

CLICKS GROUP LIMITED

Sustainability report and databook

for the year ended 31 August 2023



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About this report

The Clicks Group Sustainability Report 2023 provides a summary of the group's impact on the environment, society and the economy. The report focuses on the Clicks Group (the group) performance during the financial year ended 31 August 2023 and complements the information provided in the group's integrated report 2023.

Environment, Social and Governance (ESG) transparency and disclosure

This report builds on the previous year's report and demonstrates the group's commitment to enhancing its disclosure against ESG indicators from a range of global ratings agencies and guidance documents. This includes improving the group's disclosure aligned with the JSE's 2022 Sustainability Disclosure Guidance. In alignment with this guidance, the group has adopted a double materiality approach to sustainability. This seeks to integrate ESG-related issues pertinent to the creation and protection of enterprise value highlighted in its integrated report. The group's improved data management processes have enabled it to report accurately against a wider scope of metrics, underscoring the group's commitment to implementing ESG practices in its sustainability focus areas.

This sustainability report, read with the integrated report, corporate governance report, the 2023 CDP Climate Change submission (available in early 2024) and the social and ethics committee report, contains the data which is currently available to the group.

Further standards or guidance frameworks with which the group aligns and that continue to inform its disclosure include:

- King IV Report on Corporate Governance
- Global Reporting Initiative (GRI) standards
- Sustainable Development Goals (SDGs)
- United Nations Global Compact Principles
- Carbon Disclosure Project (CDP)

The group is assessed and rated against ESG indices, including the FTSE Russell (a subsidiary of the London Stock Exchange Group), Standard and Poor's (S&P) Dow Jones and Morgan Stanley Capital International (MSCI). It has maintained its listing on the FTSE4Good Index for the last seven years.

Accredited third party service providers have reviewed selected non-financial performance metrics, including the group's broad-based black economic empowerment (BBBEE) rating and its carbon footprint.

01

About Clicks Group



Group profile

The group is a leader in the South African health, beauty and wellness sector, with Clicks being the pre-eminent pharmacy, health and beauty retailer and UPD the leading full-range pharmaceutical wholesaler and distributor. The group has a combined footprint of 950 stores, including 53 in neighbouring Lesotho, Eswatini, Namibia and Botswana.

The anchor brand, Clicks, offers value for money in convenient locations and attractive formats. The core product offering is enhanced through brands that are exclusively available in Clicks.

Over the past 55 years, the group has built a respected and sustainable

business. The group is listed in the Personal Care, Drug and Grocery Stores sector on the JSE and is included in the FTSE/JSE Top 40 Index and the FTSE/JSE Responsible Investment Top 30 Index.

The group's footprint

	South Africa	Rest of Africa*	Total	Pharmacies	Clinics
Clicks	832	49	881	711	203
Clicks Baby	4		4		
The Body Shop	57	4	61		
Sorbet Beauty Salons**	194		194		
Total	1 087	53	1 140		

* Namibia, Botswana, Eswatini and Lesotho

** Includes 190 franchised stores

 An overview of the group's history is available at www.clicksgroup.co.za.

Group brands



South Africa's leading health and beauty retailer, targets consumers mainly in the growing middle to upper-income markets (LSM 6 – 10).



A wide range of mother and baby products.



Sells natural, ethically produced beauty products.



A leading professional beauty and grooming franchise chain with outlets across South Africa.



UPD fulfils the pharmaceutical needs of Clicks, major private hospital groups and 1 100 independent pharmacies. UPD also provides bulk distribution services on behalf of pharmaceutical manufacturers.

Salient features

Group turnover

+8.2%

to R41.6 billion (2022: R39.6 billion)

Return on equity

43.6%

(2022: 48%)

Total headcount

18 447

employees including 17 486
South African-based employees

BBBEE rating

Level 4

95% black

and

**63% female
employees**

R26.7 million

invested in socioeconomic
development programmes

R135 million

invested in training

Commitment to carbon neutrality

by 2050

External recognition

- Inclusion in the FTSE4Good Index for the seventh consecutive year (score of 4 out of 5 in 2023)
- Independently recognised as the top employer in the retail sector for the last seven years

Recognition from our customers

Clicks ClubCard is the leading loyalty programme in terms of membership in South Africa:

- Best loyalty programme from the South African Loyalty Awards
- Coolest Health and Beauty Brand from the Sunday Times GenNext Awards
- Top Brand Experience and Function from Kantar BrandZ Top 30 Most Valuable South African Brands

Memberships of associations

Aerosol Manufacturing Association
Consumer Goods Council of South Africa (CGCSA)
Consumer Goods and Services Ombud
Cosmetic Toiletry and Fragrance Association
Embedding Sustainability
EPR Waste Association South Africa (eWASA)
POLYCO Producer Responsibility Organisation (PRO)
Fibre Circle (PRO)
Health Products Association of South Africa
Self-Medication Manufacturers Association of South Africa
National Business Institute (NBI)
South African Pharmacy Council (SAPC)
The Glass Recycling Company (PRO)
World Wide Fund for Nature South Africa (WWF South Africa)

Our vision

To be the leading health, beauty and wellness retailer in targeted markets within southern Africa

Our values

We are truly **passionate** about our customers

We believe in **integrity, honesty** and **openness**

We cultivate understanding through **respect** and **dialogue**

We are **disciplined** in our approach

We **deliver** on our goals



02

Letter from the CEO

The group continues to make strides in advancing its sustainability agenda. Our emphasis on people, planet and partnerships underpins our strategic pillars and serves as a roadmap that helps the group to navigate sustainability challenges and embrace opportunities for positive impact.

Building a trusted, accessible healthcare network

Our philosophy continues to be driven by providing affordable, quality and accessible health care. We provide our customers with a leading shopping experience while embracing the communities in which we operate as a responsible corporate citizen. The group's pharmacy footprint is now within a 5.1 km radius of 50% of the population in South Africa.

Despite the challenges wrought by the tough economic environment, load shedding and consumers' disposable income under significant pressure, we believe in providing a unique and compelling value proposition for our customers and driving efficiency to lower our internal cost of inflation and pass on these savings to our customers.

Minimising our environmental footprint

The group made significant inroads in minimising its environmental footprint notwithstanding the challenges experienced through load shedding and the need to supplement our energy requirements with the use of diesel generators. All the group-owned distribution centres (DCs) now have solar energy installations which will generate a targeted 4 500 MWhs annually. In addition, the main UPD distribution facility in Gauteng and the group's head office will have solar with lithium batteries installed at a combined cost of approximately R36 million to entrench our use of renewable energy and contribute towards the reduction of our emissions as well as placing less reliance on the national grid.

The board approved the group's carbon neutrality commitment which is targeted to be achieved by 2050. The group received the following ESG ratings this year:

Rating	2023	2022	2021
FTSE Russell	4	4	4
MSCI	AA	AA	AA
	Results published in January 2024		
CDP		B	B
ISS ESG	C	D+	D+



The group is leading on several benchmarks both locally and internationally amongst its peers, which is a measure of the advances we continue to make on our sustainability pathway. The group's active management of its sustainability metrics and monitoring of its performance against global benchmarks ensures that it embraces leading practices on its sustainability roadmap. Some of the other initiatives include our commitment to the SA Plastics Pact and our active participation in two Producer Responsibility Organisations (Polyco and eWASA) for plastic and electronic waste respectively in South Africa.

Sourcing products that uphold the integrity of our brand

The group upholds ethical business standards when it comes to sourcing and selling products. To this end, suppliers are expected to adhere to a code of ethics which should govern their value chain practices. In addition, the group is a member of SEDEX which serves as the world's largest data platform for supply chain assessments. This is done to store, analyse, share, and report on sustainability practices which includes ethical sourcing. A significant number of our suppliers including multinationals are also members of SEDEX.

As part of its sustainability efforts, the group continues to invest in environmentally friendly products in its private label offering. This includes MyEarth, Sorbet and The Body Shop.

Empowering motivated, passionate people

Every single day, our people strive to make a difference across our value chain. All stakeholder engagements from our shareholders and lending institutions, community, suppliers, employees, policy makers and regulators are essential. Serving 10.4 million Clicks Clubcard members everyday with passion, enthusiasm and outstanding customer service is a mantra for the business.

