# 'JUST AND FAIR' CLIMATE ACTION ROUNDTABLE

## COP 27 — Sharm el-Sheikh, Egypt

### The South Africa Pavilion: Wednesday, 9 November 2022


"Our focus is on turning words into action."

*Phuthi Mahanyele-Dabengwa – CEO, Naspers South Africa*

With the United Nations Framework Convention on Climate Change (UNFCCC) climate summit returning to African soil in November 2022, and with its heightened emphasis on the issue of 'loss and damage', there has been a renewed focus on the implications of climate change for economies across the Global South. Collectively, these economies contribute relatively little to greenhouse gas (GHG) emissions and yet are the hardest hit, with climate change exacerbating the region's already significant social and environmental challenges.

Delivering a meaningful and effective global response to the climate-change challenge, particularly in the diverse and challenging conditions in developing and emerging countries, will require a coordinated and collaborative response. To be effective, this response will need to be underpinned by an enabling regulatory environment, leadership from the business sector and sufficient access to 'green' finance.

With the aim of inspiring collaborative measures across the technology sector in the Global South, Prosus – Naspers hosted a 'Just and Fair' Climate Action Roundtable at COP 27. The roundtable brought together investors, companies, regulators and industry bodies to share their experiences and insights in developing, implementing and supporting bold climate action plans that recognise sector- and country-specific circumstances and that enable climate transition pathways that are just and fair.

**Roundtable objectives**

The roundtable discussion had the following objectives:

» To foster shared understanding on 'just transition', target-setting and implementation in multicountry contexts within Africa, Asia and Latin America.

» To debate the challenges of climate action frameworks and regulations for global tech sector players and the opportunity to redesign conventional frameworks that apply a blanket approach to climate transition plans.

» To promote collaboration to ensure that tech players are best positioned to be climate stewards in their markets while driving innovation for climate adaptation and mitigation.

A video recording of the roundtable discussion is available here.

This report provides a detailed review of the roundtable discussions. A more concise analytical summary is available here.

## WELCOMING REMARKS

*Phuthi Mahanyele-Dabengwa – CEO, Naspers South Africa*

***"Finding effective solutions to the significant challenges of climate change ultimately comes down to partnership and collaboration."***

As a global consumer internet group and a leading long-term technology investor, Prosus – Naspers believes strongly in the enabling power of technology to transform economies, create jobs and boost economic activity, including specifically by facilitating a just and fair transition to a more climate resilient economy. We recognise the crucial need for business leaders and policy-makers to work together with other stakeholders in defining and shaping the economy for the benefit of us all.

Business has both a unique opportunity and a particular responsibility to help shape the future of the African continent – and the Global South, more broadly – by finding solutions to the profound climate-related challenges facing these emerging economies. Through this roundtable, and any follow-up engagements and activities, we are inviting key stakeholder representatives from across the technology sector to share their ambitions, frustrations and experiences in addressing climate change, so that together we can learn from each other and achieve the goals we need, for the world we want to see.

## MODERATOR

*Shameela Ebrahim — Chief Sustainability Officer, Johannesburg Stock Exchange*

***"It is important that we bring these different perspectives together to advance action on the climate agenda. Each of us here has a role to play in driving climate action that is just and fair."***

The panel brings together a very strong perspective from the Global South, with important representatives from key stakeholder groups, including investors, companies, standards-setters, auditors and consultants from countries across emerging markets. This diversity of perspective and experience allows us to reflect on what is needed to meaningfully advance climate action across the Global South, and to understand some of the nuances that particularly affect us in emerging markets. As an international consumer company and technology investor, but with a significant portfolio of investments across the Global South, Prosus — Naspers is keen to engage in this dialogue with key stakeholders as it is of meaningful impact to its business.

## AN INVESTOR PERSPECTIVE: PROSUS — NASPERS

**Q** **How does a global technology investor — with a portfolio of companies in different sectors and markets across the Global South — drive climate action and set targets for companies with very different business models, operating in very different contexts?**

***"The threat from climate breakdown is planetary, but an effective response ultimately requires a reckoning with history. Any credible commitment to a 'just transition' must reckon with the actual costs of capital to fund decarbonisation. This requires a differentiated response, recognising the varying capabilities that corporate actors must navigate."***

*Prajña Khanna — Global Head Sustainability, Prosus — Naspers*

The global commitments that are brokered at United Nations (UN) climate summits, such as this year's COP 27 in Sharm el-Sheikh, signal our collective common cause: every country and every company has urgent work to do in this decade to make the global goal of net-zero emissions viable. For companies in the Global South, however, our task to deploy and scale available technologies to curb emissions is typically more difficult, more expensive, and often more immediately urgent, than for companies in the North. This reality is core to any concept of climate justice and is encapsulated in the principle of 'common but differentiated responsibilities and respective capabilities'. We need to appreciate the unequal responsibility for historical emissions, and we need to adopt a differentiated response, recognising the very different regional and sectoral contexts and capabilities that corporate actors must navigate.

