

# PEOPLE

Permanent employees

**15 067**

2017: **14 673**

2016: **14 093**

Turnover of permanent staff

**13.9%**

2017: **15.9%**

2016: **17.0%**

Pharmacy staff turnover

**15.3%**

2017: **18.7%**

2016: **22.0%**

Employees covered by medical aid

**18.2%**

2017: **29.4%**

2016: **26.2%**

Employees covered by retirement benefits

**99.4%**

2017: **97.5%**

2016: **97.9%**

Employees covered by collective bargaining agreements

**12.9%**

2017: **18.1%**

2016: **17.9%**



# PEOPLE

The competency, capability and experience of the board, management and employees.

## EMPLOYEE VALUE PROPOSITION

The group's talent strategy is to employ customer-obsessed people with a "can do" attitude, who are professional and proud to work for the company. This strategy is supported by the group's values:

1

We are truly **passionate** about our customers

2

We believe in **integrity, honesty** and **openness**

3

We cultivate understanding through **respect** and **dialogue**

4

We are **disciplined** in our approach

5

We **deliver** on our goals

The employee value proposition focuses on people, passion and opportunities. We care about and contribute to the well-being of people, the environment and communities, while the group's growth strategy provides our people with unlimited opportunities.

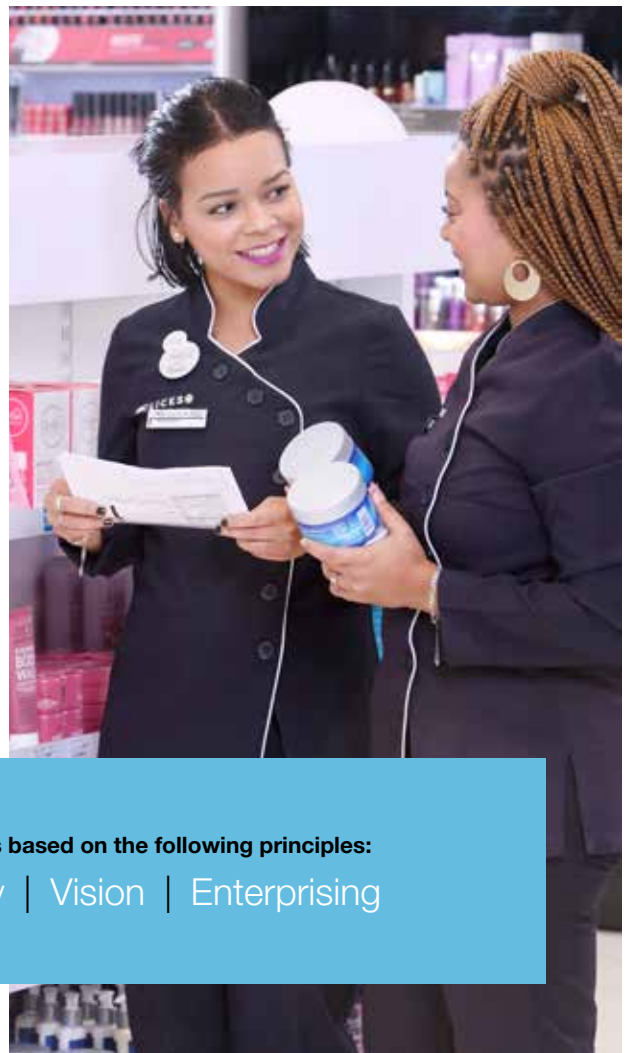
### Group retention scheme

The group strives to retain the best talent by offering selected employees a long-term financial incentive that is aligned with shareholders' interests. The retention scheme targets high-potential employees, black employees and those with scarce and critical skills.

### Group leadership framework

We have designed a leadership competency framework using global benchmarks to assess and develop top talent. The skills essential for executive and senior management positions were determined through a competency analysis process, using the latest research findings. This will provide the basis for the design of future development programmes.

There are 35 employees on the group leadership programme who are honing their skills to become the next generation of leaders in the company.



**The Clicks Group leadership model, DRIVE, is based on the following principles:**  
Delivery | Resilience | Integrity | Vision | Enterprising

PEOPLE (CONTINUED)

LEARNING AND DEVELOPMENT

Skills development

The group is committed to developing the skills, knowledge and capability of its employees. A total of R125 million was invested in learning and skills development. A total of 6 078 employees (2017: 5 679) participated in learning and development interventions which included on-the-job training, skills programmes, learnership programmes, short courses and academic qualifications. Black employees accounted for 89% of the total number of employees trained and women 62%.