The group has made strides in creating a motivated, diverse and inclusive workforce. Its commitment to the UN Global Compact, International Labour Organisation (ILO) protocols governing decent work and adherence to legislative frameworks in all the jurisdictions within which it operates is important. The group supports ongoing employee training and development and works on fostering a culture of transparency and openness, respect, integrity and tolerance. The group conducted its employment engagement survey which had the highest levels of participation on record. This is done every two years to assess progress and opportunities to improve its employees' levels of engagement and connectedness to the group. Diversity and inclusion are strategic imperatives for the

group as it supports our competitive ability, and ongoing actions to improve our performance across the value chain.

Community development

Through our New Clicks Foundation and The Clicks Helping Hand Trust (CHHT), we strive to make an impact in the communities we serve. Our gratuitous bursary schemes supported 86 students in the financial year.

Since inception the New Clicks Foundation has supported 382 bursary recipients on a non-obligatory basis to the value of R21 million. This initiative supports the group's public health agenda as recipients are mainly tertiary students enrolled in pharmacy degrees.

The CHHT supported several initiatives to deepen its social impact. These included a recently launched partnership with the Transnet Phelophepa health trains which will broaden affordable health care access across communities in rural and peri-urban areas. In addition, the University of Witwatersrand initiated a partnership under the banner of Students on the Go to provide sanitary towels to students from impoverished communities as part of enhancing their academic quality of life and dignity. This programme is underpinned by the Clicks ClubCard for ease of redemption. The group embraced this opportunity as it aligns with its social mandates. CHHT continues to provide clinic services and screening health checks for mothers and babies and other patients.

The group supported the Ubuntu Academy which seeks to nurture boys from vulnerable communities who have demonstrated a talent for football and harness that endeavour with formal high school education up to matric level. CHHT also sponsors the Fikelela Aids Trust and Bethesda Fountain of Healing NPO which serves as a safe home for vulnerable children and it supports health care services to vulnerable communities.

Road ahead

As sustainability frameworks continue to evolve, the group will remain abreast of developments to ensure that our sustainability commitments are fully entrenched. Focus will continue on improving our photovoltaic (PV) platforms for generation and storage to contribute towards reduced carbon emissions, recycling of electronic and plastic waste and improved water consumption. Community related initiatives which cover healthcare access and education will be enhanced to ensure ongoing positive impact in the communities within which we operate.



Bertina Engelbrecht
Chief executive officer

03

Sustainability approach and strategic framework

The group's commitment to providing affordable, quality and accessible health care continues to guide its business and informs its sustainability approach and strategy.

Clicks Group strategic sustainability framework

1

Building a trusted, accessible healthcare network



2

Minimising our environmental footprint



3

Sourcing products that uphold the integrity of our brand



- Access to quality, affordable healthcare
- Training (including pharmacists)
- Building collaborative partnerships with external stakeholders (NPOs and industry bodies)

- Carbon emissions (including carbon disclosure)
- Energy use (fuel and electricity)
- Renewable energy transition
- Waste, in particular single-use plastics and e-waste
- Water

- Promoting products with sustainability attributes
- Supplier ESG practices (including SEDEX participation)
- Local suppliers

This commitment has helped the group to develop an extensive network of 950 stores, 711 pharmacies, 203 clinics, a full-range pharmaceutical wholesaler and distribution network supported by a growing digital presence. These assets and capabilities combined with the talent and dedication of 18 447 Clicks employees continue its trajectory on tangible social and environmental impacts.

The group continues to focus its efforts and monitor its progress through sustainability key performance indicators. At the same time, it appreciates that virtually any decision taken at any stage of its value chain can have social and environmental impacts. In a volatile, uncertain and complex world, unintended consequences are always a possibility.

To straddle this reality, the group's sustainability efforts are focused by a clear strategic framework which informs its decisions in respect of four broad goals, aligned with the UN Sustainable Development Goals. The group continues the process of sustainability integration across its value chain, which aims to improve and support the ability of its teams and key business stakeholders to integrate material social and environmental aspects into decision-making.

Further details on our sustainability strategy are presented in our response to the Narrative Disclosures of the JSE's Sustainability Disclosure Guidance.

Alignment with UN Sustainable Development Goals

4

Empowering motivated, passionate people



 No poverty	 Good health and wellbeing	 Quality education	 Gender equality	 Affordable and clean energy
 Decent work and economic growth	 Reduced Inequalities	 Responsible consumption and production	 Climate action	

- Transformation, diversity and inclusion
- Employee health and wellness
- Employee value proposition
- Training (including pharmacists)

04

Building a trusted, accessible healthcare network



Highlights

Expanded the Group's reach, increasing to

885 Clicks stores

711 pharmacies and

203 clinics in southern Africa

78%

of employees covered by medical aid/primary healthcare plan (2022: 81%)

9 431

baby wellness consultations including immunisation services

146 410

free healthcare consultative and treatment services through our clinics



Healthcare is an essential need and South Africa's healthcare services remain under strain, disproportionately impacting vulnerable households. The group is actively alleviating these challenges through its expanding retail, pharmacy and clinic network, including offerings that serve lower income groups and underserved communities. By investing in vital skills training, the group fosters a pool of capable, skilled healthcare workers, including pharmacists.

Expanding the group's retail and pharmacy footprint

During the reporting period, the group opened net 45 new Clicks stores, bringing the total net store count to 885. A further 38 pharmacies were launched, increasing the nationwide pharmacy network to 711 locations. The group continues to progress toward a long-term objective of operating 1 200 stores, with plans to introduce 40 to 50 new stores and 40 to 50 new pharmacies annually, with a pharmacy operating in each store, making it easier for customers to get access to affordable healthcare. This expansion includes a sustained focus on lower-income areas as part of the group's ongoing commitment to making affordable healthcare accessible to all demographics.

The group is steadily increasing its presence in lower-income areas, with 26% of its stores now located in these areas. Approximately 50% of South Africa's population lives within a 5.1km radius of a Clicks pharmacy, demonstrating the group's reach and impact. Further increasing accessibility, the group acquired its first 24-hour pharmacy, M-Kem, a well-established pharmacy in Bellville, Cape Town.

The group has 203 Clicks clinics across South Africa which offer a suite of primary healthcare services, including medical aid-funded screening tests. These clinics now also include diabetic nurse educators to address the growing challenge of diabetes management.

Serving lower-income communities, the group offers a chronic medication pick-up point service for state patients in 450 pharmacies nationwide, making it easier to collect prescriptions. Further improving ease of access to affordable healthcare, customers have access to consultations with a virtual doctor in 123 of the group's clinics, nationwide. The group's diverse healthcare offerings are enhanced by an assortment of private label and exclusive brands. Customers can conveniently order over-the-counter medication online or via the Clicks app, with options for free in-store collection or home delivery.

Clicks' pharmaceutical manufacturing company: navigating regulatory challenges

The Clicks Group's corporate structure, which includes both a company holding retail pharmacy licences (Clicks Retailers) and a company holding a pharmaceutical manufacturing licence (Unicorn Pharmaceuticals), has come under regulatory scrutiny. In proceedings that have their origin in 2016, the Independent Community Pharmacy Association (ICPA) contended that it was contrary to regulations promulgated in terms of the Pharmacy Act for Clicks Retailers to be issued with retail pharmacy licences, owing to the presence of a manufacturing pharmacy in the group. ICPA's complaint engages only the Clicks Group corporate structure and the correct interpretation to be given to a specific regulation; and no evidence was produced of patient interests being compromised. In March 2023 the Constitutional Court ruled in favour of the ICPA. The effect of this judgment is that the Clicks Group is engaging with the Director General of the Department of Health to discuss the way forward for the group to regularise its position – and the group will then take appropriate actions following the conclusion of these discussions. The judgment does not restrict Clicks pharmacies' ability to dispense well-priced Unicorn generic medicines, nor does it imply any deficiency in the safety, quality or efficacy of Unicorn's SAHPRA-approved medicines.

Lowering the cost of healthcare

The group places a strong focus on affordability and access, with a range of products and services designed to accommodate all customers. The group maintains competitive pricing and offers targeted promotions to provide good value. The group's expanding private label ranges serve as a cost-effective alternative to a wide range of over-the-counter medications and health products. A selection of quality generic scheduled medicines further adds to the group's affordable healthcare options.

The prevailing economic conditions, including interest rate hikes and high unemployment, have strained disposable incomes. The group is committed to supporting its customers during these challenging times. The group's "Payless" range delivers on affordability without compromising quality. This value-oriented range includes household essentials, personal care products, electrical appliances, as well as healthcare items.

Affordability is further supported by the Clicks ClubCard, which provides cashback rewards and affinity partner benefits. The ClubCard has 10.4 million active members, a figure bolstered by 700 000 new members in the 2023 financial year and over 3.8 million app downloads in total. A total of R689 million was returned to loyalty members. The group's digital platform enables personalised engagement with customers, an important feature in an increasingly digital retail landscape.

