

Progress Towards an ESG Taxonomy and an ESG Information Hub: The Obligations of Pension funds

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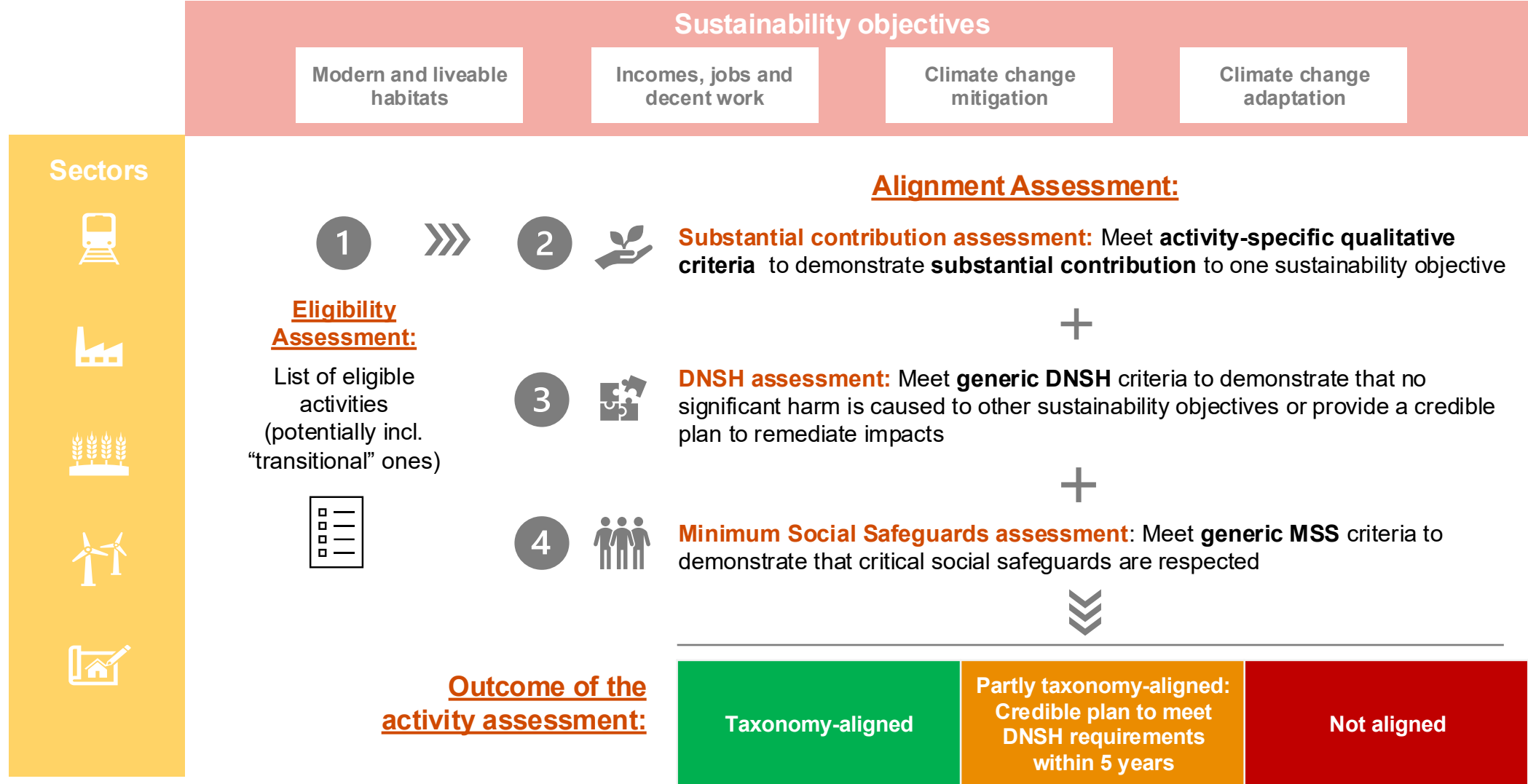
Why This Matters for Pension Funds & Supervisors

- Shifting Global Trends:** ESG is now central to how capital flows globally—African pension funds and regulators should adapt to drive sustainable development in the continent.
- Fiduciary Duty and Sustainable Investment Opportunities:** Integrating ESG factors helps pension funds manage long-term risks and secure better outcomes for beneficiaries from high impact, high potential investments.
- Supervisory Role:** Regulators need tools to oversee ESG risks, prevent greenwashing, and align with global best practices.
- Unlocking Global Capital:** ESG-aligned pension funds can attract co-investments from international sustainable finance players.
- Data and Standards Gap:** The ESG Hub and African Taxonomy intend to fill critical gaps in ESG data, disclosure, and sustainable investment criteria.

