

# CDP South Africa JSE 100 Report 2011

## Partnering for a low carbon future



On behalf of 551 investors with assets of US\$ 71 trillion

### Introduction

Since 2000, the Carbon Disclosure Project (CDP) has, on behalf of its signatory 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 551 institutional investors holding US\$71 trillion in assets under management – sent questionnaires to the world's largest companies asking them to measure and report what climate change means for their business. These responses provide a valuable insight into how companies are preparing for an increasingly resource constrained world, and show a shift in company strategy to prepare better for a low-carbon economy and act on the business opportunities.

South Africa has signalled its intention to follow a low-carbon growth path and to play a leadership role among developing countries. The country is hosting the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) and the 7th Session of the Conference of the Parties serving as the meeting of the parties (CMP7) to the Kyoto Protocol, to negotiate global climate change policy. The national government is developing a climate change response strategy, and a carbon tax is being mooted to help achieve the country's mitigation objectives. South African business is also arguably demonstrating leadership by raising the profile of the importance of climate change action.

This report, prepared by Incite Sustainability on behalf of the National Business Initiative (NBI), analyses the responses from the 83 of the 100 largest corporations on the South African JSE that voluntarily participated in CDP 2011. It provides insight into how these major South

African companies are recognising and responding to the strategic risks and opportunities that climate change presents. While it is very encouraging that both performance and disclosure has improved across most of the indicators, more remains to be done to adequately address the nature and scale of the challenge.

### The CDP questionnaire

An underlying objective of the CDP is to review and assess the disclosure and action of companies and sectors against what is seen as a best practice response to the challenges of climate change. The CDP questionnaire focuses on three key areas: climate change management, risks and opportunity identification, and GHG emissions accounting and performance. These questions provide companies with an opportunity to identify the strengths and current challenges in their management of climate change issues.

### CDP 2011 Highlights

#### Improved response rate in South Africa

- **South Africa's fifth CDP information request generated a response rate of 83%** (as compared with last year's 74%), ranking the South African response rate as the second highest CDP response rate internationally. This suggests that, notwithstanding short-term concerns and the pressures associated with the economic downturn, climate change remains high on the South African corporate agenda.
- **General improvement in response rate across most sectors.** The response rates of all sectors improved except for Energy & Materials (due to new companies entering the sample for the first time). Consumer Staples and IT & Telecoms shows the greatest level of improvement.

- **Fewer concerns remain regarding the poor response rate of certain sectors.**

Certain sub-sectors continue to have fairly low response rates, including most noticeably, Real Estate (only three out of nine companies responded, although this represents an improvement on the two companies that responded in 2010); and Hotels & Resorts (the single company in the sample did not respond for the fifth consecutive year). Previous poorly responding sectors have improved, notably in the Food Products sub-sector where all companies responded. All companies in the Industrials and IT & Telecoms sectors responded.

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

- **The level of disclosure on most issues has improved since 2009, including most significantly in the identification of risks and opportunities.** Disclosure levels have improved across all key issues – namely risks and opportunities, GHG emissions, GHG reduction targets and activities, and climate governance practices. The identification of risks and opportunities has shown the greatest year-on-year improvement.
- **99% of responding companies disclosed their GHG emissions.** This is an increase on last year's 94% disclosure rate (87% in 2009), and is accompanied by an increase in the disclosure of Scope 3 emissions across most sectors, increased reporting of emissions intensity data and more transparency on climate change issues in annual and/or sustainability reports.
- **The number of companies verifying their emissions has remained static.** This year, 30 companies (38% of respondents) have verified or are in the process of verifying elements of their Scope

1 or 2 emissions; this compares with 29 (41%) companies in 2010.

- **There is 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 other 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, 40 companies (including almost all of the high emitting companies) reported having emissions reduction targets; this compares with 31 companies in 2010 and 20 in 2009. These targets comprise a mix of both absolute and intensity-based reduction targets, with significantly varying levels of ambition and time frame.
- **There has once again been an increase in disclosure on emissions reduction initiatives, with the greatest focus being on energy efficiency initiatives.** Most energy efficiency initiatives relate to processes and building services. Behavioural change is the second most common approach to reducing emissions. Reported levels of investment in emission reductions activities have increased from R 9.5 billion to R 17.9 billion. This increase is likely due to both increased investment as well as increased disclosure of investment figures.

