

About this REPORT

We are **pleased to present our sustainability report** for the financial year ended 31 August 2021. Our 2021 report is an account of our sustainability performance, the lessons we have learnt over the pandemic period and an appreciation of our people.

Our people are the foundation on which we build a future-fit and resilient business every day. It is through our people that we co-create a shared purpose for the future with our stakeholders: our communities and customers are chief amongst these.

Our sustainability report reaffirms our commitment to our approach to sustainability and presents our progress in managing our material topics. Our material topics have evolved over the period under review as has our understanding of our topics. We embarked on a materiality assessment process that helped us operationalise our material topics and laid the foundation for target setting for the short, medium, and long term.

We are also proud of the progress we have made in addressing our environmental impact. We conducted a climate change gap analysis (in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations) to identify areas of improvement within our governance, strategy, risk management and target-setting processes. We are committed to addressing the climate change-related risks we are exposed to and communicate our progress in accordance with the TCFD recommendations. We are now implementing our plan to achieve this objective in a sustainable manner.

Clicks faced incredible challenges in the year under review. We share these challenges with the communities we serve and our teams at every store, pharmacy and distribution centre. This year tested the resilience of our people, our business model and our relationships with stakeholders. We believe that not only did we overcome these challenges, but we gained valuable insight as to how we can enhance our value-adding business model and achieve our objectives.

We remain committed to providing affordable access to healthcare underserved markets. In this report we present a materiality assessment process that makes this commitment real and holds us accountable to our stakeholders. We report on the well-being and development of our people. Our value proposition is reaffirmed, and the outcomes of our programmes are presented to our stakeholders. We have learnt lessons around the importance of communicating who we are more consistently

and demonstrating our values more explicitly in how we source and produce products for our customers. We have developed a supplier code of ethics and sustainable supply chain strategy to ensure that those we work with are contributing to our shared vision of a healthier future. We recognise that we must do more to minimise our footprints and our impacts on the environment. We continue to measure our carbon footprint and participate in the Climate Disclosure Project (CDP). In 2021 we began working towards meeting the TCFD reporting requirements and adopting environmental impact metrics for our business units and departments. In this report, we present our Biodiversity Statement as well (see page 60).

2021 was in many ways a year of transitions and contradictions. While the world recovered from the global pandemic, the results of long-standing socio-political challenges in our communities spilled over into our streets in Gauteng and KwaZulu-Natal. This highlighted the very real challenges that must be the focus of us all in the post-pandemic world if we are to build sustainable cities and communities. The post-pandemic world must be one of reduced inequalities; jobs and job opportunities in safe working environments; access to healthcare; and opportunities to learn, upskill and be educated.

Clicks is ready to play its role in building a sustainable post-pandemic society and we demonstrated this with our programme in support of the government's vaccination roll-out to the population. These experiences and the infrastructure we have in place readies us to work with government and social partners to improve access to healthcare in South Africa and to do so affordably. We outline our vaccine programme in support of the national effort in this report (see page 52).

POINT OF DEPARTURE

An annual sustainability report forms an integral part of our commitment to corporate sustainability. In support of this commitment we have put in place sustainability data collection systems to monitor our progress between reports and management tools to aid the efficient organisation of data for an accurate and timely sustainability report.

RESPONSIBILITY STATEMENT

The board acknowledges its responsibility to ensuring the accuracy of our 2021 sustainability report. This report addresses all material topics and presents an accurate view of our sustainability performance for the year under review.

ASSURANCE

The internal review process and quality control is sufficient, hence we do not deem it necessary to conduct third-party assurance over information contained in this report with the exception of the carbon emission data which is externally verified by SustainableIT.

CHANGES IN REPORTING

For this report we have adopted the GRI reporting standards and report in accordance with the core option of the GRI standards.

REPORTING PERIOD

This report is for the financial year ended 31 August 2021.

REPORT CONTENT, PRINCIPLES AND TOPIC BOUNDARIES

The key aspects of our sustainability reporting are confirmed through a materiality analysis. A materiality analysis is a process to identify the most important sustainability topics, opportunities and risks for our business from two perspectives: their importance to our stakeholders and their impact on our business. The outcome is a materiality matrix that identifies and prioritises all topics that matter most to our business and stakeholders, and helps us to focus on those topics that have the highest priority. The information gained through this process can support decisions about the direction our business needs to take and allows the integration of sustainability topics into the core business strategy.

