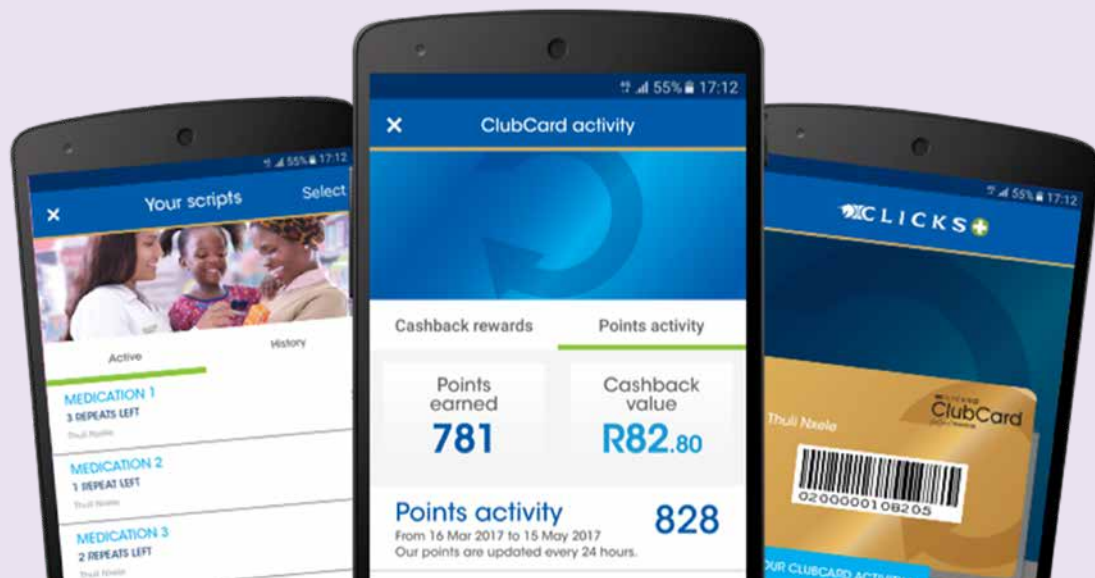
## OUR CUSTOMERS

### ONLINE PRESENCE

Shoppers have access to a wide range of products through the Clicks online store, which complements the physical shopping experience and increases customer convenience. Our click and collect service allows online shoppers to collect their order at their nearest Clicks store and provides an alternative to the door-to-door courier delivery service. Online sales have grown significantly, driven largely by the Covid-19 lockdown in the second half of the financial year.

Our social media presence continues to expand, with followers across social media platforms Facebook, Twitter and Instagram reaching 464 928 million and reaching an average of more than 1 million people every month.

The Clicks mobile app provides easy access to ClubCard statements and has an integrated pharmacy services solution that allows customers to submit scripts, view their medication history and order active script repeats from their phone. Orders through the app are conveniently processed and available at their selected pharmacy collection counter in four hours or less.



### RESPONSIBLE ADVERTISING

The group complies with legislation relating to the advertising of pharmaceuticals and is guided by the Marketing Code Authority, a self-regulating authority for the ethical promotion and advertising of health products.

All claims and marketing relevant to product development and labelling follow industry regulation and legislation. For all development related to cosmetics, babies, food and electrical products, Clicks ensures that technologists understand the latest standards to secure product safety, quality and adherence to labelling and marketing legislation. Regulatory assessments are conducted on an ongoing basis and on-the-job training is provided to technologists to ensure products conform to the relevant legislation.

## LOYALTY PROGRAMMES

### ClubCard

The Clicks ClubCard programme rewards customer loyalty for shopping at Clicks and our other brands. It is one of the largest and fastest-growing loyalty programmes in South Africa and at the end of the financial year had 8.6 million active members. During 2020, R504 million was paid out in cashback rewards to members. The group continues to explore ways to add value to the ClubCard offering and some of the new benefits to members this year include: a partnership with Engen providing an opportunity for club members to earn cashback as they fill up with fuel at an Engen service station countrywide; and eBucks, South Africa's largest banking rewards programme, enabling eBucks members to earn up to 15% back on their spend in Clicks stores.

 <https://clicks.co.za/clubCardPage>

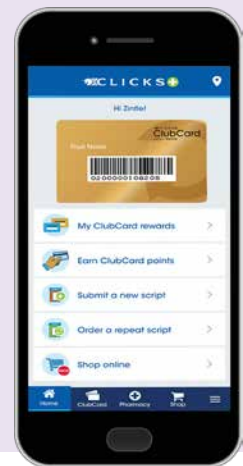
### Clicks BabyClub

BabyClub rewards customers who buy products for babies and toddlers up to the age of 36 months. The programme offers double points on these products (excluding price-regulated products) and provides other special benefits including access to exclusive BabyClub competitions.