Enhancing data security and privacy

The group is deeply committed to safeguarding customer information. It maintains rigorous data security measures, including the use of secure servers and SSL encryption, to protect customer data. The group unfortunately experienced a cyber breach on 31 May 2023. This affected approximately 0.05% of pharmacy customers, primarily exposing information about over-the-counter medication purchases and some personal details. Importantly, no banking information or passwords were accessed. Upon discovery, the group immediately implemented protective measures, contained the situation, and informed affected customers and the regulator. The incident prompted a thorough review, leading to further strengthening of its data privacy policies.

The group partnered with Discovery Health and Auto & General Insurance to launch an innovative health insurance product Flexicare aimed at making private healthcare cover easily available and affordable for everyone. The benefits include unlimited face-to-face and online doctor consultations, medicine, dentistry, health checks, and private ambulance services, all within the designated network of healthcare professionals. In addition, Clicks ClubCard members who purchase Flexicare earn 10% cashback on their monthly premium as a loyalty benefit. There is also an optional add-on of trauma cover at a private hospital for an additional fee.

The continued store expansion by the group aims to further increase both accessibility and affordability of healthcare services and products.

The group also extended free clinic and health outreach services to vulnerable communities, including through mobile healthcare clinics.

385**pharmacy
assistants enrolled**

78**pharmacy bursary
students**

46**pharmacy
internships**

Responding to community healthcare needs

The CHHT serves as a vital extension of the group's commitment to public health, providing free healthcare services to society's most vulnerable, including those without medical aid. Established in 2011, the CHHT continues to expand its reach through high-impact programmes.

The CHHT provides a range of free wellness services and consultations at 140 Clicks clinics nationwide. In the financial year, it provided free health consultations to 112 217 (2022: 87 660) beneficiaries, covering key medical areas like diabetes, HIV/AIDS, blood pressure, cholesterol, and child vaccinations.

The CHHT's longstanding maternal and baby programme bridges a critical gap by offering services to those who cannot easily access government facilities. This includes nutritional education, health checks, and infant vaccinations. The CHHT also runs the ongoing Girls on the Go campaign, distributing free sanitary products to schoolgirls to minimise educational disruption due to menstrual hygiene needs. The initiative recently expanded its reach to university students through a pilot programme at the University of the Witwatersrand, where donated sanitary products can be redeemed via the Clicks Clubcard.

In a strategic realignment to amplify its community impact, the CHHT has forged partnerships with key NPOs and PBOs to extend both financial and in-kind support over the next three years to interventions that address priority needs in vulnerable communities.

- To help create a safer and more supportive environment for communities, the CHHT supports Thuthuzela Care Centres across South Africa, which provide comprehensive services for survivors of sexual violence, including medical care and legal assistance.
- Enhancing healthcare accessibility, the CHHT supports the Transnet-Phelophepa healthcare trains and mobile clinics that bring essential healthcare to rural communities, especially in areas with a critical doctor-to-patient ratio.
- Furthering the group's commitment to promoting healthier lifestyles, the CHHT supports the Ubuntu Football Academy, aimed at mentoring youth in leadership and academic skills, using football as the foundational activity.

These partnerships reflect the company's commitment to making a positive impact within the communities where it operates, promoting education and healthcare initiatives that uplift and empower.

The Body Shop advocates for GBV education

Raising awareness and support to prevent gender-based violence (GBV) is an ongoing focus for The Body Shop in South Africa. Every year the brand donates 1% net profit after tax towards this pressing cause. Underscoring the crucial role of education in combating GBV, The Body Shop is championing a petition to intensify anti-GBV education in South African schools, aiming for 100 000 signatures by June 2024, the campaign calls for improved health support and safer school environments. Supporters can sign the petition both online or in-store.

 (<https://www.thebodyshop.co.za/about-us/stop-gender-based-violence>)

Building the healthcare skills base

As the largest employer of pharmacy staff in the private sector in South Africa, the group is committed to nurturing the healthcare talent of tomorrow. With a workforce of 1 042 pharmacists, the group continues to focus on a comprehensive skills development strategy to attract, develop, and retain the professionals the group needs while bolstering the South African pharmacy sector.

The group actively engages with pharmacy schools nationwide; funds learning laboratories, manages a pharmacy internship programme, and provides learnerships for pharmacists' assistants and trainees. It also invests in the professional development of pharmacists and nursing practitioners.

Supporting the group's role in building the skills base for the sector, the New Clicks Foundation, a certified NPO and PBO, grants merit-based bursaries annually to students completing academic studies at tertiary institutions in South Africa, with a special focus on pharmacy studies. These bursaries are gratuitous and cover the cost of tuition, examination, and prescribed books. This year 86 students were awarded bursaries.

05

Empowering
motivated,
passionate people



Highlights

South African-based permanent employees

17 486
(2022: 15 646)

48.5%
of employees made use of our wellness programme (2022: 20%)

Staff turnover

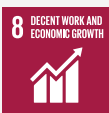
23%

78%
of employees covered by medical aid/primary healthcare plan (2022: 81%)

Skills development expenditure totalled
R135 million
(2022: R165 million)

Refer to the group's Code of Conduct policy

Refer to the group's human rights policy (UN Global Compact Principles - signatories)



The group's targeted efforts have again contributed to it being recognised as the top employer in the retail sector in South Africa for the seventh consecutive year by the Top Employers Institute. In striving to remain an employer of choice, the group maintains its commitment to providing good jobs, robust training and development initiatives, competitive pay, good working conditions and opportunities to progress. The group is dedicated to fostering an inclusive culture, ensuring its workforce reflects the broader society. Leveraging its diverse skills and talent to be an engaged, innovative business, the group is consistently recognised as a top employer in the retail sector.

Supporting high performing teams

The group invests in building a strong and diverse leadership team and an agile, performance-based company culture. This has been crucial in maintaining high levels of workforce commitment and customer focus, thereby ensuring another year of robust financial and operational performance.

As the group expands, it creates new employment opportunities both directly and indirectly in fields of specialties like merchandising, pharmaceuticals, logistics, and supply chain. The group has a well-defined roadmap that aligns with both short-term and long-term objectives, providing employees with opportunities for career advancement. The increasing use of e-learning platforms now includes career-enhancing development programmes, supporting operational efficiency.

The group's values and Code of Conduct serve as the ethical backbone, guiding performance assessments and supporting each employee in achieving their full potential. The group upholds fairness and consistency throughout its recruitment and selection processes. Anchored in the principles of transparency, responsibility, and market competitiveness, its remuneration policy ensures that employees are compensated in line with their contribution. This commitment is supported by regular external benchmarking. Beyond the guaranteed annual pay and potential variable incentives, the group's total rewards strategy provides a range of industry-leading benefits tailored to meet diverse needs, including retirement funds, life insurance, and comprehensive healthcare plans.

Empowering motivated, passionate people (continued)

Annual performance reviews consider several focus areas: financial performance, business process improvements, customer satisfaction, learning and growth, and alignment to the group’s values. ESG factors are integrated into executive remuneration to align with the objectives set by the social and ethics committee.

The executive incentive plan imposes a 15% downward modifier if the following benchmarks are not met:

Composite measure: Maintain leadership positioning on FTSE4Good Index relative to the sub-sector average for drug retailers and the consumer services industry average. **6%**

Environmental measure: Increase the use of solar renewable energy to at least 4 500MWh in the 2024 financial year. **3%**

Social measure: Obtain a level 4 BBBEE rating or better in 2024, and UPD obtaining a level 2 BBBEE rating or better in terms of the scoring applicable to the road freight industry. **3%**

Governance measure: No material breaches of customer privacy and to a material extent maintaining the security of data. **3%**

Various recognition programmes, along with training and job rotation opportunities, are designed to motivate, affiliate, and retain employees. The group also conducts biannual employee engagement surveys and targeted pulse surveys to inform action plans across all units. This year 88% of employees completed the full employee engagement survey, a record participation level. The group plans to implement an employee engagement action plan next year based on the insights gained from the survey.

The group believes that the quality of the relationship between management and, employees and labour unions (13% of the workforce is unionised) across our operations is reflected by our permanent staff turnover rate of 23% (2022: 21%). Pharmacy staff turnover has also decreased from 21% in 2022 to 18% this year.

