

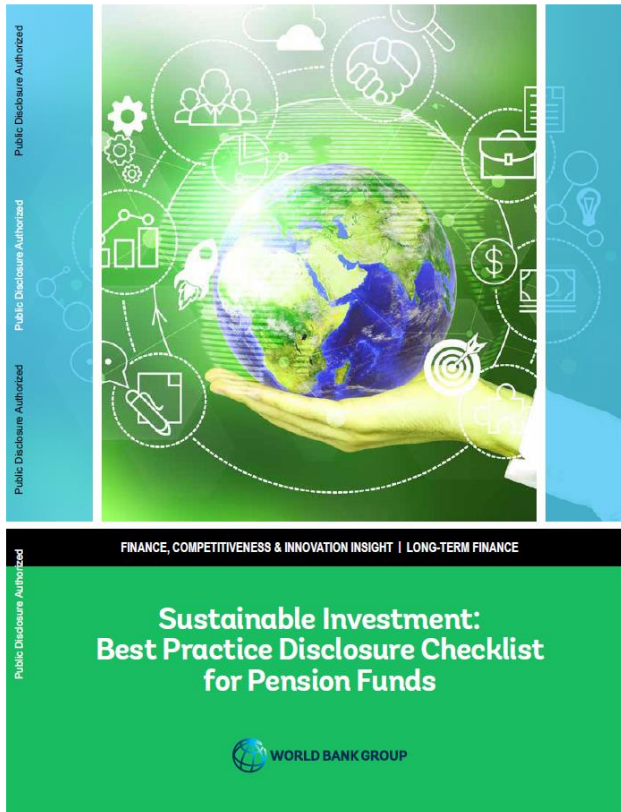
# African Pension Funds - Environmental, Social & Governance Factors Benchmarking Exercise

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# Project Background

- African Pension Supervisors Forum, representing pension supervisory authorities from across the African region, invited the team to review the approach to incorporation of ESG factors into decision making by pension funds across the region



# Initial Thoughts from Findings...

1. Pension funds as the main asset owners in the region are at the 'top of food chain' and can be catalysts for 'greening the financial systems' in the region (e.g. requesting reporting from co./ projects invest in)
2. This can be done:
  - Through regulation
  - Through building regional champions (e.g. large public pension funds)
3. Pension fund + capital market regulators will need to work together to build green financial frameworks
4. Regional approach is recommended – for example:
  - Regional taxonomy
  - Regional green bond guidelines
  - Regional training for regulators and pension funds
5. Stepped approach (learn from + 'leap frog' South African journey) – start voluntary + move in steps
6. Focus on transition as well as green instruments
7. Market context means will need guidance for non-listed assets (real estate/ PE etc.)

# Executive Summary Pension Fund Reporting

This project assessed a sample of Africa's pension funds on their sustainable investment related disclosure

Strengths in disclosure were:

1. All of the funds provide good disclosure about their organisation, including their history, ownership, mission, governance structure and legal obligations.
2. All of the funds provide information on their financial performance and strategy, although the level of detail varies.
3. All of the funds (except one) disclose their total assets under management, and most with some analytical breakdown.
4. Half of the funds provide information on the importance of sustainability to their investments.

There are common information gaps:

1. The funds provide limited information on their sustainable investment strategies.
2. The funds provide limited information on how sustainable investment is implemented, across their portfolios or in specific asset classes.
3. The funds provide limited information on delegated investment.

# Methodology Overview

- We assessed a sample of Africa's pension funds against a sustainable investment disclosure checklist.
- Through conversations with industry experts, funds were selected to be assessed that would illustrate best practice whilst also considering geography and significance.

Name	Country
Botswana Public Officers Pension Fund	Botswana
Debswana Pension Fund	Botswana
National Social Security Fund	Kenya
Government Institutions Pension Fund	Namibia
Stanbic IBTC	Nigeria
National Social Security Fund	Uganda
National Pension Scheme Authority	Zambia

Name	Country
Government Employees Pension Fund	South Africa
Old Mutual SuperFund	South Africa
The Sanlam Umbrella Fund	South Africa
Sentinel Retirement Fund	South Africa
Alexander Forbes	South Africa
Eskom Pension and Provident Fund	South Africa

# The Key Elements of the Checklist

## About the Organisation

- Core information about the organisation, including its size, its investments, its objectives and its mandate.

## Governance and Strategy

- Information about the organisation's investment beliefs, strategy, policies, objectives and targets, and governance.

## Sustainable Investment by Asset Class

- Information about the organisation's approach to investment decision-making and active ownership in its major asset classes.

## Delegated Investment

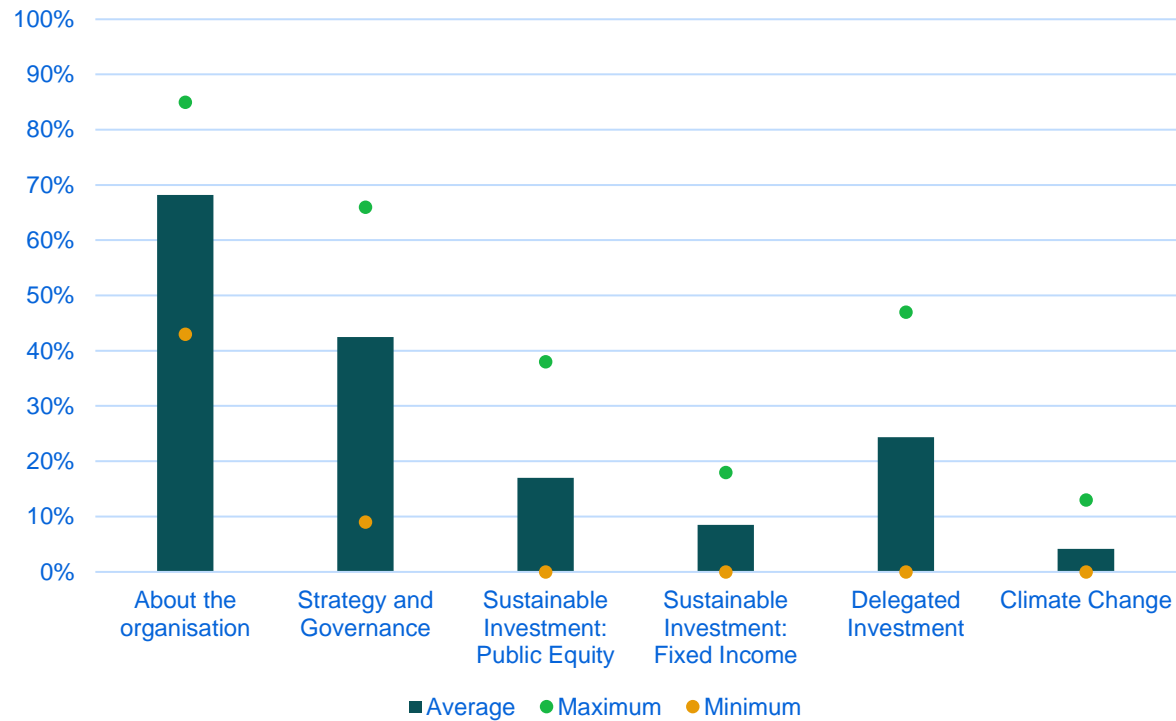
- Information about how the organisation outsources investment management.

