



SPECIAL REPORT

SANLAM ESG BAROMETER

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Private sector investment lags in climate adaptation

● ESG strategies must operate in tandem with climate change awareness to mitigate business risks, writes Denene Erasmus

In its latest report to inform the global response to climate change, the UN's Intergovernmental Panel on Climate Change (IPCC) says that global temperatures have already increased 1.1°C above industrial temperatures and are now likely to reach 1.5°C by 2040 or sooner.

This will result in more intense extreme weather events that pose a growing threat to nature and people in every region of the world.

For businesses a growing awareness of the impact of climate change and global warming on their operations has unfolded in parallel with greater focus on environmental, social and governance (ESG) strategies and an understanding of how to manage risk and opportunities arising in these areas.

ESG in the context of climate change can include a company's implementation of environmen-

tally sustainable practices to mitigate their negative environmental impact while continuing to make profit.

Companies surveyed in the recently launched Sanlam ESG Barometer, a report compiled in partnership with Intellidex and Business Day, ranked environmental factors as the second-greatest ESG risk to their businesses after social aspects such as maintaining good employee relations.

The environmental risks of concern were climate change, greenhouse gas emissions and responsible use of water.

SA's energy landscape poses a dual risk to companies. Not only does Eskom's overwhelming reliance on coal to generate electricity create a hurdle for electricity users to achieve their own emissions reduction targets (an important metric in most ESG ratings), Eskom's poor per-

formance and intermittent supply makes it difficult and expensive for companies to maintain efficient levels of output.

According to the Minerals Council of SA mining operations in SA are running at 20% to 30% under capacity due to the electricity constraint from load-shedding and load curtailment.

Many companies in SA are investing in renewable energy supply. This offers not only the benefit of securing electricity at a more affordable price and without interruption, but companies can also include such interventions as part of the environmental objectives within their larger ESG strategies.

In the SA mining sector there is already a pipeline of about 70GW of renewable self-generation projects. These projects are able to make a significant contribution to companies' carbon emissions reduction targets and

overall climate-mitigation plans.

But, said IPCC author Dr Christopher Trisos, it is important that companies focus not only on climate mitigation aspects, but also adaptation within their operations and in their communities.

Trisos, the co-ordinating lead author of the IPCC report and the director of the Climate Risk Lab at the University of Cape Town, said increased private sector engagement in reducing greenhouse gas emissions and in climate change adaptation is essential.

"There are huge needs for increased private sector finance, in both mitigation and adaptation. In a country like SA, there isn't enough public finance to fully close our adaptation funding gaps."

There's still more private sector finance flowing to fossil fuels than to renewable energy.



Backup: Many companies are investing in renewables to ensure secure, affordable electricity supply. /123RF/wiechenteq

He said this increases the risk of costly investment by companies and fund managers in assets and classes of assets that will become stranded over the next 20 years. "If we are going to limit warming to close to 1.5°C, then an investment in fossil fuels today runs the risk of that asset becoming stranded."

There needs to be greater alignment of private sector and public sector action on climate change, he said.

This will require of governments to send clear signals through co-ordinated policies. But it also requires the private

sector to better price the risks from future climate impacts and their exposure to fossil fuels.

Equally, the private sector needs to play a far bigger role financing climate adaptation. Up to now, overwhelmingly, the finance for adaptation has come from the public sector, according to Trisos.

The IPCC report identifies that for the most vulnerable people and places that will probably continue to be the case in the near-term.

The reason for this, Trisos explains, is that although adaptation often has a very high return

on investment, those returns are often in the form of public good or benefits to low-income and marginalised communities. The returns manifest in such a way that it is difficult for the private sector to monetise the return.

For example, if the business is based in an area that is exposed to flooding, if improved flood protection is put in by restoring the river catchments that flow towards this area, then property values can go up.

A municipality can get some of that investment back through rates on the increased property. But if you are in the private sec-

tor that's a much more indirect way of funds being returned compared with a direct cost saving from installing solar power or the earning that can be achieved from selling that power to a utility, for example.

"We know there are huge needs for increased private sector finance, but there is currently a challenge in the financing models being applied by the private sector. Equally, government regulation needs to be put in place that will be able to facilitate the right types of financial return models for private sector investment in adaptation."

MITIGATING RISKS OF INSTABILITY

ESG can help tackle social inequality

With a Gini coefficient of 0.63, SA is one of the most unequal societies in the world today.

