Clicks Group Ltd - Climate Change 2018

C0. Introduction

C0.1

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

Clicks Group is a retail-led healthcare group which has been listed on the JSE Limited since 1996. The Clicks Group has a combined footprint of 795 stores, including 38 stores in the neighbouring countries of Namibia, Botswana, eSwatini (former Swaziland) and Lesotho. Clicks Group includes market-leading retail brands such Clicks, The Body Shop, GNC, Claire's and Musica.

Clicks is South Africa's leading health and beauty retailer, offering value for money in convenient and appealing locations. Clicks has the largest retail pharmacy chain with 473 in-store pharmacies and 195 in-store clinics. Clicks also has one of the largest loyalty programmes in South Africa with over 7 million active ClubCard members which accounted for 77.4% of the brand's sales.

The Body Shop sells natural, ethically-produced beauty products and has been operated under a franchise agreement with The Body Shop International since 2001.

GNC is the largest global speciality health and wellness retailer, and has been operated under an exclusive franchise agreement for southern Africa since 2014. In 2015 the Clicks Group concluded an exclusive franchise agreement with Claire's, one of the world's leading speciality retailers of fashionable jewellery and accessories for young women and girls. Musica is the country's top entertainment retail brand, which the Clicks Group acquired in 1992.

United Pharmaceutical Distributors (UPD) is South Africa's leading full-range national pharmaceutical wholesaler and the distributor with a national presence. UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 200 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.

The focus of Clicks Group's strategy is on the health sector, to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. Energy is a small portion of the business however the Clicks Group remains committed to reducing energy consumption to ensure long term sustainability of the company.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	September 1 2016	August 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

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

Botswana
Lesotho
Namibia
South Africa
Swaziland

C0.4

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

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Director on board	The responsibility of implementing strategy for development, monitoring and evaluation of climate-related issues within the group has been assigned to the Group HR Director. The Group HR Director is an executive director invited to attend the audit and risk committee, which is a committee of the board. The Group HR Director also served on the social and ethics committee of the board in 2017 and will in future attend the Social and Ethics Committee meetings as an invitee. The responsibility for climate related issues also lies with the CEO as well the Chair of the board and the members of the social and ethics committee . The Social and Ethics Committee is responsible for monitoring sustainability including climate related issues which may have a bearing on the company strategy and operations.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Social and Ethics Committee has the mandate to monitor amongst other sustainability issues, climate change mitigation activities within the group. The board meets twice times a year and twice a year with the social and ethics committee

C1.2

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

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

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

The highest-level management position with regard to climate-related responsibility rests with the HR director and the Social and Ethics Committee, which have the mandates to monitor, amongst other sustainability issues, climate change mitigation activities within the group. The role of the HR director is an executive position with executive responsibilities. The position reports directly to the Group CEO who is also a member of the Social and Ethics Committee. The Social and Ethics Committee is a committee required by statute. The board is responsible for the oversight and delegation of specific responsibilities to board committees. The Social and Ethics Committee has an independent role and is governed by a formal charter. The committee assists the board in monitoring the group’s activities in terms of legislation, regulation and codes of best practices relating to: Ethics; Stakeholder engagement, including employees, customers, communities and the environment Strategic empowerment and compliance with transformation codes. The implementation of climate-related initiatives at operational level falls under the management of the Group Facility Manager. The position of the Facilities manager is a senior management position and reports directly to the HR Director and the CFO.

Clicks board and executives management work closely in determining the strategic direction and objectives of the group. The reason that the responsibility for climate related issues lies with executives and senior management is because Clicks recognises that climate change issues are material concerns and are likely to affect the company’s strategy adoption; operations and value creation.

C1.3

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

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?
Board/Executive board

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
While the board and executive management collectively determine the strategic objectives of the group, the board is responsible for approving the group's strategy and the executive is responsible for executing this strategy and for the on-going management of the business. The remuneration of executive directors is aligned to the achievement of the group's published medium-term financial and operating targets. The Financial targets, based on the group's average monthly return on net assets (RONA), are set by the board and embedded in the budgets, operating plans and the performance contracts, and are aligned to the group's published medium-term financial targets. The incentive scheme is designed to encourage all employees to focus on both financial and non-financial levers across financial, customer, learning and growth as well as internal business process improvement metrics. The internal business processes include energy and water efficiency which is aligned with the management of climate-related issues. All permanent employees in the group participate in the short-term incentive schemes which reward the achievement of performance targets of the business. Clicks' short term incentive bonus is based on achieving the average monthly return on net assets targets.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
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 Executive's performance bonus for the year

---

Who is entitled to benefit from these incentives?
Chief Executive Officer (CEO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
The CEO is the most senior member and leader of the group executive committee. All the authority of the board that is conferred on management is delegated through the CEO, so that the authority and accountability of management is considered to be the authority and accountability of the CEO insofar as the board is concerned. The CEO and the group executive committee are responsible for the implementation and execution of the strategy and the on-going management of the business. The CEO is required to report to the board at least on an annual basis in respect of the group's progress in achieving its goals and business objectives.

Who is entitled to benefit from these incentives?
Chief Financial Officer (CFO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
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 Executive's performance bonus for the year

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
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 Executive's performance bonus for the year

Who is entitled to benefit from these incentives?
Chief Procurement Officer (CPO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
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 Executive's performance bonus for the year

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	3	Budget allocations are typically undertaken in short-term horizons.
Medium-term	3	5	Business and operational planning is typically undertaken in medium-term horizons.
Long-term	5	10	Strategic plans are typically undertaken in long-term horizons.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.
Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	3 to 6 years	The executive regularly reviews the group risks to ensure mitigation strategies are being implemented by the business units. Senior executives and line management within each business unit are accountable for managing risk in achieving their financial and operating objectives. The Group internal audit division monitors the progress of the group and business units in managing risks and reports its findings to the Audit and Risk Committee on a quarterly basis. External audit reports to the audit and risk committee on risk matters identified in their role as external auditors.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Risk management is embedded in the group's annual strategic business planning cycle. At a group level, the group executive is responsible for designing and implementing the risk management process and monitoring progress. The executive reviews the risks to ensure mitigation strategies are implemented by business units. The board is responsible for the oversight of the risk management process and delegates responsibility to the audit and risk committee. The committee is responsible for ensuring the implementation of an effective policy and plan for risk. The audit and risk committee is supported by the Group internal audit division, which monitors the progress of the group and business units in managing risks. The Group internal audit division reports its findings to the audit and risk committee on a quarterly basis. External audit reports to the audit and risk committee on risk matters identified in their role as external auditors.

At a facilities or asset level, each business unit reviews its risk register to determine the risks associated with the strategic and operational plans for the year ahead. This includes reviewing the previous year's risks, considering new risks and assessing the potential magnitude, impact and probability of identified risks. Workshops with all levels of management are also held to determine the relative significance of climate-related risks in relation to other risks. A Clicks' specific risk framework provides definitions of risk terminologies and sets out the risks that should be considered as part of the risk identification process. These potential risks are updated annually to ensure relevant industry issues are considered.

Due to the various divisions of the Clicks Group, different definitions of substantive impact are provided per the two major divisions (retail stores and distribution). On a store level, the Clicks Group defines substantive impact when an area becomes limited to water availability or does not have fresh water supply at all, the operations in the area will be affected and trading hours will be influenced to the extent that stores need to shut down and will lose revenue. A substantive impact is defined as a store closure for one week which will result in a loss of around R560,000 per store week. Store closure is the metric used to define substantive impact. This definition applies to direct operations.