Enhanced management and leadership competencies, developing scarce and critical skills, and facilitating organisational transformation were the main areas of focus.

| Learning and development statistics              | 2018  | 2017  |
|--|-------|-------|
| Learning and development spend (R'million)       | 125   | 126   |
| Number of employees trained                      | 6 078 | 5 679 |
| Black employees as a % of all employees trained  | 89    | 91    |
| Female employees as a % of all employees trained | 62    | 56    |
| Pharmacy bursary spend (R'million)               | 4.6   | 4.4   |

Creating pharmacist capacity

As a leader in the South African healthcare market Clicks is the largest employer of pharmacists in the private sector. We recognise the scarcity of pharmacists and healthcare professionals and are committed to invest in the attraction, learning and development, and retention of employees. Clicks partners with pharmacy schools at universities, external learning providers and other stakeholders to create a pipeline of talented, motivated healthcare professionals.

The pharmacy development strategy focuses on:

- ongoing engagement with pharmacy schools across the country;
- investing in learning laboratories at university pharmacy schools;
- managing a pharmacy bursary scheme;

- providing workplace experience through the pharmacy internship programme;
- developing pharmacists' assistants and trainees through learnership programmes; and
- continuing professional development of pharmacists and nursing practitioners.

The group invested R4.6 million (2017: R4.4 million) in bursaries for 94 students completing the Bachelor of Pharmacy degree at registered South African universities. 92% of bursary recipients were black and 46% female. The group also provided opportunities to 70 students to complete internship programmes. The group's Pharmacy Healthcare Academy is registered with the SA Pharmacy Council and is instrumental in developing pharmacists' assistants, with 122 learners currently registered on learnership programmes.

**4** QUALITY EDUCATION



**SUSTAINABLE DEVELOPMENT GOAL**

The Clicks Group supports the goals of the 4th UN SDG by offering equal opportunity for education at university level to employees, including youth in the workforce through internships and permanent employment. The group also has pharmacy bursaries that help with the development of the pharmaceutical industry in South Africa.

## PEOPLE (CONTINUED)

### CAREER OPPORTUNITIES

Clicks has a target to improve the ratio of 60% internal to 40% external hires over a three-year period after the review of the quality of the talent pipeline. At the end of August 2018 the internal hires in non-pharmacy were 67% compared to 33% external hires. For pharmacy, the internal hires were 42% and 58% were external hires.

The group seeks to hire South African talent, except in the case of skills that are scarce in the country. A strict approval process is followed for exceptions when an individual with a scarce skill needs to be employed. 99.5% of total employees are South African.

A dedicated pharmacy recruitment team operates within the Clicks brand and focuses on the recruitment of pharmacists, pharmacy graduate interns, and pharmacist assistants at the basic; post-basic and qualified post-basic level. The team operates under an agreed service level agreement with business partners, which tracks the average time to fill a vacancy, cost savings and compliance to the group's resourcing framework. We also have an e-recruitment strategy which resulted in 66% of non-pharmacy appointments being sourced from the group's careers website.

#### Talent and development

The group recognises that the competence of its human capital is critical in achieving sustainable business growth and is committed to ensuring employees are enabled to realise their potential and to meet their career aspirations.

The objectives of the talent and development framework are to:

- ensure the group attracts and retains the best talent and skills available in the market;
- build employee commitment through the provision of opportunities for career development;
- ensure that suitable employees are appointed in all core, scarce and critical positions and roles;
- contribute to the group's transformation agenda;
- provide a pipeline of talent and skills to enable promotion from within the organisation; and
- address competency gaps.

The Clicks Group is committed to providing enablers for learning and development (such as material, resources, time and support). Employees may access and participate in learning and development initiatives.



 For further information visit <http://careers.clicksgroup.co.za/>

### Total rewards framework

The group's total rewards strategy is the driver of a high-performance culture that consistently delivers above-average returns to shareholders through employees that are fully engaged. It is underpinned by a total rewards framework and the group's job grading methodology, which ensures that our employees are appropriately and fairly rewarded for their contribution to the business's performance, whilst enabling flexibility to meet differing employee needs.