The Gini index measures the distribution of income across a population where a score of 0 corresponds with perfect income equality and a score of one with perfect income inequality.

Any score around 0.5 indicates severe income disparity.

The very high levels of inequality in SA are driven by SA's stubbornly high unemployment rate, currently at about 33%, pay disparities, and high levels of poverty that affect more than half of the population. Exacerbating this are levels of youth unemployment that are amongst the world's highest.

This social inequality has emerged as a major risk for firms in SA as it functions as a driver of crime and instability.

It is no surprise then that, in an effort to address this risk,

companies in SA place much focus on the social aspects of their overall environmental, social and governance (ESG) strategies.

Companies surveyed in the recently launched Sanlam ESG Barometer, a report compiled in partnership with Intellidex and Business Day which assesses how SA companies are changing their businesses to deliver improved ESG outcomes, perceive social aspects of ESG to be the most relevant in their overall corporate ESG strategies.

However, companies appear to be more inward-looking when it comes to addressing social issues. In the survey, which includes responses from 21 of the top 40 companies on the JSE, respondents identified social aspects of ESG such as maintaining good employee relations, occupational health and safety compliance, and finding ethical suppliers to be the

most relevant in their overall corporate ESG strategies.

This makes a lot of sense considering that the aspect over which corporates have the biggest control is their employees. "Corporates can influence the broader landscape of inequality by improving the lives of their employees," said Tracey Davies, the executive director of shareholder activism organisation Just Share.

According to Davies, there is an "extraordinary situation in SA" where from a labour market point of view it is one of the most unequal countries on earth, and

WITH A GINI COEFFICIENT OF 0.63, SA IS ONE OF THE MOST UNEQUAL SOCIETIES IN THE WORLD TODAY

yet there is still no requirement in SA to disclose wage gaps, including the earnings of companies' lowest paid workers.

There is, she said, a Companies Amendment Bill in the works that would require companies to disclose information about the vertical and other wage gaps, making that information transparent.

"Paying all employees a living wage – which is very different to the minimum wage – is the most effective way that SA corporates can tackle inequality, but what we often hear from business leaders when this issue comes up is that the focus should rather be on tackling unemployment."

"Tackling unemployment is crucial, but the focus on unemployment at the corporate level is a distraction: decades of careful research demonstrates that the biggest driver of overall inequality in SA is labour market inequality, and the persistence of

the so-called 'apartheid wage gap'."

Davies said that for as long as corporates are unwilling to disclose their pay gaps, no ESG strategy would have a significant impact on inequality.

Another crucial way in which SA's corporate sector could make a difference is by being braver in speaking up in relation to government policies.

It all starts with transparency – something that could be better regulated once the Companies Amendment Act get enacted.

But, said Davies, legislating these important issues has been delayed for years, in large part due to corporate lobbying against the transparency sought in the bill for issues such as pay gaps.

Despite high levels of unemployment and inequality, the performance of SA companies in social metrics does offer a compelling investment case, accord-



Wellbeing: Many top SA companies identify social aspects of ESG, such as maintaining good employee relations, to be the most relevant in their overall corporate ESG strategies. / 123RF/fiziks

ing to David Aserkoff, JP Morgan's equity strategist for the Central and Eastern Europe, Middle East and Africa region.

Speaking at the recent launch of the Sanlam ESG Barometer,

he said investors had largely "got past the hurdle" of looking at ESG scores in isolation when judging investment opportunities in emerging markets.

"Nothing draws investors

[more strongly] than good returns. If emerging markets offer good returns, money will come," he said.

In addition, according to Aserkoff, investors are realising the value of not necessarily investing in "good ESG companies", but rather in "improving ESG companies."

"When you invest in ESG improvement, you outperform the market and ultimately that will be very favourable for emerging markets," he said.

A selling point for SA, compared with other emerging markets, was that SA companies have been thinking about ESG for a long time through the implementation of employment equity policies, for example.

This, said Aserkoff, was part of the progress made in the country in the 1990s when SA became a democracy. "Companies have already gone a long way toward adopting social goals and no one takes the social element of ESG more seriously than SA-based companies. SA should do a better job of shouting that from the rooftops."

PAY STRUCTURES

Executive remuneration is being linked to benchmarks

Many companies already incorporate environmental, social, and governance (ESG) metrics into executive pay structures.

