PROMETHIUM CARBON

CLICKS GROUP LIMITED

2022 Climate Change Report

Aligned with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)

31 August 2022

Report produced by Promethium Carbon (Pty) Ltd

Tel: 011 706 8185

THE COURTYARDS, Block 2, St Floor, 32 Peter Place, Bryanston

Message from the CEO

The group’s reporting occurs against the backdrop of COP27, which marks 30 years since the adoption of the United Nations framework convention on climate change and a growing global consensus that active collaboration across intergovernmental, institutional, business coalition, non-governmental and community levels is required to stem the ravages of climate change on our planet and on the livelihoods of people.

The group is committed to tackling the devastating effects of climate change through the implementation of a number of initiatives. In furtherance of this commitment, the group CEO joined the “CEO Just Transition Initiative” which investigates measures to achieve a just and equitable pathway to carbon neutrality. Additionally, the CEO, through the CEO-led initiative of the Africa Business Leaders Coalition has pledged to promote sustainable growth, prosperity, and ambitious climate action. As a part of this coordinated private sector effort to advance climate action and sustainable prosperity, the Africa Business Leaders Coalition was born out of the UN Global Compact Africa Strategy. Its main objective is to give African business leaders a platform to speak with a unified voice on behalf of the private sector as they actively and meaningfully tackle the continent's most pressing issues using a planned, principle-based strategy anchored in the goals of the Paris Agreement, the Sustainable Development Goals and the UN Global Compact Ten Principles.

The group continues to work towards improving its climate-related risk management and has set a target to achieve carbon neutrality by 2050. As part of its emissions reduction initiatives, in fiscal year 2022 the rooftop solar on the group’s head office generated 631MWh. In 2022 the group installed rooftop solar panels at all the group’s owned distribution centres at a cost of R28 million. This commitment is expected to increase renewable energy generation at its operations to 4500MWh annually from fiscal year 2023.

Recognising the importance of corporate disclosures on ESG matters as a means to promote accountability, the group has been reporting its carbon footprint since 2008 and submitted its climate change response to the CDP on an annual basis for third party verification. It aims to continue to improve its sustainability disclosures over time as is evidenced by the publication of this report, which is published by the group for the first time.

Contents

List of Figures

List of Tables

1 Our Position on Climate Change

We acknowledge that climate change will bring about certain physical and transition risks and opportunities related to the group's core operations, value chain, value creation and strategy adoption. As such, while the main focus of our strategy is on the health sector, we remain committed to reducing energy consumption to ensure the long-term sustainability of our company. Climate change adaptation and mitigation measures are considered and implemented in line with the company strategy.

This is our first Climate Change Report aligned with the recommendations proposed by the Taskforce on Climate-related Financial Disclosures (TCFD), which serves as a consolidated disclosure on our climate change governance, strategy, risk management and targets. The information contained herein relates to both the past financial year and future ambitions. The latter includes our commitment to the (*in progress)* development of a Climate Target Setting Approach, which includes updating our Greenhouse Gas (GHG) reduction targets on Scope 1 and 2 emissions. We are also proposing to develop a detailed action plan, a Carbon Management Plan, which will include a public commitment to carbon neutrality within a specified time frame.

Climate change is anticipated to bring about extreme weather events such as droughts and floods, which could disrupt access to healthcare services and create an increased strain on the healthcare sector. We acknowledge the uncertainty posed by climate change impacts and have thus implemented the group-wide Climate Change Policy to guide climate related decisions around large-scale healthcare market requirements and the response to the changing markets because of climate change.

2 Governance and Management

2.1 Our governance approach to climate-related issues

The management with regards to climate-related responsibility sits with the CEO and the Group Corporate Affairs Head. The responsibility for implementing, assessing and monitoring climate related issues lies with them as a result of the Board and executive management working closely in determining the strategic direction and objectives of the group.

The role of the CEO is an executive position with top-level managerial decision responsibilities. The CEO approves the sustainability and climate-related strategies. The CEO is an executive member of the board and is also accountable to the Board for the performance of sustainability and climate-related strategies and activities. The CEO delegates the implementation of these to the Group Corporate Affairs Head. The role of the Corporate Affairs Head is an executive management position with executive responsibilities. The Corporate Affairs Head reports directly to the Group CEO and is also an invited member of the Social and Ethics Committee. The Group Corporate Affairs Head ensures the correct and effective implementation of sustainability and climate change-related activities.

