Welcome to your CDP Climate Change Questionnaire 2021

C0. Introduction

C0.1

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

Founded in 1968, the Clicks Group is a leader in the South African healthcare market, in both retail pharmacy and pharmaceutical wholesaling. Clicks Group has been listed on the JSE Limited since 1996 and has a combined footprint of 884 stores, of which 51 stores are located in the neighbouring countries of Namibia, Botswana, Eswatini and Lesotho. Clicks also has 585 instore pharmacies and has one of the largest loyalty programmes in South Africa with 8.6 million active ClubCard members which accounted for 78.2% of the group's sales.
The Clicks Group includes market-leading retail brands such Clicks, The Body Shop, GNC, Claire's and Musica. The Body Shop sells natural, ethically-produced beauty products and has been operated under a franchise agreement with The Body Shop International since 2001. GNC is the largest global speciality health and wellness retailer, and has been operated under an exclusive franchise agreement for southern Africa since 2014. In 2015 the Clicks Group concluded an exclusive franchise agreement with Claire's, one of the world's leading speciality retailers of fashionable jewellery and accessories for young women and girls. Musica is the country's top entertainment retail brand, which the Clicks Group acquired in 1992.
Click's United Pharmaceutical Distributors (UPD) is South Africa's largest full-range national pharmaceutical wholesaler and with a national presence. UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 250 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.
The focus of Clicks Group's strategy is on the health sector, to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. Energy is a small portion of the business however the Clicks Group remains committed to reducing energy consumption to ensure long term sustainability of the company.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years

Reporting year	September 1, 2019	August 31, 2020	No

C0.3

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

Botswana
Eswatini
Lesotho
Namibia
South Africa

C0.4

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

ZAR

C0.5

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

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Board-level committee	At Clicks, the responsibility for addressing climate-related issues lies with the Board Social and Ethics Committee as well as the Board Audit and Risk Committee. The Board Social and Ethics Committee is accountable and has the mandate to oversee the group’s sustainability performance, including climate change, resource consumption as well as waste management. The Board Risk and Audit Committee

	is responsible for overseeing risk management for the board, including climate change-related risks, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans is comprehensive, timely and relevant. The board committees make recommendations to the Board which is responsible for final decision-making. For example, the decision was made through the recommendation of the Board Social and Ethics Committee that, in order to manage our waste according to our "Reduce, Reuse, Recycle" theme, to implement several waste management initiatives. These include, for example, raising awareness among employees and separation on site to ensure less waste going to landfill, as well as screening waste management companies and verifying their certifications prior to contracting with them. As part of the recommendations by the Board Audit and Risk Committee, the decision was made to include disasters such as severe weather events and the impacts on Clicks' ability to restore business operations and IT systems, including UPD automated picking system, as part of the Group's material risks

C1.1b

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

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

	against goals and targets for addressing climate-related issues	activities within the group. The board is responsible for the oversight and delegation of specific responsibilities to board committees. The Social and Ethics Committee is a committee required by statute. The Social and Ethics Committee has an independent role and is governed by a formal charter. The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to: ethics; stakeholder engagement, including employees, customers, communities and the environment; strategic empowerment and compliance with transformation codes. The board meets four times a year and twice a year with the Social and Ethics Committee. The Board Risk and Audit Committee is responsible for overseeing risk management for the Board. The Committee reviews and updates the risk register regularly, which contains current and emerging risks as well as risks associated with future strategic initiatives and identifying mitigating measures to address specific risks. This includes risks related to climate change. The board meets four times a year with the Audit and Risk Committee.

C1.2

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

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

C1.2a

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

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

i. Responsibilities:

- The role of the CEO is an executive position with top-level managerial decision responsibilities. The CEO approves the sustainability and climate-related strategies. The CEO is an executive member of the board is also accountable to the Board for the performance of sustainability and climate-related strategies and activities. The CEO delegates the implementation of these to the Group Corporate Affairs Director.
- The role of the Corporate Affairs Director is an executive management position with executive responsibilities. The Corporate Affairs Director reports directly to the Group CEO and is also a member of the Social and Ethics Committee. The Group HR Director is an invitee to the Audit and Risk Committee (which is a committee of the board) and attends the social and ethics committee of the board by invitation. The Group Corporate Affairs Director ensures the correct and effective implementation of sustainability and climate change-related activities. In addition, the Group Corporate Affairs director is supported in monitoring climate-related issues by the Group Facility Manager, responsible for the implementation of climate-related initiatives at operational level. The position of the Facilities Manager is a senior management position and reports directly to the Chief Financial Officer and the Corporate Affairs Director.

ii. Rationale:
The responsibility for implementing, assessing and monitoring climate related issues lies with the CEO and Group Corporate Affairs Director because the Clicks' board and executive management work closely in determining the strategic direction and objectives of the Group. This is important as climate change issues can affect the company's strategy adoption, operations and value creation.
Clicks' board and management executives work closely in determining the strategic direction and objectives of the group. Clicks recognises that climate change issues are material concerns and are likely to affect the company's strategy adoption, operations and value creation. The reason that the responsibility for climate related issues lies with executives and senior management is because they implement the climate change adaptation and mitigation measures in line with the strategy.

C1.3

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

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

C1.3a

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

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	Achieving cost saving in the organisation through efficiencies helps the board to lower operating expenses in the organisation and achieving targets. This is then directly

			related to the executives' performance bonuses for the year.
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	The CEO is the most senior member and leader of the group executive committee. All the authority of the board that is conferred on management is delegated through the CEO, so that the authority and accountability of management is considered to be the authority and accountability of the CEO insofar as the board is concerned. The CEO and the group executive committee are responsible for the implementation and execution of the strategy and the on-going management of the business. The CEO is required to report to the board at each board meeting in respect of the group's progress in achieving its goals and business objectives.
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	Achieving cost saving in the organisation through efficiencies, helps the board to lower operating expenses in the organisation and achieving targets. This is then indirectly related to the CFO's performance bonus for the year.

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

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

C2.1b

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

The Clicks Group defines substantive financial impact (or what is called the materiality test in the group's case) in its Integrated Report. The materiality test applied by the board is based on internal and external matters, both positive and negative, that substantively affect the group's ability to deliver its strategy and which could have an impact of 5% or more on the group's profit before taxation.

However, when considering climate change, and the group's reliance on water resources, the Clicks group have varying definitions of substantive financial impact. Due to the various divisions of the Clicks Group, different definitions of substantive financial impact are provided per the two major divisions (retail stores and distribution).

On a group level, the Clicks Group defines substantive financial impact when an area in which Clicks has stores becomes exposed to water shortages or does not have fresh water supply at all. This will affect the operations in the area and trading hours will be influenced to the extent that stores need to shut down and will lose revenue. A substantive financial impact in the group is defined as a store closure for one week which will result in a loss of around R 641 500 per Clicks store week. Store closure is the metric used as an indicator to quantify a substantive financial impact for Clicks' operations, which undermines Clicks' entire business. This definition applies to direct operations.

Further, if one of the Group's distribution centres are impacted by water constraints, the consequences to the operation of the entire business could be even more extreme. This will have a negative impact on the operation of the business as it could result in delays in product delivery or that stock cannot be delivered at all. This could cause products, which customers wish to purchase from the retail stores, to deplete. If a distribution centre is negatively impacted this will have a knock-on effect on the operations of the Group's business. The substantive financial impact to the distribution centres will impact, in a knock-on effect, the Group's direct operations.