However, a recent report by professional services company PwC on the practices and remuneration trends for executives found that while it was clear that the incorporation of ESG-inspired measures into executive pay structures has become much more common, it was not clear if this had been done in a meaningful way that will drive real change.

Without linking remuneration to achievement of ESG targets, targets won't be achieved, said Tracey Davies, executive director of shareholder activism organisation Just Share.

"We know that financial reward is a strong motivation for performance. It is self-evident that unless the achievement of non-financial metrics is directly linked to executive remuneration, executives will not priori-

tise them. Unfortunately, what we do see happening are that those targets that are linked to remuneration are either very easy to achieve or they are not defined in sufficient detail to enable executives to be held to account," Davies said.

They were also seeing instances, she said, where even when targets were not met, remuneration committees will decide that this was due to circumstances beyond executives' control and the benefit is given. Without regulating these issues and properly linking the achievement of these targets to remuneration, the incentives to succeed get diluted.

The recently launched Sanlam ESG Barometer, an assessment of how SA companies are changing their businesses to deliver improved ESG outcomes, looked at the extent to which senior executives' incentives were affected by the achievement of ESG targets.

Survey participants had to indicate the share of executives variable pay (their bonuses) that was affected by ESG factors.

According to the report, compiled in partnership with Intellidex and Business Day, 60% of companies said that between 10% and 30% of executives' variable pay is affected by ESG targets. At the bottom end, 5% of companies had no link between executives' variable pay and the achievement of ESG targets, while at the top end about 7% of companies said that 50% or more of variable pay was linked to ESG factors.

SA institutional investors were still very far from holding executives accountable, for example by voting against them if they don't achieve or prioritise ESG targets, said Davies. "In jurisdictions that SA corporates compare themselves to in terms of ESG progress, we see litigation by groups of shareholders, often working with NGOs,



Incentives: Incorporation of ESG-inspired measures into executive pay structures has become much more common. /123RF/innovatedcaptures

against directors in their personal capacity for failing to prioritise or achieve ESG targets."

To make it possible for investors to hold companies accountable there first needed to be transparent disclosure when incorporating ESG into incentive

structures, the PwC report said. "Investors expect full and transparent disclosure of the relevant metric or modifier, and as per the JSE's most recent sustainability disclosure guidance, an organisation should describe

the performance metrics and targets it uses to measure, monitor, and manage its sustainability impacts, risks and opportunities, and its performance against these metrics and targets," the report said.

It suggests some minimum

guidelines for what should be illustrated in a company's ESG reporting including that the metrics used to measure performance and methodologies used to calculate performance had to be clearly illustrated.

In addition, reporting should disclose the period of time over which performance is measured, any milestones or interim targets, any amendments to the metrics or targets and the reasons for these changes, including, where possible, any restated comparative figures.

The company and individual performance against these targets and metrics should also be clearly shown. The degree to which ESG metrics should be incorporated into executive pay structures is not formally defined or regulated.

In its report, PwC said ESG targets had to be calibrated appropriately. "ESG issues could quite easily be calibrated in a way that results in higher pay-

outs. Boards should ensure shareholders trust ESG targets and their calibration. At the top end, payouts must require truly exceptional ESG changes to be delivered."

According to Davies, the achievement of ESG targets also usually applies to short-term pay incentives rather than long-term incentives – and that was where the biggest problem lies.

"There are very few meaningful ESG targets that can be achieved in one or even three to four years – a lot of these targets, especially those related to climate-change adaptation and mitigation, relate to outcomes that can only be measured quite far in the future."

Given the average executive's tenure at a company will be much shorter than the time required for the achievement of meaningful targets, achievement should also be linked to long-term incentives like retirement benefits, she said.

SANLAM ESG BAROMETER

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Moving away from the checkbox ESG approach

● Ratings should have context, writes Denene Erasmus

A plethora of environmental, social and governance (ESG) ratings and methodologies exist to evaluate companies' sustainability and societal impacts.

These ratings, some of which are provided by trusted names in international finance and business such as Bloomberg, S&P Global, Morgan Stanley Capital International, FTSE Russell ESG Ratings and the Dow Jones Sustainability Index, give investors and companies insight into a company's performance in environmental responsibility, social and labour practices, and corporate governance.

