

Governance OVERVIEW



OUR APPROACH

Good governance, achieved through an **ethical culture, competitive performance, effective control and legitimacy, can create sustainable value and enhance long-term equity performance.**

To that end, sound governance practices, based on accountability, transparency, ethical management and fairness, are entrenched across the business.

The King IV Report on Corporate Governance contains a code (King IV) which sets out recommended practices and principles. King IV has been applied for the 2021 financial year. King IV places focus on transparency, sustainability and promoting systems thinking in the governance of entities and the conduct of businesses. Through application of the “apply and explain” approach to reporting, this report is aimed at assisting stakeholders in assessing the group’s approach to corporate governance and application of the King IV practices and principles.

The board is responsible for the establishment and maintenance of the ethical culture of the group and its corporate governance. The board determines the group's strategic direction, regularly engaging with executive management to understand the factors that are required to be considered to ensure sustainable strategies for the group's businesses. Decisions, deliberations and actions are taken with cognisance of the group's ethical values and principles. The board is ultimately responsible to ensure that the group's mission, vision and objectives are ethically sound. Active measures are taken by the board to ensure that ethical standards of the company are adhered to, including implementing appropriate governance structures, policies and processes to support an ethical culture. The social and ethics committee and audit and risk committee each have acute focus on matters of ethics and governance.

The board ensures that the group's ethical standards are clearly articulated and supported as an integral part of conducting business. The group has a code of conduct, which is enforced. Ethical standards of the group are integrated into the group's strategies and operations, thereby resulting in ethical, socially acceptable and sustainable outcomes as the group achieves its objectives.

All board members are suitably qualified for their roles as directors and have extensive business experience and specialist skills, including retail, commercial, governance, human resources, remuneration, accounting and finance, legal, healthcare and marketing. This enables them to provide balanced and independent advice and judgement in the decision-making process. Board members are responsible for attending to their own continuing professional development requirements and are kept appraised of any regulatory changes that are relevant to the group. They have access to professional advisers at the company's cost if required.

Board members are provided with information on the group's strategies, plans and performance, and devote sufficient time and effort in preparation for meetings. The scope of authority, responsibility, composition and functioning of the board is contained in a formal charter which is regularly reviewed.

The board and the audit and risk committee meet four times a year, the remuneration and nominations committee meet three times a year and the social and ethics committee meets twice a year. Additional meetings can be convened to consider specific business issues which may arise between scheduled meetings. During this year, additional board meetings were required in response to the TRESemmé hair advertisement controversy, and a special meeting of the remuneration and nominations committee took place to discuss succession planning. The board and each committee have defined work plans.

BOARD COMPOSITION

The group has a unitary board structure with 11 directors, comprising three salaried executive directors and eight independent non-executive directors. The memorandum of incorporation (MOI) requires a minimum of four directors; however statutory committees and the need to comply with JSE Listings Requirements necessitates more than four directors. Consideration is given to the number of committees, the mandate of those committees, the skills and experience required, the number of directors required to serve on those committees and succession planning for the board and its committees.

The CEO, chief financial officer and group corporate affairs director are all members of the board and other officers and members of senior management attend board and board committee meetings by invitation to ensure that the board has direct interaction with management.

The board charter empowers the board to determine its composition and requires that it has an appropriate balance of knowledge, skills, experience, diversity and independence to be able to perform its duties and responsibilities to stakeholders. The board's mix of knowledge, skills and experience includes retail, commercial, governance, human resources, remuneration, accounting and finance, legal, healthcare and marketing. In line with the race and gender diversity policy adopted by the group, the board comprises four female and seven male members, 64% of whom are black directors. The diversity of the directors in terms of gender, race and their professional backgrounds encourages constructive debate and ensures that the board considers the needs of a wide range of stakeholder interests. Disclosure of the group's progress in meeting its race and gender diversity targets at board level is made in the integrated annual report. The board is satisfied that it has an appropriate mix of knowledge, skills, experience, diversity and independence.

Disclosures in the integrated annual report in relation to the composition of the board include the categorisation of each member as executive or non-executive; and the age, qualifications, professional positions and experience of members.

Board of DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS



Independent non-executive chairman

Dip Law, Grad Dip Company Law

Appointed 1996

David Nurek (71)

Member of the remuneration and nominations committee

Member of the social and ethics committee

Directorships: Non-executive chairman of Tencor.

Expertise and experience: Legal, commercial and governance. David practised as an attorney with Sonnenberg Hoffman Galombik for 32 years, including 23 years as a partner and director. He joined Investec Group in 2000 and was regional chairman of the group's Western Cape businesses and global head of legal risk for the Investec Group. David retired from the Investec Group in 2019. He has served as non-executive director and chairperson on boards of listed companies for many years, including as chairperson of The Foschini Group and Lewis Group, and non-executive director of Aspen Pharmacare and Pick n Pay Stores.



