



Sustainable Stock Exchanges



SSE Regional Webinar Africa: Climate awareness education for asset owners and asset managers

17th March 2021: 11AM (Central African Time)

SSE Team

- Anthony Miller
- Lisa Remke
- Rita Schmutz

Agenda



1. Housekeeping Issues
2. ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI’s African Asset Owner Climate Awareness Course
3. A few words from an African asset owner
4. Discussion / Q&A



Principles for Responsible
Investment
Head of Africa & Middle East

Nicole Martens



Old Mutual Limited
**Actuarial Expert, Investment
Strategy**

Niraj Rijhumal



SSE Regional Webinar Africa: Climate awareness education for asset owners and asset managers

Presented by Nicole Martens, Head of Africa & Middle East, PRI



Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- The African Context
- Tools and resources – including the African Asset Owner Climate Awareness Course
- Contact
- A few words from an African asset owner
- Discussion / Q&A

Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- The African Context
- Tools and resources – including the African Asset Owner Climate Awareness Course
- Contact
- A few words from an African asset owner
- Discussion / Q&A

The PRI

Investor-led, supported by the United Nations since 2006

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice.

Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions.



2

UN PARTNERS:
UNEP FINANCE INITIATIVE
UN GLOBAL COMPACT



3300+

SIGNATORIES:
ASSET OWNERS
INVESTMENT MANAGERS
SERVICE PROVIDERS



103+

US\$ trn
ASSETS UNDER
MANAGEMENT



The PRI

One Mission and Six Principles

"We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

1 We will incorporate ESG issues into investment analysis and decision-making processes.

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4 We will promote acceptance and implementation of the Principles within the investment industry.

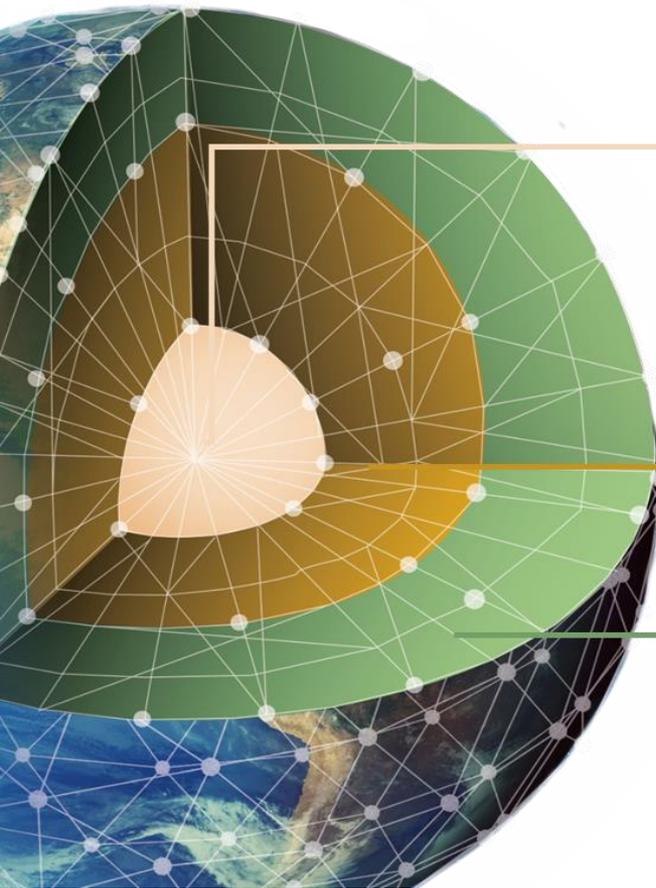
5 We will work together to enhance our effectiveness in implementing the Principles.

