

Interconnectiveness sets the tone of post-Covid responsible investment

 By [Nicci Botha](#)

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What started off as a public health crisis in the form of Covid-19 is really started to bear down as a significant economic crisis. Yet, there is a theme of interconnectiveness that runs across climate change, virus pandemics and responsible investing. "We see this manifesting on a number of different fronts," Tarryn Sankar, head of listed credit, Futuregrowth, said.



Tarryn Sankar, head of listed credit, Futuregrowth

"Interestingly living through a pandemic, we experience it quite viscerally, so we see this interconnectiveness between human health and planetary health. How encroaching on planetary boundaries, biodiversity loss and trafficking in illegal wildlife introduces significant risks to human health. We see it in the interconnectiveness of financial and non-financial risks. And we also see it in the interconnectiveness between corporates and their environmental, social and governance," she said at a [webinar](#) hosted by *Daily Maverick*.

“ You can't make profits on a dead planet ”

Sankar explained that: "Corporates need to keep the communities that they serve healthy in order to make profits. So, where responsible investing really fits into all of this is by allowing investors to take a lens that is broader than just looking at profit maximisation in the short term for shareholder purposes. That allows us to consider all these financial and non-financial risks and importantly allocate capital in sustainable ways to these sustainable entities."

From a South African perspective, pension fund regulations have a very strong requirement for responsible investing and many South African institutional managers have signed up to the United Nations principles of responsible investment.

"But the concept of integrated thinking and really considering the balance of all stakeholders, not just shareholders, is a concept that has been around in South African investment lexicon for some years. What we are seeing is that Covid-19 is an acceleration of these trends that existed pre-Covid. So taking a broader view of both financial and non-financial risks become increasingly important when it is no longer appropriate to just consider sustainability of corporates in and of itself but really what we are looking for is resilience," Sankar said.

How do these corporates see themselves through and out of these crises includes understanding the social context? "The way that staff are treated, for example, the ability to pivot business models and have huge portions of staff work from home from a governance perspective, risk management, contingency planning and the ability to keep operations functioning in the wake of the global pandemic. It becomes increasingly important in understanding these risks. So the challenge really is being responsible funders and managing the short-term immediate needs of the crisis, while not losing sight of the long-term objective and the ultimate future economy that we are looking to build. So that is the real challenge that we are faced with as investment managers straddling both worlds," she said.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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