The Group will also experience substantive financial impacts through their United Pharmaceutical Distributors (UDP) division. Substantive change for the UPD division is defined as when the company cannot deliver the necessary medication within the required time. UPD delivers medication to pharmacies, clinics and hospitals nationwide. Once UPD receives an order for medication, the medication has to be delivered within a 4-hour time frame of the order receipt otherwise UPD may lose clientele and thus its market share. An example of a substantive financial impact in this division is related to water related risks (such as lack of fresh water supply) which could prevent employees from coming to work, which could affect the UPD's ability to meet its required delivery time-commitments, which thus could substantively impact on its market share. The loss of market share as a result of delayed delivery is the metric to quantify a substantive financial impact for the UPD division. Substantive financial impact for UPD is defined as losing 0.1% market share which equates to R23.6 million. This applies to direct operations.

C2.2

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

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

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

Processes for identifying/assessing climate-related risks:
The group has moved beyond a narrow focus on legislative and regulatory compliance to embedding climate management into our strategic and operational planning processes. At a group level, climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment and management processes and are identified and assessed by the group executive, which is also responsible for designing and implementing the risk management process and monitoring progress. Risk management is very much embedded in the group's strategic business planning cycle and is monitored annually. The probability (likelihood) and impacts of identified risks are considered three to six years into the future. The executive reviews the risks to ensure mitigation strategies are implemented by business units. The board is responsible for the oversight of the risk management process and delegates responsibility to the audit and risk committee. The committee is responsible for ensuring the implementation of an effective policy and plan for risk. The audit and risk committee is supported by the

Group internal audit division, which monitors the progress of the group and business units in managing risks. The Group internal audit division reports its findings to the audit and risk committee on a quarterly basis. An external auditor also reports to the audit and risk committee on identified risk matters.
At a facilities or asset level, each business unit reviews its risk register to assess the risks associated with the strategic and operational plans for the year ahead. This includes reviewing the previous year's risks, considering new risks and assessing the potential magnitude, impact and probability of identified risks. Workshops with all levels of management are also held to determine the relative significance of climate-related risks in relation to other risks. A Clicks' specific risk framework provides definitions of risk terminologies and sets out the risks that should be considered as part of the risk identification process. The potential risks and opportunities are updated annually to ensure relevant industry issues are considered.

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

Case study for transitional risk:
At group level, our annual review of risks identified a financial, reputational, regulatory and environmental risk. Specific attention was given to ensure compliance with current and emerging regulations related to climate change. In this regard, Clicks has assessed its exposure to the provisions of the South African Carbon Tax Act. Our greenhouse gas emissions (GHG) mainly come from stationary fuel combustion (diesel), mobile fuel combustion, fugitive emissions, purchased electricity, upstream distribution, employee commuting and business travel. The group appointed SustainabilityIT, an independent service provider, to conduct verification on our emission data to assure accuracy and validity. The risk was assessed on the level of significance in terms of substantive financial impact by considering the implication for Clicks, the Rand value, mitigation actions (to be) taken and calculating the risk's financial impact. The group's carbon tax liability is only related to indirect costs which occur when purchasing the diesel that we consume in our back-up electric generators and as a passthrough cost from our suppliers in the pharmaceutical industry. We continuously keep track of progress in managing this risk.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulations are relevant because non-compliance could result in litigation costs and work stoppages, which could affect revenues. Furthermore, non-compliance to legislation could result in fines and penalties and reputational damage which could affect investor confidence and the company's share price. As an example, South Africa' Carbon Tax Act and the Carbon Offset Regulations have certain implications. Clicks' exposure to the carbon tax is minimal on a direct level, however, the impacts of the carbon tax post 2023 is still unclear given the uncertainties pertaining to how the carbon tax relief mechanisms will be adjusted and to what extent Eskom, the national power utility, will pass through their carbon tax liability to customers such as Clicks. The Carbon Tax is also linked to South Africa's National Greenhouse Gas Reporting Regulations, which were updated in September 2020. The Department of Forestry, Fisheries and the Environmental currently requires companies to register and annually report total GHG emissions. Clicks has also adopted measures to ensure that the group complies with the requirements of the National Greenhouse Gas Emission Reporting Regulations as well reporting annual carbon emissions and setting reduction targets.
Emerging regulation	Relevant, always included	Emerging regulatory risks are considered by the internal legal department as they arise and when they are specific to Clicks' business. An example of an emerging risk the is the recently published Regulation under the National Energy Act. The Regulations for the Mandatory Display and Submission of Energy Performance Certificates for Buildings was published in December 2020 and requires owners of buildings larger than 2000 square metres to display a certificate of the building's "energy performance" at the entrance of the building within two years from the date on Regulations come into force. The energy performance refers to the net energy consumed in kilowatt hours per square meter per year – including for heating, hot water heating, cooling, ventilation and lighting. An energy performance certificate must obtained through a verification process and submitted to the South African National Energy Development Institute. The certificates are valid for five years. These emerging regulations are relevant to Clicks, as the group has three large distribution centres that receive stock from national and international suppliers. Clicks will assess the applicability of the Regulations in relation to our distribution centres and ensure compliance with the relevant provisions of the Regulations. This regulation will also provide an opportunity for Clicks to identify energy efficient properties to rent.

Technology	Relevant, always included	Technology risks are well managed in Clicks and are therefore only considered in the risk assessments when they arise in relation to a specific context. Technology risks are relevant because technology failures could reduce Clicks' ability to restore business operations. Clicks' technologies, such as the IT systems in retail stores, technical equipment in pharmacies, but also IT and security systems at UPD related to packaging and distribution, face physical climate change risks. In this regard, Clicks Group has a 400kWp solar PV installation on the head office roof to reduce grid electricity Consumption. Extreme weather events could severely damage the solar installation and potentially lead to electricity supply constraints at our head office. A Clicks-specific example of this are floods or storms which could damage technical equipment and facilities and cause work stoppages. In order to prevent this risk from materialising, Clicks regularly reviews potential physical risks as part of strategic and operational risk registers that could impact on its technology-related operating efficiency.
Legal	Relevant, always included	Clicks' board recognises that climate change is a concern that may have certain legal implications for our directors, if not handled appropriately. Our board continuously asks questions and puts measures in place to show that action is being taken to understand and respond to climate-related risks and opportunities faced by Clicks. In this regard, Clicks has started the process of evaluating its operations against the recommendations of the TCFD in order to inform our Board on the actions that need to be taken to ensure that Clicks deploy both mitigation and adaption strategies in response to areas where the organisation has a potentially material exposure to climate risk. Any failure to disclose material issues that could impact on a company's financial position can be considered a contravention of South Africa's Companies Act. The TCFD process will assist the group's directors to ensure that we accurately reflect any material climate change related matters that may affect the business and therefor avoid legal action related to the mismanagement of climate change related matters.
Market	Relevant, sometimes included	Market-related climate risks are relevant as Clicks' and UPD occupy market-leading positions in the South African healthcare market and because of the Group's strive to be an ethical leader. This position could be impacted if our climate change mitigation actions lag behind our competition. For example, this risk is addressed in the risk assessment process through regular reviews of market-related risks and opportunities faced by Clicks in light of climate change impacts. Climate change is anticipated to bring about extreme weather events such as droughts and floods which could disrupt access to healthcare services and

