

# Welcome to your CDP Water Security Questionnaire 2021

## W0. Introduction

### W0.1

#### **(W0.1) Give a general description of and introduction to your organization.**

Founded over 52 years ago in 1968, the Clicks Group is a leader in the South African healthcare market, with Clicks being the foremost health and beauty retailer in both retail pharmacy and pharmaceutical wholesaling. The Clicks Group has been listed on the JSE Limited since 1996 and is listed under the Food and Drug Retailers sector. The Clicks Group has a combined footprint of 884 stores, of which 51 stores are located in the neighbouring countries of Namibia, Botswana, Eswatini and Lesotho. Clicks is also South Africa's largest retail pharmacy chain, with 585 in-store pharmacies. Clicks has one of the largest loyalty programmes in South Africa with over 8.6 million active Clicks ClubCard members which accounted for 78.2% of the group's sales. Clicks employs over 15 000 permanent employees.

The Clicks Group includes market-leading retail brands such as 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 South Africa'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. UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 12 500 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.

The Clicks Group's strategy recognises the importance of corporate citizenship as a key enabler of our ability to create long-term value for our shareholders. Responsible environmental and social practices support business resilience, enhance the reputation of our brand and benefit all our stakeholders which include employees, customers, suppliers and communities. We align our Environmental, Social and Governance (ESG) practices with the United Nations Sustainable Development Goals (UN SDGs) to ensure that our activities meet the standards of

the universal global drive to achieve the specified targets by 2030. The Group’s commitment to continually improve ESG practices and performance was recognised once again with the inclusion of Clicks Group in the FTSE4Good Index and FTSE/JSE Responsible Investment Top 30 Index.

While the Group’s activities do not have a significant negative impact on the environment, as a responsible retailer we are committed to playing our part in addressing environmental and climate change challenges. The group has made good progress during the year in a number of areas. This includes developing strategies to reduce our carbon footprint through more efficient energy and water usage, waste management, distribution network optimisation and recycling across the supply chain. 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.

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	September 1, 2019	August 31, 2020

## W0.3

**(W0.3) Select the countries/areas for which you will be supplying data.**

South Africa

## W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

ZAR

## W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which financial control is exercised

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

Yes

## W0.6a

**(W0.6a) Please report the exclusions.**

Exclusion	Please explain
All stores	The retail stores in the Clicks Group are not large users of water resources and have, with the exception of some stores, only bathroom facilities. Water use in retail stores is, therefore, currently seen as immaterial to the business. Furthermore, these stores are usually situated in larger shopping centres where landlords manage the water for the centre.
Operations outside of South Africa	Clicks Group has not yet implemented a system to track the water impact in its small number of operations outside of South Africa. Clicks expect this to be a small fraction of the total water consumption and therefore immaterial.

## W1. Current state

### W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	<p>Primary use and importance rating in direct operations:</p> <p>The Clicks Group acknowledges that water is a critical shared resource. Access to water and water availability are major concerns in the region and have the potential to disrupt businesses. The business' primary use for water includes human consumption, hygiene and sanitation purposes. Quality fresh water is vital for Clicks' direct pharmacy operations. The primary direct use is related to the provision of medical services. For example, 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. This is a prerequisite to prevent the spread of disease. If water is not available, these pharmacies do not operate. Therefore, sufficient amounts of good quality fresh water is vital for the Group's direct operations.</p> <p>Primary use and importance rating in indirect operations:</p> <p>In terms of indirect operations, quality fresh water</p>

			<p>is important as water plays an important role in the supply chain of the Group. The primary use of good quality fresh water in indirect operations relates to the manufacturing processes of a product. Therefore, 'Important' was selected for indirect use as these processes require sufficient access to clean water. Water is essential for the health of the Group's customers as well.</p> <p>Future water dependency: Future dependency for good quality water related to direct and indirect operations is expected to remain the same as the Clicks business model is expected to continue in its current form.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not very important	<p>Primary use and importance rating in direct operations: In direct operations, the Clicks Group only uses recycled water for the air conditioning plant at the Cape Town head office. This enables Clicks' head office to be partially operational when water is unavailable for short periods of time (3-4 days). This volume is immaterial when compared to the water needs across the Group. Clicks does not use any other brackish water in its operations. Recycled, brackish and/or produced water is therefore not very important for Clicks' direct operations.</p> <p>Primary use and importance rating in indirect operations: Indirect upstream supplier operations predominantly require fresh water as opposed to recycled or brackish water to produce products for sale by Clicks. Downstream value chain customers also require fresh water to use the products purchased from the Clicks Group. Recycled, brackish and/or produced water is therefore not very important for Clicks' indirect operations.</p> <p>Future water dependency: Water risk is expected to increase for both direct and indirect operations. Hence, future dependency for recycled water is expected to become more important for both direct and indirect</p>

			operations, especially with water prices rising and increased frequency and length of water supply interruptions. Non-fresh water becomes particularly relevant during times of droughts, which are expected to reoccur in the future.
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## W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	The Clicks Group monitors water withdrawal volumes from 100% of its operations in the boundary specified. Monitoring is aggregated on a monthly basis. Water withdrawals are monitored using municipal invoices.
Water withdrawals – volumes by source	100%	The Clicks Group monitors water withdrawals by source from 100% of its operations in the boundary specified. Water withdrawals by source are monitored monthly using monthly invoices for municipal water. Clicks installed borehole and rainwater harvest meters in 2018 at selected sites and have been monitoring these withdrawals since the boreholes and rainwater harvest facilities were fully commissioned.
Water withdrawals quality	Not relevant	The Clicks Group withdraws water from municipal water systems. This water is clean, potable water which is the minimum requirement for Clicks' operations (head office, stores, pharmacies and distribution centres). Monitoring this aspect is, therefore, not relevant for Clicks as the water withdrawals meet the potable water standards adhered to by the respective municipalities in which the operations are located.
Water discharges – total volumes	100%	The Clicks Group monitors total volumes of water discharged from 100% of its operations in the boundary specified. Monitoring is carried out on a monthly basis. Discharge volumes form part of the municipal fee paid for water treatment and are tracked using the charge paid to municipalities.

Water discharges – volumes by destination	100%	The Clicks Group monitors water discharges by destination from 100% of its operations in the boundary specified. Monitoring is carried out on a monthly basis. Discharge volumes form part of the municipal fee paid for water treatment plant and are tracked using the charge paid to municipalities.
Water discharges – volumes by treatment method	Not relevant	If there is any water discharge, the Clicks Group discharges all water into municipal systems. The water is, therefore, not treated in any way before it leaves the company boundary. As such, monitoring water discharges by treatment method is not relevant to Clicks. This monitoring aspect is not expected to become relevant in the future as Clicks' discharges are expected to continue to be to the municipal system.
Water discharge quality – by standard effluent parameters	Not relevant	<p>Water discharges by the Clicks Group are domestic wastewater/effluent discharges. It is, therefore, not relevant for Clicks Group to monitor the quality of these discharges. If the Clicks Group were required to monitor water quality discharges, the group would be regulated by local and national water authorities.</p> <p>However, the Clicks Group recognises that water is a vital and shared resource, and therefore, endeavours to go beyond regulatory compliance where possible. For example, the Clicks Group has extensive standard operating procedures in place to ensure that no harmful materials are discharged into the municipal systems. These include, for example, procedures related to the disposal of medicines at pharmacies and solvents used at the car wash at the head office.</p>
Water discharge quality – temperature	Not relevant	Water discharges by the Clicks Group are domestic wastewater/effluent discharges. It is, therefore, not relevant for the Clicks Group to monitor the temperature of the discharges. This water aspect is not expected to become relevant in the future as Clicks' water discharges are expected to remain as domestic wastewater/effluent.
Water consumption – total volume	100%	The Clicks Group monitors water consumption volumes from 100% of its operations in the

		boundary specified, by monitoring both water withdrawals and discharge volumes. Monitoring is carried out on a monthly basis through the use of municipal bills. Total water consumption is calculated based on a methodology that is aligned with the CDP's methodology. Total water consumption can be calculated as follows: $C=W-D$ . Where C is consumption, W is withdrawals and D is the discharge volume.
Water recycled/reused	100%	The Clicks Group monitors the volumes of reused water at 100% of the facilities that reuse water (only head office currently). Reused water entails the use of reclaimed water from the cooling tower of the air conditioners. Reusing water reduces withdrawals from municipal supply and increases water security. The reused water is used for flushing of toilets.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Clicks Group's operations provide fully functional WASH services to all workers. Due to the nature of the Group's business, there are no shower facilities provided on site, but there are fully functioning WASH services in terms of toilets and basins. 100% of the Clicks Group's operations provide these facilities. The functioning of WASH services is monitored by the Group Facilities manager who is responsible for the monitoring of water data on a monthly basis.

