SOUTH AFRICAN ASSET MANAGER CLIMATE RISK SURVEY

2021

JUST SHARE

Investor power for a fairer South Africa

ACKNOWLEDGEMENTS

Just Share gratefully acknowledges the support of the **Hans Hoheisen Charitable Trust** which made this report possible.

Just Share would like to thank ShareAction for its support and guidance, and all of the asset managers who completed the survey. We are also very grateful to those who assisted in testing the survey prior to its finalisation.

REPORT AUTHORS

Martens Impact Advisory

Nicole Martens

Just Share

Tracey Davies
Robyn Hugo
Greer Blizzard
Ayabulela Quzu
Emma Schuster

ABOUT JUST SHARE

Just Share is a non-profit shareholder activism organisation. We believe that responsible investment is necessary to create a just, inclusive and sustainable economy.

We use research, engagement, advocacy and activism to drive urgent action to combat climate change and reduce inequality.

www.justshare.org.za / @JustShareSA

Contact

Greer Blizzard
Strategy and Operations Manager
gblizzard@justshare.org.za

CONTENTS

List of figures ii
Executive summary iii
Key findings v
Background and introduction viii
Methodology x
Part 1: Climate change governance (oversight and awareness) 1
Participation in responsible investment and ESG-related initiatives 1
Accountability for climate change integration 2
Incentives 4
Technical knowledge 6
Task Force on Climate-Related Financial Disclosures 7
Part 2: Climate change stewardship 11
Engagement priorities and disclosure 11
Escalation 14
Voting 15
Part 3: Climate risk integration 20
Strategy 20
Policies 23
Scenario analysis 24
Metrics and targets 26
Part 4: Looking ahead 29
Human rights 30
Sustainable Development Goals 30
Biodiversity 31
Conclusion 33
Appendices 34
Appendix 1: Full list of institutions invited to participate in the survey (33) 34
Appendix 2: Local leaders at a glance 35
Appendix 3: Abbreviations and acronyms 37
Appendix 4: Asset Manager Climate Risk Survey 2021 38
Endnotes 42

LIST OF FIGURES

Figure 1: Survey participation x
Figure 2: Asset manager participation in RI/ESG initiatives 2
Figure 3: Accountability for climate change integration 4
Figure 4: Climate change-related financial incentives 5
Figure 5: Technical knowledge: climate change-related qualifications 7
Figure 6: Response to TCFD recommendations 9
Figure 7: Climate change-related engagement priorities 13
Figure 8: Disclosure of engagement activities and outcomes 13
Figure 9: Escalation strategies 15
Figure 10: Voting disclosure 18
Figure 11: Climate change integration strategies 21
Figure 12: Adoption of climate change policy or position statement 24
Figure 13: Scenario analysis 25
Figure 14: Climate change-related metrics and targets 27

EXECUTIVE SUMMARY

> ***Asset managers play a critical role in achieving a 1.5°C future. It is encouraging to see leading investors commit to aligning their portfolios with net zero by setting interim targets. To address the climate crisis, we must see increasing ambition and action from global investors towards meeting the goals of the Paris Agreement through robust disclosure, setting science-based portfolio targets and aligning all investment activity with a 1.5°C scenario. It's critical that asset managers work with their asset owner clients and engage with their investee companies urgently to decarbonize at scale and support the transition to a resilient economy.***
>
> *— Paul Simpson, Chief Executive Officer, CDP*[1]

In the past two years, there has been an unprecedented increase in awareness in the financial sector of the risks and opportunities posed by climate change. Some asset managers have been working to integrate these risks and opportunities for some time, while others are only at the start of the process.

Many asset managers disclose information, and run extensive marketing campaigns, which aim to convince existing and potential clients of their responsible investment credentials. However, there is no standard format or requirement for this information, and no professional body or other entity in South Africa that analyses and verifies the credentials communicated by asset managers in their public disclosures and marketing materials.

As a result, there is no way to distinguish between those asset managers who are taking climate risk seriously, and those who are not. This is particularly important for people who want to ensure that their investments are playing a role in supporting the just transition to a low-carbon economy.

This report presents the findings of Just Share's first *South African Asset Manager Climate Risk Survey*. It covers 31 of the country's largest and/or most prominent asset managers, and uses both direct responses to the survey questions and publicly available data to assess their approach to climate risk.

We aim, for the first time in South Africa, to provide retail investors, pension fund trustees, philanthropic foundations, university endowments, and civil society organisations with an assessment of the extent to which the South African asset management community is meeting best practice standards in integrating climate risk into investment decision-making, in order to accelerate South Africa's transition to a low-carbon economy.

> Our survey results reveal that while there are encouraging signs of local asset managers adopting the necessary approaches to successful, effective climate risk integration, relatively few of them demonstrate excellence when assessed against international best practice standards. Those that do align with international best practice do so in some areas, but not in all.

Survey responses also suggest that good practice in climate change integration is not a factor of asset manager size or asset class focus, or even of participation in local or international environmental, social and governance (ESG) and responsible investment (RI) initiatives. Rather, meaningful climate change integration is directly related to a manager's commitment to the issue, specifically as measured through the existence of high standards of oversight and accountability at a senior leadership level.

The survey was circulated to 33 South African asset managers, including the top 20 managers by size[2] as per the Alexander Forbes Manager Watch Survey of 2020[3] and the top 12 managers by size as reported in the 27Four BEE Survey of 2021.[4]

Of the 33 institutions approached, 23 completed the survey, while two declined the invitation to do so. Seven did not respond to Just Share's invitation. Taking into account some consolidated responses for asset managers in the same corporate group, the number of asset managers surveyed and reported on here is 31.

The survey concentrates on three core components of climate risk management: governance, stewardship and integration. The survey questionnaire itself was developed with inputs from external experts, including ShareAction,[5] and was subject to testing by two asset managers prior to circulation to invited respondents.

Just Share is grateful to all of the managers who participated in this survey, and we thank them for their willingness to share information about their climate risk management and integration processes. We hope that this report will contribute to a better understanding of the current status of climate risk integration in the local asset management industry, and also assist in identifying areas for improvement and enhancement of climate change-related decision-making, in order to accelerate South Africa's transition to a low-carbon economy.

Survey respondents were advised that the findings of the survey would be presented in aggregate form, highlighting examples of best practice. As such, individual responses to survey questions have not been attributed to respondents, but in relevant categories we have provided a list of "local leaders".

Appendix 2 contains a table showing "Local leaders at a glance".

KEY FINDINGS

Transparency

A key theme of international best practice in climate risk integration is transparency that assists stakeholders in assessing an asset manager's approach to climate risk, and whether it results in real-world outcomes.

South African managers' performance in this regard is patchy, and their effectiveness as responsible investors is limited in the absence of such disclosures.

Recommendation

Asset managers should publicly disclose:

- **A position and policy on climate change**
- **Engagement priorities, activities and outcomes**
- **Escalation policy, application and outcomes**
- **Proxy voting policy**
- **Proxy voting results, preferably in a searchable database, updated as soon as possible after voting and including rationales for "against" and "abstain" votes**

Integration and active ownership

While understanding the interconnection between climate change and other ESG factors is crucial, many of the managers surveyed do not appear to focus on climate risk, but rather consider that it is adequately covered by their broader ESG-integration approach.

At the same time, there is insufficient evidence that integration is effectively coupled with active ownership: engagement priorities and escalation strategies that result in tangible, real-world outcomes. This approach makes it very difficult to assess or verify whether integration strategies are contributing to progress on tackling climate change.

Recommendation

Asset managers should adopt and disclose an explicit climate change-related integration strategy with outcomes which prioritise systemic climate risk issues over the short-term interests of any individual company. The strategy should set out climate change-related engagement priorities and triggers for escalation, with clear timelines and expectations of investee companies aligned with the goals of the Paris Agreement.

Incentives

International best practice and local guidance is clear that appropriate incentives for investment professionals that integrate factors beyond pure financial performance are key to achieving climate change-related outcomes.

Only three of the surveyed respondents reported having explicit climate change-related incentives, illustrating that there is significant room for improvement in the local market.

Recommendation

Responsible investment objectives should be directly integrated into remuneration policies and key performance indicators, and linked to the achievement of real world objectives. Remuneration policies should include specific climate change-related indicators and targets.

Investment strategies

There are still extremely limited climate change-related investment strategies available in the local market, reflected in the frustration expressed by many asset owners and retail investors at the lack of low-carbon or fossil fuel-free investment opportunities in South Africa. While heightened concerns about "greenwashing" underline the need for caution regarding claims made about "low-carbon" or "green" investment funds, a greater variety of stronger ESG strategies could encourage better alignment of asset flows with the goals of the Paris Agreement.

Recommendation

The argument that the South African market is not suitable for the development of low-carbon investment opportunities is increasingly outdated. Asset managers should interrogate the rationale for traditionally-articulated constraints and recognise that there is a growing demand for accessible low-carbon investment strategies.

Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

It is encouraging that a significant number of survey respondents report that they publicly support the TCFD recommendations, and/or encourage investee companies to align their climate disclosures with the framework. However, there is still very limited uptake of TCFD-aligned reporting by managers themselves. Around half of surveyed managers report plans to align their disclosures with the TCFD in the coming two years, which should significantly improve the ability of stakeholders to assess and compare climate change-related investment approaches, progress and results.

Recommendation

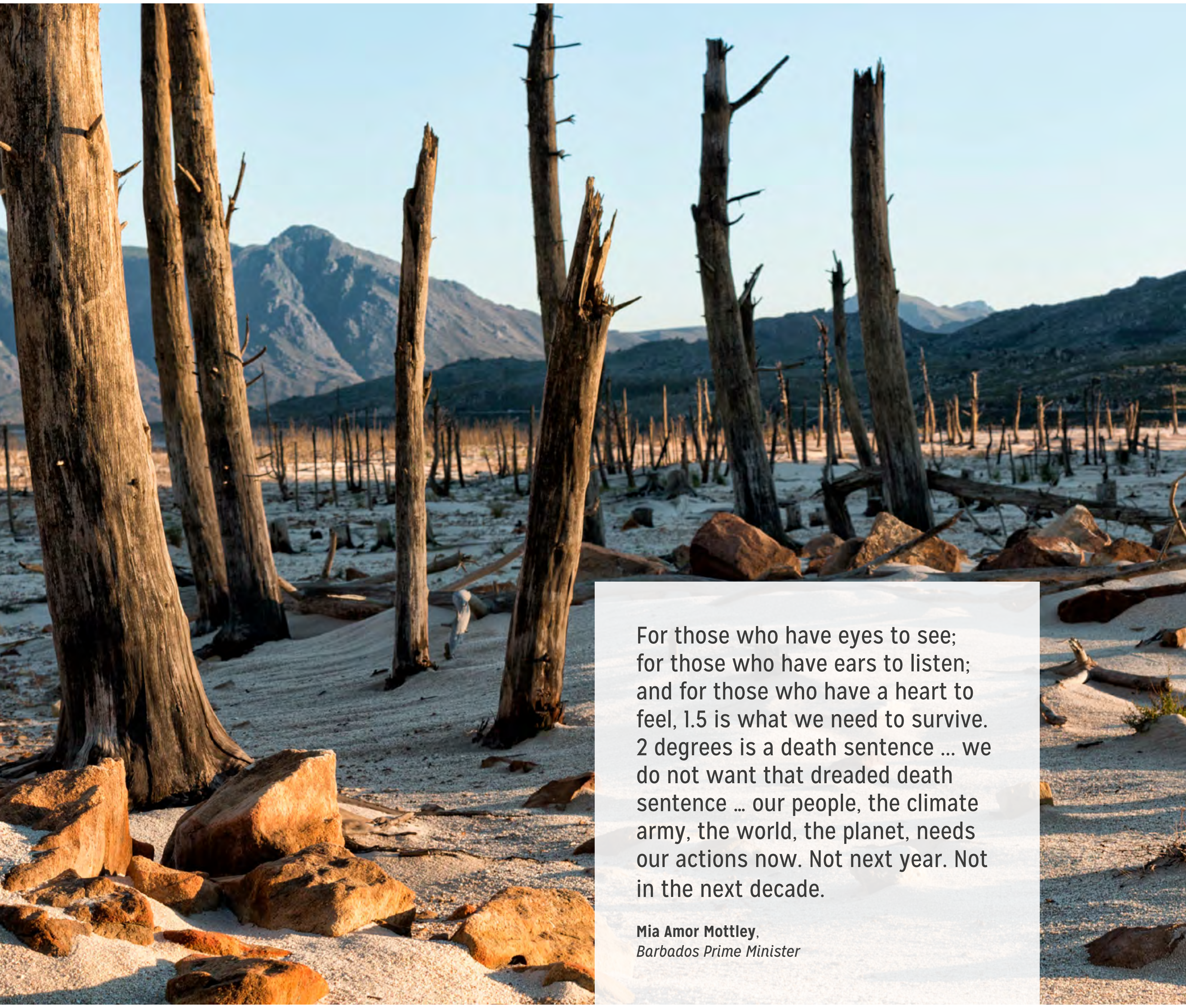
Globally, the TCFD is fast becoming the most widely used and credible reporting framework for companies and other organisations to guide improved disclosure of material climate-related financial risks and opportunities. To keep up with international best practice and demonstrate local leadership, asset managers should be looking to fast-track their uptake of the framework to facilitate the changes in investment and stewardship behaviour required to achieve the goals of the Paris Agreement.