		cause an increased strain on the healthcare sector. Clicks acknowledges this uncertainty posed by climate change impacts and has thus implemented the group-wide climate change policy to guide climate related decisions around large-scale healthcare market requirements and their response to the changing markets in like of climate change.
Reputation	Relevant, always included	Clicks' reputation, as a company that seeks to reduce its climate change impacts, influences investor confidence in the company, and thus this risk is relevant to the Group. Reputational risks are also relevant because they are impacted by legislative and regulatory changes, should Clicks not been seen to be compliant with regulations. In 2020 Clicks rated Brand Reputation as it's second most material issue to manage. The reason why the Group considered brand reputation as material is based on the fact that reputational damage to the group, its operating brands and products could result in a loss of brand equity having an adverse financial and market share impacts on the business. An example of a Clicks-specific reputational risk considered in their risk assessment process is the non-compliance to their regulatory requirements relating to the Climate Change Bill and the Carbon Tax, which assist in paving a more sustainable, low carbon path in South Africa, which Clicks seeks to be at the forefront of in its sector. Understanding Clicks' liabilities will be key to preventing reputational risks. This risk is addressed by conducting regular risk assessments such as the Business Impact Analysis and by undertaking climate-related risk assessments. These processes analyse possible reputational risks on the business, so that plans can be put in place to mitigate such risks. The Group's climate change policy, risk governance policy, sustainability targets and the alignment of ESG practices with the Sustainable Development Goals (SDGs) of the United Nations (UN), helps to ensure that we maintain our reputation of being a responsible company and are perceived as such.
Acute physical	Relevant, sometimes included	Acute physical risks would have an impact on Clicks' product deliveries, as well as their stores and stock centres. For example, UPD delivers pharmaceutical supplies to customers but this could be disrupted due to damaged roads caused by various climatic events, such as floods. In addition, Clicks recognises that extreme weather events such as floods and fires can cause damage to stores, stock and distribution centres influencing sales and distribution. These physical risks have been included in our risk assessments by incorporating assessments of alternative routes for all main distribution routes currently used in the event of damaged/disrupted routes, to minimise the risk posed by the acute physical risks of climate change impacts.

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

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Other, please specify

Decreased revenues from lower sales/outputs

Company-specific description

Water quality and availability is vital for Clicks' direct pharmacy operations as it is used for the provision of medical services such as meeting regulatory requirements. Clean water is used by pharmacists and nurses for handwashing as well as cleaning equipment used to mix medication. Furthermore, freshwater quality is vital for Clicks' direct pharmacy as it is a regulatory requirement for pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Water availability is also a prerequisite to prevent the spread of disease.

Based on climate change predictions from the IPCC Fifth Assessment Report and local climate projections (CSIR Green Book), temperatures are to increase, rainfall patterns to change and drought periods to become longer and drier in southern Africa. Already a water stressed region, these climatic changes will increase water stress in South Africa and neighboring countries further, potentially leading to water shortages.
Clicks expects the water scarcity risk to increase for both direct and indirect operations. Additionally, rising water prices and increased frequency and length of water supply interruptions threatens our daily operations. If there is increased freshwater scarcity, then the clinics and pharmacies will be forced to close operations intermittently during these periods. Scarce freshwater could therefore put the hygiene and sanitation of Clicks' employees (and customers) at risk, which could further increase risks of closure of operations. Water shortages as a result of changing weather patterns would impact on the ability of pharmacies and clinics to operate, having the ability to impact on the Clicks Group's direct operations and may therefore negatively impact sales and revenues.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

116,077

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The impacts of rising temperatures, changing rainfall patterns and longer and drier drought periods on Click's direct operations could result in a reduction of operational efficiency and could, at worst, result in the closure of stores. The impacts of such events are a reduction in revenues.
A full day's closure could pose a financial impact of approximately R116 007.09 per store per day. This cost is calculated by dividing the total revenue in 2020 (R24 785 362 000) by the total number of stores with pharmacies that require water (585) and dividing this by days operational in the year (365). There will also be an impact on employee and customer well-being which cannot be quantified financially.

Cost of response to risk

740,000

Description of response and explanation of cost calculation

Undertaking regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies) are examples of how the Clicks Group manages this risk. Physical risks are analysed with a view to putting mitigation plans in place. For example, the head office uses municipal water, rainwater and borehole water. The air-conditioning plant at head office uses recycled water. This diverse supply allows Clicks head office to continue operations during water supply interruptions. The risk assessments also allow Clicks to assess contingency planning for extreme events at specific locations and assess new store acquisitions more carefully to mitigate risks.
The management cost is estimated to be R 740 000. This consists of an ongoing cost to implement the platform to communicate risks (R240 thousand/year) and a once-off Business Impact Analysis assessment on risks of R500 000.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Technology

Other, please specify

Slow rollout of renewable energy aggravated by failing coal-based generation

Primary potential financial impact

Other, please specify

Decreased revenues from lower sales/outputs

Company-specific description

Energy security is vital for our operations. Electricity supply in the stores, distribution centres, head office and regional office is core to the sustainability of the business and load shedding poses a substantial risk. The predicted chronic physical climate impacts are expected to worsen the electricity supply challenges from the utility, Eskom – Changes in weather patterns, especially extremely cold conditions result in the increased demand for electricity, which increases pressure on Eskom's system and could possibly lead to load shedding. In times of draught there may be lack of water for cooling power stations and at high temperatures the rated output of power stations is reduced. In terms of government regulations, if Eskom cannot supply national electricity demand and initiates a system emergency, the operations are issued a 'load curtailment' instruction several hours in advance, requiring electricity consumption reduction of 10% (Stages 1 to 2), 15% (Stage 3) or 20% (stage 4), depending on the severity of the event. The operational losses associated with these load curtailment events can have substantive financial impacts on Clicks' ability to operate and keep stores open, and by extension lead to decreased revenues as a result of store closure. In addition, coal fired power stations require significant volumes of water to operate. Long-term droughts and temperature increases will increase water scarcity in the country, which may impact the ability of coal-fired power stations to generate electricity, thereby further increasing the risk that Clicks stores will not be able to operate.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

76,815

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The impacts of electricity outages as a result of climate change related events such as cold weather and droughts could result in a reduction of operational efficiency and could, at worst, result in the closure of stores. The impacts of such events are a reduction in revenues. A full day's closure could pose a financial impact of approximately R76 815.00 per store per day. This cost is calculated by dividing the total revenue in 2020 (R24 785 362 000) by the total number of stores (884) and dividing this by days operational in the year (365).