- **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 scope for a more structured focus on adaptation opportunities. Most companies that have implemented adaptation initiatives are in the Energy & Materials and Financials sectors.

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

- **Climate change issues appear to be increasingly integrated in companies' governance activities.** Sixty-eight companies (90% of respondents) report having a board committee or executive body with responsibility for climate change; forty companies (51% of responding companies) report that they have made provision for monetary management performance incentives relating to the achievement of climate change goals and objectives. While 77% of responding companies report that climate change risks and opportunities are integrated into their overall business strategy, only 14% clearly indicate that climate change has influenced their short-term and long-term strategy.
- **Continuing evidence of business partnerships.** While it is encouraging to see evidence of South African businesses entering into partnerships – with peers, critics and competitors – there is nevertheless scope for further developments in this area along the lines of some of the progressive partnership initiatives that have been pursued for example in Europe.

**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 emissions level from all sources has been estimated at approximately 510 million metric tons of CO<sub>2</sub>e.<sup>1</sup> For the 78 JSE companies that reported their emissions – including those companies whose emissions have not been made public – the total Scope 1 emissions (i.e. excluding emissions associated with electricity usage) for the South African operations is 100.4 million metric tons of CO<sub>2</sub>e. In terms of direct local emissions, the data highlights the predominant contribution of *Sasol* (with reported annual Scope 1 emissions of 61.2 million metric tons of CO<sub>2</sub>e), followed by *Arcelor Mittal SA* (11.9 million metric tons), *Pretoria Portland Cement Co* (4.8 million metric tons), *BHP Billiton* (3.1 million metric tons), *Evraz Highveld Steel and Vanadium* (2.8 million metric tons), *Anglo American* (2.7 million metric tons), *Sappi* (2.7 million metric tons), *Harmony Gold Mining Co.* (1.5 million metric tons), *Mondi Group* (1.0 million metric tons) and *Gold Fields* (1.0 million metric tons). Placing this in context, *Eskom's* publicly reported calculated emissions of carbon dioxide for the year ending March 2011, is 230.3 million metric tons<sup>2</sup>, representing 45% of South Africa's total emissions. All companies in the JSE 100 together with *Eskom* account for 65% of the country's emissions.

**There are some encouraging signs regarding efforts to reduce emissions and promote adaptation within companies' spheres of influence.** While it is important to track the performance of the larger

<sup>1</sup> Witi, J. 2011. Department of Environmental Affairs. Personal communication, 26 September 2011.

<sup>2</sup> Eskom Integrated Report 2011: Partnering for a Sustainable Future.