At Prosus — Naspers, we are working hard to meet the detailed technical guidance by the Science-based Targets initiative (SBTi) and have just submitted our own groupwide science-based target (SBT) for external verification. As one of the largest technology investors in the world, we recognise that setting targets for ourselves alone is meaningless if the companies we invest in do not also have targets. We have thus adopted a portfolio coverage approach, with at least 50% of our portfolio of businesses required to set ambitious climate targets by 2030.

If circumstances were equal across our portfolio, the business case for decarbonisation would be a lot less daunting. But the circumstances are not equal. Our portfolio spans many segments, including food delivery and online classifieds as well as many different geographies, from Brazil to Romania and from India to South Africa. This makes things challenging: each business is at a different stage of maturity in climate action, and the options available to them vary significantly according to their local operating environment.

The decarbonisation pathway is very different for Delivery Hero, for example, than it is for Swiggy. While both are online food ordering and delivery services, the first operates in over 70 countries across four continents, while the second operates only in India. The climate policies and commitments vary hugely between countries, each of which has its own energy mix, different costs of capitalisation and vast variances in maturity of supporting infrastructure.

Although every credible plan for net zero depends on ambitious companies in (increasingly) fragile economies meeting the same science-based targets as their peers in wealthier nations, the relative costs of doing so are starkly unequal. The point here, of course, is not to reduce the level of ambition, but instead to understand and support policy and financing measures that enable companies in the Global South to act. This is the challenge we are faced with: if we are serious about this 'decade of action' – the exhortation from last year's Glasgow COP – then global policy and financing measures must respond pragmatically to the formidable, varied obstacles that corporate actors are trying to navigate in different regions.

We need to make this practical, to find means to support companies without being a burden on them, and to make sure that we are not setting them up for failure. Doing so requires a collaborative response involving investors and financiers, governments and standards-setters, companies, service providers and non-governmental organisations (NGOs).

## AN ASSET MANAGER PERSPECTIVE: A GLOBAL ASSET MANAGEMENT FIRM

**Q** **How does a leading global asset manager drive climate action and promote a just transition across its diverse portfolio?**

***"As a global asset manager, we have adopted a very nuanced approach to driving decarbonisation across our investment portfolio that provides for the different circumstances that each company faces within its specific sector and geography."***

*ESG engagement lead, global asset manager*

As a global investment manager with a history of more than 200 years, we have developed deep expertise in adapting to meet the changing needs and expectations of our clients – institutions, intermediaries, and individuals across the world. We recognise that our investment decisions not only affect the financial future of our clients, but they also impact on society and the environment more broadly. That is why we have a longstanding commitment to channel capital into sustainable and durable businesses, and why we seek to also actively influence corporate behaviour to ensure companies we invest in are managed in a sustainable manner.

In addition to rigorously vetting each company we invest in, we apply the same measurement and values to ourselves. This is reflected, for example, in our ambitious near-term science-based targets in our own operations, as well as renewable electricity and supplier engagement targets, validated by the SBTi.

In terms of managing our portfolio of investments, we face a similar set of challenges to those faced by Prosus – Naspers. As outlined in our Climate Transition Action Plan, we are engaging with the companies and assets in which we are invested, to help them decarbonise their business models in a just and fair manner. While the process of engagement can be slow and challenging, we believe in the importance of engaging with those companies facing the most pressure to decarbonise.

The goals we have submitted to the SBTi require us to reduce the temperature alignment of our clients' portfolios from 2.9°C currently, to 2.2°C in 2030 and then to 1.5°C in 2040. This pathway requires the share of companies with Paris-aligned targets to increase from under 20% to 60% over the next eight years, reaching 100% a decade later. This is a huge commitment that will require significant effort through our engagement, portfolio construction and the products we are developing that focus on climate solutions. In delivering on this commitment, we are currently engaging with more than 600 of our portfolio companies, working with them to decarbonise our portfolio, and looking at opportunities to apply the 'just transition framework' across these companies in different sectors and regions.

We have adopted a nuanced approach, in which we are looking to deepen our understanding of the different mitigation opportunities available within each industry sector and country. We have also been assessing the various approaches that companies are adopting in managing the social transition, reviewing the measures they are taking, for example to address the needs of local communities and protect employment opportunities.

We recognise the scale of the challenge, and that one size does not fit all, hence the need for this nuanced approach by sector and region. We do not believe it is appropriate to mandate the same pathway for all companies and are thus continuing to have conversations with companies in our portfolio. Finding an effective solution is not easy and we are still learning.

