



Investor briefing:

**Mergence Investment
Managers raises the
responsible investment bar
with statement on Standard
Bank climate risk
resolution**



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On Friday 24 May, Mergence Investment Managers released a statement explaining why Mergence will vote in favour of both parts of South Africa's first ever climate risk-related shareholder resolution. Shareholders will vote on the resolution at Standard Bank's Annual General Meeting on Thursday 30 May 2019.

The Mergence statement, which carefully sets out the reasons behind the investment manager's position, concludes with this striking observation:

"While the notice of the Standard Bank Annual General Meeting states that the climate-risk-related resolution was proposed by "shareholders holding less than 0.001% of the company's issued ordinary share capital", it addresses an issue that affects 100% of Standard Bank's shareholders."

Around the world, shareholder resolutions have become a powerful tool for raising awareness about climate change risk, and for driving the business and financial sectors to take action to understand, mitigate and avoid that risk.

South Africa is one of the world's biggest carbon emitters, and a big proportion of our largest listed companies are extremely carbon-intensive, i.e. they emit huge quantities of the greenhouse gases which are the cause of our climate emergency. Many of the financial institutions that invest in these high carbon emitters and lend money to them are themselves listed companies.

However, thus far South Africa's investment industry has done far too little to tackle the climate risks inherent in the investment portfolios of millions of investors, including everyone in the country who has a pension fund.

Standard Bank describes itself as the "leading oil and gas bank in sub Saharan Africa". In other words, it is heavily involved in lending money to fossil fuel development and extraction across Africa. Every rand invested by banks in fossil fuel projects increases climate risk and makes it harder to achieve a just transition to a low-carbon economy.

Mergence has placed itself at the forefront of climate-aware responsible investing in South Africa, and set an example that all investors will have to follow in order to shift the country away from its current high-risk fossil fuel dependence.

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