**Table 2: Overview of company responses (listed by company in alphabetical order)**

| Company   | Sector                 | Sub-sector                         | CDP 2011 | CDP 2010 | CDP 2009 | Scope 1 (tCO <sub>2</sub> -e) | Scope 2 (tCO <sub>2</sub> -e) | Scope 3 | Verified | GHG Target | Disclosure Score (2010) | Performance Band |
|---|------------------------|------------------------------------|----------|----------|----------|-------------------------------|-------------------------------|---------|----------|------------|-------------------------|------------------|
| Absa Group  | Financials             | Diversified Banks                  | AQ       | AQ       | AQ       | 15,242                        | 390,635                       | Yes     | Underway | No         | 74 (64)                 | B                |
| Adcock Ingram   | Health Care            | Pharmaceuticals                    | AQ       | AQ       | NR       | 29,931                        | 27,744                        | Yes     | No       | No         | 80 (68)                 | E                |
| AECI  | Energy & Materials     | Chemicals                          | AQ       | AQ       | AQ np    | 310,892                       | 216,305                       | Yes     | Yes      | No         | 83 (36)                 | C                |
| African Bank Investments  | Financials             | Diversified Banks                  | AQ       | DP       | AQ np    | 24,328                        | 61,303                        | Yes     | No       | No         | 74                      | D                |
| African Oxygen - see Linde AG                                     | Energy & Materials     | Industrial Gases                   | AQ       | AQ       | AQ       | 583,000                       | 9,520,000                     | Yes     | Yes      | Yes        | 63 (71)                 | C                |
| African Rainbow Minerals  | Energy & Materials     | Metals & Mining                    | AQ       | AQ       | NR       | 896,529                       | 1,979,020                     | Yes     | No       | No         | 48 (37)                 | -                |
| Allied Electronics Corporation (Altron)                           | IT & Telecoms          | Electronic Equipment & Instruments | AQ       | AQ       | AQ       | 8,400                         | 222,917                       | Yes     | No       | No         | 72 (81)                 | D                |
| Allied Technologies - see Allied Electronics Corporation (Altron) | IT & Telecoms          | Telecommunication Services         | AQ       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Anglo American  | Energy & Materials     | Metals & Mining                    | AQ       | AQ       | AQ       | 9,809,076                     | 10,190,815                    | Yes     | Yes      | Yes        | 81 (85)                 | C                |
| Anglo American Platinum   | Energy & Materials     | Precious Metals & Minerals         | AQ       | AQ       | AQ       | 457,336                       | 5,154,402                     | Yes     | Yes      | Yes        | 85 (89)                 | B                |
| AngloGold Ashanti   | Energy & Materials     | Gold                               | AQ       | AQ       | AQ       | 1,215,000                     | 3,482,000                     | No      | Yes      | Yes        | 74 (79)                 | C                |
| Aquarius Platinum   | Energy & Materials     | Precious Metals & Minerals         | AQ       | /        | AQ       | 56,720                        | 519,367                       | Yes     | No       | No         | 65                      | C                |
| Arcelor Mittal SA   | Energy & Materials     | Steel                              | AQ       | AQ       | AQ       | 11,938,852                    | 4,443,096                     | Yes     | No       | Yes        | 82 (63)                 | D                |
| Aspen Pharmacare Holdings   | Health Care            | Pharmaceuticals                    | AQ       | DP       | AQ np    | 13,110                        | 34,934                        | No      | No       | No         | 64                      | E                |
| Assore  | Energy & Materials     | Steel                              | NR       | /        | DP       |                               |                               |         |          |            |                         |                  |
| Aveng   | Industrials            | Construction & Engineering         | AQ       | AQ np    | AQ np    | 146,412                       | 49,306                        | No      | No       | No         | 66                      | D                |
| Avi   | Consumer Staples       | Packaged Foods & Meats             | DP       | DP       | DP       |                               |                               |         |          |            |                         |                  |
| Barlorld  | Industrials            | Industrial Machinery               | AQ       | AQ       | AQ       | 108,864                       | 92,869                        | Yes     | Yes      | Yes        | 89 (80)                 | B                |
| BHP Billiton  | Energy & Materials     | Metals & Mining                    | AQ       | AQ       | AQ       | 19,591,969                    | 26,139,168                    | Yes     | Yes      | Yes        | 73 (71)                 | B                |
| Bidvest Group   | Industrials            | Industrial Conglomerates           | AQ       | AQ       | AQ       | 367,092                       | 316,079                       | Yes     | Yes      | Yes        | 88 (77)                 | C                |
| British American Tobacco  | Consumer Staples       | Tobacco                            | AQ       | /        | DP       | 371,610                       | 371,989                       | Yes     | Yes      | Yes        | 91                      | A                |
| Capital Property Fund   | Financials             | Real Estate                        | NR       | DP       | /        |                               |                               |         |          |            |                         |                  |
| Capital Shopping Centres Group                                    | Financials             | Real Estate                        | AQ       | AQ       | AQ       | 6,047                         | 38,504                        | No      | Yes      | Yes        | 63 (49)                 | C                |
| Capitec Bank Holdings   | Financials             | Diversified Banks                  | NR       | /        | /        |                               |                               |         |          |            |                         |                  |