Future monitoring, management and reporting of our indicators presented in this report are based on our sustainability strategy and the outcomes of our materiality assessment, with metrics to monitor progress on the performance of our actions and commitments (learn more on page 63). Additionally, we have also considered the best global management and reporting practices as guides in our new approach to our sustainability reporting.

In this regard, the principles below are as important to the nature of our business, the sector in which we operate, and the emerging best practices associated with sustainability reporting. These principles are:

Materiality	Stakeholder inclusiveness	Sustainability context	Completeness
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As with any organisation, there are a wide range of topics on which we could report. For this report we have considered the material topics which merit inclusion. In determining whether a topic is material we considered:

- if the issue is important in relation to Clicks Group's economic, environmental and social impacts;
- if the issue would influence the decisions of our stakeholders;
- taking both internal and external factors into account, the significance of impacts to determine the priority of the material topics identified. In addition, the process for determining content includes the following:
 - the purpose, experience and nature of the core business of Clicks Group;
 - the importance of reporting reliably and in accordance with the Global Reporting Initiative (GRI) standards; and
 - impacts of our business; and
- the availability of data for the reporting period.

About CLICKS GROUP

Clicks Group is a **retail-led healthcare group** which is listed in the Personal Care, Drug and Grocery Stores sector on the JSE.

Founded over 53 years ago in 1968, the group has been listed on the JSE since 1996. Following changes in South African legislation in 2003 to permit corporate pharmacy ownership, the group entered the retail pharmacy market with the opening of the first Clicks pharmacy in 2004. Today the group is a leader in the healthcare market, in both retail pharmacy through Clicks and pharmaceutical wholesaling through UPD.



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

841
total number of retail stores

9
distribution centres



Clicks is South Africa's leading health and beauty retailer, offering value for money in convenient locations and appealing stores. Clicks targets customers in the growing middle to upper-income markets.



The Body Shop sells natural, ethically-produced beauty products.



GNC is the largest global specialty health and wellness retailer.



Claire's is a leading retailer of fashionable jewellery and accessories for young women and girls.



The anchor brand (Clicks) is South Africa's leading health and beauty retailer, offering value for money in convenient locations and appealing formats.

- Clicks targets consumers in the growing middle to upper-income markets (LSM 6 – 10)
- Clicks ClubCard is one of the largest loyalty programmes in South Africa with over 9.2 million active members
- Clicks has differentiated product offering through wide ranges of private label and exclusive brands, comprising 24.5% of sales

782
stores
201 destination format and
581 convenience format

531
vaccination sites

621
pharmacies

192
clinics

The group's retail footprint includes 841 stores across South Africa, Namibia, Botswana, Eswatini and Lesotho, and employs over 15 000 permanent employees. Clicks is the group's anchor brand while franchise brands added through exclusive agreements provide differentiation to the core offering.

Clicks is also South Africa's largest retail pharmacy chain, with 621 in-store pharmacies. The 9.2 million active Clicks ClubCard members account for 80.2% of the brand's sales.

The group's centralised distribution model dispatches most retail products through three major distribution centres that receive stock from national and international suppliers. UPD is South Africa's leading full-range pharmaceutical wholesaler.

UPD provides pharmaceutical supply services to Clicks, major private hospital groups and over 1 350 independent pharmacies. It also provides bulk distribution services to pharmaceutical manufacturers.

Clicks Group is a retail-led healthcare company headquartered in Cape Town, South Africa. It 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 health and beauty franchise brands were introduced through exclusive franchise agreements to provide further differentiation to the Clicks offering:

- 2001** **The Body Shop**, which sells natural, ethically-produced beauty products
- 2014** **GNC**, the largest global specialty health and wellness retailer
- 2015** **Claire's**, the leading specialty retailers of fashionable jewellery and accessories for young women and girls
- 2016** The group partnered with Sorbet Holdings to develop **Sorbet**-branded products for sale in Clicks stores and Sorbet salons

STORE FOOTPRINT	Standalone stores			Pharmacies	Presence in Clicks stores
	South Africa	Rest of Africa	Total		
Clicks	740	42	782	621	
The Body Shop	55	4	59		239
Claire's	-	-	-		88
GNC	-	-	-		606
Total	795	46	841		



- UPD is South Africa's leading full-range pharmaceutical wholesaler and was acquired in 2003 to provide the distribution capability for the group's healthcare strategy.
- UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 350 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.

6
distribution centres

R28.4
billion total managed turnover

417
million units of medicine distributed

26
bulk distribution clients

Market share

31.2%
of private pharmaceutical fine wholesale market



ESG Rating



* The Industry Classification Benchmark (ICB) is a system for assigning all public companies to appropriate subsectors of specific industries.

