

Responsible investing

COP28: Landmark deal calls for transition away from fossil fuels

The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) took place in Dubai from 30 November to 13 December 2023. Nearly 200 countries attended the meeting to seek solidarity and work towards fulfilling the landmark Paris Climate Agreement. COP28 is intended to be highly inclusive, reflecting the views of all geographies, sectors and constituencies.

The conference ended on a historic high note, for the first time explicitly mentioning the reduction of fossil fuel in the COP 28 deal text. Richer countries also acknowledge in the text that the finance provided to developed nations is not enough to adapt to climate change and transition away from fossil fuels. Another first in the agreement was the inclusion of nature, with the Global Biodiversity Framework and reference to halting deforestation by 2030.

We aim to work towards a Just Transition to a low-carbon economy while aligning with the objectives of the Paris Agreement. Please visit our website to view our **Climate Investment Decarbonisation Strategy** and our **Climate Investment Policy**, or click [here](#).

Climate change in South Africa

At the conference, President Cyril Ramaphosa acknowledged that developing countries have borne the brunt of the adverse effects of climate change. These countries haven't received the required multilateral support to build climate resilience. Furthermore, it is a concern that commitments by countries with developed economies have not been channeled through the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC), including the Green Climate Fund and the Adaptation Fund.

He highlighted the importance of historical commitments that need to be honoured and that the newly launched Loss and Damage Fund could present a clear opportunity for a course correction. Ramaphosa expressed the importance of recommitment to multilateralism and the need for new partnerships to support the just pathways chosen by sovereign

countries towards low emissions and climate-resilient development. A sustainable and just transition path for all is necessary, and we must ensure that no one is left behind.

The Minister of Forestry, Fisheries and Environmental Affairs, Barbara Creecy, made some remarks during the launch of the South African pavilion at the UNFCCC:

- In October 2023, our National Assembly adopted our Climate Change Bill.
- In November 2023, our Cabinet approved the implementation plan for the country's Just Energy Transition.

She explained that the plan focuses on areas critical to a Just Transition, including investment in electricity infrastructure, new energy vehicles, green hydrogen, skills development, municipal electricity distribution,

and interventions directed at communities most affected by the energy transition. She also added that there are promising developments underway in our country to harness the potential of green hydrogen, and

to benefit critical minerals and rare earths in support of development and driving the green transition.

Financing the Just Transition in South Africa

As investors, we must continue to address the risks of climate change and support the Just Transition to a low-carbon economy. It is not only about phasing out polluting sectors but also about creating new jobs, new skills, new investments, and opportunities to create a resilient economy.

Sustainability is fundamental to our investing approach, and we explicitly incorporate a Just Transition perspective when considering climate-related action. We are making steady progress, and during the year, we published our Climate Investment Decarbonisation Strategy that serves as a guiding framework for the respective investment capabilities within our business. We appointed MSCI ESG Research as our reliable climate data provider and we measured our carbon footprint of our South African discretionary local equities and fixed-income assets held within our client portfolios. We continue to measure our progress against the United Nations-supported sustainable development goals (SDGs) we decided to focus on, which include SDG 13: Climate Action and SDG 7: Affordable and clean energy.

We remain a signatory of the Climate Action 100+ initiative. With this initiative, we constructively and

practically engage with Sasol and Eskom, alongside other major investors, on the climate agenda. To responsibly drive real change, we must be honest and practical about the potential trade-offs and consequences of actions in pursuing the climate agenda.

As investors and stewards of our clients' capital, we encourage companies and investment managers that we invest with to increase their awareness of climate matters. We also ensure that they have a climate focus for a sustainable and resilient future business. It is also necessary to drive such considerations through policy adoption and to assign proper oversight functions to ensure successful implementation.

For more about our approach to responsible investing, our Stewardship Report and our Task Force on Climate-Related Financial Disclosures Report report are available on our responsible investing page at momentum.co.za.

Click [here](#) to access the reports.

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