Technical competence

The vast majority of surveyed managers report that none of their employees responsible for climate change integration possess technical climate change-related qualifications. This presents a significant opportunity for deliberate investment in capacity development. This is crucial given that many respondents reported that a lack of technical competence was a constraint to making progress on steps like TCFD-aligned disclosure, conducting scenario analysis and setting appropriate metrics-based targets for portfolio emission reductions.

Recommendation

In addition to prioritising the recruitment of employees with climate change-related expertise, asset managers should ensure that all relevant staff receive regular, mandatory training which leverages external expertise and is up to date with rapid changes in scientific understanding.



> For those who have eyes to see; for those who have ears to listen; and for those who have a heart to feel, 1.5 is what we need to survive. 2 degrees is a death sentence … we do not want that dreaded death sentence … our people, the climate army, the world, the planet, needs our actions now. Not next year. Not in the next decade.
>
> **Mia Amor Mottley**,
> *Barbados Prime Minister*

BACKGROUND AND INTRODUCTION

> ***The world needs to redirect the sums flowing through the global economy toward climate action: to secure the trillions of dollars required to protect people and nature, through adaptation, and drive down emissions to limit global heating to 1.5°C.***
>
> ***And the need to act with urgency has never been clearer. … Finance is the critical piece of the climate action toolkit on which everything else rests.***
>
> *— Alok Sharma, COP26 President and UK MP*

The global shift in finance toward more sustainable, responsible capital deployment continues to gain momentum, illustrated most recently by the significant commitments made by financial sector participants at COP26 in November 2021, including the Glasgow Financial Alliance for Net Zero (GFANZ)[6] and the post-COP26 declaration, *Asset owner climate expectations of asset management*.[7]

The number of signatories to the United Nations-supported Principles for Responsible Investment (PRI) now exceeds 4,000 institutions,[8] collectively representing assets of more than USD121 trillion.[9]

However, there is still a yawning gulf between ‘talking the talk’ and ‘walking the walk’, with allegations of greenwashing growing in proportion to the growth in the adoption of ESG-related investment strategies.[10]

In South Africa, many asset managers place large quantities of information in the public domain, which is designed to convince existing and potential clients that they are responsible investors and good corporate citizens. This includes policies on responsible investment (RI), stewardship reports and ESG information contained in integrated reports and other company disclosures.

There is no professional body or other entity that certifies, assesses or verifies the RI and sustainability credentials communicated by asset managers in their public disclosures and marketing materials.

This is particularly concerning in the context of the global climate crisis, because it means that asset managers can claim to be assessing, disclosing and managing climate risk, while actually continuing with business-as-usual. If this is the case, it runs the risk of creating a false perception that the financial sector is doing all that it can to drive the transition to a low-carbon economy.

Such false perceptions threaten our ability to meet the goals of the Paris Agreement and limit the worst impacts of global heating. In South Africa, such false perceptions could also hinder our ability to take advantage of the many opportunities that the low-carbon transition presents, rendering the country globally uncompetitive in a low-carbon future.

At the same time, there is no way to distinguish between those asset managers who are taking climate risk seriously, and those who are not. This is particularly important for people who want to ensure that their investments are playing a role in supporting the just transition to a low-carbon economy.

This report presents the findings of Just Share's first *South African Asset Manager Climate Risk Survey*. It covers 31 of the country's largest and/or most prominent asset managers, and uses both direct feedback and publicly available material to assess their approach to climate risk.

We aim, for the first time in South Africa, to provide retail investors, pension fund trustees, philanthropic foundations, university endowments and civil society organisations with a clear assessment of the extent to which the South African asset management community is meeting best practice standards in integrating climate risk into investment decision-making, in order to accelerate South Africa's transition to a low-carbon economy.

METHODOLOGY

SCOPE

The survey was sent to 33 South African asset managers, including the top 20 managers by size[11] as per the Alexander Forbes Manager Watch Survey of 2020[12] and the top 12 managers by size as reported in the 27Four BEE Survey of 2021.[13]

Of the 33 institutions approached, 23 completed the survey, while two declined the invitation to do so. Seven did not respond to Just Share's invitation. ABSA Asset Management was excluded due to its organisational restructure.

As indicated to the non-respondents in correspondence, Just Share endeavoured to complete the survey on their behalf, using publicly available information.

Taking into account some consolidated responses for asset managers in the same corporate group, the number of asset managers surveyed and reported on here is 31.

FIGURE 1: Survey participation

A full list of asset managers invited to participate in the survey is available in **Appendix 1**.

Both for respondents that completed the survey (active respondents) and for those where we had to rely on publicly available information (non-respondents), we were not always able to verify the responses and claims made. Unless indicated otherwise, we have assumed that the information provided in active responses or in publicly available sources is correct. Due to the lack of publicly available information in relation to the approach to climate change for many of the non-respondents, we have not included our findings for this group in the graphic depictions of survey results.

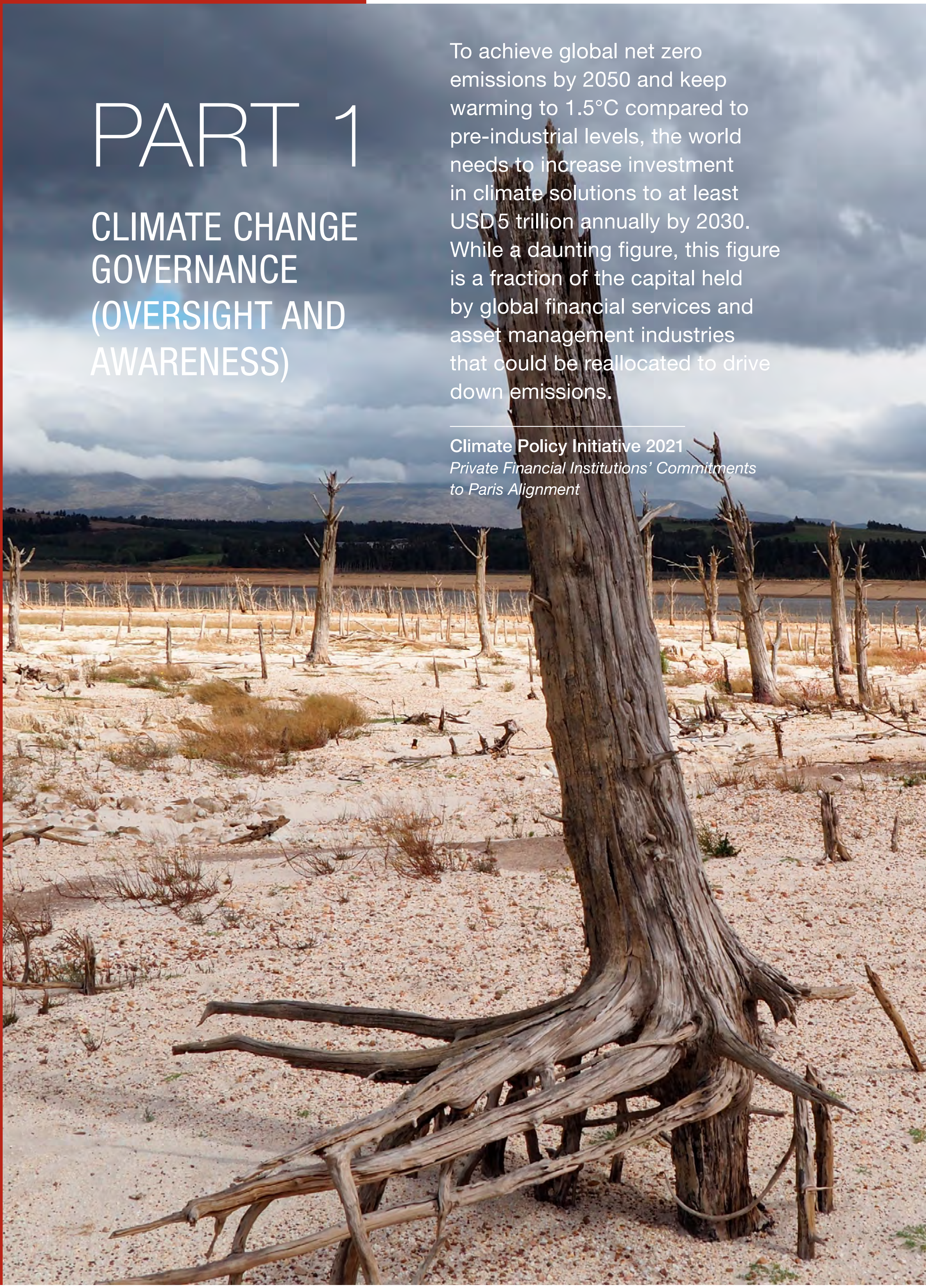
SURVEY PROCESS

The survey concentrates on three core components of climate risk management: governance, stewardship and integration. The survey questionnaire itself was developed with inputs from external experts, including ShareAction,[14] and was subject to testing by two asset managers prior to circulation to invited respondents.

Invitations to participate in the survey were first circulated in early September 2021, with managers asked to complete submissions via an online platform by 30 September. Subsequent reminders were sent in mid- and late September, with submissions accepted up until late October 2021.

To the extent that this was possible, Just Share completed survey submissions on behalf of those institutions that declined to participate or did not respond to the invitation, using publicly available data. This information was obtained mainly from the institutions' websites, and also from their most recent submissions to the PRI, where applicable.

The survey can be viewed in **Appendix 4**.



PART 1

CLIMATE CHANGE GOVERNANCE (OVERSIGHT AND AWARENESS)

To achieve global net zero emissions by 2050 and keep warming to 1.5°C compared to pre-industrial levels, the world needs to increase investment in climate solutions to at least USD 5 trillion annually by 2030. While a daunting figure, this figure is a fraction of the capital held by global financial services and asset management industries that could be reallocated to drive down emissions.

Climate Policy Initiative 2021
Private Financial Institutions' Commitments to Paris Alignment

PART 1

CLIMATE CHANGE GOVERNANCE (OVERSIGHT AND AWARENESS)

This section of the survey was designed to capture asset manager approaches to integrating climate change-related factors into their governance practices. Respondents were asked about their approaches to assigning responsibility for integration of climate change risks and opportunities across the organisation, including the use of any climate change-related incentives for company leadership.

Questions also sought to identify engagement by managers in climate change-related training and their approach to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

PARTICIPATION IN RI AND ESG-RELATED INITIATIVES

Best practice principles

Research conducted by Trade and Industrial Policy Strategies (TIPS) as part of the development of South Africa's Just Transition Finance Roadmap suggests that financial institutions that participate in ESG-integration initiatives outside of their own organisations – including membership of international working groups or participation in and uptake of voluntary best practice standards or frameworks – tend to report a better grasp of ESG issues and feel more comfortable in integrating key concepts into investment strategies.[15]

The implication of this finding is that those respondents reporting engagement with RI and ESG initiatives should (theoretically) also report more advanced practices with respect to climate change integration.

Survey responses

Twenty-five of the 31 surveyed asset managers (81%) are signatories to the PRI.[16]

Of the 23 active respondents, seven reported that they publicly endorse the principles of the Code for Responsible Investing in South Africa (CRISA). Of the eight non-respondents, Just Share noted that three publicly endorse CRISA.

However, verification conducted by Just Share revealed that the 16 managers that did not explicitly report support of CRISA do in fact publicly endorse CRISA on their websites. Of the 31 surveyed asset managers, therefore, 26 publicly endorse CRISA.

Seven of the surveyed asset managers are members of the Association for Savings and Investment South Africa (ASISA) Responsible Investment Standing Committee.

Twelve of the active respondents noted participation in 'other' ESG-related initiatives, including Climate Action 100+, the Financial Sector Transformation Council (FSTC), the CRISA Committee, and the CFA Society South Africa's ESG/RI Special Projects Team.

A number of respondents reported participation in multiple initiatives, and six respondents do not participate in any RI or ESG-integration focused initiatives or bodies.

FIGURE 2: Asset manager participation in RI/ESG initiatives

ACCOUNTABILITY FOR CLIMATE CHANGE INTEGRATION

Respondents were asked how they assign responsibility for the governance and implementation of climate change integration within their organisations.

Best practice principles

International best practice principles for accountability for climate change integration, as developed by the PRI,[17] propose that asset managers' systems should incorporate several components, including:

- Senior level (C-suite or equivalent) sign-off on all RI activities. Specifically, the recommendation is that organisational leadership should be comfortable to speak to certain key questions, including:
  - Why does your organisation engage in RI?
  - What is your organisation's overall approach to RI?
  - What are the main differences between your organisation's approach to RI in its ESG practice and in other practices, across asset classes?

- Senior leaders should be able to comfortably discuss the organisation's annual progress with respect to integration activities, and should be able to provide informed reflection on performance with respect to RI-specific objectives and targets (including ESG analysis and incorporation processes, stewardship activities, collaborative engagements and real-world outcomes).

- Senior leaders should be equipped to provide an outline of commitments that the organisation has made to advance RI practices in the short- to medium-term.

ShareAction's March 2021 report, *Point of No Returns Part V – Leading Practice* ("ShareAction's *Leading Practice* report")[18] is a guide to current leading practices by asset managers on RI. In relation to accountability, this guide indicates that leading practice involves the following:

- Accountability for RI is clearly embedded at both board and senior executive levels; and
- Accountability structures on RI are publicly disclosed.[19]

> The need for senior level buy-in, coupled with dedicated responsibility – preferably also at senior level – is considered a base requirement for ensuring that RI is integrated and embedded throughout the organisation. There is also growing recognition that climate-specific expertise is required for boards to be "climate competent".

Survey responses

Fifteen of the 23 active respondents (65%) stated that climate change integration responsibilities are spread across the organisation. This approach was the most common one applied as a standalone strategy for climate change accountability and oversight (Figure 3). It is also a particularly difficult strategy to evaluate.

