

Pension funds put R1 bln into green energy

CAPE TOWN — The Metal Industries Benefit Funds Administrators (Mibfa) announced yesterday that it would invest up to R1 billion in the renewable energy sector.

Mibfa represents the interests of over 400 000 active members in the Engineering Industries Pension Fund and Metal Industries Provident Fund, collectively the largest private sector retirement fund with assets in excess of R90 billion.

Mibfa signed an agreement last week with Mergence Investment Managers, a 100% black-owned asset manager specialising in impact investment funds.

Impact investing — a growing

worldwide trend — seeks to generate financial returns while addressing environmental, social and governance needs.

Mibfa principal officer Omar Gire said the R1 billion investment in the Mergence Renewable Energy Debt Fund was in line with Mibfa's broader socially responsible investing objectives.

"Mergence's investment objectives in the renewable energy sector are aligned with our SRI [socially responsible investing] objectives in the areas of infrastructure, housing and job creation, as well as on a broader level with those of the government and the department of energy.

"The investment is also in line with the changes to Regulation 28 of the Pensions Fund Act, helping to mobilise funds into projects that promote ESG [environmental, social and governance] outcomes," Gire said.

Mergence Investment Managers will be providing debt financing to a number of the independent power producer projects approved by Eskom, in terms of the national renewable energy programme announced by government in August 2011.

Mergence portfolio manager Mark van Wyk said the fund supported projects with high percentages of community ownership and local content.

In this way it aimed to promote the local industry, job creation among the skilled, semi-skilled and unskilled workforces and significant levels of socio-economic development.

"The impact of our investments is carefully monitored, quantified and reported back to the investor in terms of our agreement with them," Van Wyk said.

"As a signatory to the Code for Responsible Investing in South Africa and the UN Principles for Responsible Investment, Mergence is furthermore the only South African fund manager ranked by the Global Impact Investment Rating System."

— Fin 24.