

THE INSURANCE SECTOR'S CONTRIBUTION TOWARDS A GREEN ECONOMY

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October 2022

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List of Acronyms

Covid-19	Coronavirus Disease 2019
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate social investment
ERRP	Economic Reconstruction and Recovery Plan
ESG	Environmental, Sustainability and Governance
GEISA	Green Economy Inventory for South Africa
PRI	Principles for Responsible Investment
SDG	Sustainable Development Goal
SED	Socioeconomic development
TCFD	Task Force on Climate-Related Financial Disclosures



PART

1

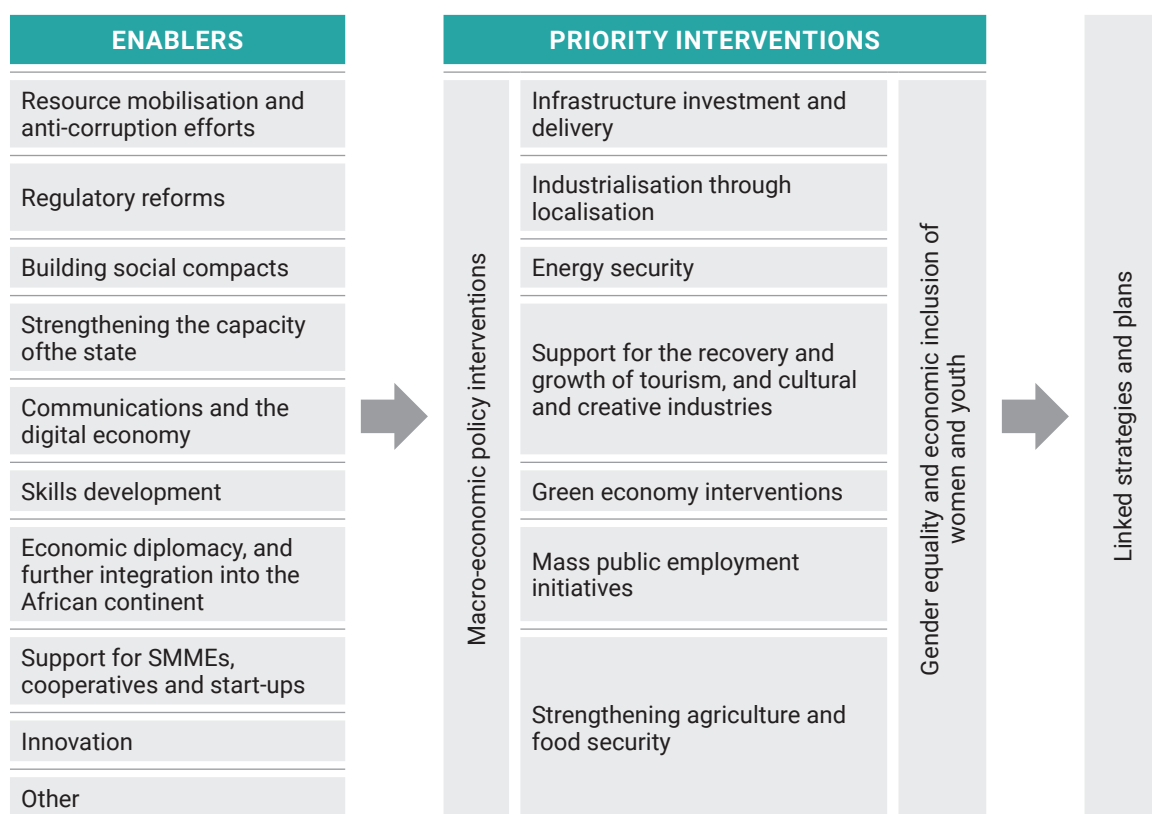
INTRODUCTION

Globally, the world is experiencing increased urgency in addressing risks around environmental sustainability. Climate change is an important environmental policy priority; indeed, it remains one of the key challenges of our time with substantial potential economic and social impacts. It has gained further ground as governments look for ways out of the economic slowdown, with policymakers trying to leverage interventions aimed at meeting their climate change obligations to stimulate economies and create jobs. Green investments, particularly in renewable energy and eco-construction, are potentially significant engines for job creation (Cedefop, 2010).

It is irrefutable that climate change impacts businesses and communities globally. The challenge of climate change is complex, and industries are still grappling with finding ways to address and ameliorate their impacts on the environment. In South Africa, the insurance industry is involved in different green economy initiatives to mitigate climate change risks (PAGE, 2017). Insurance companies recognise the impact of climate change and are adopting green initiatives. For instance, Momentum Metropolitan Holdings, Discovery Ltd and Santam Ltd are adopting recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), which encourages disclosure of clear, comparable, and consistent information to appropriately assess and price climate-related risk and opportunities, such as governance, strategy, and risk management, as well as metrics and targets (TCFD, 2017). The insurance industry is actively involved in measures that reduce greenhouse gas emissions, which are mainly related to energy consumption and transportation.

In October 2020, President Cyril Ramaphosa launched the Economic Reconstruction and Recovery Plan (ERRP). The ERRP is a strategy of skills development to support the management of the Covid-19 crisis, and aid in the process of economic and social recovery in South Africa. Summarised in Figure 1, the ERRP highlights key enablers that will be put in place and sets out various priority interventions that focus on gender equality and the inclusion of women and youth.

FIGURE 1: Summary of enablers and priority interventions outlined in the ERRP



Source: Department of Higher Education and Training (2021).

Green economy interventions are considered essential in pursuing a “green future”, as outlined by the ERRP (Republic of South Africa, 2020a). There are a variety of strategies to achieve this, which include a sustainable transition away from coal, promoting waste reduction, re-use and recycling, extensions of green building initiatives, and the improved management of biodiversity and the bioeconomy.

The concept of the green economy is increasingly attractive to policymakers, as it is viewed as a path toward sustainability (Loiseau et al., 2016). It focuses on reducing environmental risks while preserving natural capital, thereby improving well-being and social equity, and ultimately fostering economic growth and development.

Given its large reserves of coal, it is unsurprising that power production in the country is dominated by coal: coal represented roughly two-thirds of the country’s primary energy supply in 2018 (Department of Mineral Resources and Energy, 2022). This reliance on coal means that the South African economy is particularly carbon-intensive, ranking in the top five most carbon-intensive economies with GDP of more than US\$100 billion per annum (NBI, n.d.). Latest estimates indicate that the country’s CO₂ emissions per capita in 2020 (7.6 tonnes) were nearly 70 percent higher than the global average, and 23 percent higher than the average for upper-middle income countries (Our World in Data, 2022). Due to the country’s heavy reliance on fossil fuels for power generation and transport, there is significant potential for restructuring in the power industry to increase employment in the alternative energy sector due to the vast amount of untapped natural resources. In discussing the skills required in the 21st century, to the joint sitting of parliament on South Africa’s ERRP, President Ramaphosa emphasised the need to forge a new economy in a new global reality, given the developments over the years (Republic of South Africa, 2020b).

South Africa, therefore, has an opportunity to reshape its economic landscape, while creating a greener, more sustainable, more inclusive economy that supports the economic and social recovery of the country. South Africa is acting on climate change and has investments in renewable energy, public transport, energy efficiency as well as other initiatives that have an impact on the community such as waste management, land restoration and job creation initiatives. Transitioning the country and economy will require collaborative efforts, where government, the private sector, and communities need to work together and combine efforts to reshape the landscape.

As a first step, it is important to understand where the insurance sector currently stands in relation to these efforts aimed at promoting the green economy. The purpose of this report is to answer an overarching research question: *“What are the current contributions of large companies in the insurance sector towards a green economy?”* In answering this, the research aims to provide insights related to four key questions:

1. What are the views of large companies in the insurance sector on the importance and potential of green economy interventions for the sector and the broader economy?
2. How are large companies in the insurance sector responding to environmental and green economy imperatives?
3. What quantifiable impacts of green economy interventions have companies been able to measure?
4. How do green economy and climate change initiatives impact stakeholders in the insurance sector?

To better understand the sector's current contributions to the green economy, a series of interviews were conducted with company representatives in large employers within the insurance sector. This report details the findings. The report is structured as follows. Section 2 provides an overview of the approach. Section 3 provides a view on the importance and potential of green economy interventions, including the definition of the green economy and the importance and stance of companies pertaining to these interventions. Section 4 considers the responses to environmental and green economy imperatives, which delve into environmental concerns, current interventions, costs, future interventions as well as challenges. In terms of stakeholder responsibilities, Section 5 provides insight into the roles and responsibilities of various key actors and stakeholders as well as collaboration among stakeholders. Section 6 considers the quantifiable impacts in terms of measuring, monitoring and reporting on these initiatives as well as potential gains and losses. The report concludes in Section 7.



PART

2

APPROACH

2.1 OVERVIEW

This research relies on a range of sources of information to provide a sense on the current contributions of large employers in the insurance sector towards a green economy.

A key source of information was the set of interviews conducted with representatives of selected large employers in the insurance industry. Although many employers are likely running or participating in green economy initiatives, this research focuses on the sector's largest employers. In selecting which employers to approach, our starting point was to select the largest employers as per the Workplace Skills Plan (WSP) 2021 submissions. The ten largest employers were initially invited to participate in an interview to discuss their contributions toward a green economy, with the invitation later extended to several other large employers in the sector. Employers that were approached to participate in the research are listed in Table 1.

TABLE 1: Largest employers as per the 2021 WSP submissions to INSETA (listed alphabetically)

COMPANIES	SUBSECTOR	CATEGORY
Alexander Forbes Group Service (Pty) Ltd	Insurance & pension funding	Life insurance
Assupol Life	Life insurance	Life insurance
AVBOB Mutual Assurance Society	Funeral insurance	Life insurance
Clientele Life Assurance Company Ltd	Life insurance	Life insurance
Discovery Health (Pty) Ltd	Health care benefits administration	Non-life insurance
Hollard Life Assurance Co. Ltd	Life insurance	Life insurance
King Price Insurance Company Ltd	Short-term insurance	Non-life insurance
Liberty Group Limited	Life insurance	Life insurance
Momentum Metropolitan Holdings	Insurance & pension funding	Life insurance
Old Mutual Limited	Life insurance	Life insurance
OUTsurance Insurance Company Ltd	Life insurance	Life insurance
Professional Provident Society Ltd	Life insurance	Life insurance
Road Accident Fund	Short-term insurance	Non-life Insurance
Sanlam Life Insurance Ltd	Insurance & pension funding	Life insurance
Santam Ltd	Short-term insurance	Non-life insurance
Telesure Investment Holdings (Pty) Ltd	Activities auxiliary to financial intermediation	Various

Source: Own compilation, based on INSETA WSP (2021).

Note: Santam Ltd is a subsidiary of Sanlam in the non-life insurance space.

A total of five representatives from organisations in the insurance sector indicated their interest in participating in the research and were interviewed on their company's contributions towards a green economy. Participating organisations include four life insurers and one non-life insurer (Table 2).

TABLE 2: Companies interviewed¹

COMPANIES	CATEGORY
Company 1	Life Insurance
Company 2	Life Insurance
Company 3	Life Insurance
Company 4	Non-life Insurance
Company 5	Life Insurance

Source: Own compilation, based on INSETA WSP (2021).

Discussion guides were compiled for the hour-long interviews, which explored the green economy and sustainability-related initiatives of firms in greater depth. Each interview followed a broad standard format of open and closed-ended questions. The nature of the interview allowed us to probe responses, thoughts and views reported by the respondents. The interview covered the following areas, namely: (1) views of large companies on the importance of green economy interventions; (2) company responses to environmental and green economy imperatives; (3) quantifiable impacts of green economy interventions; (4) challenges; and (5) how these initiatives impact stakeholders in the insurance sector. The discussion guide can be found in the Appendix.²

To obtain an idea of organisations' contributions toward the green economy in the insurance sector, respondents were asked to describe their understanding of the concept, the importance of green economy interventions, as well as the company's stance regarding interventions (for example, whether there were policies that address green initiatives). Respondents were further asked to describe organisational responses to environmental and green economy imperatives by ranking environmental concerns, describing their organisations' current interventions, associated costs, order of importance, and future interventions. They were also asked to describe challenges experienced in relation to the green economy.

In addition, respondents were asked to describe quantifiable impacts of their green economy initiatives—specifically, measuring and monitoring interventions, the frequency of measurement, meeting targets, and potential gains and losses. Finally, respondents were asked to describe the responsibilities of key actors and stakeholders, including their views on the role of government, what support government could provide, the specific roles and responsibilities of key actors and stakeholders, as well as stakeholder collaboration.

To provide additional insight and supplement the information collected in the interviews, organisation-specific reports, available publicly online, were used where possible. These reports, including annual integrated reports, sustainability reports, and resilience reports, related to companies' green and sustainability-related initiatives were collected and collated.

¹ The identities of companies interviewed have been anonymised and randomised.

² Research ethics approval for this research was granted by the University of Cape Town's Commerce Research Ethics Committee (Reference: REC 2022/04/004).