## Climate Change

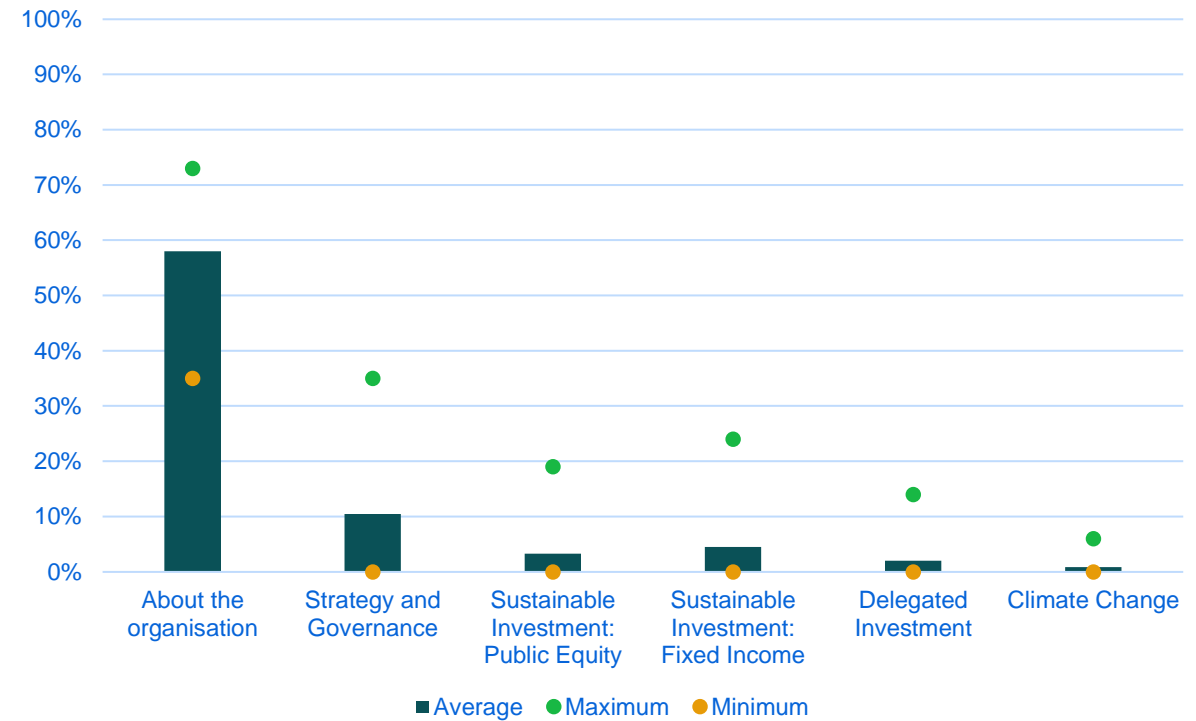
- Information about the organisation's approach to climate change in its investment process.

# Overall Results

Summary results of South African funds showing average, maximum, and minimum scores for each framework section

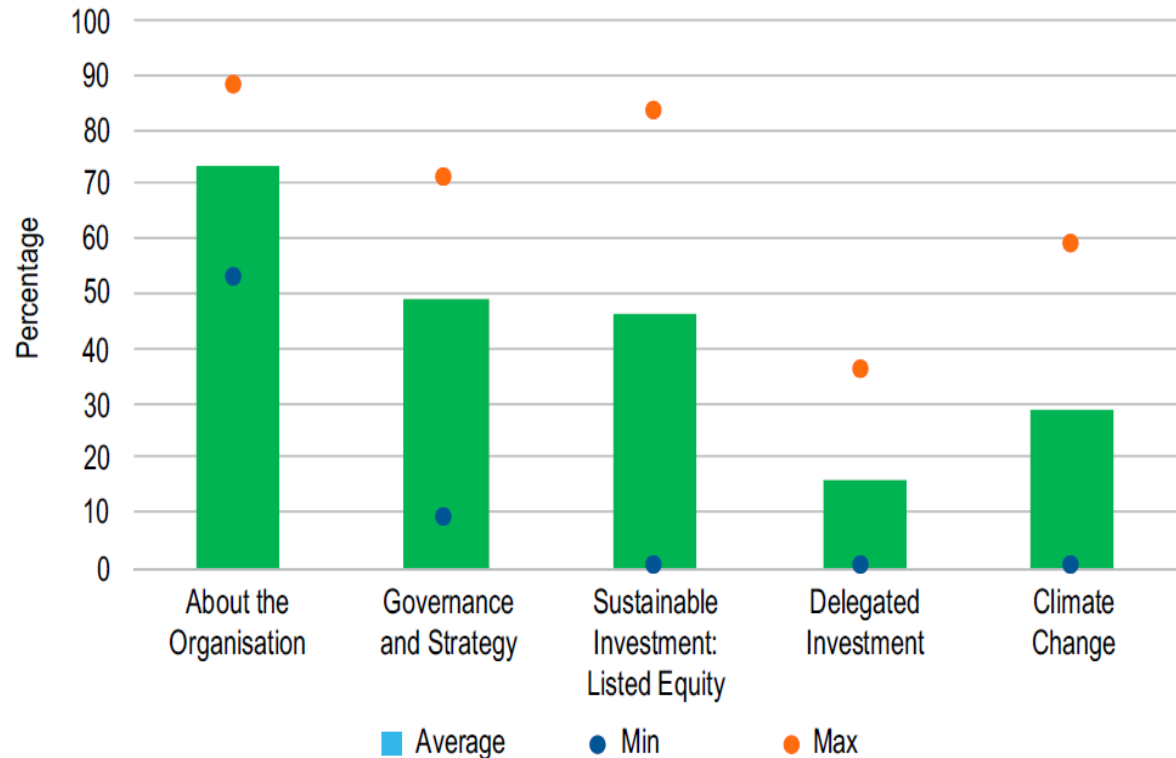


Summary results of African funds (ex South Africa) showing average, maximum, and minimum scores for each framework section

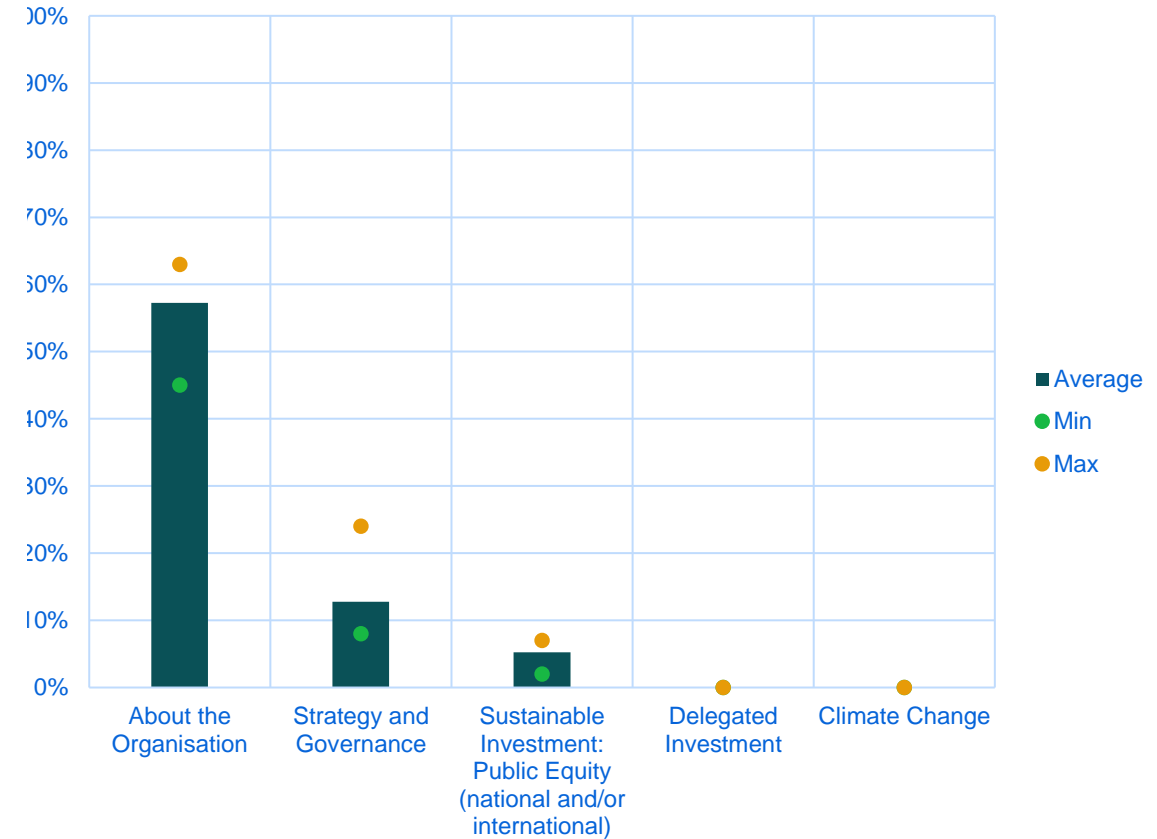


# Comparison Results Other Regions

## Summary Results: Global Pension Funds



## Summary Results: Colombian Pension Funds





# About the Organisation: Results

**Aim: To determine whether the pension fund provides core information about itself (e.g. size, investments, objectives).**

