

corporate social

# responsibility

The group is committed to uplifting the communities which we serve. The main objective of our social responsibility plan is to sponsor projects which strive for economic prosperity and growth, yet encourage environmental and social progress.

## **Black Economic Empowerment (BEE)**

The achievement of a “BB” EmpowerDEX rating in May 2006 establishes a solid platform to progress broad-based empowerment within the group. To consolidate and to further improve our credentials, the Board has formed a Transformation Committee in March 2006. Similarly, on the executive management level, a transformation committee has been formed to reinforce the implementation of the current strategies.

## **Transformation**

We are committed to ensuring a workforce that is representative of the demographics of South Africa and our customer base. In 2000, a five-year employment equity plan was compiled after consultation with stakeholders, including the trade unions. The targets set for 2005 have been met. The group will continue to monitor the progress of this strategy and senior management are responsible for its successful implementation.

All staff received free shares at date of listing and the majority of recipients were from previously disadvantaged communities.

To support the process of transformation, staff drawn from previously disadvantaged groups have been assisted in their development through participation in training programmes. In addition, a development pool comprising staff from previously disadvantaged communities, who have been identified as having management potential, are receiving further training and exposure.

## **Procurement and enterprise development**

A substantial amount of merchandise is procured from suppliers, which are mostly small, medium and micro enterprises and mostly owned by persons

from designated groups. During the year, 40% of purchases in the furniture category were bought from Black Economic Empowerment (BEE) suppliers. In addition 90% of all vehicles purchased were bought from a BEE vehicle dealership and approximately 30% of our rental premises are owned or controlled by previously disadvantaged individuals. Our payment terms are 30 days, compared to the average retail payment term of 90 days, which support the cash flows of these suppliers. Our enterprise development initiatives include supporting small black-owned businesses that provide services to our group. Financial assistance is also given to these businesses.

#### **HIV/AIDS**

We have an HIV/AIDS awareness programme which is integrated into the regular company training programmes available to our staff. The objective of the course is to advise staff members of the effects of AIDS and available prevention methods. In addition, brochures are regularly distributed to staff.

During the current year, counselling, advice and assistance was provided to employees who requested it as a consequence of their personal circumstances. These services are provided at no cost to employees and are outsourced, guaranteeing total confidentiality.

Lewis has introduced a new programme to employees where a contracted service provider will provide the following services:

- Employees have access to post-AIDS exposure telephonic counselling through the service provider's care centre.
- The cover includes employee and immediate family.
- The affected person is covered for initial medication, a number of free consultations and assistance in locating the nearest clinic for further treatment.

The group bears the cost of this cover on behalf of all its employees.

#### **Communities**

We are committed to the national community which we serve.

Lewis has sponsored the building of two classrooms with full electrical fittings and connections and a 5 000 litre rainwater tank for the Fabeni Primary School in the Tugela Ferry District in rural KwaZulu-Natal. The project was managed by Project Build (formerly known as Natal Schools Project), a charitable trust. Project Build aims to improve the quality of life for disadvantaged communities in KwaZulu-Natal by addressing their need for better educational and community facilities.

The school which we are sponsoring, currently accommodates 194 learners in three existing classrooms. A substantial number of classes are conducted in the open.

The building of these classrooms was done utilising labour from the local community. The project was completed by the end of April 2006.

Lewis has also fully furnished the HOKISA Peace Home in Masiphumelele in the Western Cape. HOKISA, a non-profit organisation, cares for children infected or affected by HIV and AIDS who cannot be looked after by their own parents or family. Furthermore, the Peace Home is also used as a meeting place for group discussions for the prevention of HIV/AIDS. All employees of the home are residents of the Masiphumelele township who receive skills training at HOKISA and have become educators on HIV/AIDS in their community. The home was opened in November 2005.

Lewis assists local Cape Town-based orphanages with ad hoc requirements as and when they are required. We have donated furniture, food, paid school fees, medical bills and embarked on clothing and toy collection drives for the children. In addition, clothing and gifts for each child at selected orphanages was bought during the Christmas season.