PART

3

**THE IMPORTANCE
AND POTENTIAL OF
GREEN ECONOMY
INTERVENTIONS**

In understanding views on the importance of the green economy, we consider respondents' understanding of, views towards and stance regarding the concept of the green economy.

3.1 DEFINING THE GREEN ECONOMY

The process of defining the green economy started in 2008 when the United Nations Environmental Programme (UNEP) established the Green Economy Initiative. To date, there is no universally accepted definition of the green economy. It can therefore be considered as an emerging concept with numerous interpretations, perceptions, and definitions. As a result, the 'green economy' could be used to refer to specific sectors (such as energy and manufacturing); topics (such as sustainable development and climate action); principles (such as committing to and enhancing socioeconomic development); as well as specific policies or strategies that companies may employ to contribute toward a green economy and green growth. To some degree, there is a certain degree of common ground in terms of the characteristics of the green economy: this relates to economic sustainability, environmental sustainability and social sustainability. Some definitions of the green economy are presented in Table 3.

TABLE 3: Selected Definitions of the Green Economy

ORGANISATION	DEFINITION
Council for Scientific and Industrial Research (CSIR)	"A green economy can be viewed as a path to sustainable development that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities."
Department of Forestry, Fisheries and the Environment, Republic of South Africa	"A system of economic activities related to the production, distribution, and consumption of goods and services that result in improved human well-being over the long term, while not exposing future generations to significant environmental risks or ecological scarcities."
European Environment Agency (EEA)	"A green economy is essentially one in which socio-economic systems are organised in ways that enable society to live well within planetary boundaries."
Partnership for Action on Green Economy (PAGE)	"... a means to achieve inclusive and equitable growth that leads to sustainable development, poverty eradication and (green) job creation."
Organisation for Economic Co-operation and Development (OECD)	"... (green growth and sustainable development) is fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies."
United Nations Environment Programme (UNEP)	"... one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It is low carbon, resource efficient, and socially inclusive."

Source: Own compilation, CSIR (2014), Department of Forestry, Fisheries and the Environment, EEA (2015), PAGE (2017), OECD (2011), UNEP (2011).

The United Nations Environment Programme's (UNEP, 2011) definition is one of the most cited definitions and can be used as the foundation in defining the 'green economy'. Importantly, this definition encapsulates a broad interpretation of the concept that extends beyond a narrow environmental focus and incorporates consideration of equity and inclusivity. For this report, we follow the CSIR's (2014) definition as the framework for our understanding of the green economy. Essentially, the green economy is a path to sustainable development for two main components: (1) improving human well-being and social equity ('social') and (2) reducing environmental risks

and ecological scarcities ('green'). While we acknowledge the importance of the social component in the green economy, the primary focus in this report is on the green initiatives that toward environmental sustainability.

Interview respondents were familiar with the concept of the green economy and had a broad understanding of what it is as well as the impact that their contributions have on the overall environment and society. To summarise the insights from the interview, we have highlighted two key themes as to what respondents mentioned:

- a. **Green frameworks, policies, principles and governance:** It is important that active consideration is dedicated towards how companies respond to environmental sustainability, including their investments, frameworks, guiding principles and governance used in the organisation. This includes considering what the future of the insurance sector looks like in relation to the green economy (for example, products, services, underwriting and driving green investments). To drive organisational strategies and contribute to the green economy, companies should have a clear understanding of their objectives as this will drive company initiatives and ultimately daily habits, such as waste and water management. Representatives mentioned certain frameworks, policies and practices that guide and drive their action. These are discussed further in section 3.2.
- b. **Green transition:** As a result of global and national commitments towards greater sustainability, organisations have a responsibility and duty to transition and position themselves in ways that promote environmental, social and economic sustainability. This is because companies play a key role in society in driving initiatives that contribute to socio-economic development while preserving natural resources, which impacts wider communities and society as a whole.

In summary, a green economy is one that seeks to promote economic development, improve well-being and social equity while reducing environmental concerns. Respondents understand this concept by highlighting the green economy in relation to their guiding frameworks, their transition as well as the policies, principles and governance used within their organisations.

3.2 IMPORTANCE OF GREEN ECONOMY INTERVENTIONS

All five representatives interviewed indicated that green economy interventions are important for their company. This is further reflected in that large companies in the insurance sector report on their responses to environmental concerns and have dedicated teams focused on green issues. Companies are responsible for significant emissions and therefore play a major role in transitioning to a sustainable environment. Companies have the power to drive meaningful action by reporting on environmental risks and opportunities, setting targets and participating in global initiatives and campaigns. Importantly, companies' willingness to disclose this information emphasises their commitment to sustaining the environment and contributing toward socioeconomic development.

To further understand the importance and stance of green economy interventions, we considered frameworks, policies, practices and standards mentioned in interviews and reports of the large companies in the sector.

3.2.1 Guiding frameworks

The Sustainable Development Goals (SDGs), also known as the Global Goals, are 17 interlinked global goals that provides a “shared blueprint for peace and prosperity for people and the planet, now and in the future” (United Nations Sustainable Development Goals, 2022). The SDGs were adopted by the United Nations (UN) and its Member States in 2015. In essence, it is a universal call for action to eradicate poverty, improve health and education, reduce inequality, enhance economic growth while preserving the planet and addressing climate change by 2030. The SDGs are interlinked in that action in one area will impact the outcomes in another area. The call for action highlights the importance of maintaining balance regarding social, economic and environmental sustainability.

FIGURE 2: Sustainable Development Goals



Source: United Nations Development Programme [UNDP] Sustainable Development Goals Report (2022).

In looking at the SDGs, organisations consider where they can make the most impactful contribution and then harness their expertise as well as leverage global partnerships to create valuable impact. In the context of this report, particularly relevant goals in South Africa include: ensuring healthy lives and promoting well-being for people of all ages (SDG 3); promoting inclusive and sustainable economic growth, full and product employment as well as decent work for all (SDG 8); building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation (SDG 9); ensuring sustainable consumption and production patterns (SDG 12); taking action to combat climate change and its impacts (SDG 13); conserving and sustainably using the oceans, sea and marine resources (SDG 14); protecting, restoring and promoting sustainable ecosystems – including managing forests, combatting desertification, reversing land degradation and halting biodiversity loss (SDG 15); and strengthening global partnerships for sustainable development (SDG 17) (UNDP, 2022).

The SDGs are therefore used as a guiding framework that informs the Environmental, Sustainability and Governance (ESG) approach within organisations. Organisations recognise not only the importance of ESG and the value it brings but also the impact of their contribution to the SDGs. It often requires careful planning to integrate into the business plan, strategies, and overall business

objectives. The commitments of companies in meeting their SDGs goals are often communicated in their integrated and annual reports as well as on their company websites.

In addition, there are various commitments that seek to further strengthen ESG approaches. For example, the Paris Agreement is an international treaty on climate change, providing a comprehensive framework to limit greenhouse gas emissions and work towards addressing the challenges due to climate change (UN, 2015). Its ultimate long-term goal is to limit global warming to well below two degrees Celsius, preferably to 1.5 degrees Celsius. In addition, South Africa's Carbon Tax Act 15 of 2019 is a fiscal response to climate change that aims to reduce greenhouse gas emissions and drive sustainable economic growth in cost effective and affordable ways. Essentially, the tax payable is determined by the sum of greenhouse gas emission, less the emissions allowances for each of the respective categories for the sectors and subsectors. There is also a performance allowance for taxpayers who have introduced interventions to reduce their emissions in a tax period.

3.2.2 Corporate governance, principles and practices

To direct company cultures and hold management accountable, companies often adhere to high standards of ethics and integrity. There are several guiding principles and practices, which include the King IV Report on Corporate Governance and the JSE Corporate Governance Listing Requirements. A number of organisations practice good corporate governance through the application of the King IV Code. The Institute of Directors in Southern Africa (IoDSA) released the King IV Report on Corporate Governance for South Africa (2016), also referred to as the King IV, in 2016. The King IV sets out the "philosophy, principles, practices and outcomes that provide a benchmark for corporate governance in South Africa" (IoDSA, 2016). The King IV encourages organisations to move away from compliance to genuine application of corporate governance – it is focused on an outcomes-based approach. Corporate governance is defined as exercising ethical and effective leadership to achieve four governance outcomes, which include ethical culture, good performance, effective control and legitimacy.

Corporate governance is fundamental in creating value and achieving desired outcomes, and this positions sound corporate governance as a fundamental element in good corporate citizenship. King IV recognises the importance of ethical and effective leadership. King IV is a structured report and includes a Code (also referred to as the King IV Code), which specifies recommended principles and practices aimed at achieving the governance outcomes. It is structured in a way that is applicable to all organisations, regardless of their incorporation. King IV is voluntary but can be prescribed by law or as a stock exchange listing requirement. For example, the Johannesburg Stock Exchange (JSE) Listing Requirements require listed corporates to apply the King Code principles and mandatory practices. In addition, for these companies, annual reports must include a narrative statement on the application of the King IV principles.

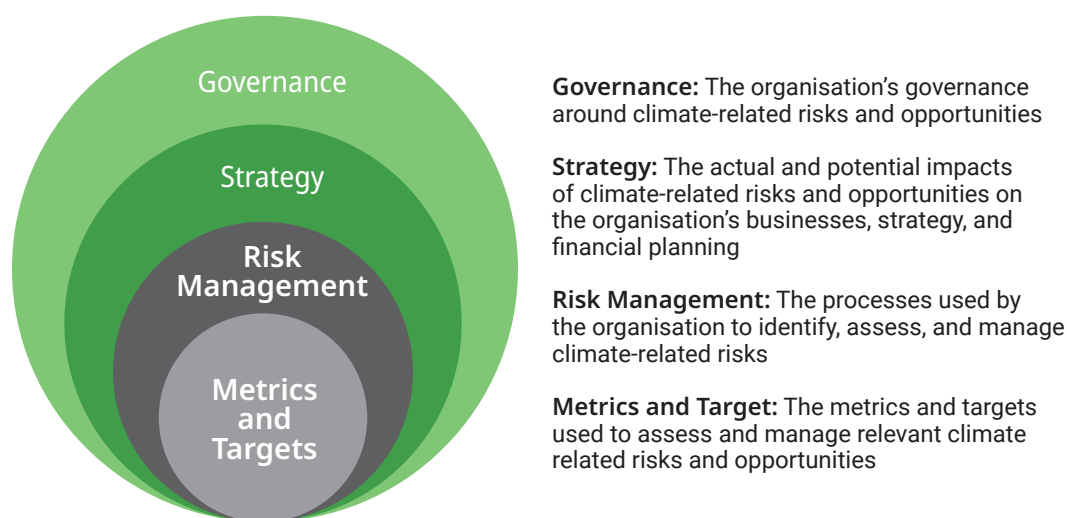
In addition, the Ten Principles of the UN Global Compact emphasise that corporate sustainability begins with the organisation's value system. The principles encourage organisations to operate in ways that meet fundamental responsibilities in given areas, namely human rights, labour, environment and anti-corruption (UN Global Compact, 2016). By incorporating the principles into organisational strategies, policies and procedures, companies can establish cultures of integrity, accountability and transparency.

3.2.3 Reporting standards

To assist in identifying information required by investors, lenders and insurance underwriters to understand material risks and to assess and price climate-related risks and opportunities, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD, 2017). The TCFD developed four widely adoptable recommendations that are applicable to various organisations across sectors, including those in the financial sector such as banks, insurance companies, assets managers and asset owners. The TCFD recognises that these companies play an important role in influencing organisations as they sit at the top of the investment chain. According to the TCFD (2021), there are more than 2 600 global supporters of the TCFD, spanning 89 countries and jurisdictions. The combined market capitalisation is over \$25 trillion across all sectors of the economy.

The four thematic areas that represent the core elements of how organisations operate include governance, strategy, risk management, and metrics and targets. These recommendations are “supported by recommended disclosures that build out the framework with information” (TCFD, 2017) and are presented in Figure 3. This inevitably enables investors and other relevant stakeholders to understand how organisations assess climate-related risks and opportunities. In terms of support, guidance is provided in the form of developing climate-related financial disclosures that are consistent with the recommendations as well as the recommended disclosures. To summarise, the TCFD provides guidance in terms of disclosing consistent climate-related financial disclosures to assist organisations around their climate-strategy integration and to increase transparency for all stakeholders.

FIGURE 3: Core Elements of Recommended Climate-Related Financial Disclosure



Source: Recommendations of the Task Force on Climate-related Financial Disclosures (2017).

In addition, companies also provide public disclosures on climate change to the CDP (previously named the Carbon Disclosure Project) on an annual basis. The CDP runs a global environmental disclosure system and supports companies in measuring and managing their risks and opportunities on climate change. Companies report on their greenhouse gas emissions, water management and climate change strategies on an annual basis. The CDP measures companies on scale from A to D, providing them with a score. This aims to incentivise and provide companies with guidance to leading environmental transparency and action. These insights empower investors,

organisations and other stakeholders to make choices that enable the economy to thrive and promotes environmental sustainability.