Question		African funds (ex South Africa)							South African Funds						
1.1.1	Has the organisation provided an overview of its history including the reasons for its creation?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	
1.1.2	Has the organisation explained the origins of its wealth (i.e. how it is funded)?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
1.1.3	Has the organisation described its ownership structure?	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes	Yes	
1.2.1	Has the organisation described its overarching mission and objectives?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	
1.2.2	Has the organisation described the legal and other obligations that apply to it? Note: These include sustainability-related obligations, and other obligations that affect its approach to sustainability.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	
1.3.1	Has the organisation published an annual report describing its overall performance and strategy?	Partial	Yes	Partial	Yes	Partial	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	
1.3.2	Has the organisation reported on its investment performance over at least three years?	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	
1.3.3	Has the organisation published details of its overall governance structure?	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes	Yes	
1.3.4	Has the organisation published the names of its board of directors?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
1.3.5	Has the organisation published the names of its senior management team?	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
1.4.1	Has the organisation stated its total assets under management?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	
1.4.2	· By asset class?	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No	Yes	
1.4.3	· By geography (domestic versus international)?	Yes	Yes	Partial	Partial	No	No	No	No	Yes	Yes	Yes	No	Yes	
1.4.4	· By whether the assets are internally or externally managed?	Partial	No	No	Yes	No	No	No	Partial	Yes	Yes	Yes	No	Yes	
1.4.5	· By whether the assets are actively or passively managed?	No	No	No	No	No	No	No	No	Partial	Yes	No	No	No	
1.4.6	· In terms of the proportion that are covered by ethical screens?	No	No	No	No	No	No	No	No	No	No	No	No	No	
1.4.7	· In terms of the proportion that are covered by active ownership strategies?	No	No	No	Yes	No	No	No	Partial	No	Partial	No	No	Yes	
1.4.8	· In terms of the proportion where sustainability-related issues are explicitly integrated into the investment research and decision-making process?	No	No	No	No	No	No	No	No	No	Partial	No	No	Yes	
1.4.9	· In terms of the proportion that are invested in sustainability-related areas?	No	No	No	No	No	No	No	No	No	Yes	No	No	Partial	
1.5.1	Has the organisation had its sustainable investment-related reporting assured or otherwise reviewed by an external party?	No	No	No	No	No	No	No	No	No	No	No	No	No	

# About the Organisation: Best Practice Examples

## Botswana Public Officers Pensions Fund

### Fund Rules and amendments

The Botswana Public Officers Pension Fund is a legal entity, which was created in accordance with the provisions of the Pensions and Provident Fund Act, 1987 as well as the associated Pensions and Provident Funds Regulations, 1988.

Upon registration the Fund formulated its own Rules, which serve to guide the management of functions of the Fund. The rules of the BPOPF are binding on members, trustees and officers.

The provisions of the Income Tax also govern the Fund particularly the Income Tax (Superannuation Funds) Regulations, 1995. The Income Tax Act and all other relevant Acts mentioned above can be acquired from Botswana Government Printers Bookshop.

- Retirement Funds Act 2014
- Retirement Funds Regulations
- Rules of the Botswana Public Officers Pension Fund 2020
- BPOPF BURS Approved Rules – April 2020

<https://www.bpopf.co.bw/fund-rules-and-amendments>

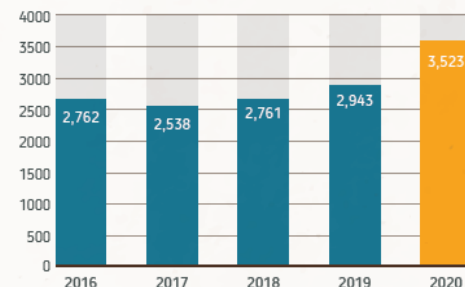
<https://www.bpopf.co.bw/sites/default/files/publications/2020%20Annual%20Report%20-%20Final%20Digital.pdf>



### CONTRIBUTIONS RECEIVED AND ACCRUED

The Fund receives a percentage of members' pensionable salaries as contributions. Contributions received increased by 20% during the reporting period, from P2.9 billion in 2019 to P3.5 billion in 2020. This result is mainly due to members' annual salary increases.

### INCREASE IN CONTRIBUTIONS RECEIVED (P'MILLION)



## Government Employees Pension Fund (GEPF)

### 2.2 ASSETS ARE INVESTED IN A RANGE OF ASSET CLASSES CONSISTING OF:

- Equities (shares in listed and unlisted companies);
- Fixed interest instruments;
- Money market instruments;
- Property; and
- Other investment instruments.

Guidelines have been set for the various asset classes and funds are invested accordingly to allow for a balanced portfolio. The approved guidelines and actual asset allocation for the financial year under review are as follows:

Asset classes	Guideline	Actual
	%	% At 31 March 2020
Cash and money markets	0 – 8	3
Domestic bonds	26 – 36	36
Domestic property	3 – 7	4
Domestic equity	40 – 55	47
Africa (ex SA) equity	0 – 5	2
Foreign bonds	0 – 4	2
Foreign equity	1 – 5	6
<b>Total</b>	<b>100</b>	<b>100</b>

<https://www.gepf.co.za/wp-content/uploads/2020/11/GEPF-IR-2020.pdf>

<https://www.gepf.gov.za/board-of-trustees/>

# Governance and Strategy: Results (1 of 2)

**Aim: To determine whether the pension fund provides information about its investment beliefs, strategy, policies, objectives and targets, and sustainability governance.**

Question		African Funds (ex South Africa)							South African Funds						
2.1.1	Has the organisation published its investment beliefs?	No	Partial	No	Partial	No	No	No	Yes	Yes	Yes	Yes	Partial	Yes	
2.1.2	Do the investment beliefs set out the organisation's views on the relevance of sustainability to its investment practices, processes and performance?	No	Partial	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Partial	Yes	
2.1.3	Does the organisation explain how sustainability-related issues create long-term investment value?	No	No	No	Yes	No	No	No	Partial	Yes	Yes	Yes	Partial	Yes	
2.1.4	Does the organisation define what it means by 'long term'?	No	Yes	No	No	No	Yes	No	No	Yes	Yes	No	No	Yes	
2.2.1	Has the organisation described its investment strategy, explaining how it will deliver on its investment beliefs?	No	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	
2.2.2	Has the organisation explained how sustainability is integrated into its risk management processes?	No	No	No	Partial	No	No	No	No	No	No	Yes	No	Partial	
2.2.3	Has the organisation identified its material sustainability-related issues?	No	No	No	Yes	No	Partial	No	Yes	Partial	Yes	No	Partial	Yes	
2.3.1	Does the organisation specify its investment objectives, e.g. by highlighting the benchmarks it uses to track and assess performance?	No	Yes	No	No	No	Partial	No	Partial	Yes	No	Yes	No	Yes	
2.3.2	Does the organisation specify the timeframes over which it assesses performance?	No	Yes	No	No	No	Yes	No	No	Yes	No	No	No	Yes	
2.4.1	Has the organisation published an overarching sustainable investment policy or similar document?	No	No	No	Yes	Yes	No	No	Yes	Partial	Yes	Yes	No	Yes	
2.4.2	Specify the coverage of the policy (in terms of the asset classes and AUM covered by the policy)?	No	No	No	Yes	No	No	No	Partial	Partial	Yes	Yes	No	Yes	
2.4.3	Identify any exceptions to the policy?	No	No	No	Yes	No	No	No	Partial	No	Yes	Yes	No	Yes	
2.4.4	Describe the integration of sustainability-related issues into its investment decision-making?	No	No	No	No	No	No	No	Partial	No	Yes	Partial	No	Yes	
2.4.5	Describe the organisation's approach to active ownership/engagement?	No	No	No	Yes	No	No	No	Yes	Partial	Yes	Yes	No	Yes	
2.4.6	Describe the organisation's approach to voting its listed equities holdings (if relevant)?	No	No	No	Yes	No	No	No	Yes	Yes	Yes	Yes	No	Yes	
2.4.7	Describe the organisation's approach to climate change?	No	No	No	No	No	No	No	No	No	Partial	No	No	No	
2.4.8	Has the organisation published a policy on managing conflicts of interest in its investment process?	No	No	No	No	No	No	No	Yes	Yes	No	Yes	No	Partial	
2.5.1	Has the organisation identified its key stakeholders?	No	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	
2.5.2	Has it indicated which of these it has engaged with?	No	Yes	No	No	No	Yes	No	Yes	No	Yes	Yes	Partial	Partial	
2.5.3	Has it identified the key issues raised by these stakeholders and the actions taken as a result?	No	Partial	No	No	No	No	No	Yes	No	No	No	No	Partial	

# Governance and Strategy: Results (2 of 2)

**Aim: To determine whether the pension fund provides information about its investment beliefs, strategy, policies, objectives and targets, and sustainability governance.**