| Caxton CTP Publishers & Printers                                  | Consumer Discretionary | Publishing                         | AQ       | AQ       | AQ       | 15,663                        | 113,298                       | No      | No       | Yes        | 77 (72)                 | C                |
| Clicks Group  | Consumer Discretionary | Department Stores                  | AQ       | AQ       | AQ np    | 3,226                         | 91,098                        | Yes     | Yes      | No         | 84 (83)                 | B                |
| Compagnie Financière Richemont SA                                 | Consumer Discretionary | Apparel & Luxury Goods             | AQ np    | AQ np    | AQ np    |                               |                               |         |          |            |                         |                  |
| Discovery Holdings  | Financials             | Diversified Financial Services     | AQ       | AQ       | AQ       | 4,172                         | 30,295                        | Yes     | No       | No         | 70 (70)                 | D                |
| Distell Group   | Consumer Staples       | Beverages                          | AQ       | /        | DP       | 25,854                        | 32,112                        | No      | No       | No         | 77                      | C                |
| Eastern Platinum  | Energy & Materials     | Precious Metals & Minerals         | DP       | /        | /        |                               |                               |         |          |            |                         |                  |
| Emira Property Fund   | Financials             | Real Estate                        | AQ       | DP       | AQ np    | 9                             | 300,478                       | Yes     | No       | No         | 70                      | D                |
| Evraz Highveld Steel and Vanadium                                 | Energy & Materials     | Steel                              | AQ       | AQ       | DP       | 2,799,579                     | 1,811,503                     | No      | No       | Yes        | 73 (65)                 | D                |
| Exxaro Resources  | Energy & Materials     | Metals & Mining                    | AQ       | AQ       | AQ       | 502,594                       | 2,107,933                     | Yes     | Yes      | Yes        | 94 (87)                 | A-               |
| Firstrand   | Financials             | Diversified Financial Services     | AQ       | AQ       | AQ       | 12,220                        | 309,008                       | Yes     | Yes      | Yes        | 88 (93)                 | B                |
| Fountainhead Property Trust                                       | Financials             | Real Estate                        | NR       | DP       | AQ np    |                               |                               |         |          |            |                         |                  |
| Gold Fields   | Energy & Materials     | Gold                               | AQ       | AQ       | AQ       | 1,377,194                     | 5,164,897                     | Yes     | Yes      | Yes        | 98 (93)                 | A                |
| Great Basin Gold  | Energy & Materials     | Gold                               | DP       | /        | /        |                               |                               |         |          |            |                         |                  |
| Grindrod  | Industrials            | Trading Companies & Distributors   | AQ       | AQ       | DP       | 261,561                       | 19,170                        | Yes     | Yes      | Yes        | 63 (61)                 | E                |
| Group Five  | Industrials            | Construction & Engineering         | AQ       | AQ       | /        | 69,464                        | 84,484                        | Yes     | No       | No         | 87 (74)                 | B                |
| Growthpoint Properties  | Financials             | Real Estate                        | AQ       | AQ       | AQ       | 26                            | 856                           | Yes     | No       | Yes        | 83 (46)                 | C                |
| Harmony Gold Mining Co  | Energy & Materials     | Gold                               | AQ       | AQ       | AQ       | 2,103,211                     | 3,422,823                     | Yes     | Underway | Yes        | 91 (74)                 | B                |
| Hosken Consolidated Investments                                   | Financials             | Diversified Financial Services     | AQ       | AQ       | DP       | 107,978                       | 251,740                       | Yes     | No       | No         | 78 (78)                 | D                |
| Hyprop Investments  | Financials             | Real Estate                        | NR       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Illovo Sugar  | Consumer Staples       | Food Products                      | AQ np    | DP       | DP       |                               |                               |         |          |            |                         |                  |
| Impala Platinum Holdings  | Energy & Materials     | Precious Metals & Minerals         | AQ       | AQ       | AQ       | 584,504                       | 3,108,473                     | Yes     | Yes      | Yes        | 80 (79)                 | C                |
| IMPERIAL Holdings   | Industrials            | Trading Companies & Distributors   | AQ       | AQ       | AQ       | 811,934                       | 158,626                       | No      | No       | No         | 55 (71)                 | D                |
| Investec  | Financials             | Diversified Banks                  | AQ       | AQ       | AQ       | 1,306                         | 34,305                        | Yes     | Yes      | Yes        | 81 (45)                 | B                |
| Investec plc - see Investec                                       | Financials             | Diversified Banks                  | AQ       | AQ       | AQ       |                               |                               |         |          |            |                         |                  |
| JD Group  | Consumer Discretionary | Homefurnishing Retail              | DP       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| JSE   | Financials             | Diversified Financial Services     | AQ       | AQ np    | AQ       | 0                             | 12,535                        | No      | No       | No         | 58                      | E                |
| Kumba Iron Ore  | Energy & Materials     | Metals & Mining                    | AQ       | AQ       | AQ       | 329,906                       | 507,567                       | Yes     | Yes      | Yes        | 82 (82)                 | B                |