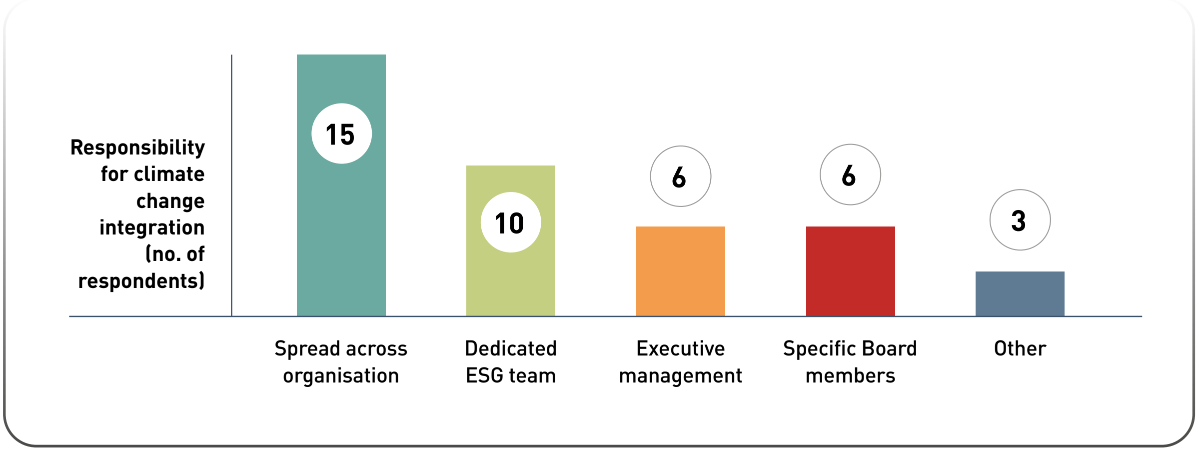
Ten of 23 reported having a dedicated ESG team mandated to integrate climate change considerations into investment decisions.

Eight of 23 reported that specific board members have oversight of climate change risks and opportunities.

Six of 23 reported having a specific executive management position (below board level) accountable for climate change integration.

For non-respondents, this information is difficult to ascertain from publicly available information. However, it appears that five of eight take the approach that climate change integration responsibilities are spread across the organisation, and two have a specific executive management position accountable for climate change integration.

FIGURE 3: Accountability for climate change integration



A number of respondents elaborated on their selection by stating that ESG integration or RI was 'embedded' across the organisation – usually stating that this was an integral part of how they make (and have always made) investment decisions. This is very difficult to verify, but appears to be at odds with the concurrently reported low levels of engagement with climate risk issues at the level of senior leadership, specifically at board level, and does not appear to be reflected in responses relating to stewardship and climate risk integration.

Limited board-level support for climate change integration can hamstring progress in terms of investment strategy development and implementation, as more junior staff (particularly analysts) are expected to drive the take-up of comparatively innovative, somewhat specialised approaches to investment decision-making.

Local leaders

Five asset managers reported having both board level and executive management oversight of climate change integration (the survey did not request information about the climate competence of board members assigned this responsibility): Afena Capital, Futuregrowth Asset Management, Makalani Management Company, Ninety One and Old Mutual Investment Group.

It is interesting to note that this group includes a combination of some of the largest and some of the smaller managers surveyed, suggesting that organisation size is not a constraint to implementing best practice with respect to systems of accountability for climate change-integration.

INCENTIVES

Best practice principles

A recent international survey by Willis Towers Watson found that more than three-quarters of board members and senior executives surveyed globally believe that strong ESG performance is a key contributor to financial performance.[20]

ShareAction's *Leading Practice* report asserts that best practice requires that:

- RI is integrated in remuneration policies; and
- RI objectives are linked to real-world impact.[21]

Best practice in executive remuneration therefore incorporates integration of performance against specific ESG-related variables, including climate change-related risks and opportunities.

The King Committee *Guidance Paper on Responsibilities of Governing Bodies in Responding to Climate Change*, states that:

> *While accountability remains with the Governing Body, responsibility for the management and monitoring of risk and impact must be delegated to management with defined indicators and targets to measure and assess performance.* [22]

Survey responses

Only eight of 23 active respondents (35%) report that they have any climate change-related financial incentives for board members, executives, portfolio managers and/or analysts (Figure 4).

Of those who did report having such incentives in place, the vast majority went on to elaborate that these incentives were in fact based on portfolio performance, and that to the extent that integration of ESG was considered to be a key influencer of performance, ESG-linked incentives were inherent to the performance review process.

This amounts to indirect incorporation of broad ESG performance into key performance indicators (KPIs), and is not the same as implementing measures directly related to climate change, which only three respondents reported having in place.

FIGURE 4: Climate change-related financial incentives

Local leaders

Respondents reporting explicit climate change-related incentives for board members, executives, portfolio managers and/or analysts were: Futuregrowth Asset Management, Nedgroup Investments and Perpetua Investment Managers.

For these managers, performance is understood to include performance against climate change-related criteria. This is aligned to international best practice principles, and represents a progressive approach to performance management for financial professionals.

The varied nature of these managers (including in terms of asset size and asset class focus), suggests that neither size nor asset class focus is a barrier to implementing climate change-related financial incentives.

TECHNICAL KNOWLEDGE

Best practice principles

As part of its recently published *Technical Paper on Financing a Sustainable Economy*, National Treasury identified a lack of capacity – with specific reference to insufficient technical knowledge – as a major constraint to the effective implementation of sustainable finance strategies by South African financial institutions.[23]

As a result, and stemming from the recommendations of the paper, Treasury's Climate Risk Forum includes a working group focused on "Capacity and Competency", tasked with identifying priority areas for investment in ESG-related capacity development for financial sector leadership.

The need to ensure that company leadership is equipped with a base level of climate competence is further endorsed through the King Committee *Guidance Paper on Responsibilities of Governing Bodies in Responding to Climate Change*:

> *In considering the appropriate balance of knowledge, skills, experience and diversity, it is critical that the Governing Body ensures that the organisation has access to individuals who have the knowledge, skills and experience in respect of sustainability and ESG matters, including climate change.*[24]

ShareAction's 2020 *Point of no Returns*[25] survey "found evidence to confirm that training is a driver of stronger responsible investment performance: asset managers who lacked comprehensive training on responsible investment performed poorly compared to asset managers with more comprehensive and widespread training".[26]

The organisation's *Leading Practice* report recommends that training:

- Is mandatory for relevant staff, including board members;
- Occurs at frequent intervals;
- Leverages external expertise; and
- Keeps up to date with rapid changes in scientific understanding.[27]

Survey responses

Survey respondents were asked:

1. Do any of your organisation's employees responsible for climate change integration possess technical climate change-related qualifications?

2. Please describe any climate change-related training undertaken by the board, executive team or other employees.

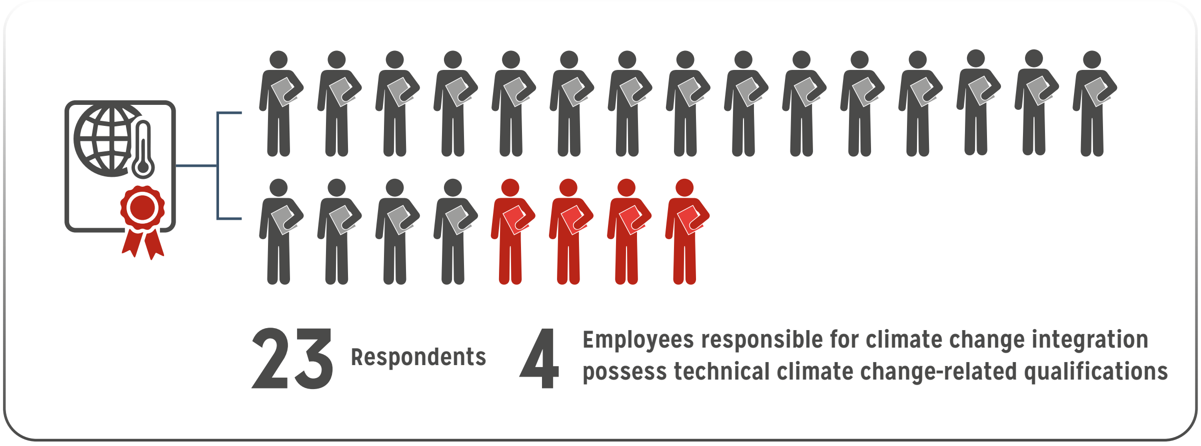
> Of the 23 respondents, only four (17%) reported that employees within their organisations who are responsible for climate change integration possess technical climate change-related qualifications (Figure 5).

Just Share was unable to find any publicly available information that could answer either of these questions in respect of the eight non-respondents.

For three of the four respondents reporting that such technical capacity is present within the organisation, reference was made to the credentials of a single team member within the organisation.

In relation to climate change-related training, the majority of respondents reported a heavy reliance on self-study, particularly through participation in conferences and webinars, as the main source of knowledge-building.

FIGURE 5: Technical knowledge: climate change-related qualifications



These findings emphasise the urgent need for substantial, formal investment in capacity development amongst asset managers when it comes to climate change-related technical knowledge.

Local leaders

Ninety One is the only survey respondent reporting that more than one member of its investment team possesses relevant technical skills. The following respondents reported some technical specialisation: Makalani Management Company, Momentum Metropolitan Life and Old Mutual Investment Group.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Best practice principles

The final recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures, launched in June 2017 and enhanced in 2021, provide a global framework for companies and other organisations to guide improved effectiveness of existing reporting structures through incorporation of material climate-related financial disclosures.

The TCFD framework emphasises the value of transparency in the pricing of climate-related risk to support informed, efficient capital allocation decisions.

Since its launch, global momentum behind the framework has grown significantly, with multiple jurisdictions proposing or finalising regulations requiring TCFD-aligned disclosure, some coming into effect as early as 2022. The TCFD recommendations are also the basis upon which international accounting standard-setters are building global standards for climate risk disclosure.

The latest status update from the TCFD reports that, as of October 2021, the framework had over 2,600 supporters globally, including 1,069 financial institutions, responsible for assets under management of close to USD200 trillion.[28]

In South Africa, the mandating of TCFD-aligned reporting has been recommended by National Treasury's Climate Risk Forum, and a number of local companies – including but not limited to large financial institutions – have recently published their first attempts at TCFD-aligned annual reports.

The JSE has recently released for public comment a guidance document for listed companies on climate risk disclosure premised on the TCFD framework.[29]

ShareAction's *Leading Practice* report, in relation to the TCFD, suggests that best practice incorporates:

- Comprehensive and detailed disclosure across the four pillars (governance, strategy, risk management and metrics and targets);
- Clear link to resulting changes in investment and engagement across asset classes; and
- Disclosure of results of scenario analysis at portfolio- and asset class- level against a range of scenarios.[30]

Survey responses

Respondents were asked about their organisation's approach and response to the TCFD recommendations.

Four of the 23 active respondents reported that they provide public disclosure in line with the TCFD recommendations (Figure 6). However, of these, Ninety One is the only one that has published a separate TCFD report.

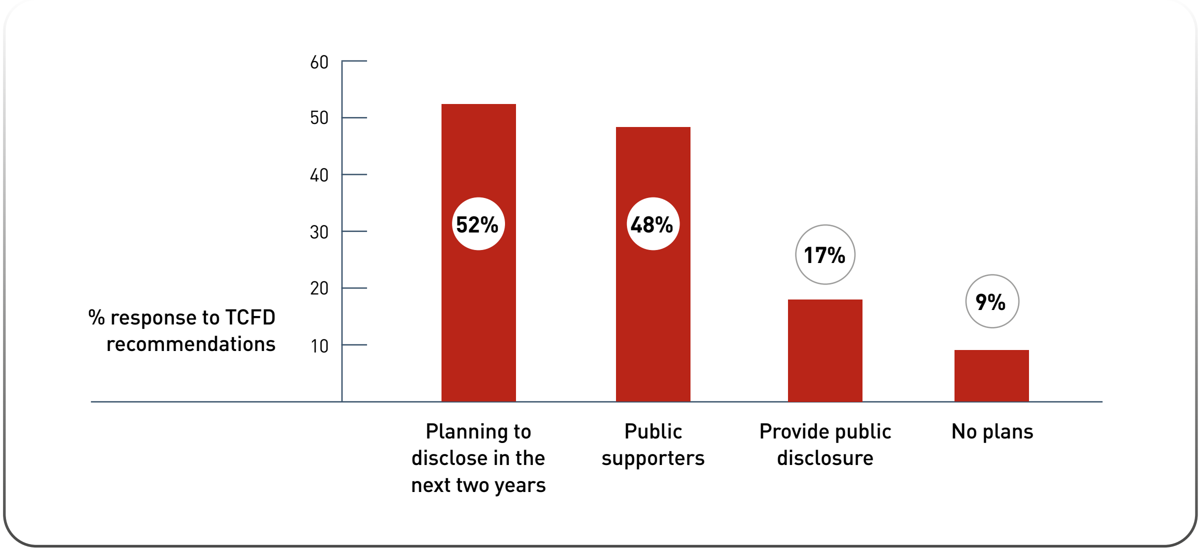
Eleven of the 23 (48%) reported that they publicly support the TCFD recommendations. Of these, however, not all do so through official channels, i.e. they are not all listed as official supporters on the TCFD website.

Twelve of the 23 (52%) reported that they plan to disclose in line with the TCFD recommendations in the next two years.

Two of the 23 respondents reported that they have no plans in relation to the TCFD recommendations.

