



# Carbon Footprint Assessment 2020

**CORONATION**

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# 1. Introduction

Coronation Fund Managers (Coronation or the Company) is a leading South African investment manager, with billions of rand in assets under management on behalf of our clients. Headquartered in Cape Town, we have offices in major South African centres, the Republic of Ireland and the UK. Being an active corporate citizen is one of our key strategic focus areas. We are committed to building an equitable and inclusive society, and reducing our operational impact on the natural environment. Therefore, understanding and addressing our contribution to climate change is a key part of our corporate citizenry. For insight into how we integrate environmental, social and governance factors into our investment process, please refer to our 2019 Stewardship Report, which is available on our website and will be updated with our 2020 stewardship activities in the first half of 2021.

Environmental issues, such as climate change, water scarcity and pollution are among the most significant challenges of our time. Without a healthy environment, we cannot have a thriving society or a sustainable economy. As a company with the long term at the heart of everything we do, we understand the materiality of climate-related risks and the need for transparent reporting. In March 2020, Coronation became a signatory to the Task Force on Climate-Related Financial Disclosures (TCFD). As a supporter of the TCFD, the Board of Directors (Board) has undertaken to provide more oversight over climate-related risks and opportunities.

As from the 2021 financial year, climate-related risks and opportunities will be tabled at Board and Audit and Risk Committee meetings to ensure that climate risks are considered when formulating strategy. To support this, management has been mandated to identify and report on climate-related risks. The Board has also undertaken to undergo training on climate-related matters to ensure that it is equipped to assess climate-related issues.

As a first step in reporting on climate change risks, the Board mandated management to conduct a carbon footprint assessment of the Company and to report on the measurements. The Board has further resolved that the Company should prioritise and invest in projects that would offset its carbon footprint by no later than the end of 2021, with the aim of achieving a carbon neutral footprint. We will be well positioned to formally report in terms of TCFD in the next 12 months.

It is important to note that our standard operating activities were interrupted by Covid-19 for half of the reporting period. Factors that were impacted included employees working on site in our offices, air travel, employee commuting, service providers, onsite electricity, water and waste. This has meant our resources consumption and travel carbon emissions were much lower than we would expect in a standard operating year. We therefore expect our 2021 metrics to differ as our operations and travel once again commence.

Notwithstanding the material impact of lockdown restrictions on business-as-usual activities, we have made a solid start to tracking our environmental impact. We will continue to deepen our approach to monitoring and improving our operational sustainability.

## 1.1 THE ROLE OF A CARBON FOOTPRINT

Acknowledging the significant risks to humanity, national governments are taking a variety of steps to reduce greenhouse gas (GHG) emissions, including emissions trading schemes, voluntary reduction and reporting programmes, carbon or energy taxes, and regulations and standards on energy efficiency and emissions.

The GHG Protocol Corporate Standard published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol) was revised in 2004. It states that companies need to understand and manage their GHG risks in order to maintain their licence to operate, to ensure long-term success in a competitive business environment, and to comply with national or regional policies aimed at reducing corporate GHG emissions.

This GHG Emissions Assessment is our first step in the carbon management process, to provide us with an estimate of the size and breakdown of our carbon footprint. It will provide the basis for further initiatives, such as public reporting, target setting and implementation of mitigation activities. This assessment aims to assist us in establishing our carbon footprint and setting the baseline for future progress.

For the financial year 2020, we engaged Trialogue Publishing and Consulting Services (Triologue) to assist in assessing our carbon footprint.

## 1.2 GLOBAL CONTEXT

Climate change presents a serious challenge for responsible business leaders in the 21st century. Scientists have clearly shown that rising atmospheric concentrations of GHGs, particularly carbon dioxide (CO<sub>2</sub>), threaten to have severe impacts on natural ecosystems, food production and human health over the next 100 years. Industrialised and rapidly industrialising countries are the main sources of GHGs. However, the greatest impacts will be felt by people in developing countries, particularly those in low-lying coastal regions and marginal agricultural areas.