Question		African Funds (ex South Africa)							South African Funds						
2.6.1	Has the organisation published objectives and targets for its sustainable investment activities?	No	No	No	No	No	No	No	Partial	Yes	Partial	No	No	Yes	
2.6.2	Are the objectives and targets SMART (specific, measurable, achievable, realistic, time bound)?	No	No	No	No	No	No	No	No	No	No	No	No	Yes	
2.6.3	Has the organisation explained how the targets are to be achieved?	No	No	No	No	No	No	No	No	No	No	No	No	Yes	
2.6.4	Has the organisation set key performance indicators (KPIs) to assess progress towards the targets?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.6.5	Has the organisation reported on progress against the targets?	No	No	No	No	No	No	No	No	Partial	No	No	No	Yes	
2.6.6	Has the organisation described the factors that have affected its performance against these targets?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.7.1	Has the organisation specified who is responsible for oversight of the sustainable investment policy?	No	No	No	Yes	No	No	No	Yes	Partial	Yes	Yes	No	Yes	
2.7.2	Has the organisation specified who is responsible for implementation of the sustainable investment policy?	No	No	No	Yes	No	No	No	No	Partial	Yes	Yes	Partial	Yes	
2.7.3	Has the organisation stated who is responsible for the delivery of the targets?	No	No	No	No	No	No	No	No	No	No	No	No	Partial	
2.7.4	Has the organisation described how sustainable investment is incorporated in performance management and reward processes?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.7.5	Has the organisation described how sustainable investment is incorporated in personal development processes (e.g. training)?	No	No	No	No	Partial	No	No	No	No	Yes	No	No	No	
2.8.1	Has the organisation listed the sustainable investment initiatives it is a member of/signatory to?	No	No	No	Yes	No	No	No	No	Yes	Yes	Yes	Partial	No	
2.8.2	Has the organisation listed the sustainability-related codes and other commitments it has made?	No	No	No	No	No	No	No	No	No	Partial	Yes	No	Yes	
2.9.1	Has the organisation reported on its dialogue with public policy makers or regulators in support of sustainable investment?	No	No	No	No	No	No	No	No	Yes	No	No	No	No	
2.9.2	Has the organisation published copies of the sustainable investment-related submissions it has made to governments, regulators or public policy-makers?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.10.1	Has the organisation undertaken sustainability-related scenario analysis and/or modelling?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.10.2	If yes, has it provided a description of the scenario analysis?	No	No	No	No	No	No	No	No	No	No	No	No	No	
2.10.3	Has the organisation described whether and how it considers ESG issues in asset allocation decisions?	No	No	No	Yes	No	No	No	No	No	Yes	No	No	Partial	
2.10.4	Has the organisation indicated the percentage of its total AUM invested in sustainability-themed areas?	No	No	No	No	No	No	No	No	No	Yes	No	No	Yes	
2.10.5	Has the organisation reported on the overall sustainability performance and impact of its investment portfolio?	No	No	No	No	No	No	No	No	No	Partial	No	No	Partial	






# Governance and Strategy: Best Practice Examples (2 of 2)

## National Social Security Fund Uganda

### STAKEHOLDER ENGAGEMENT AND APPROACH

Building and maintaining mutually rewarding relationships with our stakeholders is integral to our success and commitment to deliver value now and for a better life in the future

The tables below demonstrate our commitment, engagement and quality of our relationships with key stakeholders through the value we have delivered.

Our Stakeholders	Why we engage	Our commitment to members	How we engage	Value delivered
 <b>Members</b>  <b>Strategic goal</b> Empowering our members to build secure social security nets	<ul style="list-style-type: none"> <li>Our members are the principal owners of the Fund and direct beneficiaries of Fund services</li> <li>We engage to build a greater understanding of their changing needs to be able to provide relevant and high levels of service. This helps us retain quality customers and attract new ones</li> </ul>	<ul style="list-style-type: none"> <li>Excellent customer experience</li> <li>Convenience</li> <li>Trust and responsibility</li> <li>Response to feedback</li> <li>Complaints resolution</li> <li>Efficiency through digital innovation</li> </ul>	<ul style="list-style-type: none"> <li>Surveys across all touch points and services</li> <li>Annual Members Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Profitability and competitive returns</li> <li>Financial skills and knowledge through the Financial Literacy campaign</li> <li>Efficient service through digital enablement</li> </ul> 
<b>Risks</b>	<ul style="list-style-type: none"> <li>Poor service delivery due to unskilled staff resulting in customer dissatisfaction and negative impact on reputation</li> </ul>			
<b>Mitigating response and opportunities</b>	<ul style="list-style-type: none"> <li>We are open to feedback and acknowledge when things go wrong to be able to improve our services</li> <li>Identifying staff training needs and understanding their pain points to improve business processes and automation</li> </ul>			
<b>Did we deliver?</b>  	<ul style="list-style-type: none"> <li>Achieved 97.1% satisfaction rate during customer connect week</li> <li>Overall customer satisfaction of 88%</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  MEETING EXPECTATIONS                 </div> <div style="text-align: center;">  FALLING SHORT OF EXPECTATIONS                 </div> </div>			

[NSSF Annual Report 2020.pdf \(nssfug.org\)](https://www.nssfug.org/NSSF_Annual_Report_2020.pdf)

## Sentinel Retirement Fund

### SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

#### KPI – Being a responsible investor

Objective	Outcome – 2020
Changing corporate behaviour to ensure the long-term sustainability of investments.	<p>International trends and developments have increased the focus on delivering sustainable development goals and mitigating the impact of climate change. Integral to this approach is the integration of ESG risk factors into risk management systems and ensuring that these are identified and mitigated in current and future investment portfolios.</p> <ul style="list-style-type: none"> <li>The responsible investing and ownership policy as set out in the Fund's Investment Policy Statement (IPS) sets the fiduciary framework and stance on sustainability. The policy is recommended by the Investment Committee for approval by the Board</li> <li>The stewardship activities are implemented through proxy voting and engagement underpinned by policies and guidelines. These guidelines are reviewed and approved by the Investment Committee on an annual basis</li> <li>As a multi-managed fund, ESG integration is achieved through investment managers who are allocated mandates to manage the Fund's assets.</li> </ul> <p>The Fund is a significant institutional investor in private and listed securities and recognises that exercising the ownership rights that are attached to those securities are a fiduciary duty and a necessary part of that ownership. The Fund acknowledges this fiduciary duty to preserve and enhance value in the interests of all the beneficiaries on whose behalf it invests. In this 2019/2020 ownership disclosure, we share our approach to stewardship and an overview of our stewardship activity during 2019/2020.</p> <p>The Fund follows a holistic approach to responsible investing and ownership. A Board-approved responsible investing policy provides a robust framework. Implementation is driven by a proxy voting policy, guidelines and a focused engagement policy and programme. Our responsible investing policy is based on three pillars:</p> <ul style="list-style-type: none"> <li>Active ownership through proxy voting and engagement</li> <li>ESG integration through external investment managers</li> <li>Allocation to targeted impact investments.</li> </ul>

[sentinel-integrated-annual-report-2020.pdf \(sentinel-reports.co.za\)](https://www.sentinel-reports.co.za/sentinel-integrated-annual-report-2020.pdf)

# Reporting by Asset Class: Results

**Aim: To determine whether the pension fund provides information about its approach to investment decision-making and active ownership in its major asset classes.**

Question	African Funds (ex South Africa)							South African Funds						
	Public Equity													
Public Equity.1.1	Does the organisation describe its approach to assessing and managing sustainability-related issues in the asset class? Note: This may be screening, best in class, enhanced due diligence	No	No	No	Yes	No	No	No	Partial	Yes	Yes	No	No	No
Public Equity.1.2	Does the organisation describe any variations in its approach across the asset class?	No	No	No	Yes	No	No	No	No	No	Yes	No	No	No
Public Equity.1.3	Does the organisation describe how its approach affects its investment decisions (e.g. narrowed the investment universe, influenced buy-sell decisions)?	No	No	No	No	No	No	No	No	Partial	No	No	No	No
Public Equity.1.4	Does the organisation describe how its approach affects the composition of its portfolio?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.1.5	Does the organisation describe how its approach has affected its financial performance or the financial characteristics (e.g. tracking error) of its portfolio?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.1.6	Does the organisation describe how its approach has affected the sustainability performance of its portfolio?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.1.7	· All of its holdings in the asset class?	No	No	No	Yes	No	Partial	Partial	No	No	Partial	No	No	No
Public Equity.1.8	· The percentage of the asset class in sustainability-related investments?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.1.9	· The sustainability-related characteristics of the asset class?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.2.1	Does the organisation describe how it engages with the companies/entities/assets in which it is invested?	No	No	No	Yes	No	No	No	Yes	No	Yes	Partial	No	Yes
Public Equity.2.2	Does the organisation describe how this engagement has influenced the sustainability-related performance of these companies/entities/assets?	No	No	No	No	No	No	No	Partial	No	No	No	No	No
Public Equity.2.3	· The number of engagements carried out?	No	No	No	No	No	No	No	Partial	Yes	Yes	No	No	Yes
Public Equity.2.4	· The engagement strategies/approaches used?	No	No	No	No	No	No	No	No	Yes	Partial	No	No	No
Public Equity.2.5	· The proportion of the portfolio covered by engagement?	No	No	No	No	No	No	No	No	Yes	Yes	No	No	No
Public Equity.2.6	· The subjects (topics) of engagement?	No	No	No	No	No	No	No	No	Partial	Partial	No	No	Yes
Public Equity.2.7	· The objectives of its engagement?	No	No	No	No	No	No	No	No	Partial	No	No	No	No
Public Equity.2.8	· The outcomes (i.e. changes in company practice) achieved from engagement?	No	No	No	No	No	No	No	No	Partial	No	No	No	No
Public Equity.3.1	Does the organisation specify the shareholder meetings at which it voted its shares?	No	No	No	No	No	No	No	No	Yes	No	No	No	No
Public Equity.3.2	Does the organisation report on the number of votes for and against management, and the number abstained?	No	No	No	No	No	No	No	No	Yes	No	No	No	Yes
Public Equity.3.3	Does the organisation comment on the reasons for abstentions and votes against management?	No	No	No	No	No	No	No	No	No	No	No	No	No
Public Equity.3.4	Does the organisation comment on the outcomes (i.e. changes in company practice) achieved through voting?	No	No	No	No	No	No	No	No	No	No	No	No	No