Seven of the eight non-respondents have no publicly available indication that they support or report in terms of the TCFD recommendations. STANLIB Asset Management's disclosure appears to be through Liberty Holdings Limited.[31]

FIGURE 6: Response to TCFD recommendations



Several respondents reported a lack of credible, comparable climate change-related data (principally, that reported by portfolio companies) as a major constraint to TCFD-aligned reporting. This is a challenge to effective implementation of the TCFD framework which is acknowledged globally.

However, the fact that there are managers in the same market, with access to the same data, that have successfully delivered at least one attempt at TCFD-aligned disclosures, suggests that the constraints noted are not insurmountable, and at the very least, are not a barrier to getting started.

The survey responses suggest that there is substantial room for improvement with respect to asset manager implementation of TCFD recommendations.

Local leaders

Ninety One is the only survey respondent to have published a TCFD report in its own right. Allan Gray reports that it does provide public disclosure in line with the TCFD recommendations, and Aeon Investment Management makes some TCFD-aligned disclosures to the PRI, which are currently only available to its clients and on request to other accredited stakeholders. Nedgroup Investments reports having done so ‘at a group level’ (i.e. through publication of TCFD reports by Nedbank).

1

Hope doesn’t come from words.
Hope only comes from actions.

Greta Thunberg

PART 2

CLIMATE CHANGE STEWARDSHIP

PART 2

CLIMATE CHANGE STEWARDSHIP

ENGAGEMENT PRIORITIES AND DISCLOSURE

Best practice principles

The PRI's Active Ownership 2.0[32] framework argues that more ambitious stewardship practices are needed to sufficiently address the needs of institutional investment beneficiaries, and to improve the sustainability and resilience of the global financial system.[33] The framework emphasises the need for investors to use their influence to shape sustainability outcomes by engaging in more effective and assertive stewardship activities.

The framework comprises three elements:

1. A focus on outcomes, not inputs or processes. Active Ownership 2.0 prioritises the pursuit and achievement of positive real-world goals.

2. Engaging in collaborative action, focused on collective goals and the delivery of positive real-world outcomes.

3. Adopting common goals centred around addressing systemic issues. The framework advocates prioritisation of outcomes at the economy or society-wide scale, arguing that stewardship focuses less on the risks and returns of individual holdings, and more on addressing systemic issues such as climate change.

Key to the successful implementation of this framework is regular, clear, consistent and transparent communication of all engagement activities and outcomes to all relevant stakeholders.

ShareAction's *Leading Practice* report states that "leading climate engagement practice involves setting clear timelines and expectations for companies aligned with the goals of the Paris Agreement, and linking escalation strategies to voting and/or asset allocation consequences".[34]

Survey responses

Survey respondents were asked to select their top three climate change-related engagement priorities from a list, and also whether their organisation publicly discloses a record of climate change-related engagement activities and engagement results for all portfolios under management.

Climate change-related engagement priorities

Understandably, respondents selected a number of different climate change-related engagement priorities from the list provided, reflecting the relatively early stage of maturity of both corporates and asset managers in approaching climate risk. As one respondent said:

> *[For] the priority [engagement] items above … we find that there's very little consistency in terms of being able to address these issues, let alone report on them. SA corporates have a long way to go in terms of reporting on these priority items.*

Priorities were largely centred around disclosure: 11 of 23 active respondents (48%) reported that their engagements focus on better disclosure of climate change-related risks to improve data availability, and/or on disclosure in line with the TCFD recommendations (Figure 7). These respondents also reported focusing their engagement on emission reductions and the setting of climate change-related targets.

Nine of 23 reported a focus on corporate strategy alignment with a <2°C scenario, and seven of 23 engage on linking remuneration to climate change-related key performance indicators.

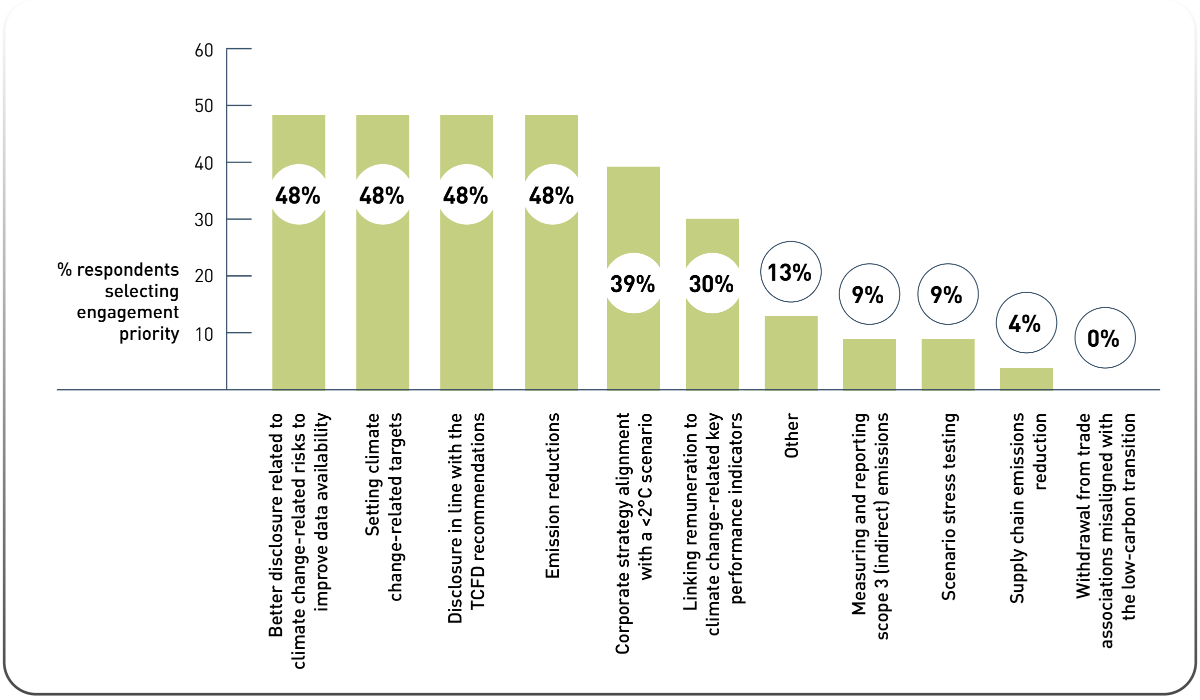
Only two managers reported engaging around scenario stress testing and scope 3 emissions, and one on supply chain emission reductions.

No respondents selected as a priority for engagement "withdrawal from trade associations misaligned with the low-carbon transition". This is an engagement priority for many of the world's biggest institutional investors, and the response is illustrative of the lack of transparency and awareness in South Africa in relation to corporate climate lobbying.

The language used by respondents in relation to their climate-related engagements with companies still tends predominantly towards "encouragement" and "assistance", which is reflected in the responses to the question about escalation below.

South African managers remain reluctant to move beyond this approach in managing climate risk. However, if integration of climate risk across portfolios is not accompanied by more effective active ownership, it will remain extremely limited in terms of real-world outcomes.

FIGURE 7: Climate change-related engagement priorities



Climate change-related engagement disclosure

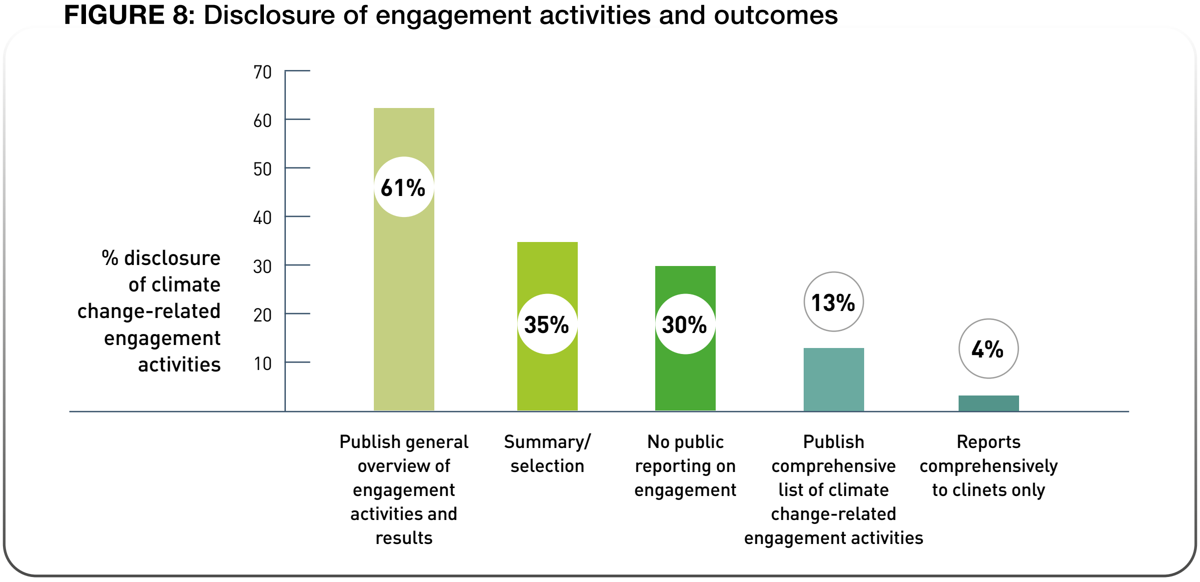
The majority of active respondents (14 of 23, or 61%) reported publicly disclosing only a general overview of engagement activities and results on all topics (Figure 8). Just Share's assessment of the non-respondents indicated that three of eight of them do the same.

Eight of 23 (35%) active respondents reported disclosing a summary or selected list of key climate change-related engagement activities and results.

One active respondent reported providing a comprehensive list of climate change-related engagement activities to clients only, and three of 23 (13%) reported publicly disclosing a comprehensive list of climate change-related engagement activities.

Seven of 23 active participants (30%), and half of non-respondents do not publicly report on engagement activities or results.

FIGURE 8: Disclosure of engagement activities and outcomes



Local leaders

Only Aeon Investment Management, Afena Capital and Perpetua Investment Managers reported disclosing a comprehensive list of climate change-related engagement activities.

In general, the approach taken by the majority of survey respondents falls short of alignment with international best practice, which requires more robust planning, prioritisation and transparency regarding engagement activities and outcomes on climate change.

ESCALATION

Best practice principles

The use of appropriate escalation strategies is critical for investors seeking to advance previously unsuccessful engagements, or to trigger and/or accelerate action.

Tools available to investors in terms of escalating engagement efforts include: voting against the (re-)election of board members, proposing and/or voting for/against climate change-related shareholder resolutions, proposing directors for election, voting against executive remuneration and/or the reappointment of auditors, bringing conflicts of interest to light, and litigation.

Separately, shareholder resolutions can offer a valuable way for investors to determine whether and what type of escalation may be necessary. For instance, an advisory vote that receives majority support but is ignored or poorly implemented by the company's board may provide investors with the conviction to pursue escalation through other means.

ShareAction's *Leading Practice* report states that "transparent and consistently implemented escalation procedures are a key component of a successful engagement strategy". Escalation strategies should be publicly available and should:

- Outline the steps taken in case of unsuccessful engagements;
- Provide timelines and/or triggers for escalation; and
- Be integrated into wider stewardship reporting.[35]

Survey responses

Respondents were asked whether their organisation's escalation process for engagement on climate change-related issues includes (more than one option could be selected):

- Setting time-bound engagement objectives;
- Voting (or instructing to vote) in support of climate change-related shareholder resolutions;
- Co-filing climate change-related shareholder resolutions;
- Voting against director (re-)election;
- Following a divestment process; and/or
- Any other options.

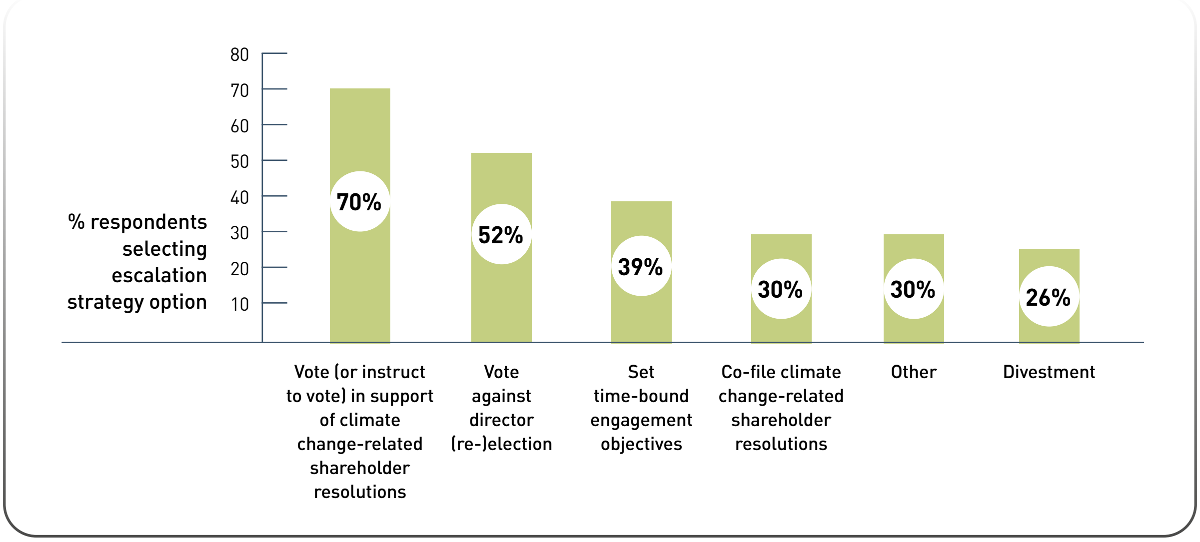
By far the most popular escalation strategies reported by active respondents are voting or instructing to vote in support of climate change-related shareholder resolutions (16 of 23 active respondents, or 70%) and voting against director (re-)election (12 of 23, or 52%).

