

# Carbon Disclosure Project 2010 South Africa JSE 100



On behalf of 534 investors with assets of US\$ 64 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. This is done to encourage them to integrate climate change considerations into their business strategy.

This year, CDP sent questionnaires to more than 4,500 of the world's largest corporations. In line with what are seen to be the key elements of an effective climate change strategy, the CDP questionnaire focuses on four areas: climate change governance practices; risk and opportunity identification; GHG emissions accounting; and performance. Incite Sustainability, on behalf of the National Business Initiative (NBI), has analysed the responses from the 74 of the 100 largest corporations on the South African JSE that chose to voluntarily participate in CDP 2010. The outcomes of this analysis are presented in the *CDP South Africa 2010* report. This report, along with the corporations' individual responses and the other regional reports, is freely available at [www.cdproject.net](http://www.cdproject.net).

## CDP 2010 Highlights

### *Improved response rate in South Africa despite the economic downturn*

- **South Africa's fourth CDP generated a response rate of 74%** (up from last year's 68%), ranking the South African response as the joint fourth 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 South African corporate 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. There has been further positive progress in response rates across most sectors since 2008.

- **Concerns remain, however, regarding the poor response rate of certain sectors.**

Certain sub-sectors continue to have fairly low response rates, including, most noticeably, Real Estate (only two out of twelve companies responded and three companies that participated last year declined participation this year); Food Products (two out of the five declining for the second consecutive year); and Hotels & Resorts (neither of the two companies responded).

### *Improved levels of disclosure is evident on most key issues*

- **The level of disclosure on most issues showed valuable improvement since 2009.** Disclosure levels have improved across all key issues – namely, risks and opportunities, GHG emissions, GHG reduction targets and activities, and climate governance practices. The level of disclosure of emission figures has shown the greatest year-on-year improvement.
- **94% of responding companies disclosed their GHG emissions.** This compares with 77% of the responding JSE 100 companies that were measuring their carbon footprint two years ago, and only 52% of the responding JSE Top 40 companies in 2007. This increase has been accompanied by a significant increase in the disclosure of indirect 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 (29 compared with 24 last year), and in those reporting on their emissions in annual and/or sustainability reports (61 companies as compared with 50).

- **Growing awareness among South African companies of the risks and opportunities of climate change, although often 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. Some 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 number of companies with GHG emissions reduction targets.** This year, 31 companies have specific performance targets relating to GHG emissions reduction, while 22 have committed to developing such targets. Last year, 20 companies reported having GHG targets.

- **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, there is nevertheless seen to be scope for a more structured focus by companies on adaptation opportunities.

### *Increased evidence of partnerships and climate change governance practices*

- **Climate change issues appear to be increasingly integrated in companies' governance activities.** Sixty-eight companies (96% of respondents) report having a Board Committee or executive body with responsibility for climate change, and 36 companies (51%) provide incentives to management on achievement of climate change goals (an increase of 20% from last year). While there are indications

that companies have increased their focus on partnership opportunities, valuable additional possibilities remain.

- **Continuing evidence of business partnerships.** The disappointing outcome of the Copenhagen climate negotiations highlights the need for a more collaborative approach involving business, government, labour and civil society. While it is encouraging to see evidence of South African businesses entering into partnerships – with colleagues, critics and competitors – there is scope for further developments in this area.

### South Africa's industrial GHG emissions continue to be dominated by a few companies

- **A few carbon-intensive companies continue to dominate South Africa's direct ('Scope 1') GHG emissions.** South Africa's total GHG emissions from all sources has been estimated at approximately 500 million metric tonnes of CO<sub>2</sub>-e. For the 67 JSE companies that reported their emissions – including those companies whose responses have not been made public – the total direct emissions (i.e. excluding emissions associated with electricity usage) for South African operations is 98 million metric tonnes of CO<sub>2</sub>-e. In terms of direct local emissions, the data highlights the predominant contribution of *Sasol* (with reported annual direct emissions of 60 million metric tonnes of CO<sub>2</sub>-e), followed by *ArcelorMittal SA* (10.7 million metric tonnes), *Pretoria Portland Cement Co* (5.1 million metric tonnes) and *Sappi* (4.8 million metric tonnes). Eskom's publicly reported calculated emissions of carbon dioxide for the year ending March 2010, is 224.7 million tonnes,<sup>1</sup> constituting around 45% of total estimated South African emissions.
- **There are some encouraging signs regarding efforts to reduce emissions within companies' sphere of influence.** While it is important to track the performance of the larger direct emitters, this should not be at the cost of losing focus on those companies that have the