The role of our Board of Directors in reviewing and guiding strategy development and implementation is further heightened by the ten (10) directors, comprising two salaried executive directors and seven independent non-executive directors. There are three (3) committees and a sufficient number of directors to serve on each committee.

The governance mechanisms are employed by various board committees. The board presently has three standing committees, namely the Audit and Risk Committee, the Remuneration and Nominations Committee, and the Social and Ethics Committee.

The Board Social and Ethics Committee is responsible for the group's climate change agenda. The committee is responsible for briefing the board, twice a year, on sustainability issues and has the mandate, amongst other things, to monitor climate-related activities within the group. The Board is responsible for the oversight and delegation of specific responsibilities to board committees. The Social and Ethics Committee is a committee required by statute. It has an independent role and is governed by a formal charter. The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to: ethics; stakeholder engagement, including employees, customers, communities and the environment; strategic empowerment and compliance with transformation codes.

The Board Risk and Audit Committee is responsible for overseeing risk management for the Board. The Committee reviews and updates the risk register regularly, which contains current and emerging risks as well as risks associated with future strategic initiatives and identifying mitigating measures to address specific risks. This includes risks related to climate change.

The Remuneration and Nominations Committee monitors and is responsible for the processes in relation to the nomination, election and appointment of directors. The committee ensures that we have a competitive remuneration policy and governance framework which is aligned with the group's strategic and organisational performance objectives.

2.2 Board oversight of climate change risk and opportunities

The governance mechanisms for which climate-related issues are integrated include reviewing and guiding strategy; reviewing and guiding major plans of action; reviewing and guiding risk management policies; reviewing and guiding business plans; setting performance objectives; monitoring implementation and performance of objectives; overseeing major capital expenditures, acquisitions and divestitures; and, monitoring and overseeing progress against goals and targets for addressing climate-related issues.

The responsibility for addressing climate-related issues lies with the Board Social and Ethics Committee as well as the Board Audit and Risk Committee. The Board Social and Ethics Committee is accountable and has the mandate to oversee the group's sustainability performance, including climate change, resource consumption, as well as waste management. The Board Risk and Audit Committee is responsible for overseeing risk management for the board, including climate change-related risks, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans is comprehensive, timely and relevant. The board committees make recommendations to the Board, and to the CEO, who is then ultimately responsible for both assessing and managing climate-related risks and opportunities.

The Board of Directors meets four times a year, the Social and Ethics Committee twice a year and the Audit and Risk Committee four times a year.

2.3 Board oversight of climate related goals and targets

The TCFD recommends disclosure on how the board monitors and oversees the progress against targets for addressing climate-related issues. Climate-related performance targets form part of our Key Performance Indicators (KPIs) which are monitored regularly by the Remuneration and Nominations Committee.

A significant portion of remuneration is variable and designed to incentivise executives. Short-term and long-term incentives are an integral part of the total rewards framework and aim to align employee performance with the interests of shareholders. The social and ethics committee monitors progress on performance against targets relating to sustainability and climate change.

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

3 Strategy

3.1 Our business

The Clicks Group, founded in 1968, is a leader in the South African healthcare market, in both retail pharmacy and pharmaceutical wholesaling, with over 900 stores across Southern Africa and over 670 pharmacies. Our core business creates meaningful social impact through the provision of health products and improving access to reliable and affordable healthcare. This supports South Africa's national development goals by promoting healthy lives and well-being for all ages. We have a total of 16 500 employees at head office, stores, and distribution centres across the country, with a Level 4 BBBEE rating. The focus of our strategy is to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering.

Our business model describes how we create, deliver and capture value throughout our business operations for all our stakeholders. Our strategy is informed by six group strategic objectives that serve to achieve our purpose and vision of becoming the leading health and beauty retailer in targeted markets within Southern Africa. We also aim to promote service excellence and cost effectiveness within our distribution business, United Pharmaceutical Distributors' (UPD).

