Welcome to your CDP Climate Change Questionnaire 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Founded in 1968, the Clicks Group is a leader in the South African healthcare market, in both retail pharmacy and pharmaceutical wholesaling. Clicks Group has been listed on the JSE Limited since 1996 and has a combined footprint of 870 stores, of which 49 stores are located in the neighbouring countries of Namibia, Botswana, eSwatini (formerly Swaziland) and Lesotho. Clicks also has 545 instore pharmacies and has one of the largest loyalty programmes in South Africa with over 8.1 million active ClubCard members which accounted for 77.6% of the group's sales.

The Clicks Group includes market-leading retail brands such Clicks, The Body Shop, GNC, Claire's and Musica. The Body Shop sells natural, ethically-produced beauty products and has been operated under a franchise agreement with The Body Shop International since 2001. GNC is the largest global speciality health and wellness retailer, and has been operated under an exclusive franchise agreement for southern Africa since 2014. In 2015 the Clicks Group concluded an exclusive franchise agreement with Claire's, one of the world's leading speciality retailers of fashionable jewellery and accessories for young women and girls. Musica is the country's top entertainment retail brand, which the Clicks Group acquired in 1992.

Click's United Pharmaceutical Distributors (UPD) is South Africa's largest full-range national pharmaceutical wholesaler and with a national presence. UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 200 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.

The focus of Clicks Group's strategy is on the health sector, to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. Energy is a small portion of the business however the Clicks Group remains committed to reducing energy consumption to ensure long term sustainability of the company.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	September 1, 2018	August 31, 2019	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Botswana
Eswatini
Lesotho
Namibia
South Africa

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	At Clicks, the responsibility for addressing climate-related issues lies with the Board Social and Ethics Committee as well as the Board Audit and Risk Committee. The Board Social and Ethics Committee is accountable and has the mandate to oversee the group’s sustainability performance, including climate change, resource consumption as well as waste management. The Board Risk and Audit Committee is responsible for overseeing risk management for the board, including climate change-related risks, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans is

	comprehensive, timely and relevant. The board committees make recommendations to the Board which is responsible for final decision-making. For example, the decision was made through the recommendation of the Board Social and Ethics Committee that, in order to further contribute to mitigating climate change in terms of emission reductions, the Group's focus will be placed on researching energy consumption initiatives on lighter packaging and reduced amounts of product packaging. As part of the recommendations by the Board Audit and Risk Committee, the decision was made to include severe weather events and the impacts on Clicks' supply chain as part of the Group's risk register.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The governance mechanisms selected contribute to the board's oversight of climate change issues, particularly as the board is instrumental in reviewing and guiding strategy development and implementation. For example, the board was instrumental in developing the short- and longer-term climate change targets and is therefore required to monitor performance against these targets. As such, the Clicks' board is responsible for allocating resources (such as capital expenditures) and reviewing innovation/R&D priorities. The governance mechanisms are employed by various board committees. The Board Social and Ethics Committee is responsible for the Group's climate change agenda. The Social and Ethics Committee is responsible for briefing the board, twice a year, on sustainability issues and has the mandate, amongst other things, to monitor climate-related activities within the group. The board is responsible for the oversight and delegation of specific responsibilities to board committees. The Social and Ethics Committee is a committee required by statute. The Social and Ethics Committee has an independent role and is governed by a formal charter. The committee assists the board in monitoring the group's

		activities in terms of legislation, regulation and codes of best practices relating to: ethics; stakeholder engagement, including employees, customers, communities and the environment; strategic empowerment and compliance with transformation codes. The board meets four times a year and twice a year with the Social and Ethics Committee. The Board Risk and Audit Committee is responsible for overseeing risk management for the Board. The Committee reviews and updates the risk register regularly, which contains current and emerging risks as well as risks associated with future strategic initiatives and identifying mitigating measures to address specific risks. This includes risks related to climate change. The board meets four times a year with the Audit and Risk Committee.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The highest-level management level positions with regard to climate-related responsibility rests with the CEO and the Group HR director.

i. Responsibilities:

- The role of the CEO is an executive position with top-level managerial decision responsibilities. The CEO approves the sustainability and climate-related strategies. The CEO is an executive member of the board is also accountable to the Board for the performance of sustainability and climate-related strategies and activities. The CEO delegates the implementation of these to the Group HR Director.
- The role of the HR Director is an executive management position with executive responsibilities. The HR Director reports directly to the Group CEO also a member of the Social and Ethics Committee. The Group HR Director is an invitee to the Audit and Risk Committee (which is a committee to the board) and attends the social and

ethics committee of the board by invitation. The Group HR Director ensures the correct and effective implementation of sustainability and climate change-related activities. In addition, the Group HR director is supported in monitoring climate-related issues by the Group Facility Manager, responsible for the implementation of climate-related initiatives at operational level. The position of the Facilities Manager is a senior management position and reports directly to the Chief Financial Officer and the HR Director.

ii. Rationale:
The responsibility for implementing, assessing and monitoring climate related issues lies with the CEO and Group HR Director because the Clicks' board and executive management work closely in determining the strategic direction and objectives of the Group. This is important as climate change issues can affect the company's strategy adoption, operations and value creation.

Clicks' board and management executives work closely in determining the strategic direction and objectives of the group. The reason that the responsibility for climate related issues lies with executives and senior management is because Clicks recognises that climate change issues are material concerns and are likely to affect the company's strategy adoption, operations and value creation.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	Achieving cost saving in the organisation through efficiencies helps the board to lower operating expenses in the organisation and achieving targets. This is then directly related to the executives' performance bonuses for the year.
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	The CEO is the most senior member and leader of the group executive committee. All the authority of the board that is conferred on management is delegated through the CEO, so that the authority and accountability of management is considered to be the authority and accountability of the CEO insofar as the board is concerned. The CEO and the group executive committee

			are responsible for the implementation and execution of the strategy and the on-going management of the business. . The CEO is required to report to the board at least on an annual basis in respect of the group's progress in achieving its goals and business objectives.
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	Achieving cost saving in the organisation through efficiencies, helps the board to lower operating expenses in the organisation and achieving targets. This is then indirectly related to the CFO's performance bonus for the year.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	This time period is in line with Clicks' budget allocations and incentives schemes, which are typically undertaken for one to three years into the future.
Medium-term	3	5	This is in line with Clicks' business and operational planning and prospects, which are typically undertaken for up to five years into the future.
Long-term	5	10	This is in line with Clicks' five- to ten-year strategic plans.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Due to the various divisions of the Clicks Group, different definitions of substantive financial impact are provided per the two major divisions (retail stores and distribution).
On a group level, the Clicks Group defines substantive financial impact when an area in which Clicks has stores becomes limited to water availability or does not have fresh water supply at all. This will affect the operations in the area and trading hours will be influenced to the extent that stores need to shut down and will lose revenue. A substantive financial impact in the group

is defined as a store closure for one week which will result in a loss of around R690 000 per store week. Store closure is the metric used as an indicator to quantify a substantive financial impact for Clicks' operations, which undermines Clicks' entire business. This definition applies to direct operations.
Further, if one of the Group's distribution centres are impacted by fresh water risks, the consequences to the operation of the entire business could be even more extreme. This will have a negative impact on the operation of the business as it could result in delays in product delivery or that stock cannot be delivered at all. This could cause products, which customers wish to purchase from the retail stores, to deplete. If a distribution centre is negatively impacted this will have a knock-on effect on the operations of the Group's business. The substantive financial impact to the distribution centres will impact, in a knock-on effect, the Group's direct operations.
The Group will also experience substantive financial impacts through their United Pharmaceutical Distributors (UDP) division. Substantive change for the UPD division is defined as when the company cannot deliver the necessary medication within the required time. UPD delivers medication to pharmacies, clinics and hospitals nationwide. Once UPD receives an order for medication, the medication has to be delivered within a 4-hour time frame of the order receipt otherwise UPD may lose clientele and thus its market share. An example of a substantive financial impact in this division is related to water related risks (such as lack of fresh water supply) which could prevent employees from coming to work, which could affect the UPD's ability to meet its required delivery time-commitments, which thus could substantively impact on its market share. The loss of market share as a result of delayed delivery is the metric to quantify a substantive financial impact for the UPD division. Substantive financial impact for UPD is defined as losing 0.1% market share which equates to R68 million. This applies to direct operations.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Medium-term

Description of process
The executive committee regularly reviews the Clicks Group risks and opportunities to firstly determine significant risks facing the Group based on the level of a substantive

financial impact these risks pose to the company, and in turn to ensure that mitigation strategies are being implemented by the business units.
Senior executives and line management within each business unit are accountable for managing risks and opportunities to achieve their financial and operating objectives. The Group internal audit division monitors the progress of the group and business units in managing risks and opportunities related to climate change using a risk register and reports its findings to the Audit and Risk Committee on a quarterly basis. A combined assurance model is used to mitigate and determine the residual risks.