 <https://clicks.co.za/babyClubLandingPage>

### Senior ClubCard

The Senior ClubCard recognises loyalty in customers aged 60 years and older by offering various benefits, such as double points on Wednesdays and other special discounts and offers.



## CUSTOMER RESPONSIBILITY

### Private label products

Clicks private label products are our own-branded products that offer better value to customers, entrench loyalty to the brand and enhance profitability. The Clicks Technical Standards of Operation (CTSO) set the minimum technical requirements and the New Product Development (NPD) process for private label products to ensure all reasonable precautions have been taken in the development, manufacture and distribution of products. This standard is used in addition to all applicable legislation, international product standards and recognised industry best practices to ensure labelling compliance and the development and production of safe, legal and high-quality products with integrity by technically competent manufacturers.

All employees that develop Clicks products are trained on the CTSO and the NPD process to ensure alignment to internal quality guidelines that encompass supplier competency, brand integrity and product composition requirements aligned to industry standards. Each front shop product goes through the full quality and sign off process to ensure alignment to these internal controls and to the relevant safety, stability, compatibility and shelf life testing. For example, food product shelf life is tested by the National Regulator for Compulsory Specifications, which issues letters of authority to show compliance to regulations and safety requirements.

All products follow best practices for substantiation of claims and are aligned to recognised testing processes and relevant standards. This includes dermatologically approved claims substantiated by patch testing and SPF UVA and UVB claims substantiated by testing in accordance with SANS 1557:2019.

All suppliers need to adhere to industry standards such as Good Manufacturing Practices (GMP), International Organisation for Standardisation (ISO) and Hazard Analysis Critical Control Points (HACCP) and are monitored through certification relevant to their industry and all major suppliers (108 in 2020) undergo an annual supplier scorecard review assessing them on their technical capabilities, risk, responsible trade, manufacture, quality and service.

Clicks is an invited member of the Steering Committee for the South African Plastics Pact. The Pact is a collaborative approach that sets targets to 2025 that aim to create a circular economy for plastic (see page 54).

Clicks is also a member of the Cosmetic, Toiletry and Fragrance Association (CTFA SA), Self-Medication Manufacturers' Association of South Africa (SMASA) and the Health Products Association.

A key initiative for 2021 is the launch of the My Earth brand, with plant-based ingredients and packaging designed to be recyclable within South Africa.





### SOURCING PRODUCTS THAT UPHOLD THE INTEGRITY OF OUR BRAND

Clicks offers an extensive range of private label and exclusive brands to delight customers with innovative products at competitive prices. These products now account for 23% of total Clicks sales, with 29% of front shop products sold being available only at Clicks.

The three exclusive franchise brands, The Body Shop, GNC and Claire's, further differentiate the offering in Clicks, as does the partnership with Sorbet.

The group has a shareholding in Sorbet Brands which holds the trademarks to the Sorbet brand in southern Africa. The Sorbet product range continues to grow and is available in southern Africa only in Clicks stores and in the Sorbet franchised beauty salons.



## OUR SUPPLIERS

The group views its suppliers as business partners and undertakes to ensure that a good working relationship is maintained based on ethical and fair values. Clicks Group is committed to conducting business honestly, openly and with integrity, and in accordance with the highest ethical standards. Our supplier code of ethics has been developed to ensure that the group's values and ethical standards are clearly articulated to and supported by its suppliers and other stakeholders.

# COMMUNITIES

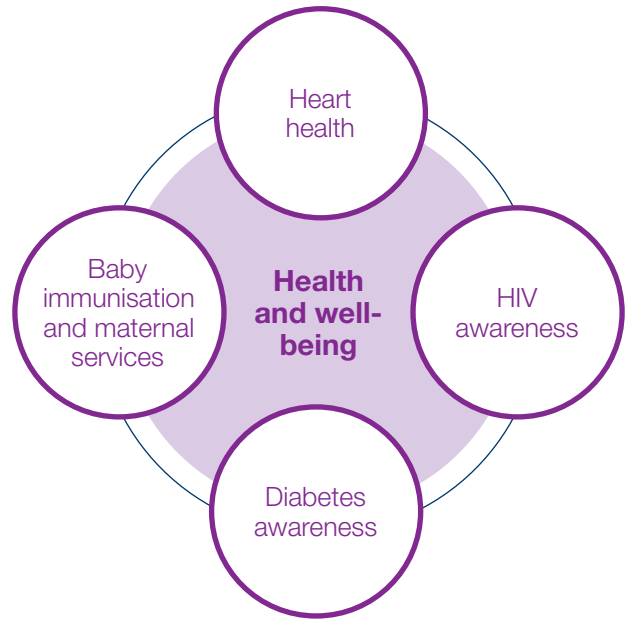
## OUR COMMUNITY ENGAGEMENT

The Clicks Group recognises that to contribute to the social and economic development of the country, it is necessary to invest time, financial and other resources to achieve the greatest possible impact. The New Clicks Foundation and the Clicks Helping Hand Trust are the conduits for the group's socio-economic development programmes.