## W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	42.3	Higher	Total water withdrawals for the Clicks Group head office and distribution centres increased by 17.5% during the current reporting year (FY2020). The increase in water withdrawn can be attributed to an increase in water-related hygiene requirements. Most of the Clicks Group's facilities would have used more water

			<p>in order to maintain personal hygiene during Covid-19. During FY2020, water restriction measures were also relaxed due to Covid-19 and in order to account for the increased importance placed on personal hygiene. This increase represents a “higher” value as per Clicks’ definition. Clicks defines “about the same” to be between 0 – 10%. Changes of +/- 10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.</p> <p>Future volumes are expected to increase slightly based on the current trend in water withdrawals. Water withdrawals may increase due to projected trends of increasing water stress in South Africa and as a result of relaxed water restrictions due to the ongoing Covid-19 pandemic.</p>
Total discharges	42.3	Higher	<p>All water withdrawn by Clicks Group facilities is discharged to municipal treatment facilities. Main water discharge for the Group is effluent discharge. Total water discharged during the reporting year increased by 17.5%. This increase is directly attributed to the increase in total water withdrawn during the year, as all water withdrawn is discharged. Clicks, therefore, has no water consumption on site. The 17.5% increase represents a “higher” value as per Clicks’ definition. Clicks defines “about the same” to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.</p> <p>Future volumes are expected to increase in direct connection to increasing water withdrawal volumes.</p>
Total consumption	0	About the same	<p>The Clicks Group head office and distribution centres discharge all the water that they withdraw. Consequently, no water is consumed onsite either through evaporation or through incorporation into products.</p> <p>In the previous reporting year, total water</p>



			<p>consumption at the Clicks Group facilities was zero and, therefore, there has been no change in this value in the current reporting year. As such, “about the same” was selected as per Clicks’ definition. Clicks defines “about the same” to be between 0 – 10%. Changes of +/- 10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.</p> <p>All water withdrawals are discharged at each facility; therefore, the discharge volume equals total water withdrawals. For this reason, total water consumption is zero. Since total water consumption is zero, the reported figures balance as per the CDP methodology of consumption equals total withdrawals minus total discharge (C = W-D).</p> <p>Future trends for water consumption are likely to remain the same as all water withdrawn is discharged.</p>
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## W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueduct	<p>Five out of five of Clicks’ facilities (head office, distribution centres and UPD) are situated in water stressed areas, as determined using the WRI Aqueduct Tool.</p> <p>The WRI Aqueduct is a tool developed jointly by WRI members and partners bringing together global data on key water-related indicators, allowing companies to</p>

				<p>understand their risks and plan water management strategies. The WRI Aqueduct Tool provides an interactive online map, with which one can identify the area of interest and select to view its baseline water stress percentage.</p> <p>The WRI Aqueduct Tool defines water-stressed areas as areas having a high baseline water stress of at least 40%-80%. Clicks has five facilities located in South Africa. By using the WRI Aqueduct Tool, Clicks identified that South Africa's baseline water stress is high (40%-80%) and the country, therefore, classifies as a water stressed area according to the tool. Consequently, Clicks' five South African facilities are considered to withdraw water from water-stressed areas.</p> <p>The WRI Aqueduct Tool is utilised as it provides easy access to and analysis of critical data. Clicks' use of the WRI Aqueduct Tool has assisted the group in foreplanning to ensure that water management continues to receive particular focus in South Africa. Clicks has adopted measures to improve water availability and has gone further and identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow us to understand the impacts of water risks in the supply chain.</p>
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					<p>The water withdrawn from water stressed areas remained about the same in FY2020 from the previous reporting year. In the previous reporting year, 100% of our water withdrawals were in water stressed areas and, therefore, 'about the same' was selected in the comparison column.</p> <p>Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are higher/lower. Changes of +/-40% are much higher/lower.</p>
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## W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	0.3	This is our first year of measurement	The Clicks Group head office makes use of both municipal water and rainwater harvesting. This is our first year of measurement of rainwater harvesting. Rainwater volumes represent an immaterial volume of total water withdrawals. It is anticipated that in future this source of water will increase in importance considering projections that the areas in which Clicks operates are expected to become hotter and possibly drier.
Brackish surface water/Seawater	Not relevant			Clicks Group does not make use of brackish

				surface water/seawater at any of its facilities, therefore water withdrawal from this source is not relevant. The future trends of water withdrawals from these sources are expected to remain the same as Clicks' operational strategy is expected to remain the same.
Groundwater – renewable	Relevant but volume unknown			The Clicks Group installed ground water boreholes at the head office and the Centurion Distribution Centre. Renewable groundwater volumes are expected to be monitored in the near future.
Groundwater – non-renewable	Not relevant			Clicks Group does not make use of non-renewable groundwater water at any of its facilities, therefore water withdrawal from this source is not relevant. The future trends of water withdrawals from this source are expected to remain the same.
Produced/Entrained water	Not relevant			Clicks Group does not make use of produced or process water at any of its facilities, therefore water withdrawal from this source is not relevant. The future trends of water withdrawals from this source are expected to remain the same.
Third party sources	Relevant	42	Higher	The Clicks Group head office and distribution centres all withdraw water from municipal sources (third party sources).

				<p>Hence, this source is relevant to the Group. Total water withdrawn from third party sources increased by 17% from the previous reporting period. The increase in water withdrawn can be attributed to an increase in water-related hygiene requirements. Most of the Clicks Group's facilities would have used more water in order to maintain personal hygiene during Covid-19. During FY2020, water restriction measures were also relaxed due to Covid-19 and in order to account for the increased importance placed on personal hygiene.</p> <p>The 17% increase is considered to be a "higher" value as per Clicks' definition. Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.</p>
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## W1.2i

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			No water is discharged to fresh surface water sources from any of the Clicks Group's facilities, therefore water discharge to this source is not relevant. The future

				trends of water discharges to this source are expected to remain the same as the Clicks' operating strategy is expected to remain the same.
Brackish surface water/seawater	Not relevant			No water is discharged to brackish surface water/seawater sources from any of the Clicks Group's facilities, therefore water discharge to this source is not relevant. The future trends of water discharges to this source are expected to remain the same as the Clicks' operating strategy is expected to remain the same.
Groundwater	Not relevant			No water is discharged to groundwater sources from any of the Clicks Group's facilities, therefore water discharge to this source is not relevant. The future trends of water discharges to this source are expected to remain the same as the Clicks' operating strategy is expected to remain the same.
Third-party destinations	Relevant	42.3	Higher	<p>All water withdrawn by the Clicks Group is discharged as no water is consumed. Water discharged to third-party destinations (municipalities) is relevant as all water withdrawn by the Group is discharged to municipal effluent systems. Water discharged to municipalities undergoes treatment. Discharges also form part of Clicks' water supply costs.</p> <p>Water discharges to third-party destinations have increased by 17.5% from the previous reporting year. The higher value is directly attributed to an increase in the volume of water withdrawn during the reporting year. As such, "higher" was selected as per</p>

				Clicks' definition. Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.
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## W1.4

### (W1.4) Do you engage with your value chain on water-related issues?

No, we do not engage on water with our value chain

## W1.4d

### (W1.4d) Why do you not engage with any stages of your value chain on water-related issues and what are your plans?

	Primary reason	Please explain
Row 1	Important but not an immediate business priority	The Clicks Group usually buys its stock/products through an agency or suppliers of the product but not directly from the producer or manufacturer of the product. This makes it more difficult to influence the content and process of the product due to the line of reporting and management of the product down to natural resources. Therefore, the traceability and tracking of the water source and the water usage for a product becomes difficult to determine. Clicks is considering plans to engage with key product manufacturers/producers in the future. The anticipated partners in this regard will be the producers as well as the agencies through whom Clicks purchases bulk stock/products. The anticipated methods of engagement could include formal communications such as industry/sector meetings and workshops, as well as informal engagements such as discussions and one-on-one meetings. The nature of the retail industry requires a code of ethics between suppliers. The Clicks Group has a supplier code of ethics, which it asks suppliers to sign upon appointment. This code requires suppliers to agree to be considerate of the use of its resources, including water. This code has been in place for 9 years, and a supplier is required to re-sign the code every two years. In the same way, the Group signs onto the code of ethics of its customers, these include big companies in international retail industry.

## W2. Business impacts

### W2.1

#### (W2.1) Has your organization experienced any detrimental water-related impacts?

No

## W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

### W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

#### Direct operations

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##### Coverage

Partial

##### Risk assessment procedure

Water risks are assessed as a standalone issue

##### Frequency of assessment

Annually

##### How far into the future are risks considered?

3 to 6 years

##### Type of tools and methods used

Tools on the market

Other

##### Tools and methods used

WWF Water Risk Filter

Internal company methods

##### Comment

Water assessments are undertaken in relation to identified risks at the Group head office; distribution centres; UPD and Clicks pharmacies and stores. The identification of water scarcity risks assists in developing contingency plans for these facilities. The Musica & The Body Shop stores are not included in the assessments as these stores only have around 2-5 employees in each store. These businesses do not rely on water in order to operate and, therefore, water risks are immaterial to the stores. However, Clicks has adopted measures to improve water availability and has gone further and



identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas.

## Supply chain

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### Coverage

Partial

### Risk assessment procedure

Water risks are assessed as a standalone issue

### Frequency of assessment

Annually

### How far into the future are risks considered?

3 to 6 years

### Type of tools and methods used

Tools on the market

Other

### Tools and methods used

WWF Water Risk Filter

Internal company methods

### Comment

The Clicks Group usually buys its stock/products through an agency or suppliers of the product but not directly from the producer or manufacturer of the product.

This makes it more difficult to assess the risks in the supply chain due to the line of reporting and management of the product down to the natural resource. As such, the Group has only partially evaluated the impacts of water risks in the supply chain of the business as it is very complex to do so when the Group does not purchase products from the initial source of production.

However, Clicks has adopted measures to improve water availability and has gone further and identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow us to understand the impacts of water risks in the supply chain.