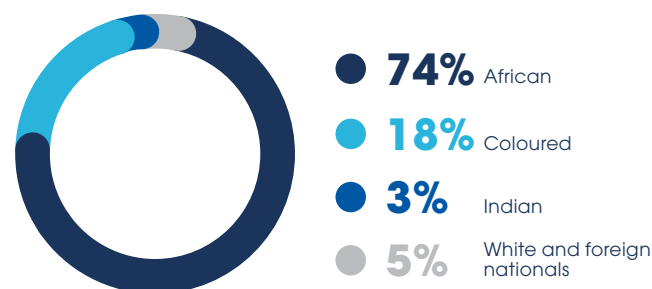
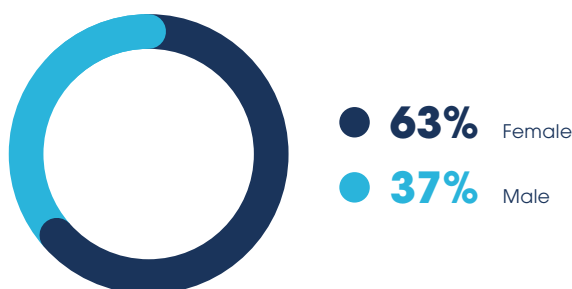
The group promotes a workplace that is supportive, fair, adaptable and involving of all, where every employee is valued and respected for who they are and can fulfil their potential. An enabling environment is fostered from the top down, guided by transformational leadership from the Group CEO and board of directors. Within a governance framework that involves several internal committees, the group has built a legacy as an industry leader in diversity and inclusion.

Commitment to gender diversity: 40% of board members are black females, and women constitute 63% of our workforce, 35% of top management, and 46% of senior management roles.

Promoting diversity, equity and inclusion

South African workforce

Occupational Level	Males				Females				Total
	African	Coloured	Indian	Non Black (White & NSA)	African	Coloured	Indian	Non Black (White & NSA)	
Top Management/ Executives	1	1	2	11	2	2	0	4	23
Senior Management	9	12	8	28	9	9	8	22	105
Middle Management	177	73	51	128	252	100	89	193	1 063
Junior Management	781	223	52	68	1 313	564	133	333	3 467
Semi-Skilled & discretionary decision-making	4 114	633	52	40	6 184	1 552	100	92	12 767
Unskilled & defined decision-making	10	1	0	0	48	2	0	0	61
Total Employees	5 092	943	165	275	7 808	2 229	330	644	17 486





The group maintains a strict Code of Conduct and set of values that outline the expected behaviour of all employees. A zero-tolerance stance against bullying, harassment, and gender-based violence is emphasised, supported by initiatives included in the employee wellness programme (EWP). An anonymous and secure whistleblowing facility enables confidential reporting of unethical or unsafe conduct.

The group regularly gauges its progress through key culture indicators as part of the employee engagement survey that is issued company-wide every two years.

The group's commitment to equitable workplace practices includes policies and frameworks that are people orientated, for example, generous maternity leave benefits and gender-conscious talent development opportunities. Demonstrating its dedication to equitable practices, the group has a 1:1 gender pay ratio.

As a United Nations Global Compact member, the group joined the Women Empowerment Principles (WEPs) community as a signatory in August 2022. A standout achievement is the group's transition this year from the "achiever" to "leader" category in WEPs Gender Gap Analysis Tool. This indicates global leadership in gender equality, driven by notable progress in the group's social advocacy and human rights measures.

Leaders in advancing transformation

As a proudly South African company with a diverse workforce and a customer base that is predominantly female, inclusive transformation has always been integrated into the group's strategic plans. The group has implemented a detailed transformation roadmap that outlines its ambitious goals, including meeting legislative BBBEE and employment equity targets, for 2023 to 2025. Testament to its dedication to an inclusive society and transformation, the group has maintained a level 4 BBBEE rating. The group excels in management control, supplier development, and enterprise development. It faces a challenge, however, in the procurement element, due to some key suppliers, that make up a significant portion of preferential procurement spending, having regressed in their respective ratings.

The group's five-year employment equity plan has set specific targets and timelines for the advancement of underrepresented groups at executive and senior management levels. Succession plans are tracked as key performance indicators in management scorecards that cascade through the whole organisation.

Empowering motivated passionate people (continued)

The group also supports youth employment, with youth accounting for over 67% of the permanent workforce. Additionally, 534 employees live with disabilities, and measures are in place to offer them training and development opportunities.

Investing in training and skills development

The shortage of skills in retail and healthcare remains a key risk and challenge in the business. The group's talent management strategy aims to attract and retain the best talent and skills available in the market. It focuses on enhancing performance at both individual and organisational levels, ensuring business continuity, and accelerate workforce transformation.

With an investment of R135 million this past year, the group provided learning opportunities for more than 4 000 employees. This included on-the-job training, skills programmes, learnership programmes, short courses and academic qualifications. Black employees accounted for 96% of those trained of which 66% are women.



To enhance management and leadership skills and address gaps in critical areas, the group works with Deloitte's management consultancy, top university business schools, Technical and Vocational Education and Training (TVET) colleges. The group bolsters employee development with specialised leadership and learning programmes. The mentorship initiative especially focuses on honing softer skills and fostering internal support. This year saw a significant rise in the use of e-learning, covering both compliance and career-centric training.

In building a robust talent pipeline, the group implements multiple schemes which include:

- an annual obligation-free bursary scheme for students from universities in South Africa; primarily focused on pharmacy, the scheme is expanding to include commercial fields such as data science, IT, and logistics
- internship and graduate programmes
- retail graduate and IT learnership programmes
- accredited training for store management and key operational roles
- a senior leadership development programme to strengthen the management talent pool and assist in succession planning

The group also maintains a dedicated pharmacy recruitment team that focuses on sourcing professionals from intern to qualified post-basic levels.

Training and skills development indicators

	2023	2022	2021
Learning and development spend (R million)	135	165	187
Number of employees trained	4 273	3 746	4 062
Black employees as a % of all employees trained	96	96	98
Female employees as a % of employees trained	66	62	57
Bursaries granted (R million)	5.1	5.4	5.6

Supporting employee wellbeing

The group places the utmost importance on creating a safe, healthy work environment across its stores, pharmacies, clinics, and distribution centres while actively promoting the overall wellbeing of its employees.

The group encourages employees to make use of its EWP, which is designed around a holistic wellbeing model. Improvements this year have widened the reach and impact of the EWP.

The EWP offers free, confidential counselling and advisory services, as well as several health and wellness related services that is administered through a combination of internal resources and third-party service providers. These



Clicks Group CEO Bertina Engelbrecht with members of the Wits student representative council at the launch of the Students on the Go Programme

services help employees address personal challenges that might impact their work or home life, especially given the heightened risks to mental and financial wellbeing from challenging socio-economic conditions. To foster greater engagement, the programme includes wellbeing coaching and online educational modules. The EWP support line is available twenty-four hours a day, seven days a week, in all official South African languages, and its benefits extend to immediate family members of employees. This year, 7 276 employees made use of the EWP services compared to 3 031 employees in 2022, this increase is attributed to the shift towards proactive wellness management.

The group encourages employees to undergo regular health screenings, including blood pressure, glucose, cholesterol, body mass index and HIV tests during the wellness days held nationally across the business.

This year, the group piloted a wellness programme designed to inspire employees to embrace healthier living habits. Collaborating with Herbex for dietary products and guidance, and Virgin Active for exercise regimens, the initiative's primary goal was weight management. Over the span of three months, 43 dedicated individuals from the group's head office participated. Recognising their efforts and achievements, various sponsors provided prizes for these individuals. The group is looking to expand this wellness approach to different areas and introduce diverse health objectives, amplifying its positive influence in the future.

Another significant EWP collaboration embarked upon this year is with the government's Thuthuzela Care Centres which offer comprehensive facilities throughout South Africa to support victims of rape and other forms of GBV.

The group acknowledges the significance of health coverage and provides primary health insurance for 78% of its employees.

The group has a health and safety policy for employees, contractors, and customers, with dedicated committees throughout the business to uphold workplace safety and promote employee wellbeing. Every new employee receives health and safety training, with additional specialised training provided as necessary. The efficacy of these programmes is verified annually by an independent third-party audit.

