BIZCOMMUNITY

SAICA hosts inaugural Climate Change Conference

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SAICA hosted its inaugural Climate Change Conference on Wednesday, 25 October 2023, coinciding with the passing of SA's Climate Change Bill ahead of COP28 in the UAE in late November, to deliberate on local challenges, market solutions, financial instruments, and leverage on existing opportunities.

Khaya Sithole facilitating a panel discussion at SAICA's inaugural Climate Change Conference.

Held under the theme, "Difference Making is about Creating a Sustainable Future", and comprising of three panel discussions, a separate TCFD and TNFD engagements, the conference brought together industry leaders, stakeholders, SAICA members and the broader environmental sustainability community.

Representing the Presidential Climate Commission was Dipak Patel, who noted that South Africa's priority is to ensure secure, accessible, and affordable electricity for all by enhancing the national diversified energy mix strategy. Through the country's Just Energy Transition Investment Plan (JET IP) unveiled at the World Leaders' Summit during COP 27 by President Ramaphosa, promoting sustainable development and a just transition with inclusive growth, environmental justice and societal approach remain the prime concern.

Cop 28 – the Emerging Economies Perspective: Price of the low carbon economy

The panellists included Gillian Niven, sustainability legal specialist at Niven Attorney Inc.; Nola Richards, group executive head of ESG and sustainable business at Vodacom; Anelisa Keke, chief sustainability officer at Redefine Properties and Scott Williams, ESG coordinating director: Marsh Middle East and Africa.

With rules on the Paris Agreement adopted at COP21 in 2015 still unclear, Gillian Niven said more clarification of these rules will give momentum and open South Africa's carbon market.

"South Africa does not have a fully operational carbon market at the moment, we have had some of the starting blocks being put in place like the carbon tax. However, looking at the projects that corporate SA and businesses are investing in to achieve the net-zero targets, we have seen a proliferation of renewable energy projects and with that an interest in environmental attributes, which feeds into a more global conversation around the carbon market," said Niven.

On the other hand, Nola Richards, and Scott Williams highlighted the different energy regulations across Africa as a stumbling block in investing in a low carbon economy. “Some of the operations are very constrained and the regulatory environment does not allow for corporate to do much in terms of carbon economy. It is very complex, but we are up for the challenge,” said Richards.

Anelisa Keke, chief sustainability officer at Redefine Properties, said that they have incorporated the UN’s sustainability call into their strategy as a company. “Any target we have is specifically aimed at contributing to one or more global goals under the SDGs. Our view is that we need to be in a position by 2030 to articulate how our business activities have contributed to the achievement of the goals,” said Keke.

As we get closer to COP28 to be held between 30 November to 12 December 2023, Williams, said that he would like to see a stronger COP28 Presidency which puts aside different personalities and prioritises limiting climate change.

“The biggest takeaway from COP27 was the establishment of the Loss and Damage Fund from a climate change perspective. I think they have recently had engagements regarding the working group countries, but it is still not that promising. I am hoping we get rapid improvement and tangible outcomes,” said Williams.

Evolving expectations in Climate Disclosures and its impact on corporate reporting

In unpacking this topic, the panellists included Jayne Mammatt, partner at Deloitte; Kavita Pema, group head: sustainability and ESG at AECI Limited; Cynthia Mbili, technical partner at Ernst & Young; Harold Pauwels, director standards at Global Reporting Initiative (GRI) and Ravi Abeyawardana, director strategic affairs and capacity building at the IFRS Foundation.

While admitting that a lot of progress has been made in terms of data supporting climate change disclosures and broader sustainability reporting, Jayne Mammatt said that more can be done to ensure accuracy in climate and sustainability reporting.

“That rigour, the internal control that the government has built in terms of getting financial information right, we do not often see that same amount of rigour in the sustainability information or the climate information. In certain functions, it is done with just one person responsible for it and mistakes happen, we are all human. Potential, mistakes are being made before it gets out to the public domain for other people to make decisions on it,” said Mammatt.

Echoing Mammatt’s sentiments, Kavita Pema, said that the field of sustainability and climate change requires a wide set of expertise and no one person has it all. “You must make sure that the people that you bring to the team, bring in these various levels of expertise. The only way to do that is to upskill the people that you already have. The difficulty that we might have in the business space is that we have very limited resources,” said Pema.

Meanwhile, Cynthia Mbili applauded the companies that have taken the stance to report on sustainability. “Most of our companies are already reporting on sustainability, although voluntarily and using different frameworks. We have seen regulators putting out requirements saying disclose or provide certain information. I would advocate for a short to long-term solution in terms of trying to mandate the standards,” said Mbili.

GRI and the ISSB echoed their commitment to continue to collaborate as they strengthen alignment in sustainability disclosures and reporting at a global level.

The role of accountants and auditors in tackling climate change and reporting

The panellists were Ian Kramer, senior vice president: group finance at AngloGold Ashanti; Fikile Zwane, partner at SNG Grant Thornton; Milan van Wyk, senior lecturer at the University of Johannesburg and Ronell Govender, global ESG and sustainability at Naspers.

Ian Kramer said that auditors need to understand the business of their clients on sustainability reporting, saying that most entities underestimate what that means. “AngloGold Ashanti has a mine in Brazil that is subjected to significant heavy rainfalls annually. We then have a mine in West Africa in Guinea, which is based in an area where there is a severe drought. It is a completely different climate change impact. Your auditor needs to understand that when you are reporting on it, it is going to look different,” said Kramer.

Fikile Zwane criticised the greenwashing that exists in climate change and reporting saying that as a firm they must protect the users of the financial statements and be honest when the client is not upfront. “Usually, before entities start reporting they put in place processes, and they have benchmarks. So, when a company states it has saved so much emissions, it must be compared to tangible data. As ESG assurance providers, we usually go into companies and verify the benchmarks,” said Zwane.

According to Dr Mantlana from the CSIR, SA needs to bridge the gap between what needs to be done and climate action. Furthermore, corporate SA must ensure its representation in the country’s GHG emission target blueprint through the Nationally Determined Contributions (NDCs), updated every five years by the government.

The conference revealed how companies and the accountancy profession are rethinking strategies and investments to stay ahead in terms of implementing climate commitments.

The webcast of the conference can be accessed here and the password is Climate23#.

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