



ENERGY RATING PROJECT

PROJECT PLAN

KNOW YOUR NUMBER

REMEMBER YOUR POWER



DRIVING
TRANSPARENCY,
ACCOUNTABILITY AND
ENERGY EFFICIENCY
IN CORPORATE
SOUTH AFRICA

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ENERGY RATING INDEX: METHODOLOGY

FORMULA

The 49M Energy Rating Index (the Index) aims to firstly measure the comparative energy efficiency rating of the largest South African companies according to parameters such as electricity consumption as a factor of usable space, and secondly to induce energy efficiency improvements in these companies through the application of a range of technical and behavioural interventions.

$$\frac{\text{Energy consumption (kwh) per year}}{\text{Useable space (m2)}} = \text{Energy Rating}$$

In analysing the relative energy efficiency of companies, the principal metric on which the project will rely is that of electricity consumption as a factor of usable space.

In future, additional metrics might include electricity consumption per employee, carbon emissions per employee or carbon emissions per square metre of usable space.

COMPARABILITY

Energy ratings may vary considerably from company to company and should be analysed in the context of the industry sector of the company (e.g. mining or retail) and certain other factors as they may be relevant. Companies will be afforded the opportunity to provide information relating to factors that may be contributing to a relatively higher Rating or even skewing the Rating in some way.



DISCLOSURE

It is assumed that South African companies will be disclosing key sustainability data in the ordinary course of their reporting activities and that this data is likely to include the data required by 49M for the Index.

It is presumed that for the most part, the required 49M Index data concerning energy consumption and useable space should be:

- a) Of meaningful importance to companies in terms of the management of their operations
- b) Currently measured and/or recorded by these companies
- c) Regarded as 'material' for reporting purposes in the South African context

TRANSPARENCY, ACCOUNTABILITY AND GUIDANCE

One of the primary objectives of the Index is to promote transparency and accountability amongst corporates in South Africa where energy consumption and energy efficiency is concerned. The Index aims to do this by providing a platform which will create awareness and trigger responses from companies and their stakeholders.

Another primary objective is the achievement of energy efficiency improvements by companies on the Index and this will be driven by:

- The availability of Energy Efficiency (EE) Guidelines that can be downloaded from the 49M website
- Discussion forums that are linked to the Index and its objectives

The EE Guidelines will be available for download on the project website and will contain recommendations regarding both behaviour change interventions and technological solutions that can be implemented by companies to improve their energy efficiency and reduce their relative electricity consumption.



The EE Guidelines are drafted in such a way that they are:

- Relevant in the South African context
- Aligned with the corporate reporting principles of materiality, impact and influence
- Applicable at strategic, management and behavioural level
- Technically strong but easy to understand and apply

Discussion forums may take the form of social media platforms such as groups or posts that are monitored and that are driven exclusively at the objectives of the project.

It is important to emphasise that the principle intention of the project is not to 'name and shame' companies. Instead the Index and associated resources are intended to act as a tool to promote participation and positive responses from companies and ultimately to reduce levels of relative electricity consumption.

SECONDARY DATA

With regard to emissions, the principal focus of the project will be Scope 2 emissions arising from consumption of purchased electricity, either directly from Eskom or from distribution partners such as municipalities.

Employee data will be collected where possible and may be incorporated in future.

OVERALL PROCESS

RESEARCH

INITIAL RESEARCH

Initial research will be focused on the measurement of comparative energy efficiency, which will be achieved through the analysis of publicly available data drawn from Sustainability Reports, Integrated Annual Reports and submissions made by companies to other reporting frameworks such as the Carbon Disclosure Project (CDP) or public disclosures under industry agreements such as the Energy Efficiency Accord.

Depending on the accuracy and availability of the data in this phase, the research will be complemented by email and telephonic correspondence with representatives of the top 100 companies

Following the collection and analysis of this publicly available data, companies included in the Index will be afforded the opportunity to provide data, to make corrections or to comment on the data in the Index. Those companies that have not responded in the research phase will be contacted regularly once the Index is made available publically. Companies for which there is no data, or which choose not to provide data, will be listed on the Index as such.

Initial research and calculations will be conducted according to data that is available in the public domain. In the course of conducting this research, researchers will also assume responsibility for attempting to contact those companies for which a sufficient level of public information is not available.