potential to inform the behaviour of organisations and individuals within their sphere of influence. Banks, for example, might have comparatively small direct emissions, but, collectively, can exert a material influence on the performance of the broader business sector; large purchasers often have a similar ability to effect change through their supply chain. Although it is encouraging to see an increase in the accounting of indirect emissions, there remains potential for an improved understanding of the risks, opportunities and possible mitigation measures throughout organisations' sphere of influence.

### The Carbon Disclosure Leadership Index and Performance Rating

This year all companies that responded to the CDP questionnaire using the CDP's Online Response System have been scored according to the CDP's 2010 Rating Methodology, developed jointly by CDP and their global advisor, PricewaterhouseCoopers LLP (PwC).<sup>2</sup> Using a strict application of this methodology, Incite Sustainability has awarded a 'disclosure rating' and a 'performance rating' to each of the eligible companies, other than for those South African companies that fall within the Global 500,<sup>3</sup> which were scored exclusively by PwC. All those companies that scored more than 50 points in their disclosure rating have been included in the South African Carbon Disclosure Leadership Index (CDLI) for 2010.

The results for the CDLI are broadly comparable with CDP 2009, reflecting a similar breakdown in sectoral representation with many of the same companies appearing. As with previous years, the best performers in terms of disclosure tend to come from the Materials and Energy sector (eight of the top 20), followed by the Financials sector (with five of the top 20). This year, *Gold Fields* and *FirstRand* qualified as the joint overall leaders with 93 normalised points, followed in joint second place by *Anglo Platinum* and *Medi-Clinic Corporation* with 89 points.

<sup>2</sup> The methodology is explained at [www.cdproject.net/en-US/Respond/Pages/CDP-Investors.aspx](http://www.cdproject.net/en-US/Respond/Pages/CDP-Investors.aspx)

<sup>3</sup> The following companies fall within the CDP 2010 Global 500 sample and were scored by PwC: *Anglo American*, *Anglo Platinum*, *AngloGold Ashanti*, *BHP Billiton*, *Compagnie Financière Richemont*, *Capital Shopping Centres Group PLC*, *Dimension Data Holdings*, *Investec*, *Lonmin*, *MTN Group*, *Naspers*, *Old Mutual*, *SABMiller*, *Sasol* and *Standard Bank Group*.

Of the fifteen South African companies that form part of the Global 500, one company (*Anglo Platinum*) made it into the Global 500 CDLI. *Sasol* also receives specific mention in the Global 500 report, being one of the five highest scoring companies based in developing countries; the others are *Anglo Platinum* (South Africa), *Samsung Electronics* (South Korea), *POSCO* (South Korea), and *VALE* (Brazil).

Following the success of the performance scoring system that was piloted last year, an assessment of performance has been formally included in the CDP 2010 Rating Methodology. The 'performance rating' is a new metric and will continue to develop over future reporting cycles. Performance points have been awarded where a company highlights that it is undertaking, or has undertaken, a 'positive' climate change action that contributes to climate change mitigation, adaptation and transparency. The rating is limited in its consideration of the materiality of actions relative to a company's sector and business; answers are considered equally, irrespective of sector. Rather than disclosing the individual ratings, the ratings were used to assign companies to one of four Performance Bands: Leading, Fast Following, On the Journey, and Just Starting.

### Engaging Investors

Earlier this year, well known US investor, Jeremy Grantham, wrote in one of his highly regarded quarterly newsletters, that climate change "will be the most important investment issue for the foreseeable future." An important goal of the CDP process is to encourage greater engagement of the investment community on this issue, as they have the capacity to effect meaningful change, both by being selective in where to invest, and by asking probing questions of those companies in which they choose to invest. Although the CDP process is an investor-driven process – and from the start has had the support of some forward-looking institutional investors – there remains scope for the local investment community to become more actively engaged on climate change issues and to exert greater pressure through their investment activities.

