Voluntary and Valuable

The recent release of the Carbon Disclosure Project's 2012 report, South African business: shifting the focus to performance, highlighted that local companies are matching top international companies in declaring their carbon emissions and taking mitigative action. 25 Degrees in Africa talked to three industry experts about the importance of such an initiative.

Timothy Lloyd, IMBEWU Sustainability Legal Specialists (Pty) Ltd

In a carbon-constrained world, driven by the need to mitigate the effects of climate change and adapt to the impacts that will occur on a global and local scale, a climate change strategy has become a core business necessity within private corporations. The Carbon Disclosure Project (CDP) presents a starting point for any South African company seeking to respond to the challenges associated with climate change.

South Africa had the second-highest response rate in the world in the 2012 CDP, indicating the competitive pressure being brought to bear in the South African business context.

The first step for any company in its response to climate change is to calculate an emissions profile, using the range of carbon accounting protocols and methodologies with the CDP, providing a platform for the disclosure of such measurements and data. A South African company can benefit in the following ways by registering with the CDP:

- The CDP questionnaire deals with the key focus areas of how a business should respond to the challenges of climate change.
- It recognises leading companies in their response to climate change through performance and disclosure indexes.
- The CDP acts as a benchmarking tool for South African companies to compare their response with domestic and international competitors, and CDP-registered companies are able to test their climate change strategies against the questionnaire to identify gaps and shortfalls.
- Climate change involves long-term implications and the CDP provides a decision-making aid in this regard.
- It will result in increased efficiency in business operations and cost-saving on baseline activities.

Businesses are increasingly expanding their operations into Southern and Central Africa, which are both extremely vulnerable to the impact of climate change. This requires further investment, and the CDP can provide an ideal database for companies to indicate how they are responding to climate change issues and its associated risks and opportunities. Considering the fundamental need for energy-intensive businesses to calculate their emissions profiles, the question for a South African company with the ambition to be a leader in climate change response is not why it should register and disclose such information through the CDP, but rather why it has not done so already?

Alex Hetherington, founding member, Carbon Calculated

Proponents argue that the CDP focuses corporate thinking on climate change and greenhouse gas emissions, and without it there would be little incentive for participating companies to address these issues. Others bemoan the fact that it is a heavy burden of compliance that companies have to submit to, which holds little value for themselves or their primary stakeholders.

I think that it helps companies to compare themselves with their peers and allows commentators to ascertain the carbon intensity of different organisations. The CDP disclosure is submitted by a corporate sustainability manager who is rated on the final score for disclosure provided by the CDP. This exercise is doing little to significantly reduce carbon emissions or integrate carbon reduction into strategic thinking.

In South Africa investors continue to be driven by short-term financial results, with little cognisance of environmental, social and governance (ESG) issues.

However, we are witnessing the slow turning of the tide. Initiatives like the United Nations Principles for Responsible Investment (PRI) and the Codes for Responsible Investing in South Africa (CRISA) are starting to make some headway. The Public Investment Corporation (PIC) in South Africa has expressed that sustainable investment could have positive results.

Companies that have calculated their carbon emissions will be well-positioned to respond to carbon-related requests from investors. The CDP needs to challenge itself on the efficacy of its disclosure format. Could the same information be provided in a simpler, easier, format that will allow sustainability managers to move from compliance into real action regarding the shift towards a low-carbon economy?

Robbie Louw and Harmke Immink, directors of Promethium Carbon

The CDP is a positive initiative that is driven by investors and focuses on longer-term sustainability. Since the start of the CDP, there has been a strong focus on comprehensive disclosure. However, the focus now needs to shift to performance, reporting on actual initiatives to mitigate emissions. This year, six South African companies made it into the A performance band, meaning that these companies each have a "fully integrated climate change strategy driving significant reduction in emissions due to climate change initiatives". Five of these six companies have improved their performance scores from the last reporting year, while one company remained in the A performance band.

An aspect that needs to be addressed is the competency of greenhouse gas (GHG) validators to verify participating companies' carbon footprint and disclosure of scope 1, 2 and 3 results. The South African National Accreditation Services (Sanas) has prioritised a work programme to accredit companies for greenhouse gas (GHG) verifications, based on the ISO 14065 standard (which has been accepted as a South African Standard, creating consistency with international practices in relation to GHG verifications). This priority work programme is on track; it is expected that from February 2013 SANAS will accept applications for accreditations under ISO 14065. This will enhance the credibility of future CDP reporting.