Global consensus on a plan of action was best articulated in the 2016 Paris Agreement, which aims to limit the global increase in temperature to 1.5°C above pre-industrial levels. South Africa was a signatory to the Paris Agreement and submitted its intended nationally determined contribution (INDC) on adaptation, mitigation as well as finance and investment requirements for both. South Africa's INDC was underpinned by the environmental rights set out in section 24 of the Constitution, and its National Development Plan (NDP). The latter provides a 2030 vision to guide the country's sustainable development trajectory.

Good progress has been made in implementing climate compatible sectoral plans, such as the Integrated Energy and Electricity plans, Industrial Policy Action plans (IPAPs) and the New Growth Path (NGP). As the world's 13th largest emitting country for fossil fuel emissions and a domestic economy powered by coal, it is time for South Africa's private sector to step up and take responsibility for its contribution.



## 2. Assessment methodology

### 2.1 GENERAL PROCEDURE

The assessment methodology follows the reporting principles and guidelines provided by the WBCSD/WRI Protocol, which provides requirements and guidance for companies and other organisations preparing a GHG emissions inventory.

In line with the WBCSD/WRI Protocol, the following procedure was employed to perform a GHG Emissions Assessment:

1. Establishment of the assessment boundaries, (including the selection of GHGs, project boundaries and operational boundaries);
2. Collection of client data;
3. Evaluation of data quality and client data sources;
4. Calculation of emissions using appropriate conversion factors; and
5. Determination of suitable recommendations for future action.

The assessment procedure and a summary of results are presented in sections 3 and 4, respectively. Recommendations are made in section 5, and a glossary of climate change terms can be found in section 7.

### 2.2 GREENHOUSE GASES OVERVIEW

A GHG Emissions Assessment can include all six GHGs covered by the Kyoto Protocol. The six Kyoto gases are CO<sub>2</sub>, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs).

The Global Warming Potential (GWP) of each GHG may be expressed in CO<sub>2</sub> equivalents (see figure 1). For those gases with a high GWP, a relatively small emission can have a considerable impact.

The GWP of a gas is its relative potential contribution to climate change over a 100-year period, where CO<sub>2</sub> = 1 (see glossary for a full definition).

*Figure 1*

#### GLOBAL WARMING POTENTIAL OF KYOTO GASES

Kyoto Gas	GWP for 100 years
Carbon Dioxide (CO <sub>2</sub> )	1
Methane (CH <sub>4</sub> )	23
Nitrous oxide (N <sub>2</sub> O)	296
Sulphur hexafluoride (SF <sub>6</sub> )	22 200
Perfluorocarbons (PFCs)	4 800 – 9 200
Hydrofluorocarbons (HFCs)	12 – 12 000

## 2.3 ORGANISATIONAL BOUNDARIES

When accounting for GHG emissions from companies that are not wholly owned and/or from companies that have a stake in other companies, it is important to draw clear organisational boundaries. The WBCSD/WRI Protocol sets boundaries that are consistent with the organisational boundaries used for financial reporting purposes. When reporting on third-party companies, clearly defined concepts of control and equity share should be used when apportioning emissions (see glossary).

This approach was applied in this assessment. As Coronation does not own any of the real estate in which we have our offices, some equipment (such as air conditioners, refrigerators etc.) falls under the ownership, financial responsibility and operational control of our landlord/s. In these cases, fuels or gases consumed by this equipment fell outside of our organisational boundary.

For this assessment, we set the organisational boundary in consultation with Trialogue, applying the WBCSD/WRI Protocol. The organisational boundary of the assessment comprises the operational activities of our offices in South Africa, the UK and the Republic of Ireland. The emissions of our Namibian strategic partner were excluded from this assessment. This assessment also excludes the indirect carbon impacts of our core business of investing.

## 2.4 OPERATIONAL BOUNDARIES

The WBCSD/WRI Protocol provides a three-scope reporting framework.

- Scope 1 covers direct GHG emissions from company-owned vehicles and facilities.
- Scope 2 includes net indirect emissions from energy imports and exports, particularly imported and exported electricity and steam.
- Scope 3 includes other indirect GHG emissions, such as employee business travel, product transport by third parties, outsourcing of core activities and off-site waste disposal/management activities.

Business activities and their associated GHG-producing activities are outlined and classified according to the appropriate scope.

