

STAKEHOLDERS

Skills development spend

R124.7m

2017: **R125.8m**
2016: **R95.7m**

BBBEE rating

Level 6

2017: **Level 5**
2016: **Level 6**

Total spend of socio-economic development

R18.4m

2017: **R17.8m**
2016: **R15.1m**

Investment in bursaries

R4.6m

2017: **R4.4m**
2016: **R4.3m**

Number of bursary students

94

2017: **100**
2016: **86**

Instagram



Girls
ON THE GO

BE YOURSELF. LOVE YOURSELF. RESPECT YOURSELF.



1.4k Likes

clicksgirlsonthego #helpinghandtrust
#girlsonthego



STAKEHOLDERS

Relationships with stakeholders influencing the business, primarily customers, suppliers, employees and shareholders.

CREATING VALUE THROUGH STAKEHOLDER ENGAGEMENT

Clicks Group's stakeholder engagement process focuses primarily on the five primary stakeholders that management believes are most likely to influence the ability to create value in the short, medium and long term. Proactive and transparent relationships enable the group to identify and address the needs, expectations and concerns of these stakeholder groups.

CUSTOMERS

Clicks targets consumers in the growing middle to upper-income markets (LSM 6 – 10)

UPD customers include Clicks, major private hospital groups, pharmaceutical manufacturers and independent pharmacies

Engagement issues in 2018	Value created through engagement
<ul style="list-style-type: none"> Product range in store and online Product availability in store and online Service levels Price competitiveness Pharmacy and clinic services ClubCard benefits 	<p>Clicks:</p> <ul style="list-style-type: none"> Meeting customer needs and creating trust in products and practices: <ul style="list-style-type: none"> – 125.7 million customer transactions – 41.1 million prescriptions processed – 11.7% growth in health and beauty sales – Market share gains in all key categories Increasing customer loyalty <ul style="list-style-type: none"> – 800 000 increase in ClubCard membership to 7.8 million active members – ClubCard accounts for 77.2% of sales <p>UPD:</p> <ul style="list-style-type: none"> Meeting customer needs through range, availability and service <ul style="list-style-type: none"> – Over 2 000 corporate and independent pharmacies serviced – 230 million units of medicine delivered – 96.7% order fulfilment to customers

SHAREHOLDERS AND LENDING INSTITUTIONS

Shareholders: Local and international institutional and private investors, as well as fund managers and analysts from the broader investment community.

Lending institutions: South African financial institutions which provide funding and trade finance facilities to the group

Engagement issues in 2018	Value created through engagement
<ul style="list-style-type: none"> Group strategy Current trading environment Impact of economic climate on consumers Trading and financial performance Store and pharmacy expansion plans Regulatory environment Capital management Growth prospects 	<ul style="list-style-type: none"> Delivered total shareholder return of 39.0% and return on equity of 38.2% Meetings with 213 local and international funds and brokerages contributed to better-informed investor community High levels of investor interest with 122% of shares traded in the year Attractive investment case with 70% international share ownership Engagement issues addressed in annual and interim results presentations and webcasts, local and international investor roadshows, integrated report and annual financial statements Funding and trade finance facilities provided at competitive rates

EMPLOYEES

All permanent and part-time employees across the group

Engagement issues in 2018	Value created through engagement
<ul style="list-style-type: none"> • Remuneration and benefits • Performance management • Personal development • Career path planning • Training and skills development • Transformation • Employee share ownership plan (ESOP) 	<ul style="list-style-type: none"> • Total staff complement increased by 2.7% to 15 067, with 394 new jobs created • Ability to attract and retain staff reflected in turnover of 13.9% • R3.2 billion paid to employees • R1.3 billion paid to over 5 800 employees in the first 50% payout under the broad-based ESOP • Investment of R124.7 million in training and skills development • Transformation of workforce evident in employment equity profile: <ul style="list-style-type: none"> – Black staff 92% of total staff – Female staff 63% of total staff

GOVERNMENT AND INDUSTRY REGULATORS

Department of Health, SA Revenue Service and other government departments, industry regulatory bodies and local authorities. As a listed company, the JSE Limited is the primary regulator

