

CDP South Africa Climate Change 2017

Executive Summary

On behalf of 803 investors representing US\$ 100 trillion in assets



Executive Summary

Introduction

The Paris Agreement has provided an unmistakable signal that the transition to a low-carbon global economy is firmly underway. Despite the planned United States withdrawal from the Paris Agreement, events in 2017 entrenched the shift towards a low-carbon economy. Significant amongst these events were the reaction of states and cities to the federal withdrawal of the United States; the Task Force on Climate-Related Financial Disclosures (TCFD) recommending the inclusion of reporting on climate risk in mainstream financial disclosures; and an increased level of commitment from companies around the world to implement the Paris Agreement through platforms such as We Mean Business, a coalition supported by CDP and NBI.

Despite the federal withdrawal from the Paris Agreement, 9 states and 239 US cities have committed to meeting the obligations of the Paris Agreement. This represents roughly a third of the US economy. Combined with almost the entire remaining global economy committing to implement the Paris Agreement and with 615 companies representing US\$8.1 trillion in revenue making 1,057 commitments through the We Mean Business campaign this is a strong signal of transition.¹

Through the industry-led TCFD, The Financial Stability Board (FSB) has published a set of voluntary disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about their climate-related financial risks. The TCFD recommendations are a springboard to delivering the commitments of the Paris Agreement. Embedding climate information in all corporate financial filings will engage boards around the world. This will enable better understanding of climate exposures and better planning and preparedness for a well-below 2°C world. To support its impact, CDP will be adopting the TCFD recommendations in their entirety within the CDP disclosure platform for 2018.

In South Africa a decade of CDP data has shown South African companies responding to CDP to be consistently ahead of their responding global peers across many metrics. Last year we concluded that despite historical company performance and yet another excellent performance in 2016, there are signs that this momentum is slowing and that South African companies (along with the private sector broadly) may need to consider how to both maintain and intensify efforts to reduce emissions and address

¹ Accessed from wemeanbusinesscoalition.org in October 2017

South African companies outside the JSE 100 sample that responded to CDP

Company Name	Sector	2017 Performance	2016 Performance
Allied Electronics Corporation Ltd (Altron)	Industrials	C	B-
Aveng Ltd	Industrials	C	B-
Basil Read	Industrials	C	B-
Datatec	IT & Telecoms	C	(AQ) NP
Emira Property Fund	Financials	B	A-
Grindrod Ltd	Energy & Materials	C	B-
Group Five Ltd	Industrials	C	B
Hulamin	Energy & Materials	(AQ) NP	(AQ) NP
Murray & Roberts Holdings Limited	Industrials	B	B
Raubex Group Limited	Industrials	D	C
Royal Bafokeng Platinum Ltd	Energy & Materials	B	B
South African Post Office	Industrials	D	-
Sun International Ltd	Consumer Discretionary	C	A-
Torre Industries	Industrials	D	-
Wilson Bayly Holmes-Ovcon Ltd	Industrials	C	B-

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the impacts of climate change. In 2017, in this report, we explore this trend further. Are South African company efforts starting to falter?

The sampling context

CDP is a global not-for-profit organisation working to transform the way the world does business to prevent dangerous climate change and protect our natural resources. Its primary focus is to work with the investment community to realise a world where capital is efficiently allocated to create long-term prosperity rather than short-term gain at the expense of our environment. CDP holds the largest collection globally of self-reported climate change, water and forest-risk data. This data is gathered via annual questionnaires sent to companies on behalf of investors. This year's CDP climate change questionnaire was sent on behalf of 803 investors representing US\$100 trillion of assets. In total, more than 6300 companies disclose environmental data through CDP.

In 2016 CDP also commenced with an annual stock-take of the corporate response to the Paris Agreement, tracking the responses of an international sample of 1 839 companies. This sample is representative of the global economy, although it is weighted towards higher emitters and bigger companies. Each year to 2020, CDP will analyse the disclosures from this 'High Impact' sample, to assess the progress they are making towards the low-carbon transition. In 2017, 1073 companies from the sample responded to the request for climate disclosure from CDP, representing 12% of total global greenhouse gas emissions (GHGs), and 47% of global market capitalization.