Cost of response to risk

7,200,000

Description of response and explanation of cost calculation

The group is committed to implementing alternative energy sources for its operations. Clicks Group has a 400kWp solar PV installation on the head office roof to reduce grid electricity consumption. It cost the company approximately R7200000 (R18000 x 400kw) The plant is able to produce approximately 645 MWh of energy per year, which accounts for 1.56% of annual energy generation. Furthermore, the group’s aim is to ensure uninterrupted supply by ensuring that uninterruptible power sources (UPSs) are in working order to cover load shedding. The group is also exploring the use of alternative energy sources to ensure business continuity. In order to reduce the group’s energy consumption, energy management initiatives are implemented at our stores, distribution centres and at head office. The group also implements LED technology in all operations and have installed electronic meters that monitor energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not needed.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation

Shifts in consumer preferences

Primary potential financial impact

Other, please specify

Reduced revenues from lower sales/output

Company-specific description

In 2020, Clicks Group identified reputational damage to the group and its operating brands as its 2nd most material risk which could have an adverse financial impact on the business. With the energy crisis in South Africa, climate change and increasingly serious environmental problems, there has been increasing public concern about environmental issues. Excessive consumption of natural resources and aggravated deterioration of the ecological environment has caused consumers to be increasingly aware of the products they purchase based on the environmental footprint of such products. Increasing consumer activism related to the environmental footprint of the products could lead to brand or product boycotts, thereby impacting Click’s revenue.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

769,731.73

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Recent protests unrelated to the environmental impacts of products have given the Group a clear indication of the financial impact that product-related protests can have on Clicks' business. This protest action resulted in the group incurring losses in revenue, inventory, as well as additional costs and damages to several stores. The group plans to submit a claim in terms of the group's insurance policy for this incident. The group recognises that similar protests related to the environmental impact of the products it sells could have similar financial impacts. It is expected that Clicks could suffer an approximate 0.1% decrease in market share in either one of its market categories (retail pharmacy, health shop, skincare or haircare) should customers boycott the store as a result of the environmental impact of certain products. Such a decrease in market share could potentially amount to R769 731.73. (Turnover [24 billion] x market share [32.2] x 0.1%). Furthermore, the group reported a drop in its share price of 6% in the wake of the reputational damage suffered. Similar financial impacts can be expected in the event where Clicks suffers reputational damage as a result of promoting products which do not meet the environmental scrutiny of its customers.

Cost of response to risk

75,000

Description of response and explanation of cost calculation

The Group has various measures in place in order to minimize and prevent reputational damage related to the environmental awareness of the products that the group sells. Consultants are retained by the group to advise on reputational management. In this regard, Clicks is in the process of incorporating sustainability and climate change criteria in its product procurement policies. Furthermore, strict quality assurance processes are implemented to limit risk of product failure. The groups has also initiated the process to set a science based target, which will include its scope 3 emissions. This will enable the group to engage with suppliers on climate change related matters and the emission intensity associated with the production of products that Clicks sells. Clicks initiated the first phase of the supply climate change engagement with customers in 2020. The costs associated with the first phase was approximately R75 000.00 Clicks will continue to allocate more resources to the supply change engagement process in 2021 and further into the future.

Comment

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Clicks Group welcomes and acknowledges the role of business in supporting the ambitions outlined by the Sustainable Development Goals. The Group believes that it can contribute to, amongst others, SDG 7: Affordable and Clean Energy. Therefore, the Group is committed to implementing alternative energy sources for its operations. The ability to implement self-generating renewable energy plants has also received recent support from government whereby it was announced that Schedule 2 of the Electricity Regulation Act will be amended to exempt companies from applying to license a 100MW (or smaller) embedded generation plant with the National Energy Regulator of South Africa. This removes a tremendous administrative burden from companies wishing to build renewable energy plants in order to secure energy supply, whilst also driving down emissions. In essence, it will enable companies to build their own energy facilities to cater to their own needs.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,800,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Clicks group currently consumes approximately 125 500 litres of diesel per year in order to operate during times of load shedding. Currently, the cost of diesel per litre is approximately R15.00. This means that Clicks spends approximately R1.8 million per year on diesel purchasing in order to operate at times of load shedding. Implementing renewable energy options at our operations will not only enable us to reduce our dependency on diesel for use in backup generators, but will also drive down our emissions.

Cost to realize opportunity

7,200,000

Strategy to realize opportunity and explanation of cost calculation

Clicks has already begun the journey of implementing alternative energy sources. Clicks Group has a 400kWp solar PV installation on the head office roof to reduce grid electricity consumption. The plant is able to produce approximately 645 MWh of energy per year, which accounts

for 1.56% of annual energy generation. The plant cost Clicks approximately R7.2 million. (400kw x R18000) The plant consists of 1 298 modules installed over a rooftop area of 2 519 m2. Furthermore, Clicks manages the risk of power failures through the planned installation of solar PV at 60% of Clicks' stores and Clicks is further investigating installing new solar PV on its distribution centres in future. The costs of exploring further solar PV options are undertaken in-house at this stage and are not associated with additional costs.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact
Other, please specify

Increased revenue through new solutions to adaptation needs

Company-specific description
The regions in which Clicks operates are at risk of increased vector-borne diseases and illnesses due to changing climatic conditions. Changes in climatic weather conditions may result in the spread of vector borne and other diseases such as Malaria that were previously not present in certain areas. In addition, the symptoms of illnesses such as flu and diarrhoea are strengthening or the effects thereof more prominent. Climate change is expected to cause around 250,000 additional deaths annually between 2030 and 2050. According to the Department of Health (National Climate Change and Health Adaptation Plan 2014 – 2019), the capacity of hospitals and health facilities needs to be strengthened. Particularly addressing disease outbreaks resulting from extreme weather events. Clicks has the opportunity to develop climate adaptation solutions through the provision of new in-store clinics with qualified nurses that can administer medication, and provide life-saving support. Clicks Group may already have retail outlets in these areas, and therefore has the opportunity to adapt its existing infrastructure to offer the medical support in treating such diseases. Clicks could engage with people in the same way that the Group is engaging on family planning, by using the same channels with the Department of Health, should any climate induced health issues arise on a large scale, in areas that do not have the financial means to deal with such disasters.

Within the context of the Covid-19 pandemic, a recent paper published in the Journal Science of the Total Environment revealed that climatic changes directly fostered a favourable environment for many bat species to thrive, allowing for the emergence of novel coronaviruses - including the SARS-CoV-2 strain. Although it is too early to say whether climate has played a role in the spread of SARS-CoV-2, the authors argue that climate change could directly or indirectly help pathogens make the leap to other species. As a response to the pandemic, Clicks Group has made sure that inventory levels increased in vulnerable communities and neighbourhood stores and have adapted its supply chain to source alternative suppliers and secure stock of medicine needed to combat the virus.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
24,785,632

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
Although the direct financial implication is difficult to quantify, it is likely that in the event of an increased uptake of Clicks' in-store clinic facilities by the broader community, the same people will also make purchases in the stores and thereby increase market share. These financial implications may be negligible as compared to the wider social benefits. However, even 0.1% increase in revenue in 2020 (R24 billion) from such a speculative market may result in an additional R24 785 632.00 million per annum.

Cost to realize opportunity
10,200,000

Strategy to realize opportunity and explanation of cost calculation
Clicks Group's strategy to realise this opportunity includes investigating the probability and types of potential diseases that may be associated with climate change in the areas in which the group operates. Specific activities include exploring the training of clinic personnel so that they can deal with climate health impacts. The Group trains its employees, pharmacists and clinic nurses to show customers how to live a healthy life and look after themselves during illness. Flu vaccinations are offered at no cost to staff to support their immunity levels.

