

# SOCIAL AND ETHICS COMMITTEE REPORT 2016

The Clicks Group social and ethics committee (the committee) is a formal committee which assists the board in monitoring the group's corporate citizenship. The committee is governed by a formal charter and has an independent role.

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 50 to 53 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 in terms of legislation, regulation and codes of best practices relating to:

- ethics;
- stakeholder engagement, including employees, customers, 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 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 three independent non-executive directors, namely David Nurek (chairman), Professor Fatima Abrahams and Dr Nkaki Matlala, and two executive directors David Kneale (chief executive) and Bertina Engelbrecht (group human resources director). Dr Matlala will be retiring as a non-executive director at the annual general meeting in January 2017.

David Nurek is a highly experienced company director and former legal professional; Professor Fatima Abrahams is an accomplished academic in the field of industrial psychology and consults widely on human resources and transformation; and Dr Nkaki Matlala is an experienced healthcare professional and a representative on the Public Health Enhancement Fund.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

Attendance at committee meetings is detailed on page 48 of the Integrated Report and fees paid to committee members for 2016 and proposed for 2017 are detailed on pages 62 and 63 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 Index and the 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 (projects include The Appliance Bank and the mentorship of black SMMEs) and supplier development programmes (Triton, Style Studio and the UPD owner-driver scheme); 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 employee satisfaction survey and the plans to enhance participation rates and performance; and
- reviewed the assurance of compliance to the legal and regulatory frameworks applicable to the group, and reviewed group legal and litigation matters.



**David Nurek**  
Chairman  
Social and ethics committee

10 November 2016