Engagement issues in 2018	Value created through engagement
<ul style="list-style-type: none"> • Pharmacy licences • Registration of medicines • Complementary and alternative medicines • Legislative and regulatory compliance • Tax compliance • Submission of statutory returns 	<ul style="list-style-type: none"> • Clicks operates 510 pharmacies • Slow pace of medicine registration by the South African Health Products Regulatory Authority continues to restrict launch of new private label medicine ranges • Direct engagement with industry regulators and indirect engagement with regulators through industry bodies • Lobby for regulatory reform and fair legislation which will not adversely affect returns to shareholders • Paid R267 million in direct and indirect taxes

SUPPLIERS

Local and international suppliers of products and services, including producers of exclusive brands and private label products

Engagement issues in 2018	Value created through engagement
<ul style="list-style-type: none"> • Quality, safety and ethical standards • Product availability and exclusivity • Product innovation, strength of brands • Private label products • Transformation and BEE scorecards • Legislative compliance 	<ul style="list-style-type: none"> • Stable supply of merchandise reflected in supplier infill levels of 84.4% in Clicks and 96.4% in UPD • Clicks offers over 13 800 private label and exclusive brand products • Consistent supply and maintenance of franchise agreements with The Body Shop International, GNC and Claire's • Continued transformation of the supplier base with 64.1% preferential procurement • R25.2 billion paid to suppliers of goods and services

STAKEHOLDERS (CONTINUED)

EMPOWERMENT AND TRANSFORMATION

Clicks Group is committed to the spirit of the Broad-based Black Economic Empowerment (BBBEE) Act. The group's transformation strategy is aligned to the Department of Trade and Industry's (DTI) Codes of Good Practice.

Transformation is managed within a governance framework that includes the board's social and ethics committee, the internal transformation committee, which is chaired by the chief executive and co-ordinated by the group human resources director, and the business unit transformation forums, which are responsible for its implementation.

The group achieved a level 6 BBBEE rating in the 2018 financial year (2017: level 5) on the amended BBBEE Codes of Good Practice Gazetted on 11 October 2013, with a score of 74.21 points (2017: 77.99 points).

Ownership

The group scored 15.03 points on the ownership element of the scorecard, which is attributed to the employee share ownership programme (ESOP) and an independent analysis of the group's shareholding to determine the level of beneficial black ownership.

At the end of the reporting period 5 830 employees were participants in the ESOP scheme, with black beneficiaries accounting for 86% and women 65%. Pharmacists comprise 5% of the ESOP beneficiaries. Participating employees receive a cash dividend annually, equal to 10% of the total dividend paid to ordinary shareholders each year.

Management control

The management control element of the scorecard is a reflection of the composition of the board of directors, group executive committee and senior management who are members of the

business unit operating boards. The board comprises 44% black directors, with women making up 44%. The group executive committee has 50% black representation and 25% female.

Employment equity

The Clicks Group seeks to create a diverse workforce and is committed to the recruitment, development and retention of employees, regardless of race, gender, disability, religion, sexual orientation and political persuasion. The group's workforce comprises 92% (2017: 91%) black employees and 63% (2017: 63%) female.

The group supports the national agenda aimed at the employment of youth in sustainable positions. During the financial year we employed 9 940 people under the age of 35 in permanent positions. The group continues to align its employment equity targets and the national economically active population statistics in line with the Department of Labour Director General's review process since 2012. The group's permanent monthly paid staff turnover is 13.9% (2017: 15.9%), below the targeted range of 18% – 20%. The group scored 5.84 points (2017: 4.40 points) overall for employment equity and 2.0 (2017: 1.03) for employees with disabilities.

Preferential procurement

We focus on sourcing merchandise and services from locally based and empowered suppliers. In the past year 64.1% (2017: 72.8%) of total measured procurement spend was from empowering suppliers.