In addition, the Group administers free vaccines and consultations through its "Helping Hands" Programme to ensure healthy babies. Such consultations include vaccinations, (e.g. flu vaccines) as well as medical advice on diarrhoea. In response to the pandemic, the group also supports vulnerable communities by extending the free primary care clinic services offered to Clicks customers with no medical cover to five days a week from the normal one day. In support of frontline public healthcare workers, Clicks donated 10 000 flu vaccines to the Western Cape Department of Health and Department of Social Development.

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

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Clicks operates in water stressed areas and climate change projections indicate that the climate in southern Africa are likely to become hotter and even drier, increasing water stress. Clicks has the opportunity to implement water efficiency projects. For example, the group recycles water at their Head Office and has a rainwater harvesting system installed in order to reduce withdrawals from municipal supply and be partially operational for short periods when water is unavailable. The group also recycles wastewater at the head office, which is captured from the head office building's air-conditioning cooling towers. The water is used for flushing of toilets. Clicks only recycles water at their Head Office but could consider water recycling initiatives at other facilities. Clicks has installed rainwater harvesting tanks at some of its operations, which could be expanded upon in other operations.

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

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

116,007.09

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Water efficiencies provide an opportunity for Clicks to reduce their freshwater consumption costs and could also improve Click's resilience to climate change impacts such as drought. Clicks' facilities, particularly in-store pharmacies, require water to operate, being a regulatory requirement and ensuring the hygienic standards within pharmacies. Without water at these facilities, stores would have to close. The financial impact figure of R116 007.09 /day provided above is the average loss in revenue per store closure, per day, which could occur in the event of extreme water scarcity. This cost is calculated by dividing the total revenue in 2020 (R24 785 362 000) by the total number of stores which require water (585) and dividing this by days operational in the year (365).

Cost to realize opportunity

5,500

Strategy to realize opportunity and explanation of cost calculation

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

The cost of R5,500 is the cost per store for capital infrastructure investments, such as rainwater harvesting systems. During 2020 Clicks' water expenses included water reticulation piping and a water pressure improvement system, as well as borehole installations.

Comment

C3. Business Strategy

C3.1

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

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	The Clicks Group is only considering to publish a low-carbon plan after finalising the TCFD work we have embarked on.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

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

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

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

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Rationale: Clicks' business strategy has and continues to be influenced by climate-related issues because the Group's key long-term business goal is to be sustainable. Our strategy is to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. There are 4 focus areas: a) Building a trusted, accessible healthcare network; b) Empowering motivated, passionate people; c) Sourcing products that uphold the integrity of our brand; d) Lightening our carbon footprint. Focus area a) building a trusted, accessible healthcare network indicates Clicks' commitment to considering climate-related risks and opportunities around our products and services. Description of how our strategy was influenced: The projected change in climatic conditions in South Africa could influence the occurrence and spread of diseases. Clicks therefore has the opportunity to develop climate adaptation solutions through the provision of new in-store clinics with qualified nurses that can administer medication, and provide life-saving support. This opportunity was therefore integrated into the Group's business strategy (see 2.4a, opp. 2). Case study: A key opportunity to the Clicks Group's products and services is to provide medication and products to its customers to enable them to deal with health impacts as a result of changes in the occurrence and spread of diseases. Specific activities related to our ability to provide such medication include research into the probability and types of potential diseases that may be associated with climate change in the areas in which the group operates. The time horizon associated with this opportunity is the medium-term.

Supply chain and/or value chain	Yes	Rationale: Energy security is vital for Clicks' operations. Electricity supply for both our own operations as well as our suppliers is core to the sustainability of the business and load shedding poses a substantial risk. The predicted chronic physical climate impacts are expected to worsen the electricity supply challenges. The impacts of electricity outages as a result of climate change related events such as cold weather and droughts could result in a reduction of operational efficiency, receiving goods and services, and could, at worst, result in the closure of stores. Description of how our strategy was influenced: As a result of energy supply risks, Clicks incorporate energy security as a key risk and sets out to explore the use of alternative energy sources to ensure business continuity. Case study: The group's aim is to ensure uninterrupted supply by ensuring that uninterruptible power supplies (UPSs) are in working order to cover load shedding. The group is also exploring the use of alternative energy sources to ensure business continuity. The group also implements LED technology in all operations and have installed electronic meters that monitor energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not needed. The time horizon associated with this risk is the medium-term.Clicks' supply chain could be at risk from increasing intensity and severity of extreme weather events. Specifically, the reliable supply of electricity would be at risk. Power interruptions could greatly impact on the Group's ability to trade. The Clicks Group has integrated this risk into its business strategy by pro-actively investing in operational alternatives to reduce electricity consumption from the grid. Clicks has begun investing in various mitigation measures such as the installation of new solar PV panels, which are installed at 60% of Clicks' stores. Also, an IT platform was installed across the Group to communicate risks such as extreme weather events. Clicks is further investigating installing new solar PV on its distribution centres in future. The time horizon associated with this opportunity is the medium-term.
Investment in R&D	Yes	Rationale: Customers are becoming increasingly aware of the environmental impact of the products they consume.

		Clicks could suffer reputational damages as a result of promoting products which do not meet the environmental scrutiny of its customers (as reported in 2.3a, risk 3). Case study: Recent protests unrelated to the environmental impacts of products have given the Group a clear indication of the financial impact that product-related protests can have on Clicks' business. This protest action resulted in the group incurring losses in revenue, inventory, as well as additional costs and damages to several stores. The group recognises that similar protests related to the environmental impact of the products it sells could have similar financial impacts. Description of how our strategy was influenced: Clicks is planning to introduce the My Earth range of eco-friendly products with plant-based ingredients and packaging designed to be recyclable within South Africa, aligning to the group's sustainability strategy. The time horizon associated with this risk is the short-term.
Operations	Yes	Rationale: Water availability is projected be at risk as a result of climatic changes. Water quality and availability are vital for Clicks' direct pharmacy operations for the provision of medical services. Clean water is used by pharmacists and nurses for handwashing as well as cleaning equipment used to mix medication. Water availability is also a prerequisite to prevent the spread of disease. Case study and description of how our strategy was influenced: The Clicks Head Office is located in the Western Cape area. This region had major water supply challenges due to the on-going drought in the Province. Clicks suffered direct water supply challenges to its head office as well as some distribution centres for over a month. As a result, day to day operations at head office, distribution centres and an estimated 120 stores in the region were impacted. Clicks Group use the loss of revenue as part a means to evaluate this risk. A full day closure can cost approximately R116 007 per store per day (as reported in 2.3a, risk 1). The business strategy thus makes provision for regular risks assessments to analyse and monitor physical risks to the business. As a result, operational improvements have been put in place in order to safeguard against these risks. These include a new rainwater harvesting system and boreholes