Processes for identifying/assessing climate-related risks:
At a group level, climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment and management processes and are identified and assessed by the group executive, which is also responsible for designing and implementing the risk management process and monitoring progress. Risk management is very much embedded in the group's strategic business planning cycle and is monitored annually. The probability and impacts of identified risks are considered three to six years into the future. The executive reviews the risks to ensure mitigation strategies are implemented by business units. The board is responsible for the oversight of the risk management process and delegates responsibility to the audit and risk committee. The committee is responsible for ensuring the implementation of an effective policy and plan for risk. The audit and risk committee is supported by the Group internal audit division, which monitors the progress of the group and business units in managing risks. The Group internal audit division reports its findings to the audit and risk committee on a quarterly basis. An external auditor also reports to the audit and risk committee on identified risk matters.
At a facilities or asset level, each business unit reviews its risk register to assess the risks associated with the strategic and operational plans for the year ahead. This includes reviewing the previous year's risks, considering new risks and assessing the potential magnitude, impact and probability of identified risks. Workshops with all levels of management are also held to determine the relative significance of climate-related risks in relation to other risks. A Clicks' specific risk framework provides definitions of risk terminologies and sets out the risks that should be considered as part of the risk identification process. The potential risks and opportunities are updated annually to ensure relevant industry issues are considered.

Case study for physical opportunity:
Clicks' annual review of opportunities at group level. The company has identified water efficiency projects that it can implement to improve water efficiency and reduce the amount of municipal water needed based on its experiences from the past years in South Africa. This reduces Clicks' exposure to water shortages in future, ensuring that operations continue without interruptions. After identifying this opportunity and assessing the cost of inaction versus the cost of action, the group implemented water recycling initiatives such as a rainwater harvesting system at the Head Office. The group also recycles water at the head office from waste water which is captured from the head office building's air-conditioning cooling towers.

Case study for transitional risk:
At group level, our annual review of risks identified a financial, reputational, regulatory and environmental risk. Specific attention was given to ensure compliance with current and emerging regulations related to climate change. The risk was assessed on the level of significance in terms of substantive financial impact by considering the implication for Clicks, the Rand value, mitigation actions (to be) taken and calculating the risk's financial impact. Based on this assessment, the risk was ranked number five on Clicks' risk register. Current and future mitigation actions serve to keep track of progress in managing this risk.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulations are relevant because non-compliance could result in litigation costs and work stoppages, which could affect revenues. Furthermore, non-compliance to legislation could result in fines and penalties, criminal implications for directors and reputational damage which could affect investor confidence and the company's share price. An example of a Clicks-specific risk considered in our risk assessment process is the requirement of emission licences for our stand-by generators, else the company can face a fine of up to R5 million or imprisonment of five years. We therefore have atmospheric emission licences for all generators in all municipal areas. This risk is included in climate-related risk assessments through regular reviews of governance processes to align with regulatory changes and to reflect best practice. This creates value in managing and mitigating risks more effectively. Good governance is entrenched across the Group's entire business. Further, the Group has built strong and effective compliance structures and processes to support the effective functioning of these structures. This assists in preventing sanctions for non-compliance with regulation and to contribute to the sustainability of the business.
Emerging regulation	Relevant, always included	Legislative and regulatory changes could impact the business negatively. Emerging regulatory risks are considered by the internal legal department as they arise and when they are specific to Clicks' business. An example of risks associated with emerging regulations are included in the risk assessment process at Clicks is the perception by stakeholders or investors that Clicks is not committed or prepared for the transition to a lower carbon economy based on South Africa's Low Emission Development Strategy 2050, Changes in, for example, the transport and building sectors, waste disposal management, and the associated legislative/regulatory changes require Clicks to consistently

		assess the risks and how they could impact our business. The emerging regulation risk is included in climate-related risk assessments through continuously following carbon tax and other regulatory developments. Workshops on climate change related activities, including the carbon tax, are attended and commentary is provided to the NBI, who in turn communicates the feedback to the regulatory body of government. Further, emission reduction activities, such as the implementation of ongoing energy efficiency projects, are implemented each year and short-, medium- and long-term emission reduction targets set.
Technology	Relevant, always included	Technology risks are well managed in Clicks and are therefore only considered in the risk assessments when they arise in relation to a specific context. Technology risks are relevant because technology failures could reduce Clicks' ability to restore business operations. Clicks' technologies, such as the IT systems in retail stores, technical equipment in pharmacies, but also IT and security systems at UPD related to packaging and distribution, face physical climate change risks. A Clicks-specific example of this are floods or storms which could damage technical equipment and facilities and cause work stoppages. In order to prevent this risk from materialising, Clicks regularly reviews potential physical risks as part of strategic and operational risk registers that could impact on its technology-related operating efficiency.
Legal	Relevant, always included	Legal risks are relevant to the Clicks Group as physical climate change risks could lead to claims against Clicks if we are unable to distribute medication as per the service level agreements. For example, UPD provides an efficient healthcare supply chain channel for Clicks and also offers wholesale and distribution services to pharmaceutical manufacturers. Damage to important infrastructure (storage, buildings, power failure, IT system and/or roads) could lead to interruptions in the supply of medication. In turn, Clicks may be unable to meet their service level agreement for which claims may be laid against the Group. The physical climate risk of extreme weather events and potential impacts on the distribution of products and services is relevant in our risk assessment and Clicks is addressing this risk by undertaking regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies); investigating alternative transport routes to mitigate distribution risks relating to damaged/disrupted routes and installing solar PV panels at 60% of Clicks' stores. Clicks is further investigating installing new solar PV on its distribution centres in future.
Market	Relevant, sometimes included	Market-related climate risks are relevant as Clicks' and UPD occupy market-leading positions in the South African healthcare market and because of the Group's strive to be an ethical leader. This position

		could be impacted if our climate change mitigation actions lag behind our competition. For example, this risk is addressed in the risk assessment process through regular reviews of market-related risks and opportunities faced by Clicks in light of climate change impacts. Climate change is anticipated to bring about extreme weather events such as droughts and floods which could disrupt access to healthcare services and cause an increased strain on the healthcare sector. Clicks acknowledges this uncertainty posed by climate change impacts and has thus implemented the group-wide climate change policy to guide climate related decisions around large-scale healthcare market requirements and their response to the changing markets in like of climate change.
Reputation	Relevant, always included	Clicks' reputation, as a company that seeks to reduce its climate change impacts, influences investor confidence in the company, and thus this risk is relevant to the Group. Reputational risks are also relevant because they are impacted by legislative and regulatory changes, should Clicks not been seen to be compliant with regulations. An example of a Clicks-specific reputational risk considered in their risk assessment process is the non-compliance to their regulatory requirements relating to the Climate Change Bill and the Carbon Tax, which assist in paving a more sustainable, low carbon path in South Africa, which Clicks seeks to be at the forefront of in its sector. Understanding Clicks' liabilities will be key to preventing reputational risks. This risk is addressed by conducting regular risk assessments such as the Business Impact Analysis and by undertaking climate-related risk assessments. These processes analyse possible reputational risks on the business, so that plans can be put in place to mitigate such risks. The Group's climate change policy, risk governance policy, sustainability targets and the alignment of ESG practices with the Sustainable Development Goals (SDGs) of the United Nations (UN), helps to ensure that we maintain our reputation of being a responsible company and are perceived as such.
Acute physical	Relevant, sometimes included	Acute physical risks would have an impact on Clicks' product deliveries, as well as their stores and stock centres. For example, UPD delivers pharmaceutical supplies to customers but this could be disrupted due to damaged roads caused by various climatic events, such as floods. In addition, Clicks recognises that extreme weather events such as floods and fires can cause damage to stores, stock and distribution centres influencing sales and distribution. These physical risks have been included in our risk assessments by incorporating assessments of alternative routes for all main distribution routes currently used in the event of damaged/disrupted routes, to minimise the risk posed by the acute physical risks of climate change