## Other stages of the value chain

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### Coverage

None

### Comment

### W3.3b

**(W3.3b) Which of the following contextual issues are considered in your organization’s water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	<p>Why water availability is relevant:                      Access to water and water availability are major concerns in South Africa and have the potential to disrupt businesses. Water availability is highly relevant for Clicks Group as all stages of our operations and value chain require water, particularly Clicks Group employees. Clicks’ pharmacy staff/nurses require access to clean, potable water in order to perform their functions. Without water, pharmacy staff and nurses will be unable to perform daily functions such as washing hands and cleaning equipment for mixing of medication. In order to ensure that staff can continue to work at the various facilities, the Group has to ensure water availability for all of its employees at all times. Consequently, Clicks considers water availability in our water-related risk assessment.</p> <p>Tools used in the risk assessment:                      Water risks at the Group’s operations are assessed using the WWF Water Risk Filter and internal company knowledge. The Group inputs its operations into the Risk Filter Tool and assesses the water availability and risks within the region. The risks suggested by the WWF Risk Filter are used to assess the risks that the Group’s operations could be exposed to. Together with internal company knowledge, the Group uses this information to inform water-related decisions. For example, the Group has used the WWF Water Risk Filter and internal company knowledge to adopt measures to improve water availability and has gone further and identified areas where water scarcity presents a risk to the Group. As a result, contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow us to understand the impacts of water risks in the supply chain. Sustainability underpins our approach to potential risks and informs the way we manage material issues. The process of risk identification and opportunities is driven through a strategic and systematic method which enables continuous improvement</p>

		of risk management and open communication of threats within the group.
Water quality at a basin/catchment level	Relevant, always included	<p>Why water quality is relevant:                      Fresh water quality is vital for Clicks' pharmacies 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. Without high-quality water, pharmacy staff and nurses will be unable to perform daily functions such as washing hands and cleaning equipment for mixing of medication. In order to ensure that staff can continue to work at the various facilities, the Group has to ensure water of a high quality for all of its employees at all times. Consequently, Clicks considers water quality in our water-related risk assessment.</p> <p>Tools used in the risk assessment:                      Water risks at the Group's operations are assessed using the WWF Water Risk Filter and internal company knowledge. The Group inputs its operations into the Risk Filter Tool and assesses the water availability and quality within the region. The risks suggested by the WWF Risk Filter are used to assess the risks that the Group's operations could be exposed to. Together with internal company knowledge, the Group uses this information to inform water-related decisions. Internal company knowledge is also used to develop action plans to mitigate or avoid any identified water-related risks. Sustainability underpins our approach to potential risks and informs the way we manage material issues. The process of risk identification and opportunities is driven through a strategic and systematic method which enables continuous improvement of risk management and open communication of threats within the group.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Not relevant, explanation provided	Water is an immaterial aspect of the Clicks Group's business model as the Group does not consume large quantities of water. As such, stakeholder conflicts related to water are not relevant to ensure continued operation of the Group. Consequently, stakeholder conflicts concerning water are not factored into the Group's water-related risk assessment. This risk is expected to remain immaterial in the future.
Implications of water on your key commodities/raw materials	Not relevant, explanation provided	Water is a very small aspect of the Clicks Group's business. The Group purchases ready-made products and sells these products in its stores and pharmacies. Consequently, the Group does not purchase

		commodities/raw materials. This risk is expected to remain immaterial in the future as the Clicks Group's business model is expected to remain much the same.
Water-related regulatory frameworks	Relevant, always included	<p>Why water-related regulatory frameworks are relevant: Water-related regulatory frameworks are relevant to Clicks as it is a regulatory requirement for all pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Thus, the Clicks Group ensures that all operations have water in order to operate as per the necessary regulatory requirements. The Group has started implementing water storage tanks at a few of its stores to ensure continued operation during periods of intermittent external supply.</p> <p>Tools used in the risk assessment: The Clicks Group uses internal company knowledge as a tool to incorporate water-related regulatory frameworks into our risk assessment. The sustainability mandate, including water-related regulatory frameworks, lies with the social and ethics committee as well as the audit and risk committee. The social and ethics committee is accountable for and has the mandate to oversee the group's sustainability performance, including climate change, resource consumption as well as water management and all other ESG-related issues. The audit and risk committee is responsible for overseeing risk management for the board, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans are comprehensive, timely and relevant. The board committees make recommendations to the board, which is responsible for final decision-making. The board is instrumental in providing oversight.</p>
Status of ecosystems and habitats	Not relevant, explanation provided	The status of ecosystems and habitats is not relevant to the Group's business model as neither ecosystems nor habitats affect the Group's direct operations. Similarly, the Clicks Group's stores and distribution centres do not affect ecosystems and habitats. The majority of the Group's retail stores are situated within larger shopping centres. The shopping centres would factor the status of ecosystems and habitats into their risk assessments. As such, the Group does not factor the status of ecosystems and habitats into water-related risk assessments. This risk is expected to remain immaterial in the future.

<p>Access to fully-functioning, safely managed WASH services for all employees</p>	<p>Relevant, always included</p>	<p>Why access to WASH services is relevant:                  Access to fully-functioning, safely managed WASH services for all employees is relevant for the Group as it is important for the maintenance of personal hygiene onsite. WASH services are particularly important for pharmacists and nurses who are required to maintain a high standard of personal hygiene when interacting with patients and/or clients. The health and safety of employees was paramount throughout the pandemic. World Health Organisation and Department of Health hygiene protocols were implemented and maintained across all stores, distribution centres and head office. As the COVID-19 pandemic has shown, good hygiene is one of the best ways to stop the spread of disease with the potential to impact workforce and operations. Clicks adapted health and safety protocols to address Covid-19 related risks across all operations during Covid-19. Each facility developed appropriate responses to meet the respective needs of workers and crew. Consequently, access to fully functioning, safely managed WASH services is always considered in water-related risk assessments.</p> <p>Tools used in the risk assessment:                  The Group uses internal company knowledge and the WWF Water Risk Filter to assess which of the Group's facilities are exposed to water scarcity risks. The Group implements various contingency plans, such as the recycling of water and the installation of rainwater harvesting tanks at its stores and operations, to ensure the continued supply of water to its employees for WASH purposes.</p>
<p>Other contextual issues, please specify</p>	<p>Not considered</p>	

### W3.3c

**(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?**

	<b>Relevance &amp; inclusion</b>	<b>Please explain</b>
<p>Customers</p>	<p>Relevant, always included</p>	<p>Why customers are included in the risk assessment:                  A high quality of water is important for the Group's downstream value chain, such as customers, who require clean water in order to use the products purchased from Clicks. Furthermore, water scarcity can cause disruptions to Clicks' direct</p>

		<p>operations, as nurses and pharmacists onsite require access to a clean water supply for hygiene purposes. A disruption to the water supply, may halt or delay the availability of health-care services to the Group’s customers. The health and safety of employees, suppliers and customers is an important aspect of our business, and we recognise the need to stay current with developing health and safety issues, including the provision of clean potable water. The group has continued to adopt environmental, social and governance (ESG) practices to contribute to sustainable transformation and societal change. The Group’s strategy to realise this opportunity includes expanding the waterless product range as well as promoting local community health. As customers are becoming increasingly aware of the environmental impact of the products they consume, Clicks has also introduced the My Earth range of eco-friendly products, aligning to the group’s sustainability strategy. The needs, expectations and concerns of the stakeholder groups that are most likely to influence the group’s ability to create sustainable value, notably customers, suppliers, regulators and staff are central to determining the material issues relating to our core business strategy. As such, customers are always considered in our water-related risk assessment.</p> <p>Method of engagement: The sustainability mandate lies with the social and ethics committee as well as the audit and risk committee. The social and ethics committee is accountable for and has the mandate to oversee the group’s sustainability performance, including climate change, resource consumption as well as water management and all other ESG-related issues. The social and ethics committee acts in terms of the delegated authority of the board and assists the directors in monitoring the group’s activities and disclosures in terms of sustainable development, the environment and stakeholder engagements, including engagements with customers. Clicks Group monitors and are responsive to customer feedback and requirements, as customer feedback is an indicator of our performance throughout our value chain.</p>
Employees	Relevant, always included	<p>Why employees are included in the risk assessment: During FY2020, the well-being of Clicks’ employees was of critical importance due to Covid-19. An essential aspect of hygiene maintenance is the availability of fresh, clean water. Clean water availability is a regulatory requirement for the Clicks Group employees. In particular, Clicks’ pharmacists and</p>

		<p>nurses must have access to warm, clean water to wash hands for health reasons and for washing of equipment used for mixing of medication. In order to ensure pharmacists and nurses can continue to work at the various facilities, the Group has to ensure water availability for all of its employees. Hence, employees are taken into consideration in our water-related risk assessment.</p> <p>Method of engagement: The methods of engagement with employees vary. One method is via the Clicks Group social and ethics committee which assists the board in monitoring the group’s corporate citizenship strategy. In addition, the sustainability mandate lies with the social and ethics committee as well as the audit and risk committee. The social and ethics committee is accountable for and has the mandate to oversee the group’s sustainability performance, including climate change, resource consumption as well as water management and all other ESG-related issues. The social and ethics committee acts in terms of the delegated authority of the board and assists the directors in monitoring the group’s activities and disclosures in terms of sustainable development, the environment and stakeholder engagements, including engagements with employees. The social and committee engages employees through regular employee satisfaction surveys, which the committee assesses with a view to enhancing participation rates and performance. Water-related risks may be identified through these methods of engagement.</p>
Investors	Relevant, always included	<p>Why investors are included in the risk assessment: Clicks acknowledges that investors place trust in the Group’s ability to create long-term sustainable value. Investors are relevant stakeholders considered in the Clicks Group’s water risk as they are the providers of financial capital and, therefore, any risks that affect the group will have material bearings on investors. The board of directors focuses on issues that they believe are material to investors’ understanding of the group’s ability to create value in the short, medium and longer term. The materiality test applied by the board is based on internal and external matters, both positive and negative, that substantively affects the Group’s ability to deliver its strategy and could have a material impact on revenue and profitability. Water risks at the Group’s operations are assessed using internal company knowledge. Management has extensive interaction with shareholders and analysts, and this provides insight into the issues that the investment community considers</p>