Our corporate social investment (CSI) practices and initiatives are aligned with the group's strategy and aim to:

- 1 **Contribute to the social development element of the group's transformation agenda and the country**
- 2 **Make a sustainable contribution to the communities within which the group operates**
- 3 **Enhance the group's reputation and credibility as a socially responsible corporate citizen**
- 4 **Enable an organisational culture and environment that encourages employee involvement in community development**

The CSI programme has a primary focus on supporting health and well-being.





### SOCIO-ECONOMIC DEVELOPMENT

The Clicks Helping Hand Trust (HHT) has made good progress in enabling access to quality healthcare for those that are most vulnerable within our society. During the past six years we have been able to offer more than 430 000 free healthcare consultative and treatment services (excluding Mom and baby) for ailments such as diabetes, HIV/AIDS, blood pressure and to manage cholesterol levels. Over 22%, or 94 430, of these services were offered in the current financial year.

As part of the response to the Covid-19 pandemic, The Clicks Helping Hand Trust extended the time allocated to free services at selected Clicks clinics to help the most vulnerable people in our communities. The services contribute to reducing foot traffic in state facilities and ensure that Covid-19 co-morbidities such as diabetes, blood pressure and HIV/AIDS are better managed.

We donated 10 000 flu vaccines to the frontline healthcare workers of the Western Cape Department of Health and Department of Social Development to support these essential first responders.

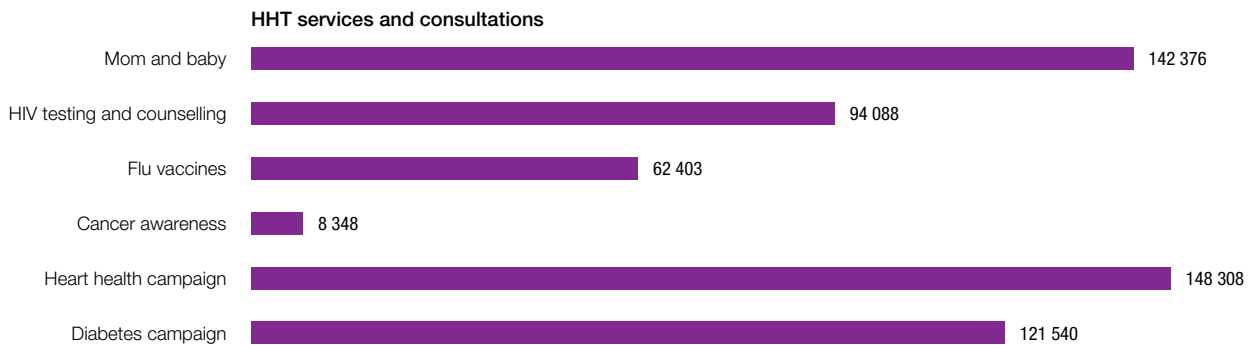
The Clicks Helping Hand Trust also assists mothers and babies who cannot access government facilities through the Mother and Baby programme, which provides mothers with nutritional education, health checks and vaccinations for their children. More than 142 000 free services have been offered to date to mothers and babies from the inception of The Clicks Helping Hand Trust, with just over 21 000 free services offered in the current financial year.



We also support young women by ensuring that they do not miss much schooling through our “Girls on the Go” programme. In partnership with Novartis and Kimberly Clark, the programme provides over 3 000 reusable sanitary towels to those in need.

Clicks employees have raised their hands to make a difference in their communities in these difficult times. Their efforts resulted in the donation of hampers, food and/or blankets to the Strathrye Girls’ Home, Old Age Homes, Village Safe Haven, New Jerusalem Children’s Home, New Life Centre for Girls and the St Vincent Children’s Home.

### Touching Lives





### ENTERPRISE DEVELOPMENT

In partnership with The Appliance Bank (TAB), Clicks Group provides assistance to those who are unemployed to start and grow their own businesses. TAB prides itself in providing an alternative to unemployment through its centres in Gauteng, KwaZulu-Natal, the Eastern Cape and the Western Cape. In the current financial year the group donated over 300 000 appliances and other resaleable items to beneficiaries of TAB.