The CDP Climate Change South African analysis is represented by an executive summary along with three separate infographics and the data analysis and reporting tools available on the CDP website (www.cdp.net). The NBI, CDP's local partner in South Africa, has traditionally used a sample of the top 100 companies by market capitalisation on the Johannesburg Stock Exchange (JSE 100). It should be noted that 2017 sees a change to this sampling methodology and this should be carefully noted

when making data comparisons across reporting years. This change has been introduced by including heavy emitters in the sample (to assist in tracking performance against the Paris Agreement) and the introduction of a disclosure fee due by companies responding to CDP. There is also a large group of companies who have not been included in the JSE 100 sample who have chosen to respond voluntarily.

This year, where possible, the NBI has included this additional data in our analysis. It is therefore important to note that there may be discrepancies between data presented on the CDP website and in the South African analysis. As a consequence, all statistics reported (except where stated otherwise) use the data reported by the 71 responding companies within the top 100 companies and 15 additional companies responding to make a total sample of 86. Percentage figures are of the 86 responding companies and not the full sample. 6 companies responded through their global parent company. It is also important to note that the responding South African based companies report operations in 95 countries around the world. The data disclosed does not necessarily represent South African emissions but rather emissions of companies headquartered in South Africa or that have a large listing on the JSE.

CDP provides a single score that assesses progress towards environmental stewardship as reported by a company's CDP response. The score assesses the level of detail and comprehensiveness of the content, as well as the company's awareness of climate change issues, management methods and progress towards action taken on climate change as reported in the response. Performance is rated in bands from A to D, with A being the highest band. CDP strengthened their scoring criteria this year which has an impact on comparability over time.

The responding companies that achieved over 80% in leadership score receive the band A and comprise the Climate A List.² This prestigious list is a record of the planet's top performing companies and spans all of the CDP samples globally.

² To acknowledge companies' positive and effective actions to mitigate risks due to climate change, water issues and deforestation, CDP recognizes organizations awarded a high leadership score via inclusion in the A List of their respective program. In order for a company to achieve A List status, companies must ensure several items are included within their response, as well as pass several checks carried out by CDP after the submission of the response. To see the full criteria, please refer to CDP's scoring introduction document.

Top performers in the Climate A List

Company Name	Sector	2017 performance	2016 performance	2015 performance	2014 performance	2013 performance
Capital & Counties Properties	Financials	A	B	B	B	C
Harmony Gold Mining Company	Energy & Materials	A	A	A	A	A
Nedbank Limited	Financials	A	A	A	A-	B

This table provides an overview of key data elements drawn from company responses. Where companies have isolated their South African emissions from their global emissions, this figure has been provided. This was not required by the CDP methodology. However, it is important to consider this information when interpreting the carbon emissions data of large

companies with global footprints. This is significant when making comparisons between different companies. The emissions data must be read with consideration of company emission exclusions and qualifying remarks, which can be made available on request.