It is hoped that the information provided in this year's CDP report will be useful in assisting investors, and the companies in which they invest, to fulfil their fiduciary responsibilities. This should help them address the climate change challenge more effectively.

## CDP 2010 - Overview of company responses

Sector (Sub-sector)	Company	CDP 2010	CDP 2009	CDP 2008	Scope 1 (t CO <sub>2</sub> -e)	Scope 2 (t CO <sub>2</sub> -e)	Scope 3	Verified	GHG Target	Disclosure Score (%)	Performance Band
<b>Consumer</b>											
Apparel & Luxury Goods	Compagnie Financière Richemont SA	AQ np	/	/							
Apparel Retail	Mr Price Group	AQ np	DP	DP							
Brewer	SABMiller	AQ	AQ	AQ	1,449,442	1,182,614	Yes	No	Yes	65	B
Department Stores	Massmart Holdings	AQ	AQ	AQ	19,775	271,534	Yes	No	Yes	76	B
Department Stores	New Clicks Holdings	AQ	AQ np	AQ	5,943	90,499	Yes	Yes	No	83	C
Food Products	Illovo Sugar	DP	DP	AQ							
Food Products	Pioneer Food Group	DP	NR	/							
Food Products	Rainbow Chicken	AQ	AQ np	AQ np	120,296	321,065	Yes	No	No	84	C
Food Products	Tiger Brands	AQ	DP	NR	470,522	274,972	Yes	No	No	68	C
Food Products	Tongaat Hulett	AQ	AQ	NR	787,711	309,388	Yes	No	No	64	C
Food Retailing	Pick n Pay Holdings	AQ	AQ	AQ	155,098	586,268	Yes	No	Yes	77	B
Food Retailing	Shoprite Holdings	DP	DP	DP							
Food Retailing	The Spar Group	AQ	NR	DP	33,134	35,925	Yes	No	Yes	73	C
Food Retailing	Woolworths Holdings	AQ	AQ	AQ	27,706	329,024	Yes	Yes	Yes	83	A
Homefurnishing Retail	JD Group	DP	NR	DP							
Homefurnishing Retail	Lewis Group	AQ np	DP	NR							
Hotels, Resorts & Cruise lines	Gold Reef Resorts	NR	NR	NR							
Hotels, Resorts & Cruise lines	Sun International	DP	NR	DP							
Packaged Foods & Meats	Astral Foods	DP	/	/							
Packaged Foods & Meats	Avi	DP	DP	AQ np							
Packaged Foods & Meats	Oceana	AQ	/	/	161,323	68,575	Yes	Yes	No	82	C
Personal Products	Steinhoff International Holdings	AQ np	AQ np	AQ							
Publishing	Caxton CTP Publishers & Printers	AQ	AQ	DP	14,993	95,758	Yes	Yes	No	72	C
Publishing	Naspers	AQ np	NR	NR							
Textiles, Apparel & Luxury Goods	Foschini	AQ np	AQ np	DP							
Textiles, Apparel & Luxury Goods	Truworths International	AQ	AQ np	AQ	462	75,022	Yes	No	No	73	C
<b>Energy</b>											
Energy	Sasol	AQ	AQ	AQ	61,768,000	9,553,000	Yes	Yes	Yes	84	B
<b>Financials</b>											
Asset Management & Custody Banks	Reinet Investments	DP	/	/							
Diversified Banks	Absa Group	AQ	AQ	AQ	23,957	364,901	Yes	Yes	Yes	64	C
Diversified Banks	African Bank Investments	DP	AQ np	NR							
Diversified Banks	Investec plc – See Investec	AQ	AQ	AQ np							
Diversified Banks	Investec (incl. Investec plc)	AQ	AQ	/	2,206	38,644	Yes	No	No	45	
Diversified Banks	Nedbank	AQ	AQ	AQ	429	167,754	Yes	Yes	Yes	88	A
Diversified Banks	RMB Holdings – See FirstRand	AQ	AQ	AQ							
Diversified Banks	Standard Bank Group	AQ	AQ	AQ	10,284	138,894	Yes	Yes	No	74	B
Financial services	FirstRand Limited	AQ	AQ	AQ	12,215	211,543	Yes	Yes	Yes	93	B
Insurance Brokers	Liberty Holdings	AQ	AQ	AQ	3,116	42,437	Yes	Yes	No	76	C
Insurance Brokers	Metropolitan Holdings	AQ	AQ	AQ np	982	30,973	Yes	No	No	72	C
Insurance Brokers	Old Mutual	AQ	AQ	AQ	6,946	598,639	Yes	No	Yes	82	B
Insurance Brokers	Sanlam	AQ	AQ	AQ np	36	38,651	Yes	No	Yes	86	B
Insurance Brokers	Santam	AQ	AQ	AQ	2	3,753	Yes	No	Yes	79	C
Diversified Financial services	Discovery Holdings	AQ	AQ	AQ	1,275	98,851	Yes	No	No	70	C
Diversified Financial services	Hosken Consolidated Investments	AQ	DP	/	75,832	280,130	No	No	No	78	D
Diversified Financial services	JSE	AQ np	AQ	AQ							
Other Diversified Financial Services	Remgro	AQ	AQ np	AQ	303,616	349,311	Yes	No	No	85	B
Real Estate	Acucap	DP	/	/							
Real Estate	Emira Property Fund	DP	AQ np	DP							
Real Estate	Fountainhead Property Trust	DP	AQ np	DP							
Real Estate	Growthpoint Properties	AQ	AQ	NR	268	956	No	No	No	46	
Real Estate	Hyprop Investments	DP	NR	/							
Real Estate	Pangbourne Properties	DP	NR	DP							
Real Estate	Redefine Income Fund	DP	AQ	AQ							
Real Estate	Resilient Property Income Fund	DP	NR	/							
Real Estate	SA Corporate Real Estate Fund	DP	NR	NR							
Real Estate	Sycom	DP	/	/							
Real Estate	Capital Shopping Centres (previously Liberty International)	AQ	AQ	AQ	6,961	43,742	No	Yes	Yes	49	
Real Estate	Capital Property Fund	DP	/	/							