Nine out of 23 active respondents (39%) report that they set time-bound engagement objectives, and seven of 23 (30%) report that they co-file climate change-related shareholder resolutions (Figure 9).

Six of 23 active respondents (26%) included following a divestment process as an option that they would consider, but most made it clear that this would only be as an unusual last resort.

> A number of active respondents pointed out that engagement processes — and in particular approaches to escalation - were often determined on a case-by-case basis. While no policy or process can cater to every situation, this case-by-case approach appears to be the predominant approach by local managers. This is at odds with international best practice which requires "transparent and consistently implemented" escalation procedures.

FIGURE 9: Escalation strategies



Local leaders

Collaborative engagement and escalation efforts among South African asset managers are still relatively rare. Active respondents who reported clear climate change-related engagement priorities and have participated in public, collaborative engagement and escalation activities include: Abax Investments, Aeon Investment Management, Coronation Fund Managers, Makalani Management Company, Mergence Investment Managers, Ninety One, Old Mutual Investment Group, Perpetua Investment Managers and Visio Fund Management.

Often, managers will argue that their ability to effectively participate in engagement and escalation activities is limited by the small size of their shareholding in a particular asset. However, this should encourage rather than prevent collaborative efforts. It is noteworthy that a number of 'smaller' managers form part of this leaders group. It is clear from local and international experience that effectiveness in engagement and escalation is not dependent on the size of shareholding.

The presence in the leaders' group of a fixed income focused investor (Makalani Management Company) also stands in contradiction to the perception that fixed income investors are not able to engage with portfolio companies and that this is an activity reserved exclusively for equity investors.

VOTING

Best practice principles

As noted by the PRI in its *Making Voting Count Discussion Paper*[36] and emphasised in ShareAction's report, *Voting Matters 2020: Are asset managers using their proxy votes for action on climate and social issues?*,[37] voting is a critical component of an asset manager's responsibility to provide clear and transparent feedback to companies, and should complement and reinforce messages communicated through other vehicles of engagement.

Adherence to best practice in this regard requires a robust and clear commitment to voting in pursuit of outcomes through the support of resolutions whose results would be consistent with the investor's principles and commitments, and exercising voting rights in combination with the use of other stewardship tools to drive progress on fundamental issues.

Best practice suggests that investors' voting principles should prioritise addressing systemic sustainability issues, protecting common assets, and maximising portfolio-level returns and overall value for beneficiaries wherever possible. This suggests prioritisation of systemic issues and broader interests over the short-term interests of any individual company.

Further, best practice standards as set by the PRI suggest that voting principles "should cover all significant systemic sustainability issues, and be robust, so that each principle is commensurate with the severity, scale, and urgency of the issue it seeks to address."

Best practice with respect to voting relies on improved collaboration among investors, in the form of a collective voice focused on providing "unambiguous and transparent feedback when the opportunity arises – including through votes on shareholder resolutions."[38]

Standard-setters like the PRI advocate public disclosure not just of voting policies, but of voting actions and results. ShareAction's *Leading Practice* guide recommends that:

- Voting decisions are published as soon as possible after meetings in an online, searchable, user-friendly format;
- Rationales for voting decisions on controversial and key ESG-related resolutions are publicly available; and
- Voting intentions for key ESG-related resolutions are pre-declared ahead of the meeting.[39]

In addition, in relation to climate change in particular, ShareAction's *Leading Practice* guide recommends that asset managers publicly disclose:

- Their commitment to vote against directors at climate-laggard companies;
- Their commitment to support lobbying-related shareholder resolutions; and
- Their commitment to support shareholder resolutions that call for the disclosure and management of greenhouse gas emissions.[40]

Survey responses

Respondents were asked to select options from the following list in relation to public disclosure of proxy votes cast at annual general meetings (AGMs) of investee companies:

- We provide searchable public databases on all votes, including rationales for "against" and "abstain" votes.
- We publish decisions and rationales on votes only for controversial shareholder resolutions.
- We report votes and/or rationales privately to clients.
- We do not disclose votes or rationales.

Thirteen of 23 active participants (57%) selected the first option, reporting that they provide "searchable public databases of all votes, including rationales for "against" and "abstain" votes (Figure 10). However, a number of these then went on to qualify this response, for example, by stating that they do not provide rationales, or only provide rationales on request from clients.

Just Share analysed the voting disclosure of all managers reporting that they provide searchable public databases.

Only four of 23 (17%) have an interactive searchable public database that allows the user to search by company name. Eight of those reporting that they do provide such a database only disclose their voting results as PDF documents. Many of these are standalone reports for a particular period, requiring the user to open multiple documents in search of the results. In addition, in many instances results for previous periods are not available. One active respondent has a publicly available excel spreadsheet with voting results.

Furthermore, of the 13 active participants who reported that they disclose rationales for "against" and "abstain" votes, we found only six that disclose these consistently (Afena Capital, Abax Investments, Aeon Investment Management, Prescient Investment Management, Nedgroup Investments[41] and Old Mutual Investment Group).

One respondent sometimes discloses rationales and sometimes does not, and another has adopted a "cluster disclosure" approach to voting rationales, disclosing the general rationale for approaches to votes on a particular issue such as executive remuneration.

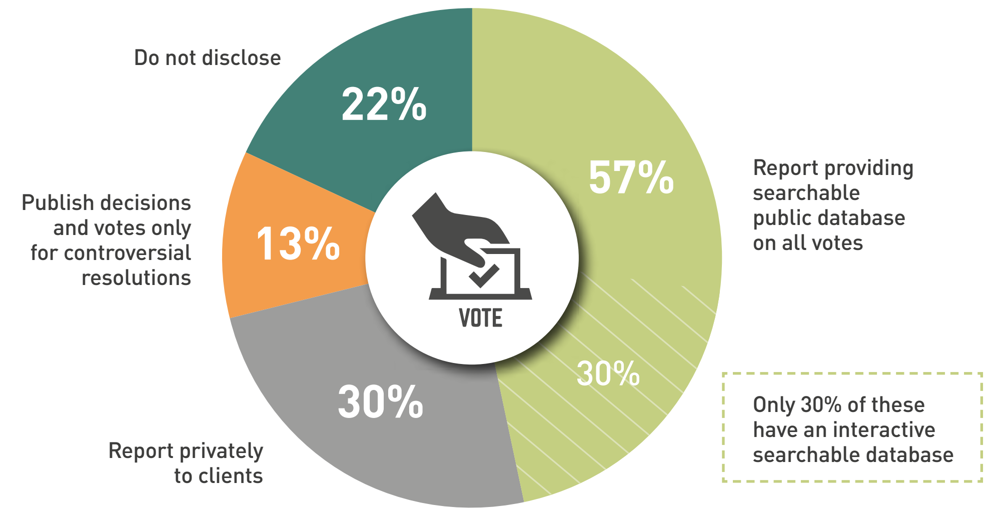
Seven of 23 active participants (30%) and four of eight non-respondents (50%) report votes and/or rationales only privately to clients.

Three asset managers publish voting results and rationales only for controversial shareholder resolutions, and five do not disclose any voting or rationales at all.

Of those that did report public disclosure, almost 84% (11 of 23) provide these reports on a quarterly basis, with 15% (2) doing so on an annual basis.

2

FIGURE 10: Voting disclosure



Local leaders

Respondents with publicly available voting policies, results and rationales were limited to: Abax Investments, Aeon Investment Management, Afena Capital, Old Mutual Investment Group and Prescient Investment Management.

The critical role of voting in effecting change at the level of the portfolio company means that having a clear policy in place regarding voting instructions, and communicating clearly and publicly on voting rationales, is a core component of effective stewardship by investors.

Just Share is not aware of any local asset manager which pre-declares voting intentions for key ESG-related resolutions ahead of AGMs. Signalling intentions to vote on specific issues is also a powerful tool for initiating discussion and collaboration across the industry.

> Without adequate finance, we simply will not achieve the change needed to safeguard our planet for future generations.
>
> **Alok Sharma**
> *COP26 President*

PART 3

CLIMATE RISK INTEGRATION

PART 3

CLIMATE RISK INTEGRATION

Part 3 of the survey focused on managers' strategies for integration of climate change-related risks and opportunities into investment decision-making. Questions explored both managers' approach to strategy development, as well as the reflection of strategic considerations in associated policies and the choice of tools, metrics and targets for identifying, assessing and managing climate change-related risks and opportunities.

STRATEGY

Best practice principles

Recognising that climate change presents significant risks to investors should not distract from the potential opportunities presented by investing in companies that will be fit for purpose in a low-carbon world. Investment strategies should reflect this dichotomy and be structured accordingly.

While there is no 'one-size-fits-all' to the integration of climate change issues into an investment process, actions most recommended by international standard-setters with respect to climate change integration include: [42]

- Adoption and public communication of a climate policy or position statement;
- Identification and communication to stakeholders of material climate change-related risks and opportunities;
- Incorporation of climate change-related risks into risk-adjusted return calculations informing investment decisions;
- Development and clear communication to stakeholders of a strategy for addressing identified climate change-related risks;
- Engaging with investee companies and policymakers on climate change-related risks;
- Supporting the development of climate change-related risk assessment tools and metrics; and
- Climate change-related training for investment professionals.

The *Fiduciary Duty in the 21st Century* project, led by UNEP FI,[43] notes that fiduciaries such as asset managers are required to:

- Show that they have recognised relevant climate change-related risks;
- Analyse how climate change might affect investment returns over the short, medium and long-term;

- Explicitly manage the risks identified, and not assume that the risks are automatically managed by other risk management strategies;
- Interrogate and challenge individuals or organisations to ensure that these risks are being effectively managed; and
- Establish processes that enable them to demonstrate the actions they have taken.

International best practice therefore requires that investors should not only develop appropriate strategies for integrating climate change-related issues into investment decision-making, but also that these strategies and progress on their implementation should be clearly communicated to stakeholders.

Survey responses

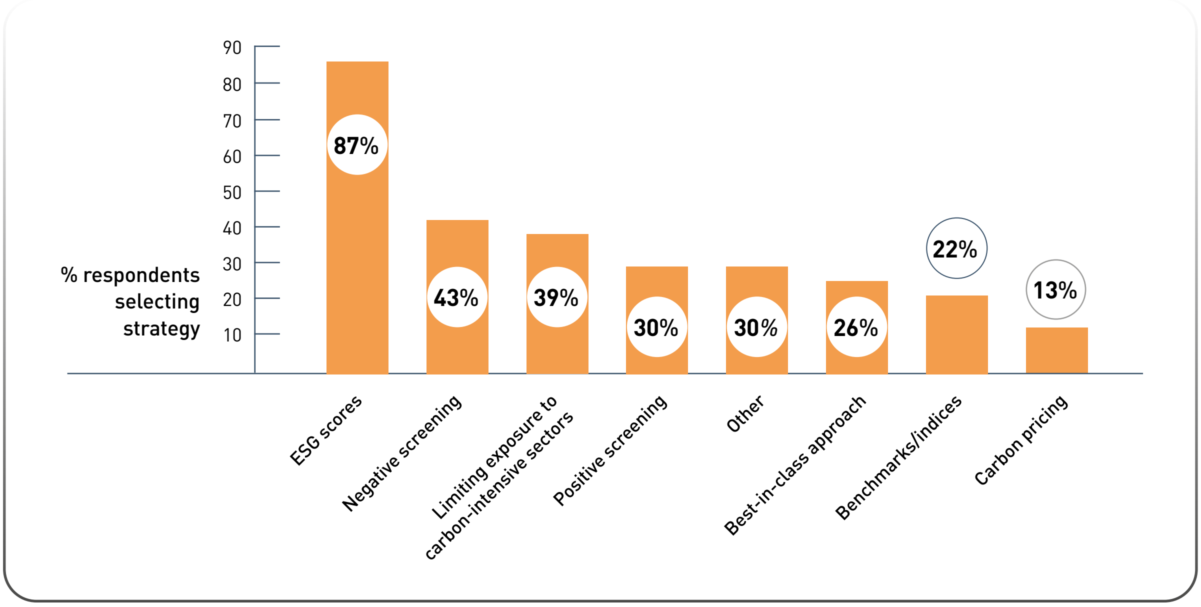
Integration methods

Respondents were asked how their organisations integrate climate change-related risks and opportunities into investment decisions. The options for selection were as follows (more than one option could be selected), and an opportunity for elaboration or other responses was also provided:

- Positive screening
- Negative screening
- Carbon pricing
- Use of benchmarks/indices
- Best-in-class approach
- Limiting exposure to carbon-intensive sectors
- Use of ESG scores
- Other/not applicable

The use of ESG scores is the predominant mechanism for climate change integration into investment decisions reported by survey respondents (Figure 11). Various screening methodologies are also applied, with the use of benchmarks and indices and carbon pricing minimally applied.

FIGURE 11: Climate change integration strategies



While the use of ESG scores has a place in RI decision-making, it is critical that investors ensure that they have understood the methodologies and data underpinning these scores before integrating their use into investment processes.

Identification and communication of climate change-related risks

It is encouraging to note that of the 23 active respondents, 21 (91%) reported that they had taken steps to identify material climate change-related risks to their portfolios, and 22 (96%) reported having identified climate change-related opportunities.