Independent non-executive director

B Econ (Hons) (cum laude), M Com, D Com

Appointed 2008

Prof. Fatima Abrahams (59)

Chairperson of the remuneration and nominations committee

Chairperson of the social and ethics committee

Directorships: Lewis Group and The Foschini Group. Chairperson of TSiBA Education.

Expertise and experience: Human resources and remuneration. Prof. Abrahams is an academic, experienced company director and a registered industrial psychologist. She is currently a senior professor (part time) at the University of the Western Cape, having also served as dean of the Faculty of Economic and Management Sciences.



Lead independent non-executive director

B Com (Hons), CA (SA), CMS (Oxon)

Appointed 2008

John Bester (75)

Chairman of the audit and risk committee

Member of the remuneration and nominations committee

Directorships: Non-executive director of HomeChoice South Africa, Intembeko Investment Administrators, Personal Trust and Tower Property Fund. Trustee of the Children's Hospital Trust and the Children's Hospital Foundation Trust.

Expertise and experience: Accounting and finance. John spent 16 years in the accounting profession, including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 40 years.



Fatima Daniels (61)

Member of the audit and risk committee

Directorships: Momentum Metropolitan Holdings, Rand Refinery, AfriSam and various MTN subsidiaries.

Expertise and experience: Accounting and finance. After spending six years in the auditing profession Fatima went on to lecture in financial accounting and then spent over a decade in various positions in corporate South Africa. She has served on the boards of JSE-listed companies since 1995.

Independent non-executive director

B Sc, CA (SA)

Appointed 2008



Dr Penny Moumakwa (56)

Directorships: Growthpoint Healthcare Property Holdings, RCL Foods, Wits University Donald Gordon Medical Centre and the Witkoppen Health and Welfare Centre.

Expertise and experience: Medical and healthcare. Penny is a medical doctor with extensive senior executive experience in the private and public healthcare sectors. She was previously an executive director of Discovery Health and an executive committee member of Discovery Holdings. She is the founding CEO of Mohau Equity Partners.

Independent non-executive director

MB ChB, MAP (Wits), GMP (Harvard)

Appointed April 2021



Mfundiso Njeke (63)

Member of the audit and risk committee

Directorships: Datatec, Delta Property Fund and Motus Holdings.

Expertise and experience: Accounting and finance. Mfundiso (“JJ”) is a chartered accountant by profession. After serving as an audit partner at PricewaterhouseCoopers for six years he co-founded Kagiso Trust Investments where he was group managing director from 1994 to 2010. JJ is currently the chairperson of investment company Dlonlobala Capital, which he co-founded in 2012. He is a past chairman of the SA Institute of Chartered Accountants.

Independent non-executive director

B Com, B Compt (Hons), CA (SA), H Dip Tax

Appointed March 2020

INDEPENDENT NON-EXECUTIVE DIRECTORS



Sango Ntsaluba (61)

Member of the remuneration and nominations committee

Member of the social and ethics committee

Directorships: Non-executive chairman of Thungela Resources and non-executive director of Kumba Iron Ore and Goldplat plc, and previously served on the Black Economic Empowerment Commission.

Expertise and experience: Accounting and finance. Sango was a founding partner of SizweNtsalubaGobodo (now SNG Grant Thornton), one of the largest auditing firms in South Africa. In 1997 he joined Transnet as general manager of group finance before being appointed as an executive director responsible for restructuring, a position he held until 2002. He served as executive chairman of NMT Capital from 2002 until 2020. He is the founding CEO of investment holding company Aurelian Capital.

Independent non-executive director

B Com, B Compt (Hons), M Com (Development Finance), H Dip Tax Law, CA (SA)

Appointed September 2021



Martin Rosen (71)

Member of the remuneration and nominations committee

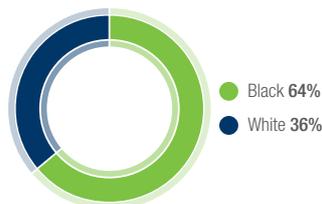
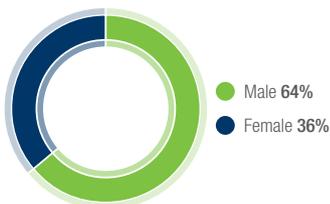
Expertise and experience: Retail and marketing. Martin is an accomplished retailer and marketer, having spent 33 years with Pick n Pay before starting his own marketing consultancy in 2004.