		impacts.
Chronic physical	Relevant, sometimes included	Chronic physical risks are relevant because rising atmospheric temperatures and changes in rainfall patterns can result in drought conditions which could lead to water shortages for daily business operations. For example, the Clicks pharmacies, particularly pharmacists and nurses require to have access to warm, clean water to wash hands and equipment for mixing of medication. If there is increased freshwater scarcity, the clinics and pharmacies will be forced to close operations intermittently during these periods. Without water, Clicks pharmacies are not able to operate and therefore water shortages could result in lost productivity and in turn lost revenues. This risk has been included in the annual risk assessments in the dedicated water risk assessment undertaken in 2018, taking the risk events, causes/contributing factors and related consequences into account. The outcomes of the risk assessment processes provide insights into Clicks' water-scarce operational areas within South Africa and was used to devise a drought response plan during the water crisis in 2018 in the Western Cape. The related water management process is being monitored and this is informed by water risk assessment done by World Wide Fund for Nature (WWF) for the group.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Other, please specify

Decreased revenues from lower sales/outputs

Company-specific description

Based on climate change predictions from the IPCC Fifth Assessment Report and local climate projections (CSIR Green Book), temperatures are to increase, rainfall patterns to change and drought periods to become longer and drier in southern Africa. Already a water stressed region, these climatic changes will increase water stress in South Africa and neighbouring countries further, potentially leading to water shortages.
However, freshwater quality is vital for Clicks' direct pharmacy as it is a regulatory requirement for pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. If there is increased freshwater scarcity, then the clinics and pharmacies will be forced to close operations intermittently during these periods. Water availability is also a prerequisite to prevent the spread of disease. Scarce freshwater could therefore put the hygiene and sanitation of Clicks' employees (and customers) at risk, which could further increase risks of closure of operations. Water shortages as a result of changing weather patterns would impact on the ability of pharmacies and clinics to operate, having the ability to impact on the Clicks Group's direct operations and may therefore negatively impact sales and revenues.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

98,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The impacts of rising temperatures, changing rainfall patterns and longer and drier drought periods on Click's direct operations could result in a reduction of operational efficiency and could, at worst, result in the closure of stores. The impacts of such events are a reduction in revenues.
A full day's closure could pose a financial impact of approximately R 98 000 per store per day. This cost is calculated by dividing the total revenue in 2019 by the total number of stores (870) and dividing this by days operational in the year (365). There will also be an impact on employee and customer well-being which cannot be quantified financially.

Cost of response to risk

740,000

Description of response and explanation of cost calculation

Undertaking regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies) are examples of how the Clicks Group manages this risk. Physical risks are analysed with a view to putting mitigation plans in place. For example, Clicks continuously explores options to recycle/reuse or conserve water. Water boreholes and a rainwater harvesting system were installed at Head Office and the Cape Town Distribution Centre. The risk assessments also allow Clicks to assess contingency planning for extreme events at specific locations and assess new store acquisitions more carefully to mitigate risks.

The management cost is estimated to be R740,000. This consists of an ongoing cost to implement the platform to communicate risks (R240 thousand/year) and a once-off Business Impact Analysis assessment on risks of R500 thousand.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Other, please specify

Decreased revenues from lower sales/outputs

Company-specific description

Based on climate change predictions from the IPCC Fifth Assessment Report and local climate projections in South Africa (CSIR Green Book), weather events are generally more unpredictable and intense with precipitation events becoming more extreme. These are likely to follow prolonged periods of drought. This limits the ability of dried soil, vegetation and water ways to absorb large quantities of rain. Such events may therefore result in flooding. Flooding and storms can result in damages to strategic infrastructure (e.g. roads, ports). Damages to Clicks' distribution centres caused, for example, by flooding could constrain deliveries. Clicks would be unable to meet the service level agreement requirements of its distribution and/or courier clients, or process electronic fund transfers or medical aid authorisations. These impacts could also cause a disruption to sales. Inaccessibility of important transport routes to distribute Clicks' products and services. Further, the production of goods and materials that the Clicks Group sells could evenly impacted by acute physical climate risks and in turn the availability or quantities of these. This could further reduce sales and revenues. Floods and storms as a result of changing weather patterns would impact on the ability of Clicks to receive and distribute goods and services in order to operate efficiently, having the ability to impact on the Clicks Group's upstream value chain and may therefore negatively impact sales and revenues.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

8,900,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Because the Group insurance in respect of physical loss of or damage to property caused by storm, wind, water, hail or snow as insured perils does not insure against the likelihood of these occurring and therefore cannot provide a potential financial impact figure, the Clicks Asset Policy for the potential financial impact of this risk, which covers the insurance of these physical risks, determined the total potential impact figure at R8,900,000,000 (excl. VAT). This figure is based on the value the all Group assets hold. The likely timescales for this financial impact are three to five years.

Cost of response to risk

740,000

Description of response and explanation of cost calculation

An example of managing the risk is that Clicks finalised its Business Continuity Plan for the Head Office, regional offices, stores and distribution centres. Also, regular disaster recovery exercises are successfully performed for infrastructure and application recovery. In store procedures now cover short periods of interruption with limited transactions. Further, an IT platform to communicate risks, such as severe weather events, was implemented so that the different operations can be adequately prepared for impacts. Clicks also investigates alternative transport routes to mitigate distribution

risks relating to damaged/disrupted routes. The risk of material loss or damage in the distribution centres is managed by insuring goods.
The management cost is estimated to be R740 000. This consists of an ongoing cost to implement the platform to communicate risks (R240 thousand/year) and a once-off Business Impact Analysis assessment on risks relating to the call centres of R500 thousand.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Other, please specify

Reduced revenues from lower sales/output

Company-specific description

Based on climate change predictions from the IPCC Fifth Assessment Report and local climate projections in South Africa (CSIR Green Book), temperatures will increase, rainfall patterns change and longer and drier drought periods. Such climatic changes may result in severe weather events such as storms, floods and increased incidence of water scarcity. The national electricity utility, Eskom, is likely to be adversely impacted by heavy rainfall and water shortages/scarcity, affecting the generation of electricity (from coal) as well as the distribution of electricity in the event of floods and storms damaging the electrical transmission and distribution infrastructure. Interruptions in the supply of electricity and outages could follow.
Electricity cuts in turn could impact the supply of power to Clicks' distribution centres, stores, data centre and third-party providers. Clicks estimated that the financial impact of power risks related to challenges of supply at utility level, lightning strikes or damage to municipal infrastructure could impair the group's ability to trade, which would negatively impact sales and revenues.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

24,400,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The impacts of severe weather events on Click’s direct operations could result in loss of power to the head office datacentre, stores, distribution centres and third-party service providers, resulting in an inability trade normally. The estimated financial impact was calculated by assuming a failure in the Eskom electricity grid, impacting Clicks’ ability to power IT systems over an extended period (e.g. weeks) and the ability of stores and distribution centres to trade. The impact would be a reduction in sales and, in turn, impacts the revenues earned.

Assuming a R122m per month end peak trade, the daily financial impact of loss of trade would equal to R4.1 million. An Eskom grid failure with a trading downtime of 6 days would therefore be equivalent to a financial impact of R24.4 million.