| Company                          | Sector                 | Sub-sector                            | CDP 2011 | CDP 2010 | CDP 2009 | Scope 1 (tCO <sub>2</sub> -e) | Scope 2 (tCO <sub>2</sub> -e) | Scope 3 | Verified | GHG Target | Disclosure Score (2010) | Performance Band |
|----------------------------------|------------------------|---------------------------------------|----------|----------|----------|-------------------------------|-------------------------------|---------|----------|------------|-------------------------|------------------|
| Lewis Group                      | Consumer Discretionary | Homefurnishing Retail                 | AQ       | AQ np    | DP       | 23,800                        | 26,500                        | No      | No       | No         | 52                      | D                |
| Liberty Holdings                 | Financials             | Insurance Brokers                     | AQ       | AQ       | AQ       | 2,218                         | 41,150                        | Yes     | Yes      | No         | 71 (76)                 | C                |
| Life Healthcare Group Holdings   | Health Care            | Health Care                           | NR       | /        | /        |                               |                               |         |          |            |                         |                  |
| Lonmin                           | Energy & Materials     | Metals & Mining                       | AQ       | AQ       | AQ       | 102,130                       | 1,428,156                     | Yes     | Yes      | Yes        | 65 (77)                 | C                |
| Massmart Holdings                | Consumer Discretionary | Department Stores                     | AQ       | AQ       | AQ       | 12,164                        | 297,134                       | Yes     | No       | Yes        | 72 (76)                 | C                |
| Mediclinic International         | Health Care            | Health Care                           | AQ       | AQ       | AQ       | 15,652                        | 154,298                       | Yes     | Yes      | Yes        | 74 (89)                 | C                |
| MMI Holdings                     | Financials             | Insurance Brokers                     | AQ       | AQ       | AQ       | 1,700                         | 34,595                        | Yes     | Yes      | No         | 73 (72)                 | D                |
| Mondi - See Mondi Group          | Energy & Materials     | Paper Products                        | AQ       | AQ       | AQ       |                               |                               |         |          |            |                         |                  |
| Mondi Group                      | Energy & Materials     | Paper Products                        | AQ       | AQ       | AQ       | 4,450,294                     | 1,413,659                     | Yes     | Yes      | Yes        | 84 (87)                 | B                |
| Mr Price Group                   | Consumer Discretionary | Apparel Retail                        | AQ       | AQ np    | DP       | 3,038                         | 144,554                       | No      | No       | No         | 63                      | D                |
| MTN Group                        | IT & Telecoms          | Wireless Telecommunication Services   | AQ       | AQ       | AQ       | 744,074                       | 378,888                       | Yes     | No       | No         | 75 (71)                 | D                |
| Murray & Roberts Holdings        | Industrials            | Construction & Engineering            | AQ       | AQ       | AQ       | 301,839                       | 325,114                       | Yes     | Underway | No         | 77 (84)                 | D                |
| Mvelaphanda Resources            | Energy & Materials     | Metals & Mining                       | DP       | /        | /        |                               |                               |         |          |            |                         |                  |
| Nampak                           | Energy & Materials     | Paper Packaging                       | AQ       | AQ       | AQ np    | 137,320                       | 570,855                       | Yes     | No       | Yes        | 82 (63)                 | B                |
| Naspers                          | Consumer Discretionary | Publishing                            | AQ np    | AQ np    | NR       |                               |                               |         |          |            |                         |                  |
| Nedbank                          | Financials             | Diversified Banks                     | AQ       | AQ       | AQ       | 1,668                         | 165,313                       | Yes     | Yes      | Yes        | 96 (88)                 | A-               |
| Netcare                          | Health Care            | Health Care                           | AQ       | AQ       | AQ       | 29,436                        | 242,089                       | Yes     | Yes      | Yes        | 85 (81)                 | B                |
| Northam Platinum                 | Energy & Materials     | Precious Metals & Minerals            | AQ       | AQ       | AQ       | 14,258                        | 634,165                       | Yes     | Underway | No         | 84 (85)                 | B                |
| Old Mutual                       | Financials             | Insurance Brokers                     | AQ       | AQ       | AQ       | 10,364                        | 672,612                       | Yes     | Yes      | Yes        | 85 (82)                 | B                |
| Pangbourne Properties            | Financials             | Real Estate                           | NR       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Pick 'n Pay Holdings             | Consumer Staples       | Food Retail                           | AQ       | AQ       | AQ       | 70,092                        | 545,860                       | Yes     | No       | Yes        | 86 (77)                 | A-               |
| Pioneer Food Group               | Consumer Staples       | Food Products                         | AQ np    | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Pretoria Portland Cement Co      | Energy & Materials     | Construction Materials                | AQ       | AQ       | AQ       | 4,765,280                     | 575,369                       | Yes     | Yes      | Yes        | 76 (73)                 | C                |
| PSG Group                        | Financials             | Diversified Financial Services        | DP       | /        | /        |                               |                               |         |          |            |                         |                  |
