ALUWANI
CAPITAL PARTNERS

Appendix 3

May 2025

Our Climate Position Statement

Climate change poses a fundamental and widespread risk that is already reshaping economies and societies worldwide. As an asset manager, we recognize the importance of addressing this challenge through responsible investment practices. The transition to a low-carbon economy is essential for mitigating the risks associated with climate change and fostering long-term financial resilience.

At the same time, we also recognize that this transition, specifically within an emerging economy such as South Africa, may often be at odds with the achievement of crucial social goals. Where possible we aim to avoid a focus on environmental goals at the detriment of the achievement of social goals. By integrating environmental, social, and governance (ESG) factors into our investment process, we aim to holistically look at these factors as part of our investment decision making process.

Our Role in Addressing Climate Change

As stewards of capital, we hold a fiduciary duty to incorporate climate-related considerations into our investment strategies. Climate change affects various sectors and industries differently, and we apply a thoughtful and evidence-based approach to evaluate these risks and opportunities. Our goal is to drive change by engaging with companies, ensuring they assess and act on climate risks, and supporting policies that foster a transition to a sustainable global economy.

KEY ELEMENTS OF OUR CLIMATE STRATEGY

Incorporating Climate Risks and Opportunities

Climate-related risks and opportunities are a core component of our investment evaluation process. We assess the climate-related risks and opportunities of an investment, alongside other risks using our proprietary ESG scoring methodology. (please refer to Appendix 1 around our approach to integration).

Where the climate-related risks for an investment are deemed material in relation to the return offered, this will impact on the investment’s valuation and, where appropriate, the level of exposure within our portfolios.

Active Engagement and Ownership

Where material climate risks are identified for an investment commensurate to their return profile, we believe that engagement is a powerful tool for driving change. We do not believe that divestment alone can resolve the challenges posed by high-carbon assets. Divesting simply shifts the ownership of assets, potentially to entities with lower standards.

Supporting a Just Transition

We understand that the shift to a low-carbon economy must be just and inclusive. The transition should not only focus on environmental outcomes but also address the social and economic challenges faced by affected workers and communities. We are committed to ensuring that this transition is fair, and we align our actions with frameworks such as the South African Just Transition Framework to support socially responsible solutions.

Conclusion

The risks and opportunities posed by climate change are complex and far-reaching. As responsible asset managers, we are committed to addressing these challenges in a way that creates lasting value for our clients and supports the global transition to a sustainable future. By integrating climate considerations into our investment strategies, fostering collaboration, and promoting equitable policies, we aim to safeguard long-term financial returns while contributing to a more sustainable world for future generations.

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