Note: Public Equity results are presented here as it is the asset class on which funds provided the best disclosure.

Disclosure on other asset classes was of a similar or worse level.

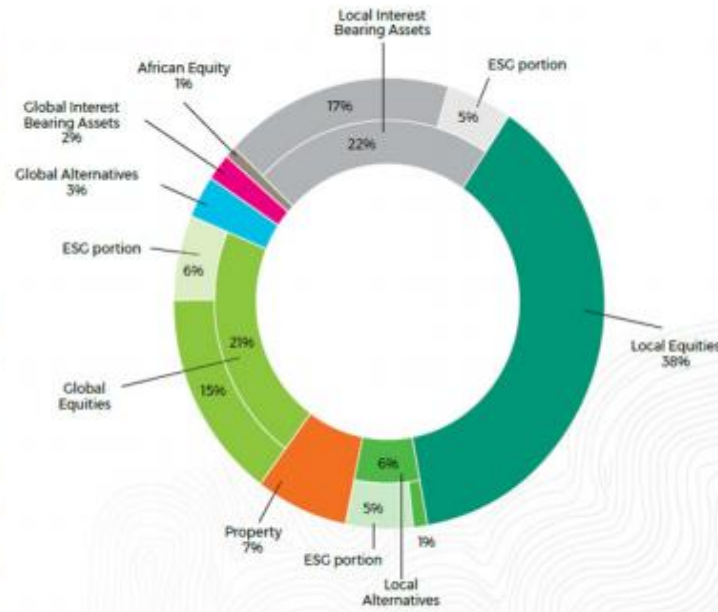
# Reporting by Asset Class: Best Practice Examples

## Old Mutual SuperFund

### How does Old Mutual SuperFund stack up?

The SuperFund Management Board requires all of our investment managers to incorporate Environmental, Social and Governance factors into their investment processes. We engage annually with all our asset managers in detail about how they approach sustainable and responsible investing. We score the managers on their ESG processes and philosophy so that we can identify areas that may need further development.

We have set particularly stringent criteria for the primary default portfolio used by SuperFund (the Old Mutual Absolute Stable Growth Portfolio, or AGP). As a first step, we require AGP to thoroughly integrate ESG factors into investment decisions for all asset classes. The local and global equities and bonds are managed with ESG factor integration in mind, accompanied with active ownership through voting. However, we also require AGP to incorporate assets which have directly targeted ESG outcomes (or put simply, 'investing for good'). Approximately 16% of the underlying assets are directly targeted to ESG outcomes across the different asset classes as illustrated below:



[https://www.oldmutual.co.za/v3/assets/blt0554f48052bb4620/blt84ef5afec87d20c6/60703e2ab75906764b1a4415/sf\\_member\\_investment\\_update\\_q1\\_2021.pdf](https://www.oldmutual.co.za/v3/assets/blt0554f48052bb4620/blt84ef5afec87d20c6/60703e2ab75906764b1a4415/sf_member_investment_update_q1_2021.pdf)

# Delegated Investment: Results

**Aim: To determine if the organisation provides information about how the organisation outsources investment management.**

Question		African Funds (ex South Africa)							South African Funds						
7.1.1	Does the organisation describe how sustainability-related issues are managed by its external investment managers?	No	No	No	Yes	No	No	No	No	Partial	Yes	Partial	Partial	Yes	
7.1.2	Does the organisation specify the sustainability-related strategies (e.g. screening, integration) that are to be applied by its external investment managers?	No	No	No	Partial	No	No	No	Yes	Partial	Partial	No	No	Partial	
7.1.3	Does it explain how these differ between investment managers or between asset classes?	No	No	No	No	No	No	No	No	Yes	Partial	No	No	No	
7.1.4	Does the organisation describe how its investment managers are rewarded for their sustainability-related performance?	No	No	No	No	No	No	No	No	No	No	No	No	No	
7.1.5	Does the organisation explain how rewards and incentives align with its investment beliefs, policies and objectives?	No	No	No	No	No	No	No	No	No	No	No	No	No	
7.2.1	Does the organisation describe the sustainability-related information it typically reviews when selecting external investment managers?	No	No	No	Partial	No	No	No	Yes	Partial	No	Yes	Partial	No	
7.2.2	Does the organisation explain how sustainability-related information is incorporated into manager selection processes?	No	No	No	No	No	No	No	Yes	Partial	No	Yes	No	No	
7.2.3	Does the organisation specify what proportion of manager selection processes take account of sustainability-related information?	No	No	No	No	No	No	No	Yes	No	No	Yes	No	No	
7.2.4	Does the organisation explain how sustainability-related information has influenced decisions on manager selection?	No	No	No	No	No	No	No	Partial	No	No	No	No	No	
7.2.5	Does the organisation explain how these decisions differ from those that would otherwise have been made?	No	No	No	No	No	No	No	No	No	No	No	No	No	
7.3.1	Does the organisation describe how sustainability-related issues are incorporated into manager requirements (e.g. mandates)?	No	No	No	Partial	No	No	No	Yes	Partial	No	Yes	Partial	No	
7.3.2	The investment performance benchmarks (or other expectations) it sets for its external investment managers?	No	No	No	No	No	No	No	No	No	No	No	No	No	
7.3.3	The sustainability-related performance objectives (or other expectations) it sets for its external investment managers?	No	No	No	No	No	No	No	Partial	No	Partial	No	No	No	
7.3.4	The sustainability-related incentives it provides to its external investment managers?	No	No	No	No	No	No	No	No	No	No	No	No	No	
7.3.5	The sustainability-related reporting it requires from its investment managers?	No	No	No	No	No	No	No	Yes	Partial	Yes	Yes	Yes	Partial	
7.3.6	The actions it takes if investment managers do not meet their contractual obligations or do not perform in line with the organisation's policies and other commitments?	No	No	No	No	No	No	No	Yes	No	No	No	No	No	
7.4.1	Does the organisation describe how it monitors and reviews the sustainability-related performance of its external investment managers?	No	No	No	No	No	No	No	Partial	No	No	Partial	No	No	
7.4.2	Does the organisation report on the sustainability-related performance of its external managers?	No	No	No	No	No	No	No	No	No	No	No	No	No	



# Delegated Investment: Best Practice Examples

## Alexander Forbes

### 2.3.3 Engagement

The management of the assets has been outsourced to a multimanager and the ESG policy recognises this. Where the multimanager is unable to meet the requirements of the fund's policy, the multimanager will be engaged to encourage them to implement these requirements over time.

The fund requires the multimanager to be a signatory of the UNPRI and to endorse CRISA.

The fund has adopted an investment approach of monitoring responsible investment through active engagement with the multimanager, rather than through negative or positive screening. The multimanager has adopted the investment approach of engagement and explicit interaction in its own investment process.

The fund expects the multimanager to inform the trustees of any changes to the multimanager ESG related policies and how these policies are being implemented.

The multimanager is to report back to the trustees in respect of any regulatory changes on how the issue was handled and the anticipated consequence to its ESG policies.

### 2.3.9 Reporting

Given the context of the fund's assets being managed in a multimanager arrangement, the trustees considered the five principles of CRISA and with the multimanager determined how the multimanager is able to implement each of the principles and how these will be extended into the future.

