



ENVIRONMENTAL AND CLIMATE CHANGE POLICY

1 Document Information

Name	Author	Approval and Creation Date
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2. Introduction

The Clicks Group is committed to aligning its business strategy with global environmental principles, recognising the importance of environmental responsibility and climate change. As a leading retail healthcare, wellness, and beauty group operating in South Africa, Namibia, Botswana, Swaziland, and Lesotho, the organisation understands its pivotal role in contributing to a sustainable future. This commitment is embedded within its broader Environmental, Social, and Governance (ESG) framework, reflecting a dedication to responsible corporate citizenship.

This updated Environmental and Climate Change Policy builds upon existing principles to guide the group's actions toward environmental stewardship and climate change response. It aligns with South Africa's Climate Change Act 22 of 2024, which provides a framework for developing an effective climate change response and ensuring a just transition to a low-carbon, climate-resilient economy. By recognising the mutual impact between the environment and its operations, the group integrates climate considerations into decision-making, risk management, and governance.

In the current global context, addressing climate change is not only a moral imperative but a business necessity. The updated policy reflects the Clicks Group's proactive approach to mitigating risks, such as supply chain disruptions and resource scarcity, while capitalising on opportunities to enhance operational efficiency and reputation. Furthermore, it emphasises the group's alignment with international agreements such as the Paris Agreement, ensuring competitiveness and resilience in a rapidly evolving regulatory landscape.

As part of this commitment, the Clicks Group prioritises transparent and ethical disclosures, the setting of measurable targets, and active engagement with diverse stakeholders. Through collaboration with businesses, civil society, and local communities, the group ensures its policies are comprehensive and address the diverse challenges of climate change. This holistic approach positions the Clicks Group as a leader in sustainability within the wellness and beauty sector, dedicated to achieving meaningful progress toward a more sustainable and resilient future.

3. Objectives and Scope

The objective of this Environmental and Climate Change Policy is to establish a framework for the Clicks Group to address environmental challenges and climate change impacts across its operations. This policy applies to all entities and employees within the Clicks Group, including operations in South Africa, Namibia, Botswana, Swaziland, and Lesotho. The Social & Ethics Committee of Clicks Group Limited is the custodian of this policy, with the CEO bearing primary responsibility for its implementation. It covers energy management, waste reduction, sustainable sourcing, emissions control, and compliance with environmental regulations. The policy also includes training programs to enhance environmental awareness among employees and stakeholders.

4. Responsibility

Board of Directors

- Ultimate Accountability: The Board holds the highest level of responsibility for the Group's environmental conduct and climate change initiatives. This includes ensuring the sufficiency and accuracy of the Group's disclosures in this regard.

Oversight Functions:

- **Social & Ethics Committee**: The Board delegates the management of this policy and the monitoring of the Group's conduct to this committee. Any changes to the policy must be approved by the Social & Ethics Committee.
- **Audit & Risk Committee**: Responsible for the Group's risk management process and decisions relating to external verification of material sustainability matters.
- **Remuneration Committee**: Ensures that the Group's remuneration practices support the objectives of this policy and that appointments to the Board and employment practices advance these objectives.

Chief Executive Officer (CEO)

- Policy Implementation: The CEO bears primary responsibility for the executive implementation of this policy. This includes executing strategies, business processes, and effective management related to environmental and climate change objectives.
- Accountability: The CEO is accountable to the Board for the execution of the strategies and business processes, and for the effective management and monitoring thereof.

Group Human Resource Department

- **Group Sustainability Manager**: Responsible for implementing and monitoring specific sustainability initiatives, goals, objectives, and strategies.
- Reporting: Responsible for the production of annual corporate sustainability reports and ESG data books, including data collection, measurement and analysis, and content development.

Employees

- Engagement and Compliance: All employees are expected to engage with and adhere to the Group's sustainability processes and practices. This includes participating in training programs to promote awareness and understanding of sustainable practices.

Suppliers and Third Parties

- Ethical Sourcing: Suppliers are expected to comply with the Group's Supplier Code of Ethics, ensuring ethical and responsible sourcing to reduce environmental impact and carbon footprint.