ESG Hub and Taxonomy: Complementary Initiatives

Feature	Centralized Africa ESG Hub	Africa ESG Taxonomy
Definition	A digital platform that aggregates, standardizes, and provides access to ESG data and disclosures from African businesses and projects. It will serve as a single access point for investors, regulators, and companies.	A classification system that defines which economic activities are environmentally and socially sustainable in the African context. It provides standards and criteria for what qualifies as “sustainable.”
Value Proposition	<ul style="list-style-type: none"> -Improve transparency, data availability, and ESG reporting. -Solves Africa’s ESG data gap- Enables investors to assess risks/opportunities- -Empowers African businesses to disclose ESG performance and improve visibility to sustainable and impact investors. 	<ul style="list-style-type: none"> -Reduces ambiguity about what is “green” or “sustainable”- Aligns Africa with global standards (like EU taxonomy) -Provides a framework for determining eligibility of investments and financial products for sustainable finance.
Scope	Covers ESG data collection, disclosure tools, analytics, reporting frameworks, and potentially links with taxonomies.	Focuses on categorizing activities as sustainable or not based on agreed criteria.
Outputs	<ul style="list-style-type: none"> - ESG profiles for Businesses and Investors, ESG data dashboards- Disclosure portals- Benchmarking tools- Analytics reports- Public access to company ESG performance 	<ul style="list-style-type: none"> - List of “sustainable” activities (e.g., renewable energy, sustainable agriculture)- Screening criteria for sectors- “Do No Significant Harm” (DNSH) principles- Minimum safeguards (e.g., labor, human rights)- and other requirements

Proposed Structure of the ESG Taxonomy



Core Philosophy of ESG Hub

- **Transparency over perfection** – prioritize incremental disclosure progress, not ESG scores or ranking.
- **Data accessibility and benchmarking** – unify sovereign and corporate ESG data in one platform.
- **Verified and permission-based disclosure** – empower businesses with full control of data sharing.
- **Soft compliance through incentives** – drive adoption through gamified tools and peer comparisons.
- **Alignment with regional and global standards** – incorporate frameworks such as ISSB, GRI, investor-aligned metrics and taxonomy.

Proposed Structure of ESG Hub

Three core components:

- **Data collection and aggregation:**
 - Bring together existing data
 - Incentivise new disclosure
 - Create benchmarks for disclosure consistency and depth
 - Data verification
- **Guidance and Resources**
 - General guidance section for all disclosers
 - Specific pathways for companies
 - Guidance for asset owners, sovereigns and regulators
- **Community for ESG Practitioners**
 - Directory of ESG Practitioners in Africa
 - Forums for Registered Members

Obligation for Pension Funds & Supervisors

Pension Funds

- **Use ESG Hub data to integrate ESG into investment decisions**
- **Disclose how ESG is factored into their portfolios** (especially for funds marketed as “sustainable”).
- **Align investments with African ESG Taxonomy criteria to qualify for green/sustainable finance labels and regulations – if and when they come.**

Supervisors

- **Mandate ESG reporting and monitor pension funds under regional/international frameworks for alignment with actual data of from ESG Hub.**
- **Develop rules requiring pension funds to report taxonomy alignment of their portfolios.**
- **Provide guidance on asset allocation to reflect sustainability aspirations.**

Opportunities for Pension Funds & Supervisors

Pension Funds

- Use the Hub to discover new sustainable investment opportunities in Africa via Hub data (e.g., renewable energy, green infrastructure).
- Use Hub data and tools to benchmark ESG performance and improve risk-adjusted returns
- Lead in financing Africa's just transition (e.g., sustainable agriculture, clean energy).
- Market taxonomy-aligned funds to attract global sustainability-conscious investors.

Supervisors

- Gain continent-wide insights into pension sector ESG exposure and leverage Hub data to design smarter supervision frameworks.-
- Shape Africa's taxonomy so it reflects local development priorities (e.g., energy access, job creation).
- Position African pension sectors in global sustainable finance markets.
- Encourage convergence across African countries to reduce fragmentation.

Closing Words

As African pension funds and supervisors, you hold the keys to mobilizing long-term capital for Africa's sustainable future. The ESG Taxonomy and ESG Information Hub are not just technical tools—they are enablers for stronger oversight, smarter investments, and unlocking global sustainable finance. Together, we can ensure that Africa's pensions not only secure retirements but also drive the continent's green and inclusive growth. The time to act is now.



Thank you



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