Substantive impact for the UPD division is defined as when the company cannot deliver the necessary medication within the required time. UPD delivers medication to pharmacies, clinics and hospitals nationwide. Once UPD receives an order for medication, the medication has to be delivered within a 4-hour time frame of the order receipt otherwise UPD may lose clientele and thus its market share. An example of a substantive impact in this division is related to water related risks (such as extreme weather events) which could prevent employees from coming to work, which could affect the UPD's ability to meet its required delivery time-commitments, which thus could impact on its market share. The loss of market share as a result of delayed delivery is the substantive impact metric for the UPD division. Substantive change for UPD is defined as losing 1% market share which equates to R79.8mil. This applies to direct operations.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulations are relevant because non-compliance could result in litigation costs and work stoppages, which could affect revenues. Furthermore, non-compliance to legislation could result in fines and penalties, criminal implications for directors and reputational damage which could affect investor confidence and the company's share price. Another example is the requirement of emission licences for stand-by generators. Clicks has atmospheric emission licences for all generators in all municipal areas, if not, the company can face a fine of up to R5 million or imprisonment of five years.
Emerging regulation	Relevant, always included	Legislative and regulatory changes could impact the business negatively. Emerging regulatory risks are considered by the internal legal department together with the business as they arise and when they are specific to Clicks' business. An example of an emerging regulations risks is the perception by stakeholders or investors that Clicks is not committed or prepared for the transition to a lower-carbon economy.
Technology	Relevant, sometimes included	Technology risks are well managed in Clicks and therefore are only considered in the risk assessments when they arise in relation to a specific context. Technology risks are relevant because technology failures could reduce Clicks' ability to restore business operations. Clicks' technologies face physical climate change risks, for example floods could damage technology and facilities and cause work stoppages.
Legal	Relevant, always included	Clicks' material climate-related issues are not yet mandatory within the retail sector in South Africa. However, Clicks continues to keep abreast of any new legislation that would impact the business. For example, the group is looking into the Draft Climate Change Bill of 2018 and how the group might to have to respond to new requirements.
Market	Relevant, sometimes included	Clicks' operating costs could increase if the company's suppliers' costs increase on account of climate change impacts. For example, diesel and petrol prices are expected to increase once the draft carbon tax is implemented in South Africa . Price increases as a result of passing costs on to consumers could negatively affect sales and profitability.
Reputation	Relevant, always included	Clicks' reputation as a company that that seeks to reduce its climate change impacts influences investor confidence in the company. Reputational risks are also associated with legislative and regulatory changes, should Clicks not been seen to be compliant with regulations.
Acute physical	Relevant, sometimes included	This would have an impact on Clicks' reputation which could result in product delivery delays. UPD delivers pharmaceutical supplies to customers but this could be disrupted due to damaged roads caused by floods. Floods and fires can also destroy stores, stock and distribution centres influencing sales and distribution.
Chronic physical	Relevant, sometimes included	Chronic physical risks are relevant because changes in weather patterns can result in droughts which could result in water shortages for daily business operations. The Clicks' pharmacies in particular are not able to operate without water supplies and therefore water shortages could result in lost productivity and therefore lost revenues.
Upstream	Relevant, sometimes included	Physical risks such as floods or intense storms have the potential to impacts Clicks' supply of products and services from suppliers. These could cause out of stocks, work stoppages and lost revenues.
Downstream	Please select	Loss of power supply has the potential to disrupt Clicks from providing services to customers and consequently loss of revenue.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The process for managing risks and opportunities in the group, divisional and asset level are handled in the same way. The risks and opportunities are reviewed annually between February and June for each business unit. The review assesses reputational and physical risks and opportunities at the company level as well as at the asset level, which includes stores and brands, and the possible physical impacts on these assets. This includes reviewing the company's strategic and operational plans which include a review of their strategic and operational risk registers. The risk register is compiled and updated through:

· Review of the risks of the previous year (s);

· Facilitated workshops with all levels of management in each division;

· Understanding of the 3 year strategy and the current operational plan; and

· Discussion with external consultants around the current environment and market conditions.

Risks are identified in three parts: the risk event, the risk causes or contributing factors and the event consequences which can be defined as the impact on the business. The risk event, risk cause and impact are explained in more detail below:

· The risk event can be defined as an occurrence or change in circumstances which could have a negative impact on the operations or the long term sustainability of the organisation.

· The risk cause can be defined as action or inaction that leads to a risk event. One risk event may potentially have multiple causes and similarly, a specific risk cause, may lead to any number of event consequences.

The Group Head of Internal Audit co-ordinates the final risk and opportunities documents. The closed loop process includes:

· Risk Identification;

· Risk Assessment;

· Risk Response;

· Risk Monitoring; and

· Communication.

Risks are categorised into Strategic, Environmental (inclusive of direct and indirect climate change risk), Financial, Reputational, Regulatory, HR, Economy, Process/operational and Technology/Systems. The risk register is evaluated and each risk is assigned an impact and probability in line with the methodology. The probability and impact will determine the risk rating and significance. This rating will determine the significance of the risk to the business unit and Group. The risks and mitigations are reviewed quarterly through discussions with the Business Unit Managing Directors who are responsible for their continued management. Quarterly updates are provided to the Audit and Risk committee. The Group and business unit risks are considered in determining the annual risk based audit plan. The four main material issues are Financial, Compliance, Reputational and People. Risks are rated on a scale from 1 (insignificant) to 10 (catastrophic) and in this way are prioritised according to impact. The impacts are calculated according to the budgeted net profit of the Group for the year– Quantitative measure. We also consider the Qualitative measure linked to compliance and reputation in determining the final impact assessments.

The current risk register contains a physical risk of extreme weather conditions that can destroy assets (stores, stock and distribution centres), influencing the sale and distribution of products. The risk received a rating of 3 (compared to the rating of 30 for the highest risk – economic losses). The GHG emissions risk is rated at 5. They are quantified as having a financial impact of R110,000 but could increase to R11 million per annum after 2020 if Carbon Tax is implemented(which is an example of a regulatory or transitional risk) and R5.3billion for infrastructure and stock losses (further examples of physical risks).

An example of the result of Clicks' management processes related to identifying opportunities is the development of waterless products which were introduced to meet the market needs for such products in the Western and Eastern Cape where the recent drought impacts were particularly severe.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The SA government is still pushing for the adoption of the Carbon Tax. The Clicks Group is unlikely to be directly affected by the carbon tax. The Group will however experience indirect impacts in the short-term, such as increased fuel costs as a result of the implementation of the carbon tax. It is estimated that the price of petrol will increase by 9.1-22.8 cents (ZAR) per litre and diesel by 11.4-28.6 cents per litre with a carbon tax levy, depending on different minimum threshold scenarios. Clicks' supply chain (throughout the country) is also likely to be impacted in the long term. It is anticipated that Eskom (the country's predominate power supplier) will be impacted by the carbon tax post-2020, where Eskom is expected to pass through its carbon tax burden to customers. Thus Clicks operational costs related to Eskom electricity purchases may be increased in the long-term, after 2020.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Potential financial impact

4500000

Explanation of financial impact

The annual financial impact is expected to be approximately R4.5 million. This is comprised of additional energy costs. In the short-term, as soon as the tax is implemented, the direct impact on the fuel price that the Group will experience is in the magnitude of around R103 000 per year which is based on the assumption that the fuel price will increase by approximately ZAR 0.13 /litre of fuel. Additionally, if Eskom is allowed to pass on its full burden of the carbon tax to its customers post-2020, it is estimated that the Clicks Groups' electricity costs will increase by approximately R4.44 million annually. This figure has been calculated assuming that the 60% threshold of the carbon tax remains, which is also uncertain post 2020 as there is indication that the thresholds may change after this date

Management method

The Clicks Group continuously follows carbon tax developments. The Group is a member of the National Business Initiative which hosts workshops on climate change related activities, including the carbon tax. The Group attends these workshops and gives its commentary to the NBI, who in turn communicates the feedback to the regulatory body of government. Clicks has implemented a sophisticated internal emissions monitoring system to track its emissions annually and allows the Group to assess progress in reaching its targets. The Group implements emission reduction activities to reduce emissions each year and thus reduces the potential impact that the Group may feel due to the carbon tax. For example, the Group has implemented a 400 KWp solar PV installation on its head office roof to reduce its electricity consumption from the grid. These projects are part of a suite of emission reduction initiatives implemented by Clicks. Furthermore in 2017, Clicks started a vehicle replacement programme (through the UPD division) which entails route optimisation and limits driving at 80 km/h or below, to save fuel and reduce emissions. With the network of regional distribution centres, the distances travelled to customers are reduced and turnaround for delivering product improved, improving overall efficiencies in the organisation.