1	2	3	4	5	6
Grow the retail footprint by expanding the store base and online presence	Accelerate pharmacy market share gains in South Africa	Promote UPD's national pharmaceutical wholesale and distribution services to grow market share	Deliver operational excellence with an efficient centralised supply chain	Create an inclusive and transformed organisation with a strong talent pipeline to support business growth	Ensure the sustainability of the business through robust environmental, social and governance practices

Environmental, Social and Governance (ESG) practices are integrated into our value system and the way in which we operate. Our ESG framework guides how we make decisions in managing interfaces with communities, employees, the environment, customers, and stakeholders. We guide our ESG practices to help achieve the United Nations Sustainable Development Goals (UN SDGs) specified targets by 2030. The SDGs through which we believe we can have the biggest impact are as follows:

While the group's activities do not have a significant negative impact on the environment, as a responsible retailer, we are committed to addressing climate change challenges. Environmental management systems are embedded into all our business practices and operations. We have developed strategies to reduce our carbon footprint through more efficient energy and water usage, waste management, distribution network optimisation and recycling activities across the supply chain. We also acknowledge our responsibility regarding single-use plastics and packaging and are committed to ensuring that 100% of our plastic packaging used in our stores is reusable, recyclable or compostable. Our Sustainability strategy is based on the four focus areas followed by the following principles:

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

We continue to assess and respond to long-term material risks (for example, water shortages due to drought and opportunities). Material issues which could significantly impact on the group's ability to create and sustain value, positively or negatively, are identified each year. With each material risk identified, we have identified the opportunities that accompany this risk to indicate how the group is using its competitive advantage to manage the impacts of the material issues on value creation.

3.2 Climate change impacts on our strategy

The TCFD calls for companies to disclose the existing and future impacts that climate change may have on their business strategies and to assess how resilient the strategies are to climate-related risks. We annually review risks identified as financial, reputational, regulatory, and environmental. Specific attention is given to ensure compliance with current and emerging regulations related to climate change and other pertinent sustainability issues. Our TCFD readiness and alignment assessment has noted that we have acted proactively to address and integrate climate change risks in our business practices.

Our business strategy has been, and will continue to be, influenced by climate-related issues as part of the group's long-term business goal to be a sustainable retailer. Our continuous monitoring of our water usage and other water management processes helps us to respond to the impacts of drought in our regions of operation. Our water risk assessment will inform

Going forward, we will conduct a climate change scenario analysis to assess and manage the risks posed by climate change to enhance our strategic planning and investment decisions relating to climate change.

4 Risk Management

Our Board Audit and Risk Committee is a formal statutory committee in terms of the Companies Act. Risks relating to each material issue, including climate-related risks, are based on the major risks on our risk register.

4.1 Identification and management of risks

Our risks and opportunities are reviewed regularly by the board and management to determine significant risks that are based on their level of a substantive financial impact. Senior executives and line management within each business unit are accountable for managing risks and opportunities to achieve their financial and operational objectives. The group internal audit division monitors the progress of the group and business units in managing risks and opportunities related to climate change. This is conducted by utilising a risk register and reporting the relevant findings to the Audit and Risk Committee on a quarterly basis. A combined assurance model is used to mitigate and determine the residual risks.

Our board provides oversight of the risk management process and delegates responsibility to the Audit and Risk committee. The committee is responsible for ensuring the implementation of an effective policy and plan for risk management. The Audit and Risk committee is supported by our internal audit division, which monitors the progress of the group and business units in managing risks. The internal audit division reports its findings to the Audit and Risk committee on a quarterly basis. An external auditor also reports to the audit and risk committee on identified risk matters.

Our climate-related risks are integrated into the multi-disciplinary company-wide risk identification, assessment, and management processes. These are identified and assessed by the group executive, who is also responsible for designing and implementing the risk management and monitoring process. Risk management is embedded into our strategic business planning cycle and strategy. Our internal audit division monitors the progress of the group and business units in managing risks and opportunities related to climate change using a risk register and reports its findings to our Audit and Risk Committee on a quarterly basis. The probability (likelihood) and impacts of identified risks are considered one to six years into the future. The executive reviews the risks to ensure mitigation strategies are implemented by business units.

In FY2023 we will embark on a risk management process for identifying, assessing, and managing climate-related risks and further integration of such risks into our overall risk management process. We will also develop a mechanism for reporting the financial impacts of climate change in the mainstream filings.

4.2 How we manage climate risks

Climate-related risks are divided into two major categories. These are:

- **Transition** risks include the exposure to policy, legal, technology and market changes that address mitigation and adaptation related to climate change. Transition risks may expose companies to varying levels of financial and reputational risks.
- **Physical** risks resulting from climate change may be driven by acute (event driven) or longer-term shifts (chronic) in climate patterns. Physical risks can result in financial implications for organizations such as direct damage to assets and indirect impacts from disruptions to supply chains.

