

Carbon Disclosure Project 2009

South Africa JSE 100

On behalf of 475 investors with assets of US \$55 trillion

Introduction

Since 2000, the Carbon Disclosure Project (CDP) has, on behalf of institutional investors, challenged the world's largest companies to measure and report their carbon emissions, integrating the long-term value and cost of climate change into their assessment of the financial health and future prospects of their business.

This year, CDP – backed by 475 institutional investors representing more than US\$55 trillion of funds under management – sent questionnaires to more than 3,700 of the world's largest corporations requesting information on their greenhouse gas emissions, on the potential climate-related risks and opportunities to their businesses and on their strategies for managing these risks and opportunities. The corporations' individual responses, as well as regional reports assessing these responses, have been published in more than 20 countries around the world and are freely available at www.cdproject.net.

The CDP 2009 (South Africa) report, prepared by Incite Sustainability, analyses the responses from the 100 largest corporations on the South African JSE.

The CDP questionnaire

An underlying objective of the CDP is to review and assess the action and disclosure of companies and sectors against what is seen as a best practice response to the challenges of climate change. In line with what are seen to be the key elements of an effective climate change strategy, the CDP questionnaire focuses on four key areas of corporate climate change management: risks and opportunities; greenhouse gas (GHG) emissions accounting; performance; and governance. These questions provide companies with an opportunity to identify the strengths and current limitations in their management of climate change related issues.

CDP 2009 Highlights

Improved response rate in South Africa despite the economic downturn. South Africa's third CDP generated a response rate of 68% (as compared with last year's 59%), ranking South Africa as the fifth highest CDP response rate internationally. This suggests that, notwithstanding short-term concerns and the pressures associated with the economic downturn, climate change remains sufficiently high on the agenda.

General improvement in response rate across most sectors. While the more carbon-intensive sectors – such as Energy, Industrials and Materials – continue to display the highest response rates, it is encouraging to see that certain sectors that may be less obviously exposed to climate risk nevertheless have reasonable response rates, and that there has been positive progress since 2008.

Concerns remain, however, regarding the poor response rate of certain sectors. Certain sectors continue to have fairly low response rates, including most noticeably Food Products (only one out of six responded publicly; and one non-publicly); Real Estate (only two out of nine companies responded publicly; two non-publicly); and Leisure Entertainment & Hotels (neither of the two companies responded).

Improved levels of disclosure evident on most key issues. Disclosure levels have improved across all the key issues – namely risks and opportunities, GHG emissions and energy use, GHG reduction targets and activities, and climate governance practices – with the disclosure of emission figures showing the greatest year-on-year improvement. The low number of companies with emissions forecasts remains an area of concern.

87% of responding companies disclosed their GHG emissions.

This is an important increase on last year's 77% disclosure rate, and is accompanied by a significant increase in the disclosure of Scope 3 emissions across most sectors, as well as in the reporting of emissions intensity data. There has also been an increase in the number of companies verifying their data (24 compared with 13 last year), and in those reporting on their emissions in annual and/or sustainability reports (50 companies as compared with 34).

Growing awareness among South African companies of the risks and opportunities of climate change, although much of this remains at a general level. While most responding companies recognise that climate change will entail potentially significant regulatory, physical and general risks and opportunities for their operations, few companies show evidence of being rigorous in quantifying the potential financial implications of climate change. Questions remain regarding the extent to which companies are responding at a sufficiently strategic level to the risks and opportunities that they identify.

Increase in the number of companies with GHG emissions and/or energy reduction targets. This year 20 companies have GHG emissions targets, while 11 are in the process of defining such targets. Last year only 12 companies reported having GHG targets. Twenty-two companies have energy reduction targets. Questions remain, however, regarding the level of ambition of these targets, both in the context of global and national emissions reduction requirements and recent studies on what may be technologically and economically feasible.

Focus on energy efficiency measures; scope remains for further investment in renewables. There has been a noticeable increase in disclosure on emissions reduction activities, with the greatest focus

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Table 1: CDP 2009: Overview of company responses