Cost of management

127000

Comment

The cost of membership of the Group to the National Business Initiative is R67,000 per year. Monitoring and verifying emissions by a 3rd party costs approximately R 60,000 per year. The costs in 2017 associated with the vehicle replacement programme were carried out in-house as part of the operations and were therefore not quantified.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver

Reduced revenues from lower sales/output

Company- specific description

Climate change predictions from the IPCC Fifth Assessment Report are that extreme precipitation events will become more intense and frequent in many regions. 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 predications may result in flooding, water shortages and increased incidence of water scarcity. Increased floods and droughts will impact on the Clicks Group’s supply chains which could constrain deliveries and may therefore negatively impacts sales and revenues. In addition, Clicks’ customers may be impeded from getting to stores, which would also negatively effect sales and revenues. Furthermore, chronic physical risks could also negatively impact and damage the Group’s assets, such as stores, head office and vehicles which will result in increased costs to repair damages but could also deter customers from purchasing, therefore reducing revenues.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Potential financial impact

80000

Explanation of financial impact

Crop failures, as a result of chronic climate changes, can result in a decrease in available resources such as materials used in the manufacture of products that the Clicks Group sells. This could result in a reduction in sales and therefore a reduction in revenues. E.g. the water crisis in the Western Cape severely impacted day to day operations at head office, distribution centres and an estimated 120 stores that are situated in the area. This resulted in lower sales and loss of revenue to the group. A full day closure can cost approximately R 80,000 per store per day. Additionally if one distribution centre were to be damaged as a result of extreme weather, the cost of the stored products damaged in the centre would cost the Group approximately R550 million to replace. Storm related costs can range well above R 1 billion to replace stocks and infrastructure. There will also be an impact on employee and customer well-being which cannot be quantified financially.

Management method

The Clicks Group manages the risk through undertaking regular risk assessments such as the Business Impact Analysis and climate risk assessment studies . These processes analyse possible physical risks on the business, so that plans may be put in place to mitigate such risks. E.g. as a case study, Clicks continuously explores options to recycle/reuse or conserve water. In 2017 a new rainwater harvesting system was installed at head office. In addition, Clicks continuously investigates new and alternative, sustainable products that do not depend on resources that are susceptible to climate risks. Clicks continuously engages with suppliers for new products, and supports research into new products as opportunities are presented. Clicks screens its suppliers to ensure they are aligned to the Group sustainability requirements on an annual basis. The planning process also allows the Group to assess alternative routes for all main distribution routes currently used in the event of damaged/disrupted routes. In addition, this process allows the Group to assess contingency planning for extreme events at specific locations, and assessing new store acquisitions more carefully to mitigate risks. The Group also manages the risk of material loss or damage in the distribution centres by taking out insurance on the goods within the storage facility and stores.

Cost of management
850000

Comment
The cost of managing this risk is estimated to be R850 thousand. Undertaking Business Impact Analysis and a Risk Assessment study to better understand the impacts of such event cost the Group approximately R450,000. The preparation for the extreme weather conditions will also have a financial implication on the business, these have not been quantified. The cost of commissioning a study on the climate impact on the health care sector is estimated at about R 200,000. The cost of screening the Group's suppliers amounts to around R200,000 annually.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver
Other, please specify (Reduced share price)

Company- specific description
Clicks stands to suffer reputational risk should it be perceived as a company that has failed to adapt to market demands related to climate change, or as a company that has little or no concern for the environment or that it is doing little or nothing in response to climate change. The risk is a decrease in consumer and investor confidence and brand value if it is perceived as failing to address climate change risks adequately. The company may also suffer a loss of reputation risk amongst other stakeholders such as the financial sector, existing landlords, property developers, investors, governments, employees and the media. In addition, climate change is increasing the prominence of vector borne diseases in areas where they weren't prominent previously. A change in the climate could increase the geographical distribution of malaria in South Africa. Illnesses such as flu and diarrhoea are becoming more prominent and worse with the changing climatic seasons and the impacts on water quality and shortages in the region. According to the Department of Health, climate change (particularly flooding) could have negative impacts on maternal and child mortality. Flooding can pose an increased risk of contamination of water supplies with disease-causing agents. It is thus important that the Clicks Group, as part of the health sector is seen to be responding to the increase in these diseases and illnesses, creating awareness and assisting in improving the resilience of communities. The Clicks brand is a key factor in retaining key personnel, therefore the Group also risks losing employees due to reputational risks. Losses of qualified and capable staff pose risks not just to the business operations but also exacerbate reputational risks. Damage to the Clicks' reputation may therefore ultimately result in reduced investor confidence and a decrease in the company's share price.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact
18000000

Explanation of financial impact
If investors and customers were to move their funds out of the Clicks Group, every 0.05% drop in share price would reduce the market capitalisation of the Group by R 18 million.

Management method
Clicks is continuously creating awareness amongst investors, employees and customers to communicate what the business is doing in terms of climate change (i.e. these are actions that are currently being implemented). Clicks participates annually in the

CDP and WDP and has been recognised for its high levels of performance. Clicks supports 13th UN SDG on climate action through education and awareness of employees and customers using its communications media. As a case study, the Group uses its ClubCard magazine to communicate with customers on climate change response. Clicks also has an in-house staff retention and up-skill program for pharmacy staff which assists building private sector competency within healthcare and on improved response to health needs in communities. An effective, cost-efficient network to respond to illnesses is important for climate change readiness and adaptation. The Group is responding to illnesses which are becoming more prevalent and pronounced due to climate change. These include malaria, flu and diarrhoea. The Group ensures that it administers the correct medication and gives advice to patients through the pharmacies and Clinics. The “Clicks Helping Hands” Programme provides a Moms and Babies service offering, which entails free consultations. In addition the Clicks Group supports the national healthcare agenda of making medicine more affordable and accessible for all South Africans.

Cost of management
26500000

Comment
It is difficult to assess the potential costs spent on marketing of Clicks as a "climate-friendly" company, as opposed to regular marketing costs. However, it costs Clicks R12.6 million annually to send out 5 issues of its ClubCard magazine. Retaining employees costs Clicks R13.9 million annually for special pharmacy staff retention programmes. The active Clicks Helping Hands Programme includes a child vaccination programme, improving resilience in communities.

C2.4

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

C2.4a

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

Identifier
Opp1

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

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Type of financial impact driver
Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description
With the climatic conditions changing, and the droughts becoming more prolonged and drier in the regions in which Clicks operates, various opportunities exist for Clicks to offer medication and products to its customers in order to deal with these circumstances. In many cases the products are ones that the Clicks stores already stock, but the demand thereof is increasing in towns with no or restricted water availability due to the extreme droughts in the area. The main products ranges affected are bottled mineral water, waterless hand sanitisers, waterless beauty products, and diarrhoea medication. Waterless products are becoming increasingly popular as people become more aware of their water consumption usage or due to their lack of water availability. The opportunity exists for the Group to stock a wider range of waterless products to fill this gap in the market.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
High

Potential financial impact
60000000

Explanation of financial impact
It is estimated that Clicks could increase its sales of diarrhoea medication and bottled water with the end result of increasing revenues by approximately R60 million per year. This estimate figure is calculated by multiplying the estimated number of products (diarrhoea medication and bottled water) by the respective prices for these products.

Strategy to realize opportunity
Clicks's strategy to realise this opportunity includes ensuring that its stores are stocked with the necessary products, not just to treat the illness, such as diarrhoea, but also associated preventative products. In addition education of its nurses and pharmacists are provided to ensure the necessary skills are available to treat and support patients and their families. Clicks is also expanding its water-less product range, which currently includes waterless hand sanitizers and dry shampoo products. The stocking of bottled water is becoming a product in high demand due to increased awareness of contaminated tap water which is causing sicknesses such as diarrhoea.

