

ETHICAL BUSINESS CONDUCT

Pharmaceutical retailers are subject to heightened ethical scrutiny due to their role and responsibilities regarding patient privacy and care. Dis-Chem has a set of corporate values that guides our actions and a code of ethics with mandatory employee compliance.

Our values drive ethical behaviour



Our vision, mission and values are set out on page 5.

The behaviours that have been extensively communicated around the Group's values are incorporated into the Dis-Chem D-Bucks rewards programme and performance management system. In the latter, values-based behaviours are measured through a 360-degree survey that offers well-rounded evaluation and feedback, including individual employees' strengths and developmental areas.

Dis-Chem's values are included in the recruitment process as part of competency-based questionnaires and individual assessments. These values are also included in the onboarding programme to ensure new employees know and understand expected behaviour.

These interventions are supported by visible communication around the Group's values in publicly available documents, such as this report and on our website, as well as in newsletters, the intranet and internal branding.

Our values bind us across the business and are based on one message. We base our decisions on the vision, mission and these values, which we believe will lead to a stronger and more sustainable Dis-Chem. By defining our values, employees understand what is expected from them. Customers and suppliers understand what we believe in.

Our values shape the Dis-Chem culture and are an important recruitment criterion as we aim to appoint people who align with our culture and values. For us, these are not just words we are sticking on a wall. Our values unite us and define our brand.



CASE STUDY

DIS-CHEM VALUES AMBASSADORS

We encourage managers and employees to nominate Values Ambassadors for their business areas. This aims to reward and recognise individuals who conduct themselves according to the four Dis-Chem values.

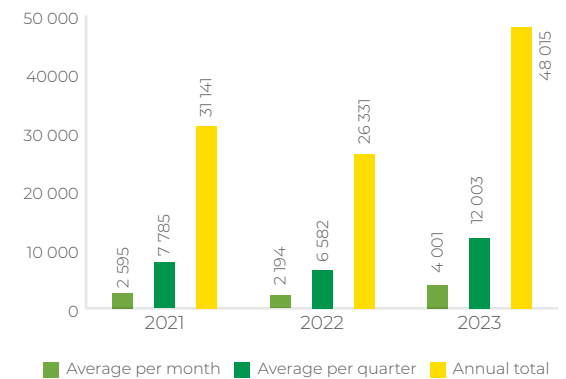
Nominations and motivations are logged monthly on our SuccessFactors platform.

Employees who are nominated as Values Ambassadors are awarded one D-Buck each, subject to human resource approval. The nomination process applies to employees who have demonstrated a particular behaviour in line with a specific value.

D-Bucks are exclusively used as values-related reward points.

Team members who receive the most nominations for a particular category are awarded the title of "Values Ambassador" for a particular value. These employees stand a chance to participate in an Annual Values Awards programme which consolidates all "Values Ambassadors" in Dis-Chem for the year.

D-Bucks issued (number per calendar year)



The increase in D-Bucks awarded over time shows increasing awareness and appreciation for our employees who live the values.

Since 2019, Dis-Chem has been running several values activation initiatives across the business to embed these behaviours and to feature role models. Activations included competitions, Power Fridays, International Women's Day celebrations, Hopetober music entertainment, Youth Day commemorations and much more.

Our code of ethics

The code of ethics sets out Dis-Chem's expectations in terms of compliance with laws and regulations, disclosure of conflicts of interest, relationships with customers and suppliers, gifting, insider trading and more. It also addresses employment equity and environmental responsibility. The code includes a gift declaration form and sets out the whistleblowing procedure should any employee wish to report allegations of fraud, corruption or unethical behaviour.

<p>DIS-CHEM TAKES A ZERO-TOLERANCE APPROACH TO THEFT, FRAUD, CORRUPTION AND HUMAN RIGHTS VIOLATIONS</p>	<p>WHISTLEBLOWING CALL 0800 444 315 SMS 33490 EMAIL DISCHEM@WHISTLEBLOWING.CO.ZA WEBSITE HTTPS://WWW.WHISTLEBLOWING.CO.ZA/</p>
<p>ALL WHISTLEBLOWING REPORTS ARE FORMALLY LOGGED AND PROGRESS TRACKED.</p>	<p>NO MONETARY LOSSES AS A RESULT OF LEGAL PROCEEDINGS ASSOCIATED WITH MARKETING AND/OR LABELLING PRACTICES (2023: R0)</p>



WE PROMOTE WHISTLEBLOWING THROUGH TRAINING, COMMUNICATION AND AWARENESS, INCLUDING NEWSLETTERS AND POSTERS THAT ARE DISTRIBUTED TO ALL STORES AND DISTRIBUTION CENTRES.