6 We will each report on our activities and progress towards implementing the Principles.



The PRI is the world's leading proponent of responsible investment

The Blueprint vision



Responsible investors

- Empower asset owners
- Support investors incorporating ESG issues
- Create an industry of active owners
- Showcase leadership and increase accountability
- Convene and educate responsible investors

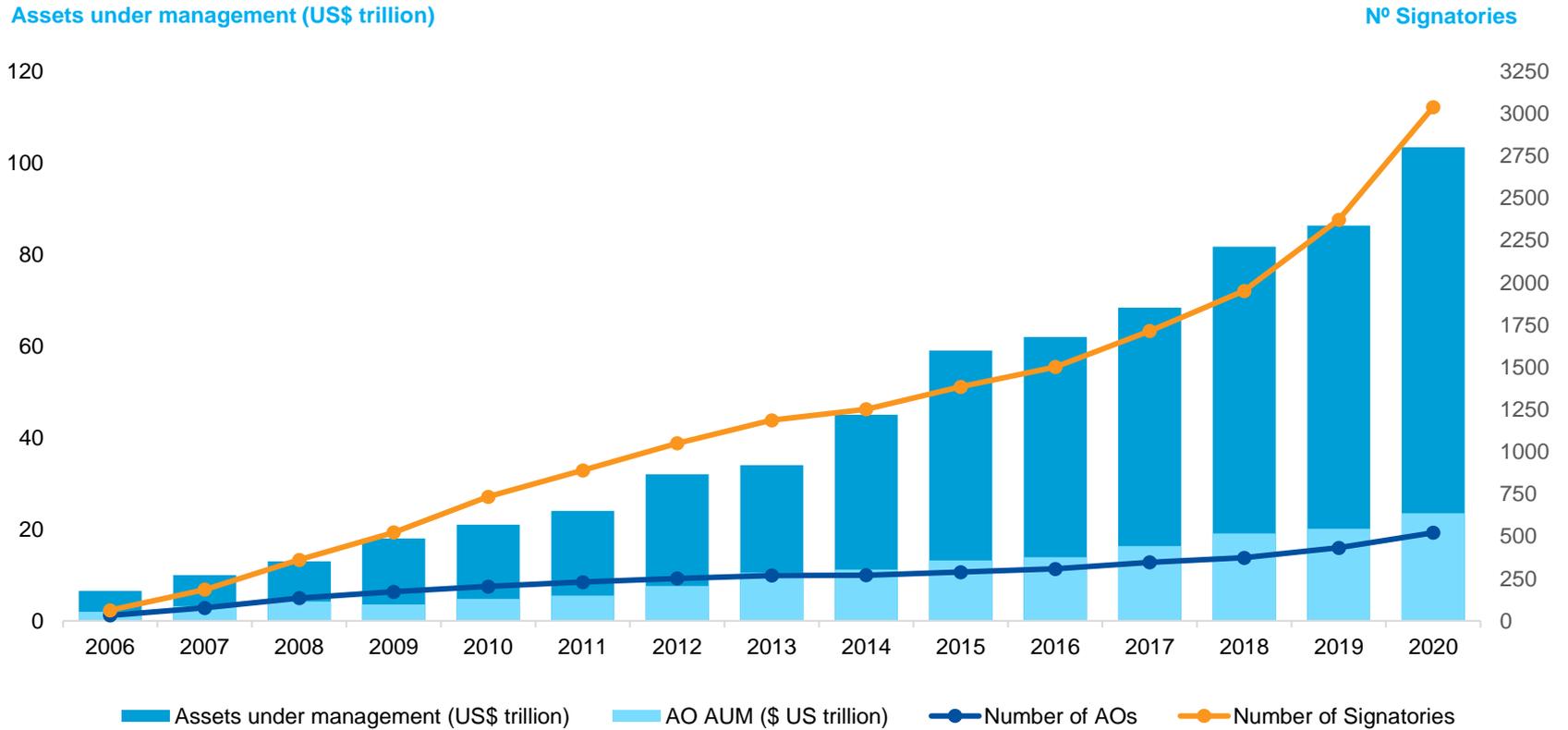
Sustainable markets

- Challenge barriers to a sustainable financial system
- Drive meaningful data throughout markets

A prosperous world for all

- Champion climate action
- Enable real-world impact aligned with the SDGs

PRI's growing signatory base



*Total AUM include reported AUM and AUM of new signatories provided in sign-up sheet that signed up by end of March of that year.

What is responsible investment?