Cost of response to risk

740,000

Description of response and explanation of cost calculation

Undertaking regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies) are examples of how the Clicks Group manages this risk. Physical risks are analysed with a view to putting mitigation plans in place. For example, Clicks manages the risk of power failures through the installation of solar PV at 60% of Clicks’ stores and Clicks is further investigating installing new solar PV on its distribution centres in future. Clicks also has installed an IT platform to communicate risks across the group, for example extreme weather events such as flooding, which assists the different operations mitigate or manage these risks. Another example is Clicks’ identification of alternative transport routes to mitigate distribution risks relating to damaged/disrupted routes. The risk assessments also allow Clicks to assess contingency planning for extreme events at specific locations and assess new store acquisitions more carefully to mitigate risks.

The management cost is estimated to be R740,000. This consists of an ongoing cost to implement the platform to communicate risks (R240 thousand/year) and a once-off Business Impact Analysis assessment on risks relating to the call centres of R500 thousand. The costs of exploring further solar PV options are undertaken in-house at this stage and are not associated with additional costs.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact

Other, please specify

Increased revenue through new solutions to adaptation needs

Company-specific description

The regions in which Clicks operates are at risk of increased vector-borne diseases and illnesses due to changing climatic conditions. Changes in climatic weather conditions may result in the spread of vector borne and other diseases such as Malaria that were previously not present in certain areas. In addition, the symptoms of illnesses such as flu and diarrhoea are strengthening or the effects thereof more prominent. According to the Department of Health (National Climate Change and Health Adaptation Plan 2014 – 2019), the capacity of hospitals and health facilities needs to be strengthened. Particularly addressing disease outbreaks resulting from extreme weather events. Clicks has the opportunity to develop climate adaptation solutions through the provision of new in-store clinics with qualified nurses that can administer medication, and provide life-saving support. Clicks Group may already have retail outlets in these areas, and therefore has the opportunity to adapt its existing infrastructure to offer the medical support in treating such diseases. Clicks could engage with people in the same way that the Group is engaging on family planning, by using the same channels with the Department of Health, should any climate induced health issues arise on a large scale, in areas that do not have the financial means to deal with such disaster.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

68,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Although the direct financial implication is difficult to quantify, it is likely that in the event of an increased uptake of Clicks' in-store clinic facilities by the broader community, the same people will also make purchases in the stores and thereby increase market share. These financial implications may be negligible as compared to the wider social benefits. However, even 0.1% increase in revenue in 2019 from such a speculative market may result in an additional R68 million per annum.

Cost to realize opportunity

10,200,000

Strategy to realize opportunity and explanation of cost calculation

Clicks Group's strategy to realise this opportunity includes investigating the probability and types of potential diseases that may be associated with climate change in the areas in which the group operates. Specific activities include exploring the training of clinic personnel so that they can deal with climate health impacts. The Group trains its employees, pharmacists and clinic nurses to show customers how to live a healthy life and look after themselves during illness. In addition, the Group administers free vaccines and consultations through its "Helping Hands" Programme to ensure healthy babies. Such consultations include vaccinations, (e.g. flu vaccines) as well as medical advice on diarrhoea.

The costs of market research and the training of staff are part of the Group's internal management costs which are required to run the business. The cost of the HIV, diabetes and heart disease testing, as well as the mom and baby family service as part of the Helping Hands in-health programme amounted to about R10 million. The cost of the free vaccinations and consultations through the Helping Hands Programme however costs Clicks around R200 000 on an annual basis. This totals to a cost of R10,2 million to realise this opportunity.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Clicks operates in water stressed areas and climate change projections indicate that the climate in southern Africa are likely to become hotter and even drier, increasing water stress. Water is important in our direct operations freshwater quality is vital for Clicks' direct pharmacy as it is a regulatory requirement for pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. If there is increased freshwater scarcity, then the clinics and pharmacies will be forced to close operations intermittently during these periods. Water availability is also a prerequisite to prevent the spread of disease. Scarce freshwater could therefore put the hygiene and sanitation of Clicks' employees (and customers) at risk, which could further increase risks of closure of operations.

Despite this, Clicks has the opportunity to implement water efficiency projects. For example, the group recycles water at their Head Office and has a rainwater harvesting system installed in order to reduce withdrawals from municipal supply and be partially operational for short periods when water is unavailable. The group also recycles wastewater at the head office, which is captured from the head office building's air-conditioning cooling towers. The water is used for flushing of toilets. Clicks only recycles water at their Head Office but could consider water recycling initiatives at other facilities. Clicks has installed rainwater harvesting tanks at some of its operations, which could be expanded upon in other operations.

These opportunities could improve water use efficiencies and reduce operational costs associated with water purchases. Furthermore, they will help improve Clicks' resilience to potential future water stress, thereby reducing the risks of operational inefficiency and loss of revenue. This will also improve water security at Clicks' corporate level. Due to the reduced dependence on water supplied by the municipality, the water previously supplied to Clicks could be made available to benefit other users in the host communities.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

98,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Water efficiencies provide an opportunity for Clicks to reduce their freshwater consumption costs and could also improve Click's resilience to climate change impacts such as drought. Clicks' facilities, particularly in-store pharmacies, require water to operate, being a regulatory requirement and ensuring the hygienic standards within pharmacies. Without water at these facilities, stores would have to close. The financial impact figure of R98,000/day provided above is the average loss in revenue per store closure, per day, which could occur in the event of extreme water scarcity. This cost is calculated by dividing the total revenue in 2019 by the total number of stores (870) and dividing this by days operational in the year (365).

Cost to realize opportunity

5,500

Strategy to realize opportunity and explanation of cost calculation

The response strategy to realise this opportunity includes the reduction of withdrawals from the municipal supply. For example, Clicks has installed boreholes at the Head Office and Montague Gardens distribution centre. The Clicks Group has also started harvesting rainwater in response to this impact which further reduces their withdrawals from the municipal supply. The group also recycles water at the head office from waste water which is captured from the head office building's air-conditioning cooling towers. Additionally, waterless hand sanitizers are placed in all bathrooms to ensure adequate hygiene precaution while reducing water consumption.

The cost of R5,500 is the cost per store for capital infrastructure investments, such as rainwater harvesting systems. During 2019 Clicks' water expenses included water reticulation piping and a water pressure improvement system, as well as borehole installations.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

In the regions in which Clicks operates, climatic conditions are projected to become hotter and extreme weather events such as droughts and floods are likely to increase the occurrence and survival of various diseases, as well as impact on the quality of potable water. This will result in the increase of vector-borne and other diseases. This in turn will present greater risk for human health. These circumstances provide various opportunities to Clicks to offer medication and products to its customers in order to deal with these circumstances. In many cases the products are ones that the Clicks stores already stock, but the demand thereof is increasing in towns with restricted water availability due to the extreme droughts in these areas. The main product ranges affected are bottled mineral water, waterless hand sanitisers, waterless beauty products, and diarrhoea and malarial medication. The opportunity exists for the Group to stock a wider range of products to meet the shift in consumer preferences and be a leading provider to meet the needs of such customers.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3,600,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The potential impact of 5% increase in the sales of diarrhoea and malaria medication and bottled water would increase revenues by approximately R3.6 million/year. This estimate figure is calculated by multiplying the number of products sold (diarrhoea and malaria medication and bottled water) in 2018 by the respective prices for these products, multiplied by 5%.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Clicks' strategy to realise this opportunity includes ensuring that its stores are stocked with the necessary products. In addition, Clicks could focus on encouraging preventative products to vulnerable customers to ensure that illnesses, such as diarrhoea or malaria, are not just treated but rather prevented. Company-specific activities to realise this opportunity include the education of nurses and pharmacists, to ensure the necessary skills are available to treat and support patients and their families. Clicks is also expanding its water-less product range, which currently includes waterless hand sanitizers and dry shampoo products. The stocking of bottled water is becoming a product in high demand due to increased awareness of contaminated tap water, which is causing sicknesses such as diarrhoea.
Calculating the cost of Clicks' strategy to realise this opportunity are part of the Group's internal management costs which are required to run the business. Thus no additional expenses will be involved to realise this opportunity.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.1c

(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?