3.2.4 Responsible investment

The insurance sector plays an important role in terms of the South African economy, both directly as a producer of services and a major employer, and indirectly through its ability to deploy the financial assets at its disposal. According to the South African Reserve Bank (2022), registered entities in the insurance sector reported a combined total of almost R3.5 trillion assets in June 2022. Thus, insurance and other financial sector companies can contribute to the green economy by directing investments and funds towards initiatives that promote environmental and social value.

The initial Code for Responsible Investing in South Africa (CRISA) was launched in 2011. It aimed to encourage institutional investors and service providers to integrate ESG matters in their investment decisions. Since 2011, there have been significant global and local advancements in terms of the regulatory and governance context, such as climate change, social inequality and, most recently, the pandemic. As a result of this, the Code was revised to align with these new developments and “create an enabling environment for diligent stewardship and responsible investment” (CRISA, 2020). There is increasing agreement that investment needs to be aligned in the direction of change. While these investments should honour legal obligations, they should influence and contribute to society and the environment in ways that promote economic development—in ways that are green inclusive. The revisions shift to an outcomes-based approach wherein impact, innovation, inclusion and resilience can be achieved through application. Institutional investors that do not fully apply a principle would need to disclose the reason. These disclosures and policies should be available to the public. The Code highlights five principles presented in Table 4, namely incorporate sustainability, active ownership, collaborate and promote, manage conflicts, and transparent disclosure.

TABLE 4: The Five Principles of the CRISA Code

PRINCIPLE	OVERVIEW
Principle 1: Incorporate sustainability	“An institutional investor should incorporate sustainability considerations, including ESG, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries.”
Principle 2: Active ownership	“An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.”
Principle 3: Collaborate and promote	“Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.”
Principle 4: Manage conflicts	“An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should proactively manage these when they occur.”
Principle 5: Transparent disclosure	“Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.”

Source: CRISA Code for Responsible Investment in South Africa (2020).

In addition to the CRISA, some companies also support the UN's six Principles for Responsible Investment (PRI) (Table 5). The PRI is a voluntary set of investment principles that provide a variety of actions for incorporating ESG considerations into investment practices. Signatories work toward understanding the contribution that ESG factors have on investment performance, the role investment plays in the broader financial market as well as the impact of the investments on the environment and society (PRI, 2017). The overall aim is to bring responsible investors together and collaborate in working towards sustainable markets that benefit all.

TABLE 5: The Six Principles for Responsible Investment

PRINCIPLE	OVERVIEW
Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the Principles.
Principle 6	We will each report on our activities and progress towards implementing the Principles.

Source: PRI (2017).

Both the CRISA and PRI provide a set of principles that encourage investors to make responsible investment decisions. Both are complementary initiatives; CRISA is specific to South Africa whereas PRI applies globally.

The Johannesburg Stock Exchange (JSE) has partnered with FTSE Russell, a global index provider, to promote corporate sustainability practices through the creation of the FTSE/JSE Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index. The FTSE/JSE Responsible Investment Index comprises of all eligible companies who achieve the required minimum FTSE Russell ESG rating as set out in the Ground Rules. On the other hand, the FTSE/JSE Responsible Investment Top 30 Index comprises of the Top 30 companies ranked by FTSE Russell ESG Rating. The ESG Ratings can be used as a foundation for integrating ESG into investments in various ways, such as portfolio management, risk management, benchmark construction and organisational engagement (FTSE Russell, 2020).

3.2.5 Committees, policies and strategies

In the interviews, respondents made mention of policies, strategies and committees that are dedicated to addressing and making advancements towards environmental sustainability and the green economy. For example, Company 1 has a sustainability strategy for the group. Initially it consisted only of environmental initiatives but is now considering broader ESG issues of relevance to the group. In addition, a sustainability strategy team considers the process of moving towards a low-carbon economy. The sustainability strategy includes the environmental policy that looks at how the company can be impactful on the environment, how the group can manage environmental and climate risks, and how the risks impact on day-to-day life.

To emphasise dedication in operating in a sustainable environment, Company 2 established a committee to deal with the environmental and sustainability issues at the organisation. They state that they are committed to reducing greenhouse gas emissions, using renewable energy, recycling and using eco-friendly cleaning chemicals, amongst other interventions.

Company 3 emphasises the importance of sustainability in all its published annual and integrated reports. Reflecting this emphasis, the sustainability focus at the company is integrated into the broader business strategy and is directed towards a subgroup of the 17 SDGs. The sustainability team is responsible for policy development, and they drive various initiatives related to the implementation of their goals set in their policies.

In committing to operating sustainably, Company 4 has a dedicated committee that is responsible for ESG activities at the organisation, with a specific focus on social, ethics and sustainability issues. The committee is responsible for reporting on ESG matters to the board of directors. This committee, amongst addressing stakeholder safety, fairness, and inclusion in the economy, also addresses sensitive risk such as climate change.

Company 5 understands the importance of the green economy and that it holds opportunities for the society at large. The sustainability team, which consists of core and support members, is tasked with keeping abreast of sustainability issues of the company. Alongside the team, there is a sustainability forum which involves all group forums (human capital, transformation, infrastructure, and operations), keeps abreast with and discusses issues relating to sustainability at the organisation, and identifies priority areas.

In addition to the companies interviewed, the annual integrated and sustainability reports of the large companies highlight the importance and emphasis of their commitment and dedication to ESG as discussed below in section 4.2.



PART

4

**RESPONSES TO
ENVIRONMENTAL
AND GREEN ECONOMY
IMPERATIVES**

In this section, we consider how large organisations are responding to environmental and green economy imperatives within the insurance sector. We consider the ranking of environmental concerns, current interventions, associated costs, future interventions and challenges.

4.1 RANKING ENVIRONMENTAL CONCERNS

Humans have achieved unprecedented economic growth over the past decades in pursuit of higher standards of living. According to the UN, the global population has more than quadrupled over the last century to 7.9 billion in 2021 and is expected to grow to around 8.5 billion in 2030, 9.7 billion in 2050 and 10.9 billion in 2100 (OECD, 2012; UN, 2022). The increased population and economic growth put pressure on natural resources and contribute to increased demand for food and water. These pressures are critical in the context of non-renewable resources that are in finite supply, including fossil fuels such as coal, natural gas, and oil. In preparing for the interviews, we identified five areas of environmental concerns in relation the green economy. Respondents were asked to rank these concerns in relation to the insurance sector and broader economy in order of importance. This ranking is summarised in Figure 4.

TABLE 6: Overview of Environmental Sustainability

ENVIRONMENTAL SUSTAINABILITY	OVERVIEW
Biodiversity conservation	Life on earth in all its forms that enable ecosystems to function effectively. Biodiversity underpins current and future human health, well-being and economic prosperity.
Climate change	Greenhouse gas emissions, long-term changes to weather, and global warming.
Environmental pollution	Air and soil contamination as a result of society's activities – for example urbanisation, industrialisation and mining.
Sustainability	Preserving natural resources – for example, oceans, seas, coastal areas, forests, land and energy.
Water management	Wastage, availability, over-exploitation of surface and ground water and access to water.

Source: Own compilation, OECD (2012), OECD (2018), Roe (2019).

Company 1's respondent noted that sustainability encompasses all the concerns and climate change, and environmental pollution provides a foundation to the other environmental concerns. Biodiversity conservation is considered less important as the company's policies and products do not rely on it.

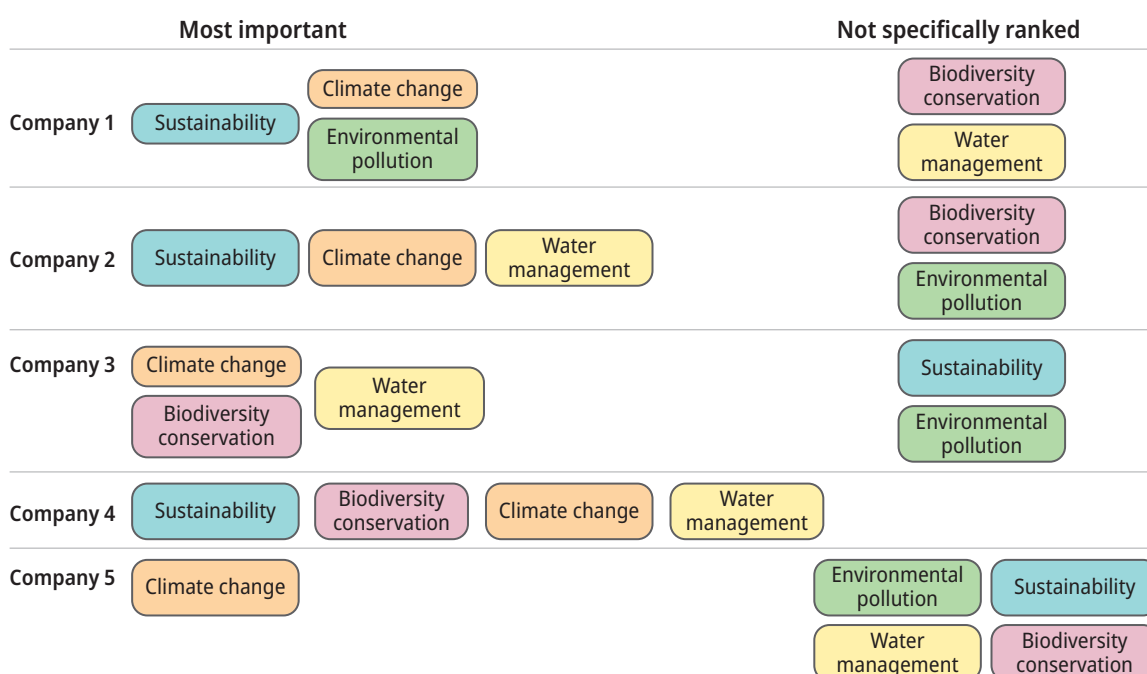
Company 2 also ranked sustainability as the most important concern: it is an element on the company's agenda that is discussed and reported on a regular basis. Climate change is ranked second as an important environmental concern as the company believes that climate-related risks could have a material impact on the business and environment. Water management was ranked third.

The respondent for Company 3 noted that it is difficult to rank these concerns as life and non-life insurance may emphasise different focus areas, impacting priorities. Company 3 ranked climate change and biodiversity conservation together as most important, given that these two concerns are so closely intertwined. As water is a big concern in South Africa, water management was

ranked as the third concern: the company felt that the availability of clean water in South Africa should be considered as this could potentially impact society broadly, resulting in knock-on effects for the business.

Company 4 also highlighted the difficulty in ranking these concerns. Like Companies 1 and 2, Company 4's respondent noted that sustainability encompasses all the concerns. In terms of ranking the remaining concerns, first was biodiversity conservation, second was climate change, third was water management and fourth was environmental pollution. Company 5 also noted that it is difficult to rank these issues as they are all important. In terms of the most important, Company 5's respondent ranked climate change as the most important as it is interlinked with other concerns such as biodiversity conservation. Failure to act on climate change will have effects on the other concerns.

FIGURE 4: Environmental Sustainability Concerns Ranked



Source: Own compilation based on the conducted interviews.

In relation to the insurance sector and the broader economy, respondents therefore indicated that they view sustainability as the overarching framework that encompasses all the environmental concerns. While each of these concerns are important, climate change was noted as one of the most important concerns. Climate change is viewed as an interlinked concern as the failure to act on climate change could impact biodiversity conservation and environmental pollution. For example, the failure to act on reducing greenhouse gas emission could contribute to air pollution, which in turn affects the environment and wider ecosystem. Water management was also ranked as an important concern, particularly in the South African context where accessibility to clean water is an important topic.

To summarise, respondents understand the various environmental concerns and indicated that their companies aim to contribute towards the green economy and transition the organisation through, for example, the appointment of committees to address ESG concerns as noted above and the interventions that will be discussed in the next section.

4.2 CURRENT INTERVENTIONS

Various interventions have been implemented by companies in the insurance sector to positively contribute toward sustaining the environment. As discussed in section 3.2.4, the insurance sector plays an important role in terms of the South African economy and can contribute to the green economy through directing funds and activities that promote environmental and social value. Respondents emphasised that they recognise their responsibility in sustaining and preserving the environment, business, and wider communities and are engaged in various interventions, focused both on environmental sustainability as well as socioeconomic development.

Selected initiatives from companies in the insurance sector focusing on both green initiatives that reduce environmental risks as well as initiatives that improve human well-being and social equity are presented in Table 7. Social initiatives are included in acknowledgement of the importance of socioeconomic development within the notion of the green economy; these initiatives typically focus on advancing the lives of those in the community, thereby gradually empowering citizens, enhancing human well-being and social equity. These selected initiatives are drawn from publicly available documents including integrated, annual and sustainability reports and company websites. While there are several companies that are involved in internal and external training initiatives that would typically fall within corporate social responsibility initiatives, we have not reported on the expenditure on training. It should be noted that this list is not exhaustive of all relevant initiatives implemented.