Sector (Sub-sector)	Company	CDP 2010	CDP 2009	CDP 2008	Scope 1 (t CO <sub>2</sub> -e)	Scope 2 (t CO <sub>2</sub> -e)	Scope 3	Verified	GHG Target	Disclosure Score (%)	Performance Band
<b>Health Care</b>											
Health Care Providers & Services	Medi-Clinic Corporation	AQ	AQ	AQ	11,804	154,237	Yes	Yes	No	89	B
Health Care Providers & Services	Netcare Limited	AQ	AQ	AQ	27,906	366,360	Yes	Yes	Yes	81	C
Pharmaceuticals	Adcock Ingram Holdings	AQ	NR	/	12,616	27,130	Yes	No	No	68	C
Pharmaceuticals	Aspen Pharmacare Holdings	DP	AQ np	NR							
<b>Industrials</b>											
Construction & Engineering	Aveng	AQ np	AQ np	DP							
Construction & Engineering	Group Five	AQ	/	/	803,177	185,506	Yes	No	No	74	C
Construction & Engineering	Murray and Roberts Holdings	AQ	AQ	AQ	513,739	286,767	Yes	No	No	84	B
Construction & Engineering	Raubex	DP	/	/							
Construction & Engineering	Wilson Bayly Holmes-Ovcon	AQ	AQ np	DP	58,024	32,737	Yes	No	No	65	D
Electrical Components & Equip	Reunert	AQ np	AQ	AQ np							
Industrial Conglomerate	The Bidvest Group	AQ	AQ	AQ	277,009	387,943	Yes	No	Yes	77	B
Industrial Machinery	Barloworld	AQ	AQ	AQ np	115,241	91,148	No	Yes	Yes	80	A
Trading Companies & Distributors	Grindrod	AQ	DP	DP	321,199	7,010	Yes	No	Yes	61	C
Trading Companies & Distributors	Imperial Holdings	AQ	AQ	AQ	758,011	156,468	No	No	No	71	C
Trading Companies & Distributors	Trencor	DP	DP	DP							
<b>IT &amp; Telecomms</b>											
Electronic Equipment & Instruments	Allied Electronics Corporation (Altron)	AQ	AQ	AQ	11,562	42,688	Yes	No	No	81	C
Integrated Telecomm services	Telkom SA	DP	AQ	DP							
Internet Software services	Datatec	NR	/	NR							
Internet Software services	Dimension Data Holdings	AQ	AQ	AQ	13,107	67,533	Yes	No	Yes	80	B
Technology Distributors	The Blue Label Telecomms	AQ np	/	/							
Telecommunication Services	Allied Technologies	DP	NR	AQ							
Wireless Telecomm services	MTN Group	AQ	AQ	AQ	280,246	281,201	Yes	No	No	71	C
Wireless Telecomm services	Vodacom Group	AQ	/	/	26,970	339,462	Yes	No	No	85	B
<b>Materials</b>											
Chemicals	AECI	AQ	AQ np	NR	299,114	176,980	No	No	No	36	
Construction Materials	Pretoria Portland Cement Co	AQ	AQ	AQ	5,129,030	577,990	Yes	No	Yes	73	C