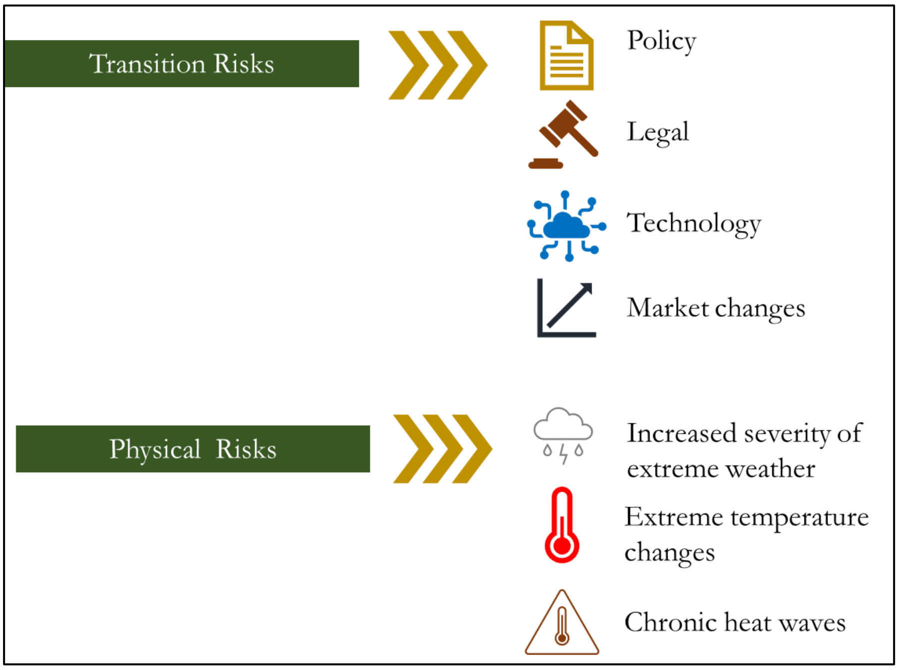


Figure 1: Transition and Physical risks

4.2.1 Physical risks

We have identified that both climate-related physical and transitional risks impact the short-, medium- and long-term horizons for various parts of our business. The materiality of these impacts are considered across our business.

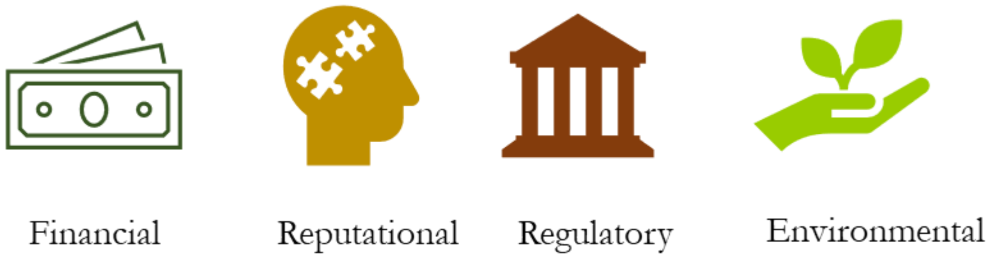
We operate in chronically water stressed areas and climate change projections indicate that the climate in Southern Africa is likely to become hotter and drier, resulting in water stress. Water quality and availability is the most material risk identified and poses a risk for all operations, given our reliance on water in pharmacy operations. By undertaking regular risk assessments, we are focused on reducing the risk posed by water security and availability and building resilience through putting mitigation plans in place. For example, our head office uses municipal water, rainwater and borehole water. We recycle wastewater at our Head Office, which is captured from the building's air-conditioning cooling towers; the water is then used for flushing of toilets. We have installed rainwater harvesting tanks at some of our operations, and this practice could be expanded upon in other operations. Due to the reduced reliance on municipal water supply, we can improve water supply security and materially reduce water scarcity risks to our head office. The implemented water reduction and efficiency measures contribute to the United Nations Sustainable Development Goal (SDG) 12 – Responsible Consumption and Production.