Independent non-executive director

Appointed 2006

BOARD DIVERSITY POLICY

The group has adopted a policy to ensure diversity on the board, specifically relating to race and gender but also in respect of broader diversity attributes such as skills, qualifications and experience, age and culture. In line with the policy the board appointed two non-executive directors during the year, namely Penny Moumakwa and Sango Ntsaluba. These appointees will be proposed to shareholders for election at the annual general meeting in January 2022. The board exceeds its voluntary targets in respect of race and gender representation, with 64% of directors being black (target 50%) and 36% of directors being women (target 25%).



EXECUTIVE DIRECTORS



Bertina Engelbrecht (58)

Expertise and experience: Corporate affairs, strategic planning, stakeholder engagement and human resources. Bertina will be appointed as chief executive officer in January 2022. She joined the group as group human resources director in March 2006 and her responsibilities were expanded in December 2020 to include strategic stakeholder engagement. She was previously general manager for Shell SA Energy and regional human resources manager for Shell Oil Products Africa. Prior to this she was director of organisational effectiveness at Sea Harvest, managed her own consultancy practice and spent eight years with Transnet.

*Group corporate affairs
director*

*B Proc, LL M,
admitted attorney*

*Appointed as a director
in 2008*



Michael Fleming (54)

Expertise and experience: Accounting, finance and investor relations management. Michael was previously chief financial officer of Tiger Brands Limited. He joined the Tiger Brands group in 2000, was appointed as financial executive of the Tiger Brands consumer brands division in 2005 and promoted to chief financial officer in June 2008. While CFO of Tiger Brands, he also served as a non-executive director of Oceana Group Limited.

Chief financial officer

B Com, CTA, CA (SA)

*Appointed as a director
in 2011*



Vikesh Ramsunder (50)

Member of the social and ethics committee

Expertise and experience: Retail and commercial. Vikesh was appointed chief executive officer in January 2019. Prior to this he was chief operating officer of the Clicks brand from 2015, and was managing director of UPD, the group's pharmaceutical wholesaler, from 2010, where he was instrumental in driving UPD's integrated pharmaceutical wholesale and distribution strategy. He has served in store, logistics and management positions across the group since joining in 1993.

Chief executive officer

B Com, MBL

*Appointed as a director
in 2019*

Social and ethics COMMITTEE REPORT 2021

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 governed by terms of reference which detail its duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities allocated to it by the board.

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 58 to 61 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 and disclosures in terms of legislation, regulation and codes of best practices relating to:

- ethics;
- sustainable development and sustainability;
- stakeholder engagement, including employees, customers, suppliers, 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, medium 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 two independent non-executive directors, namely Prof. Fatima Abrahams (chairperson) and David Nurek, and executive director Vikesh Ramsunder (chief executive officer). The members of the committee are nominated and appointed by the board.

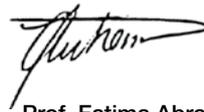
The group corporate affairs director, head of legal/company secretary and compliance officer attend committee meetings as invitees.

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 67 of the integrated report and fees paid to committee members for 2021 and proposed for 2022 are detailed on pages 76 and 77 of the integrated report.

ACTIVITIES OF THE COMMITTEE

The committee met twice during the year and performed the following activities:

- monitored the group's transformation progress against its BBBEE plan, the internal employment equity plan (including the report on income disparities), the diversity and inclusion training 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 FTSE4Good Index and the FTSE/JSE Responsible Investment Index and performance in terms of the Carbon Disclosure Project;
- evaluated the group's corporate social investment programme, focusing primarily on the following:
 - pharmacy bursary scheme;
 - 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 group's standing in terms of the International Labour Organisation's protocol on decent work and working conditions. 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;
- reviewed compliance with the regulatory frameworks applicable to the group and received reports on litigation matters relevant to the committee's mandate; and
- monitored the group's response to Covid-19 in terms of ensuring the health and safety of employees and customers, and supporting communities.



Prof. Fatima Abrahams
Chairperson

Social and ethics committee
11 November 2021

“The committee is governed by terms of reference which detail its duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities allocated to it by the board.”

Clicks PRIVACY POLICY

For purposes of this privacy policy, **personal information is information as defined in the Protection of Personal Information Act, 4 of 2013 (POPIA).**

WHAT INFORMATION DO WE COLLECT?

We collect information from you when you interact with us via any channel (such as the Clicks e-commerce website, Clicks mobile application, supplier development portal, or when you use our services such as our repeat prescription service, bill payments and prepaid services). We also collect information from you when you place an order or when you sign up for a Clicks ClubCard or use our pharmacies. This information may include your name, e-mail address, mailing address, phone number, health information including medication you make use of, or information relating to your business, depending on the service you are using.

WHAT DO WE USE YOUR INFORMATION FOR?