Gold	AngloGold Ashanti	AQ	AQ	AQ	1,183,000	3,489,000	No	Yes	Yes	79	C
Gold	Gold Fields	AQ	AQ	AQ	1,308,764	5,093,511	Yes	Yes	Yes	93	A
Gold	Harmony Gold Mining Co	AQ	AQ	AQ	146,036	3,444,600	Yes	Yes	Yes	74	B
Industrial Gases	African Oxygen - See Linde Group	AQ	AQ	AQ	5,400,000	9,000,000	Yes	Yes	No	71	/
Metals & Mining	African Rainbow Minerals	AQ	NR	AQ	647,720	1,735,289	No	No	No	37	
Metals & Mining	Anglo American	AQ	AQ	AQ	8,850,000	10,252,000	Yes	Yes	Yes	85	B
Metals & Mining	BHP Billiton	AQ	AQ	AQ	21,355,000	27,688,000	No	Yes	Yes	71	B
Metals & Mining	Exxaro Resources	AQ	AQ	AQ	542,000	2,238,794	Yes	Yes	Yes	87	B
Metals & Mining	Kumba Iron Ore	AQ	AQ	AQ	246,909	454,104	Yes	Yes	Yes	82	B
Metals & Mining	Lonmin	AQ	AQ	AQ	81,277	1,488,755	Yes	Yes	Yes	77	B
Paper Packaging	Mondi Group	AQ	AQ	AQ	4,420,810	1,447,991	Yes	Yes	Yes	87	B
Paper Packaging	Nampak	AQ	AQ np	AQ np	87,911	503,642	Yes	No	No	63	D
Paper Products	Sappi	AQ	AQ	AQ	4,778,698	2,118,889	Yes	Yes	Yes	75	B
Precious Metals & Mining	Anglo Platinum	AQ	AQ	AQ	427,290	5,152,793	Yes	Yes	Yes	89	B
Precious Metals & Mining	Impala Platinum Holdings	AQ	AQ	AQ	693,145	2,930,324	Yes	Yes	No	79	B
Precious Metals & Mining	Northam Platinum	AQ	AQ	AQ	15,293	645,745	Yes	Yes	No	85	B
Steel	ArcelorMittal SA	AQ	AQ	AQ	10,730,360	4,330,419	Yes	No	Yes	63	B
Steel	Highveld Steel and Vanadium Corporation	AQ	DP	DP	**	**	**	**	**	65	B
<b>TOTAL</b>	<b>100</b>	<b>74</b>					<b>56</b>	<b>29</b>	<b>31</b>		

VOLUNTARY (NON JSE 100) SUBMISSIONS		CDP 2010	CDP 2009	CDP 2008	Scope 1 (t CO <sub>2</sub> -e)	Scope 2 (t CO <sub>2</sub> -e)	Scope 3	Verified	GHG Target
Industrials	Airpower	AQ	/	/	68	14	No	Yes	No
Materials	Hulamin	AQ	AQ	/	299,329	224,912	No	No	No
Materials	NCS Resin	AQ	/	/	1,163	2,247	No	No	Yes

■ Answered questionnaire (AQ) \*

■ Answered questionnaire Not Public (AQ np)

■ Declined to participate (DP)

■ No response (NR)

\*\* No Emissions data

‘ / ’ Company not included in the JSE 100 sample

The reported quantitative emissions data must be read with the explanatory information provided in Table 4 in the full report. The total count includes the count for not public companies. For explanation of the Disclosure Score and Performance Band refer to Chapter 5 of the full report.