Enterprise development

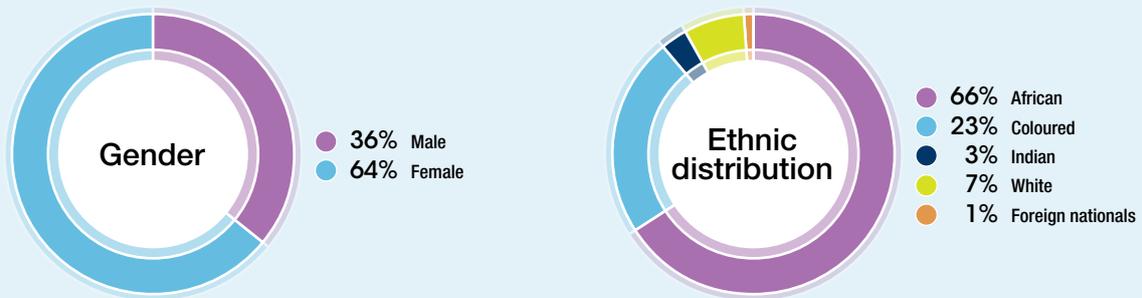
The group invested R31.1 million in enterprise development initiatives and achieved the maximum 5 points on the amended DTI scorecard.

BBBEE ELEMENT	Maximum points	2018	2017
Ownership	25	15.03	16.35
Management control and employment equity	19	12.06	12.33
Skills development	25	15.57	16.16
Preferential procurement, enterprise and supplier development	44	26.55	28.15
Socio-economic development	5	5	5
Total	118	74.21	77.99
BBBEE level		6	5

STAKEHOLDERS (CONTINUED)

Employee profile of South African businesses

Occupational level	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	1	2	6	0	1	0	2	3	1	16
Senior management	5	9	9	35	4	7	9	17	2	1	98
Middle management	121	62	36	124	122	50	49	174	13	16	767
Junior management	526	191	53	101	736	506	165	451	11	19	2 759
Semi-skilled	3 163	654	62	49	4 705	1 824	109	98	8	7	10 679
Unskilled	1	0	0	0	2	0	0	0	0	0	3
Total permanent employees	3 816	917	162	315	5 569	2 388	332	742	37	44	14 322
Temporary employees	212	34	12	16	312	64	12	55	6	9	732
Grand total	4 028	951	174	331	5 881	2 452	344	797	43	53	15 054



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.

10 REDUCED INEQUALITIES



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 10th UN SDG to reduce inequalities through empowering and promoting employees regardless of age, sex, disability, race, ethnicity, origin, religion or economic or other status and by ensuring equality through improved diversity and other policies of the company.

STAKEHOLDERS (CONTINUED)

Socio-economic development

The Clicks Group's socio-economic development programme focuses on areas that are aligned with the business's strategies related to health and well-being. The group measures the success of the programme by quantifying donations to or community investments in not-for-profit organisations.

We have once again shown our commitment to the communities where we trade by investing 1.24% of profit after tax in social development programmes. A total of R18.4 million (2017: R17.8 million) was invested in social development through financial and product donations to non-profit organisations and initiatives aligned to the group's focus on health and well-being in South Africa.

The group also invested R4.6 million in bursaries to 94 students completing Bachelor of Pharmacy degrees, which is reported under the skills development section in this report and is reported separately from social development spending. We spent R216 000 on arts, sport and culture, R163 000 on basic needs and social development and a further R159 000 on education. The group invested a total of R17.8 million in health, including HIV/AIDS as the main focus. The full socio-economic development spending was in South Africa.

We also donated R5.5 million to the Public Health Enhancement Fund over the past six years. The fund aims to address skills shortages, improve quality of public healthcare and advance research.

Clicks Helping Hand Trust

Clicks Helping Hand Trust has opened all Clicks clinic doors for HIV testing, and Moms and Babies services, with over 21 332 baby consultations and family planning consultations performed to date. All clinics now also offer free services on a campaign basis and have delivered a further 62 905 free consultations during heart health, diabetes and HIV awareness campaigns. It costs more than R4 500 to vaccinate a child for the first 18 months of his/her life. Free baby vaccinations and family planning medication are now available at all Clicks clinics in the Western Cape as a result of a partnership between the Western Cape Department of Health and Clicks. Similar partnerships in three other provinces are being finalised. The trust is able to continue the work it does through financial support and donations from Clicks, its employees, suppliers and other organisations with aligned goals.