		that was installed at head office to support day to day operations. The time horizon associated with this risk is the medium-term.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Acquisitions and divestments Access to capital Assets Liabilities	Revenues: Case study: operating in a water-stressed region, in particular in the Western Cape, water availability is projected to decline as a result of rising ambient temperatures and changing rainfall patterns. This could lead to water shortages, impacting both our direct and indirect operations. If water cannot be supplied to our pharmacies and stores, these will be forced to close operations intermittently during such times of water unavailability. Our pharmacies and stores require access to water at all times in order to adhere to health and safety regulations. The closure of stores and pharmacies as a result of water shortages would lead to losses in sales and revenues. In the recent past, water shortages already had impacted day to day operations at the Clicks' Head Office, the distribution centres and an estimated 120 stores that are situated in the Western Cape. The impact of this water crisis resulted in a decline in sales and loss of revenue to the group. Because a full day's closure of a store can cost approximately R116 007 per store per day, the Clicks Group's financial planning processes to mitigate such impacts therefore includes the procurement of additional water supplies, investments in water maintenance and capital items (such as water storage facilities) as well as the development of product lines that may better serve water constrained clients (e.g. waterless hand sanitisers) which may increase revenues. The time horizon for this covered in our financial planning is the short-term. Indirect costs: The South African carbon tax is expected to increase Clicks Group's operating costs in the medium- to long-term through increases in electricity costs post-2022. Approved by NERSA, electricity tariffs have increased significantly since 2019. To mitigate high electricity tariffs, Clicks continues to invest in replacing light fittings in stores, company-owned buildings and distribution centres with energy efficient lights, and installing electricity meters to accurately measure electricity use per store

		in order to monitor and manage energy more effectively. These metering systems cost R850 000 per annum. The Clicks Group's financial planning processes to mitigate such impacts is therefore to provide for such costs in operational budgets. The time horizon for this covered in our financial planning is the medium to long-term. Capital expenditures: Clicks Group's capital expenditures have been, and will continue to be, impacted by climate change. The experienced drought conditions, especially in 2018 in the Western Cape, led to a water crisis during which Clicks suffered direct municipal water supply constraints to its head office building and some distribution centres. This resulted in the company needing to implement a number of mitigation options in order to continue day to day operations within a short-term and immediate timeframe. Case study: The group has several on-going water conserving initiatives in place which include the water boreholes installed at the head office and the Cape Town distribution centre as well as the rainwater harvesting system (providing about 3000kl per year). The water withdrawals from the boreholes are monitored on a monthly basis. The group also recycles water at the head office from wastewater which is captured from the building's air-conditioning cooling towers. This enables the head office to be partially operational when water is unavailable for short periods of time (3-4 days). The water recycling from cooling towers saves the business approximately 200 kilolitres of water per annum. The time horizon for this covered in our financial planning is the short-term. Acquisitions and divestments: Extreme weather events in the Western Cape are expected to continue and intensify as a result of climate change. As such, Clicks Group may consider divesting in operations in the Western Cape. The potential impact of divestments in the regions would be a reduction in group revenues and potentially share price, which would affect the Clicks Group financial planning process (e.g. could reduce ability to access capital). A possible time horizon for this impact would be the long-term, depending on the extent and timing of the extreme events. Access to capital: Clicks values the views and insights of investors. The Group continues to engage with investors and addresses issues such as store and pharmacy expansion plans, the regulatory environment as well as capital management. In this regard risks associated with the Carbon Tax and upstream cost increases and the changing regulatory environment in relation to mandatory GHG reporting are key discussion points. Failure to comply with mandatory GHG reporting regulations could impact on investor confidence and limit access to capital. These regulatory risks will

		impact financial planning and access to capital in the medium-term. Similarly, increasing water pressures and utility costs which could have financial impacts on expansion plans of the Group, could negatively impact investor opinion. A possible timescale for this impact included in the financial planning would be the short-term, as mandatory GHG reporting is required on an annual basis. Assets: The largest current asset for the Clicks Group is its inventory. As such, the safe storing of products and medication is critical. If one distribution centre were to be damaged as a result of extreme weather, the cost of the stored products damaged in the centre could cost billions to replace. Additionally, cooling requirements for distribution centres and warehouses are also important, and also energy intensive. The Clicks Group's financial planning therefore considers future impacts on electricity costs (e.g. increased due to the Carbon Tax, Eskom debt) and measures to reduce short- to medium-term (e.g. insuring goods) as well as medium-to long-term impacts (e.g. the implementation of energy efficiency projects). The time horizon for this covered in our financial planning would be the short- to long-term, depending on when certain Carbon Tax-related phases will impact the cost of electricity. Liabilities Damage to important infrastructure (storage, buildings, IT system and roads) could lead to interruptions in or the inability to supply of medication. In turn, Clicks may be unable to meet their service level agreement and owe such services to its clients. Clicks' obligation to provide paid products would be affected. In response to the possible impact on Clicks' liabilities is to undertake regular risk assessments (e.g. Business Impact Analysis, climate risk assessment studies); investigating alternative transport routes to mitigate distribution risks relating to damaged/disrupted routes and installing solar PV panels at 60% of Clicks' stores which can power the IT systems over an extended period (e.g. weeks) in case of power failures. The time horizon for this impact covered in our financial planning would be the medium-term.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

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

Intensity target

C4.1b

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

Target reference number

Int 1

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Metric tons CO2e per square meter

Base year

2015

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

0.19

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

100

Target year

2020

Targeted reduction from base year (%)

5

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

0.1805

% change anticipated in absolute Scope 1+2 emissions

-5

% change anticipated in absolute Scope 3 emissions

0

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

0.179

% of target achieved [auto-calculated]

115.7894736842

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

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

Clicks has revised this target to align with the SBTi methodology.

Target reference number

Int 2

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Metric tons CO2e per square meter

Base year

2015

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

0.19

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

100

Target year

2030

Targeted reduction from base year (%)

10

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

0.171

% change anticipated in absolute Scope 1+2 emissions

-10

% change anticipated in absolute Scope 3 emissions

0

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

0.179

% of target achieved [auto-calculated]

57.8947368421

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

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

Clicks has revised this target to align with the SBTi methodology

C4.2

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

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

C4.2a

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

Target reference number

Low 1

Year target was set

2016

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: energy carrier

Electricity

Target type: activity

Production

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

kWh

Target denominator (intensity targets only)

Other, please specify

Total energy consumption in kWh

Base year

2015

Figure or percentage in base year

0.0013

Target year

2020

Figure or percentage in target year

0.015

Figure or percentage in reporting year

0.006

% of target achieved [auto-calculated]

34.3065693431

Target status in reporting year

Underway

Is this target part of an emissions target?

Int1

Int2

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

This is an energy production based renewable energy target. In the base year of 2015, the Clicks Group installed solar PV at its head office. The plant is able to produce about 650MWh of electricity in a year which accounts for 1.56 % of the base year energy generation. Assuming that the Group maintains a constant electricity consumption profile up to 2020, it is targeted that renewable energy (from solar PV installations) will also maintain the 1.5% of the Group's electricity requirements. The Group has the target to double its renewable electricity generation capacity between 2015 and 2020.

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	0

Not to be implemented	0	

C4.3b

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

Initiative category & Initiative type

Low-carbon energy generation

Other, please specify

Study on solar PV installations at stores

Estimated annual CO2e savings (metric tonnes CO2e)

0

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

0

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

27,500

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

In the reporting year, Clicks conducted a study regarding the installation of solar panels at stores. This is the first step of an emission reduction project and did not result in any emission or monetary savings but will motivate for future implementation.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	When implementing new technology, the Group makes sure that it is in line with the energy efficient building standards such as SANS204.

