

Stakeholder Consultation: Green Taxonomy

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Reflecting on your organisation's current projects and the relevance of a green finance taxonomy.

- Insight into the work undertaken by your organisation
- Reflections on the relevance and benefit of a National Green Finance Taxonomy in your context
- Opportunities for collaboration or alignment with the National Green Finance Taxonomy Development process



- “develop or adopt a taxonomy for green, social and sustainable finance initiatives, consistent with international developments, to build credibility, foster investment and enable effective monitoring and disclosure of performance
- Finance classifications – also referred to as taxonomies – are a comparatively new mechanism in sustainable financing, to assist **classification and defining and monitoring sectors, assets, and projects with specific characteristics, such as being defined as green.**
- A taxonomy provides **a common language** and **agreed methodologies** for determining eligibility, that **provides clarity and reduces disparities in the market.** A taxonomy is an implementation tool that can enable financial market participants to identify and respond to investment opportunities that contribute positively to green objectives.
- Taxonomies enable **a coordinated and consistent approach** for financial market participants to ensure the right foundations are in place **to identify, prepare, assess, define, monitor and disclose investments** that meet the criteria to be considered green, climate-friendly, and socially inclusive²⁵.
- The aim of the consultation process is to collect viewpoints and preferences as representatives of respective organisations, networks, and communities of practice to inform the design, priorities, and development of a first version of a green finance taxonomy for South Africa.

- Continuous improvement in E&S risk management
- Expanding our Risk Management – incorporating climate related questions into our risk assessments
- Reviewing our internal policies, procedures and processes to ensure greater ESG weight in decision making – risk ratings and pricing
- Building our knowledge on Environmental/Climate impacts on our clients –
 - Conducting Research with other institutions to develop a baseline study to assess clients environmental agricultural practises, knowledge of climate smart agricultural practises, their readiness to transition,
 - Collaborating with NAMC on a carbon calculator for small scale fruit farmers,
 - Working with CSIR/Wits on climate services case study
- Engaging with peers – signatory to UNEP FI Principles for Responsible Banking – using the working groups and peer networks to learn what other banks are doing and best practise – focus on positive impact, methodologies, setting targets and disclosing these for public scrutiny

- Getting help from experts on TCFD adoption
- Engaging clients and stakeholders on sustainability, climate smart agriculture, renewable energy
- Accessing green funding – EIB – looking at a possible green bond issuance
- Opportunities – in the process of developing green products
- Incorporating climate risks in our strategic risk register
- Report to our board and externally on our efforts to that focus on climate risk management – disclosures
- Reporting to ratings agencies on environmental matters, drought impact on our portfolio, what we are doing to manage and mitigate these impacts
- Awareness – communications campaign to make clients/stakeholders aware of our national and international commitments and achievements on meeting the national climate priorities

- Agriculture – affects, soil, water, air, biodiversity etc. – impacts are most likely wider than other sectors and probably more difficult to identify and manage.
- Financial institutions of the future must drive a common goal –working with common standards, principles etc, - this is where the taxonomy becomes most relevant for the achievement of a common goal, all financial institutions must apply 1 standard relevant to our circumstance.
- There are already many standards – we need to develop a common SA standard - aligned to international ones – the green taxonomy must not deviate too far from international standards/norms as this will impede financing across borders and complicates international group assessments
- A green taxonomy is the corner stone for all reporting and disclosure and to assess financial institutions commitments and achievements

- LB has not yet defined “green” or incorporated in its policies and procedures – so we are willing to collaborate and learn from others.
- LB looking at introducing “green products” – this is a major challenge when business systems, policies, procedures and decision-making are not oriented towards “green”
- LB working on M&E and Indicators (Agriculture/Environment/Social) – this links in with Taxonomy work.
- Ongoing work UNEP FI –
 - Positive Impact, Target Setting, Disclosure must also be aligned with the SA Taxonomy
 - Collective Progress M&E – key impact areas/indicators – must also be aligned with the SA Taxonomy
 - Inputs and engagements with EU taxonomy
- Opportunity to work with other DFI’s (DBSA, IDC) supported by other SOEs (ARC, CSIR, etc) to contribute to the Taxonomy

THANK YOU!

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