		<p>important in their valuation of the business.</p> <p>Method of engagement: One of the methods of engagement is through the compilation and publishing of the Annual Integrated Report as well as the Sustainability Report, which is aimed primarily at shareholders /investors.</p>
Local communities	Relevant, always included	<p>Why local communities are included in the risk assessment: The Clicks Group 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 for surrounding communities. The New Clicks Foundation and the Clicks Helping Hand Trust are the conduits for the group’s socioeconomic development programmes. Even though water is a very small aspect of the business (the Group withdraws relatively small amounts of water) the Clicks Group recognises that social unrest, political uncertainty and the weakening labour market are limiting economic growth. These risks are heightened in times of water stress. As such, Clicks always takes into consideration local communities in our water-related risk assessment. Considering that South Africa is a water stressed region, the Group uses internal company knowledge to assess water availability and risks within the region and at the various Clicks facilities. With regards to local communities, the Clicks Group is committed to making a sustainable contribution to the communities in which it trades. This is achieved through engaging with local communities to facilitate enterprise development as well as social investments through financial and product donations to non-profit organisations and initiatives.</p> <p>Method of engagement: The sustainability mandate lies with the social and ethics committee as well as the audit and risk committee. The social and ethics committee is accountable for and has the mandate to oversee the group’s sustainability performance, including climate change, resource consumption as well as water management and all other ESG-related issues. The social and ethics committee acts in terms of the delegated authority of the board and assists the directors in monitoring the group’s activities and disclosures in terms of sustainable development, the environment and stakeholder engagements, including engagements with local communities.</p>



NGOs	Relevant, always included	<p>Why NGOs are included in the risk assessment:</p> <p>The WWF is key stakeholder in the Clicks Group’s business as the NGO routinely assists the Clicks Group assess its water risks (through the use of the WWF’s Water Risk Filter tool). Partnerships with NGOs, such as the WWF, also assist the Clicks Group liaise with the local communities in which it operates. The Clicks Group is committed to making a sustainable contribution to the communities in which it trades. This is achieved through engaging with local communities to facilitate enterprise development as well as social investments through financial and product donations to non-profit organisations and initiatives. As a result, NGOs are considered in the Group’s water-related risk assessment.</p>
Other water users at a basin/catchment level	Relevant, always included	<p>Why other water users are included in the risk assessment:</p> <p>Access to water and water availability are major concerns in the region and have the potential to disrupt businesses. As such, Clicks acknowledges that water is a critical shared resource, and that it is important to take other water users at a basin level into consideration in our water-related risk assessment. Furthermore, the inclusion of various stakeholders at a basin/catchment level in water-related risk assessments helps to improve overall water conservation practices in the region. Clicks’ water risk assessment conducted in the past (utilising the WWF’s Water Risk Filter tool) identified that Clicks faces reputational water risks related to diminished stakeholder perceptions. The highest reputational water risks are located in the eastern coastal and interior regions of South Africa. Clicks’ stores located in these catchment basins are most exposed to risks related to loss of sales and damage to business image. As such other water users at a local level are relevant, as they are material to the continued operation of the business.</p>
Regulators	Relevant, always included	<p>Why regulators are included in the risk assessment:</p> <p>Clicks supports government and industry policies through regulatory compliance and implementation. Quality fresh water is vital for the Group’s direct operations. It is a regulatory requirement for all pharmacists and nurses to have access to warm, clean water to wash hands, as well as clean the equipment used for mixing medication. Clean water is a prerequisite in all of the clinics and pharmacies of the stores to prevent the spread of disease. Clicks purchases municipal water for all facilities, making the relationship with government/regulators particularly important for operational continuity. If there is a cessation in municipal water supply to facilities, then the clinics and pharmacies could be forced to</p>

		<p>close operations intermittently during these periods. Consequently, any water-related risks from a regulatory perspective could have a substantial impact on Clicks. As such, regulators are relevant stakeholders considered in the Group's water-related risk assessment. The Group has a dedicated Sustainability Manager that ensures the Group is up to date with all the regulatory requirements related to water.</p> <p>Methods of engagement may include direct communications with the authorities and or regulators, written response to queries and attendance at public meetings or briefings.</p>
River basin management authorities	Relevant, always included	<p>Why river basin management authorities are included in the risk assessment:</p> <p>Quality fresh water is vital for the Group's direct operations. It is a regulatory requirement for all pharmacists and nurses to have access to warm, clean water to wash hands, as well as clean the equipment used for mixing medication. Clean water is a prerequisite in all of the clinics and pharmacies of the stores to prevent the spread of disease. Consequently, river basin management authorities are relevant stakeholders considered in water-related risk assessments as the inclusion of various stakeholders that share the same river basins as Clicks could improve overall water conservation practices in the region. Furthermore, river basin management authorities can provide necessary and essential insight into potential water quality and availability risks, as well as provide insight into future water-related regulatory changes. If there is increased freshwater scarcity in the areas in which we operate then the clinics and pharmacies will be forced to close operations intermittently during these periods.</p> <p>Methods of engagement may include direct communications with the authorities, written response to queries and attendance at public meetings or briefings.</p>
Statutory special interest groups at a local level	Not relevant, explanation provided	<p>The majority of the Clicks Group's retail stores are located in large shopping centres. These centres would be responsible for factoring in statutory special interest groups in its risk assessment process. As such, the Clicks Group does not include special interest groups in its water-related risk assessment process. Statutory special interest groups at a local level are not expected to be relevant to Clicks in the future, as Clicks Group intends to continue to locate retail store in large shopping centres that will take responsibility for such engagements.</p>

Suppliers	Relevant, not included	<p>The Clicks Group buys its stock/products through an agency, not directly from the producer or manufacturer of the products. This makes it more difficult to assess the risks in the value chain due to the line of reporting and management of the product down to the natural resource. The traceability and tracking of the water source and the water usage for a product becomes difficult to determine. As such, the Group has not yet evaluated the impacts of water risks in the supply chain of the business as it is very complex to do so when the Group does not purchase products from the initial source of production but rather from an agent. Suppliers would be included in Clicks' water-related risk assessment in the future if the Group's stock purchase strategy changes from purchasing stock through an agency to moving towards direct producer/manufacturer engagement. However, Clicks has recently adopted measures to improve water availability and has gone further and identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow us to understand the impacts of water risks in the supply chain.</p>
Water utilities at a local level	Relevant, always included	<p>Why water utilities are included in the risk assessment:  Water utilities at a local level are considered in our water-related risk assessment as it relates directly to the fees that the Group are required to pay for municipal water supply across facilities. Water utilities are essential for the supply of clean, potable water for Clicks' facilities, as water is considered vital in terms of employee hygiene and washing of equipment for medication. Without the supply of water from local water utilities the Group's employees will not be able to maintain regulatory requirement standards of hygiene and the business could experience operational interruptions. The Group monitors its water on a monthly basis and when discrepancies are seen in water billing or if water availability is affected the Group engages directly with the municipality and local water utilities.</p> <p>The method of engagement with water utilities includes direct communications with the utilities.</p>
Other stakeholder, please specify	Not considered	

### W3.3d

**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

While the Clicks Group board recognises that certain risks are necessary to ensure sustainable growth and competitive returns, the directors acknowledge that the group and its stakeholders should be protected from avoidable risks. Risk management and governance processes are therefore aimed at creating an appropriate balance between risk and reward. The audit and risk committee is responsible for overseeing risk management on behalf of the board, with particular focus on combined assurance arrangements, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans are comprehensive, timely and relevant.

The audit and risk committee is tasked with ensuring that the combined assurance model provides a co-ordinated approach to assurance activities, and that the combined assurance received addresses all significant risks facing the group. The group and business unit risk registers are regularly reviewed and updated, containing current and emerging risks as well as risks associated with future strategic initiatives and identifying mitigating measures to address specific risks. Risk registers are updated as the nature of the risk changes over time or as mitigation measures take effect.

Sustainability underpins the Clicks Group's approach to potential risks and informs the way we manage material issues. The process of risk identification and opportunities is driven through a strategic and systematic method which enables continuous improvement of risk management and open communication of threats within the group.

The primary tools used by the Clicks Group to identify, assess, and respond to water-related risks are the WWF Water Risk Filter and internal company knowledge. The rationale for selecting these tools is that these two tools provide adequate means with which to assess potential water risks of the Group, where water is a very small aspect of the overall business. The WWF Water Risk Filter has been selected because it is a practical online questionnaire that not only identifies water risk in supply chains and investment portfolios, but also provides practical steps to mitigate water-related risk. The WWF Water Risk Filter is used in conjunction with internal company knowledge to provide company specific insights and guidance on water-related risk mitigation.

Application of the tools selected and a practical implementation:

The practical application and implementation of these tools extends to water supply risks of facilities within Clicks' largest brand. These include water assessments related to the Group head office, the distribution centres (DCs), UPD and Clicks pharmacies and stores. The Musica and The Body Shop stores are not considered in the risk assessment as these stores only have around 2-5 employees. These businesses do not rely on water in order to operate and thus water risks are immaterial.

