



SA-EU JUST TRANSITION FINANCING ROADMAP:

TECHNICAL PEER-TO-PEER COUNTERPART KNOWLEDGE SHARING

A series of three webinars



WEBINAR 2

MOBILISING INSTITUTIONAL INVESTOR FLOWS TO FINANCE JUST TRANSITION ACTIVITIES

07 OCTOBER 2021 – 09h15-10h45

About Webinar 2

Institutional investors in South Africa account for nearly 50% of all South African assets under management: collective investment schemes (R2175-billion); life offices (R2816-billion) and retirement savings (R1224-billion). Mobilising such funding in support of a just transition to net zero is fundamental to ensuring an appropriate quantity of funding is available, but also an appropriate quality of investment.

In 2011 Regulation 28 came into effect in South Africa. The regulation requires retirement funds to consider ESG issues in assessing factors that materially affect the sustainable long term performance of their assets. This has led to the adoption of key practice guidelines including: using ESG insights to manage risks and returns; engaging investee companies on ESG issues; exercising voting rights conferred by share ownership and being transparent and accountable. While guidelines have been adopted on the ground meaningful progress in terms of behaviour change is less apparent. Like their counterparts overseas the challenges of mobilising funding in support of a just transition is challenging. Key challenges include:

- Reputational risk of labelling actions as just transition only to be publicly criticized for being 'insufficiently just' and hence just transition washing.

- Difficulty in finding appropriate sustainable finance and just transition investment vehicles.
 - Difficulty in dealing with the lack of track record on returns of such vehicles when they are identified.
 - A lack of sustainable finance and just transition investment opportunities of the right scale.
 - A lack of Fund of Funds opportunities.
 - A need to include some categories of infrastructure development as sustainable finance or just transition finance.
 - A lack of understanding of ESG risks by the Board of Directors, decision making committees and fund managers.
 - A lack of capacity, knowledge, mechanisms and tools to meaningfully engage with sustainable and just transition investments and vehicles.
 - A lack of detailed requirements and benchmarks for disclosure.
 - Uncertainty about what constitutes a sustainable or just investment.
 - The requirement to ensure short term returns despite long term ESG risks for some investments.
- The webinar will explore the approaches and activities of European institutional investors to such challenges and explore how barriers can be removed in order to enable South African (and foreign) institutional investors to mobilise finance towards a just, decarbonised pathway to net zero.

Programme

09h15-09h20 Welcome by Facilitator, Steve Nicholls, Head of Environment, NBI

09h20-10h15 Sharing of mutual experiences by South African and European peers:

Dr Crispian Olver, CEO, Presidential Climate Commission

Nazmeera Moola Deputy MD, Head of SA Investments 91

Sean Kidney, CEO Climate Bond initiative

Mr. Johan Florén – Head Of Communication and Corporate Governance at the Swedish state pension fund AP7

Ms. Sari Tasa, Senior adviser, Finland Ministry of Economic Affairs and Employment

10h15-10h45 Discussion

For further information please contact:

Flow Communications: Gail Cameron gail@flowsa.com

EU: Ariane Labat Ariane.LABAT@eeas.europa.eu

TIPS: Sandy Lowitt slowitt@icon.co.za

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