| Redefine Properties              | Financials             | Real Estate                           | NR       | DP       | AQ       |                               |                               |         |          |            |                         |                  |
| Reinet Investments               | Financials             | Asset Management & Custody Banks      | DP       | DP       | /        |                               |                               |         |          |            |                         |                  |
| Remgro                           | Financials             | Diversified Financial Services        | AQ       | AQ       | AQ np    | 324,241                       | 300,613                       | Yes     | No       | Yes        | 80 (85)                 | A-               |
| Resilient Property Income Fund   | Financials             | Real Estate                           | NR       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Reunert                          | Industrials            | Electrical Components & Equipment     | AQ       | AQ np    | AQ       | 9,772                         | 63,700                        | No      | No       | No         | 38                      | -                |
| RMB Holdings - see Firstrand     | Financials             | Diversified Banks                     | AQ       | AQ       | AQ       |                               |                               |         |          |            |                         |                  |
| Royal Bafokeng Platinum          | Energy & Materials     | Precious Metals & Minerals            | AQ np    | /        | /        |                               |                               |         |          |            |                         |                  |
| SABMiller                        | Consumer Staples       | Brewers                               | AQ       | AQ       | AQ       | 1,144,901                     | 1,208,967                     | Yes     | Yes      | Yes        | 63 (65)                 | C                |
| Sanlam                           | Financials             | Insurance Brokers                     | AQ       | AQ       | AQ       | 41                            | 44,535                        | Yes     | Yes      | Yes        | 88 (86)                 | B                |
| Santam                           | Financials             | Insurance Brokers                     | AQ       | AQ       | AQ       | 28                            | 6,999                         | Yes     | Yes      | Yes        | 80 (79)                 | B                |
| Sappi                            | Energy & Materials     | Paper Products                        | AQ       | AQ       | AQ       | 4,648,669                     | 2,288,258                     | Yes     | Underway | Yes        | 80 (75)                 | C                |
| Sasol                            | Energy & Materials     | Energy                                | AQ       | AQ       | AQ       | 64,166,000                    | 10,815,000                    | Yes     | Yes      | Yes        | 79 (84)                 | C                |
| Shoprite Holdings                | Consumer Staples       | Food Retail                           | AQ np    | DP       | DP       |                               |                               |         |          |            |                         |                  |
| Standard Bank Group              | Financials             | Diversified Banks                     | AQ       | AQ       | AQ       | 11,195                        | 149,366                       | Yes     | Yes      | No         | 74 (74)                 | C                |
| Steinhoff International Holdings | Consumer Staples       | Personal Products                     | AQ np    | AQ np    | AQ np    |                               |                               |         |          |            |                         |                  |
| Sun International                | Consumer Discretionary | Hotels, Resorts & Cruise Lines        | NR       | DP       | NR       |                               |                               |         |          |            |                         |                  |
| Telkom SA                        | IT & Telecoms          | Integrated Telecommunication Services | AQ       | DP       | AQ late  | 50,517                        | 721,969                       | Yes     | Yes      | No         | 76                      | D                |
| The Foschini Group               | Consumer Discretionary | Apparel, Accessories & Luxury Goods   | AQ np    | AQ np    | AQ np    |                               |                               |         |          |            |                         |                  |
| The Spar Group                   | Consumer Staples       | Food Retail                           | AQ       | AQ       | NR       | 30,729                        | 41,449                        | Yes     | No       | Yes        | 85 (73)                 | C                |
| Tiger Brands                     | Consumer Staples       | Food Distributors                     | AQ       | AQ       | DP       | 302,072                       | 296,114                       | Yes     | No       | No         | 68 (68)                 | C                |
| Tongaat Hulett                   | Consumer Staples       | Food Products                         | AQ       | AQ       | AQ       | 710,379                       | 409,447                       | Yes     | Yes      | Yes        | 71 (64)                 | D                |
| Truworths International          | Consumer Discretionary | Apparel, Accessories & Luxury Goods   | AQ       | AQ       | AQ np    | 462                           | 75,022                        | Yes     | No       | No         | 69 (73)                 | E                |
| Vodacom Group                    | IT & Telecoms          | Wireless Telecommunication Services   | AQ       | AQ       | /        | 39,510                        | 306,401                       | Yes     | No       | Yes        | 81 (85)                 | B                |
| Wilson Bayly Holmes-Ovcon        | Industrials            | Construction & Engineering            | AQ       | AQ       | AQ np    | 43,275                        | 7,843                         | Yes     | No       | No         | 77 (65)                 | D                |
| Woolworths Holdings              | Consumer Staples       | Food Retail                           | AQ       | AQ       | AQ       | 29,266                        | 338,240                       | Yes     | Yes      | Yes        | 89 (83)                 | A-               |