All roles in the group are graded according to the Hay job evaluation methodology, which measures the size, complexity and level of accountability of the job performed. The rewards framework equitably links the level of reward to the level of the employee's contribution through his/her performance.

The group's total rewards framework is premised on the WorldatWork Total Rewards Model which integrates the following key elements to attract, motivate, engage and retain human capital to achieve desired business results:

#### 1 Compensation

Compensation refers to the monetary rewards provided to our employees to reward them for their service and performance (i.e. time, effort, skill). This includes both guaranteed and variable pay.

Permanent employees are appointed on the basis of annual guaranteed pay (AGP) consisting of direct pay and contributions to the group's benefit programmes. AGP levels are benchmarked on national or retail market data, with market premiums for scarce and critical skills established and reflected in the resultant pay frameworks.

Variable pay is dependent on company and team results as well as individual performance, and includes both short-term and long-term incentive schemes. Market-related sharing percentages have been benchmarked and established per job grade, which determine the level of the employee's participation in the group's incentive schemes.

Employees' AGPs are reviewed annually and merit-based increases are determined based on the increase ranges approved by the remuneration committee, the employee's performance (taking into account financial and non-financial levers) and his/her position within the pay range for the job performed. The annual increases for employees in the bargaining units are based on the outcomes of collective bargaining.

#### 2 Benefits

The Clicks Group supports sustainable benefit solutions that meet the aggregated needs of employees, while at the same time being sufficiently flexible to adapt to a rapidly changing environment and multi-generational employee needs.

All permanent employees are members of one of the group's approved retirement funds, which provide retirement savings and cost-efficient insured benefits to ensure a responsible level of security for employees and their families. Employees can increase their insured benefits and retirement contributions if they so wish. All employees are eligible for membership of a healthcare plan and at the lower-income levels this membership

is subsidised. Our employees also enjoy discounts across all our retail brands to encourage trial of our products and consumer experience. Our leave benefits include additional leave for long-serving employees and those employees embarking on recognised education and development programmes.

#### 3 Performance and recognition

The group recognises that employee performance is fundamental to driving and sustaining business performance. Our performance management system cascades company, departmental and team targets through to employee performance contracts, in order to align individual efforts to the achievement of business goals and organisational success. Employees have biannual performance reviews (in February and July) to assess their performance and progress, to support them as they develop their capacity and capability, and to acknowledge and recognise their performance and contribution.

Appreciation and recognition are also provided to employees for their achievements, for living the group's values, environmental and community stewardship as well as their personal milestones via the group's recognition framework. This framework embraces our spirit of interconnectedness: each person contributes in a different and unique way and our success depends on one another.

#### 4 Talent and development

We develop employees who perform with passion and we provide our employees with growth opportunities, and internal transfers and promotions are made available and supported by senior management in line with the relevant company policy.

Talent and development encompass our DRIVE (delivery, resilience, integrity, vision, enterprising) leadership model, which outlines the competencies we have identified as essential for our leadership team.

The group recognises the importance of investing in our employees and we are committed to ensuring that all employees can realise their potential and meet their career aspirations, as well as developing scarce and critical skills.

#### 5 Work-life integration

We understand the challenges of sourcing and retaining scarce skills, coupled with the long retail trading hours and we have introduced flexible working arrangements to ensure a full employee complement during peak trading periods and to provide work opportunities to candidates whose family/life circumstances only allow them to take up part-time permanent employment.

We also recognise that for employees to reach their potential, they need to be effective in all spheres of their lives, including their wellness, relationships, financial management and personal circumstances.

The Clicks Group employee wellness programme (EWP) provides independent, confidential, professional counselling and advisory services to permanent employees and their direct household members to support and empower them to make healthy choices.

PEOPLE (CONTINUED)

**EMPLOYEE HEALTH AND SAFETY**

The health and safety of employees, suppliers and customers is an important aspect of our business and health and safety committees have been established across the group. Committee members and employees receive training, while a health and safety policy covers employees, contractors and customers.

The group uses an online platform for stores to submit the necessary reports and access health and safety information.

An independent company conducts a detailed audit with a gap analysis of the programmes and procedures of the group's health and safety programme on an annual basis.