## AN OPERATOR PERSPECTIVE: DELIVERY HERO

**Q** **Given that your business spans across multiple geographies, how do you manage to set and achieve carbon reduction targets while operating in different contexts? And are there critical enabling systems for Delivery Hero in this journey? Can you share perspectives from your investors?**

***"Operating in many countries presents a real challenge for our climate response strategy. For each operation we must carefully consider the market and policy context for setting targets, and we need to think very innovatively in identifying appropriate climate mitigation solutions."***

*Jeff Oatham – Global Senior Director Sustainability, CSR and Safety, Delivery Hero*

Delivery Hero is a global online food ordering and delivery marketplace that operates in over 70 countries. One of our company values is 'We Are Heroes Because We Care' – we care for our customers, our teams, the environment and the world around us.

Operating in different countries presents both challenges and opportunities. We need to consider the individual context of these different markets for setting targets, which means there are many different factors to address. At the same time, we know that we have many different opportunities to achieve those targets.

Over 50% of our scope 3 emissions are driven by our orders. To achieve our SBTi ambitions, we must find a way to decouple growth in our orders from our greenhouse gas emissions. We have two primary drivers for reducing these emissions: in our packaging and in our transportation. While each of these could, in principle, present a common and potentially scalable solution – such as a more sustainable packaging option, or a shift to electric vehicles – we have learned that the different operating context in our various markets often require changes to be made to solutions that we have tested in other locations.

In exploring more sustainable packaging types for our restaurant vendors, we have found, for example, that there has been very different feedback and uptake on potential packaging solutions in Asia than in Europe. Similarly, it is clear we cannot have an electric vehicle transition plan in all our markets, as the structures are fundamentally different. For us to meaningfully scale any of these solutions, we must start locally.

We are committed to contributing to stable economic, social and ecological conditions for present and future generations, by mitigating the impact of our business, and contributing to long-term solutions aligned with our core values. Since beginning our sustainability journey in 2019, we have been rolling out measurements of our carbon footprint in all our markets, to help us identify the key steps for our climate mitigation efforts.

One of the most common questions asked by our investors – predominantly from Europe, but with a growing number from the US – is whether we have a science-based target in place, and if not, then when? Although we have not yet submitted a science-based target, and plan to do once we have established a new baseline that provides for some recent acquisitions, this has not stopped us from driving the implementation of our climate action strategy. In doing so, we have already learned a lot about the nature of the challenges and opportunities in setting and realising targets across very divergent markets.

## AN OPERATOR PERSPECTIVE: SAFARICOM

**Q** **As a leading technology company based in East Africa, how is the move to a just transition impacting your activities? What are the challenges you have faced, and how are you meeting investor needs?**

***"At Safaricom we see ourselves as very strong 'climate change evangelists', looking to help companies across Africa to understand and respond effectively to the climate change challenge."***

*Stephen Kiptinness, Chief Corporate Affairs Officer, Safaricom*

Safaricom is a listed Kenyan mobile network operator headquartered in Nairobi, Kenya, with operations also in Ethiopia. We are the largest telecommunications provider in Kenya, and one of the most profitable companies in the East and Central Africa region. Our vision is to be a purpose-led company, that fully integrates our purpose – 'to transform lives by connecting people to people, people to opportunities and people to information' – in all our commercial activities and in our product and service innovations.

Even though Kenya contributes less than 0.1% of global greenhouse gas emissions annually, the region is already suffering some of the significant impacts of climate change in the form of a debilitating drought in the north of the country, as well as shifting rainfall patterns more broadly. In delivering on our purpose, in 2017 we formally announced our commitment to become a net-zero company by 2050. In 2018, we introduced SBTi-aligned targets, and since 2019 we have been converting our net-zero aspirations from policy to action. Working with the SBTi, we have committed to a series of reduction targets, including a 43% reduction by 2030 and a 74% by 2050, from a 2017 base year.

In addition to driving mitigation activities in our own operations, we have tried to infuse our climate-change commitment more broadly across our sphere of influence. We see ourselves as strong evangelists in this area, with the aim of ensuring that other players in the public and private sector understand and appreciate the full implications of the 'net-zero journey'.

We believe that governments should embed the principles and processes of a just transition in the development and implementation of their nationally determined contributions (NDCs) and long-term strategies; these act as key mechanisms to secure public support for ambitious and stronger climate action. Governments also have a responsibility to foster collaborative mechanisms to identify and understand the challenges posed by climate change, and to develop adequate, predictable, and innovative social protection measures that protect existing benefits and provide for emerging social needs.

An important response measure, for example, is to provide training opportunities for upskilling and reskilling, particularly for workers affected by the transition, as well as initial learning opportunities in green business practices and environmentally friendly technology and innovation. There is also an opportunity to provide financial and technical support to enterprises undertaking research and development in green technologies, and to support cluster development and incubation. We are also working with government and others to set out key policies that push the envelope and move the climate response measures from voluntary to compliance-based measures. We are working with the Nairobi Securities Exchange, which has set out certain reporting guidelines to make it compulsory for listed companies.