Health and safety indicators

	2023	2022	2021
Health and safety committee members	1 116	1 009	732
Fire marshalls	914	817	725
First-aid representatives	928	855	732
Injuries on duty	103	91	72
Occupational diseases	0	1	23
Lost days	35	17	277
Fatalities	0	0	0

06

Sourcing products
that uphold the
integrity of our brand



Highlights

92%

of private label retail products procured locally

53

small business suppliers participating in the group's supplier development programme



As a leading health, wellness and beauty retailer in South Africa, the group embraces the opportunity to positively impact lives while promoting smart, sustainable and inclusive product supply chains. This includes supporting small and medium sized local suppliers to become part of the retail sector, thus contributing to much needed economic recovery and job creation. It also means working with all its suppliers to ensure that it provides customers with high quality products that are produced responsibly and ethically. The group also actively works with local suppliers to expand its range of high quality products at affordable prices.

Maintaining product safety, quality, and responsible marketing

The group is committed to service excellence, prioritising the delivery of high-quality, safe, and relevant products to consumers. To this end, a rigorous supplier screening procedure is in place to ensure that every product meets exacting quality standards, aligns with sector-specific compliance, and conforms to all applicable safety criteria.

Private label suppliers are bound by Clicks' technical operating standards and an essential 50-point quality criterion. The private label's technical team oversees supplier adherence to pertinent specifications, safety standards and product effectiveness, quickly addressing any discrepancies.

Building on robust, trustworthy relationships, the group encourages reporting on any non-compliance, working hand in hand with

suppliers to meet standard specifications and product development test procedures. Supplier audits check compliance with set standards, and if breaches are found, immediate actions are taken to uphold contract terms. In 2024, an external audit mechanism will be rolled out, mandating evaluations for all private label manufacturers in a revolving five-year cycle based on specific quality, process, and trading norms.

A comprehensive recall strategy is detailed in the supplier screening process, advocating quick and efficient responses for any products that need to be withdrawn from the market. There were no consumer-level recalls in the past year.

Maintaining a responsive approach to every customer enquiry, concern, or grievance, the group diligently addresses all feedback, reaffirming its commitment to its stakeholders.

Full circle with Sorbet-Preneur

Starting as a therapist at L'Corro's Sorbet Salon in Northcliff 18 years ago, Johannesburg, Sharon Dikgale's journey came full circle when she became its owner on 1 August 2023, thanks to the Sorbet-Preneur initiative backed by Bidvest Bank. Her transition from exploring traditional careers to embracing her passion in beauty therapy, and ultimately owning a franchise she once served at, stands as a testament to perseverance and seizing transformative opportunities.



The group adheres to the Advertising Regulatory Board's Code of Advertising Practice for South African content. The group has an advertising advisory committee that regularly reviews print and digital content to ensure fair and compliant marketing. The group understands the Protection of Personal Information Act (POPIA) privacy requirements and ensures its marketing aligns with them.

Extending product offerings with sustainable attributes

The group partners with suppliers that support innovation and differentiation. At the forefront of its exploration of sustainable product innovation, the Clicks MyEarth range offers an eco-friendly selection for consumers primarily oriented towards sustainable attributes.

The MyEarth range of daily essential products uses recyclable plastic packaging as much as possible or plastic-free packaging made from Forest Stewardship Certified (FSC) paper, all with recycled content where possible. The growing range also offers reusable products made from bamboo, hemp, natural rubber and organic cotton such as bamboo combs and hairbrushes, and toothbrushes made from recycled plastic waste. Beauty and personal care products within the range are endorsed by Beauty Without Cruelty.

Aiming to provide customers with greater choice and transparency, the group has extended its range of private label and branded beauty products that uphold animal welfare — carrying “cruelty-free” or “vegan-friendly” certifications — or have environmental or social attributes — such as products free from sulphates, or fragrances, and products with sustainable packaging.

The Body Shop remains devoted to the principle of using ingredients inspired by nature. All product formulations are 100% vegetarian and will be 100% vegan certified by the end of 2023. The company places an emphasis on sustainably sourced, natural components, environmentally considerate synthetics, and the application of green chemistry principles. It strives to make its products' formulas more environmentally friendly, focusing on using sustainable and biodegradable ingredients.

Sorbet products reflect a commitment to ethical standards, ensuring no animal testing and a stance against harming animals. It promotes a range of cosmetics and skincare products that do not contain harmful chemicals from various Clean Beauty brands. Sorbet also offers a selection of refillable products that do not contain harmful chemicals.

Promoting responsible sourcing

The group is steadfast in its commitment to endorse local suppliers and build on current efforts to promote, track and support ethics and sustainable practices across the supplier network. These efforts are guided by its core values and upheld by its code of conduct.

Every supplier is mandated to endorse — and reaffirm biennially — agreements that align with the principles of the UN Global Compact. This encompasses mandates on labour regulations, safety and health measures, environmental guardianship, governance norms, ethics, and transformational strategies. As the group procures ready-made products via an agency rather than directly from the manufacturer, this poses challenges in evaluating value chain risks and influencing product manufacturing.

For its private label range, the group is committed to partnering with accredited, trustworthy, and audited suppliers. Both new and existing suppliers undergo evaluations via a scorecard to pinpoint potential supply chain vulnerabilities. Suppliers that demonstrate a stronger commitment to responsible practices are given precedence. For instance, in tracking ethical trading and sourcing credentials, currently, 56.2% of the private label supply base is registered on the Supplier Ethical Data Exchange (SEDEX) and 9.7% with the Business Social Compliance Initiative (BSCI).

Recent adjustments to the group's trading terms put a greater emphasis on environmental and social ethical responsibilities.

Aligning with its global blueprint, the local franchise of the Body Shop upholds sustainability principles including fair trade, community enhancement, and conservation of limited resources. Ingredients in The Body Shop products are nature-derived and animal testing-free. Rigorous testing ensures product safety and efficiency. By 2025, it commits to fully trace or externally verify six high-risk raw materials: palm oil, mica, soy, paper, ethanol, and cotton.

Building an inclusive supply chain

The group leverages its expansive supply chain to support local and small, medium, and micro-sized enterprises (SMMEs), which is important in creating jobs and building a healthier and more resilient economy.

The group's transformation plan includes targets to increase the inclusion of suppliers owned by black individuals, women, the youth, and persons with disabilities in the procurement process. To bolster its efforts, the group has appointed a Group ESD manager responsible for championing and advancing progress in this key area.

This year, the group allocated more than R35 billion towards supplier goods and services, a 1% year-on-year increase. This spending incorporated a 58% weighted BEE procurement expenditure, reflecting the group's commitment to the ongoing transformation of its supplier base; notably, only 8% (2022: 10%) of products were directly imported, which reflected an improvement.

In delivering its private label offering, the group collaborated with 169 suppliers this year, of which 68% were local businesses. In prioritising local sourcing, The Body Shop makes extensive use of community-traded ingredients from local communities worldwide to create its products.

The groups spend on SMMEs increased to exceed R1 billion for the third successive year. This expenditure included substantial allocations to black and black women-owned suppliers, emphasising the group's commitment to inclusivity; over 53% of the 497 listed SMMEs are more than 50% black-owned, with 31% owned by black women.

The group is progressively enhancing its enterprise and supplier development (ESD) initiatives. This year it committed R93 million to ESD initiatives (R57 million for supplier development and R36 million for enterprise development), a marked 72% increase on the R67 million invested the previous year. This is demonstrable support of the group's commitment towards supply chain development.

To boost small local businesses, the group implements an SMME supplier listing portal that aims to facilitate their smoother entry into the market ecosystem. The facility offers comprehensive commercial and business support encompassing marketing, promotions, advantageous payment terms, shared shelf space, and business mentorship, including incubation support from various teams.

Currently, the group supports 53 supplier and enterprise development beneficiaries.

The emphasis of this support is on marketing initiatives that help trade suppliers create the demand needed to keep their business sustainable once they enter the market.

A key focus of SMME expansion in recent years has been local hair care brands, with the group making a substantial investment in black women-owned ventures.

As part of the UPD supplier development programme, the group disbursed R57 million to 22 owner drivers this year. The scheme has paid out R697 million since its inception to owner drivers. This scheme, which is currently under review, involves grant contributions exceeding R8 million and expedited payment cycles. This initiative facilitates the transportation of pharmaceuticals and medicines to our customers.

Empowering entrepreneurs and small businesses through Sorbet

Following the acquisition of Sorbet Holdings, the group integrated Sorbet stores along with their teams, underscoring its commitment to the Sorbet franchise model. This strategic move has bolstered Sorbet's position as a leading beauty and grooming franchise in South Africa. To further support growth, the group plans to fund up to half the start-up costs for five new Sorbet franchises that benefit historically disadvantaged groups. Over the next five years, the group aims to ensure that at least 50% of Sorbet franchises are owned by previously disadvantaged persons.