Climate-related scenario analyses have not yet been used to inform Clicks Group's business strategy because this is a fairly new and developing discipline. Clicks Group does, however, expect climate-related scenario analyses to be relevant to the group business strategy in the future, and anticipates incorporating climate-related scenario analyses into the strategy. Nevertheless, Clicks' business strategy has been, and continues to be, influenced by climate-related issues as part of the group's long-term business goal to be a sustainable retailer. Clicks' continuous monitoring of their water usage and other water management process put in place as a response to drought in their regions of operation, as well as the water risk assessment conducted by the WWF, are planned to be used in future to inform Clicks' climate-related scenario assessments.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Clicks' business strategy has and continues to be influenced by climate-related issues because the Group's key long-term business goal is to be sustainable. Our strategy is to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. There are 4 focus areas: a) Building a trusted, accessible healthcare network; b) Empowering motivated, passionate people; c) Sourcing products that uphold the integrity of our brand; d) Lightening our carbon footprint. Focus area a) building a trusted, accessible healthcare network indicates Clicks' commitment to considering climate-related risks and opportunities around our products and services. The projected increase in severity and frequency of droughts and extreme weather events may lead to insufficient access to water and increases the likelihood in the occurrence and spread of diseases (see 2.4a, opp. 3). The need for and access to medication and products would in turn increase. A key opportunity to the Clicks Group's products and services is to provide medication and products to its customers to enable them to deal with insufficient

		water access and higher disease occurrence. This opportunity which was influenced by climate-related pressures was integrated into the Group's business strategy. The main product ranges affected are bottled mineral water, waterless hand sanitisers, waterless beauty products, and diarrhoea and malaria medication. Waterless products are becoming increasingly popular as people become more aware of their water consumption usage or due to their lack of water availability. Clicks also has the opportunity to develop climate adaptation solutions through the provision of in-store clinics with qualified nurses that can administer medication, and provide life-saving support (see 2.4a, opp. 1). We already have retail outlets in areas that will require such products and services, and therefore can adapt its existing infrastructure to offer the medical support in treating such diseases. Clicks could engage with people in the same way that the Group is engaging on family planning, by using the same channels with the Department of Health, should any climate induced health issues arise on a large scale, in areas that do not have the financial means to deal with such disasters. The time horizon associated with these opportunities is the short-term.
Supply chain and/or value chain	Yes	Clicks' supply chain could be at risk from increasing intensity and severity of extreme weather events. Specifically, the uninterrupted supply of electricity would be at risk (as reported in 2.3a, risk 3). Power interruptions could greatly impact on the Group's ability to trade. The Clicks Group has integrated this risk into its business strategy by pro-actively investing in operational alternatives to reduce electricity consumption from the grid. An example of climate change adaptation measures includes regular assessments of climate-related risks, such as the impact of climatic changes on our supply chain. Clicks has also begun investing in various mitigation measures such as the installation of new solar PV panels, which are installed at 60% of Clicks' stores. Also, an IT platform was installed across the Group to communicate risks such as extreme weather events. Clicks is further investigating installing new solar PV on its distribution centres in future. The time horizon associated with this opportunity is the medium-term.
Investment in R&D	Yes	Climatic changes have already led to more severe drought conditions and these are projected to continue to worsen in future. This has made waterless products increasingly

		popular, especially in areas in South Africa which experience severe drought conditions. Cape Town had suffered a spell of drought 2017/2018 and this showcased an increased demand in waterless hygiene products due to severe water constraints limiting the use of water for personal hygiene purposes. This presents an opportunity to Clicks and has influenced investments the Group made in that Clicks increases and diversifies the range of waterless products to effectively serve this need in the market. In this regard Clicks is increasing investment in research and development towards new private label products as part of its business strategy. The time horizon associated with this opportunity is the short-term.
Operations	Yes	The Clicks Head Office is located in the Western Cape area. This region had major water supply challenges due to the on-going drought in the Province. Clicks suffered direct water supply challenges to its head office as well as some distribution centres for over a month. As a result, day to day operations at head office, distribution centres and an estimated 120 stores in the region were impacted. Clicks Group considers possible capital losses due to declined sales and loss of revenue as part of its business strategy. A full day closure can cost approximately R 98,000 per store per day (as reported in 2.3a, risk 2). The business strategy thus makes provision for regular risks assessments to analyse and monitor physical risks to the business. As a result, operational improvements have been put in place in order to safeguard against these risks. These include a new rainwater harvesting system and boreholes that was installed at head office to support day to day operations. The time horizon associated with this opportunity is the medium-term.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital	Revenues: The Western Cape’s experience during the water crisis as a result of droughts led to substantially limited or even suspended water supply. This had impacted day to day operations at the Clicks’ Head Office, the

	expenditures Acquisitions and divestments Access to capital Assets Liabilities	distribution centres and an estimated 120 stores that are situated in the Western Cape. The impact of this water crisis resulted in a decline in sales and loss of revenue to the group. Because a full day's closure of a store can cost approximately R 98,000 per store per day, the Clicks Group's financial planning processes to mitigate such impacts therefore includes the procurement of additional water supplies, investments in water maintenance and capital items (such as water storage facilities) as well as the development of product lines that may better serve water constrained clients (e.g. waterless hand sanitisers) which may increase revenues. The time horizon for this covered in our financial planning is the short-term. Indirect costs: The South African carbon tax is expected to increase Clicks Group's operating costs in the medium- to long-term through increases in electricity costs post-2022. The National Energy Regulator of South Africa (NERSA) granted the struggling public enterprise, Eskom, permission to hike electricity tariffs in April 2019. This pushed up the price of electricity by 10-19.4%. It is still considering a further 15% hike. To mitigate the latter, Clicks continues to invest in replacing light fittings in stores, company-owned buildings and distribution centres with energy efficient lights. Electricity meters have also been installed to accurately measure electricity use per store in order to monitor and manage energy more effectively. These metering systems cost R850 000 per annum. The magnitude of impacts on operating costs is considered to be medium. The Clicks Group's financial planning processes to mitigate such impacts is therefore to provide for such costs in operational budgets. The time horizon for this covered in our financial planning is the medium to long-term. Capital expenditures: Clicks Group's capital expenditures have been, and will continue to be, impacted by climate change. The experienced drought conditions, especially in 2018 in the Western Cape, led to a water crisis during which Clicks suffered direct municipal water supply constraints to its head office building and some distribution centres. This resulted in the company needing to implement a number of mitigation options in order to continue day to day operations within a short-term and immediate timeframe. The group has several on-going water conserving initiatives in place which include the water boreholes installed at the head office and the Cape Town distribution centre as well as the rainwater harvesting system. The water withdrawals from the boreholes are monitored on a monthly basis. The group also recycles water at the head office from waste water which is captured from the head office building's air-conditioning cooling towers. This enables the head office to be partially operational when water is unavailable for short periods of time (three to