TABLE 7: Selected company initiatives

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
Assupol	<ul style="list-style-type: none"> • Committed to responsible investment; • Recycle paper at the Head Office and take scrap paper to the recycling factory; • Use LED lights to save on energy and electricity in the Head Office (undertaken by the building landlord); • Installed LED lights to save on energy and electricity in Assupol branches; • Encourage representatives to travel together as opposed to separate vehicles to reduce the number of vehicles on the road as well as put other measures in place to reduce pollution; • In the process of reducing postage, envelopes, printing and paper, and resort to sending emails and SMSs to communicate with clients; • Digitising the application process to reduce paper usage and toxic waste substances in landfills (for example ink and toner substances); • Assess eco-friendliness and sustainability as one of the criteria for procurement of products and services from vendors; and • Employ environmentally friendly technologies where cost-effective and efficient. 	<ul style="list-style-type: none"> • Approximately 30 branches use UPS systems during loadshedding as opposed to only relying on diesel-powered generators; • Implemented access cards to replace fingerprint biometric system to reduce the spread of germs; and • Launched the new employee community social responsibility initiative (Assupol Community Week).

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
AVBOB Mutual Assurance Society	<ul style="list-style-type: none"> • Committed to responsible business investment practices and ownership decisions, which integrates ESG matters across all assets; • Installed photovoltaic solar system at the head office thereby reducing electricity consumption by approximately 8% (for the year under review); • As a result of the success of installing a bank of 134 kW photovoltaic panels on the roofs AVBOB industries, in 2016, to reduce manufacturing costs, accelerated the project roll-out plan – generate 80% of AVBOB Industries’ current demand; • Equipped the head office’s roof with bituminous aluminium coating to reduce heat in summer; • Use email, SMS and print double-sided to reduce paper consumption; • Use authorised service providers for waste management and re-use materials; • Intensified revenue-generating waste-recycling projects across all operations; • Manage and monitor dust extraction systems at manufacturing plant; • Use borehole to augment water supply at the head office to reduce demand on municipal water supply; • Pursue green building initiatives during building maintenance; and • Strive to conduct environmental awareness programmes internally, conduct environmental skills audits as well as develop and maintain best practice environmental management policies. 	<ul style="list-style-type: none"> • Member of the International Cooperative and Mutual Insurance Federation (ICMIF); • Committed to responsible procurement practices to contribute to socio-economic development; • Blended training approach that embraces new technology trends and contends with social distancing restricting; • Committed to the social and cultural upliftment of communities through corporate social investment.
Discovery Limited	<ul style="list-style-type: none"> • Formal supporter of the TCFD and following the recommendations; • Approved as a signatory to the United Nations supported Principles for Responsible Investment (PRI); • Released the Group’s climate change strategy which highlights two overarching goals of achieving carbon neutrality by 2025 and achieving net zero by 2050 or earlier; • Reduce emissions by replacing older infrastructure with newer generation technology such as LED replacements and upgrading heating, ventilation and air conditioning systems; • Drive energy efficiency improvements by harnessing data; • Embarked on supplier mapping exercise and policy review to maximise ESG considerations in procurement process; 	<ul style="list-style-type: none"> • Launched Pothole Patrol initiative to create safer roads; • Launched Discovery Prepaid Health, a digital platform to purchase vouchers for healthcare services; • Provided pulse oximeters to members; • Established national vaccination sites to address COVID-19; • Focus on expansions of digital tools and technology – for example, machine learning and artificial intelligence; and • Strengthen social systems to support capacity development and training.

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
Discovery Limited	<ul style="list-style-type: none"> • Awareness raising initiatives around environmental activities – for example, earth hour and water week; • Sandton head office rated a six green star building; • Potable water is withdrawn from potable holding tank to all taps and drinking outlets; • Potable water is used in heating, ventilation and air conditioning systems; • Grey water withdrawn from water sources and directed to water closets, urinals and garden irrigation; and • Measure greenhouse gas emissions in South African, United States and United Kingdom operations. 	
Liberty Group Limited	<ul style="list-style-type: none"> • Environmental impacts disclosed in accordance with the TCFD guidelines; • Committed to responsible investment which considers ESG factors; • Conduct awareness campaigns for employees and tenants to positively influence behaviour; • Assess the environmental impact of the supply chains; • Investment in renewable energy such as solar power for buildings; • Harvest rainwater and utilise grey water system; • Use composters to manage and recycle waste as well as recycling projects to reduce waste to landfills; • Ongoing programmes – including rooftop gardens and urban farming; • Green Star certification for all L2D-managed shopping centres; • Participate in the CDP's climate change questionnaire annually; • Diverted 75% of waste by weight from landfill; • Phase one of the solar PV installation project was completed with the installation of a 1 MW solar PV plant Phase 2 commencing; • Single-use plastics reduction and awareness campaign; • Completed feasibility studies and structural assessments for phase 1 of solar PV installation which will generate 20 000MWh; and • Utilise ESG business intelligence dashboard to monitor and analyse monthly water consumption, electricity consumption as well as carbon footprint. 	<ul style="list-style-type: none"> • Invested R3.7 billion in toll road infrastructure programmes; • Transitioned learning to digital channels due to COVID-19; • Promote transformation through enterprise and supplier development programmes; and • Promote socio-economic development through education.

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
<p>Momentum Metropolitan Holdings</p>	<ul style="list-style-type: none"> • Formal supporter of the TCFD; • Efforts to reduce carbon footprint; • Investment in renewable energy projects that contribute to a low-carbon economy; • Reduce annual electricity consumption in two properties; • The MARC (in Sandton) has a 5-star Green Rating; and • Eris Property Group (a subsidiary of Momentum Metropolitan Holdings) installed solar photovoltaic unites of renewable energy at seven sites and use energy efficient lighting in their buildings. • Introduction of water management technologies to reduce water consumption achieved 54% reduction year-on-year consumption of municipal water (Centurion offices) and 10% reduction year-on-year in Parc du Cap offices; • Accessibility of Parc du Cap offices to borehole water; • Invest in water infrastructure projects (invested R600 million in 2021 financial year): • Eris Property Group utilise smart metering to reduce water and electricity waste, use ground water and water harvesting. • Monitor waste management and direct effort to avoid sending waste to landfill; • Eris Property Group recycles 26.5% of waste from its buildings; • Stimulate the growth of the existing black businesses by providing access to business development support through the GreenShoots Programme; • Commitment to responsible investing – for example, maintaining portfolios and assets that meet ESG criteria; • Consider environmental, social and governance risk factors across the assets in which invested; and • Enhance research and investment into understanding climate change-related risks and opportunities. 	<ul style="list-style-type: none"> • Invest in connectivity and service delivery to enable efficiency and economic activity; • Creating an impactful enterprise and supplier development to enhance economic empowerment by developing and supporting black small and medium-sized enterprise; and • Include black businesses in procurement process to achieve meaningful inclusion.
<p>Old Mutual Limited</p>	<ul style="list-style-type: none"> • Committed to responsible investment – R150.5 billion of assets invested in the green economy; • Signatory to the TCFD; • Continue to contribute towards the development of the National Green Finance Taxonomy for South Africa; • Mutualpark rated 6 Green Star rating from the Green Building Council of South Africa; • Total operational carbon emissions reduced by 23% since 2019; 	<ul style="list-style-type: none"> • Investment into SMEs; • Invest in education and training programmes for young people and employee development; • Support local communities in South Africa, Kenya and Zimbabwe with food parcels, personal protective equipment, oxygen concentrators and supplies, COVID-19 educational materials and other essentials;

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
<p>Old Mutual Limited</p>	<ul style="list-style-type: none"> • Committed to decarbonising our proprietary investment portfolios by 2050; • Prioritising thermal coal investment holdings as a material ESG issue and Impact theme; and • Invest in renewable energy and low carbon technologies. 	<ul style="list-style-type: none"> • Provided free healthcare cover to specific categories of healthcare professionals in South Africa and Zimbabwe; • Partner with Doctors Without Borders in South Africa, and Ubuntu Pathways, to provide healthcare education and treatment in remote rural communities; • After the July 2021 unrest, contributed R10 million to social relief efforts as well as partnered with other parties to drive clean-up efforts, assist SMMEs to get back on their feet, and provide psycho-social support to communities; • Partnered with Habitat for Humanity to hand over three fully furnished homes to three vulnerable families; • Donated food, care packages and equipment to the South African Volunteer Wildfire Services after the Table Mountain fires and contributed towards oncology equipment after a fire at Charlotte Maxeke Academic Hospital; • Encourage employees to commit their resources, time and skills to bring about positive change; and • Procurement governed by the Procurement Policy and Procurement Standards which guides practices across the group.
<p>OUTsurance Holdings Limited</p>	<ul style="list-style-type: none"> • Formal support of the TCFD; • Committed to environmentally responsible practices, identifying and managing climate-related risks and opportunities with reference to the principles listed in the Group's Climate Change and Environmental Sustainability policy; • Demonstrated support for the environment in cleaning the river, planting trees, removing litter and weeds for Earth Day (Hennops River Revival); • Total carbon emissions was 6.6% lower in the last financial year; • Carbon reduction projects include geyser timers, energy saving LED lights and air-conditioning that deactivates during periods of inactivity; • New types of environmentally friendly refrigerants were introduced; • Optimise settings and controls of the heating ventilation and air conditioning system to improve efficiencies and reduce costs; 	<ul style="list-style-type: none"> • Involved in various initiatives, which contributed towards different parts of the community; • Provided nutritious meals to local communities and supported Cape Town firefighters during the fire. Also donated 7500 meals to the National Council of and for Persons with Disabilities through the Genesis Partnership; • 2 247 employees voluntarily donated blood; and • Provide relief to road users in traffic congested areas within Johannesburg and Tshwane through the Traffic Free Flow partnership.

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
<p>OUTsurance Holdings Limited</p>	<ul style="list-style-type: none"> • Solar panels generated 1478.85 MWh of renewable energy; • The group recycled 19 184kg of paper and 85 539kg of other waste; and • Paperless document distribution to reduce carbon footprint (electronic document ration: 96.2%, which is the total number of electronic policy documents distributed to clients as a percentage of all the documents sent to clients). 	
<p>Sanlam Ltd</p>	<ul style="list-style-type: none"> • Published the Sanlam Climate Change Resilience report (as a TCFD beginner report); • Signatory to the Carbon Disclosure Project (received a- climate change score and a B water security score); • Signatory to the Code of Responsible Investing in South Africa; • Signatory to the UN Principles for Responsible Investing; • Member of ClimateWise; • Joined the 'Every Action Counts' coalition, which connects nature conservation and climate change experts with leading technology and platforms; • The Group Chief Executive is part of the National Business Initiatives Champion on Just Transition Pathway for decarbonising the economy; • Committed to measuring and reducing carbon emissions as well as encouraging responsible environment practices; • 187,18 kWh/m² electricity used, 0.5 kl/m² water used, 8.3 kg per full-time employee paper consumed, 46% head office landfill waste and 54% head office recycled/ diverted waste; • Decrease in Scope 3 emissions over the past two years due to reduced business travel and employee commuting; • Continue to investigate options to use solar energy in buildings – for example, installed new air conditioning equipment that uses refrigerant gas; • Regarding water usage, Sanlam uses rainwater harvesting, water-efficient plants and shrubs as well as staff communication to drive awareness and behaviour change; • Partnership with the WWF-SA to maintain sustainable ecosystems; • Launched the Climate Investor Two fund (January 2020) which focuses on water, sanitation, and oceans infrastructure and helps adapt to global climate changes: 	<ul style="list-style-type: none"> • Included in the FTSE/JSE Responsible Investment Index; and • Provided ongoing COVID-19 support – for example, personal protective equipment donations and administering vaccinations.

COMPANY	GREEN INITIATIVES	OTHER RELATED INITIATIVES
Sanlam Ltd	<ul style="list-style-type: none"> • Climate Investor One fund is joint venture between Sanlam and Climate Fund Managers to provide investors with the infrastructure and climate finance expertise to produce a dynamic platform for investment and development. • Partnered with Robeco to enhance commitment to sustainable investment practices. 	
Santam Ltd	<ul style="list-style-type: none"> • Santam Board adopted the recommendations of the TCFD in 2021; • Member of ClimateWise; • Signatory to the CDP; • Signatory of the UN Environment Programme Principles for Sustainable Insurance and recognises the Principles for Responsible Investment; • Santam influences responsible systemic risk responses through vehicles such as the Resilient Investment Fund, the South African Small & Medium Enterprise (SME) Fund, enterprise and supplier development, and CSI initiatives; and • Continued partnership with the National Sea Rescue Institute of South Africa to conduct water wise training. 	<ul style="list-style-type: none"> • Santam works with local municipalities and focuses on disaster risk management and reduction through the Partnership for Risk Resilience Programme; • Partnered with Red Cross to conduct disaster management and first aid training; • Aligned corporate social investment contributions to work at municipal level for a greater impact; • Partnered with the Department of Basic Education to implement safety measures at special needs schools; • Actively assisted in the July 2021 civil unrest; • Encourage the employee self-volunteerism programme; • Donated to Rise Against Hunger; • Offered Consumer Financial Education programmes through a partnership with the South Africa Insurance Association; • Empowered 144 black intermediaries through the Black Broker Development programme; and • Steadily increasing procurement of black-owned suppliers.
Road Accident Fund	<ul style="list-style-type: none"> • Created a digital channel in respect of supplier claims lodgement, traceability and reconciliation of the claims electronically in 2018/19 and was rolled out in all five regions 	<ul style="list-style-type: none"> • Contribution towards road and safety initiatives to enhance the National Road Safety Strategy; • Easter campaign to encourage road users to think about the physical, social and psychological effects of car crashes when using the road; and • Handover of educational equipment to the Efata School for the Blind and Deaf, and renovations at Albertina Sisulu Primary School.