Clicks and Sorbet will boost local production of Sorbet-branded products and continue to invest in skills development offering 10 000 specialised training sessions for Sorbet franchisees and their teams.

Through the Sorbet brand, the group expands its enterprise and supplier development initiatives into the beauty and grooming sectors. The Sorbet-Preneur programme actively identifies and fosters budding franchise proprietors, granting them financial aid and mentorship for establishing their personal Sorbet branches. The inaugural year awarded four Sorbet women the opportunity to own their own Sorbet Salon as a franchise partner.

Complementing this is the SEW (Sorbet Empowering Wo+Men) programme. This specialised training prepares individuals for roles as professional barbers, hairstylists, nail technicians or beauty therapists. Between 2014 and 2019, SEW successfully placed 90% of its graduates —190 people including 145 women — in industry roles. The programme, rejuvenated in 2022 with ongoing public support, has since facilitated the training and employment of nine individuals, with an additional six candidates currently enrolled.

Sorbet's other training programmes including their Hair and Barber Academy, Skin Skills and FDC Business Administration further demonstrate their commitment to professional training, skill enhancement, and holistic community upliftment.



07

Minimising our environmental footprint



Highlights

Commissioned

solar

with lithium batteries at head office and UPD distribution facility

Committed to a 10-year target of

4.2% reduction

of the base year emissions per annum (base year 2022)

Group commitment to become

carbon neutral

by 2050

Recycled

77%

of total waste generated (2022: 78%)

Produced

3 636 240 kWh

of renewable energy



As a retailer with 169 suppliers associated with its private label and millions of customers, the group is mindful of its wide reach and the environmental impact across the value chain. The group is working on a broad set of solutions and targets to reduce its impact, with a particular focus on energy, waste, packaging and water. The group’s environmental and climate change policy outlines its approach and commitments, and environmental management systems are embedded in business practices and operations.

Reducing carbon and energy

While the group has limited opportunity to address the national energy and climate challenge at scale, it remains committed to play its part by reducing its electricity conservation at stores and distribution centres (DCs), increasing its consumption of renewable energy, and improving the efficiency of its operations.

Carbon emissions and disclosure

Accounting for and minimising climate change impacts is the focus of the group’s climate commitments. The group has determined targets as assessed against the Paris Accord, for its greenhouse gas (GHG) emission reductions (Scope 1, 2 and 3) and its long-term group carbon commitment to achieve carbon neutrality on all significant direct and indirect emissions by 2050.

Group performance

	2023	2022	2021
Carbon emissions (CO ₂) metric tonnes	150 436	149 520	146 873
Renewable energy produced (kWh)	3 636 240	630 817	639 743
Waste recycled (kg)	4 441 102	4 394 892	4 020 366

 [Refer to the group’s environmental and climate change policy](#)



Clicks Group carbon and energy goals:

10% reduction
in direct and indirect carbon emissions intensity by 2030

Achieve carbon neutrality on all significant direct and indirect emissions by 2050

4% reduction
in our scope 1, 2 and 3 emissions annually off the base year emissions

5% reduction
in the group's energy consumption by 2030

Existing GHG emission and renewable energy 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 tCO₂ e/m²	0.19 tCO₂ e/m²	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	FY2050	FY2030	FY2025, FY2030
Target year value	0.176 tCO₂ e/m²	0.171 tCO₂ e/m²	5% of the electricity from renewable energy by 2025 10% of the electricity from renewable energy by 2030

The group's carbon footprint was calculated according to the SANS/ISO 14064:2021 standard and the GHG protocol.

The group acknowledges its wide reach and environmental impact across the value chain and has historically conducted climate-related reporting and target setting exercises. The group will be shifting to Paris-aligned GHG emission reduction targets under PAS 2060 and has set a long-term group carbon commitment to be carbon neutral by 2050. Notably, the group's scope 3 emissions have been updated to include emissions associated with our Private Label product suppliers. These have been included as the group has a higher level of influence over these emissions, therefore they should be included in the group's target setting ambitions.

The group is in the process of restating our baseline carbon footprint to include the emissions associated with our Private Label product suppliers. Thereafter, targets will be set and verified against the PAS 2060 carbon neutral target framework.

Progressing towards the group's carbon neutral target will require all group operations to work towards this, including its private label suppliers and other significant indirect emission sources.

The group's GHG emissions mainly come from stationary fuel combustion (diesel), mobile fuel combustion, fugitive emissions, purchased electricity, upstream distribution,

employee commuting and business travel. A third-party service provider verifies the group's emission data to assure accuracy and validity.

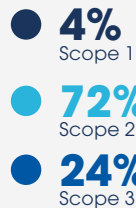
In progressing its alignment with Task Force for Climate-related Financial Disclosures (TCFD) recommendations, climate change related matters are included in the group risk register.

The impact of subscribing to SEDEX has provided a broader reach and data collection platform for the group's supply chain to provide emissions data to the group and other customers. The success can be measured through the number or percentage of suppliers that use the platform. Thus far, 38% of suppliers are on the platform which represent 25% of Clicks' proportion of spend. Engaging with suppliers on SEDEX gives the group transparency on their supply chain's operations, which enables the group to mitigate risk. For example, as consumers are more aware on the negative environmental impacts of the supply chains, the group can therefore avoid regularity and reputational risk by having access to the data which shows their supply chain is taking action to reduce their climate-change related impacts. Clicks continues to participate in the NBI and the CGCSA networks to keep up to date with national and international climate-related developments.

Environmental

	Stationary diesel combustion	(CO ₂ e) metric tonnes	2 441
	Mobile diesel combustion	(CO ₂ e) metric tonnes	1 176
	Mobile petrol combustion	(CO ₂ e) metric tonnes	771
Scope 1 emissions	Refrigerant use	(CO ₂ e) metric tonnes	1 523
Total scope 1 emissions		(CO ₂ e) metric tonnes	5 911
Scope 2 emissions	Purchased electricity (emissions)	(CO ₂ e) metric tonnes	108 058
	3.1 Purchased goods and services	(CO ₂ e) metric tonnes	104
	3.3 Fuel and energy related activities	(CO ₂ e) metric tonnes	16 141
	3.4 Upstream transport and distribution	(CO ₂ e) metric tonnes	8 142
	3.5 Waste generated in operations	(CO ₂ e) metric tonnes	1 457
	3.6 Business travel	(CO ₂ e) metric tonnes	1 116
Scope 3 emissions	3.7 Employee commuting	(CO ₂ e) metric tonnes	8 831
Total scope 3 emissions		(CO ₂ e) metric tonnes	35 791
Outside of scopes	Refrigerant – R22	(CO ₂ e) metric tonnes	676
Total emissions		(CO ₂ e) metric tonnes	150 436

Percentage Emissions



Energy management energy (kWh)

	2023	2022	2021
Total energy consumption within the organisation from non-renewable sources	104 338 075	104 214 958	103 598 516
Total energy consumption within the organisation from renewable sources	3 636 240	630 817	639 743
Total	107 974 315	104 845 775	104 238 259

Energy resilience

The group's energy mix includes both renewable and non-renewable sources of energy. The use of energy includes electricity in stores, DCs, its head office, transportation (mobile and stationary combustions), and cooling systems.

Energy resilience has become a critical issue for our business. The severe escalation in electricity outages in South Africa throughout the last year has caused disruptions to store operations. Where possible, the group's energy base load requirements have been supplemented with the use of diesel generators, to mitigate the impact of disruptions. This has resulted in 5 911 tCO₂e in 2023 Scope 1 emissions an increase compared to the 4 087 tCO₂e 2022 Scope 1 emissions (due to increase in generator diesel consumption).

Renewable energy transition

To tackle this challenge, the group accelerated its acquisition of renewable energy to supplement its energy use requirements and reduce reliance on non-renewable energy sources. Currently there is a solar installation on the head office roof and rooftop solar panels across the group's eight owned DCs. Collectively the installed capacity is expected to produce 4 500 000 kWh annually. The group started measuring solar generation performance at the DCs when systems were launched in October 2022. The group recorded a collective total production of 3 636 240 kWh of renewable energy from its facilities during 2023.

Building on these initiatives, the group is currently installing 2 250 kWh of lithium batteries as a power source at UPD in Lea Glen and at head office. These new systems are expected to be operational by January 2024. These projects aim to enable the group to take full advantage of renewable energy despite the load shedding challenges and further de-risk the business and its reliance on Eskom.