Lewis is one of the major sponsors of the Community Chest Twilight Run, an annual event in Cape Town. The proceeds of the thousands of entries to this run contributes to the Community Chest's fund-raising. We sponsored the major prizes and our stores in the Western Cape distributed entry forms and handled registration.

Other assistance is provided as follows:

- contributing to the annual Cycle-4-Kids ride where three teams totalling 60 cyclists cycled from Johannesburg to Durban to raise funds for designated charities;
- participated in the Get a Child to Work Project by exposing pupils from disadvantaged schools to the functioning of the business;
- providing financial assistance and donations of kit to sport clubs in previously disadvantaged areas;
- participation in the local Woodstock upliftment project where the group's head office is located; and
- donations to various non-profit organisations are made, in response to requests received.



### The Lewis Club

Through the Lewis Club the following contributions have been made to the social and economic upliftment of our communities:

- The provision of Damelin education bursaries to the value of R2 million per year to Club members, thereby assisting predominantly previously disadvantaged Southern Africans to further their education.
- Two 24-hour toll-free lines offer Club members legal, healthcare, HIV and parenting advice. The legal and healthcare advice lines each average 9 000 calls per month at a cost of approximately R180 000 per month. These services provide a much-needed free service to customers, particularly those living in rural areas.
- The top three Club prize winners select charities of their choice and each month R14 000 donations are made to these selected charities on their behalf.

### Employees

Our business success relies on a productive workforce, where sound employee relations are key. We aim to create an environment where loyal people with strong entrepreneurial and work ethic, are

rewarded and the skills and experience of the staff are retained to ensure the enduring performance of the group.

In particular, Lewis is aware of the costs associated with employee turnover and the cost of acquiring and training new staff. Consequently, priority is given to staff retention, particularly those who show potential to grow within the group. There are a number of tenets to this strategy, one of which is to reward employees who contribute to the success of the group and secondly, to create a culture where employees feel a sense of belonging to the "Lewis family".

We provide for the development of our staff, offering an extensive range of training courses for all employees concentrating on the skills set for each of the job categories. There is an induction programme designed to ensure that the employee is operational within 20 working days of joining. It is the responsibility of operational management to continually identify candidates who require further training to enhance their performance and overall skills.

Staff with management potential are continually being identified and being given the opportunity to further develop their career within the group. Manager development programmes are in place to take the employee through junior management levels through to senior management roles.

A training team working closely with the human resources department travels throughout South Africa providing on-site and off-site training, supplementing interactive computer training on product knowledge at the stores. To further enhance the product knowledge of the staff, a weekly television broadcast to the stores has been introduced. We are accredited as a training provider within the Wholesale and Retail Sector Educational and Training Authority.

The group provides a number of other benefits:

- voluntary medical aid for employees subsidised by the company;
- compulsory membership of either the Lewis Provident Fund or SACCAWU National Provident Fund;



Restoration of Grahamstown branch.

- home loan assistance;
- educational bursaries;
- medical aid assistance;
- a subsidised canteen at head office; and
- counselling, advice and assistance to the employees who request such as a consequence of difficult personal circumstances.

We recognise our employee's rights to associate freely and to bargain collectively and a recognition agreement exists with the South African Commercial, Catering and Allied Workers' Union (SACCAWU).

### Environment

We recognise that our activities do impact on the environment. The impact is minimised through adopting a strategy of regularly reviewing the group's activities and compliance with relevant legislation.

The main areas of focus are:

- minimising the usage of electricity and water;
- wastage disposal companies are contracted to recycle the group's wastage, which relates mainly to consumables such as stationery, paper and plastic; and
- the optimisation of fuel and oil consumption is monitored on a continuous basis. Particular attention is given to ensuring that vehicles operate efficiently and the amount of travel for delivery purposes is minimised.

There is also a commitment to our social heritage. The building of our Grahamstown property, which was designated as a national monument, was destroyed by fire. The company decided to restore the building to its original architectural style and structural design. We ensured that all the necessary restoration endeavours were in keeping with the original national monument.

With respect to our suppliers, where practicable, we review their activities and supply chain to determine the impact on the environment and communities.