Acute physical risks may also impact on our business through disruptions in product deliveries, stores, and stock centres. UPD delivers pharmaceutical supplies to our stores, but this could be disrupted due to damaged roads caused by various climatic events, such as floods. In addition, we recognise that extreme weather events such as floods and fires can cause damage to our stores, stock and distribution centres negatively influencing sales and distribution. These physical risks have been included in our risk assessments by incorporating assessments of alternative routes for all main distribution routes currently used in the event of damaged/disrupted routes, to minimise the risk posed by the acute physical risks of climate change impacts.

There is an opportunity to reduce the risks of declining natural resource through evaluating key risk areas, stores and factors and designing the appropriate mitigation response. The focus is to address the immediate business need of having a continuous water supply in the current drought situation.

4.2.2 Transition risks

At group level, we have identified the following transition risks that are relevant to our business:



Specific attention is given to ensure compliance with current and emerging regulations related to climate change and other pertinent sustainability issues. In this regard, we have assessed our exposure to the provisions of the South African Carbon Tax Act. Our GHG emissions mainly come from stationary fuel combustion (diesel), mobile fuel combustion, fugitive emissions, purchased electricity, upstream distribution, employee commuting and business travel.

We have externally verified our emissions to assure accuracy and validity to manage and monitor our exposure to the Carbon Tax. This risk was assessed on the level of significance in terms of substantive financial impact by considering the implication for Clicks, the Rand value, mitigation actions (to be) taken and calculating the risk's financial impact. Our Carbon Tax liability is only related to costs which occur when purchasing the diesel that we consume in our back-up electric generators and as a passthrough cost from our suppliers in the pharmaceutical industry. We continuously keep track of progress in managing this risk.

4.2.3 Financial impacts of climate-related risks

The financial impact on physical and transition risks are further described below:

Table 1 :The financial impacts of our climate related risks

Type of risk	Climate-related risk	Financial impact
Transition risk (Technology)	Cost to transition to a low-emissions technology	**Investment** → PV Solar technology to produce 645 MWh of energy per year (**R4 800 000**)
Transition risk (Technology)	Alternative energy sources	**Investment** →R28**m** investment for the implementation of alternate energy (Solar PV)
Physical risk (Chronic)	Changing precipitation patterns and types	**Decreased revenues** → The impacts of rising temperatures, changing rainfall patterns and longer and drier drought periods on our direct operations could result in a reduction of operational efficiency and could, at worst, result in the closure of stores. A full day's closure could pose a financial impact of approximately **R116 158** per store per day.

5 Metrics and Targets

Metrics and targets are useful for assessing and managing our climate-related risks and opportunities. They act as indicators of the progress made towards climate change mitigation and adaptation, and the financial aspects related to addressing these.

5.1 Our carbon emissions

In line with the aim of the Paris Agreement to reduce global emissions and halt climate change, we have been setting GHG emission targets since 2008. Our goal is to reduce our carbon emissions intensity by 10% from the base year of 2021 to 2030. Our journey to that point has commenced with continued reporting through the annual CDP global disclosure. In addition, in this financial year we have assessed the completeness of our mainstream reports against the recommendations of the TCFD. Our next step is to develop a mechanism for reporting the financial impacts of climate change within our mainstream reporting suite.

The following metrics assist us to understand our exposure to climate-related risks and opportunities. These metrics are useful to our investors in providing the necessary information that is required to track our exposure to climate-related risks and to determine long-term impacts.

Table 2: Relevant metrics used to track emissions

Metric	Description
Energy Intensity	This metric tracks our energy consumption across all our stores, distribution centres, head office and our regional office (expressed in kWh/m² per year).
GHG Emission Intensity	This metric tracks the emissions of our organisation, expressed as emissions per metre squared of store area (CO_2e/m^2 per year).
Absolute Emissions	An overall measure of the GHG emissions in tCO_2e, expressed as per the GHG protocol scopes.

We have disclosed our GHG emissions in our CDP disclosures since 2010. Our scope 3 emissions have gradually improved over the years, and we have recently proposed a Scope 3 target which was developed using a supplier engagement target. We use the GHG Protocol to calculate all the emissions across our organisation.