We have also been engaging with our service providers, as a key component of promoting a just transition. One of our most significant emissions is from diesel generators. In looking to replace these with solar panels, we have worked with service providers and their subcontractors to identify and promote opportunities for retraining and reskilling in using solar. Around 92% of the over 5 500 base stations in our network are running on either the national grid or renewable and hybrid energy sources. We plan to transition all these sites to solar by 2025. In partnership with M-Kopa Solar, we have also provided access to solar energy to over one million rural households with an impact on 3.7 million lives and over two million tonnes in avoided emissions.

Our climate mitigation drive is supported by our tree planting activities – partnering with both public and private sectors. In 2018 we entered into a partnership agreement with the Kenya Forest Service (KFS) to implement a tree-growing and forest conservation programme aimed at improving Kenya's forest cover. Our long-term objective through this programme is to work in collaboration with the KFS and Community Forest Associations (CFAs) to plant five million indigenous trees in five years, leading to the rehabilitation of 5 000 hectares of degraded forests.

## A SCIENCE-BASED TARGETS PERSPECTIVE: SBTi

**Q**

**In delivering on your ambition to mobilise companies to set net-zero science-based targets in line with a 1.5°C future, how does the SBTi ensure fairness when setting targets for companies operating in emerging market contexts? How are you supporting these businesses in setting targets?**

***"Although we have seen some encouraging growth recently in the uptake of science-based targets among companies from the Global South, we recognise that there is still much work to be done in bridging the global gap, particularly in Africa and Latin America."***

*Ligia Ramos, SBTi: Latin America*

The Science Based Targets initiative (SBTi) seek to mobilise the private sector to take the lead in driving urgent climate action. We do so by enabling organisations to set science-based emissions reduction targets (SBTs) that show companies and financial institutions how much and how quickly businesses need to prevent the worst impacts of climate change, leading them on a clear path towards decarbonisation in line with climate science. We operate a small team, as a partnership between the CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

We currently have more than 4 000 companies committed to the SBTi, covering over a third of the global economy's market capitalisation, with uptake last year at a rate of more than 110 new companies per month. Although progress is still slower in non-OECD countries, we have seen some encouraging growth recently in the uptake of companies from the Global South. The biggest gaps though are still in Africa and Latin America. Although these regions currently represent only 7% of global emissions, and host fewer global companies, they include economies with among the highest growth rates. It is thus crucial for these countries and companies to anchor their development in line with the Paris Agreement.

To help bridge these gaps and to encourage greater uptake in the Global South, we launched the Country Activation Project that aims to activate SBTi partners at a country level in Africa, Latin America and Southeast Asia. Having skilled people based in the region who understand the local context and who can engage companies at a country level, will enhance the uptake of locally relevant targets. Since launching the project, we have successfully built the technical capacity of SBTi local partners through our train-the-trainers learning programme, gathering almost 200 participants from 25 countries. We have also designed and delivered activities specifically for companies in these key regions, with more than 3 000 participants.

In addition to large multinational companies that have operations in the Global South, we are also seeing uptake in many national companies. Many of these companies are finding it challenging to meet growing investor expectations, particularly in terms of addressing their scope 3 emissions, often due to a lack of visibility and monitoring of suppliers' data. Companies also face engagement gaps between their suppliers and procurement teams. To address this challenge, the SBTi has been undertaking a review of scope 3 target-setting methods and criteria, and we have developed a Supplier Engagement Toolkit to help companies develop and track supplier engagement targets, that should be launched in 2023.

Furthermore, we also identified that the process for a company to have an SBTi target approved demands the engagement of several areas, such as legal, financial, operations, products and even the human resources area, since this type of goal can be linked to the salary bonus of its employees. In other words, it is not just a task for the sustainability or environment areas and it requires an effort of articulation and internal engagement.

One of the areas where more work can be done to support companies in the Global South, is through greater uptake by government of policies and initiatives that incentivise climate innovation in the private sector and that provide practical support to companies in developing and adopting SBTs. A good example is the government of Japan providing a dedicated budget and sponsoring one-on-one advice from consultants to help companies set SBTs; this initiative has been very effective at growing the number of Japanese companies with approved SBTs and can serve as a valuable model for governments in emerging markets.

In addition to governments, there is a crucial role for financial institutions in accelerating the global adoption of science-based targets. Currently, most of the financial institutions driving this are from the North; in Latin America, for example, there are only three main financial institutions that are actively driving uptake of SBTs. To bring more financial institutions on board, the SBTi is developing a Net-Zero Standard for Financial Institutions, to be released in 2023. We are also working to bring these standards in line with other initiatives, such as the UN Environment Programme's net-zero initiatives, TCFD reporting, and the Glasgow Financial Alliance for Net Zero (GFANZ).

While we have seen some encouraging progress, we still have long way to go to drive the shift that is needed.

