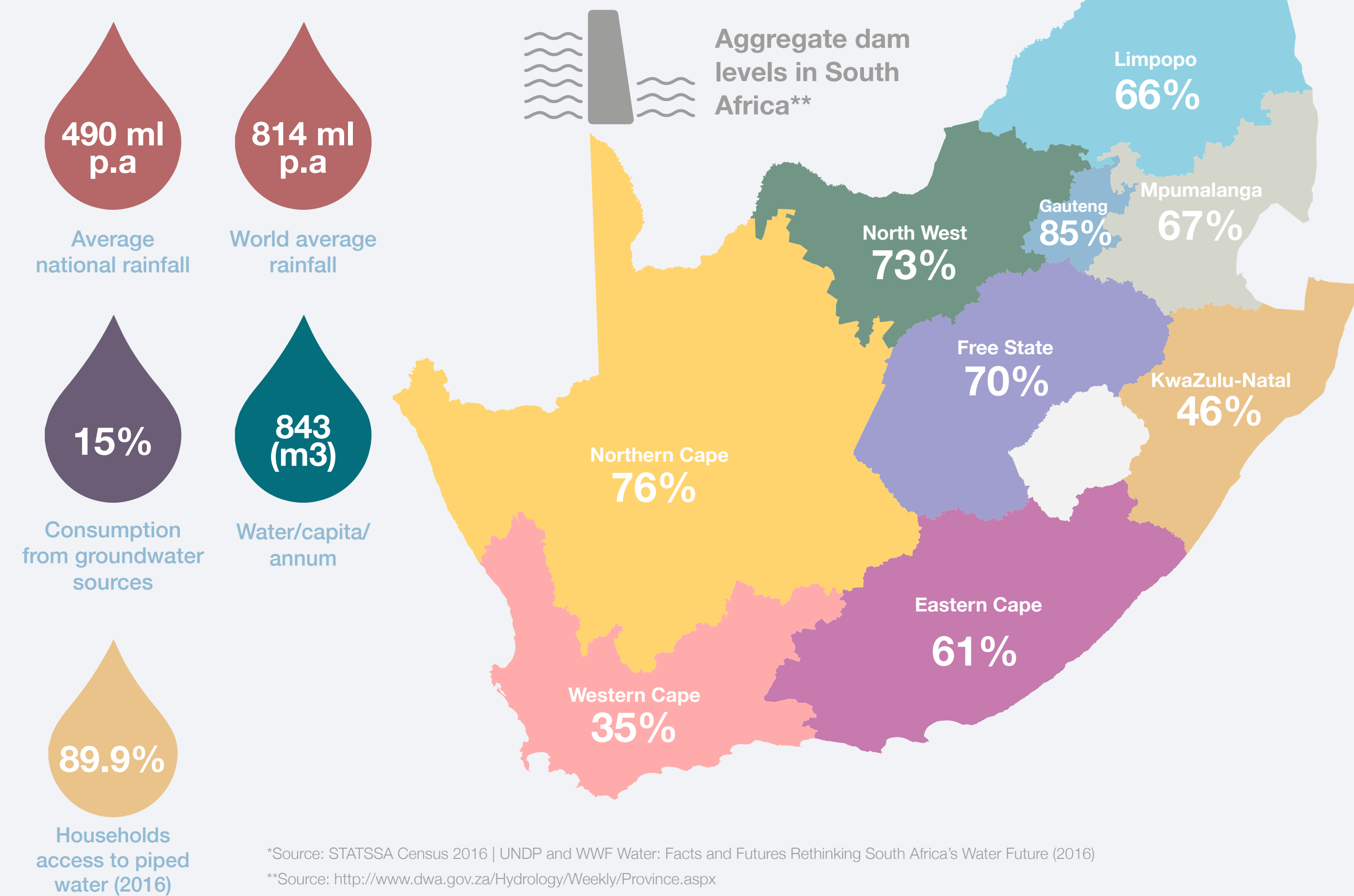


Setting Meaningful Targets

South Africa is a water scarce country facing a growing water supply deficit

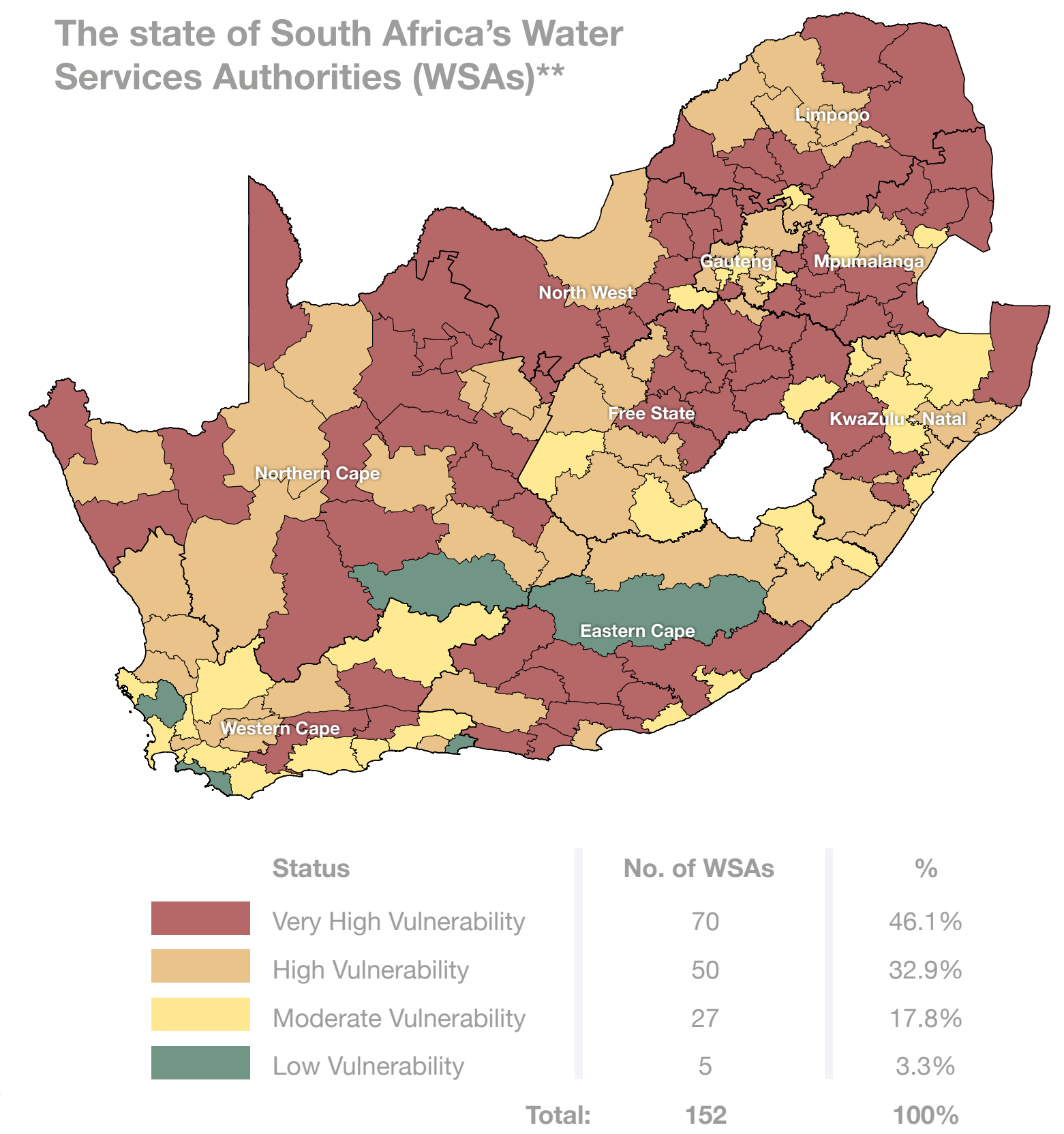
Based on projections to 2030, the water deficit could be between 2 700 and 3 800 million m³ per year, a gap of about 17% of available surface and ground water.



South Africa's water scarcity is compounded by stresses on municipal infrastructure and institutions

| Province | % Non-Revenue Water | % Water Losses |
|-----------------|---------------------|----------------|
| Eastern Cape | 47.8% | 45.0% |
| Free State | 51.4% | 46.6% |
| Gauteng | 35.9% | 27.4% |
| Limpopo | 55.1% | 55.1% |
| KwaZulu-Natal | 46.9% | 43.0% |
| North West | 51.1% | 51.1% |
| Northern Cape | 48.2% | 45.5% |
| Western Cape | 21.3% | 16.7% |
| Mpumalanga | 47.9% | 43.9% |
| National | 41.0% | 35.9% |

The state of South Africa's Water Services Authorities (WSAs)**

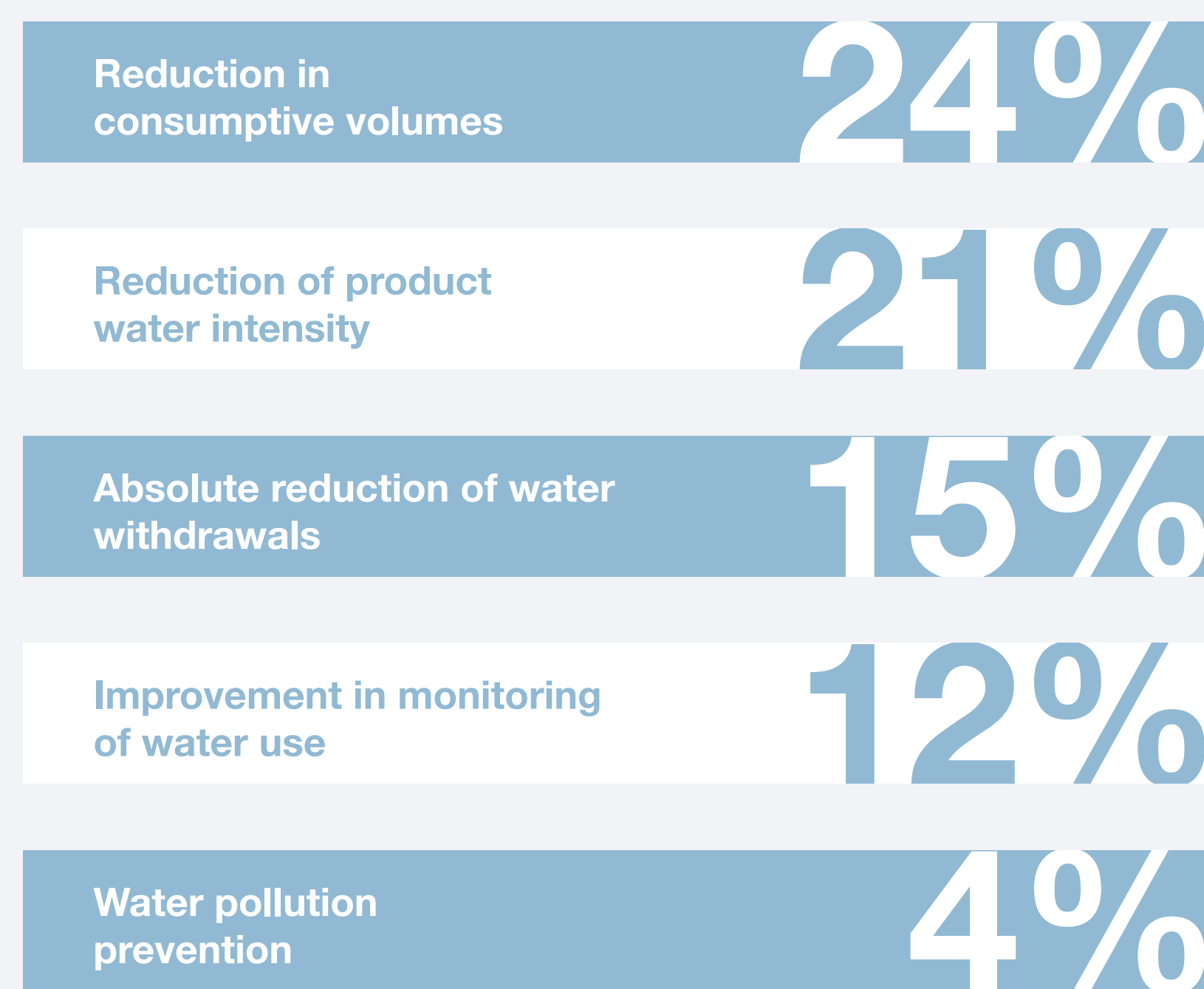


1.6 billion m³*

*Source: DWS (2017) Benchmarking of Water Loss, Water Use Efficiency and Non Revenue Water in South African Municipalities (2004/05 - 2015/16)
**Source: DWS (2014) Municipal Services Strategic Assessment (MuSSA) for South Africa (2013/2014)

In order to drive change, companies need to set targets that reflect the challenging South African context

Quantitative targets set by companies (top 5)

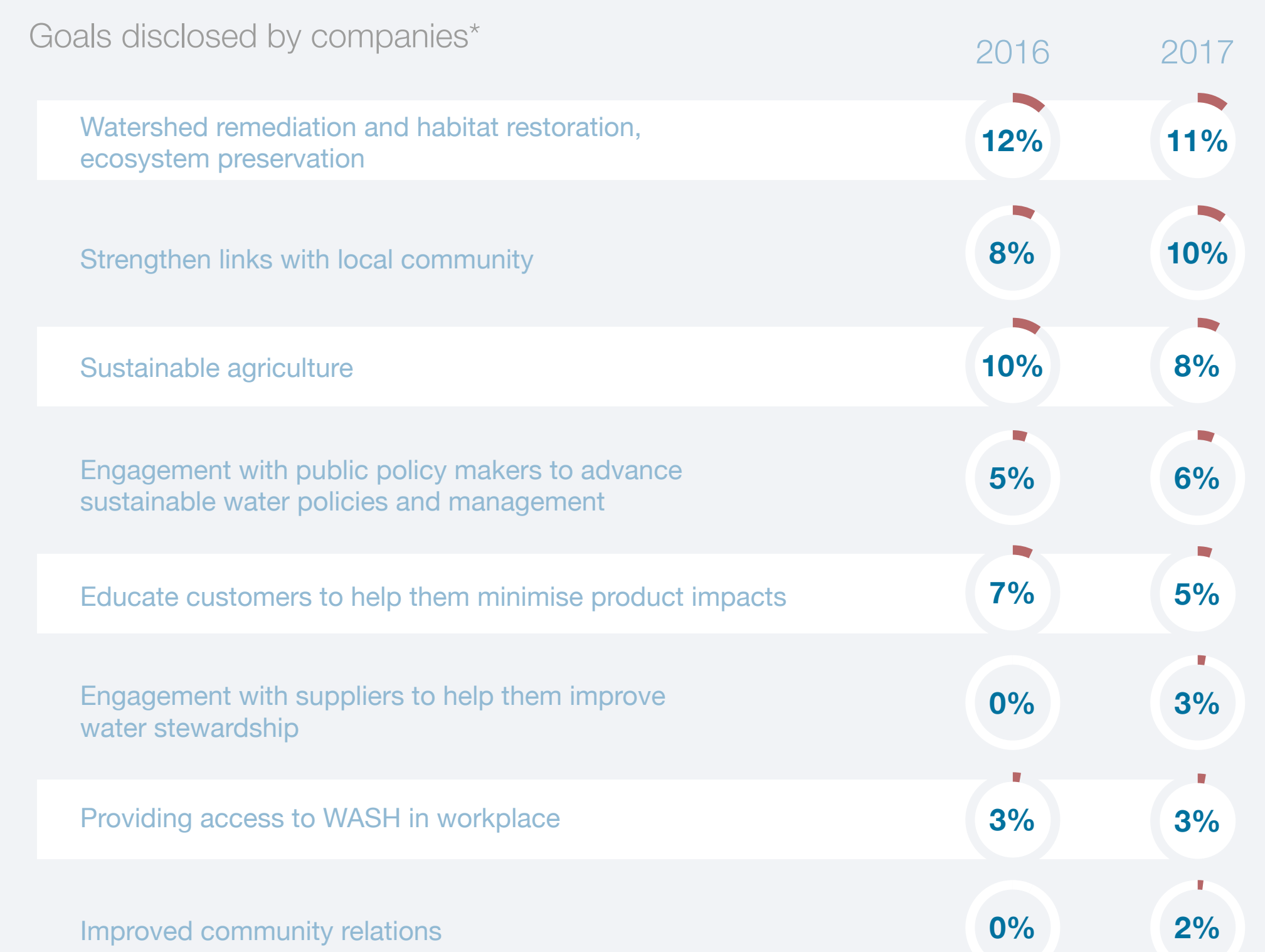


* In CDP water terminology, company goals are qualitative, while company targets are quantitative.

Motivation to set quantitative targets



Goals disclosed by companies*



Companies are not achieving targets



51%

of all targets have reached their target year (2016 53%)

39%

of these targets have been achieved (2016 58%)

There is a growing global emphasis for companies to set context-based water targets



Setting context-based water targets (comprised of three key elements) requires a far greater external focus

1. Scientific understanding of the area

- 27% of companies undertake river basin assessments
- 89% of companies conduct a comprehensive risk assessment
- 67% of companies factor in river basin management plans in risk assessments
- 96% of companies report on withdrawals
- 96% of companies report on consumption

2. Local and global policy issues

- 22% of companies were subject to penalties for breaches of water and wastewater related regulations – amounting to a total of R7.3 million
- 31% of companies list regulatory uncertainty in water licensing as a risk
- 47 international companies have committed to improving water security (including 4 South African companies) through We Mean Business

WE MEAN BUSINESS | **Tonga Hulett** | **WOODWORTH** | **ROYAL BAFOKENG PLATINUM**

3. Stakeholder needs and perceptions

- 27% of companies do not give cognisance to current stakeholder conflicts over water at a local level, when assessing their risks
- 53% of companies do not include stakeholders they deem to be relevant in their risk assessment
- 20% of companies engage with policy makers
- 36% of companies request their supply chain to report on water

In water, context is king. Companies that work towards the setting of ambitious context-based water targets will be able to reduce risk, mitigate impacts and strengthen ties with communities, customers and governmental authorities.