The principles, expectation of the multimanager and performance against these principles have been formalized and a framework developed that is included at the end of this appendix. The asset consultant will report on this on an annual basis.

Details on the fund's ESG policy, its implementation and the monitoring thereof will be communicated to members through the fund's regular publications such as the annual report and the quarterly newsletter from time to time.

Over time, as reporting systems and technology improve, the trustees will consider increasing the level of detail provided in the fund's ESG-related reporting to members.



[Annexures to IPS - Feb 2020.pdf](#)  
([alexanderforbes.co.za](http://alexanderforbes.co.za))

## Eskom Pension and Provident Fund

### Listed Equity and Fixed Income Strategies

SAM 01	Mandatory	Public	Gateway	PRI 1
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SAM 01.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

#### Active investment strategies

Active investment strategies	Listed Equity				
Screening	<input type="checkbox"/>				
Thematic	<input checked="" type="checkbox"/>				
Integration	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>				

#### Passive investment strategies

Passive investment strategies	Listed Equity				
Screening	<input type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input type="checkbox"/>				
None of the above	<input checked="" type="checkbox"/>				

[https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_Eskom%20Pension%20and%20Provident%20Fund\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Eskom%20Pension%20and%20Provident%20Fund_2020.pdf)

# Climate Change: Results

**Aim: To determine if the organisation provides information about its approach to climate change in its investment process.**

Question		African Funds (ex South Africa)							South African Funds						
8.1.1	Has the organisation described its board oversight of climate-related risks and opportunities?	No	No	No	Yes	No	No	No	No	No	Yes	No	Yes	No	
8.1.2	Has the organisation described management's role in assessing and managing climate-related risks and opportunities?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.2.1	Has the organisation described the climate-related risks and opportunities it has identified?	No	No	No	No	No	No	No	No	No	Partial	No	No	No	
8.2.2	Has the organisation described the impact of climate-related risks and opportunities on its investments and on its businesses, strategy and financial planning?	No	No	No	No	No	No	No	No	Partial	No	No	No	No	
8.2.3	Has the organisation described the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.2.4	Has the organisation described the scenarios it has used in its modelling?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.2.5	Has it described the results of its modelling?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.2.6	Has it explained how the results of the modelling have influenced its investment decisions?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.3.1	Has the organisation described its processes for identifying and assessing climate-related risks?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.3.2	Has the organisation described its processes for managing climate-related risks?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.3.3	Has the organisation described how processes for identifying, assessing and managing climate-related risks are integrated into its overall risk management processes?	No	No	No	No	No	No	No	No	No	No	No	Partial	No	
8.4.1	Has the organisation described the metrics it uses to assess climate-related risks and opportunities in line with its strategy and risk management process?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.4.2	Has the organisation disclosed its portfolio-related Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.4.3	Has the organisation indicated the percentage of its total AUM in investments that support the low carbon transition?	No	No	No	No	No	No	No	No	No	No	No	No	No	
8.4.4	Has the organisation indicated the percentage of its total AUM in investments that support effective adaptation?	No	No	No	No	No	No	No	No	No	No	No	Partial	No	
8.4.5	Has the organisation described the targets it uses to manage climate-related risks and opportunities, and its performance against the targets?	No	No	No	No	No	No	No	No	No	No	No	No	No	

# Climate Change: Key Findings & Best Practice Examples

**Aim: To determine if the organisation provides information about its approach to climate change in its investment process.**

1. Overall, the funds provide almost no disclosure on their approach to climate change in investment processes.
2. Three funds provide information on board oversight of climate-related risks and opportunities.
3. Climate change does not appear to be covered in other sustainability or corporate social responsibility reports published by the pension funds.

## Sanlam Limited

### Climate Change and Governance at Sanlam

Ownership and oversight of climate change decisions resides with the chair of the Board-appointed Social, Ethics and Sustainability (SES) committee, who is an independent non-executive director. The chair of the SES committee has the responsibility to recommend for approval, monitor and advise on all SES matters and relevant issues that significantly impact the Group and its material stakeholders. The SES committee's mandate with regards to climate change forms part of these issues.

Engagement and oversight of climate change matters is discussed at Group-level committee meetings. This facilitates the integration of multiple functions involved in climate risk across the Group. The processes and frequencies by which the Board is informed include:

- The SES committee reports on the progress of Sanlam Group's sustainability journey through quarterly feedback to the Board.
- All business units and subsidiaries are required to include SES issues in the Board agendas.

The Group's allocation of climate change responsibilities demonstrates the close connections between Board and climate-related management functions. All Sanlam's sustainability issues, including climate-related issues, are channelled into and monitored through the [enterprise risk management process](#). The Group Actuarial Risk Management committee is responsible for co-ordinating the input of climate-related risks into the enterprise risk management process.

[Our Response to Climate Change | Sanlam Investor Relations](#)

# Next Steps?

- Extend survey broader range funds/ regional or country deep dives
- Further guidance by pension fund regulators on ESG reporting to support industry adaption of good practice
- Training for regional leaders
- Work with regional and national industry associations

## South Africa's ESG Journey so far



# Need to work with Securities Regulators – improved disclosure listed companies in region

**Documents listed companies ESG reporting reviewed include** Annual Reports, Integrated Reports, ESG/Sustainability Reports, Green Bond Reports, Verification Reports, GRI Mapping Documents, Board Charters, Codes of Ethics, Codes for Suppliers, Human Rights/MSA Policy Statements, CDP Climate Change and Water questionnaire responses. Also Website generally. Holding Company documents not included unless specifically referenced by company

yes

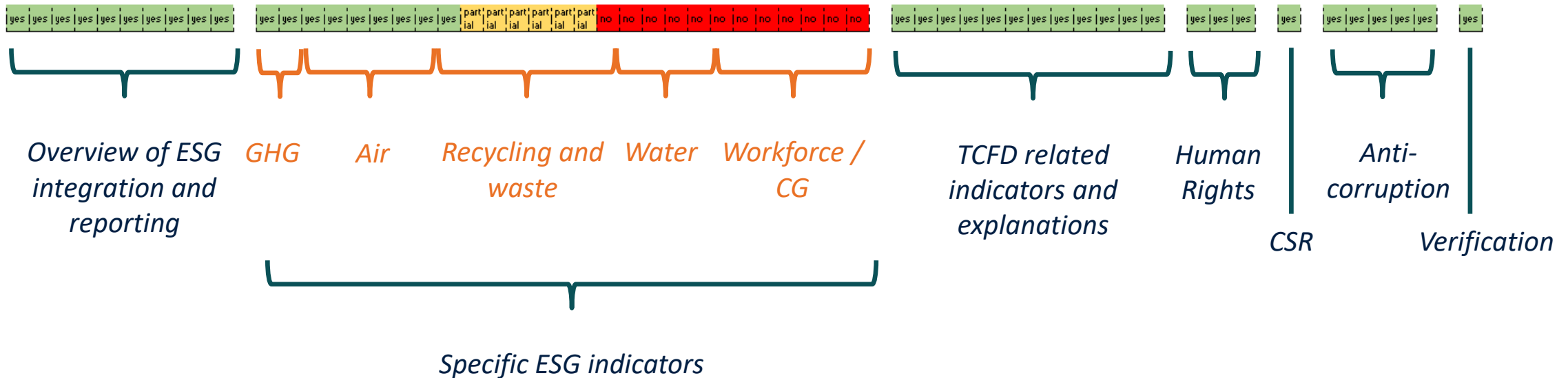
Disclosure made: no comment on quality of compliance only disclosure. Alternative metrics accepted where appropriate

partial

Disclosure conspicuously incomplete

no

Disclosure not found in documents or website



# Percentage of Information Found in Main Markets and in Regions

Overall, only 38% of information sought was found (SA 46%, WA 45%, EA 23%).