Of the eight non-respondents, Just Share was only able to identify one that had taken steps to identify climate change-related risks and opportunities.

Similarly, 20 of 23 respondents (87%) report taking steps to identify material climate change-related negative impacts of investments, with a slightly lower proportion – 19 of 23 (83%) – identifying material climate change-related positive impacts.

Of the non-respondents, Just Share was only able to verify the identification of climate change-related risks and opportunities or negative or positive impacts in a couple of instances.

> Despite reporting that they have made efforts to identify these factors, managers' communication of this information to stakeholders remains limited. Of the 23 respondents, only six (26%) reported that they communicate climate change-related risks across all portfolios under management, with 16 of 23 (70%) reporting that this information is only shared with clients and only on request.

Only one of the 23 indicated that they do not communicate climate change-related risks.

Local leaders

The six managers which report that they communicate climate change-related risks across all portfolios under management are: Aeon Investment Management, Foord Asset Management, Prescient Investment Management, Taquanta Asset Managers, Visio Fund Management and Vunani Fund Managers.

Climate change-related investment products

Respondents were asked what climate-related investment strategies their organisations offer. The options for selection (more than one option could be selected), including an option for further elaboration or other responses, were:

- We offer strategies labelled low-carbon, green or similar;
- We factor climate change into our ESG strategies;
- We do not offer climate change-related investment strategies.

Four managers report that they offer strategies labelled "low-carbon", "green" or similar. One reported that it has launched new products that allow for the exclusion of companies involved in certain activities such as tobacco, and mining and extraction of thermal coal.

Seven respondents said that they factor climate change into their ESG strategies, with three adding that ESG is "integrated throughout their investment decision-making process" according to a unified or holistic investment approach.

Ten respondents reported that they do not offer climate change-related investment strategies.

Local leaders

Futuregrowth Asset Management, Ninety One, Old Mutual Investment Group and Sanlam Investments are the only four managers which report offering strategies labelled "low-carbon", "green", or similar.

> The low-level of positive responses is unsurprising, considering the frustration expressed by many asset owners and retail investors at the lack of low-carbon or fossil fuel-free investment opportunities in South Africa. While global trends of "greenwashing" underline the need for caution regarding claims made about "low-carbon" or "green" investment funds, a greater variety of stronger ESG strategies could encourage better alignment of asset flows with the goals of the Paris Agreement.

POLICIES

Best practice principles

Globally, leading asset managers are strategically responding to climate change through publicly available firm-wide policies and commitments.

Guidance provided by the Institutional Investors Group on Climate Change (IIGCC)[44] notes that investors' strategic position on climate change should take into account exposure to climate-related risks and opportunities, the impacts of this exposure on fiduciary duties, and the intersection of this exposure with investment values and philosophy.

Guidance developed by the Asia Investor Group on Climate Change (AIGCC) affirms[45] that adopting a position statement and policy on climate change is a critical step in effective integration of climate change-related factors into investment strategies. Policies act as "the basis for an organisation to formulate and implement an appropriate response to manage climate-related investment impacts, as well as communicate externally with beneficiaries, stakeholders and regulators."

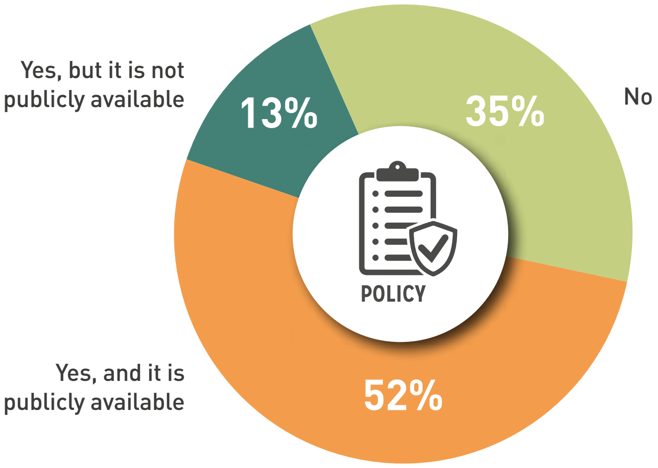
Survey responses

Fifteen of 23 active respondents (65%) reported that they have a publicly available climate change policy and/or position statement (Figure 12). However, on assessment of these it appears that three of the 15 have adopted general ESG/RI-related policies that only tangentially refer to climate change.

Given the high reported levels of integration of climate change-related risks into investment strategies, it is concerning that almost half of surveyed asset managers (including non-respondents) have not adopted a climate change policy and/or position statement.

Of the active respondents, 12 (52%) answered in the affirmative to the question: “does your organisation’s climate change-related policy or position statement include reference to the just transition to a low-carbon economy?”. Just Share could verify that 11 of the 12 do in fact make such a reference.

FIGURE 12: Adoption of climate change policy or position statement



Local leaders

The seven active respondents which have a publicly available policy or position statement on climate change, which also includes reference to the just transition, are: Aeon Investment Management, Allan Gray, Momentum Metropolitan Life, Nedgroup Investments, Ninety One, Old Mutual Investment Group and Perpetua Investment Managers.

SCENARIO ANALYSIS

Best practice principles

The use of scenario planning to inform strategic decision-making is a key recommendation of the TCFD, and can be implemented through free-to-use and commercially available climate scenario tools, including:

- The **Paris Agreement Capital Transition Assessment**[46] (PACTA) tool, which provides portfolio-level analysis of transition risk in public equities and corporate bonds, and uses asset-level data; and
- **2 Degrees of Separation**,[47] which provides company and sector-level analysis of the oil and gas sector, using asset-level data.

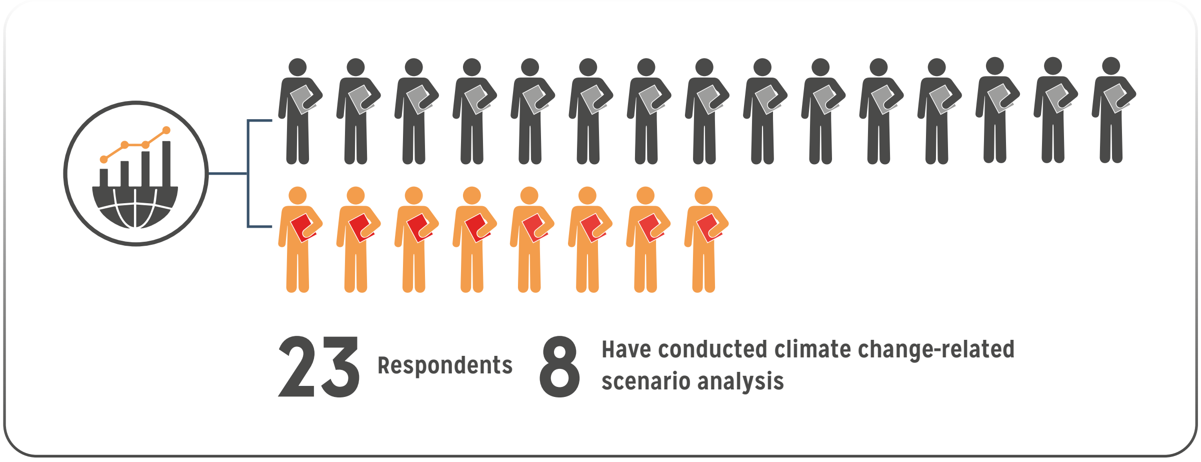
The TCFD framework recognises that scenario planning is critical not only to assessing potential business implications of climate-related risks and opportunities and informing stakeholders about how organisations are positioning themselves in light of these risks and opportunities, but also to developing effective investment strategies that are appropriate in scale and pace to accelerate and intensify investors’ response to the climate emergency.

ShareAction's *Leading Practice* report recommends, in its section on TCFD disclosure, that asset managers disclose "results of scenario analysis at portfolio- and asset class-level against a range of scenarios".[48]

Survey responses

Only eight of 23 (35%) active respondents report that they have conducted climate change-related scenario analysis (Figure 13), with most of these being in the very early stages of doing so.

FIGURE 13: Scenario analysis



A number of managers reported that they have engaged portfolio companies on the issue and expect that these companies should conduct and report to investors on scenario analysis. This is far from the best practice standards laid out in the TCFD recommendations.

Local leaders

No survey respondents reported comprehensive engagement with scenario analysis.

It is likely that this finding reflects the relatively limited engagement by local managers with the TCFD framework. These responses also emphasise the need for deliberate investment in capacity development across organisations – especially given that many respondents reported that a lack of technical competence was a constraint to applying the TCFD framework, conducting scenario analysis and setting appropriate metrics-based targets for portfolios.

Some of respondents referred to the current expense associated with tools and platforms available for conducting detailed scenario analysis. In this regard, there has been growth in recent months in initiatives locally which plan to provide free or low-cost tools and methods for conducting scenario analysis as part of TCFD-aligned disclosure, and managers should watch for these becoming available.

METRICS AND TARGETS

Best practice principles

TCFD recommendations regarding metrics and targets include disclosure of any metrics used by an investor to assess climate-related risks and opportunities in line with its strategy and risk management process, as well as disclosure of scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas emissions. In addition, the framework recommends communication to stakeholders of both targets used to manage climate-related risks and opportunities, and performance against these targets.[49]

With specific reference to asset managers, the TCFD recommends public disclosure of the metrics used to assess climate-related risks and opportunities in each product or investment strategy, including, where relevant, an overview of any amendments to these metrics over time. Further, best practice in this regard includes provision by asset managers of metrics considered in investment decision-making and monitoring.

The TCFD recommends that asset managers provide the weighted average carbon intensity – where data are available or can be reasonably estimated – for each product or investment strategy (notwithstanding challenges and limitations of current carbon footprinting metrics).

Survey responses

Twelve of 23 active respondents (52%) reported using portfolio carbon emissions (scope 1 and 2) and portfolio carbon emissions intensity for assessing climate change-related risks (Figure 14). Very few managers selected any of the other metrics options provided, and two reported that they do not currently make use of any metrics to assess climate change-related risks and opportunities.

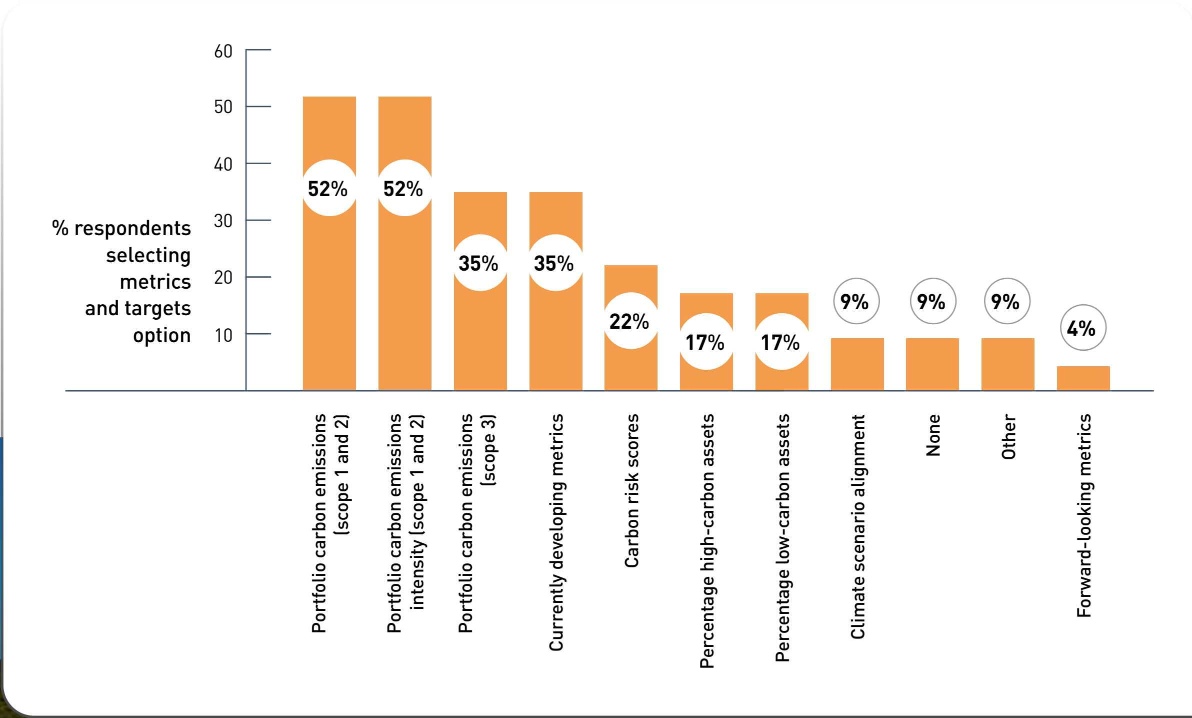
Eight of 23 active respondents (35%) reported that they are currently developing climate-related investment metrics.