Girls on the Go community programme

Whilst most of our funds are spent in Clicks, we know the numerous needs of our communities. One concern that touched our hearts was the issue of schoolgirls missing school during their menstrual cycles. This led us to partner with Subz pads and panties and their community programme, Project Dignity. Subz produces a washable, reusable, SABS-approved sanitary pad that lasts up to five years. This means that the schoolgirls we reach, depending on their age, will be equipped to stay in school in their formative years, comfortable in the knowledge that their monthly cycle will not disturb their academic progress.

The project was launched in 2016, reaching 5 000 girls in that year and 18 546 girls in the current year.

Moms and babies programme

The Clicks Helping Hand Trust Moms and Babies programme offers free clinic services every Thursday afternoon at selected clinics. These services are available to mothers whose babies were born in State hospitals, and who are not covered by medical aid. The trust was launched in 2011 in response to the need to reduce infant and maternal mortality in South Africa. The free services offered include baby immunisation (where State stock is available), growth measurement and baby weighing, feeding and nutritional advice, as well as family planning advice and medication (where State stock is available).

Health campaigns

Clicks Helping Hand Trust extends its hand further with other focused health campaigns through the year, aligned with the National Health Calendar. We are focused on working with the government to improve the health of all South Africans, by helping every South African to know their health status. These campaigns include heart health, with free blood pressure and cholesterol testing, diabetes awareness, with free glucose and blood pressure testing, and HIV awareness, with free HIV testing. These free services are available in all clinics during campaigns.

STAKEHOLDERS (CONTINUED)

Other beneficiaries of the group's social investment include:

Carel du Toit Centre

The Carel du Toit Centre works towards early identification of hearing loss and the fitting of hearing aids or a cochlear implant.

We believe that with early identification, providing there are no further complications, a large percentage of deaf children can acquire sufficient speech and language abilities to adapt intellectually, socially and emotionally in a society of hearing people.

The Topsy Foundation

Topsy is a non-profit organisation with the belief that all children deserve to thrive, regardless of where they come from. They work to break the cycle of poverty and empower rural communities in Mpumalanga, South Africa, through education, food security, health services and emotional support to women and children.

Their sustainable interventions are focused on supporting the most vulnerable women and children in disadvantaged rural communities, where they aim to use community assets for sustainable change.

Topsy delivers holistic interventions to children, which includes medical, educational, psycho-social and nutritional services.

They also deliver health services and support to women while equipping them with the skills and knowledge to raise happy, healthy and capable children.



The Appliance Bank

The Appliance Bank (TAB) equips unemployed men with technical skills to repair donated damaged household appliances and the business skills to buy and on-sell the repaired electrical appliances. TAB currently operates only in Cape Town and is an offshoot of the highly successful social entrepreneurship programme, The Clothing Bank. Over 86 000 appliances were sold by business owners and generated profit of R2.7 million. The programme has attracted 119 active business owners.

EMPLOYEE CONTRIBUTION

Employees are encouraged to support social development projects, schools and charities and to subscribe to the payroll giving scheme through the Helping Hand Trust.

3 GOOD HEALTH AND WELL-BEING



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 3rd UN SDG by providing free tests and family planning through the Helping Hand Trust. Other initiatives in the group that support the goals are also focused primarily on health and well-being.

SUPPLIER DEVELOPMENT

The group invested R31.1 million in supplier development initiatives outlined below.

The UPD independent owner-driver scheme, which was established in 2003, contracts small enterprise owner-drivers to deliver products from UPD to Clicks, independent pharmacies, hospitals and clinics. Support for Style Studio, a specialist haircare and beauty chain, continues through an interest-free loan.

Triton Pharmacare is one of the healthcare industry's largest and longest-standing private label manufacturers, with the local factory in Midrand, South Africa. The factory complies with best manufacturing standards and has been accredited by the South African Health Products Regulatory Authority (formerly the Medicines Control Council). Triton Pharmacare supplies private label products to the Clicks brand in tablet, capsule, powder, granule and liquid format.