**Q** **Given the significant uptake globally in net-zero commitments, how is the SBTi responding to address a potential bottleneck within its activities?**

***"Yesterday's report by the UN Secretary General included a clear call for governments to step up and give more of a policy push on climate issues. As the SBTi is a major reference for much of this policy work, this provides an important incentive for companies and institutions to engage with us, as it helps them shape the future on where, collectively, we want to go."***

*Nate Aden – SBTi Sector Manager (Finance and Chemicals)*

It is true that we anticipate rapid further growth in companies and financial institutions in adopting SBTs, and that this is likely to result in a bottleneck as the SBTi cannot grow fast enough. We are thus looking for some additional strategic partners, and have been working with the IFC, the World Benchmarking Alliance, and others. In this respect it's important to see the SBTi as a standard-setter, with a standard that gets taken up and is implemented at a broader level.

A useful precedent here is the role of the WRI and World Business Council For Sustainable Development (WBCSD) with the GHG Protocol that was developed 20 years ago; they subsequently let this go, to be implemented by consultants, which enabled scaling. The SBTi is not there yet for this to be fully implemented on a third-party basis, so we are thus trying to prioritise at different sector and geographic levels. A key focus now, is our work with the finance sector (which Ligia referred to earlier); we are currently in the same place with this sector where we were with leading companies about five years ago. Most financial institutions simply do not have the emissions data; this is a key area where we need to build their resources.

Schroders is an excellent example of a leading financial institution that is setting a precedent for their peers. They are acting as credible messengers helping to bring many others in the sector on board. We need some other companies and financial institutions that similarly have an authoritative and authentic voice to help drive this action, as well as some supportive government intervention similar to that provided, for example, by Japan. Together, these interventions will help us address any potential bottlenecks as we experience an increase in companies committing to net zero.

## AN AUDITOR PERSPECTIVE: PwC SOUTH AFRICA

**Q** **With listed and non-listed businesses increasingly being held to account on their climate action, and with growing concerns around 'greenwashing', what is the role of auditing firms in supporting businesses to develop a credible and just climate transition pathway?**

***"Our work with clients has highlighted that if we wish to make climate change 'real' across an organisation, then it needs to be supported by a strong culture change drive. It is evident that with many organisations it is not easy to embed this change."***

*Lullu Krugel – Partner, Strategy and Chief Economist, PwC South Africa*

For PwC to credibly help their clients in taking a lead in promoting a just transition, it is important for us to show that we are doing the same. At a global level, PwC made the commitment in September 2020 to achieve net-zero GHG emissions by 2030. This commitment applies across PwC's network of firms, with each member firm requiring to set and meet its own aligned targets to ensure retention of its registration as a PwC member company.

Delivering on this net-zero commitment involves four key areas: reducing emission of our operations and activities, working with our clients to support their efforts to make a net-zero future a reality for all, engaging with key suppliers to encourage and support their efforts to achieve net zero, and continuing our long-standing programme of research and collaboration with business, policy-makers, and NGOs to accelerate the transition to a net-zero economy. We are proud to have received the SBTi's validation, which affirms our approach and timeline to achieve our emissions reduction targets in line with a 1.5°C scenario.

Our work with clients to accelerate net-zero transformation involves integrating climate-related considerations across our various service offerings, including reshaping company strategy and transformation, and in our advisory services on deals, reporting and assurance, audit, and tax. We also directly support organisations in developing and implementing action plans on getting to net zero, by providing advice on corporate strategy, people and talent, governance and accountability, innovation and R&D, tax strategy and reporting, and enterprise and supply chain transformation, as well as on corporate affairs and regulatory engagement.

Our work with clients is increasingly highlighting the critical need for culture change to make this real. In addition to having genuine and well-informed buy-in from senior leadership (and I would suggest that most of our clients are there), we need to make this 'real' in the rest of the business. We have found that in many instances there is a perception that others are dealing with this, when in fact all employees should realise their role and responsibility.

At a conference in November, we were working with various family-owned businesses based in Africa. In our discussions, the suggestion came up that as non-listed companies, they don't face the same level of pressure to respond to climate issues as listed companies. We don't agree with this view. It has become increasingly evident that even where organisations are not required by government regulation or investor and listing pressure to response, there are significant pressures from other areas, including lenders, consumers, communities, and prospective employees. On the last of these, we have seen increasing evidence of how a company's climate response can affect its ability to attract talent.

## A LENDER PERSPECTIVE: IFC

**Q** **What is the role that you see for the IFC in enabling access to capital and facilitating a just transition in emerging markets?**

***"To achieve global net-zero ambitions, and avoid the most significant climate-change impacts, requires a global, coordinated effort by multilateral finance institutions, governments, and the private sector, aimed at harnessing and delivering innovation on a much larger scale."***

*Anup Jagwani – Manager Climate Finance and Policy, IFC*

The IFC has estimated that the climate-change commitments made by 21 emerging market countries will require as much as US$23 trillion in investment by 2030, highlighting the urgent need for increased private capital to supplement already very stretched public financing. As the private sector arm of the World Bank Group, IFC has been working to address this need: in the 2021 fiscal year, we committed and mobilised US$7.6 billion in climate financing, and we have also undertaken to ensure that all our direct investments will be fully aligned with the Paris Agreement by 2025.