Cost to realize opportunity
0

Comment
The cost of Clicks's strategy to realise this opportunity are part of the Group's internal management costs which are required to run the business.

Identifier
Opp2

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

Opportunity type
Products and services

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

Type of financial impact driver
Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

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

Time horizon
Short-term

Likelihood
About as likely as not

Magnitude of impact
Medium-high

Potential financial impact
44200000

Explanation of financial impact

Although the direct financial implications are difficult to quantify, it is likely that should there be an increased uptake of Clicks' clinic facilities by the broader community, then the same people will also make purchases in the stores and thereby increase market share. These financial implications may be negligible as compared to the wider social benefits. However even 0.2% increase in revenue from such a speculative market may result in an additional R44.2 million per annum.

Strategy to realize opportunity

Clicks Group's strategy to realise this opportunity includes investigating the probability and types of potential diseases that may be associated with climate change in the areas in which the group operates. Clicks Group is also exploring the training of clinic personnel so that they can deal with climate health impacts. The Group trains its employees, pharmacists and clinic nurses to show customers how to live a healthy life and look after themselves during illness. In addition, the Group administers free vaccines and consultations through its "Helping Hands" Programme to ensure healthy babies. Such consultations include vaccinations and advice on flu which is seen to be shown as a stronger strain, as well as medical advice on diarrhoea.

Cost to realize opportunity

220000

Comment

The costs of market research and the training of staff are part of the Group's internal management costs which are required to run the business. The cost of the free vaccinations and consultations through the Helping Hands Programme however cost Clicks around R200,000 in FY2017.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Other

Type of financial impact driver

Other, please specify

Increased revenue through demand for lower emissions products and services

Company- specific description

Development of renewable energy projects: Clicks has the opportunity to capitalise on climate change related projects, such as the development of renewable energy facilities. For example, Clicks has implemented solar PV panels at the head office. Clicks anticipates excess electricity will be produced at the head office, which could be sold back to Eskom or another buyer.

Time horizon

Short-term

Likelihood

Very unlikely

Magnitude of impact

Low

Potential financial impact

6000

Explanation of financial impact

It is estimated that Clicks may generate an excess of 454 kWh every month in the future. At a cost of ZAR1.1 per kWh, Clicks could generate about R6,000 per year from the sale of electricity.

Strategy to realize opportunity

Clicks has a registered grid-tied system

Cost to realize opportunity

0

Comment

The costs of engaging with Eskom and local municipalities are part of the management activities and are therefore not disaggregated from the costs of running the business.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	There are two key opportunities related to the Clicks Group's products and services which are integrated into the Group's business strategy. Firstly, due to changes in precipitation extremes and increased instances of drought in South Africa, Clicks has identified an opportunity in offering medication and products to its customers in order to deal with these changing circumstances. The main products ranges affected are bottled mineral water, waterless hand sanitisers, waterless beauty products, and diarrhoea medication. Waterless products are becoming increasingly popular as people become more aware of their water consumption usage or due to their lack of water availability. Clicks is actively integrating this opportunity in its business strategy by expanding its water-less product range. Secondly, Clicks has the opportunity to develop climate adaptation solutions through the provision of in-store clinics with qualified nurses that can administer medication, and provide life-saving support. Clicks Group already has retail outlets in areas that will require such products and services, and therefore has the opportunity to adapt its existing infrastructure to offer the medical support in treating such diseases. Clicks could engage with people in the same way that the Group is engaging on family planning, by using the same channels with the Department of Health, should any climate induced health issues arise on a large scale, in areas that do not have the financial means to deal with such disaster. The magnitude of these impacts is medium.
Supply chain and/or value chain	Impacted	The proposed South African Carbon Tax might result in increased electricity prices post 2020. This is due to the fact that Eskom, South Africa's main electricity supplier, could pass through its carbon tax burden to customers. As a result, it is estimated that Clicks Groups' electricity costs will increase by approximately R4.44 million annually. The Clicks Group has integrated this risk into their business strategy by pro-actively investing in operational alternatives to reduce electricity consumption from the grid. An example of this is the 400KWp solar PV installation on the Group's head office roof. The magnitude of this impact is expected to be low.
Adaptation and mitigation activities	Impacted	Due to the drought conditions in the Western and Eastern Cape, the Clicks Group realised the need for firstly , mitigation activities to manage water use and secondly, the role of salable products in assisting communities to adapt to the drought. All such capital expenditure pertaining to water harvesting and water reuse systems were integrated in the company's business strategy. This addressed the need to mitigate and manage water use through the re-use and harvesting of water. Secondly, Clicks is integrating a diversified portfolio of waterless products into their business strategy to meet the increased demand for these products as a result of the drought. The magnitude of this impact is expected to be medium.
Investment in R&D	Impacted	Waterless products are becoming increasingly popular, especially in areas in South Africa experiencing severe drought conditions. The recent drought in Cape Town showcased an increased demand in waterless hygiene products due to severe water constraints limiting the use of water for personal hygiene purposes. The opportunity exists for the Group to increase and diversify the range of waterless products to effectively serve this need in the market. In this regard Clicks is increasing investment in research and development towards new private label products as part of its business strategy. The magnitude of this impact is expected to be medium.
Operations	Impacted	The Clicks Head Office is located in the Western Cape area. This region had major water supply challenges due to the on-going drought in the Province. Clicks suffered direct water supply challenges to its head office as well as some distribution centres for over a month. As a result day to day operations at head office, distribution centres and an estimated 120 stores in the region were impacted. Clicks Group considers possible capital losses due to declined sales and loss of revenue as part of its business strategy. A full day closure can cost approximately R 80,000 per store per day. The business strategy thus makes provision for regular risks assessments to analyse and monitor physical risks to the business. In addition, operational improvements have been put in place in order to safeguard against these risks. These include a new rainwater harvesting system and boreholes that was installed at head office to support day to day operations. The magnitude of this impact is expected to be medium.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	The Western and Eastern Cape are currently experiencing a water crisis as a result of droughts. This has led to substantially limited or even suspended water supply. This has impacted day to day operations at head office, the distribution centres and an estimated 120 stores that are situated in the Western Cape. The impact is a decline in sales and loss of revenue to the group. The magnitude of impacts on revenue is currently categorised as medium, where a full day's closure of a store can cost approximately R 80,000 per store per day. The Clicks Group's financial planning processes to mitigate such impacts therefore include the procurement of additional water supplies; investments in water maintenance and capital items (such as water storage facilities) as well as the development of product lines that may better serve water constrained clients (e.g. waterless hand sanitisers) which may increase revenues.
Operating costs	Impacted	Clicks Group's operational costs have been, and will continue to be, impacted by climate change. For example, the Western and Eastern Cape are currently experiencing a water crisis as a result of droughts. This has led to substantially limited or even suspended water supply. This has impacted day to day operations at head office, the distribution centres and an estimated 120 stores that are situated in the Western Cape. Clicks had to incur increased operational costs as a result of mitigating the water shortages in the head office buildings and in distribution centres that are located in the province. In addition, the planned South African carbon tax is expected to increase Clicks Group's operating costs through increases in diesel and petrol costs, as well as electricity costs post-2020. To mitigate the latter, Clicks has replaced light fittings in stores, company-owned buildings and distribution centres with energy efficient lights. Electricity meters have also been installed to accurately measure electricity use in order to monitor and manage energy more effectively. These metering systems cost R850 000 per annum. The magnitude of impacts on operating costs is considered to be medium. The Clicks Group's financial planning processes to mitigate such impacts is therefore to provide for such costs in operational budgets.
Capital expenditures / capital allocation	Impacted	Clicks Group's capital expenditures have been, and will continue to be, impacted by climate change. Clicks suffered direct water supply constraints to its head office building and some distribution centres during FY17 due to the drought conditions in the Western and Eastern Cape. This resulted in the company needing to implement a number of mitigation options in order to continue day to day operations within a short-term and immediate timeframe. These mitigation measures included waste water being 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. In addition, 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 magnitude of impacts on capital expenditure is considered to be medium. The Clicks Group's financial planning processes to mitigate such impacts is therefore to provide for such costs in short term operational budgets and in longer group strategies.
Acquisitions and divestments	Not yet impacted	Extreme weather events in the Western and Eastern Cape are expected to continue, and intensify, as a result of climate change. As such, Clicks Group may consider divesting in operations in the Western and Eastern Cape. The impact of divestments in the regions would be a reduction in group revenues and potentially share price, which would affect the Clicks Group financial planning process (e.g. could reduce ability access capital). A possible timescale for this impact would be the medium term, depending on the extent and timing of the extreme events.
Access to capital	Not yet impacted	Clicks Group values the views and insights of investors. During FY17 liaison with investors included store and pharmacy expansion plans, the regulatory environment as well as capital management. In this regard risks associated with the Carbon Tax and upstream cost increases and the changing regulatory environment in relation to mandatory GHG reporting are key discussion points. Failure to comply with mandatory GHG reporting regulations could impact on investor confidence and limit access to capital. These regulatory risks will impact financial planning and access to capital in the medium term. Similarly, increasing water pressures and utility costs which could have financial impacts on expansion plans of the Group, could negatively impact investor opinion. A possible timescale for this impact would be the short term, as mandatory GHG reporting is required on an annual basis.
Assets	Impacted	The Clicks Group's largest current asset is its inventory. As such, the safe storing of products and medication is critical. If one distribution centre were to be damaged as a result of extreme weather, the cost of the stored products damaged in the centre would cost the Group approximately R3.5 billion to replace. The magnitude of such an impact is therefore considered to be high. Additionally, cooling requirements for distribution centres and warehouses are also important, and also energy intensive. The Clicks Group's financial planning therefore considers future impacts on electricity costs (e.g. increased due to the planned Carbon Tax) and measures to reduce such impacts (e.g. the implementation of energy efficiency projects).
Liabilities	Impacted	During FY17 Clicks opened an additional 111 stores. These stores all have energy and cooling requirements. In addition, these stores require water where there are pharmacies in order to operate on a daily basis. As such, the closing of these stores due to water restrictions poses a liability risk. The magnitude of impacts on revenue is currently categorised as medium, where a full day's closure of a store can cost approximately R 80,000 per store per day. Additionally, cooling requirements are water and energy intensive. Drought conditions and rising utility prices could render these additional stores and pharmacies unable to operate effectively.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