The principal objective of this research will be to determine a figure for relative electricity consumption for each company included in the Index. This information will be utilised to calculate a Rating for each company on the Energy Index.

ONGOING RESEARCH

Having established an initial company rating based on publicly available or individually procured information, researchers will continue to verify this information with the companies on the Index and include any additional or revised information that might be provided.

It is anticipated that, given the recurring nature of corporate reporting, as well as the increasing demand by government and civil society for transparency on the part of companies, the research process will not be a static or once-off, but instead that the Index will encourage ongoing engagement and information provision by companies based on increasingly accurate data.

PLATFORM FOR THE INDEX

The web-based platform will serve as the repository for the Energy Rating Index. Individual Individual data sets used for the calculation of the energy rating will not be made publicly available.

For the sake of maintaining data integrity, it is assumed that the platform will place some limits to the ability of companies to directly access, manage or manipulate the data that is used to calculate their Rating on the Index. Companies will be able to contact the index originators to enquire about data sets used for calculations.

A valuable feature of the Index will be its ability to allow for comparison between companies within industry sectors, with the industry sector definitions used in the Index in all likelihood replicating those of the JSE.

In addition, the platform will also serve as the repository for the Energy Efficiency Guidelines, as well as various Sector Supplements. These will be available for download by the companies featured on the Index, as well as by other interested parties.

VALUE PROPOSITION

For the companies included in the Energy Index, the value proposition of this project is directed at:

PERCEPTIONS OF KEY STAKEHOLDERS:

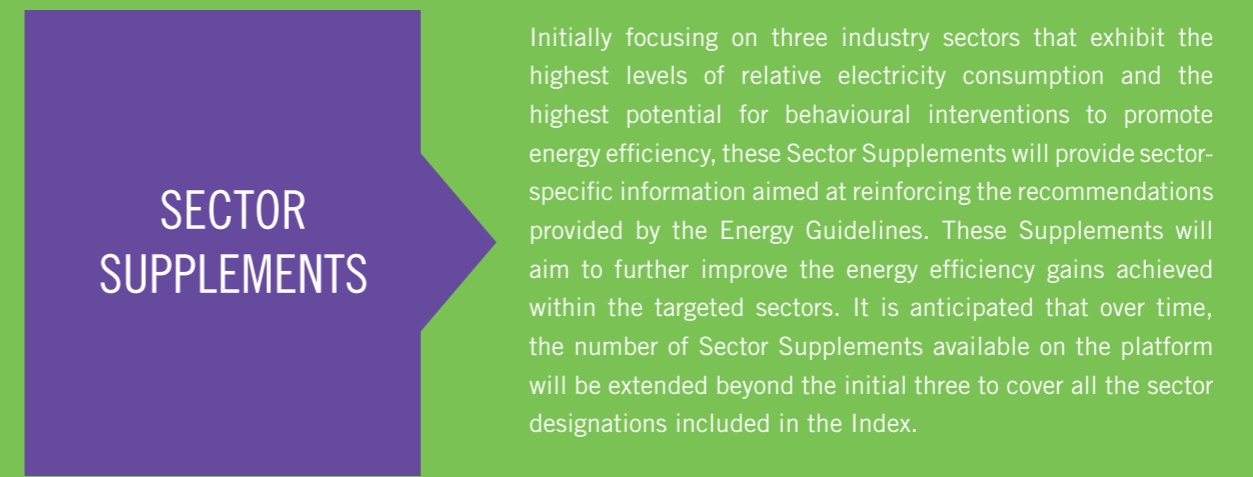
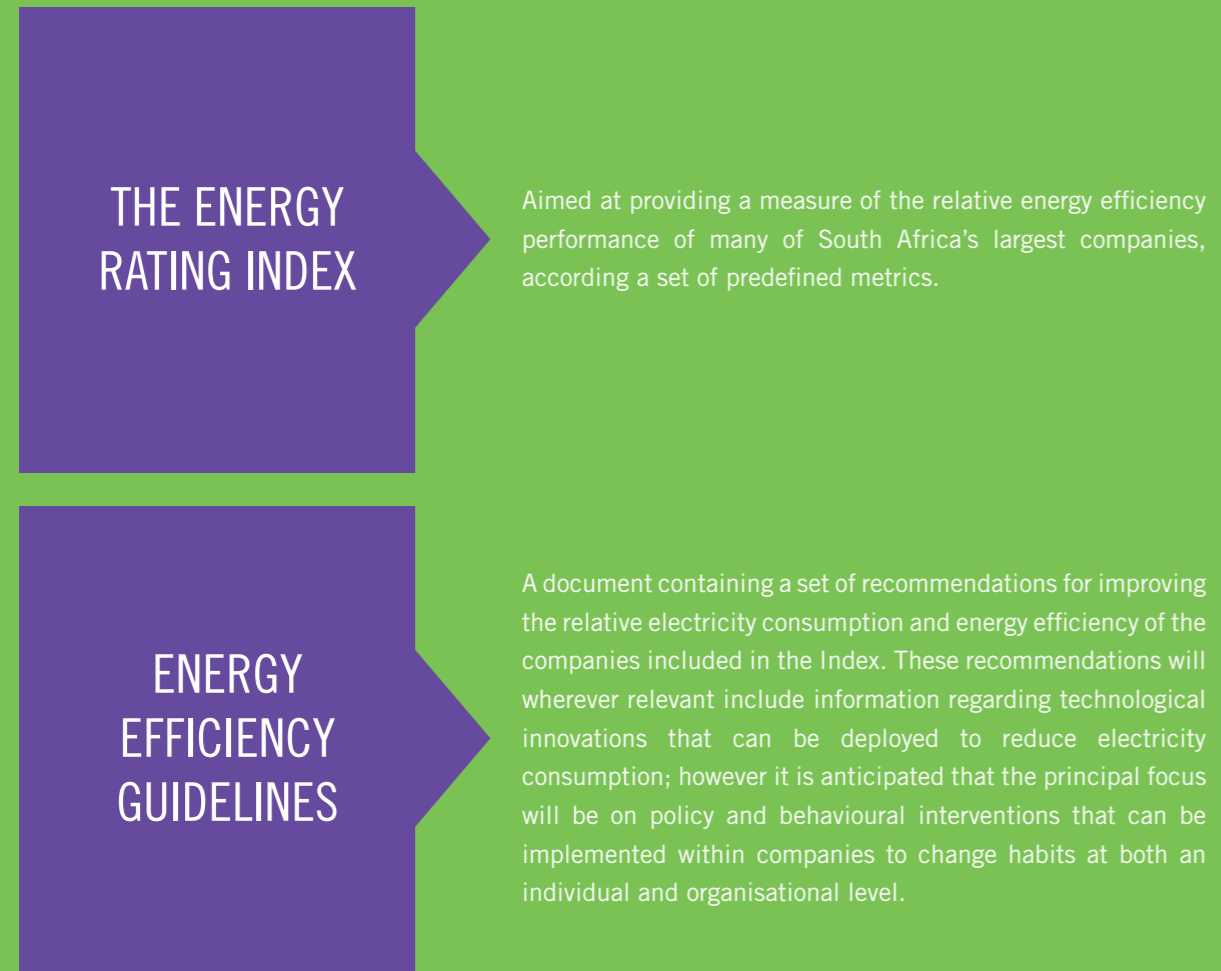
Through the process of data collection and analysis, and the publication of the outcomes of this process on a public platform, it is the intention of this project to provide a window into the relative energy efficiency performance of many of South Africa's largest and most recognisable companies. This focus on transparency is in line with recent developments in the field of corporate governance and accountability, including the publication of the King III Report of Corporate Governance in South Africa, and the increasing emphasis that is placed on integrated reporting and integrated thinking, both globally and in South Africa. Participating companies will be perceived to be more transparent, more accountable and more interested in one of the most important issues facing the South African economy.

AWARENESS, KNOWLEDGE AND PRACTICAL ADVICE

Participation in the Index will drive awareness and it is expected that this in turn will result in knowledge flow and action on the part of corporates. The resources that will be made available to companies in the form of the Energy Efficiency Guidelines and Sector Supplements, are directly aimed at assisting companies in reducing their relative electricity consumption and improving their energy efficiency performance in terms of the metrics that make up the Energy Index. It is intended that these resources provide the maximum assistance possible across various functions and departments within companies (including human resources, procurement and executive management, to name but three) in achieving these objectives. The primary focus of the suggested interventions will be on the behavioural aspects of energy efficiency.

DRIVERS OF VALUE

The principal value offering of the 49M Energy Rating Index project is based on:



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