To ensure alignment with the Paris Agreement, all IFC transactions are reviewed through both a mitigation lens, and a risk and resilience lens: we assess both whether the project has adopted the least GHG-emitting pathway, and whether it sufficiently provides for the identified climate risks. When we started to deliver on this ambition, this required a huge shift in approach, with significant training and engagement of investment officers and staff. We very quickly recognised that a project may be aligned in one country but not in another due to the very differing country context, underlining the complexity of the global climate response.

In addition to overcoming a potential financing barrier, there is often also a significant need to build capacity to help our clients to set and meet their climate-change targets, and to becoming more resilient to climate-related impacts. There are numerous capacity gaps that the IFC is trying to bridge. The IFC has thus developed various programmes and training initiatives, including training on green bonds, on how to identify 'green assets', and how to grow those assets further. We have also been working on developing tools, including on GHG accounting and climate risk assessment.

There is, of course, a limit to what the IFC can do on its own. Hence the need to tap into the broader institutional investment universe, which has roughly 900 times more funding available than development finance institutions. To access financing from institutional investors, private companies, and philanthropies, we often need to adopt 'blended financing', using relatively small amounts of concessional donor funds to mitigate specific investment risks and rebalance the risk-reward equation for investments that wouldn't otherwise be able to proceed on strictly commercial terms. In those areas where a project may still be unbankable, but necessary, there is a role for direct public sector engagement. For example, in scaling a solar programme, we might have a case where the offtaker might not be strong enough to ensure the project viability. In such instances we might partner with the World Bank to engage with the public sector in developing more conducive regulation, and to provide a guarantee to strengthen the offtaker.

## A LENDER PERSPECTIVE: NEDBANK (SOUTH AFRICA)

**Q** **As one of South Africa's larger banks, what trends and innovations are you seeing in terms of financing a just transition.**

***"We recognise that it is important for us to stay close to clients on their journey, some of whom have set net-zero targets, and others not. In working with our clients, we are increasing their awareness of the nature of the sustainable finance market and on the innovative financing tools that are available."***

*Arvana Singh – Head of Sustainable Finance Solutions, Nedbank*

Nedbank Group is one of South Africa's four largest banks. Given our longstanding visible commitment to addressing environmental challenges we are seen by many as South Africa's 'green bank'. As a purpose-led organisation, we strive to use our financial expertise 'to do good for individuals, families, businesses, and society' through our mainstream financing activities, our business operations, and our corporate social investment. The first of these is our most significant lever for creating impact and scale.

In looking to drive finance activities in the right direction, we were one of the first banks to commit to transitioning its lending book away from fossil fuels, and we have been taking the lead in financing renewable energy, driving the development and uptake of green bonds and sustainability-linked loans to the market, as well as blending alternative sources of funding with impact investors and development finance institutions to orientate capital flows towards transformational objectives.

Importantly, we have been plugged in with various stakeholders to identify how we can most effectively support the enablement of a just transition, in line with South Africa's Just Transition Framework. This prioritises a deliberate move towards a low-carbon and climate-resilient economy in a manner that also reduces inequality, strengthens social cohesion, helps to reduce poverty, and creates many sustainable employment opportunities.

We have recently issued a R1.09 billion green residential development bond that employs blended finance attributes. The instrument brings together unique sources of financing from UK donors and the wider capital markets. We identified the green affordable housing segment as an opportunity to develop and finance to enable more sustainable growth.

In looking to incentivise developers to go green, we have sought to mobilise money from international donors to cover the costs of going green. We have also introduced the Excellence in Design in Green Efficiency training to our clients. More information can be found at Sustainable Finance Solutions.

## AN INDUSTRY PARTNER/NGO PERSPECTIVE: GLOBAL ALLIANCE FOR BANKING ON VALUES

**Q** **Are there any specific learnings that you can share from your work with banks and financial institutions that are part of your alliance across the Global South? And have you seen any practical financial instruments that have been developed in financing a just transition?**

***"While we have seen some important progress within the front-runners on climate finance, there is still a need for a fundamental culture change among many in the banking and investor community to fully account for the long-term impacts of their investments."***

*Adriana Kocornik-Mina – Senior Manager Research and Metrics, GABV*

The Global Alliance for Banking on Values (GABV) is an international network of frontrunner organisations and leaders in the banking industry that use finance to serve people and the planet. Our collective goal is to change the banking system, so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy. By setting an example, our members lead the transformation of banking and finance in their respective communities, countries and regions, and expand their reach and impact by supporting others on the way to change.