EMPLOYEE WELLNESS PROGRAMME

Our comprehensive employee wellness programme (EWP) had its origins in an HIV project that was set up as a group initiative in August 2005. The intention was to define and implement a group-wide HIV strategy instead of having separate business unit initiatives per brand.

Before the group commenced the HIV project an evaluation of our current and past approaches was performed to identify successes and shortcomings. We also considered and assessed what other companies were doing as well as their learnings; what international research findings recommended; and, finally, what programmes various service providers offered.

We found that:

- HIV/AIDS is not the only issue our employees are struggling with. There are a range of sociological issues that impact on the day-to-day lives of our employees and their families, such as substance abuse, domestic violence, tuberculosis, etc.;
- leadership buy-in is vital (for the sustainability of any programme); and
- behaviour change through communication is vital to the success of the programme.

The group decided to commission an actuarial study to estimate the demographic and financial impact of HIV/AIDS in the workplace and weigh it against the benefits and estimated costs of an HIV disease management programme. We also wanted to establish how this could affect our bottom line. We commissioned Metropolitan to perform the risk impact assessment.

The EWP was developed and is a work-based advisory, counselling and support programme which provides life, health, performance and wellness management services to employees

and their immediate households free of charge, 24/7 and in the official South African languages.

The EWP is aimed at informing, educating and supporting employees to:

- take responsibility for their physical, mental and emotional well-being;
- remain fully engaged and motivated; and
- enable a productive organisational culture in which employees are fully present.

The EWP provides independent, confidential, professional counselling and advisory services to permanent employees and their direct household dependants. It is highly valued by employees and line managers, as evidenced by the high rate achieved during the 2018 employee satisfaction survey. The programme utilisation rate of 14.8% remains highest in the consumer services sector.

In 2018 more than 2 218 employees completed wellness screenings, which included blood pressure, glucose, cholesterol, body mass index and HIV tests during the wellness days, which are held nationally at head office, distribution centres and stores.

The HIV/AIDS management programme is focused on prevention through information and education, treatment and support. Employees are encouraged to know their HIV status through the voluntary counselling and testing campaign delivered at head office, distribution centres, regional offices and in stores on an annual basis.

STAKEHOLDERS (CONTINUED)

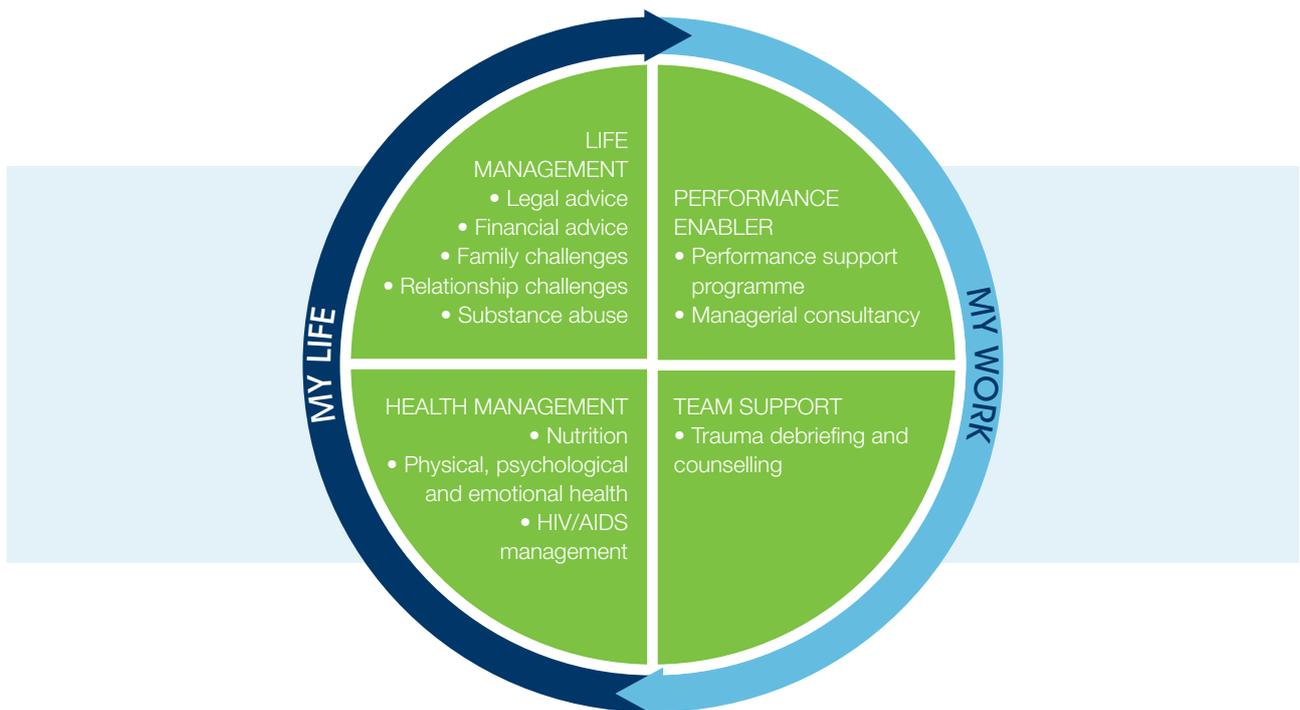
Employee wellness programme	2018	2017	2016
Employee utilisation	1 523	1 926	2 060
Family utilisation	113	452	108
Total utilisation rate	14.8%	13.4%	24.5%
Manager referrals	113	95	106
High-risk cases	61	45	33
HIV/AIDS management programme	69	64	56