Energy efficiency measures

The group has installed energy-saving LED lights in all its DCs and in 609 stores. Extensive metering is used to measure energy consumption. Store lighting is managed through either motion sensors, occupancy sensors or time controls that automatically switch off lights when not needed. The head office has also renewed its lighting infrastructure to the next generation of LED lighting and continues to install motion sensors where possible.

The group has maintained the UPD route planning optimisation initiative which identifies the best possible routes for driver when delivering products and limits driving to 80km/h, saving fuel, and reducing emissions.

Conserving freshwater

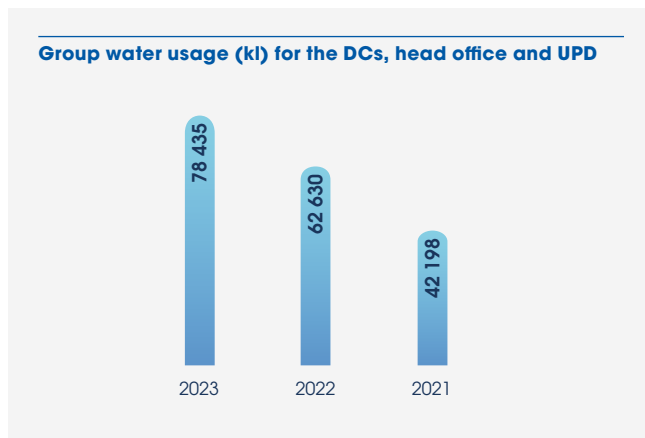
The group uses a relatively small amount of water, sourced primarily from municipal supplies. The water is mainly utilised at stores for hygiene and sanitation purposes, as well as by

Minimising our environmental footprint (continued)

pharmacists and nurses for cleaning equipment used to mix medication. The group has adopted water conservation measures across the business through its water saving initiatives which include rainwater harvesting, grey water recycling as well as installation of groundwater boreholes at distribution centres.

The group has reduced its dependence on municipal water at its head office through rainwater harvesting, tapping into ground borehole water sources, and installing water restrictor devices. In the upcoming financial year, nine new Propel Air toilets, which consume over 80% less water than traditional toilets, will be added, further reducing water use. Over the past year, the head office utilised approximately 10 000kl of water, with 42% from municipal sources, 43% from boreholes, and 15% being harvested rainwater.

Reducing waste and pollution



The group strives to reduce and manage its waste streams to minimise effects on human health and the environment, and to promote the concept of the circular economy to eliminate or repurpose “waste” into new resources.

The group raises awareness with employees to reduce waste in stores and DCs and has systems in place to collect recyclable material from all stores and outlets. The implementation of waste separation processes at its head office and DCs is improving waste management outcomes, recycling 77% of its total waste generated in 2023.

The group has implemented a zero waste to landfill journey at its head office. Every waste bin or rubbish bag undergoes a sorting process and is separated into different waste streams. These waste streams are then sent to various recycling plants through the on-site waste contractor. This includes wet and organic waste, which is sent to a bio digester. The group remains committed to reducing its waste to landfill and pursuing its zero waste to landfill journey.

For waste streams requiring specialised disposal, such as medical waste, fluorescent light bulbs, printer cartridges and hazardous waste, the group outsources collection to certified service providers, and obtains safe disposal certificates.

The group’s private label offering complies with government’s Extended Producer Responsibility regulations aimed

at incentivising industry to facilitate packaging waste recycling. The group is a member of various existing Producer Responsibility Organisations tasked with setting mandatory levies which producers and brand owners must pay for adding to the respective waste streams. The group is a member of Polyco for plastic waste, eWASA for electrical and electronic equipment, Fibre Circle for paper, The Glass Recycling Company for glass and the Aerosol Manufacturers Association for aerosol products.

The group’s Sorbet brand promotes sustainable waste management by providing guidelines to its franchise partners. These guidelines emphasise responsible disposal methods and sustainable practices, aiming to reduce acetone use, employ green cleaning solutions, ensure that mani-pedi products are water-soluble, and minimise water wastage during treatments. To cut down on its paper usage, last September Sorbet introduced a charge for paper bags provided during retail purchases. 1% of this charge supports the “1% Planet Fund”. This move has led to a 34% reduction in paper bag use. In addition, Sorbet promotes QR Codes to further decrease paper consumption and remains committed to planting and distributing the environmentally beneficial Spekboom plant throughout South Africa.

Waste performance indicators

Waste (Tonnes)	2023
General waste generated	1 200
Waste recycled	4 441
Waste recycled as % of total waste	77%
Medical waste generated	166

Reducing packaging and plastic usage

Product packaging presents a key opportunity to demonstrate commitment to responsible product stewardship. There is increasing concern about the resources used in the production of packaging, notably plastic, as well as the impact that packaging has on the environment if it is not recycled or disposed of adequately. To this end, the group is a member of the SA Plastics Pact and committed to meeting joint industry targets by 2025.

The SA Plastics Pact has set the following key goals for its members by 2025:

- Taking action on problematic or unnecessary plastic packaging through elimination, redesign, innovation or alternative (re-use) delivery models
- 100% of its members’ packaging re-usable or recyclable
- 30% recycled content from plastic waste across all its members’ packaging requirements

The group’s MyEarth range of eco-friendly products are packaged in recyclable plastic packaging or plastic-free packaging made from sustainable paper, all with recycled content where possible. Of the 168 products in the range, 93% have recyclable packaging. Of the 125 products with paper packaging, 83% use FSC certified paper, 5% have 85% recycled content and 6% have 50% recycled content. The group as part of its environmental clean-up awareness embarked on a MyEarth beach clean-up exercise at Seapoint, Cape Town in July.

The Body Shop is working to ensure that all its product packaging is either compostable, refillable, or returnable for reuse. Its focus is on using fewer plastic materials where possible; using more plant-based and recycled plastic (rather than oil-based plastics) and helping people to reuse, repurpose and recycle.

The group's Sorbet salons offering is working to reduce plastic usage. In their corporate stores, they are phasing out ped liners which are used during pedicure services for hygienic purposes. They have introduced antibacterial copper bowls as a sustainable alternative, eliminating the need for the plastic liners. This transition has already been implemented in 52 stores, with plans for completion by August next year. Sorbet salons introduced the sale of paper bags in which the proceeds of the sale go towards the 1% Planet Fund and the brands that have been introduced in selected stores, the Sorbet salon brown-paper bags are fully recyclable.

Sorbet salons have listed the following Clean Beauty brands in selected stores, namely; Skoon, Le-Live, Vita-Derm, Paul Mitchell, REF, Vitamin Me.

The group sells durable reusable, recyclable and made from 100% post-consumer recycle bags in its stores. All single use shopper bags are also made from 100% post-consumer waste.

The group is committed to participating in CDP-Forestry disclosure on biodiversity-related packaging impacts from 2024.

Sustainability disclosures

The group recognises the importance of sustainability disclosures as they help measure, understand, and communicate the group's ESG performance and set goals for the future. By ensuring sound sustainability disclosure, the group continues to enhance its risk management strategies, streamlining decision-making processes, and strengthening corporate trustworthiness and reputation.



Task force on climate-related financial disclosures (TCFD)

The group conducted a gap analysis on its TCFD readiness and alignment to identify areas of improvement in the group's climate change governance, strategy, risk management, and metrics and targets reporting. The efforts served to communicate the group's commitment to climate change-related risks to investors. The group has taken several steps to address the TCFD alignment gaps identified in the assessment.

JSE Sustainability Narrative Disclosures

Following the release of the JSE Sustainability Disclosure Guidance, which incorporates narrative disclosures and metrics, the group has embarked on its JSE Sustainability Narrative Disclosure standards. In addition to being in line with the leading global initiatives on sustainability/ESG and climate change disclosure, such as the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, and the IFRS Foundation's Integrated Reporting Framework, the JSE's Sustainability Disclosure Guidance covers a wide range of topics, including governance, strategy, risk management, metrics, and targets.

The JSE's Climate Change Disclosure Guidance is in line with the TCFD's recommendations and focuses specifically on disclosures pertaining to climate change. The purpose of the TCFD guidelines is to assist businesses in consistently and comparably disclosing financial risks and opportunities associated with climate change.



YOU ARE
ENOUGH



08

Sustainability/ ESG databook

The Task Force on Climate-Related Financial Disclosures (TCFD) recommendations

The group conducted a gap analysis on its TCFD readiness and alignment to identify areas of improvement in the group’s climate change governance, strategy, risk management, and metrics and targets reporting. The efforts served to communicate the group’s commitment to climate change-related risks to investors. The group has taken several steps to address the TCFD alignment gaps identified in the assessment.