However, existing ratings and methodologies have been criticised for focusing on historical achievement rather than future potential, thus creating a risk for developing markets.

Over-reliance on compliance with such ratings and methodologies also creates the risk that ESG will become a "tick box" exercise for companies, where their strategies are devised to get the highest rating, rather than on focusing on projects that would have the most meaningful impact in their environment.

But, said Shameela Ebrahim, chief sustainability officer at the JSE, there was a fundamental shift happening as people start to see and understand how issues such as inequality and environmental degradation threatened their own existence.

Ebrahim was a speaker on a panel discussing SA's success in meeting the ESG expectations of investors at the recent launch of the Sanlam ESG Barometer.

"There is a growing realisation of the need to think differently and outside the usual ESG tick box, to consider the broader context of sustainability, which implies an explicit consideration of things like ecological boundaries, which are not necessarily part and parcel of our current data sources," she said.

The easiest example, said Ebrahim, is climate change. "When we talk about boundaries, climate change boundaries are clearly quantified. We know that if we go above a certain level of global warming, because we have exceeded a certain carbon emission threshold, there will be measurable consequences."

Compliance is one thing, she said, but companies also had to deal with what is actually happening from an environmental and a social perspective.

"We need to see a closer coming together of the contextual element, which is the ecological boundaries linked to social foundations, and the compliance elements which is manifested in different laws, regulations, ESG standards and frameworks."

They have been seeing "a shift in intent", but the responsibility stretches beyond companies and fund managers.

"Every person needs to own this and make sure that whatever retirement fund they have is actually supportive of ensuring an environment that they want to retire in," Ebrahim said.

"This is the context in which laws and regulations around compliance should be developed – it needs to be driven by a

fundamentally different set of motives rather than being a tick-box exercise."

Teboho Makhabane, head of ESG and Impact at Sanlam Investments, who also participated in the panel discussion, said Sanlam was building its own ESG rating methodology because many of the existing ratings do not offer sufficient transparency.

This offers them the opportunity to bring the methodology closer to specific funds which makes it possible to contextualise their ratings better.

Some issues are more important in SA than they might be in other jurisdictions – water, for example, is a major issue for companies in SA and probably even more so than climate change, Makhabane said.

In a survey of 21 of the top 40 companies on the JSE conducted by Intellidex for the Sanlam ESG Barometer, 10% of respondents rated responsible water use as their most relevant ESG risk. This was on par with those that rated climate change and its potential negative effects on company resources as the most relevant risk.

Makhabane said existing, international ESG ratings can be used to aid the local industry to refine their methodology and criteria scoring, "but you need to apply your own thinking".

Louise Gardiner, of the International Finance Corporation's (IFC) Sustainable Banking and Finance Network, said investors can use the "ESG lens" in a strategic way to look at the con-



Wet and dry: In a survey of 21 of the top 40 companies, 10% of respondents rated responsible water use as their most relevant ESG risk. /123RF/mx9uk

text and understand the risks and the appropriate responses.

"Remember, investors are not a homogeneous group. The IFC, for instance, is a good example of a development finance institution that has a financial mandate as well as development mandate.

According to Gardiner the concept of additionality in sustainable and ESG investing, for example, has always been part of its investment mandate. "We are looking for companies and investing in emerging markets that are able to provide that contribution to environmental, social and economic goals."

Importantly, she said, the ESG lens within IFC's investment strategy is about "doing no

harm. "You will hear this in the EU's approach to sustainable finance as well. The reason why this approach is important is because if there is harm, it can turn into business risk."

"The investor needs to know that these risks are being managed. For development finance institutions that are designed for investing in emerging markets, we have to assess the commitment, the competence and the capacity of companies to manage those risks."

Gardiner said SA companies stand out for their knowledge and capacity to manage ESG risk and there was a good, long history in SA going back almost 20 years of ESG disclosures.

MAKING THE DIFFERENCE

Green investing so much more than a score: it's an impact

At the inaugural Sanlam ESG Barometer Conference, there was strong acceptance that for corporate SA Inc to attract international ESG investment, the approach to ESG strategies must be different.

The Barometer findings paint a picture of progress, while investigating the primary motivators behind ESG investment. Generally, the consensus was that SA Inc needs to direct its ESG efforts towards projects that see sustainable positive impact with a long-term view.

The time for meeting ratings agencies' requirements as a compliance tool was found to be at the cost of creating greater impact for society.

