

Environmental OVERVIEW



Carbon emissions (CO₂)

146 873 metric tonnes

2020: 143 706 metric tonnes
2019: 132 365 metric tonnes
2018: 117 176 metric tonnes

Carbon Disclosure Project – performance band

A

2020: A-
2019: A-
2018: A-

FTSE4Good Index

Included

2020: Included
2019: Included
2018: Included

Carbon emissions intensity target

10% reduction by 2030



Environmental OVERVIEW

2021 HIGHLIGHTS

Our goal is for 100% of plastic packaging to be reusable, recyclable or compostable by 2025.

We are a founding member of the SA Plastics Pact, which is a commitment to create a circular economy for plastics. In addition to ensuring that 100% of packaging is reusable, recyclable or compostable by 2025, the Pact also requires the elimination of unnecessary and problematic packaging through redesign, innovation or reuse models, that 70% of plastic packaging is effectively recycled, and that there is an average of 30% recycled content across all plastic packaging by 2025.

Our goal is to reduce our carbon emissions intensity by 10% by 2030.

We received A ratings in the voluntary Carbon Disclosure Project (CDP) for 2018, 2019, 2020 and 2021.

Every year, we share our environmental, social and governance (ESG) credentials for the FTSE4Good Index assessment.

Our goal is to reduce water consumption at our head office and three distribution centres by 5% by 2030.

At Clicks head office, we use water from diverse sources including borehole, rain and recycled water to reduce our dependence on municipal water.

Our goal is to reduce energy consumption by 5% by 2030.

At Clicks head office, solar power reduces our reliance on non-renewable energy sources.

We have installed energy-saving LED lights in all of our stores across the country.

BIODIVERSITY STATEMENT

Our commitment to reducing the impact we have on the environment and biodiversity in which we operate is echoed throughout our responsible business model.

Clicks Group minimises impact on diversity and environment throughout our retail and logistics value chain.

In order to reach this commitment:

Supply Chain	<ul style="list-style-type: none"> Assess the ESG awareness of our supply chain and continue to source sustainable products throughout our supply chain
Carbon Emissions	<ul style="list-style-type: none"> Science-based targets for carbon emissions reductions CDP
Biodiversity and environment	<ul style="list-style-type: none"> Integrated pollution control Climate Change Policy
Waste reduction and stewardship	<ul style="list-style-type: none"> More stringent waste management plan, including targets to 2030

Throughout our commitment, it is critical to engage with stakeholders frequently. Our engagements will further develop action plans, to help avoid, reduce or mitigate our impact on biodiversity and the environment. Meeting our commitment is a necessary step as we continue to operate within the boundaries of the planet and sustain long-term growth.

“Our commitment to reducing the impact we have on the environment and biodiversity in which we operate is echoed throughout our responsible business model.”

TASK FORCE RECOMMENDATIONS ON CLIMATE-RELATED CLIMATE DISCLOSURES

Clicks has acted proactively to address climate change in our business practices. This is especially clear when assessing our CDP responses, where an “A” score was given in 2021. In this financial year we have considered our mainstream reports to assess their completeness in accordance with the TCFD recommendations. Work related to this included a gap analysis to identify areas for improving disclosure regarding climate change within Clicks’ governance, strategy, risk management, and metrics and targets reporting. These efforts serve to communicate Clicks Group’s commitment to climate change-related risks to our investors. Clicks is busy considering an action plan in line with the TCFD-recommended climate roadmap and a more detailed assessment of the emissions related to our value chains.

The Clicks TCFD readiness and alignment assessment is reflected below:

Category	% requirement met
Governance	
Describe the board’s oversight of climate-related risks and opportunities.	 17%
Describe management’s role in assessing and managing climate-related risks and opportunities.	 50%
Strategy	
Has Clicks identified climate-related risks and opportunities over the short, medium and long term?	 50%
Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios.	 17%
Risk management	
Describe the organisation’s processes for identifying and assessing climate-related risks.	To be reviewed in 2022
Describe the organisation’s processes for managing climate-related risks.	 25%
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.	To be reviewed in 2022
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	 83%
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	 100%
Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	 50%

TCFD readiness and alignment

The group has commenced with the process of evaluating its operations against the recommendations of the TCFD in order to inform our board on the actions that need to be taken to ensure that Clicks deploys both mitigation and adaption strategies in response to areas where the organisation has a potentially material exposure to climate risk. We understand that any failure to disclose material issues that could impact the company’s financial position can be considered a contravention of South Africa’s Companies Act. The TCFD process will assist the group’s directors to ensure that we accurately reflect any material climate change-related matters that may affect the business.