	South Africa	Southern Africa	Kenya	East Africa	Nigeria	West Africa
Overview of integration	91%	70%	69%	52%	82%	73%
<b>Specific Indicators</b>						
GHG	100%	45%	25%	11%	25%	39%
Air	43%	20%	0%	0%	30%	20%
Recycling and waste	70%	35%	27%	16%	37%	41%
Water Emissions	10%	5%	0%	0%	10%	5%
Workforce/CG	93%	66%	56%	49%	73%	62%
<b>TCFD related information</b>						
Human Rights	78%	35%	3%	2%	10%	24%
<b>Inclusion/empowerment</b>						
Human Rights	80%	55%	40%	27%	77%	76%
<b>Anticorruption</b>						
Anticorruption	80%	82%	20%	23%	70%	64%
<b>Verification</b>						
Verification	80%	64%	66%	37%	72%	64%
	100%	45%	20%	9%	100%	59%

## Across countries:

South Africa	74%
Namibia	30%
Botswana	16%
Nigeria	48%
Ghana	51%
BRVM	36%
Kenya	32%
Uganda	16%
Tanzania	14%

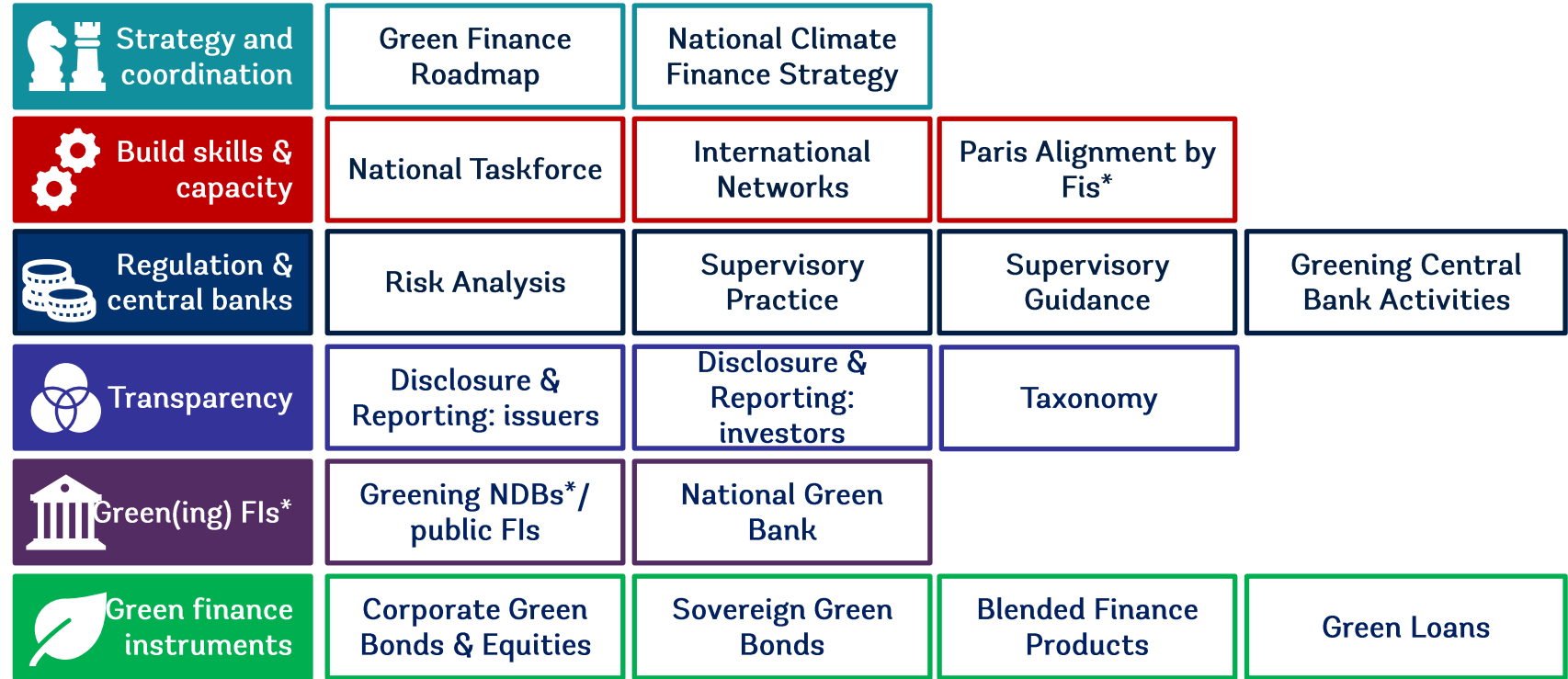
## Across subjects:

ESG Integration	65%
Data points	31%
TCFD	20%
HR/Bribery	54%
Verification	38%

# World Bank Toolkits for Policymakers to Green the Financial System



- Menu of options
- High-level guidance
- Based on good practice and country experience



\* NDB = National Development Banks; FI = Financial Institutions

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# Section 5: Annexes



# Checklist Design Principles

The checklist builds on and aligns with the indicators and structure of the most commonly used disclosure frameworks in the sustainable/responsible investment area.

The checklist is essentially a completeness check, and is framed as yes/no, objectively assessable questions.

The checklist does not offer a view on the 'right' approach to sustainable investment but on the disclosures that should be provided about the asset owner's approach to sustainable investment.

The checklist covers climate change as a specific topic.

The information provided by asset owners should enable stakeholders to understand:

- What the organisation is and what its core purpose and objectives are.
- What the organisation's beliefs and commitments on sustainable investment are.
- How these beliefs and commitments are translated into action.
- The organisation's performance against its beliefs, its commitments and its objectives and targets.

# Some Specific Notes on Methodology

- The assessments focus on the public disclosures provided by the pension funds.
- The assessments did consider disclosures made by parent company entities though there needed to be a clear link to the pension fund in order for points to be awarded.
  - Disclosures should be made in a sustainable investment (or equivalent) report, or through a sustainable investment section on the website.
  - Stakeholders may not have the time or technical knowledge to effectively search for relevant information, therefore, it is the responsibility of the asset owner to provide clear and accessible disclosures.
- Asset owners that do not delegate investment management to investment managers or other providers are not assessed on that element of the framework.
- Voting questions in Sustainable Investment by Asset Class are only applicable to listed equity.
- This assessment assesses the three largest asset classes (by AUM) managed by each asset owner.

# About the Organisation (1/2)

## History and context:

- Has the organisation provided an overview of its history including the reasons for its creation?
- Has the organisation explained the origins of its wealth (i.e. how it is funded)?
- Has the organisation described its ownership structure?

## Mission and mandate:

- Has the organisation described its overarching mission and objectives?
- Has the organisation described the legal and other obligations that apply to it? Note: These include sustainability-related obligations, and other obligations that affect its approach to sustainability.

## Finance and governance:

- Has the organisation published an annual report describing its overall performance and strategy?
- Has the organisation reported on its investment performance over at least three years?
- Has the organisation published details of its overall governance structure?
- Has the organisation published the names of its board directors?
- Has the organisation published the names of its senior management team?

# About the Organisation (2/2)

## Assets under management:

- Has the organisation stated its total assets under management?
- Has the organisation provided an analysis of these assets:
  - By asset class?
  - By geography (domestic versus international)?
  - By whether the assets are internally or externally managed?
  - By whether the assets are actively or passively managed?
- Has the organisation provided an analysis of these assets by sustainable investment strategy:
  - In terms of the proportion that are covered by ethical screens?
  - In terms of the proportion that are covered by active ownership strategies?
  - In terms of the proportion where sustainability-related issues are explicitly integrated into the investment research and decision-making process?
  - In terms of the proportion that are invested in sustainability-related areas?

## Reporting

- Has the organisation had its sustainable investment-related reporting assured or otherwise reviewed by an external party?

# About the Organisation (2/2)

## Assets under management:

- Has the organisation stated its total assets under management?
- Has the organisation provided an analysis of these assets:
  - By asset class?
  - By geography (domestic versus international)?
  - By whether the assets are internally or externally managed?
  - By whether the assets are actively or passively managed?
- Has the organisation provided an analysis of these assets by sustainable investment strategy:
  - In terms of the proportion that are covered by ethical screens?
  - In terms of the proportion that are covered by active ownership strategies?
  - In terms of the proportion where sustainability-related issues are explicitly integrated into the investment research and decision-making process?
  - In terms of the proportion that are invested in sustainability-related areas?

## Reporting

- Has the organisation had its sustainable investment-related reporting assured or otherwise reviewed by an external party?

# Sustainable Investment Strategy and Governance (1/4)

## **Investment Beliefs:**

- Has the organisation published its investment beliefs?
- Do the investment beliefs set out the organisation's views on the relevance of sustainability to its investment practices, processes and performance?
- Does the organisation explain how sustainability-related issues create long-term investment value?
- Does the organisation define what it means by 'long term'?

## **Investment strategy:**

- Has the organisation described its investment strategy, explaining how it will deliver on its investment beliefs?
- Has the organisation explained how sustainability is integrated into its risk management processes?
- Has the organisation identified its material sustainability-related issues?

## **Investment objectives:**

- Does the organisation specify its investment objectives, e.g. by highlighting the benchmarks it uses to track and assess performance?
- Does the organisation specify the timeframes over which it assesses performance?