The group HR director reports to the social and ethics committee, where progress of the health and safety programme is discussed and reviewed.

| Description                         | 2018 | 2017 | 2016 |
|-------------------------------------|------|------|------|
| Health and safety committee members | 720  | 657  | 629  |
| Fire-fighters and marshals          | 633  | 655  | 576  |
| First aid representatives           | 605  | 498  | 587  |
| Injuries on duty                    | 68   | 69   | 85   |
| Occupational diseases               | 0    | 0    | 0    |
| Lost days                           | 188  | 238  | 223  |
| Fatalities                          | 0    | 0    | 0    |



**1** NO POVERTY



**SUSTAINABLE DEVELOPMENT GOAL**

The group aligns to minimum living wages as per the legislative framework and pursues equity in pay and empowerment of women through socio-economic development programmes. This helps to combat poverty by creating job opportunities in the direct and indirect operations of the group.

## PEOPLE (CONTINUED)

### EMPLOYEE SHARE OWNERSHIP PROGRAMME

The employee share ownership programme (ESOP) was introduced in 2011 to attract and retain scarce and critical skills, accelerate transformation, build employee commitment and enable employees to share in the growth and success of the business. Executive directors and senior employees participating in the group's long-term incentive (LTI) schemes do not participate in the ESOP.

Entry to the scheme closed in 2015 and the scheme matures in 2018 and 2019.

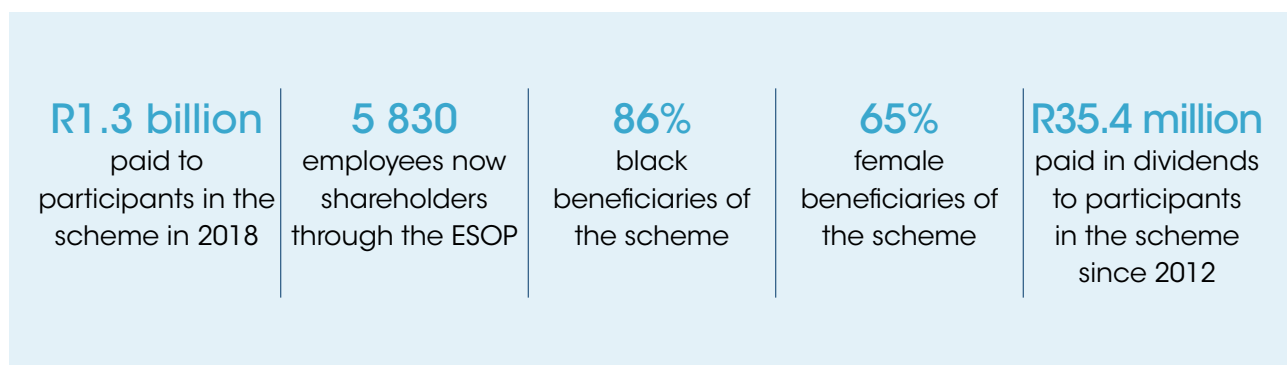
Employees with more than five years' service, pharmacists and senior employees from designated employment equity groups received a 15% enhancement of their share allocation.

By delivering on its objectives to attract and retain scarce and specialist skills and to accelerate the group's transformation,

the ESOP contributed towards the growth and creation of employment opportunities within the group.

In February 2018, R1.3 billion was paid to 7 839 beneficiaries, representing the gain on the first 50% of the shares allocated under the ESOP. The remaining 50% will be paid in 2019.

The payout process was supported by an extensive communication campaign to ensure that beneficiaries were well informed of the various milestones and held accurate expectations of their payout value. Employees were provided with access to financial advice through our group's employee wellness programme and were encouraged to use their payouts in ways that would sustainably change their quality of life.



### EMPLOYEE SATISFACTION INDEX

The group undertakes an employee satisfaction survey every second year and communicates the results to each business unit, division and department to create action plans. The group employee satisfaction index (ESI) reduced marginally from 71 in 2016 to 69 in 2018. In terms of employee engagement, the group outperforms the South African benchmark in seven out of the twelve dimensions, resulting in an overall employee engagement index of 70, which is on par with the SA benchmark of 69.



**8 DECENT WORK AND ECONOMIC GROWTH**

### SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 8th UN SDG by promoting decent work and economic growth through job creation and by providing good benefits with decent working conditions, including for young people, people with disabilities and previously disadvantaged employees, with equal pay for all. The group supports not-for-profit organisations and provides services to the public to support small and medium enterprises.