



Investments

Our responsible investing efforts are
rewarded with good ratings from the PRI

April 2024



The Principles for Responsible Investment (PRI)

The PRI is a United Nations-supported initiative and the world's leading advocate for responsible investing. It supports an international network of more than 3 500 investor signatories in incorporating environmental, social and governance (ESG) considerations into their investment and ownership decisions.

The six Principles of Responsible Investing are:

- 1 Incorporate ESG issues into investment analysis and decision-making processes
- 2 Incorporate ESG issues into our ownership policies and practices
- 3 Seek appropriate disclosure on ESG issues in the entities in which we invest
- 4 Promote acceptance and implementation of the Principles within the investment industry
- 5 Work together to enhance our effectiveness in implementing the Principles
- 6 Report on our activities and progress towards implementing the Principles

PRI signatories are required to perform mandatory annual assessments to assess the progress they are making in incorporating ESG considerations into their investment processes, and to highlight areas of improvement.

Responsible investing is important to us: it's about you

We have a fiduciary duty to not only achieve the best possible returns at acceptable levels of risk, but also to act in the best interest of the wider community and environment within which we operate. We do everything we can to protect our clients so that they can achieve their investment goals in the most responsible way possible. It is for this reason that we embarked on the journey to become a PRI signatory in 2008, although our processes had already included responsible investing considerations well before this time. We recognise our duty to investigate the impact of ESG-related issues on the performance of assets. We also promote responsible alpha (responsible and sustainable benchmark-beating returns) by ensuring that the company and the asset managers we select consider and evaluate the risks and opportunities arising from the consideration and incorporation of ESG factors.

PRI assessment

The PRI assesses the year-on-year progress of each signatory relative to its global peers. The assessment covers the following reporting modules:



Investment and Stewardship Policy

An organisation's overarching approach to responsible investing and how it is governed in the organisation.



Listed equity / Fixed income / Property / Private assets

How an organisation has integrated ESG considerations into the selection, monitoring and appointment of asset managers in each respective asset class category.



The PRI rating scale ranges from 1 star to 5 stars, with 5 stars reflecting the top-scoring signatories.

Our 2023 PRI Summary Scorecard (2022 calendar year)

	Star Rating	Our Score	PRI Median
Policy Governance & Strategy	☆☆☆☆	79%	☆☆☆
Indirect - Fixed income - Active	☆☆☆☆	84%	☆☆☆
Indirect - Fixed income - Passive	☆☆☆☆	80%	☆☆☆
Indirect - Infrastructure	☆☆☆☆	86%	☆☆☆☆
Indirect - Listed equity - Active	☆☆☆☆	81%	☆☆☆
Indirect - Listed equity - Passive	☆☆☆☆	81%	☆☆☆
Indirect - Private equity	☆☆☆☆	86%	☆☆☆
Indirect - Real estate	☆☆☆☆	84%	☆☆☆
Capacity building	☆☆☆	60%	☆☆☆☆

0 ≤ 25%



> 25 ≤ 40%



> 40 ≤ 65%



> 65 ≤ 90%



> 90 ≤ 100%



We are pleased to report that we have **maintained strong ratings** and are proud to have **scored above our global peers** across the majority of the reporting modules.

Our efforts in advancing the Principles

Our commitment to responsible investing is an integral part of our investment approach and forms part of our pursuit of aligning our operations with the PRI. We have taken decisive steps to fortify our stance on sustainability. This section serves as a testament to our ongoing efforts to evolve, improve, and innovate within the responsible investing landscape and how these efforts directly contribute to the Principles proposed in the PRI.

The below provides some background around some of the initiatives that we have introduced into our business that contributes to our continuous improvement in the space of responsible investing, with each initiative reinforcing our commitment to responsible investing and solidifying our role as a steward of responsible and impactful financial practices.



Climate change policies

We have recently launched our Climate Change Investment Policy, specifically tailored for investment processes, adhering to PRI Principle 1 by incorporating environmental issues into our investment analysis. We believe that by addressing climate risks in our portfolios, we actively contribute to positive environmental impact while safeguarding investments.

In alignment with PRI Principle 5, we have recently launched a groupwide Climate Change Policy to enhance our effectiveness in integrating sustainability considerations into our business practices and our overall decision-making processes. This policy reflects our commitment to sustainable practices, acknowledging climate change as a national priority.

By sharing our insights on sustainability and responsible investing matters, we contribute to the industry's understanding of ESG best practices and advocate for positive change.



Impact Centre of Excellence

In an effort to centralising our sustainability efforts and providing subject matter expertise, the Alexforbes Impact Centre of Excellence aligns with PRI Principles 1 and 2. The CoE ensures ESG considerations are integrated into investment decisions and ownership policies. Its focus on governance, standardization, collaboration, and performance measurement supports the principles, facilitating a more coordinated approach to responsible investing and enhancing outcomes for our clients.



Leadership in sustainability

Last year, we appointed a Group Head of Sustainability, underscoring our commitment to PRI Principles across our company. This strategic move supports Principle 1 and Principle 6 by ensuring that we have senior support in integrating relevant factors in our investment process and ensuring that we remain accountable in reporting on these efforts. Having a dedicated sustainability leadership position ensures that our commitment to PRI Principles extends to every facet of our business, strengthening our influence and impact.



Stewardship report

Active stewardship and engagement are fundamental to our role as an asset owner and as a fiduciary. In our ambition to both create and protect long-term value, we believe that it is important to take stock of where we are as an industry today. In the spirit of providing meaningful insights and measuring our responsible investing efforts, we launched our inaugural stewardship report in 2023 that aimed to highlight key insights related to responsible investing and ESG integration in South Africa.

To this end, our **Stewardship Report** aligns with all PRI Principles. By actively engaging with asset managers, being active owners, incorporating ESG into ownership policies and disclosing on ESG issues, the report's comprehensive insights contribute to the broader industry understanding of responsible investing. It showcases our commitment to transparency and accountability, embodying the Principles in our stewardship efforts, creating a foundation for a sustainable future.



Sustainability Insights

We have established a regular communication - Sustainability Insights - that echoes PRI Principle 4 and assists in promoting the acceptance and implementation of responsible investing practices within the industry.



Committed to promoting best practices

We invest in a range of Mercer Global Investment Funds PLC portfolios managed by Mercer. Mercer is a founding signatory to the PRI, helping shape its original statements and aims. For almost two decades, Mercer has continued to support and endorse both the PRI and other international organisations to promote best practice around the world.

Mercer has received recognition for their responsible investment strategy and governance by the PRI, proudly securing a 4-star rating in the investment stewardship and policy module, as well as six 4-star ratings across their \$390bn of assets under management in investment solutions spanning across public and private markets.

Overall, the high ratings received from the PRI validate our and Mercer's years of research and commitment to promoting best practices around RI.

We take responsible investing seriously. The PRI ratings reflect our continued efforts of becoming a leader in the field of RI and securing the best possible returns at acceptable levels of risk, sustainably, on behalf of clients. Over the years, our sustainability beliefs have been recorded in our responsible investing policy, outlining our philosophy

and approach to RI. This policy ultimately dictates how we practice responsible investing on behalf of our investor clients.

More information around our commitment to responsible investing is available [here](#).

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