Sector (Sub-sector)	Company	2009	2008	2007	Scope 1 (tCO ₂ -e)	Scope 2 (tCO ₂ -e)	Scope 3 (count)	Verified	GHG targets
Consumer									
Beverages & Tobacco	British American Tobacco	IN	AQ	AQ					
Beverages & Tobacco	Distell Group	DP	-						
Beverages & Tobacco	SABMiller	AQ	AQ	AQ	1,513,037 *	830,147 *	X	X	X
Containers & Packaging	Nampak	AQ NP	AQ NP	-	np	np	np	np	np
Food & Drug Retailing	Pick n Pay Holdings	AQ	AQ	AQ	32,589 *	613,000 *	X		X
Food & Drug Retailing	Shoprite Holdings	DP	DP	-					
Food & Drug Retailing	The Spar Group	NR	DP	-					
Food & Drug Retailing	Woolworths Holdings	AQ	AQ	-	58,883 *	288,229 *	X	X	X
Food Products	Avi	DP	AQ NP	-					
Food Products	Illovo Sugar	DP	AQ	-					
Food Products	Pioneer Food Group	NR	-	-					
Food Products	Rainbow Chicken	AQ NP	AQ NP	-	np	np	np	np	np
Food Products	Tiger Brands	DP	NR	AQ					
Food Products	Tongaat Hulett	AQ	NR	-	271,804 *	242,504 *	X	X	
Household & Personal Products	Steinhoff International Holdings	AQ NP	AQ	AQ	np	np	np	np	np
Media & Photography	Caxton CTP Publishers and Printers	AQ	DP	-	2,170 *	19,106 *	X		
Media & Photography	Naspers	NR	NR	IN					
Multiline Retail	Massmart Holdings	AQ	AQ	-	5,916 *	250,257 *	X		X
Multiline Retail	Mr Price Group	DP	DP	-					
Speciality Retail	JD Group	NR	DP	-					
Speciality Retail	Lewis Group	DP	NR	-					
Speciality Retail	New Clicks Holdings	AQ NP	AQ	-	np	np	np	np	np
Textiles, Apparel & Luxury Goods	Foschini	AQ NP	DP (IN)	-	np	np	np	np	np
Textiles, Apparel & Luxury Goods	Truworths International	AQ NP	AQ	-	np	np	np	np	np
Energy									
Energy	Sasol	AQ	AQ	AQ	62,966,000 *	9,714,000 *	X	X	X
Financials									
Banks - Africa	Absa Group	AQ	AQ	AQ		205,656 *	X	X	
Banks - Africa	African Bank Investments	AQ NP	NR	NR	np	np	np	np	np
Banks - Africa	Nedbank Group	AQ	AQ	AQ	1,222 *	95,750 *	X	X	X
Banks - Africa	RMB Holdings - see FirstRand	AQ	AQ	-	-	-	-	-	-
Banks - Africa	Standard Bank Group	AQ	AQ	AQ	6,107 *	159,225 *	X	X	
Diversified Financials	Hosken Consolidated Investments	DP	-	-					
Diversified Financials	Investec SA (See Investec)	AQ	-	-	-	-	-	-	-
Diversified Financials	Old Mutual	AQ	AQ	AQ NP	5,822 *	519,431 *	X		X
Diversified Financials	Investec	AQ	AQ NP	AQ NP	IN	IN	X	X	
Diversified Financials	JSE	AQ	AQ	-					
Financial services	Discovery Holdings	AQ	AQ	-					
Financial services	FirstRand	AQ	AQ	AQ NP	25,063 *	371,218 *	X		
Insurance - Africa	Liberty Holdings (inc Liberty Life Group)	AQ	AQ	NR	3,715 *	40,608 *	X	X	X
Insurance - Africa	Metropolitan Holdings	AQ	AQ NP	-	3,184 *	36,392 *	X		
Insurance - Africa	Sanlam	AQ	AQ NP	AQ NP	40 *	27,700 *	X		X
Insurance - Africa	Santam	AQ	AQ	-	1 *	3,814 *	X		X
Leisure Entertainment & Hotels	Gold Reef Resorts	NR	NR	-					
Leisure Entertainment & Hotels	Sun International	NR	DP	-					
Real Estate	Apexhi Properties	NR	NR	-					
Real Estate	Emira Property Fund	AQ NP	DP	-	np	np	np	np	np
Real Estate	Fountainhead Property Trust	AQ NP	DP	-	np	np	np	np	np
Real Estate	Growthpoint Properties	AQ	NR	-	75 *	1,272 *	X		
Real Estate	Hyprop Investments	NR	-	-					
Real Estate	Pangbourne Properties	NR	DP	-					
Real Estate	Redefine Income Fund	AQ	AQ	-					
Real Estate	Resilient Property Income Fund	NR	-	-					
Real Estate	SA Corporate Real Estate Fund	NR	NR	-					
Real Estate Management	Liberty International	AQ	AQ	NR	6,366 *	37,623 *	X	X	X