Note: The emissions data must be read with the explanatory information provided in Appendix II in the full report.

■ AQ Answered Questionnaire     
■ AQ np Answered Questionnaire but declined permission to make this public     
■ DP Declined to Participate     
■ NR No Response     
“ / ” Company not included in the JSE 100 sample

Disclosure scores are an assessment of the quality and completeness of a company's response; they are not a measure of a company's performance in relation to climate change management.

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 they have the ability to exert a significant influence on the carbon performance of the broader business sector. Large purchasers often have a similar ability to effect change through their supply chain. Although there has been an encouraging increase in Scope 3 emissions accounting, and evidence of some companies including adaptation aspects in their community engagement initiatives, there remains further potential to promote mitigation and adaptation measures throughout organisations' spheres of influence.

### The 2011 CDP leaders

This year all companies that responded to the CDP questionnaire using the CDP's Online Response System (ORS) and that made their responses publicly available have been scored according to the CDP's 2011 scoring methodology developed with guidance from PricewaterhouseCoopers LLP (PwC) in its capacity as Global Advisor and report-writer.<sup>3</sup> In the past the methodology scored disclosure only, assessing the comprehensiveness of a company's response to CDP. Since 2010, performance scoring has been incorporated in the methodology. This has resulted in companies receiving a disclosure score and, where there is sufficient disclosure, a performance band. Incite Sustainability undertook the scoring of the South African companies, following a strict application of the CDP's 2011 scoring methodology. Those South African companies that fall within the Global

500<sup>4</sup> were scored exclusively by PwC as part of their international review.

### Recognising leadership in carbon disclosure in South Africa

The top 10% of the JSE 100 companies with the highest scores are included in the Carbon Disclosure Leadership Index (CDLI) (Table A). This index highlights leaders in terms of transparency and accountability regarding climate change related issues and the quality of their internal data management practices.

In considering the disclosure scoring and the list of companies in the CDLI, it is important to bear in mind the following issues:

- The scoring is based solely on the information disclosed in the company's CDP response; it does not consider other carbon or wider sustainability disclosures provided by companies through corporate responsibility reporting, environmental statements in annual reports, or through meetings and engagement with stakeholders and policymakers.
- The focus of the scoring is on a company's *disclosure*: while a high score suggests good internal data management practices, and is an indication of the company's transparency and accountability, it is *not* a metric of a company's performance in relation to climate change management; the scoring does not make any judgement over absolute levels of emissions, emission reduction achievements, or carbon intensity.

