

ENVIRONMENT

Carbon emissions (CO₂)

117 176 metric tonnes

2017: **118 434** metric tonnes
2016: **114 044** metric tonnes

Carbon Disclosure Project – performance band

A-

2017: **A-**
2016: **A-**

FTSE Russell/JSE Responsible Investment Index

included

2017: **Included**
2016: **Included**

Carbon emissions intensity target

5%

reduction by 2020

Included in **FTSE4Good Index**

64% reduction in municipal water usage at head office

37% of waste recycled

1 980 tons of recycling in the supply chain

Energy and water reduction targets set to reduce carbon footprint



The group's operations have a low environmental impact.

ENVIRONMENTAL AND CLIMATE CHANGE OVERVIEW

The group continues to improve and embed environmental management systems into normal business practices and operations. The board social and ethics committee is accountable for environmental sustainability, while the group human resources director is responsible for the delivery of the group's environmental management framework. Business units have sustainability forums which co-ordinate internally, raise awareness and report on environmental management and sustainability processes.

The group participates in the voluntary Carbon Disclosure Project (CDP) and the evaluation process for the FTSE Russell Responsible Investment Index annually. This has contributed to a more robust sustainability reporting process as well as ensuring long-term business sustainability is in line with investors' expectations.

The group's environmental management objectives include:

- | | | | | |
|---|--|--|---|--|
| 1
Legislative and regulatory compliance | 2
Internal and external stakeholder engagement | 3
Environmental sustainability reporting | 4
Assessment and evaluation of sustainability initiatives | 5
Promoting a culture of environmental awareness |
|---|--|--|---|--|
-

The group's response to climate change and approach to environmental management is focused on:

energy efficiency | water management | waste management | distribution network optimisation

Clicks Group engages with national government and other local institutional stakeholders on energy reduction, carbon tax strategies and developments on the environmental front, including new legislation and research.

ENVIRONMENT (CONTINUED)

CARBON FOOTPRINT

The group's carbon impact is internally audited using internationally recognised greenhouse gas (GHG) protocols and the results are externally verified by SustainabilityIT to maintain accuracy and validity. Better processes and procedures were put in place to form a solid foundation for information gathering and the process is continuously improved to ensure accuracy and consistency.

	2018	2017	2016	2015
Scope 1 emissions (CO₂) metric tonnes				
Company-owned vehicles	1 703	1 792	1 780	1 996
Fugitive emissions (Kyoto gases)	258	271	229	93
Stationary and mobile equipment	158	185	138	189
Scope 2 emissions (CO₂e) metric tonnes				
Purchased electricity	96 202	96 458	92 560	91 345
Scope 3 emissions (CO₂e) metric tonnes				
Product distribution	8 250	8 289	7 569	7 021
Employee commute (based on 2016 survey)	8 798	9 044	9 044	12 359
Business travel (flights and car hire)	1 265	1 499	1 532	1 836
Other direct – fugitive emissions (non-Kyoto gases)	483	936	1 192	320
Total	117 176	118 434	114 044	115 159



- 2% Company-owned vehicles
- 0% Fugitive emissions (Kyoto gases)
- 0% Stationary and mobile equipment
- 82% Purchased electricity
- 7% Product distribution
- 8% Employee commute
- 1% Business travel (flights and car hire)
- 0% Other direct – fugitive emissions (non-Kyoto gases)



The group participates in the Carbon Disclosure Project annually and identifies risks, opportunities and targets that we make public.

ENVIRONMENT (CONTINUED)

Targets

Intensity targets

Intensity target 1: GHG emission intensity per m² – five-year target to reduce intensity by 5%

Scope	Scope 1 + 2
% of emissions in scope	100%
% reduction from base year	5%
Metric	Metric tonnes CO ₂ e per square metre
Base year	2015
Normalised base year emissions	0.19
Target year	2020
% time complete	60%
% emissions complete	85%

Intensity target 1: GHG emission intensity per m² – 10-year target to reduce intensity by 5%

Scope	Scope 1 + 2
% of emissions in scope	100%
% reduction from base year	10%
Metric	Metric tonnes CO ₂ e per square metre
Base year	2015
Normalised base year emissions	0.19
Target year	2030
% time complete	20%
% emissions complete	43%

The renewable energy target is presented below:

KPI – metric numerator	Renewable energy production in kWh
KPI – metric denominator (intensity targets only)	Total energy consumption in kWh
Base year	2015
KPI in baseline year	0.0013
KPI in target year	0.015
Target year	2020
% renewable energy in target year	1.50%



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 13th UN SDG on climate action through education and awareness of employees and customers, using its communications media. The company also measures its carbon footprint and has it verified externally on an annual basis to help reduce its environmental footprint and to be aware of mitigations and adaptations.

ENERGY MANAGEMENT

South Africa is heavily reliant on non-renewable energy resources and this, coupled with energy and capacity constraints, has resulted in escalating energy costs. Through its climate change policy the group strives to reduce its carbon footprint through efficient energy usage and to generate cost savings.

Initiatives include the implementation of LED technology as well as managing and monitoring the 400 kWp solar photovoltaic (PV) system at the head office building, which comprises 1 298 modules installed over a rooftop area of 2 519 m².

