

Social and ethics committee report 2023

The Clicks Group social and ethics committee is integral to the group's governance and management. It is a statutory committee that assists the board in monitoring corporate citizenship, sustainability and ethics. It seeks to ensure both that the board and the wider business are equipped and on track to deliver on the goal of having an ethical culture, and that the group is sustainable in the triple contexts of the economy, society and the environment.

The committee's terms of reference detail its composition, functioning and duties in terms of the Companies Act, the JSE Listings Requirements and King IV, and matters allocated by the board.

This report should be read together with the corporate governance report on pages 38 to 41 of the integrated report.

Role and responsibilities of the committee

The committee acts in terms of the board's delegated authority and performs an independent oversight function. It assists the board in monitoring the group's activities and disclosures in terms of legislation and codes of best practice relating to:

- social and economic development;
- strategic empowerment, and changes in the application and interpretation of empowerment charters and codes;
- good corporate citizenship, including the group's:
 - promotion of equality, prevention of unfair discrimination, and elimination of corruption;
 - contribution to the development of the communities in which it operates; and
 - sponsorships, donations and charitable giving;
- the environment, health and public safety, including the impact of the group's activities, products and services on the environment; and the annual review of the group's environmental and climate change policy;
- consumer relationships, including its advertising, public relations and compliance with consumer protection laws;
- labour and employment, including the group's standing in terms of the decent work and working conditions provisions in the International Labour Organisation's (ILO) 2030 Agenda for Sustainable Development; its employment relationships and contribution toward the educational development of its employees;
- compliance by the group's supply chain with the group's ethical standards and adherence to its supplier code of ethics;

- ethics, including:
 - whether the group has effective governance and controls to ensure that it is accountable and remains responsive to evolving norms governing the conduct of businesses in the countries in which it operates, irrespective of whether or not these norms are prescribed by law;
 - taking positions of principle, specifically in relation to important matters of social, political or environmental concern; and
 - promoting an ethical culture in the group;
- targets set by management relating to the committee's mandate, and to monitor progress against those targets; and
- adverse findings, fines or other sanctions by regulators, courts or quasi-judicial bodies, and any allegations of anti-competitive behaviour made against the group.

Composition and functioning

The committee comprises independent non-executive directors Nomgando Matyumza (chairperson), Dr Penelope Osiris (née Moumakwa) and David Nurek, and executive director and CEO Bertina Engelbrecht. The non-executive directors who serve on the committee are nominated and appointed by the board; the CEO is an ex officio member of the committee.

The head of corporate affairs, 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 40 of the integrated report and fees paid to committee members for 2023 and proposed for 2024 are detailed on page 15 of the remuneration report available on the website. The previous chair of the committee, Professor Fatima Abrahams, left the committee when she retired from the board at the January 2023 AGM, and was replaced by Nomgando Matyumza.

Activities of the committee

In the reporting period the committee met twice and:

- monitored the group's transformation progress against its B-BBEE plan, the internal employment equity plan (including the report on income disparities), and the diversity and inclusion training plan, and considered the external verification of the group's B-BBEE rating;
- assessed sustainability performance with specific reference to the group's inclusion in the FTSE4Good Index and its Carbon Disclosure Project rating;
- evaluated the corporate social investment programme, focusing primarily on the group's:
 - funding of students by the New Clicks Foundation, including those studying pharmacy;
 - 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 socio-economic development;
- assessed the group's actions in relation to the 10 principles of the United Nations Global Compact (UNGC) as well as the decent work and working conditions provisions in the ILO's 2030 Agenda for Sustainable Development. As a signatory to the UNGC, the group has adopted the 10 principles and monitors compliance against these principles in the areas of human rights, labour, anti-corruption and the environment;
- assessed the group's activities related to the OECD recommendations regarding corruption and reviewed the group's ethics management programme; and
- reviewed compliance with the regulatory frameworks applicable to the group and received reports on litigation and legal compliance matters relevant to the committee's mandate.



Nomgando Matyumza
Chairperson
Social and ethics committee

23 November 2023