5.1.1 Energy consumption

We remain committed to reducing energy consumption to ensure the long-term sustainability of our company. Energy security is vital for our operations, specifically for the stores, distribution centres (DCs), head office and regional office. This is core to the sustainability of the business. Our total annual energy consumption per relevant business unit is reflected below:

Table 3: Energy Consumption KhW(FY 2022)

Relevant Business Unit	Energy Consumption
Clicks stores	87,509,903
Clicks DCs	5,185,381
Head Office	2,307,491
The Body Shop	871,678
UPD	8,340,506
Total energy consumption	**104,214,958**

To reduce our energy consumption, energy management initiatives are implemented at our stores, distribution centres and at head office. We also implement LED technology in all operations and have installed electronic meters that monitor energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not required.

5.1.2 Greenhouse gas emissions

In FY21 we conducted a carbon footprint restatement based on the SANS14064:2021 and its significance criteria (magnitude, level of influence, risk or opportunity, sector-specific guidance, outsourcing and employee engagement). Our restated carbon footprint indicated the necessary indirect emissions that must be included in the footprint restatement and the revisions of the targets are established in accordance with the significance criteria.

Table 4: Carbon Footprint FY21

GHG Inventory according to SANS 14064-1:2021		FY21 Inventory
Category 1:	Direct GHG emissions and removals	3 174 tCO_2e
Category 2:	Indirect GHG emissions from imported energy	124 926 tCO_2e
Category 3:	Indirect GHG emissions from transportation	9 406 tCO_2e
Category 4:	Indirect GHG emissions from products used by an organization	-
Category 5:	Indirect GHG emissions associated with the use of products from the organization	-
Category 6:	Indirect GHG emissions from other sources	68 354 tCO_2e
Total calculated emissions		**205 860 tCO_2e**

5.1.3 Emission reduction targets

Through the setting of GHG emission targets, we have gained valuable experience which has helped shape the organisation's climate change strategy going forward. We have been setting GHG emission targets since 2008. Historically, we have set both absolute and intensity-based, short-term (<5 years) GHG emission targets. We continuously set new targets after the expiry of the previous targets. Our existing targets are shown below:

Table 5: Emission reduction targets

Scope boundary	Scope 1 and 2	Scope 1 and 2 Scope	Scope 2
Target type	Intensity	Intensity	→Renewable Energy Target
Base year	FY2015	FY2015	FY2015
Base year value	0.19 tCO_2e/m^2	0.19 tCO_2e/m^2	→ 0.0013 kWh renewable energy produced/total energy consumption
Target % over period	5%	10%	→1.5% of total electricity consumption in target year
Target year	FY2020	FY2030	FY2020
Target year value	0.181 tCO_2e/m^2	0.171 tCO_2e/m^2	→0.015 kWh renewable energy produced/total energy consumption

We were committed to reducing our Scope 1 and Scope 2 GHG emissions intensity by 5% per m^2 by 2020. This target was relative to 2015 levels of 0.19 tCO_2e/m^2. The target would reduce GHG emissions to 0.18 tCO_2e/m^2. We achieved this target before the target year, and we remain below the targeted intensity in 2022. A new target has been set for 2030 which is 0.171 tCO_2e/m^2.

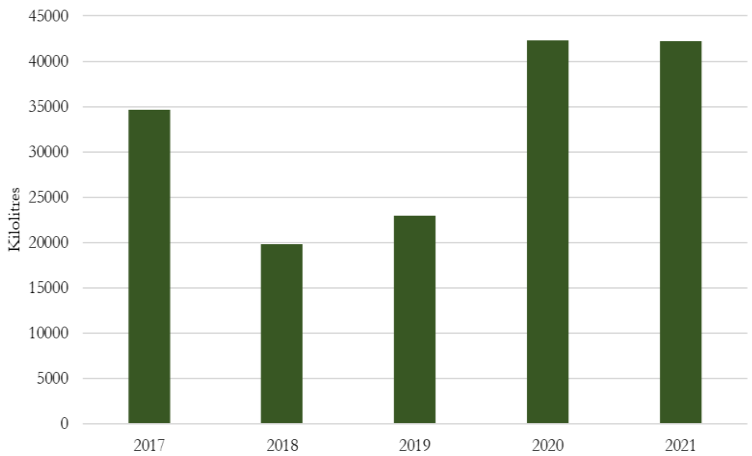
Our energy production profile is based on a renewable energy target (Table 5~~Table 5Table 5~~). In the base year of 2015, we installed solar PV at our head office. The plant can produce about

650MWh of electricity in a year which accounts for 1.56 % of the base year electricity demand. Assuming that we maintained a constant electricity consumption profile up to 2020, it is targeted that renewable energy (from solar PV installations) will also maintain the 1.5% of our electricity requirements. We had set this target to double our renewable electricity generation capacity between 2015 and 2020.