The information we collect from you may be used to:

- 1 personalise your experience (your information helps us to better respond to your individual needs);
- 2 improve customer service (your information helps us to more effectively respond to your customer service requests and support needs);
- 3 process transactions or provide you with the services we offer;
- 4 send periodic e-mails, such as order processing, information and updates pertaining to your orders, in addition to receiving occasional company news, updates, related product or service information;
- 5 manage your health as per pharmacy practice requirements; or
- 6 process and evaluate your company's credentials and business proposal (for supplier development portal applications).

HOW DO WE PROTECT YOUR INFORMATION?

We implement a variety of security measures to maintain the safety of your personal information when you place an order or enter, submit, or access your personal information. We offer the use of a secure server. All supplied sensitive/credit information is transmitted via Secure Socket Layer (SSL) technology and then encrypted into our payment gateway providers database only to be accessible by those authorised with special access rights to such systems, and are required to keep the information confidential. After a transaction, your private information will not be stored on our servers.

DO WE USE COOKIES?

Yes. Cookies are small files that a site or its service provider transfers to your computer's hard drive through your web browser (if you allow) that enables the sites or service providers' systems to recognise your browser and capture and remember certain information. We use cookies to help us remember and process the items in your shopping cart, and understand and save your preferences for future visits.

DO WE DISCLOSE ANY INFORMATION TO OUTSIDE PARTIES?

We only disclose your information to third parties who assist us in operating our website, conducting our business, or providing a service to you, so long as those parties agree to keep this information confidential.

These third parties can include suppliers, business partners who participate in the ClubCard programme, third-party service providers who assist us to interact with you via our website, e-mail or any other method, for the ordering of goods, the delivery of goods or the submission of any claim regarding any goods you have purchased including our payment gateway provider or bulk e-mail delivery providers and third parties who have a strategic marketing relationship with Clicks (we call these parties our "affinity associates"). Our employees, divisions or associates may also have access to your information by virtue of their employment or association but we ensure that confidentiality agreements are in place.

We may be required to release your information when we believe such release is appropriate to comply with the law, to enforce our site policies, or to protect our or others' rights, property, or safety. However, non-personally identifiable visitor information may be provided to other parties for marketing, advertising, or other uses.

We may share information with medical professionals or healthcare institutions if such processing is necessary to ensure that you are receiving proper health and care treatment. We are required to do this in terms of the law and are allowed to share this information in terms of POPIA.

We do not sell, trade, or disclose your personally identifiable information to outside parties under any other circumstances.

INTERNATIONAL TRANSFER OF PERSONAL INFORMATION

In the event that we transfer or store your personal information outside South Africa, we will take all steps reasonably necessary to ensure that the third party who receives your personal information is subject to a law or binding agreement which provides an adequate level of protection.

THIRD-PARTY LINKS

Occasionally, at our discretion, we may include or offer third-party products or services on our website. These third-party sites have separate and independent privacy policies. We take no responsibility or liability for the content and activities of these linked sites.

DIRECT MARKETING

Where you are a pre-existing customer of Clicks, we will be entitled to send electronic communications to you for the purpose of marketing similar products or services offered by us. You can object, free of charge, to the use of your details either when the information is first collected from you or when each subsequent electronic communication is sent to you by us. You can opt out of receiving further marketing communications by clicking the "unsubscribe" option on any communication or contacting Clicks in writing or, alternatively, telephonically via the Clicks Customer Service Centre on 0860 254 257 or +27 (0)21 460 1009. If you opt out of receiving marketing-related communications from us, we may still send you administrative messages which may be necessary as part of the services we provide, for example e-mails to inform you about your cashback rewards.

CUSTOMER CONSENT

By providing us with your personal information and/or continuing to use our various products or services, you consent to us processing your personal information which we undertake to process strictly in accordance with this privacy policy. This includes: (a) your personal information being processed by Clicks within the Clicks database; (b) your personal information being shared within the Clicks group of companies; (c) your personal information being shared with our affinity associates; and (d) receiving printed and electronic marketing material to inform you of special offers and products that may be of interest to you if you have consented to marketing. Each marketing communication will contain an opt out to enable you to opt out at any time.

YOUR RIGHTS: ACCESS TO INFORMATION

You have the right to request a copy of the personal information we hold about you. To do this, simply contact us at the numbers/addresses as provided on our website and specify what information you require. We will need to verify your identity and may need to go through a series of security questions before providing details of your personal information. Personal information may also be requested by following the Promotion of Access to Information Act, 2 of 2000 (PAIA) process as published on our website. You may also contact our information officer for guidance.

Please note that any such access request may be subject to a payment of a legally allowable fee.

CORRECTION OF CUSTOMER INFORMATION

You have the right to ask us to update, correct or delete your personal information. We will need to verify your identity and may need to go through a series of security questions to before making changes to personal information we may hold about you.

"We implement a variety of security measures to maintain the safety of your personal information when you place an order or enter, submit, or access your personal information."