# Sustainable Investment Strategy and Governance (2/4)

## **Policy:**

- Has the organisation published an overarching sustainable investment policy or similar document?
- If yes, does the policy:
  - Specify the coverage of the policy (in terms of the asset classes and AUM covered by the policy)?
  - Identify any exceptions to the policy?
  - Describe the integration of sustainability-related issues into its investment decision-making?
  - Describe the organisation's approach to active ownership/engagement?
  - Describe the organisation's approach to voting its listed equities holdings (if relevant)?
- Describe the organisation's approach to climate change?
- Has the organisation published a policy on managing conflicts of interest in its investment process?

## **Stakeholder Engagement:**

- Has the organisation identified its key stakeholders?
- Has it indicated which of these it has engaged with?
- Has it identified the key issues raised by these stakeholders and the actions taken as a result?

# Sustainable Investment Strategy and Governance (3/4)

## **Objectives and Targets:**

- Has the organisation published objectives and targets for its sustainable investment activities?
- Are the objectives and targets SMART (specific, measurable, achievable, realistic, time bound)?
- Has the organisation explained how the targets are to be achieved?
- Has the organisation set key performance indicators (KPIs) to assess progress towards the targets?
- Has the organisation reported on progress against the targets?
- Has the organisation described the factors that have affected its performance against the targets?

## **Responsibilities and Accountabilities:**

- Has the organisation specified who is responsible for oversight of the sustainable investment policy?
- Has the organisation specified who is responsible for implementation of the sustainable investment policy?
- Has the organisation stated who is responsible for the delivery of the targets?
- Has the organisation described how sustainable investment is incorporated in performance management and reward processes?
- Has the organisation described how sustainable investment is incorporated in personal development processes (e.g. training)?



# Sustainable Investment Strategy and Governance (4/4)

## **Promoting Sustainable Investment:**

- Has the organisation listed the sustainable investment initiatives it is a member of/signatory to?
- Has the organisation listed the sustainability-related codes and other commitments it has made?

## **Public Policy Engagement:**

- Has the organisation reported on its dialogue with policymakers or regulators in support of sustainable investment?
- Has the organisation published copies of the sustainable investment-related submissions it has made to governments, regulators or policymakers?

## **Asset Allocation:**

- Has the organisation undertaken sustainability-related scenario analysis and/or modelling?
  - If yes, has it provided a description of the scenario analysis?
- Has the organisation described whether and how it considers ESG issues in asset allocation decisions?
- Has the organisation indicated the percentage of its total AUM invested in sustainability-themed areas?
- Has the organisation reported on the overall sustainability performance and impact of its investment portfolio?

# Sustainable Investment by Asset Class (1/3)

## Investment:

- Does the organisation describe its approach to assessing and managing sustainability-related issues in the asset class? Note: This may be screening, best in class, enhanced analysis.
- Does the organisation describe any variations in its approach across the asset class.
- Does the organisation describe how its approach affects its investment decisions (e.g. narrowed the investment universe, influenced buy-sell decisions)?
- Does the organisation describe how its approach affects the composition of its portfolio?
- Does the organisation describe how its approach has affected its financial performance or the financial characteristics (e.g. tracking error) of its portfolio?
- Does the organisation describe how its approach has affected the sustainability performance of its portfolio?
- Does the organisation disclose:
  - All of its holdings in the asset class?
  - The percentage of the asset class in sustainability-related investments?
  - The sustainability-related characteristics of the asset class?

# Sustainable Investment by Asset Class (2/3)

## **Active Ownership:**

- Does the organisation describe how it engages with the companies/entities/assets in which it is invested?
- Does the organisation describe how this engagement has influenced the sustainability-related performance of these companies/entities/assets?
- Does the organisation provide data on:
  - The number of engagements carried out in the reporting period?
  - The engagement strategies/approaches used?
  - The proportion of the portfolio covered by engagement in the reporting period?
  - The subjects (topics) of engagement?
  - The objectives of its engagement?
  - The outcomes (i.e. changes in company practice) achieved from engagement?

## **Voting (listed equity):**

- Does the organisation specify the shareholder meetings at which it voted its shares?
- Does the organisation report on the number of votes for and against management, and the number abstained?
- Does the organisation comment on the reasons for abstentions and votes against management?
- Does the organisation comment on the outcomes (i.e. changes in company practice) achieved through voting?

# Sustainable Investment by Asset Class (3/3)

## Other asset classes:

- Does the organisation describe its approach to sustainable investment in other asset classes?
- Does it describe how it assesses and manages sustainability-related issues in these asset classes?
- Does it describe how it engages with the companies/entities/assets in these asset classes?
- Does it describe the sustainability-related characteristics of these asset classes?
- Does it list its holdings in these asset classes?

Note: For the purposes of testing the checklist, the three largest asset classes for each asset owner will be assessed in detail, and these questions will be asked for other asset classes managed by the asset owner.

# Delegated Investment (External or Outsourced Management) (1/2)

## General:

- Does the organisation describe how sustainability-related issues are managed by its external investment managers?
- Does the organisation specify the sustainability-related strategies (e.g. screening, integration) that are to be applied by its external managers?
  - Does it explain how these differ between investment managers or between asset classes?
- Does the organisation describe how its external managers are rewarded for their sustainability-related performance?
- Does the organisation explain how external investment manager rewards and incentives align with its own investment beliefs, policies and objectives?

## Manager Selection:

- Does the organisation describe the sustainability-related information it reviews when selecting external managers?
- Does the organisation explain how sustainability-related information is incorporated into manager selection processes?
  - Does the organisation specify what weight is given to sustainability-related information in manager selection processes?
- Does the organisation explain how sustainability-related information has influenced decisions on manager selection
- Does the organisation explain how these decisions differ from those that would otherwise have been made?

# Delegated Investment (External or Outsourced Management) (1/2)

## General:

- Does the organisation describe how sustainability-related issues are managed by its external investment managers?
- Does the organisation specify the sustainability-related strategies (e.g. screening, integration) that are to be applied by its external managers?
  - Does it explain how these differ between investment managers or between asset classes?
- Does the organisation describe how its external managers are rewarded for their sustainability-related performance?
- Does the organisation explain how external investment manager rewards and incentives align with its own investment beliefs, policies and objectives?

## Manager Selection:

- Does the organisation describe the sustainability-related information it reviews when selecting external managers?
- Does the organisation explain how sustainability-related information is incorporated into manager selection processes?
  - Does the organisation specify what weight is given to sustainability-related information in manager selection processes?
- Does the organisation explain how sustainability-related information has influenced decisions on manager selection
- Does the organisation explain how these decisions differ from those that would otherwise have been made?

# Delegated Investment (External or Outsourced Management) (2/2)

## Manager Appointment:

- Does the organisation describe how sustainability-related issues are incorporated into manager requirements (e.g. mandates)?
- Does the organisation describe:
  - The investment performance benchmarks (or other expectations) it sets for its external managers?
  - The sustainability-related performance objectives (or other expectations) it sets for its external managers?
  - The sustainability-related incentives it provides to its external managers?
  - The sustainability-related reporting it requires from its external managers?
  - The actions it takes if investment managers do not meet their contractual obligations or do not perform in line with the organisation's policies and other commitments?

## Manager Monitoring:

- Does the organisation describe how it monitors and reviews the sustainability-related performance of its external investment managers?
- Does the organisation report on the sustainability-related performance of its external managers?

# Climate Change (1/2)

## **Governance:**

- Has the organisation described its board oversight of climate-related risks and opportunities?
- Has the organisation described management's role in assessing and managing climate-related risks and opportunities?

## **Strategy:**

- Has the organisation described the climate-related risks and opportunities it has identified?
- Has the organisation described the impact of climate-related risks and opportunities on its investments and on its businesses, strategy and financial planning?
- Has the organisation described the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario?
  - Has the organisation described the scenarios it has used in its modelling?
  - Has it described the results of its modelling?
  - Has it explained how the results of the modelling have influenced its investment decisions?



# Climate Change 2

## **Risk Management:**

- Has the organisation described its processes for identifying and assessing climate-related risks?
- Has the organisation described its processes for managing climate-related risks.
- Has the organisation described how processes for identifying, assessing and managing climate-related risks are integrated into its overall risk management processes?

## **Metrics and Targets:**

- Has the organisation described the metrics it uses to assess climate-related risks and opportunities in line with its strategy and risk management process?
- Has the organisation disclosed its portfolio-related Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks?
- Has the organisation indicated the percentage of its total AUM in investments that support the low carbon transition?
- Has the organisation indicated the percentage of its total AUM in investments that support effective adaptation?
- Has the organisation described the targets it uses to manage climate-related risks and opportunities, and its performance against the targets?