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Please select the correct answer by marking the correct box below each question.

Example: Water Stewardship is best described as an environmental / social / governance issue

- Environmental issue
 Social issue
 Governance issue

Introduction to the carbon tax

Q1: What is the aim of the carbon tax?

- To incentivise companies to increase carbon emissions
- To shift consumer and investor behaviour towards supporting companies with increasing carbon emissions
- To incentivise companies to reduce carbon emissions as well as to shift consumer and investor behaviour towards supporting companies with lower carbon emissions
- To incentivise government to monitor their water usage and carbon emissions

When does the carbon tax come into effect?

Q2: True or false? The tax will be rolled out in phases, with the first phase being from 1 June 2019 to 31 December 2022 and the second phase from 2023 to 2030.

- True
- False

How the tax works

Q3: Private and public sector entities surpassing a certain threshold of emissions (specified in the National GHG Emissions Reporting Regulations) will be taxed. Which of the following statements is the correct one?

- A carbon tax of R1 000 will be charged for every tonne of carbon emissions released by these entities that exceed certain thresholds.
- A carbon tax of R120 will be charged for every kilo tonne of carbon emissions released by these entities that exceed certain thresholds.
- A carbon tax of R1 000 will be charged for every mega tonne of carbon emissions released by these entities that exceed certain thresholds.
- A carbon tax of R120 will be charged for every tonne of carbon emissions released by these entities that exceed certain thresholds.

ESG guidance for pension funds

Q4: What did the Financial Sector Conduct Authority (FSCA) issue recently to encourage better ESG disclosure and transparency by retirement and pension funds?

- The Directive on Incorporation of Water Related Risks in Retirement Funds
- The Guidance Note on the Impact of Carbon Tax on Retirement Funds
- The Guidance Note on Sustainability of Investments and Assets
- The Directive on Environmental Stewardship for Retirement Funds

The role of active ownership by pension funds and retirement funds

Q5: Proxy voting and engagement is important for institutional investors as: leadership for trustees?

- They have no shareholder rights in their investee companies
- They play a pivotal role in terms of proactively addressing matters such as greenhouse gas emissions through their investee companies' lending and financing practices
- They have no impact on investee companies when it comes to ESG issues such as greenhouse gas emissions
- As Regulation 28 legally requires them to publish proxy voting and engagement reports on an annual basis

Climate-change risk: Legal obligations of retirement and provident funds

Q6: Which statement is correct regarding climate change and the role of boards?

- Given the principles of Regulation 28 and that climate change poses a material risk likely to have an impact on the long-term performance of an asset, boards have a legal obligation to consider climate risk when making investments.
- Climate change poses no material risk to the long-term performance of an asset; therefore, it is irrelevant to boards when making investment decisions.
- There is currently no regulation in place requiring boards to consider issues such as the impact of climate change on investments.
- Boards should delegate all climate-related issues to their fund managers as it is not their duty or expertise to consider such matters.

Q7: True or false? In April 2019, two of Standard Bank's minority shareholders tabled Standard Bank's very first resolution on climate change risk. This was the first climate risk-related shareholder resolution to be tabled in South Africa.

- True
- False

Actionable steps for South African pension funds

Q8: What policy should boards have in place to ensure that climate change risks are identified and monitored?

- Board Code of Conduct Policy
- Ethical Leadership Policy
- Climate Change Policy
- Conflict of Interest Policy

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