



NATURAL CAPITAL

CARBON EMISSIONS
(CO₂)

118 434 metric tonnes

2016: 114 044 metric tonnes
2015: 115 159 metric tonnes

CARBON DISCLOSURE PROJECT –
PERFORMANCE BAND

A-

2016: A-
2015: B

FTSE RUSSELL/JSE RESPONSIBLE INVESTMENT INDEX

included

2016: Included
2015: Included

CARBON EMISSIONS
INTENSITY TARGET

5%

reduction from base
year by 2020



NATURAL CAPITAL

ENVIRONMENTAL AND CLIMATE CHANGE OVERVIEW

The group has come a long way in embedding environmental management into normal business practices and operations. The board social and ethics committee is accountable for environmental sustainability, while the group human resources director is responsible for the delivery of the group's environmental management framework. Business units have internal sustainability forums which co-ordinate internally, raise awareness and report on environmental management.

The group continues its voluntary participation in the Carbon Disclosure Project (CDP). We were awarded a Gold certificate of recognition and rated eighth in the Carbon Disclosure Project Leadership Index in 2011.



The group's environmental management objectives include:

- legislative and regulatory compliance;
- internal and external stakeholder engagement;
- environmental sustainability reporting;
- assessment and evaluation of sustainability initiatives; and
- promoting a culture of environmental awareness.

The Clicks Group
achieved an A-
performance band
in CDP.

The group's response to climate change and approach to environmental management is focused on:

- energy efficiency;
- water management;
- waste management; and
- distribution network optimisation.

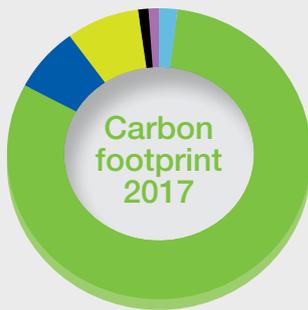
The Clicks Group has continuous engagements with national government on energy reduction, carbon tax strategies and developments on the environmental front, including new legislation and research reports.

CARBON FOOTPRINT

We did an internal carbon footprint audit using internationally recognised GHG protocols and the results were externally verified by The Carbon Report.

To get more accurate data to submit for the verification process, better processes and procedures were put in place to form a solid foundation for information gathering. The process continuously improves to assure consistency.

Scope 1 emissions (CO ₂) metric tonnes	2017	2016	2015	2014
Company-owned vehicles	1 792	1 780	1 996	1 902
Fugitive emissions (Kyoto gases)	271	229	93	241
Stationary and mobile equipment	185	138	189	142
Scope 2 emissions (CO ₂ e) metric tonnes	2017	2016	2015	2014
Purchased electricity	96 458	92 560	91 345	98 150
Scope 3 emissions (CO ₂ e) metric tonnes	2017	2016	2015	2014
Product distribution	8 289	7 569	7 021	6 952
Employee commute (based on 2016 survey)	9 044	9 044	12 359	11 993
Business travel (flights and car hire)	1 499	1 532	1 836	1 403
Other direct – fugitive emissions (non-Kyoto gases)	936	1 192	320	777
Total	118 434	114 044	115 159	121 560



- 2% Company-owned vehicles
- 0% Fugitive emissions (Kyoto gases)
- 0% Stationary and mobile equipment
- 81% Purchased electricity
- 7% Product distribution
- 8% Employee commute
- 1% Business travel (flights and car hire)
- 1% Other direct – fugitive emissions (non-Kyoto gases)

The Group participates in the **Carbon Disclosure Project** annually and identifies risks, opportunities and targets that we make public.



UPD started a vehicle replacement programme and limited drivers to 80 km/h to save fuel and reduce emissions. The vehicles are also fitted with advance monitoring sensors to ensure that product is transported at a constant temperature as per the legislative requirements. With the network of regional distribution centres, the distances travelled to customers are reduced and the turnaround for delivering product improved, improving overall efficiencies in the organisation.