The WBCSD/WRI Protocol recommends that scopes 1 and 2 are reported as a minimum. For a comprehensive assessment of total climate change impact, relevant Scope 3 activities should also be included.

All three scopes were assessed in this report.

## 2.5 REPORTING APPROACH

This GHG Emissions Assessment is not based on direct measurement of emissions, but on estimates of material and energy consumption (principally weight or volume of fuel, but also weight or volume of waste) from which estimates of emissions can be derived, by the application of relevant conversion factors (i.e. amount of CO<sub>2</sub> produced per unit of fuel consumed). This approach is considered the most pragmatic since the quantity of key GHGs produced in most combustion and manufacturing processes is well understood.

We understand that the validity of all estimates depends on the accuracy, relevance and completeness of the data we provided to the consultant and on the conversion factors used. Together with Trialogue, we endeavoured to set out as clearly as possible all the assumptions and conversion factors used, so that the report is as transparent as possible, and the estimate of emissions is founded on best evidence.

The Precautionary Principle has been applied to this report, meaning, where there is any doubt over activities undertaken, or where there is a choice of published figures available for calculating GHG emissions, a conservative worst-case scenario is assumed, unless otherwise specified.

## 2.6 EMISSION FACTORS

To establish the tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emitted from the energy-consuming activities, default conversion factors were applied. These were taken from the UK Department for Environment, Food and Rural Affairs (DEFRA) 's GHG reporting: conversion factors 2019.

CO<sub>2</sub>e emission factors for Ireland and South Africa's grid electricity have been calculated using conversion factors detailed in the publication *Carbon Footprint's Country Specific Electricity Grid Greenhouse Gas Emissions Factors, 2019*. For UK electricity, the emissions factor from DEFRA's GHG reporting conversion factors 2019 was applied.



## 3. Data: source, quality and assumptions

The collection of the data used to calculate the emissions was carried out by Coronation and relates to the financial year ended 30 September 2020. Data was collected for Coronation's offices in Cape Town, Johannesburg, Durban, Pretoria, London and Dublin, as outlined in section 2.3: 'Organisational boundaries'.

Business travel data was supplied by third parties, such as travel agents. The balance of data was provided by Coronation's finance department, based on procurement records, from facilities management or from the talent management department. Where required data was missing, estimates were made based upon information available.

### 3.1 DATA EXTRAPOLATIONS AND ESTIMATES

Where actual data was not available, or not available within the timeframe, estimates were made and/or extrapolations applied. These are described below.



#### Fuels consumed in stationery equipment

While a Coronation-owned back-up generator is in place for the rare instance where the lessor's generator might not work, in the period under review the fuel consumption was immaterial, and data regarding fuels consumed by Company-owned stationery equipment was not reported.



#### Refrigerant gas

Air conditioners in office facilities are believed to fall under the management of the landlord and would therefore form part of their footprint and not the tenant's.



#### Electricity

We were unable to timeously obtain the actual electricity kilowatt hours (kWhs) from the landlords of our London and Dublin offices, for this reporting period. The annual electricity consumption for these two offices was therefore extrapolated based on headcount against the collected data from Coronation's other facilities. For the Cape Town office, the last quarter's data was extrapolated, based on the monthly average for that office.



#### Materials: Paper

Only paper data for the London and Dublin offices was collected. Paper use was not extrapolated to the South African offices, as the minimal paper usage and headcounts of the other offices would not have provided a sensible basis for the extrapolation. While emissions from the consumption of office paper are therefore understated, it is likely not that material.

Further, it should be noted that Coronation is dramatically cutting back on its printed materials, such as the Integrated Annual Report, in a bid to reduce consumption.





### **Business Travel**

Employee-owned petrol and diesel cars and vans are assumed to have emissions equivalent to standard UK vehicles. Emission factors derived from DEFRA's 2019 guidance have been applied. Where the size of the vehicle used was not known, it was assumed to be a medium-sized, petrol vehicle, or average petrol vehicle.

For business accommodation, the month was not indicated in the source data, so accommodation was assumed to happen evenly throughout the year. Where DEFRA 2019 had not provided the country-specific hotel accommodation emission factor, another country had been selected. This approach was applied in the following instances: Egypt's hotel accommodation emission factor was used for Morocco, Saudi Arabia's for Bahrain and South Africa's for Nigeria.