The alliance currently has 70 banks globally as members, including six in Africa, 13 in Latin America, and 18 in Asia Pacific. Our members comprise a diverse range of banking institutions, from retail banks, cooperatives and credit unions to microfinance institutions and community banks. While not all our members are at the same stage in their climate response measures, and their core focus areas may differ to reflect the very different contexts in which they operate, all constantly endeavour to 'do good' and 'avoid harm'.

As with some of the earlier inputs to the roundtable, we recognise that while climate change is a global challenge that is relevant to all our members, the needs and solutions of clients, communities and financial institutions differ. The ambition should not.

In 2019, the GABV announced its Climate Change Commitment initiative (3C initiative), in terms of which participating members voluntarily commit to measuring and disclosing the GHG emissions of their loans and investment portfolios, and to ultimately align with the Paris Climate Goals. All 34 GABV signatories to the '3C initiative' are also participants in the Partnership for Carbon Accounting Financials (PCAF), a global programme that uses PCAF's credible, open-source greenhouse gas accounting methodology. Several banks have already set credible net-zero targets and developed innovative solutions. To take these steps, 3C signatories are evolving their internal processes, climate response measures, and products and services, providing important leadership for the banking industry to follow.

Understanding the climate impact of financing decisions presents an opportunity for values-based banks to advance their impact objectives. Together with the existing exclusionary screening of harmful projects and activities such as fossil fuel and other GHG-intensive industries, GABV members are advancing innovative solutions such as an 'impact appetite framework' that is subject to board oversight, as well as a broadened analysis of probability of default to consider climate-relevant client information to eventually inform interest rates charged to clients. Importantly, the range of solutions are designed to nurture existing ecosystems of shared values of the financial institutions and their clients. Tools providing clients with information on their carbon footprint and other sustainability-relevant topics are helping to strengthen efforts to transition to a low-carbon, more inclusive future.

Through the activities of GABV members, we have been helping to redefine the frontier of sustainability and climate, beyond simply carbon accounting to more effectively harness the critical role that finance can and must play to address climate change. Despite this progress, we recognise that a fundamental culture change is still needed across the sector, with enormous quantities of finance continually flowing to fund unsustainable activities, while inadequate flows of finance are directed to activities offering a solution.

As a sector, we have work to do in ensuring that some investors and financial institutions respond to the urgency, pace and scale of the change that is required by all. As the experience of values-based banks suggests, ongoing internal dialogue and engagement across the sector, as well as further collaboration with clients, regulators, policy-makers and the public at large, are a must.

## A CLIMATE CONSULTANT PERSPECTIVE: SOUTH POLE

**Q** **As an advisor and expert, how much of your current work is with businesses in the Global South? Do you recognise that there is a difference in the decarbonisation pathways owing to the country context of the company or do you have a different view?**

***"It is important for companies to recognise the business opportunities (and not just the costs) that come from responding to climate change. Many visionary companies in emerging economies are often doing a better job with their climate response measures, even leapfrogging their counterparts in the North."***

*Patrick Buergi – Cofounder and Managing Director Japan, South Pole*

South Pole is a leading climate project developer of innovative solutions, with a team of over 1 000 experts. We work with businesses and governments to help them realise deep decarbonisation pathways, based on a thorough understanding of climate risks and opportunities in specific sectors, as well as the highest emission reduction standards. Since its creation in 2006, South Pole has developed nearly 1 000 projects in over 50 countries to reduce over one gigaton of $CO_2$ emissions, and provide social benefits to less privileged communities who are particularly vulnerable to climate change. We have maintained a strong focus on emerging economies, where we have been working to position the fight against climate change as a business opportunity for forward-thinking organisations.

Let us not forget that we are currently undergoing the most significant societal transformation in human history – a transformation even bigger than the agricultural and industrial revolutions of the past. Leading companies are those that see this shift to net-zero emissions as an exciting business opportunity, and who want to ensure that business is part of the solution, not the problem. We have seen a significant increase in demand for climate solutions from companies in the South, as well as increasing examples of companies that are leapfrogging those in the North.

## A CLIMATE CONSULTANT PERSPECTIVE: GUIDEHOUSE

**Q** **In your consulting experience, can you share some examples of recent best practice emerging from the Global South?**

***"The most successful climate response initiatives that we are seeing in both the public and private sector, are those underpinned by collaboration and dialogue."***

*Katja Eisbrenner – Director in Climate Policy, Guidehouse*

Guidehouse is a scaled global consultancy that focuses on 'outwitting complexity' by developing and implementing innovative solutions to problems that cross sectors, industries, and geographies for clients in the public sector and regulated commercial markets. We deliberately integrate commercial and government businesses within each of our industry segments, in the belief that complex problems require both perspectives.