Overview of all responses

Company	Sector	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	Scope 1 South Africa (tCO ₂ e)	Scope 1 Global (tCO ₂ e)	Scope 2 South Africa (tCO ₂ e)	Scope 2 Global (tCO ₂ e)	Scope 1& 2 South Africa (tCO ₂ e)	Scope 1 & 2 Global (tCO ₂ e)	Scope 3 (tCO ₂ e)	Number of Scope 3 Categories Reported	Verification / Assurance Status	Targets Reported
AECI Ltd Ord	Energy & Materials	B	B	97 C	91 B	87 B	399126	314780	193866	217088	503012	531868	220498	5	VAA Sc1; VAA Sc2	
African Rainbow Minerals	Energy & Materials	B	B	98 B	93 B	96 B	218143	222974	850649	850774	1068792	1073748	2614428	9	VAA Sc1; VAA Sc2	Abs
Anglo American	Energy & Materials	A-	B	96 B	95 B	96 A	1764855	8663265	6484373	8869987	8249228	17753252	230027839	11	VAA Sc1; VAA Sc2	Abs
Anglo American Platinum	Energy & Materials	A-	A	100 A-	99 A	99 A-	538253	544979	4968121	5034227	5506374	5579206	1222308	9	VAA Sc1; VAA Sc2	Abs
AngloGold Ashanti	Energy & Materials	B	B	96 C	89 C	87 B	101264	1182010	2762608	2879697	2863872	4061707	848050	5	VAA Sc1; VAA Sc2	Int
Arcelor Mittal South Africa Ltd	Energy & Materials	C	C	92 D	67 D	81 C	11047522	11047522	3251289	3251289	14298811	14298811	1111789	2	VAA Sc1; VAA Sc2	Int
Aspen Pharmacare Holdings	Health Care	B	B	96 C	89 C	87 C	6838	43588	106763	155581	113601	199169	18132,44	3	VAA Sc1; VAA Sc2	
Assore Ltd	Energy & Materials	AQ (NP)	AQ (NP)	-	-	-			161612	161612	163616	163616	4270	4	No Verification	
Attacq Ltd	Financials	B	B	0	0	0	2004	2004								
Avi Ltd	Consumer Staples	F	NR	DP	DP	DP										
Barclays Africa	Financials	B	B	97 B	86 B	83 B	19139	19139	193884	225543	213023	244682	19844	2	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Barlowski	Industrials	C	B	96 B	93 B	97 A	182396	195580	70104	77381	252500	272961	112691	2	VAA Sc1; VAA Sc2; VAA Sc3	Int
BHP Billiton	Energy & Materials	B	B	99 B	87 B	75 C	11292000		6720000			18012000	593700000	2	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Bid Corporation Ltd	Consumer Staples	F	-	-	-	-										
Bidvest Group Ltd	Industrials	F	DP	95 C	92 B	78 B										
Bratt SA	Financials	F	DP	DP	-	-										
British American Tobacco	Consumer Staples	A-	A-	99 B	91 B	94 B	19118	311172	45496	374976	64614	686148	176015	3	VAA Sc1; VAA Sc2; VAA Sc3	Int
Capital & Counties Properties	Financials	A	B	94 B	87 B	AQ (NP)	1289	1289	4645	4645	5934	5934	101935	10	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Capitec Bank Holdings Ltd	Financials	F	C	AQ (NP)	AQ (NP)	AQ (NP)										
Clicks Group Ltd	Consumer Staples	A-	A-	99 B	95 B	94 B	2147	2147	91300	92560	93447	94707	369811	3	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
Compagnie Financière Richemont SA	Consumer Discretionary	AQ	C	93 D	75 C	79 B										
Coronation Fund Managers Ltd	Financials	F	NR	NR	NR	NR										
Curro Holdings	Consumer Discretionary	F	NR	-	-	-										
Discovery Holdings Ltd	Financials	C	B	95 C	95 C	95 B	1493	1493	36553	36553	38046	38046	17892	2	VAA Sc1; VAA Sc2	Int
Distell Group Ltd	Consumer Staples	A-	A-	99 B	-	-	77102	77102	83471	83471	160573	160573	325879	3	VAA Sc1; VAA Sc2; VAA Sc3	Int
Engen Petroleum Company Ltd	Energy & Materials	F	-	-	NR	-										
EOH Holdings	IT & Telecoms	F	AQ (NP)	NR	DP	-										
