

ENVIRONMENT

Carbon emissions (CO₂)

143 706 metric tonnes

2019: **132 365** metric tonnes
2018: **117 176** metric tonnes

Carbon Disclosure Project
– performance band

A-

2019: **A-**
2018: **A-**

FTSE4Good Index

included

2019: **Included**
2018: **Included**

Carbon emissions intensity target

10%

reduction by 2030

Included in **FTSE4Good Index**

645 000 kilowatt hours renewable energy produced

80% of waste recycled



OVERVIEW

Environmental management systems are embedded into all business practices and operations. Sustainability is a core component of our long-term business strategy. The board social and ethics committee is accountable and is mandated to oversee the group’s sustainability performance, including climate change, resource consumption and waste management.

Clicks Group participates in the voluntary Carbon Disclosure Project (CDP) and the disclosure of environmental, social and governance (ESG) information for processing for the FTSE4Good Index annual assessment. This has contributed to a more robust sustainability reporting process as well as ensuring long-term business sustainability in line with investors’ expectations.

APPROACH TO ENVIRONMENTAL MANAGEMENT

The Clicks Group recognises the significant impact of climate change. The group commits itself to strive to implement sustainable business practices within a culture of responsible environmental stewardship. This commitment is expressed in the group’s strategic and operational planning.

The group’s environmental management objectives are embedded in:

- 1 Legislative and regulatory compliance
- 2 Internal and external stakeholder engagement
- 3 Sustainability reporting
- 4 Assessment and evaluation of sustainability initiatives

PROMOTING A CULTURE OF ENVIRONMENTAL AWARENESS

The Clicks Group recognises the significant impact of the individual and corporate on a sustainable social and economic environment. We acknowledge that success cannot be achieved in the absence of care for the social and environmental systems upon which all our operations depend. Our sustainability indicators also have an extended effect on other SDGs and Clicks is committed to ensuring that our business and operations are within the natural carrying capacity and that our operational footprint is managed in a way that enhances efficiency and environmental responsibility.

Energy efficiency and reduce emissions



Managing our water consumption



Managing our waste



CARBON FOOTPRINT

Our group environmental management systems provide guidance and assistance with the development and formalising of effective processes for gathering data throughout the year for the verification of the company’s carbon footprint.

We are aware of the importance of addressing issues related to climate change. We acknowledge that the impacts of climate change are far reaching and can negatively affect human health, food security, water security and investments. Clicks is diligently working towards helping to restrict the increase in global mean temperature to 2°C above preindustrial levels in accordance with the 2015 United Nations Framework Convention on Climate Change’s (UNFCCC) meeting held in Paris (Paris Agreement).

ENVIRONMENT (CONTINUED)

APPROACH TO CLIMATE CHANGE

The Clicks Group recognises the significant impact of climate change on individuals, communities, corporations, governments and nations. Climate change risk encourages the group to explore innovative solutions to improve the impact of our activities and products by evaluating our carbon footprint. The group has moved beyond a narrow focus on legislative and regulatory compliance to embedding climate management into our strategic and operational planning processes.

The group has undertaken to manage, monitor and report on our carbon footprint. Our greenhouse gas emissions (GHG) mainly come from stationary fuel combustion, mobile fuel combustion, fugitive emissions, purchased electricity, upstream distribution, employee commuting and business travel. The group appointed SustainabilityIT, an independent service provider, to conduct verification on our emission data to assure accuracy and validity. The verification is done in accordance with ISO14064-3:2019, the international standard on verifying and validating GHG statements.

Category	Description	Total 2019/2020
SCOPE 1 (CO ₂ e) metric tonnes	Stationary diesel combustion	432
	Mobile diesel combustion	1 039
	Mobile petrol combustion	759
	Refrigerant use	540
SCOPE 1 Sub-total		2 771
SCOPE 2 Sub-total – location based (CO ₂ e) metric tonnes	Purchased electricity	107 279
SCOPE 3 and Other (CO ₂ e) metric tonnes	3.1 Purchased goods and services	60
	3.3 Fuel and energy-related activities	13 292
	3.4 Upstream transport and distribution	8 764
	3.5 Waste generated in operations	1 079
	3.6 Business travel	751
	3.7 Employee commuting	9 254
	SCOPE 3 Sub-total (CO₂e) metric tonnes	
Outside of Scopes (CO ₂ e) metric tonnes	Refrigerant – R22	457
TOTAL Scopes 1, 2 and 3, and Outside of Scopes (CO₂e) metric tonnes		143 706
Intensity (tCO ₂ e/Full-time employees) (Scopes 1, 2 and 3)		15.55

In line with the Paris Agreement to reduce global emissions, the group has set both absolute and intensity-based GHG emission reduction targets since 2008. Clicks' current targets are shown below.