5. Procedures

Principles

Clicks Group commits to the following principles:

- Accountability: Embedding climate considerations into governance structures, ensuring board-level oversight.

- Transparency: Disclosing climate-related risks and opportunities in accordance with rating agency requirements as well as CDP.
- Sustainability: Adopting environmentally sustainable practices, including emissions reductions, resource efficiency, and waste management.
- Collaboration: Engaging with stakeholders across the value chain to drive climate action.
- Continuous Improvement: Regularly updating policies and targets based on scientific developments and industry best practices.

Strategic Objectives

- Sustainable Supply Chains: Emphasise ethical sourcing and support local suppliers to reduce environmental impact and carbon footprint, guided by the Supplier Code of Ethics.
- Stakeholder Engagement: Promote environmental awareness and commitment to sustainability among employees, customers, suppliers, communities, and other stakeholders.
- Regulatory Compliance: Stay informed on national and international environmental regulations and policies, aiming to minimise adverse environmental impacts and promote sustainable business practices.
- Consumer Responsibility: Encourage responsible consumer behavior through climate-related engagement strategies with customers and suppliers.
- Risk and Opportunity Identification: Assess regulatory, physical, and other climate-related risks and opportunities within the value chain.
- Circular Economy Focus: Implement circular economy principles for Private Label products.
- Operational Efficiency: Optimise distribution networks and enhance business travel efficiency to reduce carbon emissions.
- Carbon Emission Management: Align carbon management strategies with the goals of the Paris Agreement.

Key Commitments

In an ongoing effort to address climate change and promote sustainability, Clicks Group has outlined several key commitments. These commitments encompass emissions reduction, climate risk management, water conservation, waste reduction, and comprehensive disclosure and reporting practices. By setting ambitious targets and implementing strategic initiatives, the group aims to significantly reduce its environmental footprint and enhance our resilience to climate-related risks. The group's approach is aligned with leading global standards, ensuring transparency and accountability in our sustainability journey.

- Emissions Reduction
 - Achieve carbon neutrality by 2050.
 - Expand renewable energy initiatives, including rooftop solar installations across all owned distribution centres, targeting 4,500 MWh annually.
 - Improve Scope 1, Scope 2, and Scope 3 emissions reporting in line with the GHG Protocol for emissions reporting, GRI, CDP standards for comprehensive environmental reporting, and ISO 14064-1 for the quantification and reporting of greenhouse gas emissions and removals.
- Climate Risk Management
 - Conduct regular climate scenario analyses to identify and manage both physical and transition risks.
 - Continually review and integrate climate risks into the enterprise risk management framework, ensuring alignment with JSE's Sustainability and Climate Change Disclosure Guidance and other relevant requirements.
 - Continually, review, refine and implement the existing Climate Target Setting Approach and Carbon Neutrality Management Plan to maintain continuous improvement and business awareness.
- Water Conservation
 - Implement and improve water-saving measures, including rainwater harvesting and wastewater recycling, at operational sites.
 - Mitigate risks in water-stressed areas, ensuring continuity in pharmacy and healthcare services.
- Waste Reduction
 - Transition to 100% reusable, recyclable, or compostable packaging by 2030.
 - Expand recycling initiatives across the supply chain to minimise waste to landfill.
- Disclosure and Reporting

- Disclose climate-related risks, opportunities, and performance through annual reporting aligned with CDP, this includes ESG disclosures to relevant rating agencies.
- Provide transparent metrics, including energy intensity, GHG emissions, waste recycling and water consumption, to track progress.
- Commit to submitting annual CDP disclosures with third-party verification.

Governance Mechanisms

- The Group Environmental and Climate Change Policy will be reviewed every three years to ensure its relevance and effectiveness.
- Environmental and climate-related risk management is incorporated into the Group's overall risk management processes, with oversight by the Audit & Risk Committee.
- The Group will set targets in respect of carbon emissions in support of the commitments contained in the Paris Agreement. The Group will assess annually whether it is appropriate to set targets in respect of any other environmental or climate-related matters.