Sector (Sub-sector)	Company	2009	2008	2007	Scope 1 (tCO ₂ -e)	Scope 2 (tCO ₂ -e)	Scope 3 (count)	Verified	GHG targets
Health Care									
Health Care Providers & Services	Medi-Clinic Corporation	AQ	AQ	-	11,915 *	141,356 *	X	X	
Health Care Providers & Services	Netcare	AQ	AQ	AQ	36,131 *	252,203 *	X	X	X
Pharmaceuticals	Aspen Pharmacare Holdings	AQ NP	NR	-	np	np	np	np	np
Pharmaceuticals	Adcock Ingram Holdings	NR	-						
Industrials									
Construction & Engineering	Aveng	AQ NP	DP	-					
Construction & Engineering	Murray and Roberts Holdings	AQ	AQ	-	1,112,354	257,621	X		
Construction & Engineering	Wilson Bayly Holmes-Ovcon	AQ NP	DP	-	np	np	np	np	np
Diversified Industrial	The Bidvest Group	AQ	AQ	AQ	269,076 *	277,028 *	X		
Industrial	Barloworld	AQ	AQ NP	NR	126,145	85,863		X	
Industrial	Pretoria Portland Cement Company	AQ	AQ	AQ	5,453,949 *	558,010 *			X
Industrial	Remgro	AQ NP	AQ	DP	np	np	np	np	np
Industrial Conglomerates	Reunert	AQ	AQ NP	AQ NP					
Trading Companies & Distributors	Grindrod	DP	DP	-					
Trading Companies & Distributors	Imperial Holdings	AQ	AQ	DP	795,602	182,671			
Trading Companies & Distributors	Trencor	DP	DP	-					
IT & Telecommunications									
Electronic Equipment & Instruments	Allied Electronics Corporation (Altron)	AQ	AQ	-	12,298 *	114,972 *	X		
IT Consulting & Services	Dimension Data Holdings	AQ	AQ	NR	12,409 *	55,186 *	X		
Services	Net 1 Ueps Technologies Inc	DP	-	-					
Telecommunication Services	Allied Technologies	NR	AQ	-					
Telecommunication Services	MTN Group	AQ	AQ	AQ	8,100	240,827			
Telecommunication Services	Telkom SA	AQ late	DP	DP					
Materials									
Chemicals	AECI	AQ NP	NR	-	np	np	np	np	np
Chemicals	African Oxygen (see Linde Group)	AQ	AQ	-	-	-	-	-	-
Materials	Uranium One	NR	AQ	-					
Metals & Mining	African Rainbow Minerals	NR	AQ	-					
Metals & Mining	Anglo American	AQ	AQ	AQ	9,620,000 *	10,177,000 *		X	X
Metals & Mining	Anglo Platinum	AQ	AQ	AQ	493,312 *	4,993,136 *	X	X	X
Metals & Mining	AngloGold Ashanti	AQ	AQ	AQ	1,414,817 *	3,464,083 *	X	X	X
Metals & Mining	Aquarius Platinum	AQ	AQ	AQ	57,676 *	486,348 *			
Metals & Mining	BHP Billiton	AQ	AQ	AQ	23,093,870	28,798,955	X	X	X
Metals & Mining	Exxaro Resources	AQ	AQ	NR	674,403 *	1,601,994 *	X	X	
Metals & Mining	First Uranium Corporation	DP	-	-					
Metals & Mining	Gold Fields	AQ	AQ	AQ NP	1,143,188 *	4,527,119 *	X		X
Metals & Mining	Harmony Gold Mining Company	AQ	AQ	AQ	83,584 *	4,143,503 *	X		X
Metals & Mining	Impala Platinum Holdings	AQ	AQ	AQ	405,354 *	2,699,297 *		X	X
Metals & Mining	Kumba Iron Ore	AQ	AQ	NR	202,467	362,738		X	X
Metals & Mining	Lonmin	AQ	AQ	AQ	75,850 *	1,583,253 *		X	X
Metals & Mining	Northam Platinum	AQ	AQ	-	17,364 *	739,365 *	X		
Metals & Mining	Wesizwe Platinum	DP	AQ	-					
Paper & Forest Products	Mondi Limited (see Mondi)	AQ	AQ	-	-	-	-	-	-
Paper & Forest Products	Mondi	AQ	AQ	-	4,435,000 *	1,568,000 *	X	X	X
Paper & Forest Products	Sappi	AQ	AQ	AQ	5,198,854 *	1,755,190 *		X	X
Steel	ArcelorMittal SA	AQ	AQ	NR	12,420,730 *	3,756,528 *	X		X
Steel	Assore	DP	-	-					
Steel	Highveld Steel And Vanadium	DP	DP	-					
Steel	Hulamin	AQ NP	AQ NP	-	np	np	np	np	np
TOTAL					134,389,565	84,109,037	41	24	27

AQ Answered Questionnaire **AQ NP** Answered Questionnaire but declined permission to make this public

DP Declined to Participate **AQ late** Answered Questionnaire but submitted after the deadline

np Not public data

NR No Response

IN Provided Information

' - ' Company not included in the sample

GHG targets lists companies with existing emissions and/or energy targets. The total includes the count for not public companies but is less than the 41 (65%) in the key trend analysis as it excludes companies that are still in the process of defining targets.