The group's rating as part of the evaluation for inclusion in the FTSE4Good Index series has remained unchanged at 4.1 out of five for this financial year. Our relative percentile 88% in 2021 is up from 87% in 2020. We are proud of our improvement in our performance under the labour standards theme, where our rating improved from 3 in 2020 to 4 in 2021. We recognise that our focus in the coming years will be on our work and reporting related to climate change where our rating declined from a 5 in 2020 to a 3 in 2021. Our commitment to making a positive contribution to mitigate the effects of climate change, and particularly water security, is a key focus of our approach to sustainability and a priority of our executive team.

The sustainability strategy is based on four focus areas:

Building a trusted, accessible healthcare network	Empowering motivated, passionate people	<h2>GROUP ACHIEVEMENTS</h2> <ul style="list-style-type: none"> Improved to level 4 BBBEE rating in 2021 64% black and 36% female representation on the board 95% black and 64% female employees Carbon Disclosure Project rating of A Launched a SMME supplier listing portal and investment programme to accelerate local procurement
Sourcing products that uphold the integrity of our brand	Minimising our environmental footprint	

Our core business creates meaningful social impact through the provision of healthcare products and improved access to reliable and affordable healthcare. This supports South Africa's national development goals by promoting healthy lives and well-being for all ages.

We align our ESG practices with the United Nations Sustainable Development Goals (UN SDGs) to ensure that our activities meet the standards of the universal global drive to achieve the specified targets by 2030. The SDGs where we believe we can have the biggest impact are as follows:



Our approach to **SUSTAINABILITY**

The group's strategy reaffirms that **effective management of environmental, social and governance (ESG) considerations** enhances long-term value creation.

The past 18 months have truly tested the resilience of our sustainability strategy and our ability to create value into the long term. Clicks Group is resilient and the robust nature of our business model, the resilience of our people and the strength of our relationships with stakeholders allowed us to continue making a meaningful contribution.

Having adopted sustainable business practices and set sustainability targets, we have studied our indicators in greater detail to further embed our sustainability goals into our operations and business strategy. Our sustainability indicators inform our overall value-creation process.



Our sustainability goals are presented here under the four focus areas of our sustainability strategy:

- By lowering the costs of primary healthcare and growing in underserved communities
- By building local capacity and supporting local manufacturing

1

BUILDING
A TRUSTED,
ACCESSIBLE
HEALTHCARE
NETWORK

“Accessible” means both serving underserved communities and the affordability of our products and services. Clicks Group’s strategy is to create sustainable long-term value for all our stakeholders by responding to the healthcare needs of our communities and by supporting our suppliers and business partners.

- By being intentional about diversity and inclusion
- By paying a living wage and providing opportunities for talent to be developed
- Rewarding our people for being the brand advocates that they are
- By supporting the causes that present opportunities to create shared value with our communities and our people (see more on page 56)

2

EMPOWERING
MOTIVATED,
PASSIONATE
PEOPLE

Our employee value proposition focuses on people, passion and opportunities, and aims to attract and retain the talent we need to achieve our strategic goals. Developing the skills, knowledge and capabilities of our people builds the capabilities of the human capital in the group. Our people are our heroes and the group’s remuneration policy is based on the total rewards model it entrenches the reward principles of fair, responsible, transparent remuneration practices and market competitiveness. We pay for ethical, sustainable performance.

- By insisting on our supplier code of ethics and sustainability
- Our MyEarth range (see more on page 11)
- Recommending that our suppliers participate in initiatives like the SA Plastics Pact and that all products contain recycled content and advance recyclability

3

SOURCING
PRODUCTS
THAT UPHOLD THE
INTEGRITY OF
OUR BRAND

Clicks offers an extensive range of private label and exclusive brands to delight customers with innovative products at competitive prices. These products now account for 24.5% of total Clicks sales, with 30.1% of front shop products sold being available only at Clicks. The three exclusive franchise brands, The Body Shop, GNC and Claire’s, further differentiate the offering in Clicks, as does the partnership with Sorbet.

The group has a shareholding in Sorbet Brands which holds the trademarks to the Sorbet brand in southern Africa. The Sorbet product range continues to grow and is available in southern Africa only in Clicks stores and in the Sorbet franchised beauty salons.

- By achieving an A rating through the Carbon Disclosure Project (see more on page 58)
- Working toward setting science-based targets and refining our strategy on how to achieve them
- Setting clear environmental impact metrics to embed environmental responsibility in our operations and decision-making

4

MINIMISING OUR
FOOTPRINT

Our environmental management policy recognises the significant impact of climate change. The group is committed to implementing sustainable business practices within a culture of responsible environmental stewardship.