How the outcome of the risk assessment informs the internal decision-making process:

The risk-response decision making process includes the identification of material issues which are reviewed annually by the board and management, where all relevant internal, industry and macroeconomic factors are evaluated. The Group HR Director (who is an invitee to the audit and risk committee) is responsible for monitoring and evaluating water-related issues. The responsibility for water-related issues lies with this high-level executive because the Clicks

board and executive management work closely in determining the strategic direction and objectives of the group. The timescale in which water assessment tools are used is aligned with the meetings of the audit and risk committee, which meets quarterly.

Access to water and water availability are major concerns in the region in which Clicks operates and have the potential to disrupt businesses. Fresh water quality is vital for Clicks' pharmacies 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. As such, Clicks has adopted measures to improve water availability and has gone further and identified areas where water scarcity presents a risk. As a result, contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow us to understand the impacts of water risks in the supply chain.

## W4. Risks and opportunities

### W4.1

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, only within our direct operations

### W4.1a

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

The Clicks Group defines substantive financial impact (or what Clicks calls the materiality test) in our 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 water security, and the group's reliance to water resources, the Clicks group have varying definitions of substantive financial impact. The two major divisions (retail stores and distribution) of the Clicks Group have their own definitions of substantive financial impact.

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 could affect the operations in the area and trading hours to be influenced to the extent that stores need to shut down, resulting in lost revenue. A substantive financial impact in the group is defined as a store closure for one week which will result in a loss of an estimated R 641 500 per Clicks store per 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 could have a negative impact on the operation of the business as it could result in delays in product delivery or result in stock that 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 Group could also experience substantive financial impacts through our United Pharmaceutical Distributors (UPD) 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, thereby, market share. An example of a substantive financial impact in this division are water risks, such as lack of fresh water supply, which could prevent employees from coming to work. This could affect UPD’s ability to meet its required delivery-time commitments, which could substantively impact on our 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.

## W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	51-75	<p>Four of Clicks’ distribution centres, as well as the Clicks Group Head Office in Cape Town, are exposed to water risks with the potential to have a substantive financial or strategic impact on the business.</p> <p>If the Group’s Montague Gardens distribution centre in Cape Town is affected by water risk, it could result in product delivery delays to stores. As such, this would impact on sales at the stores and result in revenue losses for the business. Furthermore, the Head office facility situated in Cape Town is also exposed to water risks. The Group’s head office acts as the support system for the entire business. Thus, if it is affected by water risks, this could have a knock-on effect on the entire business.</p> <p>The distribution centre in Centurion as well as the UPD site,</p>

			<p>both of which are located in Gauteng, are exposed to water risks. If these distribution centres are affected by water risks this could result in product delivery delays to stores. As such, this would impact on sales at the stores and result in revenue losses for the business.</p> <p>The distribution centre in Mahogany Ridge, Durban, is also exposed to water-risks. If the Group's Mahogany Ridge distribution centre is affected by water risk this could result in product delivery delays to stores. As such, this would impact on sales at the stores and result in revenue losses for the business.</p>
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## W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

### Country/Area & River basin

South Africa  
Berg-Olifants

### Number of facilities exposed to water risk

2

### % company-wide facilities this represents

1-25

### % company's total global revenue that could be affected

61-70

### Comment

Clicks is exposed to water risks relating to infrastructure and stock at the distribution centre in Montague Gardens and the associated Head Office in Cape Town.

Clicks' Head Office is seen as a support system to all stores. If the majority of Clicks' employees at Head Office cannot work due to water related constraints, employees will be able to operate from the Clicks stores in the area. However, the Head Office IT centre is a support system to all stores nationwide. If the IT system is not operational due to water-related constraints at the Clicks' Head Office, then the whole business could be affected.

Additionally, the distribution centre in Montague Centre accounts for 20% of deliveries to the stores. However, this distribution centre is the hub for receiving all stock from



overseas suppliers. All products delivered via shipments are moved through this distribution centre and then transferred to the other distribution centres. Therefore, nearly all of the company's total revenue could be affected if the facility's operations are exposed to water-related risks.

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**Country/Area & River basin**

South Africa  
Vaal

**Number of facilities exposed to water risk**

2

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

61-70

**Comment**

Clicks is exposed to water risks relating to infrastructure and stock at the Centurion distribution centre as well as the UPD facility located in Gauteng. The Centurion Distribution centre supplies 70% of our Clicks stores. In addition, this distribution centre is the only centre supplying products to all the Musica and Body Shop stores. If this distribution centre is not operational, the business will not be able to get stock to stores. Therefore, 70% of business could be impacted.

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**Country/Area & River basin**

South Africa  
Pongola-Uzimkulu

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

1-10

**Comment**

Clicks is exposed to water risks relating to infrastructure and stock at the Mahogany Ridge distribution centre in Durban. Mahogany Ridge delivers 10% of stock to Clicks stores. This distribution centre acts as the alternative distribution centre for receiving products from overseas suppliers. If there is a storm in Cape Town, then the Mahogany distribution centre will receive the stock and distribute it. This distribution centre is also



considerably closer to the Centurion distribution centre and could be utilised for support if required.

## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### Country/Area & River basin

South Africa  
Berg-Olifants

### Type of risk & Primary risk driver

Physical  
Seasonal supply variability/inter annual variability

### Primary potential impact

Reduced revenues from lower sales/output

### Company-specific description

How the impact identified will affect Clicks' direct operations:

Access to water and water availability are major concerns in the regions in which Clicks operates, and a lack of water has the potential to disrupt business. Fresh water quality and availability is vital for Clicks' direct pharmacy operations as it is a regulatory requirement for all our pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Furthermore, freshwater quality is vital as it is a prerequisite to prevent the spread of disease. Climate studies indicate that seasonal supply variability across South Africa is expected to increase. In some parts of Southern Africa, rainfall variability has resulted in widespread droughts and floods, thus posing a substantial challenge to water availability in certain regions. Due to increasing water demands, increases in the population, and economic development, water supply systems are under constant stress in most parts of Southern Africa.

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 across Southern Africa. Already a water stressed region, these climatic changes could further increase water stress in South Africa and neighbouring countries, potentially leading to water scarcity. Clicks expects water scarcity risks, because of seasonal supply variability, 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. A disruption in the supply of

freshwater could put the hygiene and sanitation of Clicks' employees (and customers) at risk, which could further increase the risk of closure of operations. Water shortages as a result of seasonal supply variability could impact on the ability of pharmacies and clinics to operate which has the ability to impact on the Clicks Group's direct operations. This risk may negatively impact sales and revenues.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

116,145

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Explanation of approach used to calculate the 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 impact of such events is a reduction in revenue. A full day's closure could pose a financial impact of approximately R116 145 per store per day. This cost is calculated by dividing the total revenue in FY2020 (R24 800 000 000) by the total number of stores with in-store 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.

**Primary response to risk**

Secure alternative water supply

**Description of response**

Clicks Group's primary response to seasonal supply variability is infrastructure investment to secure alternative water supply. Clicks has and continues to install rainwater harvesting systems and boreholes, to improve security of fresh water supply. Clicks has also conducted a water-risk assessment, in partnership with the WWF, to determine the average water consumption at our stores and Head Office. Understanding the consumption requirements allows Clicks to prioritise water risks. 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 water supply allows Clicks' head office to continue operations during water supply interruptions. 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.

Through the various initiatives adopted in response to increasing water scarcity, Clicks can save water. Due to the reduced reliance on municipal water supply, Clicks is able to internally improve water supply security and materially reduce water scarcity risks to its head office. Thereby securing Clicks an alternative water supply in the face of potential future water stress. In turn, this response considerably reduces the risks of operational inefficiency and loss of revenue. Due to the reduced dependence on water supplied by the municipality, the water previously supplied to Clicks is available to benefit other users in the area. Clicks continues to commit to reduce resource usage, and the implemented water reduction and efficiency measures contribute to the United Nations Sustainable Development Goal (SDG) 12- Responsible Consumption and Production.

#### **Cost of response**

4,400,000

#### **Explanation of cost of response**

Explanation of approach used to calculate the figure:

The total cost of R4.4 million is the sum of the capital infrastructure investments, including the cost of the rainwater harvesting systems. Clicks' water expenses included water reticulation piping and a water pressure improvement system, as well as borehole installations.

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#### **Country/Area & River basin**

South Africa  
Berg-Olifants

#### **Type of risk & Primary risk driver**

Physical  
Increased water scarcity

#### **Primary potential impact**

Closure of operations

#### **Company-specific description**

How the impact identified will affect Clicks' direct operations:

Access to water and water availability are major concerns in the regions in which Clicks operates, and a lack of water has the potential to disrupt business. Fresh water quality and availability is vital for Clicks' direct pharmacy operations as it is a regulatory requirement for all our pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Furthermore, freshwater quality is

vital as it is a prerequisite to prevent the spread of disease. Climate studies indicate that water scarcity across South Africa is expected to increase. In some parts of Southern Africa, water scarcity has resulted in widespread drought, thus posing a substantial challenge to water supply in certain regions. Due to increasing water demands, increases in the population, and economic development, water supply systems are under constant stress in most parts of Southern Africa.

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 across Southern Africa. Already a water stressed region, these climatic changes could further increase water stress in South Africa and neighbouring countries, potentially leading to water scarcity. Severe droughts experienced in the Western Cape in 2017/18 attest to water scarcity risks.