### **Employee commute**

Some sensible assumptions were made about the size of employee vehicles – medium-sized, petrol vehicles. Additionally, the distances were based on home postcodes held in our records. This means staff who lived in the same suburb would be recorded as travelling the same distance to and from the office.

Additionally, the days travelled to the office were adjusted for the Covid-19 impacts of lockdown. The attendance data was recorded per employee and used to adjust the number of trips they were likely to have made in the year to the office.



### **Municipal Water**

When assessing water usage, the Cape Town office's last quarter was estimated based on year-to-date consumption; the Pretoria office's first two quarters' data was estimated based on last two quarters' consumption; and for our offices in Durban, London and Dublin, water data was considered immaterial, based on their respective headcounts, and was neither collected nor extrapolated.



### **Waste**

Due to the nature of a financial services business, our landfill waste is assumed not to be significantly material, and data was not calculated. Recycling waste data for the Cape Town office's last quarter was estimated based on year-to-date consumption; for the Pretoria office, the first two quarters' data was estimated based on the last two quarters' recycling quantity; and for our offices in Durban, London and Dublin recycling data was considered immaterial, based on their respective headcounts, and was neither collected nor extrapolated.



## 4. Results

The carbon emissions from Coronation’s operations for the year ended September 2020 were as follows.

Figure 2

### 2020 CARBON EMISSIONS

Scope	Tonnes CO <sub>2</sub> e	Description
Scope 1	-	Stationary combustion and refrigerants
Scope 2	868	Grid electricity
Scope 3	861	Paper consumption, Business Travel, Staff Commute, Water & Waste
<b>Total</b>	<b>1 729</b>	

Source: Coronation; landlords

Analysing the 1 729 tonnes of carbon emissions using the US EPA’s equivalencies calculator, this equates to:

- Amount of carbon sequestered by 28 589 saplings growing for 10 years;
- 65 684 incandescent lamps switched over to LEDs;
- 588 tonnes of waste recycled instead of landfilled; and
- 220 million smartphones charged.

To make sense and compare carbon emissions it helps to have a set of intensity indicators such as floor space, revenue and average headcount. This facilitates year-on-year and intercompany comparatives. Coronation’s first operational carbon footprint yielded the following results:

Figure 3

### CARBON INTENSITY FACTORS

Total carbon tonnes	CO <sub>2</sub> e t/headcount	CO <sub>2</sub> e t/employee/day <sup>1</sup>	CO <sub>2</sub> e t/SQM floor space	CO <sub>2</sub> e t/R’m revenue
1 729	4.97	0.03	0.26	0.45

<sup>1</sup> Excludes estimated days where staff worked from home due to Covid-19

Source: Coronation; landlords

Figure 4

### CARBON EMISSIONS CONTRIBUTORS

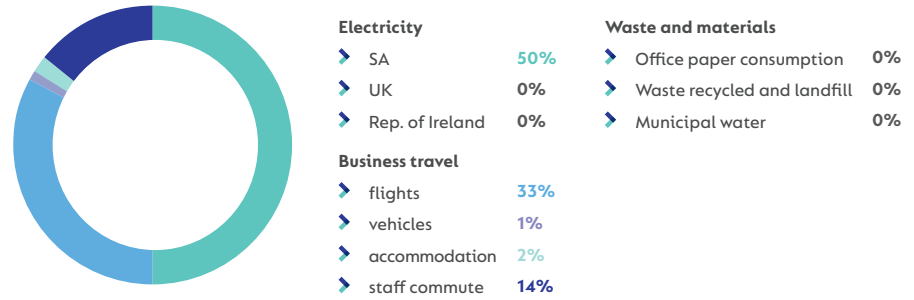
Emission source	CO <sub>2</sub> e kgs	% Contribution
Electricity	868 253	50.2%
Bus travel – flights	575 579	33.3%
Staff commute	246 307	14.2%
Bus travel – accommodation	24 679	1.4%
Bus travel – vehicles	14 077	0.8%
Waste – recycled	683	0.0%
Office paper consumption	187	0.0%
Municipal Water	25	0.0%
<b>Total</b>	<b>1 729 790</b>	<b>100%</b>

Sources: Coronation; travel service providers; landlords

Note: Figures may not add up to totals due to rounding.