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

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Clicks Group’s 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 reduces climate change impacts on the Group. The Board revisits the business strategy annually with feedback to ensure the strategy is aligned and relevant to the risks/opportunities posed by climate change.

Clicks’ business strategy has been, and continues to be, influenced by climate-related issues because the group’s long-term business goal to create sustainability. Examples include the adopted green packaging principles, as well as investigating and developing renewable energy projects and developing a greener product range. Clicks recognises that there is a link between health and climate change and thus our long term strategy is to assist the communities in which we exist to be prepared to respond and be able to cope with the climatic health conditions. Our clinic and pharmacies aim to have the latest medication and skills to attend to customers with climate related health issues such as malaria, diarrhoea, heat stress, Ebola and malnutrition.

A further example of how Clicks’ business strategy has been influenced by climate-related issues is the decision to link the business strategy to emission reduction targets. Clicks’ short-term target is to reduce its scope 2 emissions by 5% from 2010 levels, by 2017. The medium-term target is to reduce emissions by 5% from 2015 levels, by 2020. The long-term target is to reduce emissions by 10% from 2015 levels, by 2030.

One of the most substantial business decisions made by the Group, related to climate issues, was the decision to install solar PV on the roof of the head office in FY16. The rooftop PV assists the Group reduce scope 2 emissions and assists with mitigating global climate change. This business decision continued to assist Clicks in FY17 to manage their reputational risk under climate change as it shows sustainable leadership. Similarly Clicks stocks a range of energy efficient products such as induction cookers, power banks, USB rechargeable products. In FY17, Clicks started a vehicle replacement programme (through it's UPD division) which entails route optimisation and limits driving at 80 km/h or below, 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 cwentres, the distances travelled to customers are reduced and turnaround for delivering product improved, improving overall efficiencies in the organisation.

Clicks’ strategic motto “Building a trusted, accessible healthcare network” epitomises the opportunities we have to help people in the communities with diseases related to climate change that will become more frequent in the future. Increasing the number of stores, clinics and pharmacies in a low carbon economy will help us expand our health care industry and increase accessibility. We stand to gain a competitive advantage by being able to reach into areas that competitors are not present. The Group aims to be at the forefront of climate change related health issues. The chance to attract a set of more sustainable, environmental and climate change conscious customers creates a great opportunity for the Company.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Climate-related scenario analyses have not yet been used to inform Clicks Group’s business strategy because this is a fairly new and developing discipline. Clicks Group does however expect climate-related scenario analyses to be relevant to the group business strategy in the future, and anticipates incorporating climate-related scenario analyses into the strategy in the next two years.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Scope 2 (location-based)

% emissions in Scope
100

% reduction from base year
5

Base year
2010

Start year
2011

Base year emissions covered by target (metric tons CO2e)
91098

Target year
2017

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% achieved (emissions)
0

Target status
Expired

Please explain
This was an absolute target to reduce emissions from electricity consumption. This target start and target year was based on a financial year and thus expired during FY2017. Absolute emissions from electricity consumption have increased from 91,098 tCO2e in 2010 to 96, 458 tCO2e in 2017.Clicks has to date increased its absolute scope 2 emissions compared to the base year by 5.9%. Clicks has implemented various energy efficiency measures in order to reduce its scope 2 emissions. These included the installation of Solar PV panels, LED lighting replacing fluorescent lights, behavioural changes ensure air-conditioning and lighting gets switched off when not required, the replacement of old air-conditioning systems and removal of some units where not required, and the installation of energy metering. It is anticipated that further energy efficiency initiatives will be put in place to ensure a downward trend in grid electricity consumption and thus scope 2 emissions.

C4.1b

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

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from baseline year
5

Metric
Metric tons CO2e per square meter*

Base year
2015

Start year
2016

Normalized baseline year emissions covered by target (metric tons CO2e)
0.19

Target year
2020

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% achieved (emissions)
85

Target status
Underway

Please explain
This is a financial year target to be reached in FY2020. Clicks Group commits to reducing its Scope 1 and Scope 2 GHG emissions intensity by 5% per m2 by 2020. This target is relative to 2015 levels of 0.19 tCO2e/m2. The target would reduce GHG emissions to 0.18 tCO2e/m2. Clicks is progressing well on this target, having already achieved 85% of the target whilst the time complete is only 40%.

% change anticipated in absolute Scope 1+2 emissions
21

% change anticipated in absolute Scope 3 emissions
0

Target reference number
Int 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from baseline year
10

Metric
Metric tons CO2e per square meter*

Base year
2015

Start year
2016

Normalized baseline year emissions covered by target (metric tons CO2e)
0.19

Target year
2030

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% achieved (emissions)
43

Target status
Underway

Please explain
This is a longer term target for the Clicks Group. It is a financial year target to be reached in FY2030. Clicks Group commits to reducing its Scope 1 and Scope 2 GHG emissions intensity by 10% per m2 by 2030. This is a further 5% beyond the Int1 target reported by 2020. This target is relative to 2015 levels of 0.19 tCO2e/m2. The target would reduce GHG emissions to 0.171 tCO2e/m2. Clicks is progressing well on this target, having already achieved 43% of the target whilst the time complete is only 13%.