If there is increased freshwater scarcity, then the clinics and pharmacies will be forced to close operations intermittently during these periods. A disruption in the supply of freshwater could put the hygiene and sanitation of Clicks' employees (and customers) at risk, which could further increase the risk of closure of operations. In addition, Clicks Group's distribution centres supply medication to hospitals, clinics and pharmacies via UPD. The distribution of medication has to be completed within a certain time period to avoid penalties. If the distribution centres experience water scarcity, there is a high chance that employees will not come to work. This could ultimately impact the distribution of medication. Water shortages as a result of increased water scarcity could impact on the ability of pharmacies and clinics to operate which has the ability to impact on the Clicks Group's direct operations. This risk may negatively impact sales and revenues.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

116,145

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Explanation of approach used to calculate the figure:

The impact of increased water scarcity on Click's direct operations could result in a reduction of operational efficiency and could, at worst, result in the closure of stores.

The impact of such events is a reduction in revenue. A full day's closure could pose a financial impact of approximately R116 145 per store per day. This cost is calculated by dividing the total revenue in FY2020 (R24 800 000 000) by the total number of stores with in-store 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.

### Primary response to risk

Other, please specify

Infrastructure investment

### Description of response

Clicks Group's primary response to increased water scarcity is infrastructure investment for securing alternative water supplies. Clicks has and continues to install rainwater harvesting systems and boreholes, in order to improve security of water supply. Clicks has also conducted a water-risk assessment, in partnership with the WWF, to determine the average water consumption at its stores and Head Office. Understanding the consumption requirements allows Clicks to prioritise water risks. Through the various initiatives adopted in response to increasing water scarcity, Clicks can save water.

Due to the reduced reliance on municipal water supply, Clicks is able to internally improve water supply security and materially reduce water scarcity risks to its head office. Thereby securing Clicks an alternative water supply in the face of increased water scarcity. In turn, this response considerably reduces the risks of operational inefficiency and loss of revenue. Due to the reduced dependence on water supplied by the municipality, the water previously supplied to Clicks is available to benefit other users in the area. Clicks continues to commit to reduce resource usage, and the implemented water reduction and efficiency measures contribute to the United Nations Sustainable Development Goal (SDG) 12- Responsible Consumption and Production.

### Cost of response

4,400,000

### Explanation of cost of response

The total cost of R4.4 million is the sum of the capital infrastructure investments, including the cost of the rainwater harvesting systems. Clicks' water expenses included water reticulation piping and a water pressure improvement system, as well as borehole installations.

---

### Country/Area & River basin

South Africa

Other, please specify

Berg-Olifants, Pongola-Mzimkulu

**Type of risk & Primary risk driver**

Physical  
Severe weather events

**Primary potential impact**

Disruption to sales

**Company-specific description**

How the impact identified will affect Clicks' direct operations:  
Climate change predictions from the IPCC Fifth Assessment Report indicate that extreme precipitation events will become more intense and frequent in most regions across Southern Africa. In addition, climate projections suggest that periods between precipitation events are expected to be prolonged. Usually, dry periods are expected to be drier and wet periods wetter, with prolonged periods between the two. Such projections suggest that this will result in increased severe weather events such as flooding and severe storms. These climate predictions are relevant for the South African region.

Floods and storms can damage Clicks' physical infrastructure, which will impact on the Group's ability to restore our head office, stores, distribution centres; regional office operations and IT systems (including the UPD automated picking system). Such interruptions will result in operational inefficiency and, therefore, a disruption to sales. Clicks would also be unable to meet the service level agreement requirements of its distribution and/or courier clients, or process electronic fund transfers or medical aid authorisations. These impacts could also cause a disruption to sales.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

105,000,000

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Explanation of approach used to calculate the figure:

The potential financial impact is determined by calculating the financial loss of the main data centre for a period of four days, the financial impacts of the IT system functioning at lower capability, the inability to meet Service Level Agreement requirements in relation to Clicks' distribution and/or courier clients as a result of physical damages to Clicks' various offices, stores, UPD and distribution centres and IT systems. The inability to process electronic fund transfers or medical aid authorisations also forms part of determining the financial impact of this risk.

### **Primary response to risk**

Amend the Business Continuity Plan

### **Description of response**

The Clicks Group manages this risk by implementing a group disaster risk plan. The plan provides for a three-day recovery period at a dedicated offsite IT recovery site, hosted by IBM and Sanlam. Regular disaster recovery exercises are successfully performed for infrastructure and application recovery. In respect to IT, a Business Continuity plan was finalised for the Head Office, regional offices, stores and distribution centres. The Data Centre power resiliency was upgraded through the addition of a generator and additional battery capacity. In-store procedures now cover short periods of interruption with limited transactions.

Clicks has also completed a Business Impact analysis which assists the group to understand and quantify risks. In addition, Clicks has implemented an IT platform to communicate risks, such as severe weather events, so that the different operations can be adequately prepared for impacts. Although the risk of severe weather events cannot be prevented and a residual risk to the related impact remains, Clicks' response has greatly enhanced the Group's resilience to the risk driver which minimises the operational and financial impact.

### **Cost of response**

3,000,000

### **Explanation of cost of response**

The costs of developing and implementing the group disaster risk management plan was an in-house cost. The cost of managing this risk is estimated to be R3 million:

- Undertaking Business Impact Analysis cost the Group: approximately R500,000
- Platform to communicate risks: R 240,000
- Purchased generators for 157 stores: approximately R 1.6 million
- Purchased UPS systems for 390 stores: approximately R 624,000

## **W4.2c**

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Lack of visibility of supply chain	The Clicks Group buys its stock/products through a central agency not directly from the producer or manufacturer of the products. This makes it more difficult to assess the risks in the supply chain due to the line of reporting and management of the product down to availability of primary resource inputs. The traceability and tracking of the water source and the water usage for a product becomes difficult to determine. As such, the Group has not yet evaluated the impacts of water risks in the supply chain of the business as it is very complex to do so when the Group does not purchase products from the initial source of production but rather from an agent.

### W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

### W4.3a

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

---

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

Why this opportunity is strategic:

Access to water and water availability are major concerns in the regions in which Clicks operates, and a lack of water has the potential to disrupt business. Fresh water quality and availability is vital for Clicks' direct pharmacy operations as it is a regulatory requirement for all our pharmacists and nurses to have access to warm, clean water to wash hands and equipment for mixing of medication. Furthermore, freshwater quality is vital as it is a prerequisite to prevent the spread of disease. Climate studies indicate that water scarcity across South Africa is expected to increase. Due to increasing water demands, increases in the population, and economic development, water supply systems are under constant stress in most parts of Southern Africa. In response to increased water stress in South Africa, Clicks has the opportunity to implement water efficiency projects to assist with water supply during shortages and reduce the Group's water withdrawal volumes. This opportunity is considered strategic for Clicks as it will assist the Group in keeping stores and facilities open during water supply shortages.



Actions to realize the opportunity include installing rainwater harvesting systems, boreholes and water recycling initiatives. 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 risk 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 host communities.

An example of the strategy:

The group recycles water at our 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 currently only recycles water at our 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.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

116,145

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Explanation of approach used to calculate the figure:

Water efficiencies provide an opportunity for Clicks to reduce their freshwater consumption costs and could also improve Click's resilience to water-related 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 145 /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 FY2020 (R24 800 000 000) by the total

number of stores which require water (585) and dividing this by days operational in the year (365).

---

**Type of opportunity**

Products and services

**Primary water-related opportunity**

Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**

Why this opportunity is considered strategic:

Climate change impacts on water supply and quality have been identified as key climate risks in South Africa. Clicks has the opportunity to meet the changing customer's needs that are driven by these types of climate change impacts. Clicks' strategy to realise the opportunity is to ensure that our stores are stocked with a range of pharmaceutical medications for the prevention of diseases related to poor water quality. This opportunity has the potential to increase the Group's revenue through increased sales of Clicks' diarrhoeal and malaria medication, as well as through sales of water-less hand sanitiser.

Actions to realize the opportunity:

Clicks Group's implemented strategy includes the monitoring of water scarcity, and the current drought impacts in South Africa. The Group evaluates how water scarcity influences different areas and how the associated municipalities are geared to respond. This indicates what type of products will be utilised in the different regions. The Group's strategy to realise this opportunity includes expanding promoting local community health.

An example of the strategy in action:

An example of the implemented strategy is the "Clicks Helping Hands" programme, which carried out thousands "Baby well" consultations and consultations with immunization.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

35,800,000

**Potential financial impact figure – minimum (currency)**

## Potential financial impact figure – maximum (currency)

### Explanation of financial impact

Explanation of approach used to calculate the figure:

The potential impact of an increase in the sales of diarrhoea, malaria medication and water-less hand sanitiser would increase revenues by approximately R35.8 million/year.

This estimate figure is calculated by using the value of products sold (diarrhoea, malaria medication and water-less hand sanitiser) in 2020.

## W5. Facility-level water accounting

### W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

---

#### Facility reference number

Facility 1

#### Facility name (optional)

The Clicks Group Head Office

#### Country/Area & River basin

South Africa  
Berg-Olifants

#### Latitude

-33.929762

#### Longitude

18.441008

#### Located in area with water stress

Yes

#### Total water withdrawals at this facility (megaliters/year)

6.3

#### Comparison of total withdrawals with previous reporting year

About the same

#### Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.3

#### Withdrawals from brackish surface water/seawater

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

6

**Total water discharges at this facility (megaliters/year)**

6.3

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

6.3

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Water withdrawals at the Clicks Group Head Office is largely from municipal supply, however a small amount is also from recently installed rainwater harvesting and boreholes. Water withdrawals and discharges remained about the same during FY2020. As a result, total consumption also remained the same. This facility represents 14% of the group's total water withdrawn.