ESG was also explored in terms of additionality, and measuring by impact, not score. The concept of additionality was explored as a key theme of the day and participants aligned on the need to have more evidence of ESG additionality as part of investment decision.

For me, and for all of us at Sanlam, ESG is about real outcomes. Seeking partnership and ESG additionality in your investment strategy has the power to create sustainable positive impacts for beneficiaries and society – a specific investment causing a positive outcome that otherwise would not have occurred.

We need to recognise how important it is that, as South Africans, we continue these conversations because our children will benefit from the engagements we're having now.

The whole issue of sustainability is not a race to the



Abel Sakhau

top. We always want to improve in terms of our scoring, but let's focus less on external rating frameworks and more on real impact. That's why we, as Sanlam, started this initiative with our partners, Business Day and Intellidex. Let's start asking the question – "did that score allow you to show visible impact?" If you can't answer yes to that question, then the score does not mean anything.

This encapsulates the Sanlam ethos. For example, the group has invested R7bn in our Sanlam Infrastructure Plan since December. We urge a collaborative, future-looking approach. Imagine if we come together to create positive social impact, how much additionality we could achieve. Over these last few weeks, we've seen students marching. Students are our future employees. Are we concerned about the issues they've raised? What is corporate SA doing to help? If these students don't complete their studies, we confront a compounding issue of youth unemployment in the country.

ESG on the ground is about changing people's personal

stories. The Sanlam Foundation is focusing on early childhood development because we must lay good foundations. This country can't afford to lower the matric pass rate to below 30% because we failed to create a good, solid educational foundation.

For Sanlam, investing in early childhood education is a practical and impactful strategy because these learners will have a good foundation to tackle the educational demands of the future.

We're also capacitating municipalities from an infrastructure perspective, not because we're a risk-averse organisation, but because we don't want the poor gogo who sits in her one-bedroom house to lose her home because there's no fire response available. Our Partnership for Risk and Resilience has helped many households survive natural disasters because municipalities are capacitated to respond effectively to such incidents. This is what we call ESG additionality because without our investments we will be counting the magnitude of damages and loss of livelihoods.

The Sanlam ESG Barometer is a continuation of Sanlam's long-standing commitment to people and planet. It will introduce a more formal measure of how listed companies are performing with their ESG agendas, to drive a greater focus and commitment. We're hoping it'll help SA Inc to accelerate its ESG performance, share its wins and attract critical investment.

● Sakhau is Sanlam's chief sustainability officer.

CRITERIA FOR EMERGING MARKETS

Practices must be more forward-looking to achieve change

The ways in which investors, companies and governments think about the role of environmental, social and governance (ESG) frameworks and how they are applied can still differ widely. Of concerns for emerging markets such as SA is that the way in which fund managers assess companies for ESG investing could lead to the exclusion of companies in those jurisdictions that most need it.

The identified problems of ESG emerge largely from the passive nature in which ESG is operationalised, said Intellidex chairman Dr Stuart Theobald.

Companies from across developed and emerging markets are ranked according to the same metrics and based on existing data that reflect historical performance, he said.

"This approach means that a company that has a fossil fuel profile, but that is on the cusp of major breakthroughs to transform itself will find itself excluded because of the historic data.

"ESG is not forward-looking. It doesn't assess what change is going to be made in the world by a company or issuer."

Theobald was speaking at the

recent launch of the Sanlam ESG Barometer, a report compiled in partnership with Intellidex and Business Day, which assesses how SA companies are changing their businesses to deliver improved ESG outcomes.

One of the ways in which the "buy side" was integrating ESG frameworks into their decision-making was through an assessment guided by concern and reputational risk management. Research showed, he said, that fund managers use ESG as a mechanism to screen out certain exposures. That could be alcohol and tobacco, or it could be fossil fuels, for example.

This was concerning for SA which was "an emerging market that looks very much like a developed market that is exploiting fossil fuels".

There are also outcomes-based perspective – ESG as a tool to drive change in society – which tends to be what governments and the broader public think about ESG.

"This approach says that by using ESG as an intervention on the way the capital markets and financial system works, we can get better social outcomes, we

can deal with climate change, as well as various social benefits that affect the way people live."

There were huge debates and political contestation in Europe and elsewhere about how ESG should be enforced through regulation in those markets.