Source: Own compilation, Assupol Integrated Report (2021); AVBOB Integrated Annual Report (2021); Discovery Sustainability Report (2021); Liberty Holdings Annual Report (2021); Momentum Metropolitan Holdings Integrated Report (2021); Old Mutual Sustainability Report (2021); OUTsurance Holdings Limited Annual Report (2021); Sanlam Resilience Report (2021); Santam Integrated Report (2021); Road Accident Fund Annual Report (2019/20).

Assupol is involved in several initiatives that focus on preserving the environment, which include commitment to responsible investment; recycling paper; using and installing LED lights; encouraging employees to travel together to reduce pollution emitted from vehicles; digitising their application process; assessing eco-friendliness and sustainability as a criterion in the procurement process; and employing environmentally friendly technologies where possible. Assupol has also launched an employee community social responsibility initiative, Assupol Community Week (Assupol Integrated Report, 2021).

According to the AVBOB Mutual Assurance Society Integrated Annual Report (2021), the company is involved in a number of green initiatives including: committing to responsible business investment and procurement practices; embracing technology trends in training; using borehole water; installing a photovoltaic solar system to reduce electricity consumption; equipping the head office roof with bituminous aluminium coating; reducing paper consumption; using authorised service providers for waste management; intensifying revenue generating waste-recycling projects; managing and monitoring dust extraction systems; pursuing green building initiatives; and striving to conduct internal environmental awareness programmes. There are also other initiatives that they are involved in, which include uplifting communities through corporate social investment; using a blended training approach that embraces new technology trends and contends with social distancing restricting; and using boreholes to augment water supply at the head office to reduce demand on municipal water supply.

Discovery Limited has a comprehensive and detailed report that provides information regarding their sustainability impact and detailed ESG disclosures (Discovery Sustainability Report, 2021). Key highlights from the report include the following green initiatives: supporting of the TCFD recommendations; signatory to the UN-supported PRI; releasing the Group's climate change strategy; reducing emissions with newer generation technology; driving energy efficiency improvements; embarking on supplier mapping exercises; maximising ESG considerations in the procurement process; creating awareness around environment activities such as Earth hour and water week; using potable water; directing grey water to relevant sources; and measuring greenhouse gas emissions. Other initiatives include launching the pothole patrol initiative to create safer roads; focusing on expanding digital tools and technology; and strengthening the social system to support capacity development and training.

Liberty Group Limited discloses their environmental impacts in accordance with the TCFD guidelines. In addition, they are committed to responsible investment. According to their most recent annual report (Liberty Holdings Annual Report, 2021), some of their key green activities include: conducting awareness campaigns to positively influence behaviour; assessing the environmental impact of supply chains; investing in renewable energy and road infrastructure programmes; harvesting rainwater; utilising grey water systems; managing recycled wastes; participating in the CDP's climate change questionnaire; diverting waste; commencing with Phase 2 of their solar PV installation project; reducing single-use plastics; and utilising a dashboard to monitor and analyse monthly water consumption, electricity consumption and carbon footprint. Other initiatives also include transitioning to digital learning; promoting transformation through enterprise and supplier development programmes; and promoting socio-economic development through education.

Momentum Metropolitan Holdings is a formal supporter of the TCFD and contributes its efforts to reduce their carbon footprint. The company's key initiatives include the following as per the Momentum Metropolitan Holdings Integrated Report (2021): investing in renewable energy projects that contribute to a low-carbon economy; introducing water management technologies to reduce water consumption; using borehole water; investing in water infrastructure projects; monitoring waste management; recycling waste; investing in connectivity and service delivery to enable efficiency and economic activity; developing and supporting black small and medium-sized enterprises; providing access to business development support through the GreenShoots Programme; including black businesses in the procurement process to achieve meaningful inclusion; committing to responsible investment; considering environmental, social and governance risk factors across invested assets; enhancing research and investment into understanding climate change-related risks and opportunities.

Old Mutual Limited is committed to responsible investment and is a signatory to the TCFD. In addition, their procurement process is governed by the Procurement Policy and Procurement Standards which guides practices across the group. According to the Old Mutual Sustainability Report (2021), their green interventions include: contributing toward the development of the National Green Finance Taxonomy for South Africa; reducing carbon emissions; committing to decarbonising proprietary investment portfolios by 2050; and investing in renewable energy and low-carbon technologies. Other initiatives include investing in small and medium-sized enterprises; investing in education and training programmes for young people; supporting local communities; providing free healthcare cover to specific healthcare professionals in South Africa and Zimbabwe; partnering with other stakeholders to provide healthcare education and treatment in rural communities; enabling the vaccination drive; contributing towards social relief efforts; partnering with Habitat for Humanity to hand over three fully furnished homes; donating food, care packages and equipping; and encouraging employees to volunteer to the community.

OUTsurance Holdings Limited is a formal supporter of the TCFD and is committed to environmentally responsible practices (OUTsurance Holdings Limited Annual Report, 2021), including: identifying and managing climate-related risks and opportunities; demonstrating support for cleaning the environment; reducing their total carbon emissions; committing to their carbon reduction projects; introducing environmentally friendly refrigerants; optimising settings and controls for heating ventilation and air conditioning systems; generating renewable energy; recycling paper and other wastes; and moving towards paperless document distribution. In addition, other initiatives include contributing to communities, sponsorship, donations and charitable giving (such as the Genesis Partnership); providing nutritious meals to local communities; employees voluntarily donating blood; and providing relief to road users through the Traffic Free Flow partnership.

Sanlam published the Climate Change Resilience Report as a TCFD beginner report. They are also signatories to the CDP, the Code of Responsible Investing in South Africa as well as the UN Principles for Responsible Investing. Sanlam is also a member of ClimateWise and is included in the FTSE/JSE Responsible Investment Index. In addition, key green activities include: joining the Every Action Counts coalition (which connects nature conservation and climate change experts with leading technology and platforms); the Group Chief Executive being part of the National Business Initiative's Champion on Just Transition Pathway for decarbonising the economy; committing to measuring and reducing carbon emissions; encouraging responsible environment

practices; monitoring and reporting on electricity, water and waste consumption; decreasing Scope 3 emissions; driving employee awareness and behaviour change; investigation options for solar energy; forming partnerships to maintain sustainable ecosystems; launching the Climate Investor Two fund; and partnering with Robeco to enhance commitment to sustainable investment practices (Sanlam Resilience Report, 2021).

Santam has adopted the recommendations of the TCFD and is a member of ClimateWise and a signatory to the CDP and the UN Environment Programme Principles for Sustainable Insurance and recognises the Principles for Responsible Investment. Santam influences responsible systemic risk responses through vehicles such as the Resilient Investment Fund, the South African Small and Medium Enterprise Fund, enterprise and supplier development, and CSI initiatives and their partnership with the National Sea Rescue Institute of South Africa to conduct water wise training. Additional interventions include: working with local municipalities on disaster risk management; aligning corporate social investment contributions to work at a municipal level; implementing safety measures at special needs schools; assisting with the July 2021 civil unrest; encouraging employee self-volunteerism; donating to Rise Against Hunger; offering Consumer Financial Education Programmes through the South Africa Insurance Association (SAIA) Programme; empowering black intermediaries through the Black Broker Development programme; and steadily increasing procurement of black-owned suppliers (Santam Integrated Report, 2021).

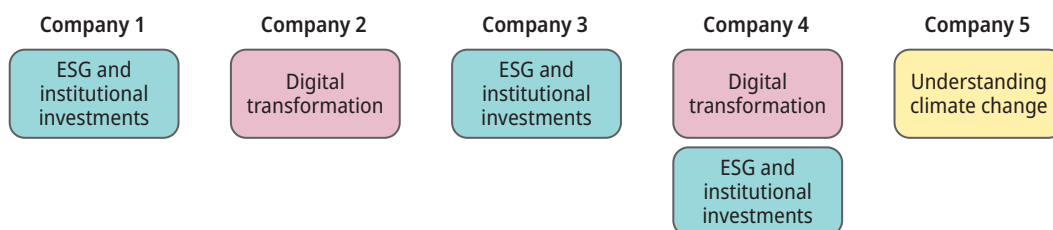
Lastly, the Road Accident Fund is committed to Corporate Social Responsibility programmes and initiatives, as outlined in its Annual Report (2019/20). In terms of green initiatives, the company created a digital channel in respect of supplier claims lodgement, traceability and reconciliation. They are also involved in the following: contributing toward road safety initiatives; encouraging road users to think about the physical, social and psychological effects of car crashes when using the road; handing over educational equipment to a school; and renovating a primary school.

To summarise the interventions, it is evident that these large insurance companies are engaged in various interventions that contribute toward preserving the environment and promoting socio-economic development. Each of the large companies mentioned above is committed to responsible investment; this includes being a signatory to the UN Principles for Responsible Investing and/or investing in renewable projects that contribute to a low-carbon economy. In terms of the TCFD, most of these companies indicate that they are signatories and publish climate reporting in line with the TCFD's recommendations. There are also interventions that focus specifically on preserving the environment, including using borehole water, reducing printed paper consumption and diverting waste from landfills. In addition, various initiatives focus on socioeconomic upliftment, such as providing development opportunities to small and medium-sized enterprises and suppliers, contributing to road and safety initiatives, supporting local communities as well as encouraging volunteerism.

In the interviews, respondents were asked to rank the interventions that they consider the most important in terms of what is prioritised in their companies. The representatives for Company 1 and Company 3 stated that the most important intervention is institutional investments. Company 2 ranked the digitalisation of their business as the most important intervention as they have invested substantial resources on these projects, and they are in the process of implementing various digital projects. Company 5 ranked digital transformation and institutional investments as

the two most important interventions. Company 4 ranked climate change as the most important as while it is short-term in nature, the outcomes are long-term. These rankings are presented in Figure 5.

FIGURE 5: The top types of interventions according to respondents



Source: Own compilation based on the conducted interviews.

In terms of the order of importance of interventions, while a number of respondents indicated that all interventions and initiatives are important, one area that came up multiple times in the interviews was responsible ESG and institutional investments. This is because insurance companies have the ability to make a larger impact in terms of where they are investing, which in turn has an impact on economic, environmental, and social sustainability. For example, investing in renewable energy projects such as solar energy holds long-term beneficial impacts for the organisation and the environment. It is therefore important that organisations continuously and actively consider how they are investing and the impact that their investments not only have on the organisations but also on the community and environment. In addition, digitisation was also highlighted as an area of importance. This is because companies have invested into various resources and projects to enhance digital transformation within the organisation, e.g., digital platforms and virtual access to platforms. The world and way of work is moving toward a reality that embraces automated processes, including online application forms and using electronic devices, and it is important that organisations transition to this reality.

4.3 COSTS

The level of spending on green economy initiatives and interventions is challenging to ascertain, given differences in reporting across companies. In reporting on the selected costs, we have utilised information provided in integrated reports, annual reports and sustainability reports³ pertaining to green economy costs. This includes environmental infrastructure investment projects, particularly renewable energy investment projects that focus on clean energy to transition the company to a low-carbon economy, and water infrastructure projects that focus on accessibility to clean water. As discussed in sections 3.1 and 4.2, we acknowledge the importance of socioeconomic development within the green economy and have therefore also included selected costs relating to corporate social investment (CSI) and socioeconomic development (SED) interventions. CSI and SED initiatives are efforts focused on advancing the lives of those in the community, thereby

³ We specifically report on investments that companies have disclosed in their reports and have sourced costs where possible. To view in depth analysis and details, we recommend accessing the company's report.

gradually empowering citizens. These initiatives typically focus on education, skills development, sports and health and include education projects for the wider community, projects focused on health and HIV/AIDS, infrastructure development, and environmental projects. Table 8 provides available details on costs relating to environmental infrastructure investment as well as CSI and SED interventions.