% change anticipated in absolute Scope 1+2 emissions
87

% change anticipated in absolute Scope 3 emissions
0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Renewable energy production

KPI – Metric numerator
Renewable energy production in kWh

KPI – Metric denominator (intensity targets only)
Total energy consumption in kWh

Base year
2015

Start year
2016

Target year
2020

KPI in baseline year
0.0013

KPI in target year
0.015

% achieved in reporting year
0

Target Status
Please select

Please explain
This is an energy production based renewable energy target. In the base year of 2015, the Clicks Group installed its first solar PV installation on its head office. The plant was operational for only 2 months of the year, producing about 110MWh of electricity in this period, which accounts for 0.13% of the base year energy generation. The plant is able to produce about 1320MWh of electricity in a year which accounts for 1.56 % of the base year energy generation. Assuming that the Group maintains a constant electricity consumption profile up to 2020, it is targeted that renewable energy (from solar PV installations) will also maintain the 1.5% of the Group's electricity requirements. The Group has the target to double its renewable electricity generation capacity between 2015 and 2020.

Part of emissions target
• Abs1 • Int1 • Int2

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

C4.3

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

C4.3a

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

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	1196
Not to be implemented	0	

C4.3b

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

Activity type
Energy efficiency: Processes

Description of activity
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)
1196

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
2000000

Investment required (unit currency – as specified in CC0.4)
6385000

Payback period
<1 year

Estimated lifetime of the initiative
3-5 years

Comment
Continued installation of Online meter reading targeting large stores (in terms of m2), monitoring and management of electricity bills. The project commenced in 2015.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	When implementing new technology, The Group makes sure that it is in line with the proposed carbon tax regulations.
Dedicated budget for energy efficiency	Budget has been allocated for energy meters, energy efficiency projects and consolidation of electricity feeds into the building.
Dedicated budget for other emissions reduction activities	Waste separation bins for the head office and waste recycling contracts to the distribution centres have been budgeted for and are being implemented.
Employee engagement	Continued communication to employees through the internal magazine, emails, environmental committee is carried out to ensure employees are conscious of energy consumption, and environmental aspects and impacts.

C4.5

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

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

The Clicks Group is only selling energy efficient (CFL) light bulbs in its Clicks stores (incandescent light bulbs have been phased out completely). These reduce the electricity demand and thus scope 2 emissions of lighting for the consumers.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year

0.01

Comment

During the reporting year 17 619 CFL light bulbs were sold. CFLs use about a quarter of the energy of standard incandescent bulbs. This, combined with their longer lifespan, translates into significant cost savings. For example, a CFL bulb has a lifespan of approximately 10,000 hours. During that lifespan, it will use 140 kWh of electricity. To compare, an incandescent bulb will only last around 1,200 to 2,500 hours. If measured over the 10,000-hour lifespan of a CFL, incandescent bulbs will use around 600 kWh of electricity. The CFL will save 460 kWh of electricity over its lifespan.

C5. Emissions methodology

C5.1

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

Scope 1

Base year start
July 1 2007

Base year end
August 31 2008

Base year emissions (metric tons CO2e)
5255

Comment

Scope 2 (location-based)

Base year start
July 1 2007

Base year end
August 31 2008

Base year emissions (metric tons CO2e)
86811

Comment

Scope 2 (market-based)

Base year start
July 1 2007

Base year end
August 31 2008

Base year emissions (metric tons CO2e)
0

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO2e)
2248

End-year of reporting period
<Not Applicable>

Comment

C6.2

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

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
The Clicks Group acquired renewable energy through a solar PV installation. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the FY17 period and is based in the same geographical location and grid boundary in which the Group operates in.

C6.3

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

Row 1

Scope 2, location-based
96458

Scope 2, market-based (if applicable)
0

End-year of reporting period
<Not Applicable>

Comment
The Clicks Group acquired renewable energy through a solar PV installation. There are no scope 2 emissions associated with the PV installation (market based electricity) as it is a renewable energy facility. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the FY17 period and is based in the same geographical location and grid boundary in which the Group operates in.

C6.4

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

C6.4a

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

Source
The following Clicks’ entities were excluded: Kalahari Direct and Musica Distribution

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why the source is excluded
Emissions from Kalahari Direct and Musica Distribution were considered to be immaterial and are therefore not relevant. The portions of emissions which they represent are much smaller in comparison to the overall Group’s emissions. This is due to shared distribution centres with other retailers. There are no scope 2 market-based emission areas that have been excluded.

Source

Relevance of Scope 1 emissions from this source
Please select

Relevance of location-based Scope 2 emissions from this source
Please select

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

Explain why the source is excluded

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2443

Emissions calculation methodology
Clicks identified three purchased goods from which to calculate its scope 3 emissions: bottled water, sun care products and sanitary towels. Activity data: The numbers of items sold for each product were sourced from sales records. Emissions factors: The Emissions factors and their respective sources are: - Bottled Water; 82.8 gCO2e/bottle (http://elua.com/wp-content/uploads/2013/08/Elua-Bottled-Water-and-Our-Environment.pdf) - Sun care Products 3.180 tCO2e/tonne HDPE plastic (DEFRA 2017) - Sanitary Towels 0.02 kg CO2e/item (JRC Scientific and Technical Reports; Development of EU Ecolabel Criteria for Sanitary Products) - GWP values: Carbon dioxide = 1. Methodology: For bottled water and sanitary towels, the number of items sold was multiplied by the respective emissions factor to yield a total emissions from the goods. The emissions from sun care products were calculated by multiplying an emission factor for the plastic of the bottle by the expected mass of the bottle and then multiplying by the number of items sold. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Assumptions: It was assumed that the average mass of the sun care bottles was 55g/bottle and that they were made from HDPE plastics. It was also assumed that there were 10 sanitary towels per unit/pack.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

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

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Capital goods are not an inherent part of Clicks’ business as it does not have significant manufacturing facilities. The capital goods that are owned by Clicks, such as forklifts, are not material.

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

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

6040

Emissions calculation methodology

The upstream emissions associated with the extraction, production and transportation of fuel used by Clicks (electricity, diesel, petrol, LPG) in the reporting year was calculated. This was carried out by multiplying the quantity of fuel consumed by the emission factor associated with the extraction, production, and transportation of that fuel. The quantity of electricity purchased was multiplied by the transmission and distribution emission factor of the South African electricity grid. Calculations were performed in accordance with ISO 14064 Part 1, The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Scope 2 Guidance following the location-based methodology for the scope 3 emissions from electricity. Emissions factors: The Emissions factors and their respective sources are provided below: - Diesel = 0.00063 tCO2e/litre (DEFRA 2017) - Petrol = 0.00060 tCO2e/litre (DEFRA 2017) LPG = 0.000189 tCO2e/litre (DEFRA 2017) It was assumed that the South African transmission and distribution emission factor was relevant for all other countries, as they are all on the Southern African Power Pool grid network. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

100

Explanation

Upstream transportation and distribution

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

8289

Emissions calculation methodology

All 3rd party distribution from distribution centres to all stores country-wide was included in this calculation. The total km travelled and tonnes transported were collected for the various types of road vehicles. Freighting emissions factors were sourced from DEFRA 2017. The specific tonne.km emission factor for each vehicle in the category was allocated then multiplied to its respective load distance (tonne.km). Primary data sets (in tonne.km) were used to calculate the distribution related emissions, with only the emission factors being sourced from DEFRA databases which are based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

100

Explanation

Waste generated in operations

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
802

Emissions calculation methodology
Activity Data: The activity data used was the number of fulltime and part time employees. The amount of waste generated per person in the reporting year was estimated from data provided by the Institute of Waste Management South Africa which states that a person in South Africa produces on average 0.255 tonnes waste per year. Emission Factor: The emissions factor was 0.17 tCO2e/tonne waste as per the US Environmental Protection Agency. GWP values for carbon dioxide = 1. Methodology: The estimated tonnage of waste generated per person was multiplied by the number of full and part time employees and then with the emission factor. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. It was assumed that the average waste generated per employee was 0.7kg per day. (Institute of Waste Management Southern Africa, http://www.enviropaedia.com/topic/default.php?topic_id=239).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation

Business travel

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
1499

Emissions calculation methodology
Business travel comprised of air travel and rental vehicles. All flights were recorded by Clicks' travel agents. DEFRA (2016) emission factors for short and long haul flights were used, differentiating between economy and business class. As a conservative approach, a factor of 9% was included on all distances. Radiative forcing was included in estimating these emissions. For rental vehicles, vehicles were classified as small, medium or large petrol engines, and the DEFRA emission factors were applied. All flight and taxi data used comprised primary data (in km travelled). However emission factors were from DEFRA databases, based on assumptions and assumed vehicle fuel consumption rates. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Employee commuting

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
8929

Emissions calculation methodology
In 2016 an employee commute survey was again undertaken to determine the modes of transport and distances travelled by employees. Leave days and holidays were omitted, and results were extrapolated across all full time employees to obtain the totals of kms travelled by each mode. 30% of staff responded to the survey. These included a combination of office staff and store based staff. The results were extrapolated across all staff, which may result in an over-estimation of emissions. Office staff tends to drive single occupancy privately owned cars, as opposed to employees at shops and distribution centres who may rely more on more efficient public transport modes. The results of the survey were in the FY17 calculation. The DEFRA (2017) emission factors were multiplied to the kms travelled by each transport mode to yield total emissions. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Clicks does not have any upstream leased assets.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
95882

Emissions calculation methodology
Activity data: The recorded number of sales in the reporting year was used as the activity data, this is linked to the active Clicks ClubCard members. Emissions factors: Lower medium car with unknown fuel type = 0.1671 kgCO2e/km (DEFRA Factors 2016; Department of Energy and Climate Change, UK Government) GWP values: Carbon dioxide = 1. Methodology: The total number of transactions made by Clicks ClubCard members was used to assume the number of trips that customers make to transport the products to their homes for use. The number of trips was then multiplied by the assumed distance that a customer travels to the Clicks store, which was then multiplied by the emission factor for the vehicle type. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Assumptions: It was assumed that the average return distance for a customer to travel to a Clicks store was 5km. It is assumed that all customer purchases were transported via a lower medium sized vehicle as per Defra's classifications. It is assumed that each transaction required a vehicle trip to the Clicks stores.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
10

Explanation

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
The Clicks Group does not process products.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

295605

Emissions calculation methodology

Clicks identified two sold products from which to calculate its scope 3 emissions for use of sold products. These goods were; CFL lightbulbs and kettles. Activity data: The recorded number of sales of CFL light bulbs and kettles in the reporting year was used as the activity data for this emissions calculation. The lifespans of the lightbulbs were sourced from the EnergyStar website. The lifespan of CFL lights are 10,000 hours each. Emissions factors: Eskom electricity consumption emission factor = 0.9859 tCO2e/MWh (South African electricity emission factor – Eskom 2017) GWP values: Carbon dioxide = 1. Methodology: The total number of CFL light bulbs sold was multiplied by their lifespan of 10,000 hours and by the assumed rating of the light bulb. This calculation provided the total electricity consumed by all the lights during their use. Similarly, the total numbers of kettles sold in the reporting year were multiplied by their rating, by the operating hours of a kettle per day (assumed to be 0.5 hours, operating at full capacity), then multiplied by the lifetime of the kettle (assumed to be 2 years). This calculated the total electricity consumed by all the kettles sold during their lifetime. The total MWh of electricity consumption was multiplied by the Eskom grid emission factor to calculate emission produced throughout the lifetime of the sold products, of kettles and lightbulbs. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Assumptions: It was assumed that the lightbulbs were all a rating of 15W and that the kettles all had a rating of 2kW. It was assumed that the kettles operate at full capacity for 30 minutes every day of their life, and that the lifetime of the kettle is 2 years.

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

50

Explanation

The emissions from the products evaluated by Clicks do not account for all the possible emissions from this source. This category of scope 3 emissions will be improved on in future.

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

533

Emissions calculation methodology

Clicks Group identified sanitary towels as the sold product from which to calculate its scope 3 emissions for end of life treatment of sold products. Activity data: The number of items sold for were sourced from sales records. Emissions factors: - Sanitary Towels 0.0065 kg CO2e/item (JRC Scientific and Technical Reports; Development of EU Ecolabel Criteria for Sanitary Products) - GWP values: Carbon dioxide = 1. Methodology: the number of items sold was multiplied by the emissions factor to yield a total emissions from the sold product. The calculations were carried out as per the ISO 14064 Part 1 and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Assumptions: It was assumed that there were 10 sanitary towels per unit/pack.

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

100

Explanation

The emissions from the products evaluated by the Clicks Group do not account for all the possible emissions from this source. The disposal of purchased goods by Clicks customers could account for significant emissions. However due to complexity of such LCA based data, Clicks has not managed a complete calculation at this stage. Clicks hopes to include more data in this scope 3 emission source in the future.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Clicks Group does not have any downstream leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Clicks Group does not franchise any outlets.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Investment is not a core function of the Clicks Group.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

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

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

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

C6.7

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

No

C6.10

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

Intensity figure

0.00000368

Metric numerator (Gross global combined Scope 1 and 2 emissions)

98706

Metric denominator

unit total revenue

Metric denominator: Unit total

26800000000

Scope 2 figure used

Location-based

% change from previous year

6

Direction of change

Decreased

Reason for change

The decrease in the intensity figure is mainly due to an increase in revenue of 10%. Overall emissions increased by 4%. However Clicks installed a solar PV plant at its head office, which resulted in reductions in absolute scope 1 and 2 emissions by 0.7% in the reporting year, this has contributed to the decrease in the emission intensity in this reporting year. Clicks continues to drive efficiencies in its operations and has over the years implemented various emission reductions projects to reduce the Group’s emissions, such as the installation of the rooftop PV facility which continues to reduce the Group’s emission, whilst the company continues to grow.

Intensity figure

0.1819

Metric numerator (Gross global combined Scope 1 and 2 emissions)

98706

Metric denominator

square meter

Metric denominator: Unit total

542643

Scope 2 figure used

Location-based

% change from previous year

0.3

Direction of change

Decreased

Reason for change

Emission reduction projects implemented within the reporting year reduced the absolute scope 1 and 2 emissions by 0.7%. The Group’s floor square meterage increased in the reporting year by 5%. Clicks continues to drive efficiencies in its operations and has over the years implemented various emission reductions projects to reduce the Group’s emissions, whilst the company continues to grow.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	1965	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	3	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	271	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	9	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	2248

C7.3

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

By business division

By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Clicks	821
Musica	104
Bodyshop	13
Head Office	101
Distribution Centres	107
CDM	0
UPD	1102

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Company owned vehicles	1792
Fugitive emissions	271
Stationary fuel combustion	185

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
South Africa	92759	0	95307	655
Botswana	621		644	0
Namibia	2341		2427	0
Swaziland	668		693	0
Lesotho	69		72	0

C7.6

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

By business division

By activity

C7.6a

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

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Clicks	74473	
Musica	4855	
Bodyshop	1036	
Head Office	2626	0
Distribution Centres	6560	
CDM	0	
UPD	6908	

C7.6c

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

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Electricity consumption	96458	0