Global Climate Policy Updates and Clicks Group's Strategic Response

The global landscape of environmental and climate change policies is continually evolving. Staying informed about these developments is crucial for organizations like Clicks Group to maintain alignment with global trends and capitalize on emerging opportunities in sustainability and climate action.

Global Climate Policy	Clicks Group's Strategic Response
Global Carbon Market Standards: In December 2024, during COP29, negotiators approved standards to establish a UN-backed global carbon market, facilitating the creation, purchase, and sale of carbon credits essential for achieving emissions reduction goals.	This development presents an opportunity for Clicks Group to engage in the global carbon market, as a last resort potentially purchasing carbon credits to offset emissions and meet reduction targets. Proactive participation in this market will enhance the Group's sustainability credentials and support its carbon neutrality goals.
EU Climate and Environmental Targets: As of March 2024, the European Union reported being on track to meet its 2030 climate and environmental goals, demonstrating the effectiveness of coordinated policy efforts.	The EU's progress highlights the benefits of coordinated and ambitious climate policies. Clicks Group will draw inspiration from the EU's approach to enhance its own environmental initiatives, ensuring that its policies are robust and capable of achieving long-term sustainability goals.
South African Climate Change Act: Enacted in July 2024, this Act aims to develop an effective climate change response and facilitate a just transition to a low-carbon and climate-resilient economy and society in South Africa.	The South African Climate Change Act will guide Clicks Group in aligning its operations with national climate goals. The Group will integrate the Act's provisions into its sustainability strategies, ensuring compliance and contributing to South Africa's climate resilience and low-carbon transition.

6. Abbreviations and Definitions

Abbreviations:

CDP:	Carbon Disclosure Project
ESG:	Environmental, Social, and Governance
GHG:	Greenhouse Gas
ISO:	International Organization for Standardization
JSE:	Johannesburg Stock Exchange

Definitions:

Carbon Neutrality: Achieving a state where the carbon dioxide and other greenhouse gases released into the atmosphere are balanced by an equivalent amount removed or offset through carbon sinks, sustainable practices, or technological solutions.

Circular Economy: An economic system focused on eliminating waste and ensuring the continual use of resources through strategies like reuse, repair, refurbishment, and recycling, promoting sustainability and resource efficiency.

Climate Resilience: The capacity to anticipate, prepare for, adapt to, and recover from climate-related risks, trends, or disturbances to ensure minimal disruption and sustainable operations.

Emissions Intensity: A measure of greenhouse gas emissions produced per unit of economic activity, commonly expressed as emissions per unit of GDP, revenue, or output.

GHG Protocol: A globally recognised framework for measuring, managing, and reporting greenhouse gas emissions across operations, value chains, and mitigation initiatives for both private and public sector entities.

ISO 14064-1: An international standard providing guidelines for the quantification, reporting, and verification of greenhouse gas emissions and removals at the organisational level.

Paris Agreement: A landmark international treaty adopted in 2015 to combat climate change, aiming to limit global warming to well below 2°C above pre-industrial levels, with efforts to limit the increase to 1.5°C.

Scope 1 Emissions: Direct greenhouse gas emissions from sources owned or controlled by the organisation, such as on-site fuel combustion and company-owned vehicles.

Scope 2 Emissions: Indirect greenhouse gas emissions resulting from the generation of purchased electricity, steam, heating, or cooling consumed by the organisation.

Scope 3 Emissions: All other indirect greenhouse gas emissions that occur across the organisation's value chain, including upstream activities (e.g., supplier emissions) and downstream activities (e.g., product use and disposal).

Sustainability: The practice of meeting current needs while ensuring that future generations can meet theirs, balancing environmental, social, and economic considerations to foster long-term resilience and prosperity.

7. Awareness and Training

In order for the policy to be sustainable, it will be supported by a structured education, communication and awareness programme as part of the Group's broader risk management strategy.

8. Revision

The policy is subject to review by the Group Sustainability Manager every three years and approval by the Head of Corporate Affairs.

9. Non-Compliance

Any employee or relevant person who fails to comply with internal policies, procedures and any other regulatory requirements, whether knowingly, negligently or recklessly, will be subject to disciplinary procedures.