"When you think about how ESG screening models function, the type of approach that we often see fund managers use is to assess issuers on an ESG scoring and then either wait [to make a decision on including them] or they decide to exclude certain companies from their funding universe."

This can lead to some surprising outcomes, he said.

"For example, you might find that a company that is intending to increase costs in its effort to reduce carbon emissions output gets identified with ESG risk, even though this could, in the long term, in fact reduce an ESG fund's exposure to that particular issue. In this way, we have found, ESG isn't always about driving the flow capital towards relatively successful companies who are improving ESG outputs. In fact, in some ways, it can do the opposite."

While the debate rages in the EU over regulations regarding sustainable investments, there is very little to no mention, said Theobald, of the consequences of such regulations for development in the emerging markets.

One of the purposes of the research project done to compile the Sanlam ESG Barometer was to bring that perspective into the ESG global debate.

"This is really important for SA where the Just Energy Transition is key to economic development in the country," he said.

Its overwhelming reliance on

THE WAY IN WHICH FUND MANAGERS ASSESS COMPANIES FOR ESG INVESTING COULD LEAD TO THE EXCLUSION OF COMPANIES IN THOSE JURISDICTIONS THAT MOST NEED IT

fossil fuels was one of the metrics that negatively bias SA in the minds of investors, creating the risk that international capital will downweight SA exposure in their portfolios.

"We clearly stand out as an outlier on carbon emissions. SA is very much a coal-based economy. We produce 9-tonnes of CO₂ per capita whereas the G20 average is 7.5-tonnes."

On social issues SA ranks poorly on several metrics because of high levels of inequality and unemployment. SA also ranks poorly on measures such as sanitation and education outcomes. "This is balanced, to an extent, by positives such as SA being a constitutional democracy and press freedom."

There were also many indicators weighing negatively on SA's broad governance environment such as its poor ranking in the Corruption Perceptions Index (in 2022 SA got a score of 43 on a scale from 0, "highly corrupt", to 100, "very clean") and the recent greylisting by the Financial Action Task Force – an indicator fund managers can use to show that the rule of law and governance in SA is relatively

weak, Theobald said.

Even though indicators such as greylisting and SA's continued reliance on fossil fuels could be classified as "sovereign level factors", in practice, he said, investors could argue that even if there were companies "doing great things", they can still be affected by operating "where corruption is rife".

All of these factors create a risk that international capital is going to downweight exposure to SA at a time when the country desperately needs global investors willing to support its costly just transition efforts.

The numbers quoted for investment needed to achieve the just energy transition are "massive", said Theobald.

The country's Just Energy Transition Investment Plan (JET-IP), launched ahead of the UN's COP27 climate summit in Egypt in February, sets out the funding needs for the next five years to, primarily, transition from coal-fired to renewable energy. The transition, as set out in the R1.5-trillion plan, will be integral to SA meeting its global emissions reduction commitments.

It is estimated that of the R1.5-

trillion needed, no sources of funding have yet been identified for about R700bn of this total.

This is just the funding needs over the short- and medium-term. The Presidential Climate Commission estimates about R8.5-trillion will be needed by 2050 to transition SA in a just way – which means that people will not be negatively affected by the transition.

"The just transition is critical for SA and it will require enormous flows of offshore investment if it is to be achieved. So, making the argument that ESG needs to be more sensitive to development is critical right now. That's why it's important that this project (the Sanlam ESG Barometer) is coming together," said Theobald.

The concept of additionality, he said, is really important in the debate about how to guard against emerging market players being at a disadvantage when it comes to the flow of capital to sustainable investing.

Additionality, according to Theobald, refers to a specific investment that ensures an outcome that would not have occurred without it.

"Through additionality, instead of merely screening companies out on the basis of their environmental features, a fund manager is actively looking to include companies who are doing things that will enhance environmental and social outcomes in the world."

He said that with where SA was now, at the cusp of the just energy transition, the country was running national projects to achieve additionality on an environmental and social level.

"This is why SA needs additionality to be a criterion that global investors recognise and understand. They need to see SA as opportunity to achieve additionality on environmental and social outcomes."

SA really does present that opportunity, he said.

Many SA companies are already engaged in how their environmental and social metrics can be improved. "We cannot starve them of capital because of their metrics as they are now. We need to be directing capital towards those who have genuine plans to change, and where capital can assist in achieving that change."

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