The total water consumption was calculated by subtracting the discharge volumes from the withdrawal volumes. Water is discharged to municipal water treatment plants.

Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.

---

**Facility reference number**

Facility 2

**Facility name (optional)**

Montague Gardens Distribution Centre

**Country/Area & River basin**

South Africa  
Berg-Olifants

**Latitude**

-33.877629

**Longitude**

18.52127

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

7

**Comparison of total withdrawals with previous reporting year**

About the same

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

7

**Total water discharges at this facility (megaliters/year)**

7

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

7

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Water withdrawals at the Montague Gardens Distribution Centre is only from municipal supply. Water withdrawals and discharges remained about the same during FY2020. As a result, total consumption also remained the same. This facility represents 18% of the group's total water withdrawn.

The total water consumption was calculated by subtracting the discharge volumes from the withdrawal volumes. This facility only uses municipal water and water is discharged to municipal water treatment plants.

Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.

---

**Facility reference number**

Facility 3

**Facility name (optional)**

Centurion Distribution Centre

**Country/Area & River basin**

South Africa  
Vaal

**Latitude**

-25.921741

**Longitude**

28.158279

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

5

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

5

**Total water discharges at this facility (megaliters/year)**

5

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

5

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Water withdrawals at the Centurion Distribution Centre is from municipal supply and a recently installed borehole. Water withdrawn from the borehole will only be monitored in the future. Water withdrawals and water discharges decreased by 17% during FY2020. Total consumption remained the same, as consumption equals total withdrawals minus total discharges. This facility represents 13% of the group's total water withdrawn.

The total water consumption was calculated by subtracting the discharge volumes from the withdrawal volumes. Currently, this facility only uses municipal water and water is discharged to municipal water treatment plants.

Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.

---

**Facility reference number**

Facility 4

**Facility name (optional)**

Mahogany Ridge Distribution Centre

**Country/Area & River basin**

South Africa  
Pongola-Uzimkulu

**Latitude**

-29.821038

**Longitude**

30.811718

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

7

**Comparison of total withdrawals with previous reporting year**

Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0



**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

7

**Total water discharges at this facility (megaliters/year)**

7

**Comparison of total discharges with previous reporting year**

Much higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

7

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Water withdrawals at the Mahogany Ridge Distribution Centre is only from municipal supply. Water withdrawals and water discharges increased during FY2020. Total consumption remained the same, as consumption equals total withdrawals minus total discharges. This facility represents 18% of the group's total water withdrawn.

The total water consumption was calculated by subtracting the discharge volumes from the withdrawal volumes. This facility only uses municipal water and water is discharged to municipal water treatment plants.

Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.

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**Facility reference number**

Facility 5

**Facility name (optional)**

UPD

**Country/Area & River basin**

South Africa

Vaal

**Latitude**

-26.19155

**Longitude**

27.912727

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

16

**Comparison of total withdrawals with previous reporting year**

About the same

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

16

**Total water discharges at this facility (megaliters/year)**

16

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

16

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Water withdrawals at the UPD facility is only from municipal supply. Water withdrawals and water discharges remained about the same during FY2020. Total consumption remained the same, as consumption equals total withdrawals minus total discharges. This facility represents 38% of the group's total water withdrawn.

The total water consumption was calculated by subtracting the discharge volumes from the withdrawal volumes. This facility only uses municipal water and water is discharged to municipal water treatment plants.

Clicks defines "about the same" to be between 0 – 10%. Changes of +/-10% are considered to be higher/ lower. Changes of +/-40% are considered much higher/lower.

## W5.1a

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?**

**Water withdrawals – total volumes**

---

**% verified**

76-100

**What standard and methodology was used?**

Water withdrawal volumes are currently independently verified by the Clicks Group.

**Water withdrawals – volume by source**

---

**% verified**

76-100

**What standard and methodology was used?**

Water withdrawal volumes by source are currently independently verified by the Clicks Group.

### **Water withdrawals – quality**

---

**% verified**

76-100

**What standard and methodology was used?**

The quality of water withdrawals is currently independently verified by the Clicks Group.

### **Water discharges – total volumes**

---

**% verified**

Not verified

### **Water discharges – volume by destination**

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**% verified**

Not verified

### **Water discharges – volume by treatment method**

---

**% verified**

Not verified

### **Water discharge quality – quality by standard effluent parameters**

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**% verified**

Not verified

### **Water discharge quality – temperature**

---

**% verified**

Not verified

### **Water consumption – total volume**

---

**% verified**

76-100

**What standard and methodology was used?**

The total volume of water consumed is currently independently verified by the Clicks Group.

### **Water recycled/reused**

---

**% verified**

76-100

**What standard and methodology was used?**

Water recycled/reused is currently independently verified by the Clicks Group.

## W6. Governance

### W6.1

**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy, but it is not publicly available

### W6.1a

**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Company water targets and goals Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education	Rationale for the scope selected: Clicks' water management policy applies to all permanent and fixed-term contract (full-time, part-time and flexi-time) employees of the Clicks Group (Pty) Limited, its subsidiaries, business units and service providers. Consequently, the scope of the water policy is considered to be company-wide. The rationale for making the Clicks Groups' water policy a company-wide policy is to ensure a unified approach amongst all operations and amongst all employees within the Group.  An overview of the policy content: The focus of Click's Water Management policy includes improving water performance, reducing usage of potable water, increasing use of alternative and recycled water and reducing water costs. The Group is committed to sustainable development and water stewardship. The Water Policy forms part of the overall group environmental sustainability principles and is incorporated into the Group Environmental policy. This is managed by the Group's Sustainability Facilitator.  The rationale for including the noted content in the policy speaks to performance standards for direct operations to ensure best practice and to ensure water performance improvements are carried out at each operation and in the value chain where possible.

		Commitment to water stewardship and/or collective action	
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## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

### W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Board-level committee	The responsibility of implementing strategy for development, monitoring and evaluation of climate-related issues, such as those related to water, has been assigned to the Group HR Director, who forms part of a board-level committee. The Group HR Director is an executive who attends the audit and risk committee by invitation, which is a committee to the board. The HR Director also attends the social and ethics committee (a committee to the board) on invitation. The responsibility for climate related issues (including water) lies with this high-level executive because the Clicks board and executive management work closely in determining the strategic direction and objectives of the group. This is important as climate and water issues can affect the company's strategy adoption, operations and value creation. Examples of water-related decisions made by the Group HR director include overseeing water management plans, including decisions regarding operational and capital expenditures.

### W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing major capital expenditures	The governance mechanisms selected contribute to the board's oversight of water 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 water withdrawal targets and is therefore required to monitor performance against these targets. As such, Clicks' board is

	<p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing innovation/R&amp;D priorities</p> <p>Setting performance objectives</p>	<p>responsible for allocating resources (such as capital expenditures) and reviewing innovation and Research and Development priorities.</p> <p>The sustainability mandate, including oversight of water-related issues, lies with the social and ethics committee as well as the audit and risk committee. The social and ethics committee is accountable for and has the mandate to oversee the group’s sustainability performance, including climate change, water consumption as well as waste management and all other ESG-related issues. The governance mechanisms are employed by the Social and Ethics Committee which is responsible for briefing the board on sustainability issues and has the mandate, amongst other things, to monitor water-related activities within the group. Ultimately, the Board Social and Ethics Committee, under the chairmanship of a non-executive director, is accountable and is mandated to oversee the group’s sustainability performance, including climate change, water-related activities and waste management. The board meets with the audit and risk committee four times in a year and twice a year with the social and ethics committee.</p>
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## W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

### **Name of the position(s) and/or committee(s)**

Chief Executive Officer (CEO)

### **Responsibility**

Both assessing and managing water-related risks and opportunities

### **Frequency of reporting to the board on water-related issues**

Quarterly

### **Please explain**

The CEO is ultimately responsible for assessing and managing water-related risks and opportunities as the CEO is the most senior member of the Group executive committee. The CEO reports water-related issues to the Social and Ethics Committee, which is responsible for quarterly briefs to the board on sustainability and water-related issues.

The Committee has the mandate to monitor water withdrawals and activities. At an operations level, water data is captured for all facilities mentioned in this report on a monthly basis, to monitor the usage and improve the accuracy of the group's data. This information is displayed in a dashboard document which is reviewed by the Group Facilities manager. If any discrepancies are detected, the information will be communicated to heads of departments at Board level, depending on the issue: either the Group HR Director if related to employees or the Chief Financial Officer regarding other issues. These individuals then report to the CEO.

## W6.4

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	Clicks does not currently provide incentives to C-suite employees or board members for the management of water related issues and does not plan to introduce incentives within the next two years.

## W6.5

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

Yes, other

## W6.5a

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

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. The audit and risk committee are responsible for overseeing risk management for the board, 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. 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, such as those related to water issues, are discussed. The company members who engage with policy makers 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 fully aware of the climate change and water strategies of the Group and are directly involved in



the company’s position of the various related policies. Clicks also participated in NBI discussions and events. If any inconsistencies between activities and Click’s water policies/commitments are detected, the information is communicated to heads of departments and Board level, depending on the level of inconsistency. The inconsistencies are assessed on a case-by-case basis and remedial actions are taken.

## W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

## W7. Business strategy

### W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Clicks recognises the significant impact of climate-related issues, such as water stress and scarcity, on its ability to achieve long-term business objectives. Consequently, the Group commits itself to strive to implement sustainable business practices within a culture of responsible environmental stewardship. This commitment is expressed in the Group’s strategic and operational planning. The Group’s long-term environmental management objectives are embedded in 1) legislative and regulatory compliance, 2) internal and external stakeholder engagement, 3) sustainability reporting, and 4) assessment and evaluation of sustainability initiatives. Water issues included in long-term business objectives include the development and implementation of targets to reduce water withdrawals. Clicks has adopted measures to improve water availability and has identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow the Group to understand the impacts of water risks in the supply chain.