Responsible investment is a **strategy and practice** to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership

Approaches to responsible investment

ESG incorporation and active ownership



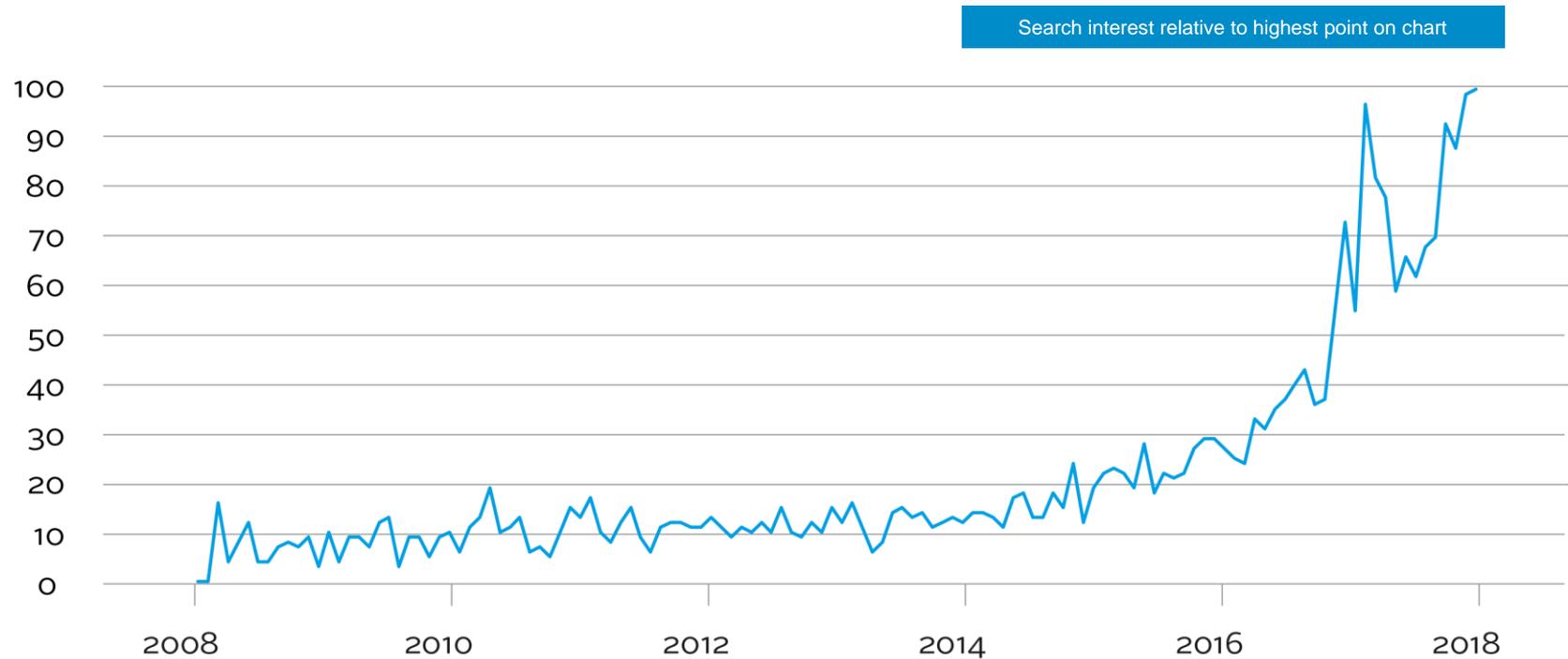
Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- **Global drivers of and trends in responsible investment**
- The African Context
- Tools and resources – including the African Asset Owner Climate Awareness Course
- Contact
- A few words from an African asset owner
- Discussion / Q&A

