



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Putting Environmental Risk Scenario Analysis into Practice

5 November 2018 | 12:15 – 16:15

Venue: Banking Association South Africa

Boardroom 6; Building D, Sunnyside Office Park

32 Princess of Wales Terrace, Parktown, 2193, Johannesburg

Financial institutions are exposed to a number of environmental risks. These risks are accentuated by climate change and include both physical risks caused by extreme weather events and transition risks resulting for example from government policies to mitigate carbon emissions. Increasing financial institutions' resilience to environmental shocks such as droughts or flooding is critical to avoiding large unexpected financial losses. To deal with the uncertainties of climate change the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) recommends the use of forward-looking scenario analysis in financial decision-making. For most financial institutions in emerging markets and developed markets alike environmental scenario analysis is, as of yet, uncharted territory.

To promote the integration of environmental scenario analysis into practice in financial decision making in South Africa, GIZ's Emerging Markets Dialogue on Finance (EMDF) and the University of Cambridge Institute for Sustainability Leadership's (CISL's) Centre for Sustainable Finance joined forces with the National Treasury of South Africa. The joint project provides a first step in building that capacity by producing tailor-made report for the financial sector and regulators on how to develop environmental scenario analysis relevant to the national context in South Africa. The new report, the results of which will be presented at the workshop, is a resource for practitioners to understand why and how to use such tools in their day-to-day operations.

WORKSHOP AGENDA

Moderation: *BASA, GIZ*

12.00-12.15 **Registration**

12.15 – 12:30 **Opening**

- Opening remarks

Pierre Venter, *General Manager Human Settlements, Market Conduct Division, Banking Association South Africa*

- Introduction to the project ***Makaio Witte**, Advisor, Emerging Markets Dialogue on Finance, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH*

12:30 – 14:00 **Session 1: Environmental Risk Scenario Analysis in South Africa**

- Presentation of the report's key findings and recommendations ***Dr Nina Seega**, Research Director for Sustainable Finance, University of Cambridge Institute for Sustainability Leadership*
 - Panel discussion:
 - How do financial institutions in South Africa currently deal with environmental risk?
 - What do banks need to incorporate environmental risks more systematically in their decision-making?
 - What can South Africa learn from other countries with regard to dealing with environmental risk?
- Moderation:*
***Dr Nina Seega**, CISL*
- Panelists:*
***Dino Lazaridis**, National Treasury of South Africa*
***Madeleine Ronquest**, Head of Environmental and Social risk, Climate Change FirstRand Group*

14:00 – 14:15 **Coffee Break**

Session 2: Group Work

14:15 – 14:45 **Part 1: Introduction** ***Dr Nina Seega**, CISL*

- Brief introduction of the participants
- What are the two priority sources of environmental risk for financial institutions in South Africa?

14:45 – 16:00 **Part 2: Environmental Risk Scenario Analysis Tools** ***Dr Nina Seega**, CISL*

- Working on case studies with the aim of answering:
 - Why is risk scenario analysis relevant for me and my organization?
 - How can I put it into practice?

16:00 – 16:15 **Wrap-up** *GIZ, BASA*