TABLE 8: Selected CSI, SED and Renewable Energy Investments

ORGANISATION	ENVIRONMENTAL INFRASTRUCTURE INVESTMENT		CSI AND SED INVESTMENT	
	Initiative	Cost	Initiative	Cost
Assupol	–	–	Staff contributions	R189 146
	–	–	Education and skills development	R10 million
	–	–	Sports	R214 574
AVBOB Mutual Assurance Society	–	–	School infrastructure	R150 million
Discovery Limited	–	–	Employee volunteer	R4.6 million
	–	–	Corporate social investment	R27 million
Liberty Group Limited	Renewable energy	R9 billion	CSI initiatives	R44.9 million
Momentum Metropolitan Holdings	Renewable energy	R2.1 billion	Socio-economic development	R27.5 million
	Water infrastructure	R600 million	Enterprise and supplier development	R17 million
Old Mutual Limited	Renewable energy	R26.4 billion	Social responsibility	R60 million
OUTsurance Holdings Limited	–	–	CSI funding raise	R1.4 million
	–	–	CSI initiatives	R2.3 million
Sanlam	Renewable energy	US\$850 million	Corporate social investment	R82 million
	Water, sanitation and social infrastructure	US\$675 million	Consumer financial education	R12.8 million
Santam	–	–	–	–
Road Accident Fund	–	–	Corporate social responsibility	R10.1 million

Source: Own compilation, Assupol Integrated Report (2021); AVBOB Integrated Annual Report (2021); Discovery Sustainability Report (2021); Liberty Holdings Annual Report (2021); Momentum Metropolitan Holdings Integrated Report (2021); Old Mutual Sustainability Report (2021); OUTsurance Holdings Limited Annual Report (2021); Sanlam Resilience Report (2021); Santam Integrated Report (2021); Road Accident Fund Annual Report (2019/20).

Compiling statistics of this nature is heavily reliant on the extent to which companies report spending and investments related to these various interventions. Thus, varying levels of detail provided by companies as well as differing reporting formats complicate efforts at discerning a clear picture of interventions. Given the growing importance of these types of interventions

and increasing emphasis on transparency with regards to companies' responses, such reporting seems to be an area that is ripe for standardisation.

In terms of CSI interventions, Assupol's Integrated Report (2021) states that they have collaborated with government in spending R10 million per year to improve sanitation facilities at government schools through their Sanitation Appropriate for Education initiatives. In terms of investing in the community, staff contributions amounted to R189 146 on Assupol Cares Employee Initiatives projects and R214 574 was spent on sports initiatives.

AVBOB's Annual Report (2021) announced their collaboration with the Department of Basic Education by donating R150 million toward the Schools Infrastructure Project, focused on the renovation, refurbishment and building of schools across the country. Of the R150 million, R15 million was allocated to the upgrading of sanitation systems and the eradication of pit toilets in six schools in Mpumalanga. In addition to supporting the communities, AVBOB has donated R8.4 million to provide free and discounted funeral services to disadvantaged communities.

The Discovery Sustainability Report (2021) provides in-depth insights into the company's sustainability impact, with detailed disclosures on environmental, social and governance aspects. In terms of CSI/SED initiatives, Discovery leverages the capabilities of its employees in building healthier communities through the employee volunteer programme. In the 2021 financial year, 1 956 employees volunteered, which amounted to R4.6 million for the reporting period. In addition, R27 million was allocated to corporate social investment through the Discovery Fund and Discovery Foundation contributions. Discovery also provides enterprise and supplier development support, in the form of loans and grants, in which the value of the loan is R76.8 million with 37 small, medium and micro enterprises supported over the reported financial year.

In terms of infrastructure development, Liberty has invested more than R9 billion to date on renewable energy projects as well as R3.7 billion on toll road infrastructure projects. Liberty's Annual Report (2021) indicates that R44.9 million was spent on CSI initiatives, which include education (primary, secondary and tertiary), financial literacy and employee matching. In terms of socio-economic development and consumer education programmes, they have partnered with the Association for Savings and Investment South Africa Enterprise and Supplier Development Fund and have provided support to 66 small, medium and micro enterprises.

Momentum Metropolitan Holding's Integrated Report (2021) indicates that R600 million was invested in two water infrastructure projects, which include a bulk raw water infrastructure project and a project that focuses on increasing access to clean water. The report also indicates that investment in socio-economic development amounts to R27 million. A total of R17 million was invested in enterprise and supplier development programme, which contributes to the sustainability of supplier businesses. In addition, R2.6 billion was spent on preferential procurement. In terms of renewable energy projects, there is an investment of over R2.1 billion to date, which include solar projects.

According to Old Mutual's Sustainability Report (2021), R26.4 billion of proprietary assets are in renewable energy. The report also indicates that R60 million of social responsibility funding has been invested in education initiatives, reaching 650 000 young people in South Africa.

OUTsurance Holdings Limited Annual Report (2021) reveals that the group encourages their employees to give back to the community and has contributed a total of R1.4 million at a group level towards CSI funding. In terms of CSI initiatives, the group was involved in a total of 29 initiatives which amounted to a total of R2.3 million. These initiatives focus on basic needs and social development, education projects, health and HIV/AIDS, infrastructure development and environmental projects. The group also provides investment for resources to relieve road users in congested traffic through the Traffic Free Flow partnership. The group has spent R26 million on the programme in the 2021 financial year.

In terms of renewable energy projects, the Climate Investor One fund is a joint venture between Sanlam and Climate Fund Managers to provide investors with the infrastructure and climate finance expertise to produce a dynamic platform for investment and development (Sanlam Resilience Report, 2021). To date, Climate Investor One mobilised US\$850 million of commercial funds through the Climate Investor One fund, which has been allocated to renewable energy infrastructure projects. The Climate Investor Two fund, which focuses on water, sanitation and ocean infrastructure has announced a conditional close of US\$675 million. Furthermore, R82 million was invested in corporate social investment through the Sanlam Foundation. An amount of R12.8 million was spent on consumer financial education. These initiatives focus on increasing financial confidence, prosperity as well as enhanced entrepreneurship and financial education within skills development.

Santam's Integrated Report (2021) details the various CSI/SED initiatives. While the costs are not disclosed, the report indicates that 63 municipalities were supported through their Partnership for Risk and Resilience initiative. See the appendix for details on the initiatives.

The Road Accident Fund's Annual Report (2019/20) indicates that corporate social responsibility expenditure amounted to R10.1 million during the 2019/20 financial year. These programmes provide integration of social, environmental and economic contributions towards society.

4.4 FUTURE INTERVENTIONS

As discussed above, large companies in the insurance sector are involved in various green economy initiatives. The interviews also covered respondents' views relating to what the insurance sector should focus on. There were various points that were raised, including focusing on climate change and the effects of climate-related risks, the funding of eco-friendly projects that promote environmental sustainability, achieving operational net zero (the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere), driving consistent efforts in underwriting and supporting renewable energy projects, as well as skills development (also discussed in section 4.5).

Respondents' responses suggest that it is important to consider the impact that climate change will have not only on the business but on society more broadly. This is a vital consideration as it drives organisational strategies and approaches to ESG considerations. This also enables the sector to proactively design solutions and products, develop skills and capabilities as well as leverage technology that will address ESG issues; the ability to adopt this active role is fundamental. It is

important that executive management supports these strategies and that there is alignment from a company perspective. This transition may require skills development as part of the process, as people may require development due to the advancements and developments within the green space. For instance, it is important to have experts who are knowledgeable on these issues, which may require skills development.

Respondents also noted that companies in the sector should combine efforts, and support and invest in businesses and projects that promote sustainability as this is another way to strengthen the green economy and drive greater impact. In addition, consistency in underwriting and supporting renewable energy projects is also important as this drives the economic development of the country as a whole. At a product level, companies could focus on helping clients make environmentally friendly decisions and providing incentives. An example of this would be lower premiums for certified green buildings. Importantly, these approaches would differ depending on the insurance subsector.

In terms of projects in the pipeline, the following projects were noted by respondents:

- Mapping carbon emissions;
- Developing black women-owned businesses that promote environmental sustainability;
- Initiatives tied to access to financial services;
- Improving energy efficiencies;
- Improving water management;
- Reducing carbon footprint through the reduction in office space; and
- Creating job opportunities that drive green economy considerations.

4.5 CHALLENGES

During the interviews, respondents were asked to consider challenges encountered in implementing green economy initiatives. Three key themes emerged from these discussions, namely: (1) financial resources, investment and monitoring; (2) knowledge, skills and expertise; and (3) green economy concept and objectives.

4.5.1 Financial resources, investment and monitoring

The biggest challenge raised by respondents related to the financial resources and budget for green economy interventions. This was regarded as one of the key constraints, as respondents highlighted difficulties in securing sufficient capital to implement green initiatives. Furthermore, while there has been substantial investment in renewable energy, accessing information from large companies and establishing the appropriate measures for energy usage has proven to be difficult. Investments in the green economy are costly and it is therefore important to have access to this type of data as it enables organisations to make informed investment decisions and create opportunities that will not only enable the organisation to meet their goals but will also positively impact the environment. This could be achieved if disclosures were made mandatory.

4.5.2 Knowledge, skills and expertise

Knowledge, skills, and expertise were mentioned by at least three respondents in the interviews. Representatives noted that there are challenges in dealing with the demand for green knowledge, skills, and expertise. For example, reporting in line with the TCFD recommendations must meet specific criteria and therefore requires knowledgeable staff with specific skills. As the world is shifting towards greater emphasis on responsibility and accountability to transition toward a green economy, there is an increased need for individuals who have green skills and knowledge. It would also be important for companies to invest in this and upskill employees on issues of sustainability broadly, as well as issues relating to climate change.

One company noted the importance of creating cultural habits that encourage employees to be mindful of their everyday behaviours and adapt their mindset to one that focuses on environmental sustainability. In addition, considering the continuous updates and advancements within the green space, it is important to drive continuous awareness and develop skills to equip people with the resources to contribute to the green economy.

Furthermore, in terms of commercial property, at least one respondent noted that, in some (if not most) cases, companies rent their buildings. This would then require partnership with landlords who need to authorise and allow changes that enable companies to positively contribute to the environment. In these cases, it would be important to work closely with the relevant parties and provide the appropriate knowledge to guide decision-making processes.

4.5.3 Green economy concept and objectives

At least two respondents indicated that obtaining buy-in to the importance of the green economy can be challenging. This could be attributed to a lack of understanding on the part of employees, the fact that this is not a core priority, and the overall alignment of the company regarding its ESG approach. There is also a variety of frameworks, principles, and standards when it comes to transitioning to a green economy and committing to green principles. In some cases, where there are interventions, not all parties buy-in to the intervention. For example, one respondent noted that they have received complaints about the biodegradable cups that were introduced. To improve this, it is important that companies enhance employee green behaviours by increasing their awareness of environmental problems and how individual behaviours contribute toward environmental sustainability.



PART

5

STAKEHOLDER RESPONSIBILITIES

There are various key actors and stakeholders that play a vital role in advancing the green economy in South Africa. We have identified six of these groups, namely the South African government; international agencies such as the United Nations, the World Bank; non-governmental organisations (NGOs); the private sector; educational, research and training institutions; and employees. Respondents were asked to share their views on each of these groups' roles in moving the country towards a green economy.

5.1 KEY ACTORS AND STAKEHOLDERS

5.1.1 Government

The government of South Africa undoubtedly has one of the most important roles in advancing the green agenda in South Africa. In acknowledging that the country needs to move towards a more resource-efficient, low-carbon and pro-employment growth path, the government acknowledges that it alone cannot achieve these tasks and needs cooperation from the private sector and civil society.

The Department of Forestry, Fisheries and the Environmental Affairs clearly states that the government's role in contributing to a greener future is to provide an enabling policy and regulatory environment and to harness public finance in support of this vision. Since 2008, the government has gazetted multiple policies to realise the vision including the Medium-Term Strategic Framework 2009-2014, the New Growth Path, the Ten-Year Innovation Plan, and the National Strategy for Sustainable Development and Action Plan, amongst others. Alongside those policies, funding initiatives such as the Green Fund, the Jobs Fund and funding low-carbon technologies through the Industrial Development Corporation (IDC) have also been created to move the country towards realising a greener economy (PAGE, 2017).

Government is involved in various activities aimed at supporting the achievement of a sustainable green economy, including standard setting through legislation and policy; investing in green energy; providing financial support; investing in green skills; and monitoring and enforcement. Respondents were aware of some of government's involvement in supporting green economy activities, notably in the primary and secondary sectors, but less so in the tertiary sector. In addition to the measures mentioned, the respondents also believed that the following measures should also be included within government's roles and responsibilities in advancing the green agenda in South Africa;

- The streamlining and coordination of policies and regulations in government and amongst all stakeholders were at the forefront of the respondents' minds. This includes the need to integrate the climate action plans into the National Development Plan. According to respondents, the communication of government policies is not always clear. Government should work on introducing clear guidelines for these policies.
- To encourage the transition towards a green economy and to encourage sustainable practices, whether within organisations or households, the respondents were of the view that government should have tax incentives in place. At the same time respondents also suggested that government should have different ways of encouraging green behaviours and building green economy responses, for instance through lending programmes that promote green initiatives. For the insurance sector in particular, respondents suggested that government

should be investing in green skills in the insurance sector. In addition, greater investment in solar energy across industries should be made by government. This would have the dual impact of relieving stress on the current electricity generation system in the country and, at the same time, leading to a cleaner form of electricity generation.

A sentiment that echoed across respondents is that government generally is not good at implementing its policies. Even the best intentioned and well-designed policies aimed at encouraging the transition to a greener economy are futile without effective implementation. Therefore, government needs political will and encouragement to implement these policies; at the same time, it should be held accountable by the various stakeholders for implementation.

5.1.2 International agencies

PAGE (2017) acknowledges the importance of the role of international agencies in advancing South Africa's green economy agenda. They state that the EU, UN and their various agencies provide financial support as well as initiatives such as green jobs and just transitions by the International Labour Organisation and the Small Grants Programme by the Global Environment Facility.