Interest in ESG themes has increased exponentially

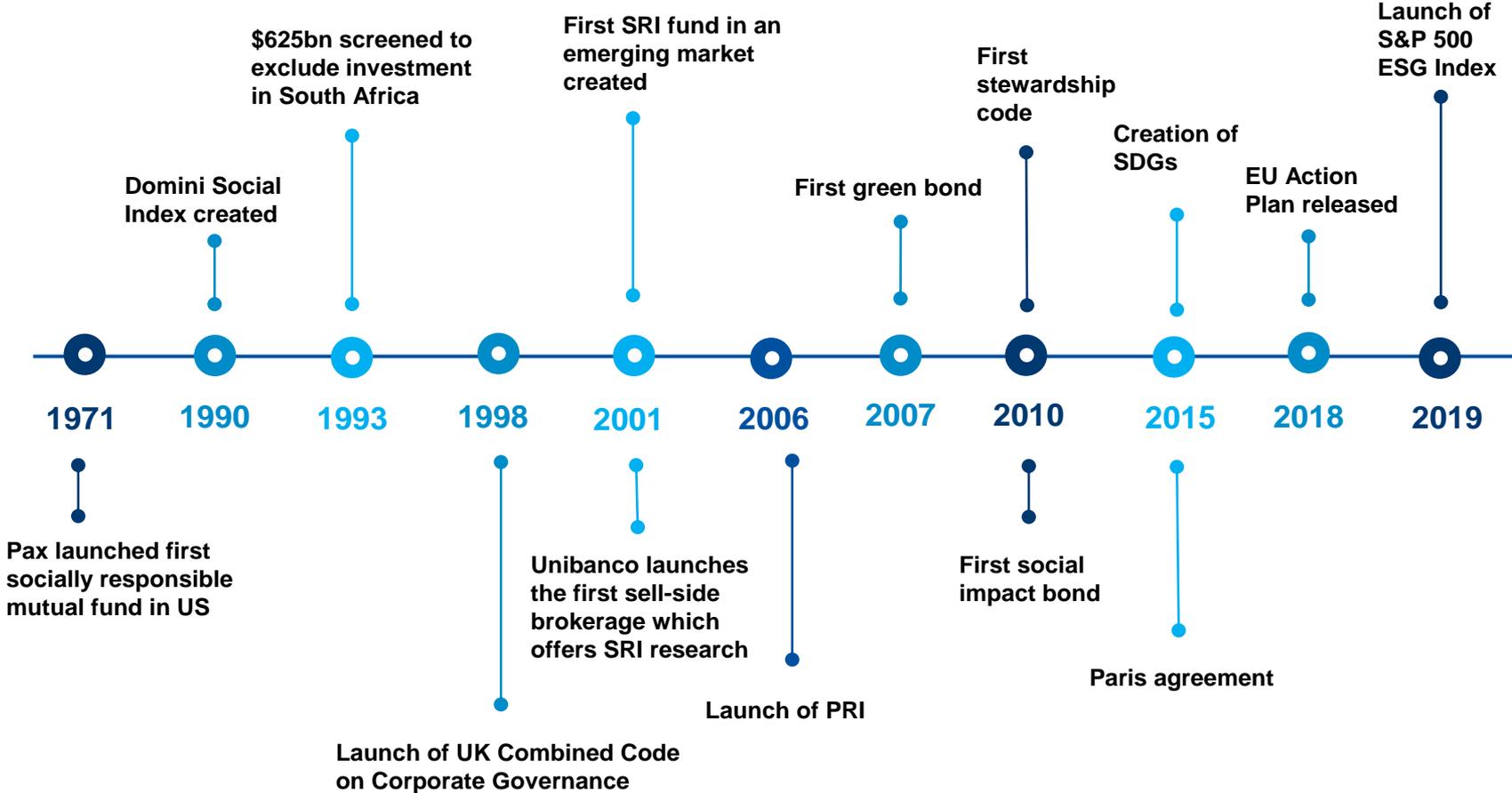
Global google search trends of 'ESG' in a financial context over time



Source: Google Trends (08/2018)

Evolution of sustainable investment

An increasing proliferation of investable options...



Why bother with ESG / RI?

ESG analysis helps better manage risks, meet market demand and fulfil investor duty



Materiality

Increasing recognition within the financial community that ESG factors often play a material role in determining risk and return.



Market demand

Growing demands from beneficiaries and investors for greater transparency about how and where their money is being invested.