Targets

Intensity targets

Scope	Scope 1 + 2
% of emissions in scope	100%
% reduction from base year	5%
Metric	Metric tonnes CO ₂ e per unit hour worked
Base year	2015
Normalised base year emissions	0.19
Target year	2020
% time complete	20%
% emissions complete	40%

The renewable energy target is presented below:

Energy types covered by target	Electricity production
Base year	2015
Base year energy type covered (MWh)	86 939
% renewable energy in base year	0.13%
Target year	2020
% renewable energy in target year	1.5%

Carbon Disclosure Project

The Clicks Group was reclassified by Bloomberg from Consumer Discretionary to Consumer Staples in CDP due to being a diverse company in a single sector. The Clicks Group achieved a score of A- (2016: A-) for performance against the targets.

13 CLIMATE ACTION



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 13th UN SDG on climate action through education and awareness of employees and customers using its communications media. The company also measures its carbon footprint and has it verified externally on an annual basis to help reduce its environmental footprint and to be aware of mitigations and adaptations.

ENERGY MANAGEMENT

Energy is recognised globally as a strategic and scarce resource. Given the energy capacity constraints in South Africa, energy has become increasingly expensive. Conscious of costs and our sustainability agenda, we have replaced most lighting in stores, company-owned buildings and distribution centres with energy-efficient lights.

The group's head office building implemented new LED technology and installed a 400 kWp solar photovoltaic (PV) system comprising 1 298 modules (310 Watt) over a rooftop area of 2 519 m². With the above initiatives the head office saved 31% in annual kilowatt usage.

The business has committed to installation of electronic meters in Clicks stores. Electricity saving is divided into categories, namely behaviour change in stores by switching off lights during non-trading hours, tariff correction and over-billing from municipalities or landlords.

We will also keep an eye out for products that can help cut energy usage. This is included in the store design criteria to follow through in Clicks stores. We have put processes in place to continuously research and implement new energy technology. An energy management survey was conducted in 2009 by an external service provider to look at options for the business.

The company keeps abreast of legislation like the tax incentive law for savings that can be used to introduce more energy-efficient products.

The total electricity used in the group for the financial year is 98 487 326 kWh (2016: 95 091 521 kWh) (including green energy), which equals 98 487 MWh (including green energy) and 354 554 GJ (including green energy). Total electricity consumed per person hour worked is 0.0034 MWh/HW. Overall electricity increased by 3.6% in the group with a growth in trading space of 5.6%. In the previous year a reduction of 6% was achieved with more energy-efficient equipment like air-conditioning switches in stores, but also due to more accurate data measurements through the energy meter project.

Total direct energy consumption in Gigajoules from fuels burned was 27 440 GJ, which is 1 MJ/HW (total direct energy consumed per person hour worked). Total indirect energy consumption in Gigajoules from electricity consumed was 354 554 GJ (including green energy) which is 12 MJ/HW (Total indirect energy consumed per person hour worked, including green energy).

Targets

The group is committed to a 5% energy reduction by 2020, including the introduction of meters for accurate figures and in-depth monitoring. A longer-term target is a further 5% energy reduction by 2030. Both targets will be measured by intensity.

The group is committed to:

- reduce electricity usage where possible with new interventions; and
- investigate possible clean energy alternatives.

7 AFFORDABLE AND CLEAN ENERGY



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supported the goals of the 7th UN SDG of affordable and clean energy with its first solar PV installation, which achieved a 20% annual saving of electricity. The group is continuously looking at alternative and cleaner energy usage.

WATER MANAGEMENT

Living without a natural resource like water is impossible and the Clicks Group has introduced initiatives to help conserve it. Waste water is captured from the head office building's air-conditioning cooling towers and recycled to flush the toilets. This initiative saves the business about 181 000 litres of water per annum.

A new rainwater harvesting system has been installed at head office in the last financial year to further reduce the water used in the building. The system runs from three 10 000 litre tanks and will supply water to flush the toilets.

The Group participated in the national WWF – Water Talks and promoted employee awareness through internal communications.

The total water usage for the head office and the three distribution centres was calculated as follows and is tracked monthly.