The programme is delivered by an independent service provider, Momentum Metropolitan Incorporated (MMI). HIV management and treatment services are for permanent employees who are not on medical aid and offer the following:

- Free voluntary counselling and testing
- Free antiretroviral and certain HIV-related medication
- Free multivitamins
- Two free HIV-related doctor consultations and blood tests per year
- Prevention of mother-to-child transmission, including milk formula for six months
- Post-exposure prophylaxis (PEP)
- Counselling and support to employees and their dependants

A group of leading retailers got together in 2007 to find a way of making HIV counselling and testing available to employees working in stores and started the retailers unite initiative.

We care about the health and well-being of our employees and encourage all employees to participate when a campaign is offered at the shopping centre where they are employed. We extend an open invitation to other retailers to come on board so that their employees might also benefit from participating in this initiative. Eight events were held in 2018 in every province, with positive feedback from all employees who attended.



STAKEHOLDERS (CONTINUED)

Generic medication advantages

The healthcare strategy of the Clicks Group is aligned to the South African Government's healthcare goal to make medicine more affordable and more accessible. Generic medicine is more affordable and will enable access for more patients.

Generic medicines have the equivalent biological effect and dissolution of the originator product. They contain the same active ingredient/s and have the same dosage form and strength as the original medication; however, they may contain different inactives (colourings, starches, sugars, etc.). There may also be differences in size, shape, colour or pack size, but none of these have any impact on the drug's pharmacological effect.

The benefits of generic medicines are:

- Generics offer substantial cost savings without compromising efficacy.
- Cost saving makes more efficient use of a customer's medical aid benefits.
- Cost saving enables customers to pay for other treatments and services that they may need.
- Lower-priced medicines encourage more healthy competition in the market.
- Generics allow patients to exercise their rights as a consumer.

Clicks provides a wide range of pharmacy and front shop medicine alternatives in their generic range, offering customers value for money.

Healthcare conference

In line with the increased focus on not only pharmacy, but healthcare as a whole, the annual healthcare conference has been expanded to include all the employees and suppliers who help us deliver the patient-centred Clicks healthcare experience.

Hundreds of delegates from all over the country – including pharmacists, nursing practitioners, pharmacy assistants, interns, Clicks operational employees and suppliers – attend the healthcare conference annually to increase their knowledge, learn from one another and connect with key suppliers. The conference represents a key opportunity for the group to explore new ways to take healthcare further and improve the lives of our patients. Speakers from both public and private sectors address the gathering to share knowledge and engage with the group, while pharmacists and nursing practitioners who attended sessions applicable to their continuous professional development (CPD) earn CPD points.



For further information visit

<https://healthcareconference.clicks.co.za/>