Figure 5

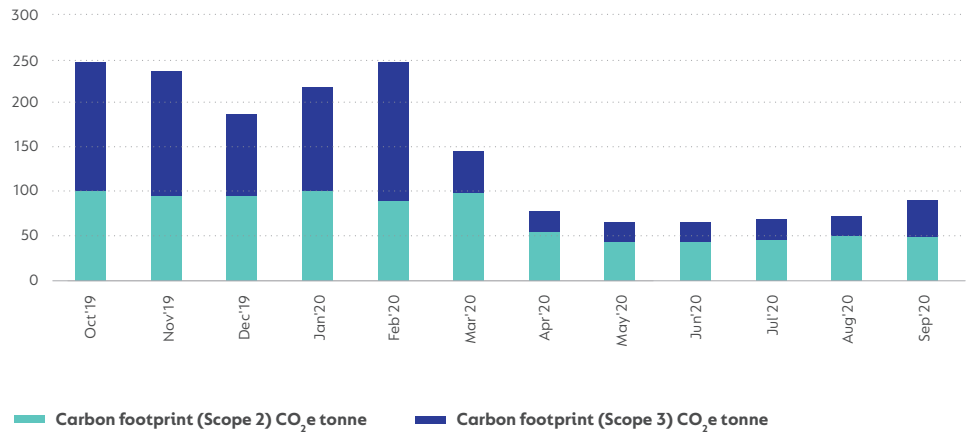
**CARBON EMISSIONS SOURCES**



Electricity emissions (Scope 2) remained mostly constant throughout the year. Due to Covid-19, from March 2020 onwards, employee travel was severely curtailed, hence the drop off in Scope 3 emissions, which comprises mostly employee travel (flights, business travel, accommodation and staff commuting). Employee commuting was also curtailed with lockdowns imposed and many employees working from home.

Figure 6

**CARBON EMISSIONS PER MONTH**



Sources: Coronation; travel service providers; landlords

## 4.1 SCOPE 1

No Scope 1 data was reported for the period under review. Refer to section 3 on data collection.

## 4.2 SCOPE 2

Data comprised emissions from grid-purchased electricity in South Africa, UK and the Republic of Ireland. South African grid electricity has the highest emissions factor of the countries where we have offices. This is due to the high percentage of coal-fired power in the country.

A total of 922 786 megawatt hours (MWh) of electricity was consumed across the Group, equating to an average of 16 kWh per employee per day. This consumption produced 868 tonnes of carbon emissions, on average 15 kilograms (kgs) per employee per day. It follows that our South African offices with the most staff consumed the bulk of electricity during the year.

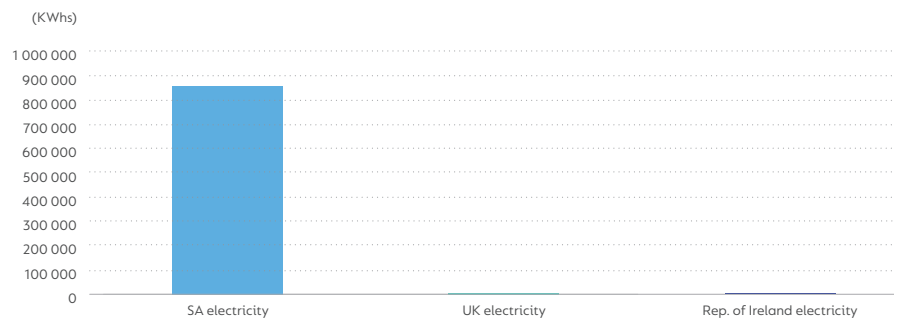
Figure 7

### ELECTRICITY ANALYSIS

Location	Electricity kWhs	CO <sub>2</sub> e kgs	# Staff	Staff days in office (C-19 ad)	CO <sub>2</sub> e kgs/ staff/ days in office	kWh/ staff/ days in office	CO <sub>2</sub> tonnes/ avg head-count	Elec kWh/ SQM office floor space
SA electricity	895 258	859 985	337	54 709	16	16	2.55	143
UK electricity	18 562	4 744	7	1 136	4	16	0.68	97
Rep. of Ireland electricity	8 966	3 524	4	649	5	14	0.88	58
<b>Total</b>	<b>922 786</b>	<b>868 253</b>	<b>348</b>	<b>56 495</b>				
<b>Average</b>					<b>15</b>	<b>16</b>	<b>2.49</b>	<b>140</b>