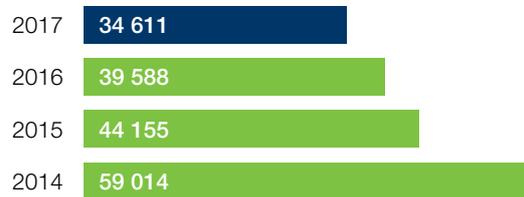
Targets

The group is committed to a 5% water reduction by 2020 and a long-term target of a further 5% reduction by 2030 measured by intensity for the head office and three distribution centres.

The group is committed to:

- continuously investigate alternatives to reduce water usage in direct operations; and
- increase usage of recycled water in all direct operations.

Total water usage in kilolitres



WASTE MANAGEMENT

Recycling bins have been installed in the head office building to help create awareness among employees and to increase recycling volumes. Only biodegradable takeaway containers are used in the head office building. A new, centralised waste separation facility has been implemented at the group's head office and the three biggest distribution centres. Before concluding the new contract, the waste management company was screened to ensure it had the necessary certification. These requirements were also checked for the medical waste removal companies that remove waste from stores.

Safe disposal certificates are obtained for the disposal of medical waste, fluorescent light bulbs, printer cartridges and all once-off hazardous waste disposals in the business. These certificates are kept for five years as per the legal requirements.

2 448 tons of plastic, metal, glass, cardboard and paper were recycled over the past year at head office and the three distribution centres.

Targets

The group has set a recycling target for major operations of 80%. This year we achieved a recycling percentage of 75.4% (2016: 82%) by implementing sound procedures in the main facilities, while all stores send cardboard back to the distribution centres.

The group is committed to:

- continuously investigate alternatives to reduce waste to landfill; and
- increase recycling materials in packaging of products.

UPD reinforced the recycling and reuse of fridge products (i.e. cooler boxes, gel packs and bubble wrap) to minimise waste through effective communication to customers, debriefing the drivers and tracking the number of cooler boxes that are returned daily.

DISTRIBUTION NETWORK OPTIMISATION

Route optimisation in the distribution of products is continuously improved to reduce distances travelled and use of fossil fuels. Since 2008 a 46% reduction in kilometres travelled has been achieved in spite of the centralised distribution and the growth in pharmaceutical wholesale distribution capability for the group's integrated healthcare strategy.

Environmental management tools have been introduced to ensure no damage is done to the environment.

OTHER MANAGEMENT TOOLS

An air quality and noise test is done regularly to maintain the standard according to legislation, to improve the environment in the buildings and to uphold safety standards.

Environmental management tools have been introduced to ensure no damage is done to the environment. Examples of these are bunding in generator rooms, chemical storage for batteries used for forklifts and oil spill kits to prevent spillages into open storm water drains.

All the initiatives in the group are communicated to employees via internal communications and new employees learn the commitment of the company to the environment in the on-boarding presentation.

Progress on the environmental management system is reported internally and reviewed at the social and ethics meetings to ensure continuous improvement.

The group has an integrated pollution control procedure to ensure this is addressed properly and according to legislative requirements.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SUSTAINABLE DEVELOPMENT GOAL

The Clicks Group supports the goals of the 12th UN SDG on responsible consumption and production. The Group is committed to reducing pollution, waste and resources usage by setting targets to continuously improve and striving to implement solutions beyond regulatory requirements. Procedure and progress are reviewed annually as part of the group's environmental management programme.

ANIMAL WELFARE

The Body Shop subscribes to the policies of Cruelty Free International through the partnership formed to launch the first global pledge campaign in support of the ban on animal testing for cosmetic products and ingredients. For further information, please refer to the following link:



<https://www.crueltyfreeinternational.org/cruelty-free-company/body-shop>

While the Clicks brand doesn't have a formal policy we have taken the ethical decision not to test our private label products on animals.

We support the development of alternatives to animal testing and welcome scientific advances which will render animal testing obsolete.

Products and ingredients that have already been declared safe require no further testing before they can be sold. This is why we have pledged to use only these ingredients in our Clicks-branded products.

We are proud of our position as the country's leading pharmacy, health, home and beauty store. We promise our customers a wide range of products.

We believe consumers are one of the most effective drivers of change through the purchasing choices they make.