











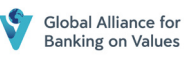

'JUST AND FAIR' CLIMATE ACTION ROUNDTABLE

COP 27 – Sharm el-Sheikh, Egypt

The South Africa Pavilion: Wednesday, 9 November 2022



ROUNDTABLE – PARTICIPATING ORGANISATIONS

	Prosus – Naspers	<p>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.</p>
	Johannesburg Stock Exchange	<p>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.</p>
	Delivery Hero	<p>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.</p>
	Safaricom	<p>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.</p>
	IFC	<p>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.</p>
	Nedbank	<p>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.</p>
	South Pole	<p>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.</p>
	Guidehouse	<p>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.</p>
	Ernst & Young	<p>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.</p>
	PwC	<p>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.</p>
	Global Alliance for Banking on Values	<p>Global Alliance for Banking on Values (GABV) is a network of independent banks using finance to deliver sustainable economic, social, and environmental development.</p>
	Science Based Targets initiative	<p>The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets.</p>

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Delivering global 'net-zero' commitments will require companies in the Global South to meet the same science-based targets as their peers in the North. The relative costs of doing so, however, are often starkly unequal. If we are serious about this 'decade of action', then global policy, financing and capacity-building measures must respond pragmatically and rapidly to the formidable obstacles facing companies in the Global South. Doing so will require a collaborative response involving investors and financiers, governments and standards-setters, companies, service providers and NGOs, underpinned by a strong culture of climate responsibility and innovation.

During the COP 27 meeting at Sharm el-Sheikh, Egypt, in November 2022, Prosus – Naspers hosted a 'Just and Fair' Climate Action Roundtable with the aim of inspiring collaborative measures across the technology sector. The roundtable brought together investors, companies, regulators and industry bodies to share their experiences and insights in developing and implementing bold climate action plans in multicountry contexts within Europe, Africa, Asia and Latin America. Through this discussion, the roundtable seeks to encourage and enable climate transition pathways that are just and fair, and to foster collaboration to ensure that technology players in all parts of the world are well positioned to be climate stewards in their markets.

This follow-up paper is to capture the key insights and perspectives shared by the very diverse group of participants at the roundtable.

A video recording of the roundtable discussion is available [here](#). A more detailed account of the panel discussions is provided in a [separately available document](#). During the discussion, five main points were raised.

The paper summarises these five key insights for ecosystem players to understand and make, along with the barriers and unlocks to, transition to an inclusive, green economy.

1

In the pursuit of a just and fair transition, investors and policy-makers cannot expect or mandate the same decarbonisation pathway for companies across different regions

“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

The global commitments brokered at recent UN climate summits signal a collective common cause: there is a small window of opportunity to act to avoid the worst impacts of climate change. Delivering on global net-zero commitments will require ambitious companies in the Global South to meet the same science-based targets as their peers in the North. For these emerging market companies, however, the task of deploying and scaling available technologies to curb emissions is typically more difficult, more expensive, and often more immediately urgent, than for companies in more developed markets.

This reality places a heightened responsibility on investors and companies with a global portfolio to adopt a differentiated response in driving emissions reductions across their portfolios that provides for the specific regional and sectoral contexts and capabilities that companies must navigate. Roundtable participants emphasised that it is not appropriate to expect or mandate the same decarbonisation pathway for companies across different regions. Each country has its own national emissions reduction targets, energy mix, costs of capitalisation and different capital inflows for financing projects.

As the experience of Prosus’s food and delivery service companies demonstrates, the nature and pace of their climate response, and their ability to innovate, will be materially influenced by their operating context and country. It is impractical to expect the same electric vehicle transition plan in all markets because of the variances in infrastructure, supply chain and access and cost of capital. Similarly, a low-carbon packaging innovation that works well for a restaurant vendor in one market, might face significant obstacles in another. A meaningful scaling of a decarbonisation plan and technology solution requires local enabling ecosystems.

This understanding also informs the approach of a leading global asset manager. In their goal of driving decarbonisation across their investment portfolio, the asset manager has adopted a nuanced approach, deepening their understanding of the most appropriate mitigation opportunities that provide for the different circumstances each company faces within its sector and geography.

2

Successfully driving a just transition in the Global South will require a significant increase in financing, and more active engagement of financial institutions

“To achieve global net-zero ambitions, and avoid the most severe climate-change impacts, requires a global, coordinated effort by multilateral finance institutions, governments, and the private sector, aimed at harnessing and delivering finance and 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. In seeking to address this need, in 2021 the IFC committed US\$7.6 billion in climate financing. There is, of course, a limit to what the IFC can do on its own, highlighting the urgent need to tap into the broader investment universe – including institutional investors, private companies, and philanthropies – that collectively have roughly [900 times more funding available than development finance institutions](#).

There were some encouraging examples of financial institutions – both globally and in emerging markets – setting credible net-zero targets and integrating decarbonisation commitments across their portfolios. South African bank, [Nedbank](#), for example, was one of the first banks to commit to transitioning its lending book away from fossil fuels, and the bank has 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. The [GABV](#) – an international network of independent banks that is working to transform banking and finance to deliver economic, social and environmental sustainability – has announced its Climate Change Commitment initiative, in which participating members have committed to measure and disclose the greenhouse gas (GHG) emissions of their loans and investment portfolios, and ultimately to align with the Paris Climate Goals.