Eskom	Energy & Materials	F	AQ	91 D	AQ	NR										
Exaro Resources Ltd	Energy & Materials	B	B	99 B	98 B	97 B	271657	271657	500990	500990	772647	772647	76558908	12	VAA Sc1; VAA Sc2; VAA Sc3	Int
Famous Brands Limited	Consumer Discretionary	F	DP	NR	NR	NR										
Firstrand Limited	Financials	A-	A-	99 A-	99 A	96 A	10565,83	10565,83	246329,4	258214,19	256895,23	268780,02	24847,68	3	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Fortress Income Fund	Financials	F	NR	DP	-	-										
Foschini Group Ltd	Consumer Discretionary	C	B	AQ (NP)	AQ (NP)	AQ (NP)	3404,35	3519,31	155167,77	157119,69	158572,12	160639	64442,04	6	No Verification	Int
Glencore plc	Energy & Materials	B	B	99 C	92 B	82 C	22899564	22899564	12664617	12664617	35561181	35561181	290994007	8	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
Gold Fields Limited	Energy & Materials	A-	A	100 A-	96 B	100 A-	8714	544291	525987	754543	534701	1298834	449682	10	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Growthpoint Properties	Financials	B	A-	95 C	90 B	93 A	9326	9326	2037,03	2037,03	2130,29	2130,29	832065,64	6	VAA Sc1; VAA Sc2; VAA Sc3	Int
Harmony Gold Mining Co Ltd	Energy & Materials	A	A	100 A	100 A	98 A	21261	55893	2580600	2601861	2636493	2636493	594268	2	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Hosken Consolidated Investments	Industrials	B	B	91 D	64 D	63 D	110775,95	112533,13	291550	295354,16	402325,95	407887,29	243307,32	6	No Verification	
Hyprop Investments Ltd	Financials	A-	A-	90 C	AQ (NP)	DP	7091	12973	28677	31641	35768	44614	248782	1	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Illovo Sugar Ltd	Consumer Staples	AQ (SA)	B	97 C	74 C	69 C										
Impala Platinum Holdings	Energy & Materials	B	A-	96 C	89 B	91 B	321566	381780	3286098	3286098	3116566	3667878	107511	4	VAA Sc1; VAA Sc2	Abs
Imperial Holdings	Consumer Discretionary	C	B	88 C	86 C	82 C	1042212,62	1042212,62	197391,12	1239603,74	17515,21	1239603,74	17515,21	3	VAA Sc1; VAA Sc2	
Intu Properties plc	Financials	C	C	90 C	82 C	74 B	6348	6348	31528	31528	37876	37876				
Investec Limited	Financials	B	A-	99 A	91 B	99 A	1185	1710	28942	35192	36902	36902	27604	3	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Investec plc	Financials	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)										
Investec Property Fund	Financials	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)										
Italtile Ltd	Consumer Discretionary	F	AQ (NP)	-	-	-										
ITL Ltd	Financials	C	C	88 E	-	-	24,3	24,3	8621	8621	8645,3	8645,3	1033	1	No Verification	
KAP Industrial Holdings Ltd	Industrials	F	AQ (NP)	90 D	-	-										
Kumba Iron Ore	Energy & Materials	A-	A	100 A-	95 B	98 B	511924	511924	434042	434042	945966	945966	116068074	2	VAA Sc1; VAA Sc2	Abs
Liberty Holdings Ltd (Incorporating Liberty Life Group Ltd)	Financials	C	C	68 E	AQ (NP)	82 D	2270	2270	32874	32874	35144	35144	17933	4	VAA Sc1; VAA Sc2; VAA Sc3	
Life Healthcare Group Holdings Ltd	Health Care	C	C	87 D	60 C	56 E	6903	6903	143334	146321	150237	153224				
Lonmin	Energy & Materials	B	A-	99 B	96 B	88 B	73147	73147	1587337	1587337	1660484	1660484	97898	7	VAA Sc1; VAA Sc2	Int
Massmart Holdings Ltd	Consumer Staples	A-	C	95 C	85 C	87 B	70609	75113	431609	468879	502218	543992	80422	6	VAA Sc1; VAA Sc2	Int

Company	Sector	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	Scope 1 South Africa (tCO ₂ e)	Scope 1 Global (tCO ₂ e)	Scope 2 South Africa (tCO ₂ e)	Scope 2 Global (tCO ₂ e)	Scope 1 & 2 Global (tCO ₂ e)	Scope 3 Global (tCO ₂ e)	Number of Scope 3 Categories Reported	Verification / Assurance Status	Targets Reported
Mediclinic International	Health Care	A-	A	100 A-	99 A	99 B	24887,06	24887,06	156780,67	156780,67	181467,73	49488,48	7	VAA Sc1; VAA Sc2; VAA Sc3	Int
MMI Holdings Ltd	Financials	B	A-	98 C	84 D	75 D	1199	1390	52799	54446	55836	16209	3	VAA Sc1; VAA Sc2; VAA Sc3	Int
Mondi Limited	Energy & Materials	F	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)	1005697								
Mondi PLC	Energy & Materials	A-	A	99 B	96 B	75 D			720889	1333208	5540997	2971000	5	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
Mr Price Group Ltd	Consumer Discretionary	F	DP	DP	DP	DP									
MTN Group	IT & Telecoms	C	C	93 C	84 C	76 D	315603	315603	459135	755109	1070712	538462	2	No Verification	
Nampak Ltd	Energy & Materials	A-	A-	99 B	99 A-	97 A	123827,9	168505,83	330035,05	369058,93	537564,76	10059,39	3	VAA Sc1; VAA Sc2; VAA Sc3	Int
Naspers	Consumer Discretionary	F	NR	34 NO BAND	NR	NR									
Nedbank Limited	Financials	A	A	98 A	99 A-	100 B	295,56	295,56	138413,11	149780,6	150076,16	57899,7	3	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
Necore Limited	Health Care	B	B	98 C	82 B	84 B	45890	62789	235931	259792	322581	37452	5	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
New Europe Property Investments plc	Financials	F	NR	DP	-	-									
Northam Platinum Ltd	Energy & Materials	C	B	95 D	80 C	89 B	34986	34986	802962	802962	837948	896,6	1	VAA Sc1; VAA Sc2	
Oceana	Consumer Staples	B	A-	98 B	97 B	95 B	133427	207958	69319	83648	291606	42526	4	VAA Sc1; VAA Sc2; VAA Sc3	Int
Old Mutual Group	Financials	B	B	97 B	98 B	91 B	6198	6198	457105	483751	489949	59661203	6	VAA Sc1; VAA Sc2; VAA Sc3	Int
OMNIA HOLDINGS LTD	Energy & Materials	B	B	93 C	0	0	41057	44236	91978	132765	138214	2446197	6	VAA Sc1; VAA Sc2	
Pick 'n Pay Stores Ltd	Consumer Staples	B	A	99 B	98 A	95 A	99359,66	99359,66	743873,2	743873,2	843232,86	51821,15	4	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
Pioneer Foods	Consumer Staples	AQ (NP)	AQ (NP)	95 C	82 D	AQ (NP)									
PPC Ltd	Energy & Materials	B	C	82 B	90 B	77 C	3751772	3751772	541608	541608	4293380			VAA Sc1; VAA Sc2	Abs + Int
PSG Group	Financials	F	NR	DP	NR	-									
RMB Holdings Ltd	Financials	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)									
Rand Merchant Investment Holdings	Financials	F	NR	DP	DP	DP									
RCL Foods Ltd	Consumer Staples	A-	A	99 B	95 B	-	583376,18	583376,18	491152,84	491152,84	1074529,02	234080,77	5	No Verification	Abs
Redefine International Plc	Financials	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)	AQ (SA)									
Redefine Properties Ltd	Financials	B	A-	99 B	90 A	87 D	1936	1936	49301	49301	51237	705744	5	No Verification	Int
Reinet Investments	Financials	F	NR	DP	NR	DP									
Remgro	Financials	A-	A	99 A-	100 B	99 A	435110,41	435110,41	391174,7	391174,7	826285,11	177639,71	5	No Verification	Abs
Resilient Prop Inc	Financials	F	NR	NR	NR	NR									
Resilient REIT Limited	Financials	F	NR	-	-	-									
Reunert	Industrials	C	C	92 D	73 C	75 D	6161,14	6161,14	45426,56	45426,56	51587,7	425859,53	5	No Verification	
Rockcastle Global Real Estate Co Ltd	Financials	F	NR	-	-	-									
SA Corporate Real Estate Fund	Financials	F	NR	-	-	-									
Santam	Financials	B	A-	98 B	94 A	96 B	652,67	652,67	88065,15	88065,15	88717,82	26680,99	6	VAA Sc1; VAA Sc2	Int
Santam Ltd	Financials	AQ (SA)	C	95 D	71 C	82 C									
SAppi	Energy & Materials	B-	B	99 C	91 C	78 C	3781272		1124972	4906244	791660		5	VAA Sc1; VAA Sc2	Int
Sasol Limited	Energy & Materials	B	A-	99 B	95 A	96 B	59229420	61203693	7594850	8046223	68824270	23088886	9	VAA Sc1; VAA Sc2	Abs + Int
Shoprite Holdings Ltd	Consumer Staples	AQ (NP)	AQ (NP)	AQ (NP)	AQ (NP)	AQ (NP)									
Sibanye Gold Ltd	Energy & Materials	A-	A	99 A-	97 B	-	728370	728370	5877391	5877391	6605761	1180916	6	VAA Sc1; VAA Sc2; VAA Sc3	Abs
South32	Energy & Materials	-	-	-	-	-	11200056		20507197	31707253	107762449		3	VAA Sc1; VAA Sc2	Abs
Standard Bank Group	Financials	B	B	96 B	80 A	71 C	12114	12169	233107	237055	249224	36042,5	3	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Steinhoff International Holdings	Consumer Discretionary	F	C	92 C	84 C	86 C									
Super Group	Consumer Discretionary	F	NR	DP	-	-									
Telkom SA Limited	IT & Telecoms	C	C	87 D	89 B	75 C	54961,99	54961,99	625447,67	625447,67	680409,66		1	VAA Sc1; VAA Sc2	
The Blue Label Telecoms	IT & Telecoms	-	-	-	-	-									
The Spar Group Ltd	Consumer Staples	B	B	95 B	DP	73 D	39010	39010	43974	43974	82984	50931,16	8	VAA Sc1; VAA Sc2	Abs
Tiger Brands	Consumer Staples	C	C	96 C	96 B	76 C	321097	321097	562359	562359	587007	4962,15	6	VAA Sc1; VAA Sc2	Abs + Int
Tongaat Hulett Ltd	Consumer Staples	B	B	97 B	83 B	68 C	712015	857028	260565	943946	1117593	19702	4	VAA Sc1; VAA Sc2; VAA Sc3	Abs
Transnet	Industrials	B	B	B	AQ	AQ	697666	697666	3239381	3239381	3937047	400769,8	4	VAA Sc1; VAA Sc2	Int
Truworths International	Consumer Discretionary	B	B	94 D	91 D	81 D	428	428	77718	77718	78146	12164	2	No Verification	Int
Tsogo Sun Holdings Ltd	Consumer Discretionary	AQ (SA)	AQ (SA)	AQ (SA)	NR	AQ (SA)									
Vodacom Group	IT & Telecoms	A-	A-	99 B	96 B	94 B	30863,49	30863,49	501161,2	541699,1	572362,59	80128,64	7	VAA Sc1; VAA Sc2; VAA Sc3	Int
Vukile Property Fund	Financials	F	NR	NR	NR	DP									
Woolworths Holdings Ltd	Consumer Discretionary	B	B	98 B	94 B	77 B	51899	51899	325209,2	4666896	4718795	176461,7	7	VAA Sc1; VAA Sc2; VAA Sc3	Abs + Int
eder Investments	Financials	F	NR	DP	-	-									

Key Findings

South African companies maintain their strong performance in 2017

In 2017 warning signs that progress is slowing persist and are exacerbated by indicators that planning is insufficient for the long term.

The distribution of South African company performance scores remains extremely positive. Although, there is a drop off in the companies scoring an A, down from 37% in 2016 to 28% in the JSE 100 sample and 20% in the full sample. This decrease is partially explained by a strengthening of the CDP scoring criteria in 2017. The majority of companies however score a B (45% in the JSE sample and 41% in the full sample). The rest of the sample score a C with only 1% of the JSE 100 sample scoring a D and 6% of the full sample scoring a D. This aggregation towards the top is once again a positive reflection on South African companies.

This strong scoring can be explained by world leading performance in governance and engagement. The response rate of 74%, although down on 2016's 78% and 2013's peak response rate of 83%, is still the second highest response rate of all CDP samples around the world. The fact that 15 companies self-select and respond despite not being in the formal sample is commendable. This means a total of 92 South African companies are providing climate data to CDP. This data is also amongst the most complete in the world with 100% of responding companies disclosing scope 1 and 2 data and 91% disclosing two or more scope 3 categories. 99% of companies disclose information in their mainstream filings or other external communications. 85% of companies undertake third party verification (4th highest of the 27 CDP samples). Clearly transparency is a cherished ideal amongst South African companies.

There is also a high level of engagement with 97% of companies engaging with policy makers and 80% of companies engaging with their value chain. It is a long held NBI belief that strong governance drives strong performance and 99% of responding companies have board-level oversight on climate change. 97% integrate climate change into risk management and 100% integrate climate change into strategy. 87%

of South African responders report that they have incentives in place to drive climate performance.

We must recognize three companies responding in South Africa who are listed on the global A List. Harmony Gold Mining Company, in particular deserve recognition as making the A List in 2017, which marks five years in a row. Nedbank make it three years in a row and four overall and Capital and Counties Property Group make the A List for the first time. The three South African companies on the A List in 2017 are down from 11 in 2016.

However, the data suggests persistent warning signs that progress is slowing

South African companies have been global leaders in supporting the low carbon transition for a decade. In 2016 the data hinted that South African companies may be beginning to falter. In 2017 warning signs that progress is slowing persist and are exacerbated by indicators that planning is insufficient for the long term. This is especially true if we compare South Africa's response to the other CDP samples in the world. 82% of South African companies set emissions reduction targets (10th out of CDP's total of 27 global samples) and only 44% set absolute emissions reduction targets (15th out of CDP's total of 27 global samples). Only 57% of companies report having products or services that enable third parties to avoid greenhouse gas emissions (25th out of CDP's total of 27 global samples). 80% of all targets are set to expire before 2020 and only 58% of companies that integrate climate change into risk management consider timelines beyond 6 years.

In the transition to a low-carbon economy, carbon intensity can be considered a proxy for competitiveness. As a result, long-term planning is vital to maintain the emissions reductions South Africa will need in order to preserve our global competitiveness. The comparatively lower reporting

Key:

- **Score listed** Answered Questionnaire
- **AQ (NP)** Answered Questionnaire but declined permission to make this public
- **AQ (SA)** Answered Questionnaire via another listed company also in sample
- **F** Failure to Respond
- Only scope 3 categories reported using the Greenhouse Gas Protocol scope 3 named categories (as provided in the Online Response System) are included when determining the number of categories reported. Where companies have not provided emissions data or where they have not reported a named scope 3 category according to the GHG Protocol Scope 3 standard, this column is blank.
- VAA: Verification/Assurance approved. Companies have reported that they have verification complete or underway with last year's certificate available and have been awarded the full points available for their statement.

VAR: Verification/Assurance reported. Companies have reported that they have verification complete or underway with last year's statement available but the verification statement provided has not been awarded the full points available, or they have not been scored and therefore their verification statement has not been assessed.

S1: verification/assurance applies to scope 1 emissions.
S2: verification/assurance applies to scope 2 emissions.
S3: verification/assurance applies to scope 3 emissions.

- Abs: Absolute target. Companies have reported 'absolute targets' and have provided supporting information: percentage reduction from base year; base year; normalised base year emissions; and target year.
- Int: Intensity target. Companies have reported 'intensity targets' and have provided supporting information: percentage reduction from base year; metric; base year; normalised base year emissions; and target year.

South Africa remains a climate vulnerable country and in addition to managing global competitiveness, companies need to manage their risk exposure and their long-term response.

on target setting and the lack of long term targets suggest that South African companies may not be sufficiently planning for the long term. This is also reflected in the fact that only 6.8 million tonnes CO₂e were saved through emissions reduction activities in 2017 (down from 7.5 million in 2016). Furthermore only 1.5 million tonnes CO₂e of reductions have commenced implementation and only 1.5 million tonnes CO₂e are to be implemented. As we said in 2016 this suggests a renewed focus is required on what reductions are possible and also that companies may need to work with government on creating a regulatory environment that enables further reductions.

Due to the shift in the sample towards including heavy emitting companies not listed in the top 100 of the JSE there is an expected sharp rise in the samples scope 1 and scope 2 South African emissions (up 17%). However a like-for-like comparison shows no real change in the emissions of companies also sampled last year. With that said, for South African companies to maintain global competitiveness we need to continually drive absolute emissions down each year.

There are some strong positive indicators as well. Significantly 57% more companies have set renewable energy targets. While investment remains

focussed on energy efficiency, South African companies invested R3.35 billion in emissions reduction activities saving R1.4 billion. 56% of companies put an internal price on carbon and an encouraging 30 companies have set or plan to set a science-based target. As an early indicator of alignment with the TCFD recommendations, 29% of companies are considering forward looking scenarios in relation to climate change.

Conclusion

A key step in unlocking value is deliberate, long-term planning. South Africa remains a climate vulnerable country and in addition to managing global competitiveness, companies need to manage their risk exposure and their long-term response. South African companies have the building blocks in place (governance, transparency and engagement) and now need to lengthen their planning horizon. This means setting ambitious, long-term targets aligned with science and working with government to create an enabling environment that enables further emissions reductions.

We once again congratulate South African companies for their strong performance scores and encourage companies to work together and with government, labour and civil society stakeholders to lead the way on economic transformation.

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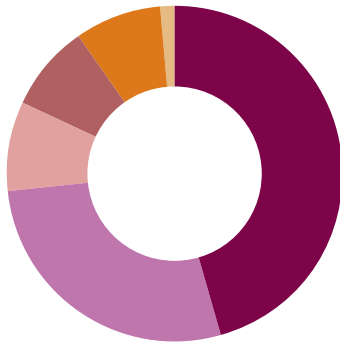
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Appendix I

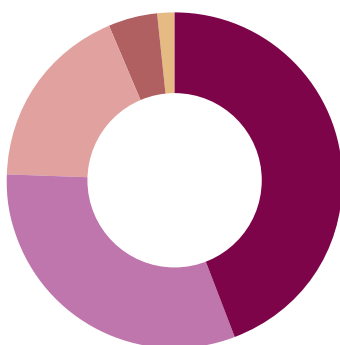
Investor signatories and members

1. Investor signatories by location



- Europe
- 366 = 46%
- North America
- 224 = 28%
- Latin America & Caribbean
- 70 = 9%
- Asia
- 67 = 8%
- Australia and NZ
- 65 = 8%
- Africa
- 11 = 1%

2. Investor signatories by type



- Asset Managers
- 355 = 44%
- Asset Owners
- 253 = 32%
- Banks
- 144 = 18%
- Insurance
- 38 = 5%
- Others
- 13 = 2%

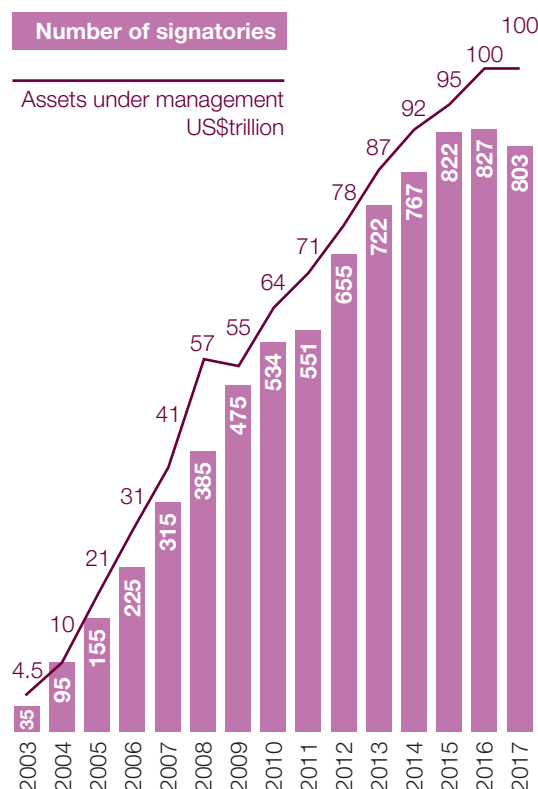
CDP's investor program – backed in 2017 by 803 institutional investor signatories representing in excess of US\$100 trillion in assets – works with investors to understand their data and analysis requirements and offers tools and solutions to help them.

Our global data from companies and cities in response to climate change, water insecurity and deforestation and our award-winning investor research series is driving investor decision-making. Our analysis helps investors understand the risks they run in their portfolios. Our insights shape engagement and add value not only in financial returns but by building a more sustainable future.

For more information about the CDP investor program, including the benefits of becoming a signatory or member please visit:
<http://bit.ly/2vvsrhp>

To view the full list of investor signatories please visit: <http://bit.ly/2uW3336>

3. Investor signatories over time



Investor members

ACTIAM
Aegon
Allianz Global Investors
ATP Group
Aviva Investors
Aviva plc
AXA Group
Bank of America
Bendigo and Adelaide Bank
BlackRock
Boston Common Asset Management LLC
BP Investment Management Limited
British Columbia Investment Management Corporation
California Public Employees' Retirement System
California State Teachers' Retirement System
Calvert Investment Management, Inc
Capricorn Investment Group
Catholic Super
CCLA Investment Management Ltd
ClearBridge Investments
Environment Agency Pension fund
Ethos Foundation
Etica SGR
Eurizon Capital SGR S.p.A.
Fundação Chesf de Assistência e Seguridade Social
Fundação de Assistência e Previdência Social do BNDES
FUNDAÇÃO ITAUBANCO
Generation Investment Management
Goldman Sachs Asset Management
Henderson Global Investors
Hermes Fund Managers
HSBC Global Asset Management
Instituto Infraero de Seguridade Social
KLP
Legal and General Investment Management
Legg Mason, Inc.
London Pensions Fund Authority
Morgan Stanley
National Australia Bank
Neuberger Berman
New York State Common Retirement Fund
Nordea Investment Management
Norges Bank Investment Management
OKOWORLD LUX S.A.
Overlook Investments Limited
PFA Pension
PREVI Caixa de Previdência dos Funcionários do Banco do Brasil
Rathbone Greenbank Investments
RBC Global Asset Management
Real Grandeza Fundação de Previdência e Assistência Social
Robeco
RobecoSAM AG
Rockefeller Asset Management
Sampension KP Livsforsikring A/S
Schroders
Skandinaviska Enskilda Banken AB
Sompo Holdings, Inc
Sustainable Insight Capital Management
TIAA
Terra Alpha Investments LLC
The Sustainability Group
The Wellcome Trust
UBS
University of California
University of Toronto Asset Management Corporation (UTAM)
Whitley Asset Management