Scope boundary	Scope 1 & 2	Scope 1 & 2	Scope 2
Target type	Intensity target	Intensity target	Renewable energy target
Base year	FY15	FY15	FY15
Base year value	0.19 tCO ₂ e/m ²	0.19 tCO ₂ e/m ²	0.0013 kWh renewable energy produced/total energy consumption
Target % over the period	5%	10%	1.5% of total electricity consumption in target year
Target year	FY20	FY30	FY20
Target year value	0.181 tCO ₂ e/m ²	0.171 tCO ₂ e/m ²	0.015 kWh renewable energy produced/total energy consumption

The approach followed in setting a new target is based on the methodologies of the Science Based Targets initiative (SBTi).

UPD has a route optimisation programme that identifies the best possible routes for drivers when delivering products and limits driving to 80 km/h or below, saving fuel and reducing emissions. It also reduces the time drivers spend on the road, improving safety.



Managing waste

The group was able to divert 3 878 890 kg waste from landfill which is 80% of the total waste.

APPROACH TO WASTE AND POLLUTION CONTROL

The Clicks Group aims to develop, implement and maintain an integrated waste and pollution management system that conforms to sustainable practices and minimises its environmental impact. This system will take a holistic and integrated planning approach to waste and pollution management across the group that includes technology solutions, system procedures and human resources.

Integrated pollution control aims to identify, evaluate, monitor and prevent pollution across all areas, including land, soil, noise, water, waste and air pollution.

This approach applies to management, employees, subcontractors and business partners associated with The Clicks Group as well as to all operational activities that may contribute to potential pollution or degradation of the environment.

“Reduce, Reuse, Recycle” has become the central theme for managing waste across the group and our approach to managing waste promotes recycling initiatives as well as reuse. We are committed to efficient, legally and ethically compliant, innovative and sustainable waste management. We have managed to reduce our waste to landfill year on year and increase recycled waste.

Several waste management initiatives have been adopted across the business. These include raising awareness among employees and separation on site to ensure less waste goes to landfill. Waste management companies are screened and their certification verified before we contract with them to dispose of the group’s waste. Waste streams requiring specialised disposal, such as medical waste, fluorescent light bulbs, printer cartridges and hazardous waste, are collected by certified service providers and safe disposal certificates are obtained.

We acknowledge government’s call to reduce plastics to safeguarding the environment. Clicks is an invited member of the Steering Committee for the South African Plastics Pact. The Pact is a collaborative approach to create a circular economy for plastics with targets to 2025 that require action to:

- eliminate unnecessary and problematic plastic packaging (that cannot be reused or recycled);
- ensure 100% of plastic packaging is reusable, recyclable or compostable;
- ensure 70% of plastic packaging is effectively recycled; and
- ensure that there is an average of 30% recycled content across all plastic packaging.

Waste (kg)	Total
General waste generated	865 658
Waste recycled	3 878 890
Medical waste generated	77 096
Total	4 821 644

ENVIRONMENT (CONTINUED)



Managing electricity

We continue to face challenges with electricity supply interruptions. The current electricity crisis emphasises the importance of ensuring that energy consumption is well managed and monitored. Electricity supply is one of our identified business risks and we also understand that it is a shared resource between business and society. Active management of our energy consumption has become an integral part of driving sustainable growth, efficiency and financial savings across all our business.

Business unit	Consumption (Wh)	%
Claire's	63 728	0%
Clicks	85 670 317	81%
Clicks DCs	5 018 053	5%
Head office	2 487 163	2%
Musica	3 897 661	4%
The Body Shop	854 039	1%
UPD	7 437 122	7%
Total	105 727 236	100%

We have implemented energy management initiatives in our stores, distribution centres and at head office. The initiatives include the installation of a 400kWp solar PV system at the head office building comprising 1 298 modules installed over a rooftop area of 2 519 m², the group's ongoing implementation of LED technology in all operations and the installation of electronic meters that monitor energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not needed.

The benefits of these initiatives include improved management of electricity consumption, reduced energy costs and avoiding financial losses due to store closures during power outages.

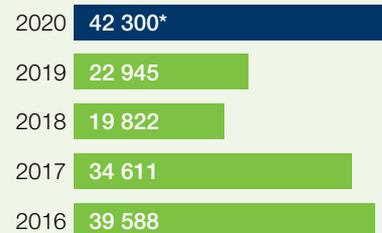


Managing water

We acknowledge that water is a critical shared resource. The business' primary use for water includes consumption, hygiene and sanitation purposes. Water quality is vital for Clicks' direct pharmacy operations as it is used for the provision of medical services such as meeting the regulatory requirement. Clean water is used by pharmacists and nurses for handwashing as well as cleaning equipment used to mix medication.

The head office uses municipal water, rainwater and borehole water. The air-conditioning plant at head office uses recycled water. This diverse supply allows Clicks head office to continue operations during water supply interruptions. Water risk is expected to increase for both direct and indirect operations, with water prices rising and increased frequency and length of water supply interruptions. Portable water is particularly relevant during droughts, which are expected to reoccur in the future. We also monitor our water withdrawals from our operations.

Total water usage in kilolitres



* Water restriction measures were relaxed due to the Covid-19 pandemic.