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Our sustainability indicators inform our overall value-creation process with the aim of driving the sustainability goals, minimising our environmental impact and highlighting the fundamental role of business in society.

Aspect	Performance Indicator
Economic 	<ul style="list-style-type: none"> Financial performance Accessible healthcare network
Governance 	<ul style="list-style-type: none"> Board comprised of independent non-executive directors Code of ethics Data governance policy and compliance
Social 	<ul style="list-style-type: none"> Our employees Skills development Employment equity Employee wellness Preferential procurement Supplier and enterprise development Corporate social investment Sustainable supply chain
Environment 	<ul style="list-style-type: none"> Carbon emissions Energy management Water and wastewater management Waste and hazardous materials management

We are also concerned about, and will continue to measure and monitor, the following.



- Product design and life cycle management
- Product quality and safety
- Materials sourcing and efficiency
- Critical incident risk management
- Competitive behaviour
- Management of the legal and regulatory environment
- Human rights and community relations

Click's sustainability approach is guided by the principles of the United Nations (UN) Global Compact, the recommendations of the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD) on policies in support of global economic and social well-being. The approach has been tempered by the outcomes of our materiality assessment which goes as far as operationalising our performance indicators at the level of our individual business units. The group's sustainability framework supports the UN Sustainability Development Goals.

OUR SUSTAINABILITY GUIDING PRINCIPLES

We are passionate about our customers and believe in integrity, honesty and openness. We cultivate understanding through respect and dialogue. We are disciplined in our approach and deliver on our goals. We recognise that, for our business to be sustainable in accordance with our values, our vision must be to grow our business in a way that delivers positive social impact with reduced demands on the environment.

- **Integrity and governance:** We conduct business with integrity. Through effective governance and controls, including our code of conduct, we seek to ensure that our group is accountable and remains responsive to evolving norms governing the conduct of businesses in the countries in which we operate.
- **Healthcare:** We are committed to building a trusted, accessible healthcare network, aiding in providing cost-effective, quality primary healthcare to all sectors of our society through our retail footprint and by promoting the use of generic medicines.
- **Environment:** We endeavour, even as we grow, to lighten our footprint through reducing consumption, deployment of resources and waste.
- **Stakeholders:** We acknowledge and consider our stakeholders in our decision-making, seek to engage with our stakeholders, and to understand their interests and imperatives as part and parcel of ensuring that our business is sustainable.

CLICKS GROUP VISION

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

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

LEADERSHIP DRIVE

- **Delivery:** A concern for excellence through initiative, people and customer orientation
- **Resilience:** Having an optimistic outlook and dealing with setbacks constructively
- **Integrity:** A sense of honesty and truthfulness in all actions that are directed at being beneficial to others and the organisation
- **Vision:** Creating a shared purpose for the future and gaining support therefor
- **Enterprising:** Maximising opportunities for the growth of the organisation

EMPLOYEE VALUE PROPOSITION

- **People:** We care about and contribute to the well-being of people, the environment and communities
- **Passion:** We are passionate about leading innovation within the unique mix of our group
- **Opportunities:** Our focus on a clear vision and growth strategy provides our people with unlimited opportunities

"MYEARTH" PRODUCT RANGE

Clicks' MyEarth products – a wide range of affordable daily essentials – are packaged in recyclable plastic packaging or plastic-free packaging made from sustainable paper, all with recycled content where possible. The growing MyEarth range also offers reusable products made from bamboo, hemp, natural rubber and organic cotton (such as the hemp exfoliating mitt), as well as personal care items (such as bamboo combs and hairbrushes, and toothbrushes made from recycled plastic waste).

A circular economy creates less waste by reducing, reusing, recycling and remaking into something new. By buying products that are recyclable, with less packaging or reusing old packaging, you are helping to protect the earth, ensure a steady supply of materials, stimulate innovation and create jobs. Most recyclable plastics can be recycled up to six times. The ideal is to collect all plastic waste and recycle to remake new products, thereby closing the production circle.

MyEarth packaging is made from recyclable materials, so when a product reaches the end of its life, it can be recycled instead of going to a landfill, helping to reduce the burden on the environment. Where there is no recyclable option we actively source alternatives. Join us on our journey as we strive to create a circular economy that will help preserve our planet, and make it a cleaner place to live. MyEarth offers you a great range of affordable everyday essentials that proves that it doesn't have to cost the earth to save the earth!

