

Press Release 31 March 2010

South African asset management companies have not fully integrated practices that take into account environmental considerations in their investment decision making and active shareownership practices, according to a new report from the Environmental Policy Research Unit, School of Economics, University of Cape Town.

The Environmental Policy Research Unit's new report "*Environmentally Responsible Investment (ERI) in South Africa: The state of play, a survey of responsible investor opinions and practices*" presents data on current ERI practices, obstacles and enablers that the respondents identified in integrating environmental considerations in the SA investment industry.

Some of the key findings of the 40-page report are that:

- South African responsible investors do not yet supply investment products that are primarily driven by an environmental focus to their clients.
- **53%** of the survey respondents see the inclusion of environmental concerns into their engagement and proxy voting practices as a further step to be taken in the future beyond the current corporate governance focus.
- More than **80%** of the survey respondents believe that the South African investment industry will see a further integration of ERI approaches in the future.
- The **main current obstacles** to a further integration of ERI were found to be:
 - The lack of interest and scepticism of institutional clients and of the local investment consulting industry around Responsible Investment
 - The spread belief that in SA more important social developmental goals conflict with environmental priorities.
- The **main future enablers** to a further integration of ERI approaches were found to be:
 - A stronger environmental disclosure required from companies by regulators;
 - A more binding environmental regulation framework that will lead investors to price environmental risk;
 - A stronger commitment from all institutional investors to follow the example of the Government Employees Pension Fund (GEPF) to implement responsible investment strategies and mandates.

The report is based on desk top and field research conducted in South Africa from March to December 2009. 22 of the 34 investment organisations targeted (asset managers, pension funds and service providers) were interviewed. The survey sample consist in majority of asset managers, pension funds and service providers that are signatories of the Principles for Responsible Investing (PRI) an initiative of United Nations Environmental Programme Financial Initiative (UNEP FI). The survey reached 60% of the 20 largest asset management companies in SA.

The report is available directly from the Environmental Policy Research Unit. Visit the EPRU website at www.epru.uct.ac.za

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