Regulation

Higher levels of regulatory guidance that incorporating ESG factors is part of an investor's fiduciary duty to their clients and beneficiaries.



Growing academic evidence supports that
ESG incorporation does not come at a cost

Update on PRI Activities: 5 Year Plan

- Over the next five years, PRI will work with signatories to:
 - Move to an outcomes focus in line with the SDGs
 - Align legal frameworks
 - Improve sustainability data
 - Elevate human rights and social issues
 - Increase the ambition of investor stewardship
 - Increase net zero commitments
 - Increase accountability measures for PRI signatories (ratcheting up of minimum standards; revised reporting framework focused on outcomes, not activities)

Watch the recording of PRI CEO, Fiona Reynolds' update on PRI's five year plan presented at the [recent event held by Top1000 Funds](#)



Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- **The African Context**
- Tools and resources – including the African Asset Owner Climate Awareness Course
- Contact
- A few words from an African asset owner
- Discussion / Q&A

Africa: vulnerability and adaptive capacity

- One of the **most vulnerable** continents to climate change (higher exposure to impacts and low adaptive capacity)
- **34** of the world's 50 most climate-vulnerable countries (68%)
- By 2100, the IPCC expects that Africa will likely experience mean annual temperature rises of **between 3°C and 6°C** by 2100 (i.e. land temperatures rising faster than the global land average, especially in more arid regions)



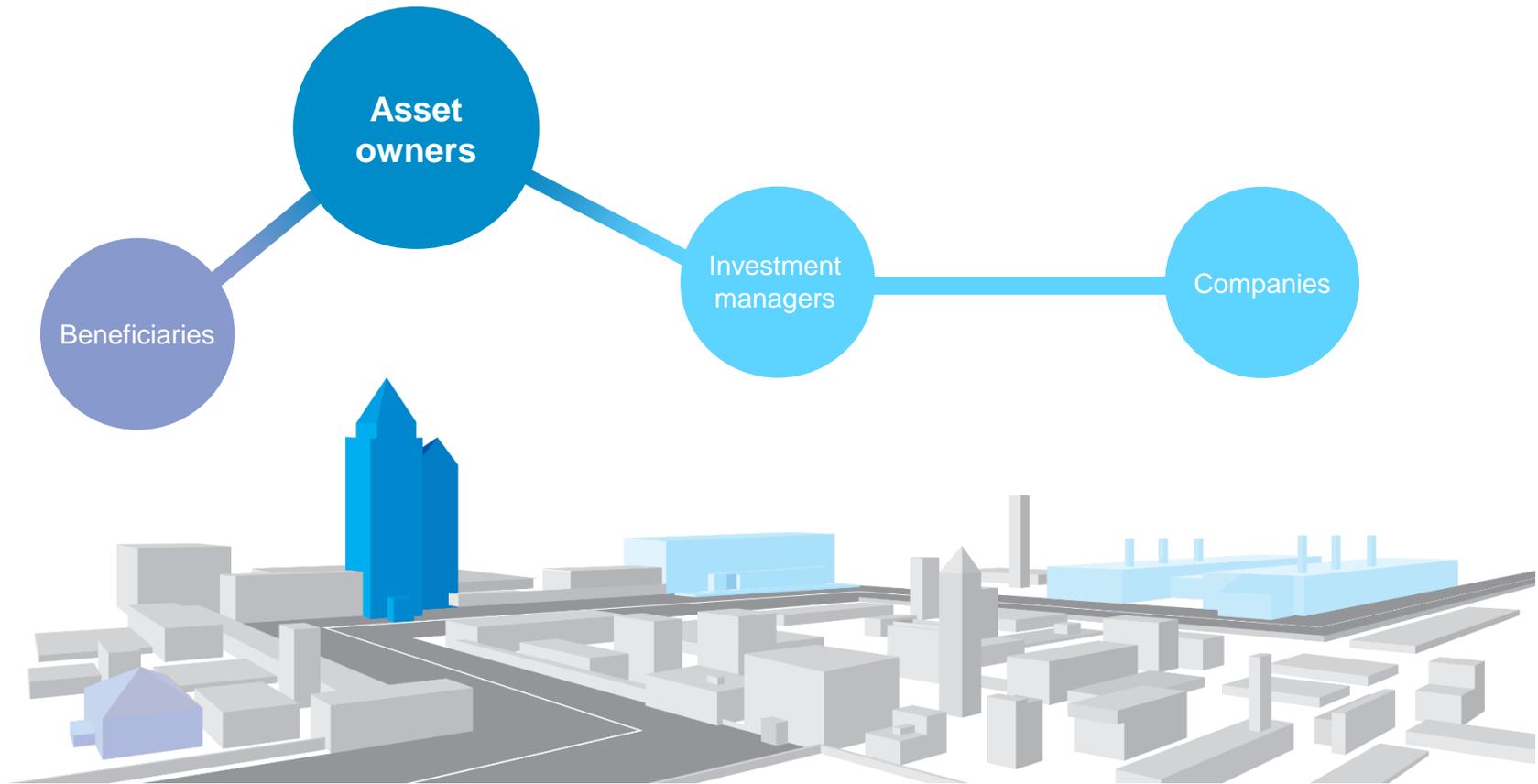
Africa's **adaptation costs by 2050** could rise to **USD50bn per year** under a scenario where global warming is kept below 2°C. This cost could increase to **USD100bn per year** if we remain on a path towards global warming of 4°C.