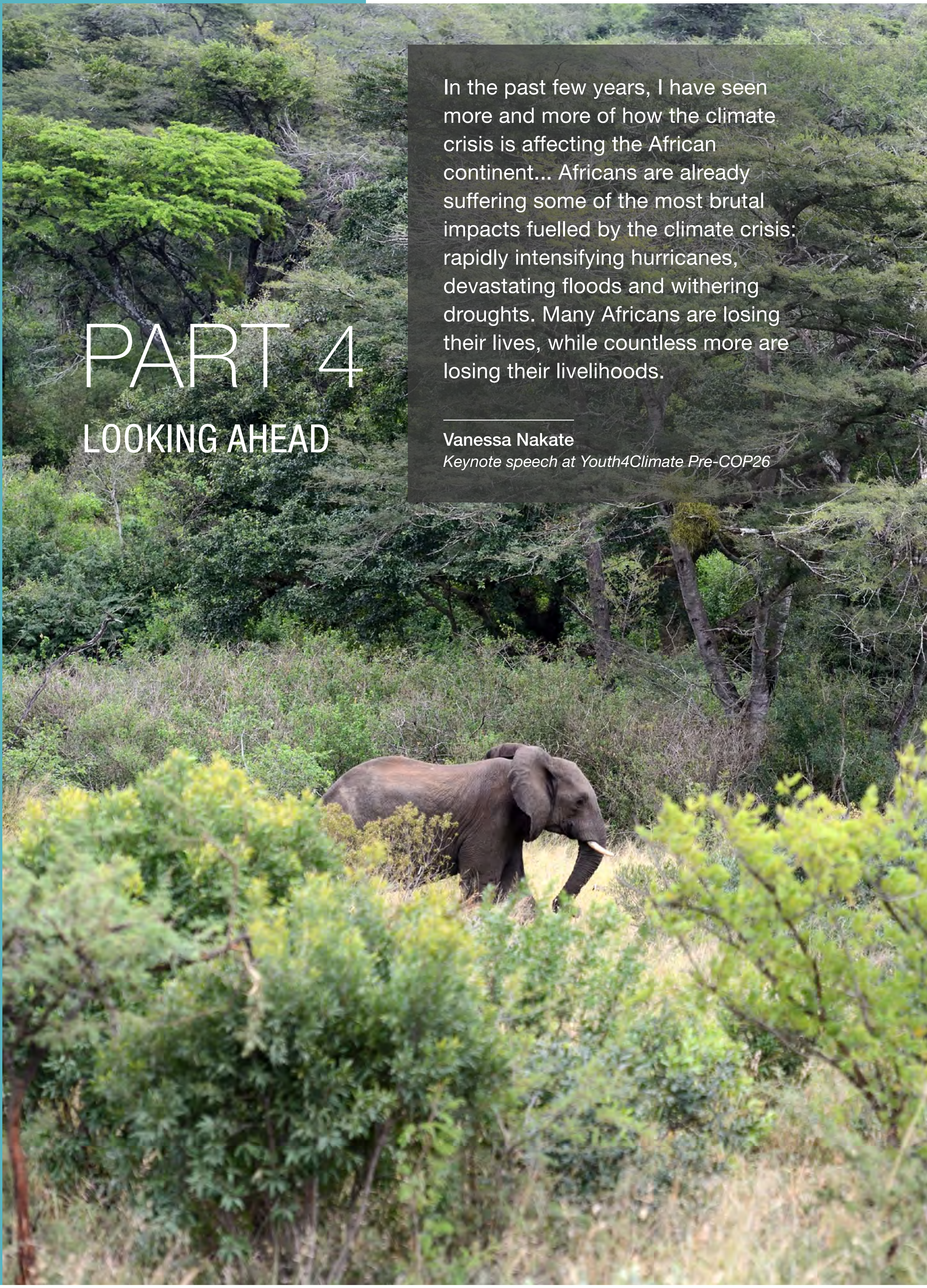
Based on these findings, South African asset managers appear to be well behind international best practice when it comes to metrics-based assessment of climate change-related risks and opportunities.

When asked to elaborate on their data collection and analysis processes, more than half of respondents reported that the availability, credibility and consistency of relevant data was a critical challenge for South African asset managers.

Several managers also raised concerns regarding their capacity (in terms of team size and technical knowledge) to collect, collate and analyse relevant data and metrics. This finding reinforces the need for investment into technical capacity.

FIGURE 14: Climate change-related metrics and targets





PART 4

LOOKING AHEAD

> In the past few years, I have seen more and more of how the climate crisis is affecting the African continent... Africans are already suffering some of the most brutal impacts fuelled by the climate crisis: rapidly intensifying hurricanes, devastating floods and withering droughts. Many Africans are losing their lives, while countless more are losing their livelihoods.
>
> **Vanessa Nakate**
> *Keynote speech at Youth4Climate Pre-COP26*

PART 4

LOOKING AHEAD

4

Issues such as human rights abuses, climate change and inequitable social structures seriously threaten the long-term performance of economies, investors' portfolios and the world in which beneficiaries live. Expectations from beneficiaries, clients, governments and regulators over how investors should respond have changed – driven by increased visibility and urgency around many of the SDGs.

— PRI, Investing with SDG Outcomes: a five-part framework[50]

Every investor action contributes to the shaping of real-world outcomes (both positive and negative). The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet.

The 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth, all while tackling climate change and working to preserve biodiversity.

Part 4 of the survey assessed manager strategies with respect to incorporation of SDG-related variables, including those related to human rights and biodiversity.

For this section of the survey, it was not possible to identify any leading manager(s), since only two managers (9%) indicated that they have adopted any specific policy in relation to the human rights, the SDGs, or biodiversity, while another two indicated that they plan on doing so in the next two years.

These findings suggest that there is substantial room for improvement among South African managers, which do not appear presently to be giving these issues any substantive consideration.

HUMAN RIGHTS

Best practice principles

The universal responsibility of businesses (including investors) to respect human rights was formalised by the United Nations and the Organisation for Economic Co-operation and Development (OECD)[51] in 2011, with expectations since that time – including those of employees, beneficiaries, clients, governments and wider society – rapidly increasing.

The COVID-19 pandemic has brought into sharp focus the scale and urgency of many human rights issues. This increased awareness, coupled with an expanding understanding of investors' role in and responsibility with respect to shaping real-world outcomes, has catalysed a significant global push for the integration of human rights into investment decision-making processes and active ownership.

Specifically, investors are increasingly expected to:[52]

- Adopt a policy commitment to respect internationally recognised human rights;[53]
- Implement a comprehensive human rights due diligence process; and
- Enable or provide access to remedy for people negatively affected by investment decisions.

Survey responses

Only one survey respondent, Prudential Investment Managers, reported that it has in place a dedicated human and labour rights policy applicable to all portfolios under management. This does however appear to refer to the policy of its UK-based parent Prudential plc.

Seventeen of 23 respondents (74%) reported that human and labour rights were broadly covered under existing general RI policies.

Given the substantial disruption likely to accompany the country's transition to a low-carbon economy, the development of a focused human and labour rights policy, or a dedicated section in the ESG/RI policy, is a critical step that South African asset managers should aim to take in the short-term to ensure that investment strategies are aligned to international best practice.

SUSTAINABLE DEVELOPMENT GOALS

Best practice principles

To support meeting the SDGs, investors must understand how they can increase the positive outcomes and decrease the negative outcomes arising from their actions. This requires them to assess and identify the outcomes of investment decisions, to set policies and targets with respect to these outcomes, and actively work to shape positive outcomes over time. The following process is recommended in the PRI's guidance on investing with SDG outcomes:

- **Identifying outcomes:** This process should involve identification of both positive and negative real-world outcomes related to investor and investees' operations, products and services.
- **Setting policies and targets:** A critical step in transitioning from outcome identification toward initiating action to shape outcomes. The complexity and interconnected nature

of issues necessitates that investors set cross-cutting policies and targets covering all investments and all material outcomes.

- **Shaping outcomes:** Investors should seek to shape outcomes in alignment with the policies and targets they have set in response to identified impacts and should subsequently report on progress against those objectives. This will involve incorporation of outcomes into investment decisions, stewardship activities, engagement with policy-makers and other key stakeholders, and communication of this process through appropriate disclosure and reporting.

Further, PRI guidance on investing with SDG outcomes suggests that the urgency with which the SDGs must be achieved necessitates collaborative efforts by investors.

Survey responses

Despite a number of managers reporting that they support and otherwise integrate the SDGs into investment decision-making processes, only two respondents, Futuregrowth Asset Management and Nedgroup Investments, have in place a dedicated SDG-related policy.

Seventeen of 23 respondents (74%) reported that the SDGs are broadly covered under existing general RI policies.

Given the best practice framework outlined above, local practice appears to be highly insufficient for achieving real-world impact aligned to the SDGs.

BIODIVERSITY

> ***More than half of the world's economic output – USD44 trillion of economic value generation – is moderately or highly dependent on nature. Nature loss therefore represents significant risk to corporate and financial stability. Financial institutions and companies need better information to incorporate nature-related risks and opportunities into their strategic planning, risk management and asset allocation decisions.***
>
> *— Taskforce on Nature-related Financial Disclosures (TNFD)*

In 2009, the Stockholm Resilience Centre led a group of 28 internationally renowned scientists in a project to identify the processes that regulate the stability and resilience of the earth's systems, dubbed "the Nine Planetary Boundaries".[54]

The findings suggested that crossing these "safe operating boundaries" would increase the risk of generating large-scale abrupt or irreversible environmental changes. Together, the stability of these nine processes is essential to maintaining life on earth.

According to the Centre, humanity is already existing outside the safe operating space for at least four of the nine boundaries: climate change, biodiversity, land-system change and biogeochemical flows (nitrogen and phosphorus imbalance).

In 2019 the UK treasury commissioned Professor Sir Partha Dasgupta, a Cambridge economist, to write the first review by any national finance ministry on the economic importance of nature. The *Dasgupta Review on the Economics of Biodiversity*[55] assessed the consequences of an economic system that assumes the natural world is irrelevant, rather than recognising it as a common good that underpins every aspect of our economic, social and spiritual wellbeing. The report finds that our economic system must include nature as an asset upon which our global economies depend.

Best practice principles

The Taskforce on Nature-related Financial Disclosures (TNFD) is a new global initiative which aims to give financial institutions and companies a complete picture of their nature-related risks. Better information will allow financial institutions and companies to incorporate nature-related risks and opportunities into their decision-making processes.[56]

Building on the success of the TCFD framework, the TNFD framework adopts the same four-pillar approach: governance, strategy, risk management, and metrics and targets. The TNFD will incorporate a broader definition of "risks and opportunities" than the TCFD, in recognition of the specific challenges associated with measuring the value of the natural world.

In principle, recommendations are expected to be similar to those of the TCFD, focused on the identification and measurement of material biodiversity loss-related risks and opportunities, the development of strategies to address these risks, and the communication of progress in doing so.

Survey responses

At this stage, surveyed managers do not appear to be thinking about biodiversity integration in any substantive fashion, with no respondent reporting having adopted a biodiversity-related policy, and only two signalling any intention to adopt such a policy in the near term (Futuregrowth Asset Management and Taquanta Asset Managers).

Fifteen of 23 respondents (65%) assert that their existing RI policy broadly covers biodiversity-related issues, but it is clear from the scale of the threat that this is insufficient.

Globally, the practice of deliberate integration of biodiversity-related issues into investment decisions remains nascent, and in this regard, South African asset managers are not behind the curve. But with the South African National Biodiversity Institute reporting that nearly 14% of species and 50% of ecosystem types in South Africa are threatened,[57] it is undeniably in the best interests of local investors to be proactive in relation to this crucial issue.

CONCLUSION

This report presents the findings of Just Share's *South African Asset Manager Climate Risk Survey 2021*, with the intention, for the first time in South Africa, to provide retail investors, pension fund trustees and beneficiaries, philanthropic foundations, university endowments, and civil society with an assessment of the current status of climate risk integration into investment decision-making in the local market.

While overall there is much work to be done by South African managers to meet international best practice, we have attempted to shine a light on those managers that are leading the way, in the hope that this will spur faster and more coordinated action to align investment decision-making with the goals of the Paris Agreement, and the country's just transition to a more sustainable and inclusive economy.

It is in the best interests of South African asset managers, their clients, and other stakeholders, that they keep abreast of rapidly evolving climate change-related issues, and are proactive with respect to adopting current best practices in integrating these into investment decision-making.

Specifically, consistent and comprehensive disclosure, adoption of reporting aligned to the TCFD recommendations, the use of appropriate metrics and setting of ambitious carbon reduction targets (accompanied by pragmatic strategies for achieving them) should no longer be a "nice-to-have" for investors, but a minimum requirement.

Looking ahead, managers should be actively considering how they plan to integrate issues related to human rights, the sustainable development goals and biodiversity into their investment strategies – something which very few of the surveyed managers are currently doing.

