



PRESCIENT INVESTMENT MANAGEMENT INVESTMENT CLIMATE POLICY

2025

Proprietary statement

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Version	1.1
Applicable to	Prescient Investment Management Pty Ltd
Owner	ESG Committee Board of Directors
Policy Creator	Conway Williams
Policy Manager	Nasreen Hisham
Review and Approval Body	Executive Committee Board of Directors
Available for External Distribution	Yes

1. PURPOSE

Prescient Investment Management (“Prescient”) is committed to integrating climate-related risks and opportunities into all aspects of its investment decision-making process. This aligns with Prescient’s fiduciary duties, global climate goals, and the long-term interests of its clients. Prescient’s policies and standard reflect its commitment to mitigating climate risks and supporting the transition to a low-carbon economy, particularly in South Africa’s context of the Just Energy Transition.

2. SCOPE

This Investment Climate Policy (the “Policy”) applies to all investment activities across Prescient’s investment portfolios, ensuring that climate-related risks, opportunities, and sustainability principles are considered in every investment decision. It spans asset classes and geographic locations, focusing on both local and global markets.

This Policy should be considered in conjunction with the mandate of Prescient’s ESG Committee which governs the deliberate and systematic inclusion of Environmental, Social and Governance (“ESG”) factors in all investment and corporate activities as well as the Prescient ESG Policy.

This Policy reflects Prescient’s commitment to responsible investing, guided by principles under the United Nations Principles for Responsible Investment (UNPRI), the Code for Responsible Investing in South Africa (CRISA 2), and the Task Force on Climate-related Financial Disclosures (TCFD), while adhering to all relevant regulatory frameworks governing our investment portfolios.

3. PRINCIPLES

This Policy is guided by the following principles:

- **Prescient’s ESG Strategy and Mandate**
 - **Sustainability:** Commit to long-term sustainable investments, balancing environmental, social, and governance considerations.
 - **Global Climate Goals:** Align our investment strategy with the goals of the Paris Agreement and the objectives of the UNPRI, CRISA 2, and TCFD frameworks.
 - **Risk Management:** Actively manage climate-related risks to protect investment returns while driving value creation for clients.
 - **Transparency:** Maintain open communication with stakeholders about our climate-related strategies, risks, and performance.
 - **Engagement:** Collaborate with investee companies to improve climate-related practices and disclosure.

4. CLIMATE-RELATED RISK INTEGRATION

Prescient integrates climate-related risks into investment analysis and decision-making processes through:

- **Risk Identification:**
 - Identifying environmental related risks using Prescient’s ESG scorecard which in turn infers a probability of default assessment. The five themes that are tracked include emissions, energy consumption, water usage, waste management and policy disclosures. This way, we are able to identify ESG risks and opportunities, as well as the leaders and laggards in relation to their peers at a sector level.
- **Progression Testing:**
 - Conducting progression analysis using Prescient’s ESG scorecard to evaluate the changes of the invested assets, year-on-year. The analysis incorporates whether the investee companies have clear environmental goals by evaluating whether they have implemented environmental policies. This enables better risk management and identification of opportunities.

5. INVESTMENT IN CLIMATE SOLUTIONS

Prescient, through a select and specialised range of funds¹ actively invest in sectors, technologies, and companies that contribute to reducing carbon emissions and build climate resilience. These include:

- **Renewable Energy:** Supporting solar, wind, and other renewable energy projects, critical to South Africa's energy transition.
- **Energy Efficiency:** Investing in technologies that enhance industrial and commercial energy efficiency.
- **Sustainable Infrastructure:** Prioritising investments in infrastructure that promotes sustainability, such as green buildings and sustainable transportation.

6. DIVESTMENT STRATEGY

While Prescient does not advocate for blanket exclusions, we are committed to divesting from sectors or companies that fail to align with our investment mandates. Our divestment approach includes:

- **Assessing Alignment:** Evaluating companies on their commitment to ESG practices, including transition plans.
- **Engaging Before Divesting:** Encouraging improved ESG practices through active engagement prior to divestment.
- **Monitoring:** Tracking high-risk companies, applying enhanced monitoring or, where necessary, divestment.

7. GOVERNANCE AND OVERSIGHT

Prescient has established strong governance structures to oversee the implementation of our ESG strategy. These include:

- **ESG Committee:**
 - This committee is accountable for the Prescient ESG Policy alignment with overall corporate governance.
 - The Committee is responsible for overseeing the integration of ESG-related risks into Prescient's investment and monitoring progresses.
- **Investment Team Training:**
 - Continuous training for the Prescient investment team on ESG-related risks, opportunities, and ESG integration ensures that these considerations are fully embedded into all processes.

8. ENGAGEMENT AND COLLABORATION

Prescient actively engages with industry bodies, regulators, and climate-focused initiatives to promote sustainable practices:

- **Industry Collaboration:** Participation in key industry groups such as The Association for Savings and Investment South Africa (ASISA), where we hold representation at both board and subcommittee levels.
- **Regulatory Engagement:** Advocacy for improved climate-related regulations and market practices locally and internationally.
- **Collaboration on Initiatives:** Engaging with initiatives such as the TCFD, to improve climate risk disclosure(s) across the industry and support broader climate action.

¹ Clean Energy Fund and Infrastructure Debt Fund; Infrastructure Debt Fund.

9. REPORTING AND DISCLOSURE

Transparency is a core principle of the broader Prescient ESG Policy. Prescient commits to annual reporting on milestones, as dictated by its mandate requirements and ESG Committee commitments.

10. POLICY REVIEW

To ensure relevance and alignment with evolving climate science, regulations, and industry trends, Prescient conducts an annual review of this Policy. This process ensures adherence to best practices and incorporates the latest developments in climate risk management, reporting, and governance.

11. REVIEW AND APPROVAL

The following person(s) have reviewed and approved this Policy

REVIEW	DATE	REVIEW / APPROVED BY
Author and Review	08 November 2024	Head of Credit (Conway Williams)
Review	14 January 2025	CIO (Bastiaan Teichgreeber)
Review	11 February 2025	Head of Governance (Nadia Galloway)
Review	11 February 2025	Regulatory Compliance Officer (Nazley Herandien)
Review	18 February 2025	Credit Analyst and Chair of Prescient's ESG Committee (Michelle Green)
Approval	27 February 2025	CIO (Bastiaan Teichgreeber) and COO (Nasreen Hisham)
Approval	04 March 2025	Prescient Investment Management (Pty) Ltd Board of Directors