Clicks has installed electronic meters which monitor energy usage per store. This has contributed to a reduction in stores' energy consumption.

“The risks of climate change to the group encourages continuous improvement of innovative and alternative resources”



Targets

The group is committed to a 5% energy reduction by 2020, including the introduction of meters for accurate data measurement and in-depth monitoring. A longer-term target is a further 5% energy reduction by 2030. Both targets will be measured by consumption intensity.

7 AFFORDABLE AND CLEAN ENERGY



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 7th UN SDG of affordable and clean energy with its first solar PV installation, which accounts for 20% of the electricity usage at Head Office. The group is continuously looking at alternative and cleaner energy usage.

ENVIRONMENT (CONTINUED)

WATER MANAGEMENT

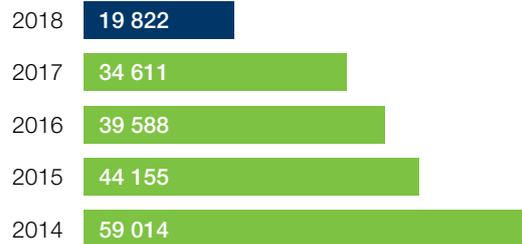
Water management is one of the vital aspects of the group's environmental management systems and underscores our commitment to conserving the natural environment within the national environmental agenda. Quality fresh water supply is vital for some of Clicks' operations as the primary use is associated with the provision of medical services as well as being a regulatory requirement in some instances.

Clicks Group has several water conserving initiatives in place. These strategically informed the response to the water crisis experienced in the Western Cape during 2017/2018 which had resulted in reduced municipal water supply.

The initiatives include water boreholes installed at the head office and the Cape Town Distribution Centre as well as rainwater harvesting. The water withdrawals from the boreholes are monitored on a monthly basis.

The group also recycles water at the head office including rainwater harvesting in order to reduce withdrawals from the municipal supply. Waste water is captured from the head office building's air-conditioning cooling towers and recycled. This initiative saves the business approximately 181 000 litres of water per annum. Our operations, however, are not water intensive and the impact of access to water is therefore minimal.

Total water usage in kilolitres



Targets

Clicks Group committed to a 5% water reduction by 2020 and a long-term target of a further 5% reduction by 2030 measured by consumption intensity for the head office and distribution centres. It is committed to:

- continuously investigate alternatives to reduce water usage in direct operations; and
- increase usage of recycled water in all direct operations.

ENVIRONMENT (CONTINUED)

WASTE MANAGEMENT

The group's waste management focus is centred on promoting recycling initiatives. Recycling bins have been installed in the head office to create awareness among employees and to increase recycling volumes. Only biodegradable takeaway containers are used in the head office building. A new, centralised waste separation facility has been implemented at the group's head office and the three largest distribution centres. Waste management companies are screened to verify their certification before being awarded contracts to dispose of the group's waste. This is particularly relevant for medical waste removal companies.

Safe disposal certificates are obtained for the disposal of medical waste, fluorescent light bulbs, printer cartridges and hazardous waste. Certificates are required to be held for five years.

During the 2018 financial year a total of 1 980 tons of waste were recycled at head office and the three Clicks distribution centres.

DISTRIBUTION NETWORK OPTIMISATION

Route optimisation in the distribution of products is continuously improved to reduce distances travelled and use of fossil fuels. Since 2008 a 46% reduction in kilometres travelled has been achieved as a result of the centralised distribution and in spite of the growth in pharmaceutical wholesale distribution capability for the group's integrated healthcare strategy.

OTHER MANAGEMENT TOOLS

An air quality and noise test is done annually in all the stores and the head office to maintain the standard according to legislation, to improve the environment in the buildings and to uphold safety standards.

Environmental management tools have been introduced to limit damage to the environment. This includes bunding in generator rooms, chemical storage for batteries used for forklifts and oil spill kits to prevent spillages into open storm water drains.

Progress on the environmental management system is reported internally and reviewed through the social and ethics committee to ensure continuous improvement.

ANIMAL WELFARE

The Body Shop subscribes to the policies of Cruelty Free International through the partnership formed to launch the first global pledge campaign in support of the ban on animal testing for cosmetic products and ingredients. For further information, please refer to the following link:

 <https://www.crueltyfreeinternational.org/cruelty-free-company/body-shop>

While the Clicks brand does not subscribe to a formal policy we have taken the ethical decision not to test our private label products on animals.

We support the development of alternatives to animal testing and welcome scientific advances which will render animal testing obsolete.

Products and ingredients that have already been declared safe require no further testing before they can be sold. This is why we have pledged to use only these ingredients in our Clicks-branded products. We promise our customers a wide range of products, but we also believe consumers are one of the most effective drivers of change through the purchasing choices they make.

We are proud of our position as the country's leading pharmacy, home and beauty store.



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 12th UN SDG on responsible consumption and production. The Group is committed to reducing pollution, waste and resources usage by setting targets to continuously improve and striving to implement solutions beyond regulatory requirements. Procedure and progress are reviewed annually as part of the group's environmental management programme.