When comparing this year's CDLI (11 companies) to the top 10% of companies in last year's CDLI

<sup>3</sup> The methodology is explained at [www.cdproject.net/en-US/Pages/guidance.aspx#2011methodology](http://www.cdproject.net/en-US/Pages/guidance.aspx#2011methodology). All the respondents in the JSE 100 responded using the ORS.

<sup>4</sup> The following companies fall within the Global 500 sample and were scored by PwC: *Anglo American; Anglo Platinum; AngloGold Ashanti; Aquarius Platinum; BHP Billiton; British American Tobacco; Capital Shopping Centres Group; Compagnie Financière Richemont SA; FirstRand; Impala Platinum Holdings; Kumba Iron Ore; Lonmin; Mondi PLC; MTN Group; Naspers; Old Mutual; SABMiller; Sasol; and Standard Bank Group.*

**Table A: The JSE 100 CDLI**

| Rank | Company                  | Sector             | Score |
|------|--------------------------|--------------------|-------|
| 1    | Gold Fields              | Energy & Materials | 98    |
| 2    | Nedbank                  | Financials         | 96    |
| 3    | Exxaro Resources         | Energy & Materials | 94    |
| 4    | British American Tobacco | Consumer Staples   | 91    |
|      | Harmony Gold Mining Co   | Energy & Materials | 91    |
| 6    | Barloworld               | Industrials        | 89    |
|      | Woolworths Holdings      | Consumer Staples   | 89    |
| 8    | Firststrand              | Financials         | 88    |
|      | Sanlam                   | Financials         | 88    |
| 10   | The Bidvest Group        | Industrials        | 87    |
|      | Group Five               | Industrials        | 87    |

■ Companies highlighted in green are those that have been in the JSE CDLI<sup>5</sup> for three consecutive years

■ Companies highlighted in orange were not in the JSE 100 CDLI in 2010

(12 companies)<sup>6</sup> the results are remarkably different. This year the companies included in the CDLI are considerably more balanced across the different sectors. Energy & Materials, Financials and Industrials each represent three of the top 11 companies, with the remaining two companies coming from Consumer Staples. Last year there were no companies from Consumer Staples and Industrials represented in the top 10%. The shift in sector representation is primarily a result of improved disclosure in these new sectors.

### Recognising the JSE 100 best performers

The CDP has adapted the performance scoring to focus on the change in corporate performance rather than to measure the extent to which a company has a framework in place to address carbon management (which was the focus in 2010). This year, performance focuses more on measuring the ambition and success

of a company's short- and long-term actions to mitigate climate change. For the second time, all companies with a disclosure score of 50 or above received a performance band. Companies that received an A and A- performance rating are listed in Table B. This year the CDP applied more stringent criteria<sup>7</sup> for qualification on the Carbon Performance Leadership Index (CPLI), as a result of which only *British American Tobacco* and *Gold Fields* qualified for inclusion in the JSE 100 CPLI.

**Table B: The JSE 100 best performance scores**

| Company                  | Sector             | Carbon Performance Score          |
|--------------------------|--------------------|-----------------------------------|
| British American Tobacco | Consumer Staples   | A                                 |
| Gold Fields              | Energy & Materials |                                   |
| Exxaro Resources         | Energy & Materials | A-                                |
| Nedbank                  | Financials         | (Companies listed alphabetically) |
| Pick n Pay Holdings      | Consumer Staples   |                                   |
| Remgro                   | Financials         |                                   |
| Woolworths Holdings      | Consumer Staples   |                                   |

<sup>5</sup> The CDLI in 2009 included the top 16 companies and in 2010 included all those companies that scored above 50 normalised points. For the purposes of comparison, the CDLI in this analysis refers to the top 10% of companies according to their carbon disclosure scores.

<sup>6</sup> The reason why the top 10% of the JSE100 companies included 12 companies last year and 11 companies this year is due to the fact that many companies tied on the same score within the top 10% bracket. See Table 3 in the full report.

<sup>7</sup> These are explained in more detail in Box 6 on page 37 of the full report.

The performance scoring provides an indication of the extent to which companies are addressing the potential opportunities and risks presented by climate change. The carbon performance band simply recognises evidence of action, and is not a measure of how “low-carbon” a company is, an assessment of the extent to which a company's actions have reduced carbon intensity relative to other companies in its sector, or an assessment of how material a company's actions are relative to the business.