* The reported quantitative emissions data must be read with the explanatory information provided in Tables 5, 6 and 7. The total for each GHG Scope includes emissions from not public companies and an effort has been made to correct for double accounting.

being on energy efficiency initiatives. While there has also been increased investment in renewable energy opportunities, the level of investment remains small, particularly compared with recent international developments and in the context of estimated investment opportunities in the country.

Limited evidence of climate adaptation strategies. It appears that local companies are insufficiently advanced in their adaptation initiatives; while this may be partly a result of the nature of the CDP questionnaire, which focuses predominantly on mitigation activities, it is suggested that there be scope for a more structured focus by companies on adaptation opportunities.

Indications that climate change issues are increasingly integrated in companies' governance activities. Fifty-four companies (86% of respondents) report having a Board Committee or executive body with responsibility for climate change; 19 companies (30%) provide incentives to management on achievement of climate change goals. While there are indications that companies have increased their focus on partnership opportunities, valuable additional possibilities remain.

A few carbon-intensive companies continue to dominate South Africa's direct GHG emissions. South Africa's estimated total emissions from all sources is approximately 440 million metric tonnes of CO₂-e. For the 55 JSE companies that reported their emissions – including from those companies whose emissions have not been made public – total Scope 1 emissions (i.e. excluding emissions associated with electricity usage) for the South African operations is 101 million metric tonnes of CO₂-e. In terms of direct local emissions, the data highlights the predominant contribution of *Sasol* (with reported annual emissions of 61 million metric tonnes of CO₂-e), followed by *ArcelorMittal SA* (12.4 million metric tonnes), *BHP Billiton* (4.5 million metric tonnes), and *Anglo American* (3.4 million metric tonnes). *Eskom*'s reported emissions are 220 million metric tonnes.

Electricity use dominates most companies' emissions. For most companies and sectors, electricity usage remains a dominant source of emissions, underlining the significant

Table 2: Carbon Disclosure Leadership Index: JSE 100

Rank	Company	Sector	Score
1	Nedbank Group	Financial	90
2	The Bidvest Group	Industrials	83
2	Woolworths Holdings	Consumer	83
4	BHP Billiton	Materials	82
5	Gold Fields	Materials	79
5	Sappi	Materials	79
7	AngloGold Ashanti	Materials	75
7	Santam	Financial	75
9	Dimension Data Holdings	IT & Telecomms	74
9	Old Mutual	Financial	74
9	Sanlam	Financial	74
12	Anglo Platinum	Materials	73
12	Exxaro Resources	Materials	73
14	Northam Platinum	Materials	72
14	Netcare	Health Care	72
16	Sasol	Energy	71

Note: Incite Sustainability undertook the scoring for the South African CDLI (2009) based on the CDLI scoring methodology 2009 (www.cdproject.net/carbon-disclosure-leadership-index.asp) and on additional guidance provided by the CDP in the scoring of the Global 500 (collectively referred to as the "methodology"). KPMG provided a third party review on the application of the methodology. This work included assessing a sample of responses against the methodology and reviewing the integrity of the allocated score. Any deviations from the methodology were raised and appropriately resolved. On this basis, Incite Sustainability and the CDP are confident that the methodology has been consistently applied.¹

impact that decisions relating to the nature of the *Eskom* generation mix will have on corporate efforts to reduce emissions.

The South African Carbon Disclosure Leadership Index

The Carbon Disclosure Leadership Index (CDLI) has been developed to identify companies with outstanding disclosure practices. This assessment is based on the quality of the disclosure by companies in their response to the CDP questionnaire, and is not necessarily a reflection of the quality of the company's performance in addressing climate change issues. This year the top 16 companies constituted an evident cluster of leaders, with a clear break between their scores and the remaining responding companies; the number of companies included in the CDLI may change year-on-year depending on the nature of the responses.

This year *Nedbank Group* qualified as the overall leader with a score of 90 points, followed by *The Bidvest Group* and *Woolworths Holdings* (83) and *BHP Billiton* (82). This shows

some consistency with last year's performance where *Woolworths Holdings* ranked top in the low-carbon category and *BHP Billiton* qualified as the overall leader in the carbon-intensive category. Last year *Nedbank Group* ranked fourth in the low-carbon sector, while *The Bidvest Group* ranked tenth in the carbon-intensive sector.

In general the results are comparable with CDP6 (2008), reflecting a similar breakdown in sectoral representation, with many of the same companies appearing again. Top performers in terms of disclosure tend to come from the Materials and Energy sector (eight of the top 16), followed by the Financial sector (four of the top 10).

New entrants this year amongst the top 16 companies include: *Sappi*, *Old Mutual*, *Sanlam*, *Santam*, *Anglo Platinum* and *Netcare*.

1. In some instances there were minor deviations between the scoring by KPMG of some companies undertaken as part of the South African CDLI compared to the scoring undertaken for these same companies as part of the Global 500 CDLI. In such instances, the scoring was not changed as the CDP Global 500 report had already been published.