APPENDIX

1 Full list of institutions invited to participate in the survey (32)

Invited institutions which completed the survey online

Abax Investments
Aeon Investment Management
Afena Capital
Alexander Forbes Investments
Allan Gray
ALUWANI Capital Partners
Coronation Fund Managers
Foord Asset Management
Futuregrowth Asset Management
Makalani Management Company
Mergence Investment Managers
Momentum Metropolitan Life
Nedgroup Investments
Ninety One
Old Mutual Investment Group
Old Mutual Multi Managers
Perpetua Investment Managers
Prescient Investment Management
Prudential Investment Managers (now M&G Investments Southern Africa, but referred to in this report as Prudential or Prudential Investment Managers)
Sanlam Investments
Taquanta Asset Managers
Visio Fund Management
Vunani Fund Managers

Invited institutions which declined to complete the survey (responses compiled by Just Share using publicly available information)

Kagiso Asset Management
STANLIB Multi Manager

Invited institutions which did not respond to the invitation to complete the survey (responses compiled by Just Share using publicly available information)

Absa Asset Management (excluded as a result of organisational restructuring taking place at time of survey)
All Weather Capital
Argon Asset Management
Benguela Global Fund Managers
Meago Asset Managers
Public Investment Corporation
Sentio Capital Management
STANLIB Asset Management

APPENDIX 2

Local leaders at a glance
Page 1 of 2

ASSET MANAGERS	Accountability for climate change integration	Incentives	Technical knowledge	TCFD disclosure	Engagement priorities and disclosure
Abax Investments					
Aeon Investment Management				X	X
Afena Capital	X				X
Alexander Forbes Investments					
Allan Gray				X	
ALUWANI Capital Partners					
Coronation Fund Managers					
Foord Asset Management					
Futuregrowth Asset Management	X	X			
Makalani Management Company	X		X		
Mergence Investment Managers					
Momentum Metropolitan Life			X		
Nedgroup Investments		X		X	
Ninety One	X		X	X	
Old Mutual Investment Group	X		X		
Old Mutual Multi Managers					
Perpetua Investment Managers		X			X
Prescient Investment Management					
Prudential Investment Managers					
Sanlam Investments					
Taquanta Asset Managers					
Visio Fund Management					
Vunani Fund Managers					

APPENDIX 2

Local leaders at a glance
Page 2 of 2

ASSET MANAGERS	Escalation	Voting	Strategy: Integration methods	Strategy: Communication	Strategy: Products	Policies
Abax Investments	X	X				
Aeon Investment Management	X	X		X		X
Afena Capital		X				
Alexander Forbes Investments						
Allan Gray						X
ALUWANI Capital Partners						
Coronation Fund Managers	X					
Foord Asset Management				X		
Futuregrowth Asset Management					X	
Makalani Management Company	X					
Mergence Investment Managers	X					
Momentum Metropolitan Life						X
Nedgroup Investments						X
Ninety One	X				X	X
Old Mutual Investment Group	X	X			X	X
Old Mutual Multi Managers						
Perpetua Investment Managers	X					X
Prescient Investment Management		X		X		
Prudential Investment Managers						
Sanlam Investments					X	
Taquanta Asset Managers				X		
Visio Fund Management	X			X		
Vunani Fund Managers				X		

APPENDIX 3

Abbreviations and acronyms

AIGCC	Asia Investor Group on Climate Change
ASISA	Association for Savings and Investment South Africa
CDP	Carbon Disclosure Project
COP26	Conference of the Parties/2021 United Nations Climate Change Conference
CRISA	Code for Responsible Investing in South Africa
ESG	Environmental, social and governance
FSTC	Financial Sector Transformation Council
GHG	Greenhouse gas emissions
IIGCC	Institutional Investors Group on Climate Change
OECD	The Organisation for Economic Co-operation and Development
PACTA	Paris Agreement Capital Transition Assessment
PRI	Principles for Responsible Investment
RI	Responsible investment
SDGs	Sustainable development goals
TCFD	Task Force on Climate-Related Financial Disclosures
TIPS	Trade & Industrial Policy Strategies
TNFD	Taskforce on Nature-related Financial Disclosures

APPENDIX 4

Asset Manager Climate Risk Survey 2021

CLIMATE CHANGE GOVERNANCE

Definitions

Responsible Investment (RI):

For the purpose of this survey, we define RI in line with the definition by the PRI – 'a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.' We use RI and ESG interchangeably where contextually relevant.

Climate change-related risks and opportunities:

Refers to financially material risks and opportunities for the investment portfolio associated with climate change.

Positive and negative impacts:

Refers to the effects of the investment portfolio on climate change.

Scope 1: refers to all direct greenhouse gas (GHG) emissions.
Scope 2: refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.
Scope 3: refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions.

1 — How does your organisation assign responsibility for the governance and implementation of climate change integration?*

2 — Does your organisation have any climate change-related financial incentives for board members, executives, portfolio managers and analysts?*

3 — Do any of your organisation's employees responsible for climate change integration possess technical climate change-related qualifications?*

4 — Please describe any climate change-related training undertaken by the board, executive team or other employees.

5 — How has your organisation responded to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?*

* *Compulsory questions*

STEWARDSHIP

6 — Does your organisation publicly disclose a record of climate change-related engagement activities and engagement results for all portfolios under management?*

7 — Does your organisation's escalation process for engagement on climate change-related issues include any of the following?*

8 — Does your organisation publicly disclose a record of proxy votes cast in annual general meetings (AGMs) of investee companies?*

9 — If your organisation publicly discloses votes and/or rationales, when does it do so?*

10 — Do you publish a publicly-available policy that explicitly covers shareholder resolutions for all portfolios under management?*

11 — Please select your organisation's top three (ONLY) climate change-related engagement priorities.*

12 — Does your organisation's engagement strategy differ by asset class or across portfolios?*

13 — Please describe any other climate change-related engagements your organisation has undertaken with policymakers, industry associations, ratings providers, proxy advisors, etc.

CLIMATE CHANGE INTEGRATION

14 — How has your organisation integrated climate change-related risks and opportunities into its investment decisions?*

15 — Has your organisation taken steps to identify material climate change-related risks that may negatively affect your portfolios under management?*

16 — Has your organisation taken steps to identify material climate change-related opportunities that may add value to your portfolios under management?*

17 — Has your organisation taken steps to identify material climate risk-related negative impacts that may result from your portfolios under management?*

18 — Has your organisation taken steps to identify material climate change-related positive impacts that may result from your portfolios under management?*

19 — What climate change-related investment strategies does your organisation offer?*

20 — How are clients made aware of climate change-related risks?*

* *Compulsory questions*

POLICIES

21 — Has your organisation adopted a climate change policy or position statement?*

22 — Does your organisation's climate change-related policy or position statement include reference to the just transition to a low-carbon economy?*

23 — Does your organisation's investment policy/climate change policy/climate change position statement include a formal commitment to any of the following?*

SCENARIO ANALYSIS

24 — Has your organisation conducted climate change-related scenario analysis?*

25 — Please provide details of the scenario analysis, e.g. which reference scenarios were used, and/or any additional information related to your answer.

26 — Has your organisation altered its investment processes as a result of scenario analysis?*

METRICS AND TARGETS

27 — Has your organisation set a target to achieve net zero greenhouse gas emissions across your portfolios by 2050?*

28 — What metrics does your organisation use to assess climate change-related risks and opportunities?*

29 — Where possible, please provide summary portfolio data on these metrics (i.e please outline your carbon exposure).

30 — Which framework or definition does your organisation use to define low-carbon assets?

31 — What limitations has your organisation identified in available metrics?

LOOKING AHEAD

Definitions

Human and labour rights: We define human and labour rights in line with the UN Guiding Principles on Business and Human Rights. We assess investor impacts on human rights and workforce-related practices on investee companies' direct operations, supply chains, and other indirect impacts.

* *Compulsory questions*

Sustainable Development Goals (SDGs): The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Biodiversity: Biological diversity – or biodiversity – is the variety of life on Earth and the natural patterns it forms.

32 — Does your organisation currently have in place or plan to adopt a human and labour rights policy?*

33 — Does your organisation currently have in place or plan to adopt a Sustainable Development Goals-related policy?*

34 — Does your organisation have in place or plan to adopt a biodiversity-related policy?*

* *Compulsory questions*

ENDNOTES

1 https://www.netzeroassetmanagers.org/net-zero-asset-managers-initiative-signatories-disclose-interim-targets-with-over-a-third-of-assets-managed-in-line-with-net-zero.

2 Measured by latest reported figures for assets under management in South African Rand.

3 Available at: https://issuu.com/alexanderforbescomms/docs/manager_watch__annual_survey_2020.

4 Available at: http://www.27four.com/bee-conomics-surveys/. The three additional managers invited to complete the survey were included based on recent public statements indicative of their support for responsible investment and proactive climate risk integration.

5 Share Action recently commissioned a similar study of global scope. Available at: https://shareaction.org/reports/point-of-no-returns-a-ranking-of-75-of-the-worlds-asset-managers-approaches-to-responsible-investment.

6 GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy, representing a combined $130trn in assets under management. See https://www.gfanzero.com/.

7 https://www.cop26declaration.uk/.

8 PRI Signatory Update, Q3 2021. Available at: https://www.unpri.org/signatories/signatory-resources/quarterly-signatory-update.

9 The PRI defines responsible investment as "a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership". See https://www.unpri.org/investment-tools/an-introduction-to-responsible-investment.

10 Greenwashing is the process of conveying a false impression or providing misleading information about how environmentally sound or responsible a company's products are. In the case of financial services, greenwashing may include making unsubstantiated claims regarding the 'green', 'sustainable' or 'responsible' credentials of financial products with the intention to deceive consumers into believing that these products are, for example, environmentally friendly.

11 Measured by latest reported figures for assets under management in South African Rand.

12 Available at: https://issuu.com/alexanderforbescomms/docs/manager_watch__annual_survey_2020.

13 Available at: http://www.27four.com/bee-conomics-surveys/. The three additional managers invited to complete the survey were included based on recent public statements indicative of their support for responsible investment and proactive climate risk integration.

14 Share Action recently commissioned a similar study of global scope. Available at: https://shareaction.org/reports/point-of-no-returns-a-ranking-of-75-of-the-worlds-asset-managers-approaches-to-responsible-investment.

15 Publication expected before end of 2021. To be made available at: https://www.tips.org.za/just-transition.

16 A full list of signatories is available on the PRI website (www.unpri.org). As 2021 assessment reports for PRI signatories will only be available in 2022, Just Share cannot confirm, but has chosen to assume that the PRI signatories in question have met the minimum mandatory requirements for maintaining PRI signatory status.

17 PRI Reporting and Assessment Framework 2021. Available at: https://www.unpri.org/reporting-and-assessment/investor-reporting-guidance/5373.article.

18 https://api.shareaction.org/resources/reports/ShareAction-Leading-Practice-2021.pdf.

19 At page 11.

20 ESG and Executive Compensation: Hearing from board members globally (2021). Available at: https://www.willistowerswatson.com/-/media/WTW/Insights/2021/04/ESG-and-Executive-Compensation-Report-2021.pdf.

21 At page 14.

22 Published July 2021. Available at: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/04630F89-33B7-43E7-82B3-87833D1DC2E3/King_Committee_Guidance_paper_on_the_responsib.pdf, at page 2.

23 Financing a Sustainable Economy (revised version published October 15, 2021). Available at: https://sustainablefinanceinitiative.org.za/.

24 Published July 2021. Available at: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/04630F89-33B7-43E7-82B3-87833D1DC2E3/King_Committee_Guidance_paper_on_the_responsib.pdf.

25 https://shareaction.org/reports/point-of-no-returns-a-ranking-of-75-of-the-worlds-asset-managers-approaches-to-responsible-investment.

26 ShareAction's *Leading Practice* report. At page 12.

27 At page 12.

28 Published October 2021. Available at: https://www.fsb.org/2021/10/2021-status-report-task-force-on-climate-related-financial-disclosures/.

29 https://www.jse.co.za/news/news/jse-announces-commitment-supporting-net-zero-2050.

30 At page 34.

31 STANLIB Asset Management is Liberty's wholly-owned asset manager.

32 https://www.unpri.org/stewardship/active-ownership-20-the-evolution-stewardship-urgently-needs/5124.article.

33 Available at: https://www.unpri.org/investment-tools/stewardship/active-ownership-20.

34 At page 32.

35 At page 24.

36 https://www.unpri.org/stewardship/making-voting-count-principle-based-voting-on-shareholder-resolutions/7311.article.

37 https://shareaction.org/reports/voting-matters-2020-are-asset-managers-using-their-proxy-votes-for-action-on-climate-and-social-issues.

38 https://www.unpri.org/download?ac=12730. At page 11.

39 At page 16.

40 At page 31.

41 Nedgroup Investments currently discloses voting results at the fund level, and is in the process of revamping its disclosure in this regard.

42 Including the frameworks of the PRI, TCFD and CDP.

43 https://www.unepfi.org/fiduciary-duty/#:~:text=Fiduciary%20duties%20exist%20to%20ensure,than%20serving%20their%20own%20interests.

44 https://www.iigcc.org/.

45 Integrating climate change into investment strategy: A Guide for Investors (2017). Available at: https://www.aigcc.net/wp-content/uploads/2017/12/AIGCC-CC-Guide-Design-Final.pdf.

46 https://www.transitionmonitor.com/pacta-for-investors/.

47 https://2degreesseparation.com/.

48 At page 34.

49 TCFD guidance (2021). Available at: https://www.tcfdhub.org/metrics-and-targets/.

50 Available at: https://www.unpri.org/sustainable-development-goals/investing-with-sdg-outcomes-a-five-part-framework/5895.article.

51 https://www.oecd.org/southafrica/.

52 PRI (2021), Why and how investors should act on human rights. Available at: https://www.unpri.org/human-rights/why-and-how-investors-should-act-on-human-rights/6636.article.

53 https://www.ilo.org/global/standards/lang--en/index.htm.

54 https://www.stockholmresilience.org/research/planetary-boundaries.html.

55 https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review.

56 https://tnfd.global/publication/proposed-technical-scope-for-tnfd/.

57 SANBI National Biodiversity Assessment (2018). Available at: https://www.sanbi.org/biodiversity/building-knowledge/biodiversity-monitoring-assessment/national-biodiversity-assessment/.

JUST SHARE NPC
Aintree Business Park, Block C, Unit FB
Doncaster Rd & Loch Rd, Kenilworth
Cape Town, 7708, South Africa

www.justshare.org.za

IMAGES
Cover and p10: Brenton Geach/Gallo Images
pvii and pxii: stock.adobe.com
p19: Thuli Dlamini/The Times/Gallo Images/Getty Images
p27: Jacques Stander/Gallo Images
p28: Frédéric Soltan/Corbis via Getty Images
p33: John Snelling/Gallo Images

JUST SHARE
Investor power for a fairer South Africa

JUST SHARE
Investor power for a fairer South Africa