Figure 8

### CARBON EMISSIONS FROM GRID ELECTRICITY



Sources: Coronation; travel service providers; landlords

Note: Electricity consumption is materially higher in our South African offices than that of the London and Dublin offices. This is due to their respective headcounts, namely: 337 (SA); 7 (UK) and 4 (Rep. of Ireland).

## 4.3 SCOPE 3

After electricity, Scope 3 emissions of 862 tonnes make up the balance of Coronation's operational carbon footprint.

### Materials consumption

Office paper, based only on the London and Dublin offices, is not material, falling short of even 1% of emissions for the year. However, this is a very common consumptive material in the services industry, and it is good practice to reduce consumption and therefore limit any environmental impacts.

Figure 9

#### MATERIALS CONSUMPTION

Categories	Kg CO <sub>2</sub> e
Office paper consumption	187

Source: Coronation

### Travel

Flight emissions form a significant part of the travel footprint at 67%, followed by employee commuting at 28%. Business accommodation and vehicle hire emissions are less significant.

Flying is carbon intensive, and the longer the flight and the higher the class of flight, the greater the impact. Coronation's 2020 flight carbon emissions of 576 tonnes is the equivalent to the amount of carbon sequestered by 9 508 seedlings growing for 10 years (source: US EPA equivalencies calculator).

Emissions from employee commuting were also significant, as most South African employees use their own vehicles to commute. UK and Ireland-based staff reported much less carbon-intensive rail travel as their most common method of commuting.

Figure 10

#### TRAVEL

Categories	Kg CO <sub>2</sub> e
Business travel – flights	575 579
Business travel – vehicles	14 077
Business travel – accommodation	24 679
<b>Total business travel</b>	<b>614 335</b>
Staff commute	246 307
<b>Total travel</b>	<b>860 642</b>

Figure 11

### BUSINESS TRAVEL EMISSIONS SOURCES



Sources: Coronation; travel service providers

## Water and Waste

Emissions from reported municipal water use and waste production were immaterial in this year's carbon footprint calculation. This is not unusual considering Coronation is in the services industry.

However, it is good practice to track and reduce, as far as possible, water consumption, especially in a water-stressed country such as South Africa. To this end we have run water-awareness campaigns in our offices encouraging employees to save water.

Similarly, landfill waste data was not tracked as the scale of office waste is likely immaterial. However, it is good sustainability practice to reduce landfill waste as far as possible and to implement and encourage a culture of recycling among staff. To this end we have recycling stations available in our Cape Town office where the majority of our employees are based, and we ensure that our disposable catering equipment is biodegradable.

Figure 12

### TOTAL WATER AND WASTE CARBON EMISSIONS

Categories	Kg CO <sub>2</sub> e
Waste – recycled	683
Waste – landfill	-
Municipal Water	25
<b>Total</b>	<b>708</b>

Source: Coronation



# 5. Recommendations

The following recommendations are currently under consideration for: 1) future carbon assessments, 2) carbon emissions reduction and 3) carbon offsetting.

## 5.1 FUTURE CARBON ASSESSMENTS

- › The implementation of an internal system for recording and submitting the data required for a GHG Emissions Assessment. This would improve the ease and efficiency of data collection and the accuracy of future emissions assessments. Ideally, data should be collected and tracked monthly.
- › The collection of actual data especially related to 1) electricity consumption, 2) the size of the vehicle for staff commute and 3) paper consumption.
- › An annual review of the Company emissions profile to monitor changes in emissions. This will allow an emissions baseline to be established, against which targets can be set and progress can be monitored.

## 5.2 CARBON EMISSIONS REDUCTION

The following measures by which Coronation can potentially reduce its operational carbon emissions are under review for possible implementation going forward, where possible.