Dedicated budget for energy efficiency	Budget has been allocated for energy meters, energy efficiency projects and consolidation of electricity feeds into the building.
Dedicated budget for other emissions reduction activities	Waste separation bins for the head office and waste recycling contracts to the distribution centres have been budgeted for and are being implemented.
Employee engagement	Continued communication to employees through the internal magazine, emails and environmental committee is carried out to ensure employees are conscious of energy consumption, and environmental aspects and impacts.

C4.5

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

No

C5. Emissions methodology

C5.1

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

Scope 1

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

5,255

Comment

Scope 2 (location-based)

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

86,811

Comment

Scope 2 (market-based)

Base year start

September 1, 2007

Base year end

August 31, 2008

Base year emissions (metric tons CO2e)

86,811

Comment

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

C5.2

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

ISO 14064-1

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

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

2,771

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

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

C6.3

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

Reporting year

Scope 2, location-based

107,937

Scope 2, market-based (if applicable)

107,279

Comment

The Clicks Group acquired renewable energy through a solar PV installation. There are no scope 2 emissions associated with the PV installation (market based electricity) as it is a renewable energy facility. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the FY20 period and is based in the same geographical location and grid boundary in which the Group operates in.
The location based emission differ from the emissions reported in the Sustainability Report due to the inclusion of the low carbon electricity in accordance with the GHG Protocol guidance on Scope 2 accounting.

C6.4

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

Yes

C6.4a

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

Source

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

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

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

Emissions are not relevant

Explain why this source is excluded

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

C6.5

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

Purchased goods and services

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

60

Emissions calculation methodology

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

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

100

Please explain

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

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

Capital goods are not an inherent part of Clicks' business as it does not have significant manufacturing facilities. The purchase of capital goods such as forklifts or delivery vehicles will not result in significant Scope 3 emissions in terms of Clicks' overall emissions profile.

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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

13,292

Emissions calculation methodology

Clicks has calculated the emissions associated with the production of their purchased fuels and electricity.
Activity data: The volumes of fuel purchased in litres and the amount of electricity in kWh.
Emissions factors: The emission factors for the production of petrol and diesel were obtained from DEFRA 2020.The transmission and distribution losses factor was calculated using information from the 2020 annual report of Eskom the national utility.
The emissions were calculated by multiplying the activity data with the emission factor.

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

100

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8,764

Emissions calculation methodology

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

Activity data:
The total km travelled were collected for the various types of road vehicles.
Emission factors:
Freighting emissions factors were sourced from DEFRA 2020.
The specific emission factor for each vehicle in the category was allocated then multiplied to its respective distance (km).
Primary data sets (in km) were used to calculate the distribution related emissions, with only the emission factors being sourced from DEFRA databases which are based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

100

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,079

Emissions calculation methodology

Clicks has calculated the emissions associated with the water generated by their operations.
Activity data: The volumes of waste in kg.
Emissions factors: The emission factors for recycled waste were taken from DEFRA 2020, the emission factor for landfilled waste was taken from Friedrich & Trois, 2013. - Current and future greenhouse gas (GHG) emissions from the management of municipal solid waste in the eThekwini Municipality e South Africa. The emissions related to wastewater treatment were calculated using the IPCC methodology. The emissions were calculated by multiplying the activity data with the emission factor.

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

100

Please explain

Business travel

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

751

Emissions calculation methodology

Business travel comprised of air travel and rental vehicles. All flights were recorded by Clicks' travel agents.
Emission factors: DEFRA (2020) emission factors for short and long haul flights were used, differentiating between economy and business class. As a conservative approach, a factor of 9% was included on all distances. Radiative forcing was included in estimating these emissions. For rental vehicles, vehicles were classified as small, medium or large petrol engines, and the DEFRA emission factors were applied.
Activity data: All flight and taxi data used comprised primary data (in km travelled). However emission factors were from DEFRA databases, based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse

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

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9,254

Emissions calculation methodology

In 2016 an employee commute survey was again undertaken to determine the modes of transport and distances travelled by employees. Leave days and holidays were omitted, and results were extrapolated across all full time employees to obtain the totals of kms travelled by each mode. These included a combination of office staff and store based staff. Office staff tends to drive single occupancy privately owned cars, as opposed to employees at shops and distribution centres who may rely primarily on the more efficient public transport modes. The results of the survey were used in the 2020 calculation.
Activity data:
The activity data for this calculation consisted of the employee numbers for the year and the results of the survey regarding the transport modes.
The DEFRA (2020) emission factors were multiplied to the kms travelled by each transport mode to yield total emissions. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

50

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Clicks does not have any upstream leased assets.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

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

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

The Clicks Group does not sell products that required processing.

Use of sold products

Evaluation status

Relevant, not yet calculated

Please explain

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

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

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

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Clicks Group does not have any downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Clicks Group does not franchise any outlets.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Investment is not a core function of the Clicks Group.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

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

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

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

C6.7

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

No

C6.10

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

Intensity figure

0.00000303

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

110,708

Metric denominator

unit total revenue

Metric denominator: Unit total

36,591,196,000

Scope 2 figure used

Location-based

% change from previous year

11

Direction of change

Decreased

Reason for change

The Clicks Group experienced a decrease in Scope 1 and 2 emissions of 2% as well as an increase in revenue of 10%. The reduction in emissions is primarily due to the impacts of covid. These impacts resulted in few people at facilities resulting in lower energy requirements. The increase in revenue could have gone up due to higher demand for medicine.

The decrease in intensity is due to the decrease in emissions in conjunction with an increase in revenue.

Intensity figure

0.1797

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

110,708

Metric denominator

square meter

Metric denominator: Unit total

615,945

Scope 2 figure used

Location-based

% change from previous year

3

Direction of change

Decreased

Reason for change

The Clicks Group experienced a decrease in Scope 1 and 2 emissions of 2% and an increase in floor area of 1%. The reduction in emissions is primarily due to the impacts of covid. These impacts resulted in few people at facilities resulting in lower energy requirements.

The decrease in intensity is primarily due to the decrease in emissions in conjunction with higher floor area resulting from an increased number of stores.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2,102	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	2	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	125	IPCC Fourth Assessment Report (AR4 - 100 year)

HFCs	457	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	2,771

C7.3

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

By business division

By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Clicks	807
Musica	59
Bodyshop	11
Head Office	127
Distribution Centres	268
CDM	0
UPD	1,499

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Company owned vehicles	1,798
Fugitive emissions	541
Stationary fuel combustion	432

C7.5

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

Country/Region	Scope 2, location-	Scope 2, market-	Purchased and consumed	Purchased and consumed low-carbon electricity, heat,

	based (metric tons CO2e)	based (metric tons CO2e)	electricity, heat, steam or cooling (MWh)	steam or cooling accounted for in Scope 2 market-based approach (MWh)
South Africa	104,605	103,947	101,909	645
Botswana	549	549	579	0
Eswatini	546	546	576	0
Namibia	2,175	2,175	2,294	0
Lesotho	62	62	65	0

C7.6

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

By business division

By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Clicks	87,152	87,152
Musica	3,960	3,960
Bodyshop	866	866
Head Office	3,195	2,537
Distribution Centres	5,118	5,118
CDM	65	65
UPD	7,581	7,581

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity consumption	107,937	107,279

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output	649	Decreased	0.6	Due to the lockdown restrictions and covid related impacts, Clicks' Scope 1 and 2 emissions decreased 649tCO2e. The decrease was calculated as follows: increase = Savings in 2020/Overall emissions in 2019 x 100 Therefore %decrease = -649/112 794 x 100 = -0.6%
Change in methodology	2,095	Decreased	1.9	The grid emission factor for all the countries we operate in was updated to the latest published grid emission factor. The change in emissions was calculated by multiplying the electricity consumption in MWh by the change in emission factors with units tCO2e/MWh.