Climate change as an ESG risk multiplier

- As a risk multiplier, climate change will have significant implications for several other ESG issues, including:
 - **Food security** – reliance on rainfed crops and subsistence farming and fisheries across many African countries makes the region vulnerable to changes in climate such as droughts and floods and ocean acidification and warming.
 - **Inequality and unemployment** – agriculture accounts for over 50% of employment across the continent. High levels of inequality and poverty will mean that already vulnerable groups are disproportionately exposed to climate change impacts.
 - **Health** – affects on geographical range of diseases such as malaria and cholera.
 - **Urbanisation** – accelerated by climate change in rural areas, placing strain on inadequate infrastructure, especially in climate-vulnerable cities (8 of the top 10 most climate vulnerable cities are in Africa).
 - **Migration** – decreased habitability of cities and regions coupled with more frequent extreme weather events.
 - **Conflict** – fueled by food price shocks, environmental degradation and resource scarcity.
 - **Human rights** – access to water and sanitation, health and food threatened.

The role of asset owners

From the perspective of an outsourced asset owner



The asset owner RI journey

MODULE 1

Policy, investment strategy and strategic asset allocation

- Writing a policy
- Defining a strategy
- Developing an approach to strategic asset allocation

MODULE 2

Mandate requirements and RFPs

- Developing mandate ESG requirements
- Creating RFPs for manager search

MODULE 3

Manager selection

- Longlist of managers
- Shortlist of managers
- In-depth due diligence

MODULE 4

Manager appointment

- Embedding ESG Requirements into legal documents
- Sample model contracts

MODULE 5

Manager monitoring

- Identifying minimum reporting disclosures
- Considering asset class-specific reporting

“The PRI believes that responsible investment principles should be at the core of the relationship between the asset owner and the investment manager.”

Fiona Reynolds, PRI

Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- The African Context
- **Tools and resources – including the African Asset Owner Climate Awareness Course**
- Contact
- A few words from an African asset owner
- Discussion / Q&A

PRI's African Asset Owner Climate Awareness Course

Available for [free](#) to African Asset Owners

Africa Asset Owner Climate Awareness Course

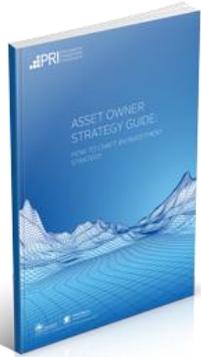


| | |
|--------------------------------------------------|----|
| Introduction | 01 |
| An introduction to climate emergency | 02 |
| Case study: West Africa gold mine | 03 |
| The Inevitable Policy Response | 04 |
| The role of Asset Owners in the investment chain | 05 |
| How to embed RI into the investment process | 06 |
| Case Study: Sasol and climate risk | 07 |
| Impact and the SDGs | 08 |
| The Just Transition | 09 |
| Climate risk assessment | 10 |
| Resources and next steps | 11 |