- › **Electricity**
  - › Where office premises are leased, engage landlord on the provision of solar PV systems;
  - › Consider a wheeling contract for green energy, once this becomes available from local municipalities;
  - › Procure electrical equipment for offices with high energy efficiency ratings of A+ upwards. Develop a procurement policy to guide this process;
  - › Encourage and seek out open air office environments, rather than airconditioned spaces that use refrigerant gases and energy to operate; and
  - › Build awareness among employees as to the efficient use of electricity, e.g. turning off lights and equipment.
- › **Employee business travel (flights, accommodation, vehicles)**
  - › Use video conferencing technology whenever possible to reduce number of flights taken;
  - › Develop an employee travel policy that governs the class of flight depending on the distance and requirements of the destination;
  - › Build employee awareness around the environmental impact of flying;
  - › Encourage employees to bear sustainability in mind and take the most direct routes possible;
  - › Encourage employees to stay in hotels or accommodation with strong sustainability practices; and
  - › Encourage employees to use public transport in those cities where it is available and safe to do so.
- › **Employee commute**
  - › Investigate flexible working hours and work-from-home policies to allow employees to plan around traffic and reduce time and resultant emissions from commuting; and
  - › Encourage and facilitate carpooling among South African staff to reduce emissions from commuting.

- > **Paper**
  - > Workshop high paper use processes to find alternatives, e.g. electronic processing;
  - > Build awareness among staff about reducing paper usage;
  - > Only procure Forest Stewardship Council (FSC) certified paper with recycled content; and
  - > If marketing collateral is printed, this should be on FSC-certified paper.
- > **Waste**
  - > Continue to ensure all offices have the facilities and processes in place to maximise recycling
- > **Water**
  - > Continue to build awareness of responsible water use in all offices
- > **General**
  - > Develop sustainability awareness and culture;
  - > Set up an Employee Sustainability Committee to meet quarterly to discuss Coronation's operational sustainability objectives and how to address them;
  - > Develop or adopt a sustainability framework and develop a corporate identity for the programme; and
  - > Consistently track carbon-emitting data to assess improvements or problem areas.

## 5.3 CARBON OFFSETTING

As we work to reduce Coronation's emissions as far as possible through technical and behavioural methods, carbon offsetting can be the final tool to achieving carbon neutrality. We are seeking a 2021 carbon offset partner that aligns with the following requirements.

### Guidance for carbon offset partners

Projects should be third-party verified and validated, and accredited by internationally-recognised standards that meet rigorous vetting criteria and are legitimate. Desirable partners should apply one of the following standards:

- > Clean Development Mechanism (CDM);
- > Verified Carbon Standard;
- > Gold Standard; or
- > Climate, Community and Biodiversity Standard.

### Additionality

When selecting a partner, we will seek one that ensures that all their projects provide additionality. This means that the project was only made possible through carbon funding in order to meet the accredited standards.

### Type of projects

Project authenticity and efficacy are key. The recommendation is that projects that are solely tree planting projects should be avoided. This is because it is difficult to prove the permanence of these newly planted trees and they do little to change our reliance on fossil fuels. Forestry projects can be effective, but they must go beyond the planting of trees by protecting existing forests and biodiversity, as well as providing community benefits. Other types of meaningful offset projects include wind farms, as well as water filter programmes, which reduce the carbon produced by cutting down and burning firewood to boil water.





### **Retiring offsets**

All projects should be listed on a registry and offset providers can use these to retire projects and make sure the credits purchased are not resold and double counted towards climate mitigation. Many offset providers work directly with the projects' developers and collaborate with them to ensure the offsets are retired properly.

### **Co-benefits**

Projects that go beyond carbon offsetting are more attractive. Every project has huge potential to provide community benefits and biodiversity protection. These impacts are often called co-benefits.

### **Transparency**

We will vet the reputation of our chosen partner/s thoroughly and require them to have information about their projects, methodologies and quality assurance protocols readily accessible on their websites and be willing to answer our questions.

## **6. Conclusion**

Coronation's management and Board will continue to focus on ensuring that the Company reduces its carbon footprint. While this is our first year of formal reporting, we have implemented various initiatives over the past few years.