The resounding sentiment from respondents was that international agencies should assist South Africa in providing funding for green initiatives. However, the view was that their main responsibility was to hold the government accountable for their actions and to ensure that South Africa's policies align with global goals.

5.1.3 Non-governmental organisations

The Green Economy Inventory for South Africa (GEISA) (PAGE, 2017) states that the role of NGOs in achieving a green economy is one of being facilitators between funders, stakeholders, coordinators, and project managers. As seen in the past, they can broker collaboration between government and government institutions, international agencies, donors and other NGOs.

Alongside those responsibilities mentioned above and fundraising, respondents mentioned that research, additional insights and thought leadership were amongst the top roles and responsibilities of NGOs as they often have a clear, primary focus on green economy-related issues and are dedicated to achieving progress in this specific area. It was also noted how important it was for NGOs to collaborate with other NGOs and, most importantly, with government to achieve this goal.

In addition, inculcating 'green culture' in our societies was also noted to be one of the responsibilities of NGOs in advancing the green economy.

5.1.4 Private sector

The GEISA (2017) notes funding and instilling green business practices as the top roles and responsibilities for the private sector in advancing the green agenda in South Africa. As seen in some of the green economy initiatives mentioned by respondents in this study, large companies in the sector have already started instilling and inculcating green culture in the everyday running of their businesses.

The respondents mentioned that green policies in the workplace are an important start in moving the private sector towards a green economy. These policies, of course, should be in line and in collaboration with the policies and regulations set out by the national government. Most importantly, implementing these policies to ensure a move to a greener economy was paramount.

Alongside their day-to-day business practices, providing financial services (investment and insurance) that allow for the transition was suggested as an additional product category that companies in the sector could add to their products. This would allow for smaller businesses, who otherwise would not be able to, to transition to greener business practices.

Collaboration was another important role that was echoed by all five sets of respondents, with collaboration with other stakeholders specifically raised as being essential. This is discussed in further detail in section 5.2).

5.1.5 Educational, research and training institutions (academic support and research)

Educational, research and training institutions, such as universities and think tanks, play a vital role in advancing the green economy. The GEISA (2017) suggests that their primary role lies in developing, piloting, and fostering technological solutions and monitoring their outcomes. Usually, these institutions are public entities or government aligned.

As educational, research and training institutions by their nature provide research services to all spheres of society, this came out as a top role and responsibility amongst the respondents. They noted that these institutions are able to provide a wide scope of literature and research. The output of this work has the potential to have a significant impact, which emphasises the importance of continuing collaboration with the public and private sectors to create optimal policies for their respective organisations.

5.1.6 Employees

Employees play a crucial role in advancing the green agenda in South Africa, as would the average citizen of the country. Everyone needs to do their part to advance the green economy. This comes in the form of supporting and buying relevant solutions, products and/or services that assist in transitioning to a green economy. This could be in the form of buying eco-friendly products or supporting businesses that use sustainable business practices.

An important role highlighted by respondents is that employees should hold their employers, as well as government, accountable for their actions. This could be through ensuring that the organisations they work for use sustainable business practices and follow the policies and regulations that are in place. The same is applicable to government.

5.1.7 Other stakeholders

Local and international regulators and industry associations—for example, Net Zero Alliance Insurance, ClimateWise, and the South African Insurance Association—were named as additional stakeholders that are essential to advancing the green agenda, especially in South Africa's

insurance sector. These regulators and industry associations should be developing standards and rules for best practices regarding advancing the green economy in the insurance sector. These institutions have the opportunity to band together and support organisations in the industry in sharing information and discussing issues regarding sustainable practices.

5.2 STAKEHOLDER COLLABORATION

We have identified how different key actors and stakeholders could support, drive, and achieve a sustainable green economy. Working towards sustainable growth and development will require collaboration with the relevant parties. To achieve this, companies should not work in silos but should form part of a broad-based, concerted effort to achieve a sustainable green economy. The respondents highlighted that, while there is some level of collaboration with relevant stakeholders, the need for more and deeper collaboration amongst insurance companies and government is great. Some of these collaborative efforts and partnerships have been discussed above.

Based on the information gleaned from the interviews and publicly available reports, there are several companies that have partnered with international organisations to promote environmental sustainability. One such organisation is ClimateWise, which represents a growing global network of top insurance sector organisations. ClimateWise assists in coordinating the expertise of its members to directly assist society in responding to the risks and opportunities of climate change.⁴ In addition, several companies have also entered into partnerships with the World Wide Fund for Nature (WWF) and the UNPRI. Some companies also want to (re)join the United Nations Global Compact. There is also the National Business Initiative (NBI), which is a voluntary alliance of local and international businesses to promote sustainable development and growth in South Africa (NBI, 2022). Another potential partnership is with the Climate Action 100+ initiatives, which is an initiative that seeks to ensure that the biggest corporations in the world that emit greenhouse gases take the necessary steps to combat climate change.

Importantly, there is a great need for collaboration amongst companies. For example, one respondent mentioned the South African Insurance Association (SAIA) is a supporter of the Principles of Sustainable Insurance, which has the potential to lead to collaborations between insurers. There are also some companies that work with local organisations, such as local municipalities, local departments, hospitals, and communities as discussed above. One respondent, for example, mentioned that they were part of a CSIR research project that looks at the impact of climate change and other extreme related weather events. Importantly, local areas such as municipalities need to understand their role in sustainable development and take this into consideration in terms of their local planning strategies.

Respondents emphasised the need to increase engagement when it comes to discussing matters relating to the green economy. This could be through a colloquium, where representatives share resources and create a space to learn from other companies in the sector. To foster this environment of collaboration will require commitment and participation from all relevant stakeholders to work together and combine efforts.

4 <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/climatewise>



PART

6

QUANTIFIABLE IMPACTS

Globally, climate change and its impact on the environment is evolving at an exceptional rate. As a result, investors and stakeholders' expectations of organisations' responses are increasing. There is also a call for setting and establishing global standards that are high-quality, transparent, reliable, and comparable for non-financial reporting. Quantifying the impact of green economy interventions is important as they measure the progress, or lack thereof, in moving towards a green economy. ESG considerations are often aligned to the organisations' core business objectives and wider socio-economic development. This information is also important as it assists in informing policy and investment decisions. In addition, they provide a mirror for self-reflection on the journey towards an environmentally stable, economically sound, and equitable society (United Nations Environment Programme, 2012).

6.1 MEASURING, MONITORING AND REPORTING

Several companies have robust monitoring and reporting methods for both internal and external purposes. Large companies generally disclose their developments in the form of annual, integrated and sustainability reports released to the public. Companies often use multi-purpose data, reporting sources and processes to report on their developments regarding ESG issues. Organisations' commitment to reporting on ESG issues emphasises their commitment to contributing towards environmental sustainability.

General environmental sustainability and carbon emissions are typically monitored and reported using the TCFD recommendations (discussed in section 3.2.3). The TCFD (2021) recommends at least three years of historical data to provide a basis for tracking progress. Companies also provide annual public disclosures on climate change to the CDP. Several insurance companies release their climate-related strategy and the progress being made toward sustainability in alignment with TCFD. According to publicly available information, the majority of the large companies in the insurance sector use the TCFD recommendations and reporting standards and provide their disclosures to the CDP.

TABLE 9: TCFD Recommendations, Reporting and CDP Public Disclosures

COMPANIES	TCFD RECOMMENDATIONS/ REPORTING	CDP PUBLIC DISCLOSURE
Assupol	Not disclosed	Not disclosed
AVBOB Mutual Assurance Society	Not disclosed	Not disclosed
Discovery Limited	✓	✓
Liberty Group Limited	✓	✓
Momentum Metropolitan Holdings	✓	✓
Old Mutual Limited	✓	✓
OUTsurace Holdings Limited	✓	Not disclosed
Sanlam Life Insurance Limited	✓	✓
Santam Limited	✓	✓
Road Accident Fund	Not disclosed	Not disclosed

Source: Own compilation, Assupol Integrated Report (2021); AVBOB Integrated Annual Report (2021); Discovery Sustainability Report (2021); Liberty Holdings Annual Report (2021); Momentum Metropolitan Holdings Integrated Report (2021); Old Mutual Sustainability Report (2021); OUTsurace Holdings Limited Annual Report (2021); Sanlam Resilience Report (2021); Santam Integrated Report (2021); Road Accident Fund Annual Report (2019/20).

Beyond general environmental sustainability and carbon emissions, there are numerous benchmarking standards that companies typically use as a guide to inform disclosures and key indicators. Benchmarking and monitoring these standards can be challenging given the variety of standards that exist. The Global Reporting Initiative (GRI) provides standards for sustainability reporting in terms of impacts on the economy, environment and people. The GRI provides comparable and credible Universal Standards and Sector Standards. An additional example of standards, the International Financial Reporting Standards Foundation Trustees announced the creation of the International Sustainability Standards Board (ISSB) in November 2021. The ISSB's intends to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide insights regarding companies' sustainability-related risks and opportunities. The South African Green Finance Taxonomy can also be used to track, monitor and demonstrate credentials of green initiatives (International Finance Corporation, 2022). The taxonomy is an official classification of a minimum set of assets, projects and sectors that are eligible to be considered environmentally friendly.

In addition, there are companies in the sector that make use of dashboards to monitor and analyse their environmental impact. For example, according to their Annual Report (2021), Liberty has an ESG business intelligence dashboard that monitors water, electricity and carbon footprint on a monthly basis. This information is extracted from smart water and electricity meters linked across the portfolio and ultimately allows the group to track and monitor these impacts accurately, enabling them to take appropriate action timeously.

6.2 FREQUENCY OF MEASUREMENT

The frequency of measuring interventions can vary and would be dependent on the type of intervention. For instance, paper usage can be measured more frequently whereas carbon emissions would be measured less frequently. Internal group reporting, to management and relevant committees, typically occurs on a quarterly basis and is an opportunity to communicate specific feedback and progress within the organisation. Public reporting on these interventions and the company's progress in relation to meeting its objectives are typically reported on an annual basis.

Respondents provided several insights in terms of the frequency of measuring interventions;

- Company 1 measures and tracks paper usage within the organisation, across facilities using dashboards. A facilities manager ensures that this information is tracked and recorded. In terms of refrigerant and air conditioner gases, this information is measured in a report on the company's carbon footprint, published on the company's website. These interventions are tracked in real-time but there is a monthly check-in meeting or colloquium to report on these interventions. In measuring and monitoring interventions, Company 1 benchmarks the performance against targets set for the company. This performance is checked at the end of the reporting period of interest, typically at the end of the year. Interventions are also measured against global reporting standards such as those mentioned in this report.

- Company 2 measures and monitors its projects on an ongoing basis. Their committee responsible for ESG matters receives regular reporting regarding initiatives and corporate social responsibility. The relevant stakeholders meet monthly to reflect on all ongoing projects and their progress.
- Company 5 indicated that they set targets at the beginning of the implementation of the intervention and that they measure and monitor progress depending on the intervention. At times, it can be difficult because of developments within the economy. For example, remote work and reduced travel have an impact on emissions. In terms of corporate sustainability measures, progress can be measured by looking at the number of jobs created, client satisfaction, and reach.

6.3 GAINS AND LOSSES

The transition process to a green economy may result in efficiency gains and/or losses. In the interviews, three respondents indicated that they have yet to see a strong impact. Company 1 stated that, while at a group level gains and losses may not be quantifiable, it may be quantifiable from a business perspective. Similarly, respondents from Company 4 indicated that their company is still in the infancy stage when it comes to reporting on these issues. As ESG considerations are considered more of a medium to long-term intervention, it may take time to understand the true impact over time. Some interventions may be easier to quantify than others. Company 2, for example, noted the financial benefit in terms of deploying energy efficiency solutions which result in reduced consumption of electricity, translating into financial savings.



PART

7

CONCLUSION

Companies in the insurance sector play a key role within the economy in positively contributing to environmental sustainability. The aim of this report was to understand specifically large companies' contribution toward the green economy, with a focus on four key questions.

First, what are the views of large companies in the insurance sector on the importance and potential of green economy interventions for the sector and the broader economy? Respondents from large insurance companies understand that the green economy seeks to promote economic growth, improve well-being and social equity while addressing environmental concerns. Representatives understand this concept by highlighting the green economy in relation to the frameworks, policies, principles and governance used as well as their transition to the green economy within their organisations. This highlights companies' dedication to transitioning toward a sustainable environment.

Second, how are large companies in the insurance sector responding to environmental and green economy imperatives? It is evident that the largest companies in the insurance sector are engaged in various interventions that promote environmental sustainability and socio-economic development. These range from responsible investments, reporting in line with the TCFD's recommendations, and interventions specifically focused on promoting green and social value. In relation to the insurance sector and the broader economy, representatives highlighted climate change as one of the most important environmental concerns. This is because a number of these concerns are interlinked in that failure to act on one has an effect on another. ESG and institutional investments were also highlighted as a key area as it has the potential to have a significant contribution to the sector and broader economy. Such investments may be effective in achieving impact in that insurance companies are able to leverage their resources to invest in and support impactful activities; further, this may be achieved by more carefully choosing who to do business with. The net result is a positive impact on overall sustainability. In terms of challenges, respondents identified three: (1) financial resources, investment and monitoring; (2) knowledge, skills and expertise; and (3) green economy concept and objective. To improve this, it is important that companies enhance employees' green behaviours and collaborate with other stakeholders in the sector.