THE DIS-CHEM CODE OF ETHICS

While the Group supports democracy in South Africa, we do not make financial donations to individual political parties. Further to this, our code of ethics states:

- Dis-Chem funds, goods or services may not be used as contributions to political parties and facilities may not be made available to political parties or their candidates.
- Dis-Chem's policy is to recruit, hire, promote and provide equal opportunities for all employees without regard to race, ethnic origin, sex, religion or belief, age, disability, national origin or sexual orientation or veteran status. Harassment or unequal treatment of other employees is not permitted.
- All employees must perform their duties diligently, effectively and efficiently, and act honestly and in good faith at all times and report any harmful activity they observe in the workplace.
- Various anti-corruption treaties, laws and regulations require that neither Dis-Chem, its employees, its representatives and agents directly or indirectly, pay commercial bribes or kickbacks or make payments for the purpose of obtaining, retaining or directing business to any person.

We believe in ethical marketing

As a pharmaceutical retailer, Dis-Chem also focuses on ethical marketing. The Dis-Chem marketing guide sets out clear rules per category, defining what kind of marketing can be regarded as safe, what to avoid, and what to authorise with the technical compliance team. For example, regulated products for infants and young children up to three years are not to be dispersed as free samples, and competitions may only run under strict conditions. Dis-Chem is an active participating member of the Health Products Association (HPA) and the Infant Feeding Association (IFA), and complies with their respective codes of conduct.

We also apply ethical marketing principles for complementary products such as supplements and vitamins.

Product claims about health or nutrition benefits are particularly strict.

Medicines that are allowed to be advertised to the general public are required to adhere to specific requirements set out by the Medicines Act and its regulations, regulated by the South African Health Products Regulatory Authority (SAHPRA). Dis-Chem adheres to these guidelines in all marketing and advertising initiatives.

The Group ensures that its advertising content, irrespective of channel, is appropriate and non-offensive to all cultures, races and various heritages.

Communication with customers includes educational material, such as the Better Health Starts Here podcast, radio features, the Dis-Chem magazines and customer mailers. This enables customers to make informed and ethical choices about their health.

OUR GOVERNANCE APPROACH TO ETHICAL BUSINESS CONDUCT

The Board has mandated the SEC to be the primary oversight body with regard to ethical business conduct, including anti-bribery and corruption. The SEC, as a sub-committee of the Board, reports back to the Board on all related matters.

- ✦ The SEC receives a biannual whistleblowing report detailing the number of incidents, nature of cases, level of management involvement, challenges, actions taken and trends. All identified cases are reported to the South African Police Services and where appropriate to the applicable registered bodies such as the Health Professionals Council of South Africa (HPCSA). Civil recoveries are pursued by prejudiced business units where financially appropriate. As per our policy, fraud of over R100 000 has to be reported
- ✦ The whistleblowing policy explains the procedures to be followed including whistle-blowers' right to remain anonymous and to be protected
- ✦ Advertising and marketing material that are going onto Dis-Chem platforms are required to be sent to the technical compliance team for approval

Dis-Chem also has a conflict-of-interest policy to guide directors and prescribed officers on matters relating to conflicts of interests and their management at Board level. The policy aims to promote transparency, integrity, and accountability in the decision-making process while protecting the interests of Dis-Chem and its shareholders.



Read more about ethics in our 2024 Integrated Annual Report.

The Dis-Chem sustainability policy sets out our commitment to being a good corporate citizen. We strive to:

- ✦ Conduct our business in compliance with applicable regulatory requirements and standards
- ✦ Provide an approved confidential reporting mechanism to enable reporting of unethical, illegal or irresponsible behaviour
- ✦ Eliminate all forms of bribery and corruption, collusion and price fixing, and anti-competitive behaviour
- ✦ Implement a policy that governs our employee code of business ethics
- ✦ Roll-out ethical sourcing and responsible supply chain practices across our value chain
- ✦ Ensure that our suppliers commit to our supplier code of conduct