Based on the assessment, it was noted that Clicks has acted proactively to address and integrate climate change risks in its business practices. This is evident in the group’s CDP response. The recommendations going forward include:

- Clicks is to set a science-based target (SBT) for the GHG emission reductions;
- Clicks is to include climate change criteria and information-gathering mechanisms as part of its procurement practices;
- Clicks is to conduct a climate change scenario analysis to assess and manage the risks posed by climate change; and
- Clicks is to develop a mechanism for reporting the financial impacts of climate change in the mainstream filings.



“Through the setting of previous GHG emission targets, the group has gained valuable know-how and experience which has helped shape the organisation’s climate change strategy going forward.”

CARBON FOOTPRINT – PERFORMANCE/PROGRESS ACCORDING TO SBTis

In line with the Paris Agreement of reducing global emissions, the group has also been setting GHG emission targets since 2008. Historically Clicks has set both absolute and intensity-based, short-term (<5 years) GHG emission targets. The group set new targets in 2020 after the expiry of the previous targets. Clicks' existing targets are shown in Table 1 below.

Table 1: Existing GHG emission targets

Scope boundary	Scope 1 and 2	Scope 1 and 2	Scope 2
Target type	Intensity target	Intensity target	Renewable energy target
Base year	FY2015	FY2015	FY2015
Base year value	0.19 tCO ₂ e/m ²	0.19 tCO ₂ e/m ²	0.0013 kWh renewable energy produced/total energy consumption
Target % over the period	5%	10%	1.5% of total electricity consumption in target year
Target year	FY2020	FY2030	FY2020
Target year value	0.181 tCO ₂ e/m ²	0.171 tCO ₂ e/m ²	0.015 kWh renewable energy produced/total energy consumption

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

CARBON EMISSIONS – GREENHOUSE GAS (GHG)

Clicks has developed proposed short-term and long-time emission reductions target in line with the SBTi criteria using the Sectoral Decarbonisation Approach (SDA) method and will be submitting the targets for validation in due course.

The Clicks Group is progressing well on its journey to respond proactively and meaningfully to climate change. Through the setting of previous GHG emission targets, the group has gained valuable know-how and experience which has helped shape the organisation's climate change strategy going forward. Our carbon footprint is reflected in the table below:

Category	Description	Total 2020/2021
SCOPE 1 (CO ₂ e) metric tonnes	Stationary diesel combustion	335
	Mobile diesel combustion	1 004
	Mobile petrol combustion	795
	Refrigerant use	205
SCOPE 1 Sub-total		2 339
SCOPE 2 Sub-total – location based (CO ₂ e) metric tonnes	Purchased electricity	109 023
SCOPE 3 and Other (CO ₂ e) metric tonnes	3.1 Purchased goods and services	61
	3.3 Fuel and energy-related activities	15 903
	3.4 Upstream transport and distribution	7 516
	3.5 Waste generated in operations	1 464
	3.6 Business travel	326
	3.7 Employee commuting	9 406
SCOPE 3 Sub-total (CO ₂ e) metric tonnes		34 676
Outside of Scopes (CO ₂ e) metric tonnes	Refrigerant – R22	835
TOTAL Scopes 1, 2 and 3, and Outside of Scopes (CO₂e) metric tonnes		146 873
Intensity (tCO ₂ e/Full-time employees) (Scopes 1, 2 and 3)		15.69

ENERGY MANAGEMENT

Clicks Group remains committed to reducing energy consumption to ensure long-term sustainability of the company. Energy security is vital for our operations. Electricity supply in the stores, distribution centres (DCs), head office and regional office is core to the sustainability of the business. The group is committed to implementing alternative energy sources for its operations. Clicks Group has a 400 kWp solar PV installation on the head office roof to reduce grid electricity consumption. The plant is able to produce approximately 645 MWh of energy per year, which accounts for 1.56% of annual energy generation. Our total annual energy consumption is reflected in the table below:

Business unit	Consumption (Wh)
Claire's	32 613
Clicks	86 442 168
Clicks DCs	5 387 698
Head office	2 374 244
Musica	1 456 244
The Body Shop	848 221
UPD	6 709 243
Medicross	348 084
Total	103 598 516

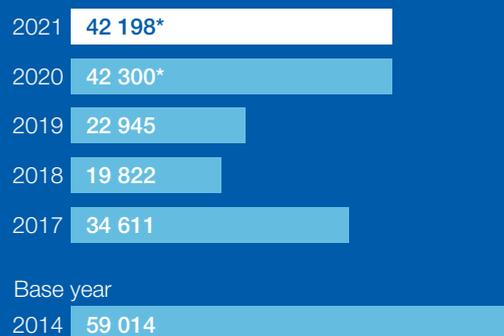
Furthermore, the group's aim is to ensure uninterrupted supply by ensuring that uninterruptible power sources (UPSs) are in working order to cover power outages. The group is also exploring the use of alternative energy sources to ensure business continuity. In order to reduce the group's energy consumption, energy management initiatives are implemented at our stores, distribution centres and at head office. The group also implements LED technology in all operations and have installed electronic meters that monitor energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not needed.

“Clicks Group remains committed to reducing energy consumption to ensure long-term sustainability of the company.”

WATER MANAGEMENT

Water is a shared resource. Access to water and water availability are major concerns in the regions in which Clicks operates, and a lack of water has the potential to disrupt business. Fresh water quality and availability is vital for Clicks' direct pharmacy operations as it is a regulatory requirement for all our pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Furthermore, fresh water quality is vital as it is a prerequisite to prevent the spread of disease. Our water savings are benchmarked against the 2017 targets and our year-on-year consumption is highlighted below:

Total water usage in kilolitres



* Water conservation measures were relaxed due to the Covid-19 pandemic in 2020 and 2021.

Due to the reduced reliance on municipal water supply, Clicks is able to internally improve water supply security and materially reduce water scarcity risks to its head office. Clicks continues to commit to reduce resource usage, and the implemented water reduction and efficiency measures contribute to the United Nations Sustainable Development Goal (SDG) 12 – Responsible Consumption and Production. Clicks Group's primary response to increased water scarcity is infrastructure investment for securing alternative water supplies. Clicks has and continues to instal rainwater harvesting systems and boreholes, in order to improve security of water supply.

WASTE MANAGEMENT

Clicks' response to waste management is informed by the Waste Act: Monitoring of Waste minimisation due to the limited landfill capacity. The group is focused on increasing recycling across the business to decrease the amount of waste going to landfill. Separating bins have been implemented in the head office building and recycling takes place at distribution centres. The group has also embarked on a zero waste to landfill at the head office where it has adopted a waste management system focusing on diversion of a range of waste stream from landfill.

Waste (kg)	Total
General waste generated	1 231 024
Waste recycled	4 020 366
Medical waste generated	53 719
Total	5 305 109

SUSTAINABILITY RISKS

At group level, we annually review risks identified as financial, reputational, regulatory and environmental risk. Specific attention is given to ensure compliance with current and emerging regulations related to climate change and other pertinent sustainability issues. In this regard, Clicks has assessed its exposure to the provisions of the South African Carbon Tax Act. Our GHG emissions mainly come from stationary fuel combustion (diesel), mobile fuel combustion, fugitive emissions, purchased electricity, upstream distribution, employee commuting and business travel. The group appointed SustainabilityIT, an independent service provider, to conduct verification on our emission data to assure accuracy and validity. The group is also in the process of adopting measures to meet the requirements associated with the Extended Producer Responsibility (integrated waste management plan (IWMP)). The Paper and Packaging Industry Waste Management Plan was officially gazetted in 2016 and will impose a levy based on packaging weight against primary and secondary producers and importers of packaging across industries.



Rain water harvesting and borehole water tanks at the head office.