Recent PRI Activities*

- [Covid-19](#)
 - [White Paper on a Sustainable & Inclusive Recovery](#)
 - [Sustainable Finance Policy Toolkit](#)
- PRI Academy
 - [RI for Trustees](#)
 - [African Asset Owner Climate Awareness Course](#)
- Projects (selection)
 - Climate Action ([100+](#) & [IPR](#))
 - [Sustainable Development Goals \(SDGs\)](#)
 - [Manager Selection Appointment and Monitoring](#)
 - [Human Rights and Modern Slavery](#) (elevated)
 - [A Legal Framework for Impact](#) (SA case study)
 - NEW! [Introductory series](#)

Asset owner resources



HOW TO CRAFT AN INVESTMENT STRATEGY

Supports asset owners, including their board of trustees and executives, in developing and formulating their investment strategy for a rapidly changing investment landscape.



INVESTMENT POLICY: PROCESS & PRACTICE

Provides a concise and implementable framework to support asset owners in revising their investment policy in order to incorporate long-term factors in their investment chains.



ASSET OWNER MANAGER SELECTION GUIDE

Aims to support asset owners in making informed decisions about the managers they select and the specific funds in which they want to invest. This includes guidance on asset owner requirements on active ownership in the selection process.



INVESTMENT CONSULTANTS AND ESG

Guides asset owners on how to ensure that the services they get from their consultants, whether covering specific assignments or the full-service suite, are aligned with their own responsible investment objectives, strategies and policies.

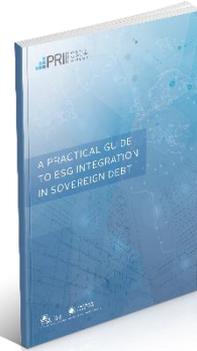
See all asset owner resources at: unpri.org/asset-owners

Investment practice resources



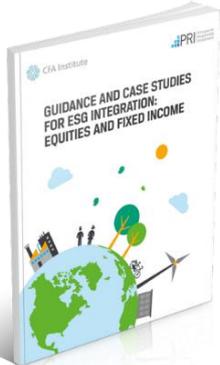
A PRACTICAL GUIDE TO ESG INTEGRATION FOR EQUITY INVESTING

The guide contains information and case studies on integration techniques that apply to investment strategies including fundamental, quantitative, smart beta and passive investment.



A PRACTICAL GUIDE TO ESG INTEGRATION IN SOVEREIGN DEBT

Despite its size and importance, the sovereign debt market has been the subject of less systematic ESG consideration than other investment asset classes. However, appetite for ESG integration is growing among investors, with a rising number appreciating that ESG factors can and do affect sovereign debt valuations.



GUIDANCE AND CASE STUDIES FOR ESG INTEGRATION: EQUITIES AND FIXED INCOME

This guide produced by the CFA Institute and the PRI sets out best practices for ESG integration across the globe. They surveyed 1,100 financial professionals in 17 markets. The report has over 30 case studies written by fixed income and equity practitioners.



ESG MONITORING, REPORTING AND DIALOGUE IN PRIVATE EQUITY

The aim of this guidance is to support an exchange of information, underpinned by dialogue, that will keep LPs informed about the ESG characteristics of their private equity investments and the responsible investment practices of their investment managers.

See all investment practice resources at: unpri.org/investor-tools

Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- The African Context
- Tools and resources – including the African Asset Owner Climate Awareness Course
- **Contact**
- A few words from an African asset owner
- Discussion / Q&A

Overview

ESG integration: Global and Regional Trends and Tools – A Closer Look at PRI's African Asset Owner Climate Awareness Course

- An introduction to the PRI and to responsible investment
- Global drivers of and trends in responsible investment
- The African Context
- Tools and resources – including the African Asset Owner Climate Awareness Course
- Contact
- A few words from an African asset owner
- Discussion / Q&A



Sustainable Stock Exchanges



Thank you!

nicole.martens@unpri.org





**TECHNICAL
DIFFICULTIES**