		four days). This initiative saves the business approximately 200 000 litres of water per annum. The time horizon for this covered in our financial planning is the short-term. Acquisitions and divestments: Extreme weather events in the Western Cape are expected to continue and intensify as a result of climate change. As such, Clicks Group may consider divesting in operations in the Western Cape. The potential impact of divestments in the regions would be a reduction in group revenues and potentially share price, which would affect the Clicks Group financial planning process (e.g. could reduce ability to access capital). A possible time horizon for this impact would be the long-term, depending on the extent and timing of the extreme events. Access to capital: Clicks Group values the views and insights of investors. The Group continues to engage with investors and addresses issues such as store and pharmacy expansion plans, the regulatory environment as well as capital management. In this regard risks associated with the Carbon Tax and upstream cost increases and the changing regulatory environment in relation to mandatory GHG reporting are key discussion points. Failure to comply with mandatory GHG reporting regulations could impact on investor confidence and limit access to capital. These regulatory risks will impact financial planning and access to capital in the medium-term. Similarly, increasing water pressures and utility costs which could have financial impacts on expansion plans of the Group, could negatively impact investor opinion. A possible timescale for this impact included in the financial planning would be the short-term, as mandatory GHG reporting is required on an annual basis. Assets: The largest current asset for the Clicks Group is its inventory. As such, the safe storing of products and medication is critical. If one distribution centre were to be damaged as a result of extreme weather, the cost of the stored products damaged in the centre could cost billions to replace. Additionally, cooling requirements for distribution centres and warehouses are also important, and also energy intensive. The Clicks Group's financial planning therefore considers future impacts on electricity costs (e.g. increased due to the Carbon Tax, Eskom debt) and measures to reduce short- to medium-term (e.g. insuring goods) as well as medium-to long-term impacts (e.g. the implementation of energy efficiency projects). The time horizon for this covered in our financial planning would be the short- to long-term, depending on when certain Carbon Tax-related phases will impact the cost of electricity. Liabilities Damage to important infrastructure (storage, buildings, IT system and/or roads) could lead to interruptions in or the inability to supply of

		medication. In turn, Clicks may be unable to meet their service level agreement and owe such services to its clients. Clicks' obligation to provide paid products would be affected. In response to the possible impact on Clicks' liabilities is to undertake regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies); investigating alternative transport routes to mitigate distribution risks relating to damaged/disrupted routes and installing solar PV panels at 60% of Clicks' stores which can power the IT systems over an extended period (e.g. weeks) in case of power failures. The time horizon for this impact covered in our financial planning would be the medium-term.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Metric tons CO2e per square meter

Base year

2015

Intensity figure in base year (metric tons CO2e per unit of activity)

0.19

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2030

Targeted reduction from base year (%)

10

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.171

% change anticipated in absolute Scope 1+2 emissions

10

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.186

% of target achieved [auto-calculated]

21.0526315789

Target status in reporting year

Underway

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

This is a longer term target for the Clicks Group. It is a financial year target to be reached in 2030. Clicks Group commits to reducing its Scope 1 and Scope 2 GHG emissions intensity by 10% per m2 by 2030. This is a further 5% beyond the Int1 target reported by 2020. This target is relative to 2015 levels of 0.190 tCO2e/m2. The target would reduce GHG emissions to 0.171 tCO2e/m2. Clicks is progressing well on this target, having already achieved the target intensity.

Clicks is currently revising their greenhouse gas emission targets for their operations.

Target reference number

Int 2

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Metric tons CO2e per square meter

Base year

2015

Intensity figure in base year (metric tons CO2e per unit of activity)

0.19

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

5

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.1805

% change anticipated in absolute Scope 1+2 emissions

5

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.186

% of target achieved [auto-calculated]

42.1052631579

Target status in reporting year

Underway

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

This is a financial year target to be reached in 2020. Clicks Group commits to reducing its Scope 1 and Scope 2 GHG emissions intensity by 5% per m2 by 2020. This target is relative to 2015 levels of 0.19 tCO2e/m2. The target would reduce GHG emissions to 0.18 tCO2e/m2. Clicks has achieved this target in 2018 which is ahead of the target year.

Clicks is currently revising their greenhouse gas emission targets for their operations.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2016

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: energy carrier

Electricity

Target type: activity

Production

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

kWh

Target denominator (intensity targets only)

Other, please specify

Total energy consumption in kWh

Base year

2015

Figure or percentage in base year

0.0013

Target year

2020

Figure or percentage in target year

0.015

Figure or percentage in reporting year

0.0061

% of target achieved [auto-calculated]

35.0364963504

Target status in reporting year

Underway

Is this target part of an emissions target?

Int1
Int2

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

This is an energy production based renewable energy target. In the base year of 2015, the Clicks Group installed solar PV at its head office. The plant was operational for only 2 months of the year, producing about 110MWh of electricity in this period, which accounts for 0.13% of the base year energy generation. The plant is able to produce about 1320MWh of electricity in a year which accounts for 1.56 % of the base year energy generation. Assuming that the Group maintains a constant electricity consumption profile up to 2020, it is targeted that renewable energy (from solar PV installations) will also maintain the 1.5% of the Group's electricity requirements. The Group has the target to double its renewable electricity generation capacity between 2015 and 2020.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	4	3,157
Implementation commenced*	2	1,831
Implemented*	1	617
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

617

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,121,992

Investment required (unit currency – as specified in C0.4)

5,040,000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

Clicks has begun lighting retrofits at its stores to reduce emissions associated with their electricity consumption. This forms part of an overarching retrofit initiative that ends in 2023.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	When implementing new technology, the Group makes sure that it is in line with the energy efficient building standards such as SANS204.
Dedicated budget for energy efficiency	Budget has been allocated for energy meters, energy efficiency projects and consolidation of electricity feeds into the building.
Dedicated budget for other emissions reduction activities	Waste separation bins for the head office and waste recycling contracts to the distribution centres have been budgeted for and are being implemented.
Employee engagement	Continued communication to employees through the internal magazine, emails and environmental committee is carried out to ensure employees are conscious of energy consumption, and environmental aspects and impacts.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

5,255

Comment

Scope 2 (location-based)

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

86,811

Comment

Scope 2 (market-based)

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

86,811

Comment

The Scope 2 market based emissions have been restated to correctly use the market based approach. This ensures that a like-for-like comparison can be made with the reporting year's emissions

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

3,262

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

The Clicks Group has solar PV installed at its Head Office which supplies clean electricity to its offices. As such the Group is reporting both a location-based and a market-based figure.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

110,203

Scope 2, market-based (if applicable)

109,532

Comment

The Clicks Group acquired renewable energy through a solar PV installation. There are no scope 2 emissions associated with the PV installation (market based electricity) as it is a renewable energy facility. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the FY19 period and is based in the same geographical location and grid boundary in which the Group operates in.
The location based emission differ from the emissions reported in the Sustainability Report due to the inclusion of the low carbon electricity in accordance with the GHG Protocol guidance on Scope 2 accounting.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

The following Clicks' entities were excluded: Kalahari Direct, Musica Distribution and Medicross and Netcare Pharmacies

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

Emissions from Kalahari Direct, Musica Distribution, Medicross Pharmacies and Netcare Pharmacies were considered to be immaterial and are therefore not relevant. The portions of emissions which they represent are much smaller in comparison to the overall Group's emissions. This is due to shared distribution centres with other retailers.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

37

Emissions calculation methodology

Clicks has calculated the emissions associated with their purchased water.
Activity data: The volumes of water purchased in litres.

Emissions factors: The emission factor was obtained from “Friedrich, Pillay & Buckley 2007 "The use of LCA in the water industry and the case for an environmental performance indicator." Water SA, Vol. 33“ and equates to 0.000925kgCO2e/ kilolitre. The emissions were calculated by multiplying the activity data with the emission factor after converting the activity data into kilolitres.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

The upstream emissions from all the products sold by Clicks are not accounted for. Emissions embedded in all other purchased goods would contribute significantly to Clicks' scope 3 emissions. However due to complexity of such LCA based data, Clicks has not managed a complete calculation at this stage. Clicks hopes to include more data in this scope 3 emission source in the future.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

Capital goods are not an inherent part of Clicks’ business as it does not have significant manufacturing facilities. The capital goods that are owned by Clicks, such as forklifts, are not material.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Please explain

These emissions were assessed and deemed not relevant as they fall below the materiality threshold of 5% of the scope 3 emissions.
Due to the nature of Click’s business the emissions associated with the transportation in its value chain are much larger than the emissions related to the production of the fuel Clicks consumes.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8,782

Emissions calculation methodology

All 3rd party distribution from distribution centres to all stores country-wide was included in this calculation.

Activity data:
The total km travelled were collected for the various types of road vehicles.
Emission factors:
Freighting emissions factors were sourced from DEFRA 2019.
The specific emission factor for each vehicle in the category was allocated then multiplied to its respective distance (km).
Primary data sets (in km) were used to calculate the distribution related emissions, with only the emission factors being sourced from DEFRA databases which are based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Please explain

The emissions associated with waste generated in operations was deemed not relevant based on an assessment conducted. These emissions are not material when compared in magnitude with the other Scope 3 emissions.

