

# Responsible Investing and Sustainability

at Investec Wealth &  
Investment International



## RESPONSIBLE INVESTING AND SUSTAINABILITY

**Responsible investing and Sustainability are becoming increasingly important considerations for investors and investment managers alike. This is due not only to changes in regulation, but also to a new generation of investors who are conscious of the positive impact their investment can have beyond traditional metrics such as capital growth and income.**

As long term investors, we acknowledge that as custodians of your wealth, we have the responsibility to invest and continue to invest in a way that promotes and aligns to long term sustainability. Investment managers who consider traditional risks together with sustainability and ESG issues can allocate capital more effectively which can lead to improved returns. Further research shows that companies who incorporate sustainability as part of their overall strategy tend to maximize value for shareholders by having long term sustainable profitability.

Sustainability is core to our fundamental investment approach. A key focus for equity selection is identifying companies that sustainably generate returns above their cost of capital and are trading at fair to cheap prices.

Companies that do not incorporate sustainability or appropriately consider all relevant stakeholders are unlikely to sustainably generate returns above their cost of capital

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society.

**We live in society, not off it.**



## RESPONSIBLE INVESTING AND SUSTAINABILITY

### 01. ESG Integration

As Sustainability is core to our fundamental investment approach, we have integrated ESG considerations into our investment decision making and broader investment process.

Our Research Team incorporate ESG factors into our investment analysis across all asset classes and this is strengthened by the use of Sustainalytics and Clarity AI. Sustainalytics is a global leader in ESG research and risk metrics. It measures how well a company manages its manageable ESG risks and opportunities. Sustainalytics provides information on non-financial measures such as a company's environmental credentials, business ethics, and exposure to human rights issues.

Clarity AI provides comprehensive tools to understand and optimize social and environmental impact, leveraging scientific research and the latest technologies. Our multi manager research and investment process establishes a thorough understanding of how managers incorporate ESG into their funds. This information is sourced through due diligence questionnaires and face-to-face meetings with the Managers.

We will, on a biannual basis, screen all of our centrally researched equities from an ESG perspective. All proposed additions are reviewed before they are included, as well as any existing company that suffers a material notifiable event.

### 02. Engagement with Management

Whilst bottom up screening and scoring is part of our ESG process, we also have the opportunity as investment managers to actively engage and interact with companies' management teams (both the executive and non-executive) on ESG matters.



### 03. Voting

The cornerstone of our stewardship framework is our voting process. Our discretionary investment mandates authorise W&I to exercise voting rights in respect of our segregated and unitised portfolio holdings. We use the services of Institutional Shareholder Services (ISS), a leading provider of corporate governance solutions, to provide us with research and recommendations.

This research is thoroughly vetted by our research analysts with final voting recommendations reviewed

by our voting committee.

We exercise our fiduciary voting responsibilities on all material issues, which can encompass anything from remuneration to board composition.

**W&I participates in collaborative engagements** to increase pressure on management where appropriate and where it is in the interests of our clients.

### 04. Partnering with our clients

Long-term investing requires an active and evolving approach, now more than ever. ESG integration and deepening our approach to sustainability will remain a key investment priority for Investec W&I.

You can find out more about our responsible investment framework and related policies on our website - [https://www.investec.com/en\\_za/investment/responsible-investing.html](https://www.investec.com/en_za/investment/responsible-investing.html)