Despite this growing engagement of financial institutions, there remains a recognised need for a fundamental culture change across the sector, with enormous quantities of finance continuing to flow to fund unsustainable activities and inadequate flows of finance directed to decarbonisation initiatives. Furthermore, most of the financial institutions driving science-based targets are from the Global North; the SBTi suggests, for example, that in Latin America there are only three main financial institutions actively driving the uptake of science-based targets (SBTs).

3

Delivering the pace and scale of change needed for a just transition, requires enhanced collaboration and dialogue between and within the public and private sectors

“To fully harness the enabling power of technology to transform economies, create jobs and boost economic activity, will require business leaders and policy-makers to work together with other stakeholders in defining and shaping the economy for the benefit of us all.”

Phuthi Mahanyele-Dabengwa – CEO, Naspers South Africa

A common observation across all participants was the significant benefit of partnerships and collaboration between companies, business sectors, policy-makers and regulators.

From a company perspective, Safaricom highlighted how they are infusing their climate commitment across their sphere of influence, working with government to encourage the development of policies that push the envelope, and that move the response measures from voluntary to compliance-based. They are engaging with the Nairobi Securities Exchange on making certain reporting guidelines compulsory, while also extending their partnerships with service providers and subcontractors to identify opportunities for retraining and reskilling as part of a just transition.

At a sector-level, GABV argued that ongoing dialogue and engagement across the financial sector is needed – accompanied by further collaboration with clients, regulators, policy-makers and the public at large – to ensure that more investors and financial institutions respond with the required urgency, pace and scale of change.

At a government level, SBTi suggested that the uptake of decarbonisation pathways by companies in the Global South would be greatly facilitated by governments adopting policies and initiatives that incentivise climate innovation in the private sector and that provide support in developing and adopting SBTs; they cited the experience of the government of Japan in providing a dedicated budget and sponsoring one-on-one advice from consultants to help companies set SBTs, suggesting that this serves as a valuable model for governments across emerging markets.

Reflecting on examples of best practice collaboration emerging from the Global South, consultancy Guidehouse cited the [Supplier Leadership on Climate Transition](#), developed to enhance engagement between companies and their suppliers through joint decarbonisation programmes, as well as the [Cool Up](#) programme, engaging companies, government, and the financial sector to accelerate the transition to ‘sustainable cooling’ in Egypt, Jordan, Lebanon and Türkiye. Both initiatives are characterised by their focus on bringing key players together, developing joint partnerships and enabling dialogue to foster the collaboration to find innovative climate change solutions.

4

Despite the challenges faced by companies in the Global South, we are seeing a growing commitment to SBTs among emerging market businesses, although much still needs to be done, including specifically in capacity building

“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.”

Ligía Ramos, SBTi: Latin America

There are encouraging signs of an increasing commitment to SBTs across many high-growth markets. Despite the comparative emission reduction challenges facing many emerging economy companies, evidenced by the recent decarbonisation commitments of each of the companies participating in the roundtable – including Prosus – Naspers, Safaricom, Nedbank and PwC – and supported by the observations and experience of the [SBTi](#), and global climate consultancies, [South Pole](#) and [Guidehouse](#). Both consultancies cited, for example, a significant increase in demand for climate solutions from companies in the South, as well as a growing number of companies setting SBTs, in some instances ‘leapfrogging their counterparts in the North’. The SBTi cautions, however, that while there has been pleasing growth in the uptake of ambitious SBTs, the biggest gaps are still in Africa and Latin America, which include economies with some of the highest economic and potential emission growth rates.

Driving greater uptakes of SBTs will not only require improved access to financing, but also a significant increase in building companies’ capacity to set and meet climate change targets and to become more resilient to climate-related impacts. There are numerous capacity gaps that need to be bridged for companies, financial institutions, public sector policy-makers, R&D departments, and consulting bodies, as well as for workers potentially affected by the climate transition. While most of the roundtable participants referenced specific capacity-building initiatives that they are either participating in or contributing to, there is a shared recognition of the continuing scale of capacity-building needs.

5

Sustaining the required shift in approach in organisations, ultimately requires a change in culture

“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)

A final observation shared by many of the participants was that for any company’s just and fair decarbonisation commitment to succeed – or its SBT to be delivered – the implication of this commitment needs to be deeply internalised across the organisation.

Reflecting on their climate-related work with clients, PwC South Africa highlighted that while there is often genuine and well-informed buy-in from senior leadership on the nature and scale of the required climate change response, in most instances there remains a need to make climate change more ‘real’ across the rest of the business. In many instances there is a perception that this is someone else’s responsibility, emphasising the benefits of a strong culture change drive to embed a sense of collective responsibility across the organisation. Both Nedbank and Safaricom suggest that this is an issue that they have each taken on board, as companies that have a strong purpose-led focus.

Reflecting more broadly on the finance sector, the representative from GABV suggested that while there has been some valuable 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, if they are to fully account for the long-term impacts of their investments.

References:

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