There are two specific examples of recent best practice in the Global South that are worth sharing:

» Working with major global corporations, Guidehouse has created the Supplier Leadership on Climate Transition (Supplier LoCT) to address the recognised need for organisations to engage with their suppliers through joint programmes aimed at reducing their GHG emissions. Now in its second year, leading brands have sponsored the participation of more than 500 suppliers from 50 companies in advancing their carbon reduction efforts. Suppliers are enrolled in a learning programme, with participants attending live seminars and completing assignments through a custom online learning platform. An important goal is to help them establish science-based targets through the SBTi. In addition to live educational seminars, suppliers have access to subject-matter experts via a helpdesk to help navigate their sustainability efforts. The initiative has been very successful with more than 50 suppliers having committed to or already setting their own science-based targets. Click here for more information.

» Led by Guidehouse, the Cool Up programme is working to accelerate transition to sustainable cooling in Egypt, Jordan, Lebanon and Türkiye. Working with the public and private sector, the initiative is identifying opportunities to reduce demand for energy-intensive air conditioning and refrigeration interventions, as well as to support the adoption of natural, sustainable refrigerants that are safe, affordable, and environmentally benign, with no negative impacts on the ozone layer or the climate. We are also working with governments and the financial sector to develop new climate financing solutions that can boost the cooling transition and improve access to finance for sustainable cooling technologies. Click here for more information.

Both initiatives are characterised by their focus on bringing key players together, developing joint partnerships and enabling dialogue to foster the collaboration that is needed to find innovative climate-change solutions.

## CLOSING: SHAMEELA EBRAHIM – CHIEF SUSTAINABILITY OFFICER, JSE

"In closing, a resounding thanks to all the panellists for their shared perspectives. The panel discussions have highlighted the critical need for greater collaboration, and hopefully this is the start for many more conversations. It is clear we have some robust challenges, but as the discussions have shown there is also significant scope for innovation and some exciting commercial opportunities, and great case studies on what can be done as we work to deliver on SDG 17: Partnerships for the Goals."

## ROUNDTABLE — PARTICIPATING ORGANISATIONS

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| prosus NASPERS | Prosus — Naspers | Prosus — Naspers is a global internet group and one of the largest technology investors in the world. Their companies operate and invest in countries and markets across the world with long-term growth potential. |
| JSE | Johannesburg Stock Exchange | JSE Limited (JSE) is the largest stock exchange in Africa. As of March 2022, the market capitalisation of the JSE was US$1.36 trillion. |
| Delivery Hero | Delivery Hero | Established in 2008, Delivery Hero is the world's leading local delivery platform. Delivery Hero is present in 70 countries across four continents and is on a mission to deliver anything, straight to customers' doors. |
| Safaricom | Safaricom | Safaricom PLC is a listed Kenyan mobile network operator headquartered at Safaricom House in Nairobi, Kenya. It is the largest telecommunications provider in Kenya, and one of the most profitable companies in the East and Central Africa region. The company offers mobile telephony, mobile money transfers, consumer electronics, ecommerce, cloud computing, data, music streaming and fibre-optic services. |
| IFC | IFC | International Finance Corporation (IFC) is the largest global development institution focused on the private sector in developing countries. IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries. They achieve this by creating new markets, mobilising other investors and sharing expertise. In doing so, they create jobs and raise living standards, especially for the poor and vulnerable. Their work supports the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. |
| NEDBANK | Nedbank | Nedbank Group is a financial services group in South Africa offering wholesale and retail banking services as well as insurance, asset management and wealth management. Nedbank Group is one of South Africa's four largest banks, with Nedbank Limited as its principal banking subsidiary. |
| south pole | South Pole | South Pole develops and implements comprehensive emission reduction projects and strategies that turn climate action into long-term business opportunities for companies, governments, and organisations around the world. |
| Guidehouse | Guidehouse | At Guidehouse, they combine unequalled expertise, specialised resources, and deep domain experience to solve problems that cross sectors, industries, and geographies for clients of the public sector and the regulated commercial markets they serve. Guidehouse is the only scaled consultancy in the world to fully integrate commercial and public or government businesses within each of their industry segments, because complex problems require both perspectives to address and outwit. They see this integrated model as the future of consulting and the only way forward, reshaping the future together with their clients. |
| EY Building a better working world | Ernst & Young | Ernst & Young (EY) is a multinational professional services partnership and one of the largest professional services networks in the world. It primarily provides assurance, tax, consulting, and advisory services to its clients. EY has expanded into markets adjacent to accounting, including strategy, operations, HR, technology and financial services consulting. |
| pwc | PwC | With offices in 152 countries and almost 328 000 people, PricewaterhouseCoopers Inc. (PwC) is among the leading professional services networks in the world. They help organisations and individuals create the value they are looking for, by delivering quality in assurance, tax and advisory services. |
| Global Alliance for Banking on Values | Global Alliance for Banking on Values | Global Alliance for Banking on Values (GABV) is a network of independent banks using finance to deliver sustainable economic, social, and environmental development. |
| SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION | Science Based Targets initiative | The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. |

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