				The emissions value was then calculated in accordance with the guidance as follows: Value = Change in emissions/Previous years scope 1 and 2 emissions X 100. Therefore, the emissions value is: Value = -2 095/112 794 X 100 Value = -1.9%
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes

Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	8,073	8,073
Consumption of purchased or acquired electricity			101,974	101,974
Consumption of self-generated non-fuel renewable energy		655		645
Total energy consumption		645	110,047	110,692

C8.2b

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

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

Consumption of fuel for co-generation or tri-generation	No

C8.2c

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

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
5,105

MWh fuel consumed for self-generation of electricity
1,614

MWh fuel consumed for self-generation of heat
3,491

Emission factor
0.0028

Unit
metric tons CO2e per liter

Emissions factor source
Calculated from South African Technical Guidelines

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

Fuels (excluding feedstocks)
Petrol

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
2,968

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat

2,968

Emission factor

0.0024

Unit

metric tons CO2e per liter

Emissions factor source

Calculated from South African Technical Guidelines

Comment

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

C8.2d

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,871	1,871	645	645
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

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

Sourcing method

Other, please specify

On site installation owned by Clicks

Low-carbon technology type

Solar

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

South Africa

MWh consumed accounted for at a zero emission factor

645

Comment

The Clicks Group acquired renewable energy through a solar PV installation. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the 2020 period and is based in the same geographical location and grid boundary that the Group operates in.

C9. Additional metrics

C9.1

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

Description

Waste

Metric value

80

Metric numerator

% of waste recycled

Metric denominator (intensity metric only)

% change from previous year

6

Direction of change

Decreased

Please explain

The Clicks Group tracks the percentage of its waste that is recycled. Due to the nature of Clicks' business not all of its waste can be recycled. Medical waste is required to be incinerated rather than recycled.
The percentage of waste recycled decreased from 85% to 80% in the reporting year.

C10. Verification

C10.1

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

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

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

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

Clicks_GHG_Verification_Report_20201123 (2).pdf

Page/ section reference
1-27

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Clicks_GHG_Verification_Report_20201123 (2).pdf

Page/ section reference

1-27

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

Scope 3 (upstream & downstream)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Clicks_GHG_Verification_Report_20201123 (2).pdf

Page/section reference

1-27

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

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

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

C11. Carbon pricing

C11.1

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

Yes

C11.1a

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

South Africa carbon tax

C11.1c

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

South Africa carbon tax

Period start date

January 1, 2020

Period end date

December 31, 2020

% of total Scope 1 emissions covered by tax

100

Total cost of tax paid

10,045.04

Comment

Clicks Group does not pay carbon tax directly to the South African Revenue Services, as our carbon taxable emissions only relate to diesel consumption. The carbon tax payable for diesel consumption is collected as part of the South African fuel levy when purchasing the diesel and was set at 8 cents (ZAR) per litre for 2020).

C11.1d

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

The South African Carbon Tax was implemented on 1 June 2019. The carbon tax for 2020 was applied to emissions emitted from 1 January 2020 to 31 December 2020. The only carbon taxable emissions that Clicks will be liable for is the emission resulted to the consumption of diesel in the group's back-up electricity generators, which are used during power outages. As Clicks pays the carbon tax related to its diesel consumption at time of purchasing the diesel as part of the South African carbon fuel levy, Clicks is not required to pay carbon tax directly to the South African Revenue Services.

Clicks' strategy for complying with the South African Carbon Tax is to continuously follow carbon tax developments. Workshops on climate change-related activities, including the carbon tax, are attended and commentary is provided to the NBI, who in turn communicates the feedback to the regulatory body of government. Further, emission reduction activities, such as the implementation of on-going energy efficiency projects, are implemented each year and short-, medium- and long-term emission reduction targets are set. In the long term, the adoption of renewable energy at our operations, will reduce our dependency on the national Utility, Eskom, but also reduce our dependency on backup generators to power our operations in times of power outages. The reduced dependency on backup generators will in turn reduce our diesel consumption, thereby reducing the carbon tax payable on our diesel consumption.

C11.2

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

No

C11.3

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

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

C12. Engagement

C12.1

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

Yes, our customers

C12.1b

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

Type of engagement

Education/information sharing

Details of engagement

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

% of customers by number

100

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

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

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

Impact of engagement, including measures of success

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

C12.3

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

Trade associations
Other

C12.3b

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

Yes

C12.3c

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

Trade association

The National Business Initiative (NBI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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

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

The Clicks Group attended a workshop on carbon markets focusing on Article 6 of the Paris Agreement and global trends on carbon pricing. Clicks also took part in Deloitte carbon tax training workshop. In this way Clicks Group has contributed in influencing legislation. Clicks group also attended the following events during 2020:

• Business Leadership for a Sustainable Future: WBCSD Vision 2050 Refresh" in March 2020.

• Core Indicators for implementation for the SDGs (July 2020)

• Launch of the NBI Just Transitions Pathways Project (July 2020)

Trade association

Sustainability Retailer Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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

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

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

Trade association

Advisory Committee on Environment and Society

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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

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

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

C12.3e

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

Clicks attends the City of Cape Town Energy Efficiency Forum on a quarterly basis to understand what is happening in the energy industry and what new innovative products other businesses use that work, attended a Deloitte workshop on carbon tax and various NBI events on climate change. Accelerate Cape Town also hosts several events each year in partnership with KPMG on different sustainability topics which the Clicks Group attends. The engagements are based on attendance at forums and workshops, and are related to various environmental, and climate change topics. Clicks Group has implemented various awareness initiatives through WWF and internal engagements with employees. Through the above engagements the group has learned a lot and implemented many of these activities including a rain-water harvesting system, on demand taps in bathrooms in Head Office, energy meters in stores, route optimisation of distribution vehicles, purchasing of more energy efficiency trucks, heat pumps in the head office building, removal of all conventional geysers, installation of energy efficient LED lights and the installation of a Solar PV plant of 400 KW on the Group's Head Office building. Further, Clicks recognises that to contribute to the social and economic development of the country, it is necessary to invest time, financial and other resources to achieve the greatest possible impact. We therefore engage with communities through the New Clicks Foundation and the Clicks Helping Hand Trust to make a sustainable contribution to the communities within which the Group operates.

C12.3f

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

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

C12.4

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

Publication

In mainstream reports

Status

Complete

Attach the document

sustainability-report-2020.pdf

Page/Section reference

Page: 52-55

Content elements

Emissions figures
Emission targets
Other metrics

Comment

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

Publication

In mainstream reports

Status

Complete

Attach the document

integrated-annual-report-2020.pdf

Page/Section reference

Page: 56-75 (Governance)
Page: 14-15 (Strategy)
Page: 26-43 (Leadership and performance)
Page: 17 (Value-creating business model)

Content elements

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

Comment

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

C15. Signoff

C-FI

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

C15.1

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

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms