

QUICK BRIEF 2023

NBI
National Business Initiative



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Latest South Africa CDP Disclosure Data Released

Business is a core driver of both climate mitigation as well as enabling a Just Transition in South Africa. South Africa's enhanced Nationally Determined Contributions (NDCs), submitted at COP26, require businesses to continue implementing projects that escalate both their own ambition, while enabling the large-scale partnerships and projects required to achieve the country's NDC targets. Achieving this process requires ambitious company-level targets, impact monitoring and working collectively to achieve implementation at scale. CDP provides a strategic reporting framework for companies to measure and disclose their impacts and develop sustainable long-term strategies.

Since 2000, CDP has successfully managed to ensure that climate change concerns are incorporated into mainstream business thinking amongst approximately 18,700 companies internationally. This includes 91% of the FTSE 100, and 80% of the S&P 500 companies, representing a total of 16% of global emissions being disclosed through CDP in 2022. While climate change may be incorporated into mainstream business, there is still a lot of work to be done to achieve our collective objectives. CDP's **Corporate Environmental Action Tracker** shows that globally, disclosed corporate targets will not limit warming to the necessary Paris-aligned 1.5°C degrees to avert catastrophic climate change, with only 5% of global emissions considered to be on-track targets.

Since 2007, the NBI has been a local partner to CDP, providing support to South African JSE 100 companies and others to measure, compare and manage their environmental impacts and risks. At this year's CDP disclosure workshop held in Johannesburg, CDP and its partners provided key insights into private sector disclosures for the

2022 reporting period, as well as updates on CDP's future vision for a net-zero, nature-positive future. In 2023, as a move towards this future, 7,000 companies have been requested to disclose on plastics for the first time through CDP's water security questionnaire.

Insights into the 2022 CDP reporting period in South Africa:

Total climate disclosures: 69 companies

Water disclosures: 38 companies

Forest disclosures: 8 companies

Reporting across corporate South Africa has grown by 30% in the last 5 years, with a total of **69 public disclosures this year**. Of those disclosures, **36 companies were JSE top 100 listed companies**. Companies mostly reported on climate and water, as well as Scope 1 and 2 emissions. The 2022 reporting review conducted by Brundtland Consulting also showed progress in board level governance with **94% board oversight for all disclosures**, and an increase in competency directly represented by the various boards. This growth in integrated company level reporting contributes to continuous ambition setting and accountability.

Integral to CDP's process, beyond measuring impact, is determining a credible transition plan aligned to the Paris Agreement and latest climate science. Unfortunately, only **28%** of South African companies have a transition plan aligned to limiting global atmospheric warming to an average of 1.5°C. Promisingly though, **57%** have committed to developing a transition plan within 2 years.

There is also improvement to be made in disclosing Scope 3 emissions along supply chains, which are over 11 times greater than direct emissions in the economy. Beyond those pioneering companies already engaging with suppliers and customers in meeting desired targets, there is a need for all companies to develop best practice for engagements that are incentivised, compliant and promote collaboration.

Regarding water disclosures in South Africa, **52%** of all companies disclosing through CDP also submitted the water-related questionnaire. This significantly outperforms the global average of **20%** in terms of water disclosure representation. It is positive to see leadership in South Africa driving responsible water-related reporting. However, given the climate change impacts on water security and the vital role water plays in company operations, economic development as well as health and sanitation, there is still a long way to go to increase the number of respondents.

Introducing a reporting category for plastics and enhancing biodiversity-related disclosures

In South Africa, only **35%** of companies that submitted CDP disclosures were aware of their value chain impacts on biodiversity. There are well known linkages between business development and harmful biodiversity impacts, so it is encouraging that the enhanced CDP reporting framework aims to provide companies with an integrated questionnaire by 2025. CDP is developing an integrated questionnaire that allows for more holistic reporting on risks and opportunities associated with climate and nature. The reporting requirements will be aligned with the Taskforce for Climate-related Financial Disclosure (TCFD), CDP already aligns with this framework, the Taskforce on Nature-related Financial Disclosures (TNFD), as well as other standards such as Science-based Targets for Nature and Global Biodiversity Framework. Importantly, there will not be duplication of the areas already covered within the water and forests questionnaires. It is envisioned that reporting on nature through CDP will enable best practice data collection to guide decision making and shift capital towards nature-positive investments.

The new plastics module aims to end plastic waste and pollution. This module is contained within the water security questionnaire due to an overlap of companies requested to respond to the water questionnaire, and those with activities involving the production and use of plastics. The plastics module asks where in a company's value chain plastics-related risks and opportunities are located. It also specifically queries 'technical recyclability' which is aligned with circular economy principles. To assess recyclability in practice and at scale, **the Ellen MacArthur Foundation's Recyclability Assessment Tool** is used, and is a publicly available, credible tool.

Business and government have the opportunity and responsibility to work collectively to address environmental challenges in South Africa. The NBI, together with CDP, remains committed to supporting business on this journey and to partnering with others to enable action at scale. The planned improvements to the reporting platform, scoring and accessible reporting channels for SMEs are good signals that CDP is responding to the needs of its stakeholders and driving ambition for companies, investors, and cities.

The CDP workshop presentations are available for deeper insights here:
[Changes to CDP Questionnaires – 2023 and beyond](#)
[CDP South Africa Insights](#) (delivered by Brundtland Consulting)

Please contact Reitumetse Molotsoane (Head: Environment and Society): ReitumetseM@nbi.org.za for further information on NBI and CDP activities in South Africa.



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela.

NBI Website: www.nbi.org.za

Email: info@nbi.org.za

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