Business travel

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

1,152

Emissions calculation methodology

Business travel comprised of air travel and rental vehicles. All flights were recorded by Clicks' travel agents.
Emission factors: DEFRA (2016) emission factors for short and long haul flights were used, differentiating between economy and business class. As a conservative approach, a factor of 9% was included on all distances. Radiative forcing was included in estimating these emissions. For rental vehicles, vehicles were classified as small, medium or large petrol engines, and the DEFRA emission factors were applied.
Activity data: All flight and taxi data used comprised primary data (in km travelled). However emission factors were from DEFRA databases, based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the

ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8,831

Emissions calculation methodology

In 2016 an employee commute survey was again undertaken to determine the modes of transport and distances travelled by employees. Leave days and holidays were omitted, and results were extrapolated across all full time employees to obtain the totals of kms travelled by each mode. These included a combination of office staff and store based staff. Office staff tends to drive single occupancy privately owned cars, as opposed to employees at shops and distribution centres who may rely primarily on the more efficient public transport modes. The results of the survey were used in the 2019 calculation.
Activity data:
The activity data for this calculation consisted of the employee numbers for the year and the results of the survey regarding the transport modes.
The DEFRA (2019) emission factors were multiplied to the kms travelled by each transport mode to yield total emissions. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

50

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Clicks does not have any upstream leased assets.

Downstream transportation and distribution

Evaluation status
Relevant, not yet calculated

Please explain
Downstream transport is relevant to all Clicks' products. Estimating these emissions is complex due to the large number of customers involved.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Please explain
The Clicks Group does not sell products that required processing.

Use of sold products

Evaluation status
Relevant, not yet calculated

Please explain
There are emissions associated with the use of some of Clicks' products however these emissions have not been calculated at this time.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Please explain
The emissions from this category were evaluated and fell below the materiality threshold of 5% of Scope 3 emissions. These emissions are therefore deemed not relevant based on the magnitude criteria in the GHG protocol standard.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Please explain
Clicks Group does not have any downstream leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Please explain
Clicks Group does not franchise any outlets.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Investment is not a core function of the Clicks Group.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Clicks Group does not have any other upstream sources of emissions.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Clicks Group does not have any other downstream sources of emissions.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000052

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

113,465

Metric denominator

unit total revenue

Metric denominator: Unit total

21,801,293

Scope 2 figure used

Location-based

% change from previous year

64

Direction of change

Increased

Reason for change

The Clicks Group experienced an increase in Scope 1 and 2 emissions of 15% as well as a decrease in revenue of 30%. The increase in emissions is primarily due to the increased floor area resulting in higher electricity consumption in the reporting year.

Intensity figure

0.1861

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

113,465

Metric denominator

square meter

Metric denominator: Unit total

609,782

Scope 2 figure used

Location-based

% change from previous year

8

Direction of change

Increased

Reason for change

The Clicks Group experienced an increase in Scope 1 and 2 emissions of 15% and an increase in floor area of 6%. The increase in emissions is primarily due to the increased floor area resulting in higher electricity consumption in the reporting year.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2,055	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	3	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	1,185	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	19	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	3,262

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division
By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Clicks	993
Musica	75
Bodyshop	19
Head Office	130
Distribution Centres	205
CDM	0
UPD	1,840

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Company owned vehicles	1,781
Fugitive emissions	1,185
Stationary fuel combustion	296

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
South Africa	106,553	105,882	101,809	645
Botswana	641	641	665	0
Eswatini	549	549	569	0
Namibia	2,393	2,393	2,482	0
Lesotho	67	67	69	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division
By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Clicks	88,049	88,049
Musica	4,781	4,781
Bodyshop	960	960
Head Office	3,378	2,707
Distribution Centres	5,155	5,155

CDM	0	0
UPD	7,880	7,880

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity consumption	110,203	109,532

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	31	Decreased	0.03	The Clicks Group obtained more electricity from renewable energy in the reporting year resulting in a reduction in emissions. This was calculated by multiplying the change in renewable energy consumption by the relevant grid emission factor. This results in the emissions saved. The decrease was then calculated as follows: Decrease = Savings in 2019 /Overall emissions in 2018 x 100 Therefore % decrease = 31/98352 x 100 = 0.03%
Other emissions reduction activities	1,339	Decreased	1.4	The Clicks Group has implemented an emission reduction activity to increase their energy efficiency at their facilities. This entails a lighting retrofit to install LED lighting at Clicks' stores and UPD

				centres. This project resulted in a 1.4% decrease in emissions in the reporting year. The decrease was calculated as follows: Decrease = Savings in 2019 /Overall emissions in 2018 x 100 Therefore % decrease = 1339/98352 x 100 = 1.4%
Divestment				No divestments in the reporting year
Acquisitions				No acquisitions in the reporting year
Mergers				No mergers in the reporting year
Change in output	6,921	Increased	7.04	The Clicks Group grew in the reporting year by an average of 6% when looking at floor space. Increased floor space is directly linked to an increase in scope 2 emissions. When assessing this increase over total scope 1 and 2 emissions, it is calculated that this increase in floor space resulted in a 7.04 % increase in overall emissions. The increase was calculated as follows: increase = Savings in 2019/Overall emissions in 2018 x 100 Therefore %decrease = 6 921/98 352 x 100 = 7.04%
Change in methodology	9,562	Increased	9.72	The grid emission factor for South Africa was updated to the latest published grid emission factor by Eskom in their IAR19. This resulted in a 9% increase in the emission factor used to calculate the scope 2 emissions. The change in emissions was calculated by multiplying the electricity consumption in MWh by the change in emission factors with units tCO2e/MWh. The emissions value was then calculated in accordance with the guidance as follows: Value = Change in emissions/Previous years scope 1 and 2 emissions X 100. Therefore the emissions value is: Value = 9 562/98 352 X 100 Value = 9.72%
Change in boundary				No change in boundary was experienced

Change in physical operating conditions				No change in physical conditions impacted on the Clicks operations.
Unidentified				No unidentified changes in Clicks Groups emissions.
Other				There were no other changes identified in Clicks scope 1 and 2 emissions

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	8,158	8,158
Consumption of purchased or acquired electricity		0	105,594	105,594
Consumption of self-generated non-fuel renewable energy		645		645
Total energy consumption		645	113,752	114,397

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

4,791

MWh fuel consumed for self-generation of electricity

1,164

MWh fuel consumed for self-generation of heat

3,627

Emission factor

2.687

Unit

kg CO2e per liter

Emissions factor source

DEFRA Factors 2019, Department of Energy and Climate Change, UK Government, GHG Conversion Factors for Company
Reporting: Methodology Paper for Emission Factors

Comment

The fuel consumed figures reported under the MWh consumed for heat generation relates to consumption for mobile combustion in company owned vehicles.

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3,368

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

3,368

Emission factor

2.315

Unit

kg CO2e per liter

Emissions factor source

DEFRA Factors 2019, Department of Energy and Climate Change, UK Government, GHG Conversion Factors for Company
Reporting: Methodology Paper for Emission Factors

Comment

The fuel consumed figures reported under the MWh consumed for heat generation relates to consumption for mobile combustion in company owned vehicles.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,809	1,809	645	645
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Other, please specify

On site installation owned by Clicks

Low-carbon technology type

Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Africa

MWh consumed accounted for at a zero emission factor

645

Comment

The Clicks Group acquired renewable energy through a solar PV installation. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the 2019 period and is based in the same geographical location and grid boundary that the Group operates in.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

85

Metric numerator

% of waste recycled

Metric denominator (intensity metric only)

% change from previous year

Direction of change

Please explain

The Clicks Group tracks the percentage of its waste that is recycled. Due to the nature of Clicks’ business not all of its waste can be recycled. Medical waste is required to be incinerated rather than recycled.
This is the first year that Clicks is reporting this metric.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place

Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
1
Clicks_GHG_Verification_Opinion_20191111.pdf

Page/ section reference
Pages: 1-3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

1

Clicks_GHG_Verification_Opinion_20191111.pdf

Page/ section reference

Pages: 1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3 (upstream & downstream)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

Clicks_GHG_Verification_Opinion_20191111.pdf

Page/section reference

Pages: 1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

South Africa carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

South Africa carbon tax

Period start date

June 1, 2019

Period end date

August 31, 2019

% of total Scope 1 emissions covered by tax

16

Total cost of tax paid

15,800

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The South African Carbon Tax was implemented on 1 June 2019. Liable companies are required to pay tax on greenhouse gas (GHG) emissions that were emitted over the period 1 June 2019 – 31 December 2019. Clicks is only paying indirectly on its scope 1 emissions through petrol and diesel. The Group's remaining emissions remain below the taxable threshold.