Category	TCFD	JSE Sustainability Narrative Disclosure	Action
Governance	<ul style="list-style-type: none"> Describe the board’s oversight of climate related risks and opportunities. Describe management’s role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> Describe the board’s oversight of sustainability-related impacts, risks and opportunities, and its process for integrating sustainability issues into the overall governance processes. 	<ul style="list-style-type: none"> The group updated its climate change policy which can be used to communicate climate change management initiatives. The board approved the group’s climate change strategy and understands the group’s climate change related commitments set out in an updated climate change policy statement as well as its climate change targets. The group has included climate change related matters in the Risk Register. The group CEO and executive committee are responsible for the implementation and execution of overall strategy, including ESG and climate change strategy.
Strategy	<ul style="list-style-type: none"> Has the group identified climate-related risks and opportunities over the short, medium and long term? Describe the resilience of the group’s strategy, taking into consideration different climate related scenarios. 	<ul style="list-style-type: none"> Describe how an assessment of sustainability-related impacts, risks and opportunities has influenced the organisation’s strategy, and what impact this has had on the organisation’s overall performance, both positive and negative. 	<ul style="list-style-type: none"> The group has adopted the carbon neutrality approach and has set targets as part of its response to TCFD recommendations and the Paris Agreement. The group has maintained its commitment to reduce plastic packaging. The group is a member of Polyco, SA Plastic Pact and eWASA. The group has continued to grow MyEarth range of eco-friendly products.

Category	TCFD	JSE Sustainability Narrative Disclosure	Action
Risk Management	<ul style="list-style-type: none"> Describe the group's processes for identifying and assessing climate-related risks. Describe the group's processes for managing climate-related risk. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. 	<ul style="list-style-type: none"> Describe the processes in place for identifying, assessing, prioritising, monitoring, and managing sustainability-related impacts, risks and opportunities. 	<ul style="list-style-type: none"> Risk management is embedded in the daily, weekly and monthly operational management structures. The group conducts regular business reviews which provide the opportunity to perform risk management based on up-to-date information, relevant business performance metrics and competitor analysis. Strategic risks including climate-related risks facing the group are identified formally as an outcome of the three-year business planning cycle. In line with the organisation's risk culture, strategic risks, mitigations, projects and initiatives are formally considered, and actioned as part of the business planning cycle. Strategic risks under consideration are captured and included in the register of group risks.
Metrics and targets	<ul style="list-style-type: none"> Disclose the metrics used by the group to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1, Scope 2 and, if appropriate Scope 3 greenhouse gases (GHG) emissions, and the related risks. Describe the targets used by the group to manage climate-related risks and opportunities, and performance against targets. 	<ul style="list-style-type: none"> Describe the performance metrics and targets used by the organisation to measure, monitor, and manage its sustainability impacts, risks and opportunities, and its performance against these metrics and targets. 	<ul style="list-style-type: none"> The group restated its carbon footprint. The group has updated the climate change metrics in accordance with the restated carbon footprint. The group adopted a carbon neutral target for 2050 covering all direct and indirect emissions covered by the near-term target. The target will require all group operations to achieve carbon neutrality, including its private label suppliers and other significant indirect emission source. Performance: GHG reporting on emissions performance as well as energy, waste and water performance is reported and tracked annually.

Sustainability indicators

Environmental	Description	Units	2023	2022	2021
Scope 1 emissions	Stationary Diesel Combustion	(CO ₂ e) metric tonnes	2 441	599	335
	Mobile Diesel Combustion	(CO ₂ e) metric tonnes	1 176	889	1 004
	Mobile Petrol Combustion	(CO ₂ e) metric tonnes	771	802	795
	Refrigerant Use	(CO ₂ e) metric tonnes	1 523	1 797	205
Total Scope 1 emissions		(CO ₂ e) metric tonnes	5 911	4 087	2 339
Scope 2 emissions	Purchased Electricity (emissions)	(CO ₂ e) metric tonnes	108 058	110 099	109 023
Scope 3 emissions	3.1 Purchased Goods and Services	(CO ₂ e) metric tonnes	104	90	61
	3.3 Fuel and Energy Related Activities	(CO ₂ e) metric tonnes	16 141	16 097	15 903
	3.4 Upstream Transport and Distribution	(CO ₂ e) metric tonnes	8 142	7 897	7 516
	3.5 Waste Generated in Operations	(CO ₂ e) metric tonnes	1 457	1 292	1 464
	3.6 Business Travel	(CO ₂ e) metric tonnes	1 116	607	326
	3.7 Employee Commuting	(CO ₂ e) metric tonnes	8 831	8 757	9 406
Total Scope 3 emissions		(CO ₂ e) metric tonnes	35 791	34 740	34 676
Outside of Scopes	Refrigerant – R22	(CO ₂ e) metric tonnes	676	594	835
Total Emissions		(CO ₂ e) metric tonnes	150 436	149 520	146 873
Intensity	Intensity (tCO ₂ e/full-time employees) (Scopes 1, 2 and 3)	(CO ₂ e) metric tonnes	16	16	16
Water security	Total water usage	Kilolitres	78 435	62 630	42 198
Pollution and waste	General waste generated	Kilogrammes	1 199 779	1 055 133	1 231 024
	Waste recycled	Kilogrammes	4 441 102	4 394 892	4 020 366
	Medical waste generated	Kilogrammes	166 019	119 055	53 719
	Total Pollution and waste	Kilogrammes	5 806 900	5 569 080	5 305 109
Energy management	Total energy consumption	Kilowatt Hour	104 338 075	104 214 958	103 598 516
	Renewable energy	Kilowatt Hour	3 636 240	630 817	639 743

Social	Description	Units	2023	2022	2021
Workforce statistics	Total group permanent number of employees	Number	18 447	16 492	15 871
	Number of permanent employees (South African-based)	Number	17 486	15 646	15 136
	Female employees top management	Number	8	8	5
	Female employees senior	Number	48	34	35
	Female employees professionally-qualified	Number	634	551	530
	Female employees technically-skilled	Number	2 343	2 044	2 005
	Female employees semi-skilled	Number	7 928	7 220	7 069
	Female employees	%	63	63	64
	Male employees	%	37	37	36
	Employees Africans	%	74	73	71
	Employees Coloureds	%	18	18	19
	Employees Indians	%	3	3	3
	Employees Whites	%	5	6	7

Social	Description	Units	2023	2022	2021
Employee wellness	Percentage of active workforce covered under collective bargaining agreements	%	13	13	13
	Staff turnover	%	23.4	20.8	19.8
	Investment in training / skills development	Rm	135	165	187
	Employee training	Number	4 273	3 746	4 062
	Black employees trained	%	96	96	98
	Female employees trained	%	66	62	57
	Bursaries granted	Rm	5.1	5.4	5.6
	Employees cover by medical aid/ primary healthcare plan	%	77.91	80.6	77.0
	Group Employee Wellness Programme utilisation: Individual utilisation	Number	1 538	1 818	1 999
	Group Employee Wellness Programme utilisation: Group utilisation	Number	997	792	409
	Group Employee Wellness Programme utilisation: Pro-active wellness intervention utilisation	Number	4 741	421	417
	Group Employee Wellness Programme utilisation: Total utilisation	Number	7 276	3 031	2 825
	Group Employee Wellness Programme utilisation: Total utilisation rate	%	48.5	20.2	32.1
	Group Employee Wellness Programme utilisation: managerial workplace effort	Number	371	442	664
	Group Employee Wellness Programme utilisation: managerial workplace effort rate	%	69.2	51.7	56.2
	Group Employee Wellness Programme utilisation: high-risk cases	Number	119	110	87
	Group Employee Wellness Programme utilisation: store armed robbery incidents	Number	32	35	17
	Group Employee Wellness Programme utilisation: HIV/AIDS management programme	Number	45	50	70
	Health and safety committee members	Number	1 116	1 009	732
	Fire marshalls	Number	914	817	725
	First-aid representatives	Number	928	855	732
	Injuries on duty	Number	103	91	72
	Occupational diseases	Number	0	1	23
	Fatalities	Number	0	0	0
Board diversity	Composition of the board and its committees by: race (black)	%	60	60	64
	Composition of the board and its committees by: gender (female)	%	40	40	36
Board composition	Composition of the board in relation to: non-executive (%)	%	80	80	73
Board independence	Composition of the board in relation to: independence (%)	%	80	80	73
BBBEE rating		Number	4	4	4