			<p>For example, South Africa is expected to experience increased water stress as well as increased severe weather events. These water issues are integrated into operational plans. This decision was taken to ensure that Clicks' clinics and pharmacies have the latest medication and skills to attend to customers with climate related health issues such as malaria, diarrhoea and heat stress.</p>
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	<p>Clicks' strategy for achieving long-term objectives recognises the importance of responsible environmental and social practices that support business resilience, enhance reputation of the brand and benefit all stakeholders, including employees, customers, shareholders, suppliers and the communities in which Clicks trade. Clicks' business strategy has been, and continues to be, influenced by climate-related issues such as water stress and water scarcity. Water issues included in the strategy for achieving long-term business objectives include the development and implementation of targets to reduce water withdrawals. Furthermore, Clicks has adopted measures to improve water availability and has identified areas where water scarcity presents a risk. Contingency plans have been developed for facilities located in water scarce areas and measures have been put in place that allow the Group to understand the impacts of water risks in the supply chain.</p> <p>Clicks has developed long-term strategies to reduce the Group's carbon footprint through more efficient energy and water usage. Furthermore, water issues associated with increased water stress and severe weather events are also included as part of the Group's strategy to achieve objectives, integrated into Group-wide operating plans. Clicks recognises that there is a link between health and climate change. Clicks' strategy for achieving its long-term objectives is to assist host communities cope with climatic health conditions.</p>
Financial planning	Yes, water-related issues are integrated	5-10	<p>Clicks acknowledges that water is a critical shared resource. The business' primary use for water includes consumption, hygiene and sanitation purposes. Access to water and water availability are major concerns in the regions in which Clicks operates and have the potential to disrupt businesses. Fresh water quality is vital for</p>

			<p>Clicks' pharmacies 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. For this reason, Clicks' financial planning integrates a range of water-related issues including impacts on revenues.</p> <p>Clicks continues to explore water-related opportunities (that require allocation of financial resources) to develop new strategies and to meet water demand requirements in water constrained environments. The financial planning included capital items such as rainwater harvesting systems and boreholes to mitigate water scarcity risks. The decision to include water-related issues in the financial planning was taken as water issues may reduce revenues should water supplies to the Clicks facilities be constrained, which could require store closures leading to reduced productivity and therefore revenue losses. Additionally, Clicks recognises that water issues may increase opex costs, e.g. increased energy costs required to pump water from boreholes as well as increased water tariffs that may result in times of water stress or scarcity.</p>
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## W7.2

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

**Row 1**

**Water-related CAPEX (+/- % change)**

-100

**Anticipated forward trend for CAPEX (+/- % change)**

0

**Water-related OPEX (+/- % change)**

17

**Anticipated forward trend for OPEX (+/- % change)**

0

**Please explain**

Water capex decreased as there were no new water saving initiatives or water saving projects implemented during the reporting year. Additionally, there are new planned

water saving initiatives. Water opex is based on purchased water from third parties. Water opex increased on account of the relaxation of water restrictions due to Covid-19 during the reporting year.

### W7.3

#### (W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	<p>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.</p> <p>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.</p> <p>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.</p>

### W7.4

#### (W7.4) Does your company use an internal price on water?

Row 1

##### Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

##### Please explain

Water is a small portion of the business compared to other aspects, and therefore applying an internal price on water (other than prices related to water tariffs) is not expected to provide material benefits for the company.

## W8. Targets

### W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	<p>Targets are monitored at the corporate level</p> <p>Goals are monitored at the corporate level</p>	<p>The Clicks Group's approach to setting water targets and/or goals is guided by the Group's Water Policy which outlines performance standards for direct operations to ensure best practice and measures of performance at each of its operations and in its value chain.</p> <p>Clicks recognises that water is a scarce resource that needs to be shared with different users. The risk of water scarcity in the national context of South Africa, encourages continuous improvement of innovative and alternative technologies to improve on the amount of water available.</p> <p>The Group is, therefore, committed to sustainable development, water stewardship and focuses on improving water performance. The motivation to drive water target and goal setting at Clicks is to reduce water costs, ensure continued operations and to align with the United Nations Sustainable Development Goals (SDGs).</p> <p>The Clicks Group's company-wide Water Policy forms part of the overall group environmental sustainability principles and is incorporated into the Group Environmental policy. This is managed and the goals and targets prioritised by the Group's Sustainability Facilitator and is monitored at corporate level. Monitoring at the corporate level ensures that targets and goals are tracked, and they deliver meaningful outcomes for Clicks and for other water users. Water targets and goals are outlined in the group's Water Policy.</p>

### W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

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Target reference number

## Target 1

### Category of target

Water withdrawals

### Level

Company-wide

### Primary motivation

Water stewardship

### Description of target

The Clicks Group recognizes the significant impact of water usage brought about by individual and corporate activities. Consequently, the Clicks Group have set a company-wide target to reduce municipal water withdrawals by 5%, between 2015 as the base year and 2020 as the target year. The aim of the target is to increase the Group's water security and uphold water stewardship commitments. This target is based on the municipal water withdrawal volumes of the Group's head office and three distribution centres. The baseline municipal water withdrawals in 2015 was 44.16 ML. The Group aims to achieve this through implementing water efficiency projects, through the installation of further rainwater harvesting tanks at its operations and through the recycling of water within its operations.

### Quantitative metric

% reduction of water withdrawals from municipal supply

### Baseline year

2015

### Start year

2016

### Target year

2020

### % of target achieved

100

### Please explain

The Group achieved a 40% reduction in municipal water withdrawal compared to withdrawals in the baseline year. This figure excludes withdrawals from UPD because this target was set when there were no data sets for the UPD facility. As such when monitoring this target, the volumes for the UPD facility are excluded from the calculation in order to accurately compare the withdrawal volumes. It will be important for the Group to maintain this progress up to and including 2020 despite continued growth in the business.

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### Target reference number

## Target 2

### **Category of target**

Water withdrawals

### **Level**

Company-wide

### **Primary motivation**

Risk mitigation

### **Description of target**

The Clicks Group recognizes the significant impact of water usage brought about by individual and corporate activities. Consequently, the Clicks Group have set a company-wide target to reduce municipal water withdrawals by 10%, between 2015 as the base year and 2030 as the target year. The aim of the target is to increase the Group's water security and uphold water stewardship commitments. This target is based on the municipal water withdrawal volumes of the Group's head office and three distribution centres. The baseline municipal water withdrawals in 2015 was 44.16 ML. The Group aims to achieve this through implementing water efficiency projects, through the installation of further rainwater harvesting tanks at its operations and through the recycling of water within its operations.

### **Quantitative metric**

% reduction of water withdrawals from municipal supply

### **Baseline year**

2015

### **Start year**

2016

### **Target year**

2030

### **% of target achieved**

100

### **Please explain**

The Group achieved a 40% reduction in municipal water withdrawal compared to withdrawals in the baseline year. This figure excludes withdrawals from UPD because this target was set when there were no data sets for the UPD facility. As such when monitoring this target, the volumes for the UPD facility are excluded from the calculation in order to accurately compare the withdrawal volumes. However, it will be important for the Group to maintain this progress up until 2030 despite continued growth in the business.

## W8.1b

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

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### Goal

Other, please specify

Ensure water security at all owned operations

### Level

Company-wide

### Motivation

Risk mitigation

### Description of goal

Clicks recognizes the significant impact of water usage brought about by individual and corporate activities. The risk of water supply in South Africa, encourages continuous improvement of innovative and alternative resources to improve on the amount of water used. Consequently, Clicks aims to ensure company-wide water security at all its owned facilities and properties. Water scarcity risks are increasing in South Africa. By achieving this goal, Clicks will ensure water security for their owned operations.

This goal is important to Clicks as fresh water quality is vital for Clicks' pharmacies as it is a regulatory requirement for pharmacists and nurses to have access to clean water to wash hands and equipment for mixing medication. Freshwater is considered vital for the direct operations and important for indirect operations. Constrained water infrastructure and supply in the country are risks to the Clicks Group, particularly in the pharmacies where potable water is a legal requirement.

Clicks is implementing this company-wide goal through the provision of backup water tanks which have already been installed at all major facilities of the group, to ensure that the facilities can run for a certain period when external water supply is interrupted. Clicks aims to have alternative water resources in place, or a plan in place to be able to supply owned operations with water resources in times of need. Clicks will be working on this goal as part of the Group's 3-year strategy.

### Baseline year

2015

### Start year

2016

### End year

2020

### Progress



The indicator used to assess progress against this goal is the level of water supply security at Clicks' five major facilities. The threshold of success is the number of identified facilities that have been fitted out with water tanks or alternative water supplies to provide water during periods when water suppliers are interrupted. Clicks has progressed against this goal in 2020 by installing new water piping; a water pressure improvement system at the Head Office and drilling a new borehole, to provide for uninterrupted water supplies.

## W9. Verification

### W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

No, but we are actively considering verifying within the next two years

## W10. Sign off

### W-FI

**(W-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.**

### W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

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

### W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

No

## Submit your response

In which language are you submitting your response?

English

**Please confirm how your response should be handled by CDP**

	<b>I am submitting to</b>	<b>Public or Non-Public Submission</b>
I am submitting my response	Investors	Non-public

**Please confirm below**

I have read and accept the applicable Terms