Third, what quantifiable impacts of green economy interventions have companies been able to measure? Quantifying the impact of green economy interventions is important as it measures the progress being made toward the green economy and enables organisations to better identify and support interventions with the largest impacts. As a result of global advancements, there is an increased demand for high-quality, transparent, reliable and comparable standards for non-financial reporting. Large companies typically disclose their performance in the form of annual, integrated and sustainability reports released to the public. These typically include developments on general environmental sustainability, carbon emissions, as well as benchmarking standards. That said, as the respondents indicated, quantifying impact is not always straightforward, and impacts may not be discernible at all levels of the organisation.

Fourth, how do green economy and climate change initiatives impact stakeholders in the insurance sector? There are various key actors and stakeholders that play a vital role in advancing the green economy in South Africa. This includes the South African government; international agencies and organisations; non-governmental organisations (NGOs); the private

sector; educational, research and training institutions; and employees. Each plays a critical role in contributing to the green economy. Importantly, there is a great need for more collaboration between insurance companies and the government.

The process of transitioning to a green economy will take time. Climate change is an important priority with impacts extending beyond the environmental and into the economic and social spheres. As such, there is increasing pressure to meet commitments and obligations.

While this report provides a foundation for understanding the insurance sector's current contributions toward the green economy, it must be remembered that the focus has purely been on the largest companies within the sector. These companies tend to have significantly more resources—both financial and human—to be able to navigate this evolving environment, and to plan, deploy and report on green economy interventions. Future research in this area would need to have a broader scope and include a wide range of employers—from the very smallest firms to the very largest—to fully understand the sector's contributions. Importantly, such research would potentially be able to explore the potential for collaboration in the green economy space *within* the insurance sector, and to identify initiatives that may be either suitable for replication in smaller organisations or appropriate for collaboration across organisations of all sizes.

A final question to ask is what is INSETA's role and potential contribution to the green economy in its capacity as an education and training authority? One area in which there may be scope for INSETA to support skills development in climate reporting, such as that recommended by the TCFD. Over time, it seems that there would be increasing pressure for organisations to disclose their activities related to the environment and that this pressure may be felt more broadly than the very largest employers in the sector. This would entail increased demand for and scarcity of appropriately trained and skilled individuals to perform this function, both within the insurance sector and in the rest of the economy.

An important area for future research would be around the extent to which climate change impacts on the activities and business of companies in the insurance sector, given their direct exposure to the consequences of climate change and the associated increase in natural disasters, and the associated implications for skills development. This is an issue that was highlighted in INSETA's 2023/24 Sector Skills Plan (2022), with climate change identified as one of the key change drivers for the sector. For example, engagements around the Sector Skills Plan highlighted the importance of support for the development of skills in the modelling of climate change risks. The SSP (INSETA, 2022) highlights the need for skills development “to incorporate climate change in the areas of liability, underwriting, risk management, regulations, investment, pricing, and asset risks”. There may also be scope for INSETA to support skills development that would facilitate the required broad-based shift in mindset highlighted as critical by respondents in this study. More in-depth research would assist INSETA to better understand the key issues in each of these areas and help to prioritise the development of and support for specific training interventions.



PART

8

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PART

9

APPENDIX

TABLE 10: Interview guide

TOPIC	SUBTOPIC	QUESTIONS
Introduction	Welcome	[Introductions]
	Overview of research	[Provide a summary of the research]
	Overall aims and objectives	[Provide an overview of the research aims and objectives]
	Consent	[Read out consent checklist] Interviewer please place a cross in the applicable checkboxes. <ul style="list-style-type: none"> We will be recording this interview to ensure that the discussion is accurately captured and as a point of reference when writing the final report. If there are any objections, please let us know. We will also be happy to share this interview with you should the need arise. You are free to choose whether you want your camera on or off during the interview. The commerce Ethics in Research Committee has approved this study and there are no known risks involved. The interview will take an hour of your time. Your participation in this study is voluntary and you may withdraw from it at any time. The recorded interview will be kept in password-protected files and will only be shared with INSETA. In the final report, we will only identify respondents where such disclosure is necessary. Should you wish for of your responses to remain anonymous, please feel free to indicate this at any point during the interview.
	Questions	Before we start, do you have any questions?
Company	Overview of the company	Could you tell us briefly about the company? Interviewer, please type a cross in the applicable checkboxes. <ul style="list-style-type: none"> Core business Workplace culture Is there a dedicated team or department that handles green initiatives in your firm? Other
	Interviewee's role	Could you briefly tell me about your role in the company?
	Green economy concept	To the best of your knowledge, what is the company's understanding of the "green economy"?
Green economy interventions	Importance of green economy interventions	Are green economy interventions important for the company? (1) Yes or (2) No. (Circle) If yes , what is the company's view and stance regarding "green economy" interventions? Do you have policies that address green initiatives and sustainability? If no , why is it not important?
	Environmental concerns	According to research we have conducted, environmental concerns include: <ol style="list-style-type: none"> Biodiversity conservation: All life on earth in all its forms that enable ecosystems to function effectively – it underpins current and future human health, well-being and economic prosperity. Climate change: Greenhouse gas emissions, long term changes to weather, and global warming.

TOPIC	SUBTOPIC	QUESTIONS
<p>Green economy interventions</p>	<p>Environmental concerns</p>	<p>3. Environmental pollution: Air and soil contamination as a result of society's activities such as urbanisation, industrialisation, mining etc. 4. Sustainability: Preserving natural resources such as oceans, seas, coastal areas, forests, land and energy. 5. Water management: wastage, availability, over-exploitation of surface and ground water and access to water.</p> <p>In your view and as a business representative, could you rank the environmental concerns mentioned above in order of importance, with one being the most important and five being the least important. Note: Please consider the ranking in relation to the insurance sector and broader economy.</p>
	<p>Current interventions</p>	<p>There are a number of green economy interventions that other organisations are involved in. Can you select from the list that we will provide, which interventions your company is involved in? The green interventions listed below are: (Interviewer must type the interventions that the applicable company is involved in, below):</p> <ol style="list-style-type: none"> 1. _____ 2. _____ 3. _____ 4. _____ 5. _____ <p>Biodiversity Conservation</p> <ul style="list-style-type: none"> • Investing in nature-based solutions • Planting flowers, fruits, trees or vegetables to promote vegetation in an area • Supporting or procuring local businesses to promote agricultural efforts • Providing job programmes focused on ecosystem restoration <p>Climate Change</p> <ul style="list-style-type: none"> • Educating and creating awareness and importance of climate change • Encouraging public transit and carpooling • Choosing sustainable suppliers • Choosing greener infrastructure and equipment <p>Environmental Pollution</p> <ul style="list-style-type: none"> • Reducing emission such as carbon emissions by encouraging employees to reduce travel • Improving ventilation (specifically for air) • Avoid littering and encourage recycling <p>Sustainability</p> <ul style="list-style-type: none"> • Investing in renewable energy • Reducing electricity usage • Purchasing eco-friendly products such as office supplies • Digitising the organisation to move away from a paper-based system <p>Water management</p> <ul style="list-style-type: none"> • Expanding waste management initiatives • Recycling water • Reducing water wastage

TOPIC	SUBTOPIC	QUESTIONS
Green economy interventions	Current interventions	<p>Apart from the interventions mentioned above, can you describe any other green economy interventions at your company? Other (Interventions not listed above):</p> <ol style="list-style-type: none"> 1. _____ 2. _____ 3. _____
	Order of importance	<p>If there are no interventions, do you have plans to introduce green economy interventions? (Interviewee to explain) [For interviewers, are any of these organisational interventions?] Yes or No</p> <p>Of the interventions discussed above, can you rank the top three that you consider most important and the three you consider least important in terms of what should be prioritised in your organisation. Please indicate whether each one is:</p> <ol style="list-style-type: none"> 1. Short-term intervention (0–3 years) 2. Medium-term intervention (4–9 years) 3. Long-term intervention (10+ years)
	Challenges	<p>What are some of the challenges that the company has encountered in implementing the green economy initiatives? For example, negotiations and burden-sharing; monitoring and evaluating the environmental impacts; or making long-term commitments with other companies etc. Follow up: In your view, are there specific challenges/costs/benefits in implementing these processes relative to other sectors? Yes or No (interviewee to explain)</p>
	Government's role	<p>The South African government supports various activities to achieve a sustainable green economy across the broader economic sectors and within the insurance sector. Through:</p> <ol style="list-style-type: none"> 1. Standard setting through legislation and policy 2. Investing in green energy 3. Provide financial support 4. Investing in green skills 5. Monitoring and enforcement <p>Are you aware of these measures? (1) Yes or (2) (No) Circle Follow-up: How else do you think the government could support the insurance industry in the quest to achieve a sustainable green economy?</p>

TOPIC	SUBTOPIC	QUESTIONS																								
<p>Green economy interventions</p>	<p>Roles and responsibilities</p>	<p>There are various key actors and stakeholders in supporting, driving and achieving a sustainable green economy: In our research, we have identified the following key actors and stakeholders:</p> <ul style="list-style-type: none"> • International agencies; • Non-governmental organisations; • Private sector; • Educational, research and training institutions; • Private citizens; and • Employees <p>Apart from the key actors and stakeholders mentioned above, are there any others that you are able to identify? Other interviewer please type them in the table listed below under Key Actors/Stakeholders:</p> <ul style="list-style-type: none"> • Follow up: For each of the key actors and stakeholders, can you identify their roles? • Follow up: For each of the key actors and stakeholders can you identify their responsibilities? <table border="1" data-bbox="715 141 1198 1395"> <thead> <tr> <th data-bbox="715 976 762 1395">Key actors and stakeholders</th> <th data-bbox="715 517 762 969">Roles</th> <th data-bbox="715 141 762 510">Responsibility</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 976 842 1395">International agencies (such as the United Nations, World Bank and IMF)</td> <td data-bbox="778 517 842 969"></td> <td data-bbox="778 141 842 510"></td> </tr> <tr> <td data-bbox="850 976 938 1395">Non-governmental organisations (NGOs such as World Wildlife Fund [WWF]; groundwork; BirdLife etc.)</td> <td data-bbox="850 517 938 969"></td> <td data-bbox="850 141 938 510"></td> </tr> <tr> <td data-bbox="946 976 978 1395">Private sector</td> <td data-bbox="946 517 978 969"></td> <td data-bbox="946 141 978 510"></td> </tr> <tr> <td data-bbox="986 976 1074 1395">Educational, research and training institutions (academic support and research)</td> <td data-bbox="986 517 1074 969"></td> <td data-bbox="986 141 1074 510"></td> </tr> <tr> <td data-bbox="1082 976 1114 1395">Private citizens</td> <td data-bbox="1082 517 1114 969"></td> <td data-bbox="1082 141 1114 510"></td> </tr> <tr> <td data-bbox="1121 976 1153 1395">Employees</td> <td data-bbox="1121 517 1153 969"></td> <td data-bbox="1121 141 1153 510"></td> </tr> <tr> <td data-bbox="1161 976 1193 1395">Any other key actors or stakeholders</td> <td data-bbox="1161 517 1193 969"></td> <td data-bbox="1161 141 1193 510"></td> </tr> </tbody> </table>	Key actors and stakeholders	Roles	Responsibility	International agencies (such as the United Nations, World Bank and IMF)			Non-governmental organisations (NGOs such as World Wildlife Fund [WWF]; groundwork; BirdLife etc.)			Private sector			Educational, research and training institutions (academic support and research)			Private citizens			Employees			Any other key actors or stakeholders		
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	<p>Future interventions</p>	<p>In terms of the green economy and environmental initiatives, what should the insurance sector focus on? (Interviewer please type in):</p> <p>Are there any green initiatives that your firm has in the pipeline/or has planned for the future? (Interviewer please type in):</p> <p>If yes, please elaborate. Interviewer, please type in:</p>																								

TOPIC	SUBTOPIC	QUESTIONS
Quantifiable impacts	Measurement of interventions	How do you measure and monitor the impact of the green economy interventions mentioned? (Interviewer please type in):
	Frequency of measurement	How frequently do you assess this impact? Indicate whether it is: [Please circle] Daily; Weekly; Fortnightly (every two weeks); Monthly; Quarterly; Half-yearly (every six months); Annually; or If other, please specify: (Interviewer to type in)
	Meeting target	How would you know you have met your target/goal/vision? Do you have a set of indicators? (Interviewer please type in)
	Gains and losses	The transition process to a green economy might result in efficiency gains/losses. What is the company's experience regarding this? Has there been a financial impact? (Interviewer please type in)
	Impact	Stakeholder collaboration
Conclusion	Conclude	[Conclude session]