We have developed a climate change action plan to assist us in setting out our emission reporting and updating our targets. Our climate change action plan sets out a realistic target setting approach. We are considering the available target setting mechanisms that may be the most appropriate for us and an attainable greenhouse gas (GHG) emission reduction target for Clicks.

5.2 Water-related metrics

Water is a shared resource. Access to water and water availability are major concerns in the regions in which we operate. Water shortages have the potential to considerably interrupt our business. Water quality and availability is vital for our direct pharmacy operations as it is a requirement for all of our pharmacists, nurses and staff to have access to warm, clean water to wash hands and equipment for mixing and dissemination of medication. Fresh water quality is vital as it is a prerequisite to prevent the spread of disease. Our water savings are benchmarked against the 2017 targets and our yearly consumption is highlighted in Figure 2~~Figure 2Figure 2~~.



Base Year (2014) Water Consumption: 59 014

Figure 2: Water consumption 2017-2021

6 Way Forward

Our major focus in the health sector is to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. We are committed to addressing environmental and climate change challenges with clear environmental management systems embedded into all business practices and operations. We have developed strategies to reduce our carbon footprint through energy efficiency interventions, reduced water usage, enhanced waste management, distribution network optimisation and recycling activities across the supply chain. We also acknowledge our responsibility regarding single-use plastics and packaging and are committed to ensuring that 100% of our plastic packaging used in our stores is reusable, recyclable or compostable.

Energy is a small portion of the business; however, we remain committed to reducing energy consumption to ensure long term sustainability of the company. To reduce our energy consumption, energy efficiency initiatives are implemented at our stores, distribution centres and at head office. Therefore, implementation of alternative energy sources for our operations is crucial. We have incorporated a 400kWp solar PV installation on the head office roof to reduce our grid electricity consumption. Furthermore, we also implement LED technology in all operations and have installed electronic meters that monitor our energy usage per store. Store lighting is managed through either motion sensors, occupancy sensors or timer controls that automatically switch off lights when they are not needed.

Our business strategy has and continues to be influenced by climate-related issues because our key long-term business goal is to be sustainable. Our strategy is to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. There are 4 focus areas: a) Building a trusted, accessible healthcare network; b) Empowering motivated, passionate people; c) Sourcing products that uphold the integrity of our brand; d) Lightening our carbon footprint. Our key focus area is building a trusted, accessible healthcare network. These indicate our commitment to considering climate-related risks and opportunities around our products and services.

This report shows that we have already started to consider and align climate-related risks and opportunities into our business model, and management structures, with our emission reduction targets progressing well. The risk assessment is an aspect of our business strategy that lays out how we aim to minimize climate-related risks and increase opportunities as the world transitions toward a low-carbon economy. This includes reducing our emissions off our own balance sheet and value chain, as well as achieving the long-term business goal to be a sustainable retailer.

We are in the process of updating our emission reduction targets. The updated targets will consider and recognise the endeavour towards Net-Zero targets (Net Zero by 2050), as underpinned by the Paris Agreement and the newly released IPCC 6th Assessment Report. The base year for the proposed updated targets is FY21 to account for the restatement of our emissions under SANS14064-1:2021 and the associated significance assessment. The target considers all direct and indirect emissions identified as significant. In terms of our influence over emissions, we only have influence over the products that we apply to our private label. Our supplier related indirect emissions that will be considered under this target are those associated with our private label suppliers, as they are a significant indirect emission source.

This detailed climate change report outlines the inclusions we have made to our mainstream filings by aligning with the TCFD recommendations on the disclosure of financial risks of climate change. Consideration and reporting of the four thematic areas of the TCFD recommendations, has provided an initial means of assessing our journey in transitioning towards carbon neutrality. We have aligned our governance, strategy, risk management, metrics and targets to the TCFD recommendations where possible and this journey we have embarked on is one of continuous improvement and maturation.

While the progress included herein reflect a significant step forward in our journey to provide greater transparency to its stakeholders, we recognise the importance of continuing to refine this analysis, in particular working to improve data quality, increase data coverage, and continuously update progress, that aligns to the high level of reporting and accountability we set for ourselves.