Although Clicks is currently not liable for carbon tax payments, the Group continuously aims to reduce its environmental and carbon footprint. Clicks' strategy for complying with the South African Carbon Tax is to continuously follow carbon tax developments. Workshops on climate change-related activities, including the carbon tax, are attended and commentary is provided to the NBI, who in turn communicates the feedback to the regulatory body of government. Further, emission reduction activities, such as the implementation of on-going energy efficiency projects, are implemented each year and short-, medium- and long-term emission reduction targets are set.
We have applied this strategy by setting a medium-term target to reduce emissions by 5% from 2015 levels, by 2020. Clicks' long-term target is to reduce emissions by 10% from 2015 levels, by 2030. Clicks Group commits to reducing its Scope 1 and Scope 2 greenhouse gas (GHG) emissions intensity by 10% per m2 by 2030. This is a further 5% beyond the Intensity 1 target reported by 2020. This target is relative to 2015 levels of 0.190 tCO2e/m2. The target would reduce GHG emissions to 0.171 tCO2e/m2. Further, Clicks has adopted other emissions reduction initiatives such as the vehicle replacement programme (through its UPD division). This focuses on route optimisation and limits driving at 80 km/h or below, to save fuel and reduce emissions. Clicks is progressing well on this target, having already achieved the target intensity. It is also in the process of fitting lighting retrofits at its stores to reduce emissions associated with their electricity consumption. This forms part of an overarching medium-term retrofit initiative that ends in 2023. Currently, the group is currently revising GHG emission targets for its operations.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our customers

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Clicks engages with all its customers via in-store communications and messaging as well as through the Clicks mobile app. The rationale for targeting all customers is to drive the most amount of change exposure for such products and make our customers aware of climate-friendly products

Impact of engagement, including measures of success

The impact of the climate-related engagement strategy with customers (i.e. the advertising of climate-responsible products and driving change through the implementation of climate responsible initiatives) create environmentally aware and conscious customers. For example, Clicks has made good progress in developing environmentally friendly, private label products offering innovative product, packaging and sourcing alternatives. This includes the “Good Earth” product range. An on-pack recycling label (“Recyclable”) appears on all private label products to inform consumers to reduce landfill with recyclable packaging. Clicks additionally also stocks a range of energy-efficient products such as induction cookers, power banks and USB rechargeable products for customers as a means of promoting energy-efficiency practices. Further work will continue to implement the on-pack recycling labels unified with other retailers for improved customer education.

Clicks’ measure of success related to this engagement is an increase in sales of the environmentally responsible products.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

Other

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

The National Business Initiative (NBI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

As one of the regional partners to the World Business Council for Sustainable Development (WBCSD), the NBI provides a platform for business leadership and a vision of how companies can contribute to shaping and achieving a sustainable society. The NBI facilitate workshops where new regulations are discussed with interested parties like the Clicks Group and the feedback given is communicated to the regulatory body of government. In this way the NBI plays a guiding role that assists industry in gearing up for any pending climate change legislation.

How have you influenced, or are you attempting to influence their position?

The Clicks Group attended a workshop on carbon markets focusing on Article 6 of the Paris Agreement and global trends on carbon pricing. Clicks also took part in Deloitte carbon tax training workshop. In this way Clicks Group has contributed in influencing legislation.

Trade association

Sustainability Retailer Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The forum sees climate change as a real issue in terms of sustainability as a whole, and it aims to use collaboration in the retail sector to share information on climate-friendly, and emission reducing initiatives, so that retailers can be motivated into action.

How have you influenced, or are you attempting to influence their position?

The Clicks Group has attempted to influence the position of the Sustainability Retailer Forum through actively sharing information and communicating potential ways that retailers can reduce the company's carbon footprint. Clicks Group is sharing its best practices, and in the same way learning from other best practices. For example, one of the initiatives is the auditing and assessing of suppliers for procurement of products. A second example is the industry standards which are required to be followed in order to comply within the sector. Clicks is also in the process of signing up with SEDEX. Clicks is sharing its information and research on energy consumption initiatives on lighter and less packaging of products which all links to mitigation of climate change in terms of emission reductions.

Trade association

Advisory Committee on Environment and Society

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

This committee allows for companies to get together to discuss the latest trend in the climate change and environmental space and it informs and gives feedback on activities.

How have you influenced, or are you attempting to influence their position?

During the committee meetings the developments of the carbon tax in South Africa, implemented on 1 June 2019, were discussed along with the most recent carbon footprint auditing standards. In addition, the most recent governmental documentation/ papers on climate change and energy management plans were analysed. Clicks participates and attempts to influence in association's view through the commentary it delivers.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

The company attends the City of Cape Town Energy Efficiency Forum on a quarterly basis to understand what is happening in the energy industry and what new innovative products other businesses use that work, attended a Deloitte workshop on carbon tax and various NBI events on climate change. Accelerate Cape Town also hosts several events each year in partnership with KPMG on different sustainability topics which the Clicks Group attends. The engagements are based on attendance at forums and workshops, and are related to various environmental, and climate change topics. Clicks Group has implemented various awareness initiatives through WWF and internal engagements with employees. Through the above engagements the group has learned a lot and implemented many of these activities including a rain-water harvesting system, on demand taps in bathrooms in Head Office, energy meters in stores, route optimisation of distribution vehicles, purchasing of more energy efficiency trucks, heat pumps in the head office building, removal of all conventional geysers, installation of energy efficient LED lights and the installation of a Solar PV plant of 400 KW on the Group's Head Office building.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

All policy engagement processes are reviewed at board meetings. The board meetings include those held by the Audit and Risk committee and the Social and Ethics committee. All the policies for the Group are reviewed every 3 years. Through these board meetings the Group's climate change strategy and position on related policies are discussed. In addition, Clicks participates in the disclosure of environmental, social and governance (ESG) information for processing for the FTSE
Russell Responsible Investment Index annual assessment. This has further contributed to a more robust sustainability reporting process and in turn ensuring the alignment of our direct and indirect activities with our policies. The company members who attend the trade association meetings are employees of Clicks who either sit on the executive committee of the committees mentioned or report directly to the executive committee and/or board. These employees are thus fully aware of the climate change strategy of the Group and are directly involved in the company's position of the various climate change related policies.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

1

Clicks-SR-2019.pdf

Page/Section reference

Page: 58-65

Content elements

Emissions figures
Emission targets
Other metrics

Comment

In line with the JSE listing requirements and the Group's commitment to being a market leader of climate-friendly and sustainable beauty and healthcare products, Clicks outlines its emissions and other environmental performance annually in its sustainability report.

Publication

In mainstream reports

Status

Complete

Attach the document

1

Clicks-IAR-2019_online.pdf

Page/Section reference

Page: 56-79 (Governance)
Page: 14-15 (Strategy)
Page: 24-41 (Leadership and performance)
Page: 17 (Value-creating business model)

Content elements

Governance
Strategy
Other, please specify
Leadership and performance; Value-creating business model

Comment

In line with the JSE listing requirements and the Group's commitment creating value through good governance, Clicks outlines information about the company's governance and strategy in its integrated annual report.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group HR Director	Board/Executive board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms