

Social and ethics committee report 2024

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 an integral part of the group's governance and management. It performs an oversight function to ensure that the board and the wider organisation are equipped and on track to deliver on the goal of having an ethical culture; and seeks to ensure 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 Report on Corporate Governance (King IV), and matters allocated to it by the board.

This report should be read together with the corporate governance report on pages 31 to 33 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 law 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 reduction 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 Law's (ILO) 2030 Agenda for Sustainable Development; its employment relationships and contribution toward the educational development of its employees;
- monitoring and receiving reports in respect of the group's stakeholder engagement, including shareholders and lending institutions, communities, employees, suppliers, government and industry regulators, and the media;
- 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 33 of the integrated report and fees paid to committee members for 2024 and proposed for 2025 are detailed on pages 15 and 19 in the remuneration report available on the Clicks Group website.

Activities of the committee

In the reporting period the committee met twice and it:

- monitored the group's transformation progress against its broad-based black economic

- empowerment (BBBEE) 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 BBBEE rating;
- assessed sustainability performance with specific reference to the group's inclusion in the FTSE4Good Index and its Carbon Disclosure Project rating;
- evaluated the group's corporate social investment programme, focusing primarily on its:
 - 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 Organisation for Economic Co-operation and Development's 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

12 November 2024