In order to ensure we play our role as an active corporate citizen, we will take the recommendations of this assessment under review and implement the necessary steps to align our operational activities with industry best practice.

As previously noted, climate change and the related risks and opportunities have been elevated to a key focus area by the Coronation Board. This carbon footprint assessment is the first formal step in our journey to mitigating our operational impact on the environment through improved efficiencies and participating in offsetting our carbon emissions through partnerships with accredited providers.



## 7. Glossary

<b>Carbon dioxide equivalent (CO<sub>2</sub>e)</b>	The universal unit of measurement used to indicate the GWP of each of the six Kyoto GHGs. It is used to evaluate the impacts of releasing (or avoiding the release of) different GHGs.
<b>Climate change</b>	A change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that is in addition to natural climate variability over comparable time periods (source: United Nations Framework Convention on Climate Change).
<b>Control</b>	The ability of a company to direct the operating policies of a facility or organisation. Usually, if the company owns more than 50% of the voting interests, this implies control. The holder of the operating licence often exerts control. However, holding the operating licence is not a sufficient criterion for being able to direct the operating policies of a facility or organisation. In practice, the actual exercise of dominant influence itself is enough to satisfy the definition of control without requiring any formal power or ability through which it arises.
<b>Direct emissions</b>	Emissions that are produced by organisation-owned equipment or emissions from organisation-owned premises, such as carbon dioxide from electricity generators, gas boilers and vehicles, or methane from landfill sites.
<b>Emissions factor</b>	An emissions factor is a coefficient that allows us to convert activity data into GHG emissions. It is the average emission rate of a given source, relative to units of activity or process/processes.
<b>Equity share</b>	The percentage of economic interest in/benefit derived from an organisation.
<b>Global warming</b>	The continuous gradual rise of the earth's surface temperature thought to be caused by the greenhouse effect and responsible for changes in global climate patterns (see also, 'Climate change').
<b>Global Warming Potential (GWP)</b>	The GWP is an index that compares the relative potential (to CO <sub>2</sub> ) of the six GHGs to contribute to global warming, i.e. the additional heat/energy that is retained in the earth's ecosystem through the release of this gas into the atmosphere. The additional heat/energy impact of all other GHGs is compared with the impacts of CO <sub>2</sub> and referred to in terms of a CO <sub>2</sub> equivalent (CO <sub>2</sub> e), e.g. CO <sub>2</sub> has been designated a GWP of 1. Methane has a GWP of 21.
<b>Greenhouse gases (GHGs)</b>	The current IPCC inventory includes six major GHGs. These are carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF <sub>6</sub> ).
<b>IPCC</b>	The Intergovernmental Panel on Climate Change. A special intergovernmental body established by the United Nations Environment Programme and the World Meteorological Organisation to provide assessments of the results of climate change research to policy makers. The Greenhouse Gas Inventory Guidelines are being developed under the auspices of the IPCC and will be recommended for use by parties to the Framework Convention on Climate Change.
<b>Indirect emissions</b>	Emissions that are a consequence of the activities of the reporting company but occur from sources owned or controlled by another organisation or individual. They include all outsourced power generation (e.g. electricity, hot water), outsourced services (e.g. waste disposal, business travel, transport of company-owned goods) and outsourced manufacturing processes. Indirect emissions also cover the activities of franchised companies and the emissions associated with downstream and/or upstream manufacture, transport and disposal of products used by the organisation, referred to as product life-cycle emissions.
<b>Kyoto Protocol</b>	The Kyoto Protocol originated at the third Conference of the Parties to the United Nations Convention on Climate Change held in Kyoto, Japan in December 1997. It specifies the level of emission reductions, deadlines and methodologies that signatory countries (i.e. countries who have signed the Kyoto Protocol) are to achieve.
<b>Scope 1</b>	Scope 1 GHG emissions are direct emissions from sources that are owned or controlled by the reporting company. Scope 1 includes on-site fossil fuel combustion and fleet fuel consumption.
<b>Scope 2</b>	Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
<b>Scope 3</b>	Scope 3 includes all other indirect emissions that occur in a company's value chain.

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