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		The data sets for FY2017 were not available at the time of reporting, therefore the values reported in the previous CDP response were used as estimate values. There was therefore no change in emissions due to a change in renewable energy consumption.
Other emissions reduction activities	1196	Decreased	1.3	The Clicks Group has implemented an emission reduction activity to increase their energy efficiency at their facilities. This includes installing more accurate meters as well as management of their electricity bills. This project resulted in a 1.3% decrease in emissions in the reporting year. The decrease was calculated as follows: Decrease = Savings in 2017/Overall emissions in 2016 x 100 Therefore %decrease = 1196/94707 X 100 = 1.3%
Divestment		<Not Applicable>		No divestments in the reporting year
Acquisitions		<Not Applicable>		No acquisitions in the reporting year
Mergers		<Not Applicable>		No mergers in the reporting year
Change in output	4463	Increased	4.5	The Clicks Group grew in the reporting year by an average of 5% when looking at floor space. Increased floor space is directly linked to an increase in scope 2 emissions. When assessing this increase over total scope 1 and 2 emissions, it is calculated that this increase in floor space resulted in a 4.5% increase in overall emissions.
Change in methodology	653285	Increased	0.7	The reason for the increase is due to the change in the respective grid emission factors. The Eskom emission factor changed from 1kg CO2e per kWh to 0.98 kg CO2e per kWh. The emission factor for the grid in Namibia changed from 0.057 kg CO2e per kWh to 0.9644kg CO2e per kWh. The emission factor for the grid in Botswana changed from 1.46 kg CO2e per kWh to 0.9644 kg CO2e per kWh. The emission factor for the grid in Swaziland changed from 0.597 kg CO2e per kWh to 0.9644 kg CO2e per kWh. The emission factor for the grid in Lesotho changed from 0.597 kg CO2e per kWh to 0.9644 kg CO2e per kWh. These changes resulted in an increase of 0.7% in overall emissions.
Change in boundary		<Not Applicable>		No change in boundary was experienced
Change in physical operating conditions		<Not Applicable>		No change in physical conditions impacted on the Clicks operations.
Unidentified		<Not Applicable>		No unidentified changes in Clicks Groups emissions.
Other	203	Please select	0.2	The Clicks Group has implemented a driving program for their distribution vehicles in order to reduce their Scope 1 emissions. This program consists of reducing the average speed of the delivery vehicles to 80km/h which results in less fuel used. The program resulted in a 0.2% decrease in overall scope 1 and 2 emissions.

C7.9b

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

Location-based

C8. Energy

C8.1

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

More than 0% but less than or equal to 5%

C8.2

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

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	4219	4219
Consumption of purchased or acquired electricity	<Not Applicable>	655	99142	99797
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	655	103361	104016

C8.2b

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

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

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

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
3399

MWh fuel consumed for the self-generation of electricity
691

MWh fuel consumed for self-generation of heat
2708

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Petrol

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
768

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
768

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization
52

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
52

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
2.6719

Unit
kg CO2e per liter

Emission factor source
DEFRA Factors 2017, Department of Energy and Climate Change, UK Government, GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors

Comment

Liquefied Petroleum Gas (LPG)

Emission factor
1.5081

Unit
kg CO2e per liter

Emission factor source
DEFRA Factors 2017, Department of Energy and Climate Change, UK Government, GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors

Comment

Petrol

Emission factor
2.3007

Unit
kg CO2e per liter

Emission factor source
DEFRA Factors 2017, Department of Energy and Climate Change, UK Government, GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors

Comment

C8.2f

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

Basis for applying a low-carbon emission factor
Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type
Solar PV

MWh consumed associated with low-carbon electricity, heat, steam or cooling
655

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
The Clicks Group acquired renewable energy through a solar PV installation. There is no double counting and it is only used by the Clicks Group. It is generated and sourced within the FY17 period and is based in the same geographical location and grid boundary that the Group operates in.

C9. Additional metrics

C9.1

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

Description
Other, please specify (Not applicable)

Metric value
0

Metric numerator
not applicable

Metric denominator (intensity metric only)
not applicable

% change from previous year
0

Direction of change
No change

Please explain
Clicks is currently in the process of gathering waste and understanding waste data management processes. Clicks is also researching energy consumption initiatives on lighter and less packaging of products which all links to mitigation of climate change in terms of emission reductions.

C10. Verification

C10.1

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

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

C10.1a

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

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Clicks_GHG_Verification_Statement_20171120.pdf

Page/ section reference
Pages: 1 -3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Clicks_GHG_Verification_Statement_20171120.pdf

Page/ section reference
Pages: 1 -3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
Clicks_GHG_Verification_Statement_20171120.pdf

Page/section reference
Pages: 1 -3

Relevant standard
ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

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

Yes, our customers

C12.1b

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

Type of engagement

Education/information sharing

Details of engagement

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

Size of engagement

100

% Scope 3 emissions as reported in C6.5

0.6

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

Clicks engages with all its customers via in-store communications and messaging. The rationale for targeting all customers is because in this way Clicks can drive the most amount of change as well as exposure for such products. The communications extend to purchased goods and services, which Clicks has calculated to be 0.6% of its Scope 3 inventory i.e. 2 443 tCO2e). For example, when Clicks launched the "Sensitive Range" and the "My Earth range" of products, Clicks informed customers about the climate benefits of these products. Clicks also labels all carrier bags and all Clicks private label goods on the shelf with information on the packaging materials and recyclability. Additionally, Clicks engages in extended off-site communications in the form of the ClubCard magazine which reaches 500 000 people.

Impact of engagement, including measures of success

The impact of the climate-related engagement strategy with customers (i.e. the advertising of climate-responsible products and driving change through the implementation of climate responsible initiatives) will create environmentally aware and conscious customers. Clicks intends to measure the success of this engagement by the number of responses by customers (articles, emails, phone calls etc.) as well as by the rate of increase in sales of various products.

C12.3

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

Trade associations

Other

C12.3b

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

Yes

C12.3c

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

Trade association
The National Business Initiative (NBI)

Is your position on climate change consistent with theirs?
Consistent

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

How have you, or are you attempting to, influence the position?
Clicks Group attended the forums and workshops that NBI have held with respect to the white paper, and Clicks also took part in a group submission in response to the government white paper on climate change. In this way Clicks Group has contributed in influencing the legislation.

Trade association
Sustainability Retailer Forum

Is your position on climate change consistent with theirs?
Consistent

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

How have you, or are you attempting to, influence the position?
The Clicks Group has attempted to influence the position of the Sustainability Retailer Forum through actively sharing information and communicating potential ways that retailers can reduce the company's carbon footprint. Clicks Group is sharing its best practices, and in the same way learning from other best practices. For example, one of the initiatives is the auditing and assessing of suppliers for procurement of products. A second example is the industry standards which are required to be followed in order to comply within the sector. Clicks is sharing its information and research on energy consumption initiatives on lighter and less packaging of products which all links to mitigation of climate change in terms of emission reductions.

Trade association
Advisory Committee on Environment and Society

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
This committee allows for companies to get together to discuss the latest trend in the climate change and environmental space and it informs and gives feedback on activities.

How have you, or are you attempting to, influence the position?
During the committee meetings the developments of carbon tax in South Africa, to be implemented in early 2018 are discussed along with the most recent carbon footprint auditing standards. In addition the most recent governmental documentation/papers on climate change and energy management plans are analysed. Clicks participates and attempts to influence in association's view through the commentary it delivers.

C12.3e

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

The company attends the City of Cape Town Energy Efficiency Forum on a quarterly basis to understand what is happening in the energy industry and what new innovative products other businesses use that work. Accelerate Cape Town also hosts several events each year in partnership with KPMG on different sustainability topics which The Clicks Group attends. The engagements are based on attendance at forums and workshops, and are related to various environmental, and climate change topics. Clicks Group has implemented various awareness initiatives through WWF and internal engagements with employees. Through the above engagements the group has learnt a lot and implemented many of these activities including a rain-water harvesting system, on demand taps in bathrooms in Head Office, energy meters in stores, route optimization of distribution vehicles, purchasing of more energy efficiency trucks, heat pumps in the head office building, removal of all conventional geysers, installation of energy efficient LED lights and the installation of a Solar PV plant of 400 KW on the Group's Head Office building.

C12.3f

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

All policy engagement processes are reviewed at board meetings. The board meetings include those held by the Audit and Risk committee and the Social and Ethics committee. All the policies for the Group are reviewed every 3 years. Through these board meetings the Group's climate change strategy and position on related policies are discussed. The company members who attend the trade association meetings are employees of Clicks who either sit on the executive committee of the committees mentioned or report directly to the executive committee and/or board. These employees are thus fully aware of the climate change strategy of the Group and are directly involved in the company's position of the various climate change related policies.

C12.4

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

Publication
In mainstream reports

Status
Complete

Attach the document
Clicks_IAR_2017.pdf

Content elements
Emissions figures
Emission targets
Other metrics

Publication
In voluntary communications

Status
Complete

Attach the document
Clicks_IAR_2017.pdf

Content elements
Governance
Strategy

C14. Signoff

C-FI

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

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms