About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force’s guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-689B4A8C-F949-4DB9-88E4-C2579DF77702/79894dbc337a40828d895f9402aa63de/html2/?lang=en&a=1). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish – to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the PRI website and on the Data Portal.

To easily locate information, there is a Recommendation index which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.
## TCFD Recommendations Index

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Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.
ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

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<th>MAIN CHARACTERISTICS</th>
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<tr>
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Aeon Investment Management (Pty) Ltd

Reported Information

Public version

Strategy and Governance

PRI disclaimer
This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
New selection options have been added to this indicator. Please review your prefilled responses carefully.

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

**SG 01.6** Additional information [Optional].

It should be noted that a "one size fits all" approach to investing might not be suitable for e.g. in reducing carbon emissions in a developing economy. The job losses that would occur has far more negative social and inequality impacts in an environment that is reducing its fossil fuels. Aeon Investment Management follows a holistic approach to investing and ESG integration.

**SG 01 CC** Mandatory to Report Voluntary to Disclose

**SG 01.6 CC** Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

© Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Aeon Investment Management recently developed an environmental policy to create a framework that identifies companies' current and potential risk factors and to quantitatively integrate these factors (depending on disclosure) into the investment philosophy to ensure responsible investment.

We aim to identify companies that actively reduce their carbon footprint, disclose their emissions and have an ongoing positive effect on the South African society and the global community at large.

The rapid awareness of the effect that companies have on the environment has resulted in an increased requirement from investors (and other stakeholders) for companies to disclose their environmental metrics e.g. GHG emissions. Aeon Investment Management has created a framework that identifies a broad range of company risks. These risks may not necessarily be applicable to all companies and do not encompass all the risks that companies may face.

In determining whether to continue to invest in a company, Aeon Investment Management undertakes an analysis of the company by considering the following:

1. **Disclosure**

   We determine the company's level and relevance of environmental metrics disclosure:
   - Does the company disclose its GHG emissions, energy consumption, water usage and waste production in its Sustainability/ Integrated Report?
   - Has the company disclosed the trends in its GHG emissions, energy consumption, water usage, and waste productions to determine any changes (positive and negative) to the above-mentioned factors and monitor the implementation and continued practice of their sustainability policies?
   - Going forward, has the company disclosed a plan to reduce its environmental impact?
   - If applicable, has the company recently or historically had any environmental catastrophes such as hazardous spills and subsequent fines? Has the company disclosed the fines and programs they have implemented to rehabilitate the damage caused by these catastrophes?

2. **Water (If applicable)**
• Has the company disclosed its water usage and the amount of water it has recycled in its Sustainability/ Integrated Report?
• Does the company have an extensive policy (ies) in place addressing the reduction of water usage and/or recycling water?

3. Emissions
• Has the company disclosed its GHG Scope 1, 2 and 3 emissions in its Sustainability/ Integrated Reports?
• What is the company's carbon emissions per unit produced relative to its competitors?
• What initiatives has the company implemented to lowering its emissions and reducing its carbon footprint?
• Does the company fully and publicly endorse the Paris Agreement? What formal commitments have been implemented by the company towards combating climate change?

4. Waste (if applicable)
• Has the company disclosed the level of tailings and overburden waste it produces?
• Does the company produce any hazardous waste and how has this been eliminated?

5. Energy
• Has the company disclosed its electricity usage or relevant energy benchmark metrics?
• Has the company implemented any renewable energy initiatives within the business?
• What is the company's electricity usage per unit of production and what this historical trend of this production?

6. Remuneration
• Is the company's remuneration policy linked to sustainability practices?
• Are the executive directors' remuneration (short-term, long-term incentives, key performance indicators, etc.) based on appropriate and/or relevant benchmarked environmental target metrics?

○ No

SG 01.7 CC
Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

⊙ Yes
Describe the associated timescales linked to these risks and opportunities.

Aeon Investment assesses the likelihood and impact of these risks on both a qualitative and a quantitative level (limitations). We combine research accumulated from the company in question and other resources sources, and we assess the extent and degree of the risk. We also utilise a number of other quantitative tools such as The Paris Agreement Capital Transition Assessment (PACTA) tool, The Transition Pathway Initiative (TPI) and 2 Degrees of Separation. These tools, however, have a significant reliance on companies disclosing their environmental metrics and not all companies disclose these metrics or are aware of the impact their operations have on the environment.

An ESG risk premium is then applied to our analysis and overall valuation. The Equity Risk Premium is adjusted for the level of ESG risk. We continually monitor any changes to these climate risks.

Given that Aeon Investment Management largely invests in South African companies, we have had to rely on global timescales such as the Paris Agreement, other available global conventions and frameworks that have target carbon emissions and local jurisdiction regulation timescales. We adopt these timescales into our own investment time horizon and subsequently investment strategy.
SG 01.8 CC

Indicate whether the organisation publicly supports the TCFD?

☐ Yes

☐ No

SG 01.9 CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

☐ Yes

Describe

Aeon Investment Management's approach to responsible investment is Environmental, Social & Governance integration. The objective of the ESG integration is to protect and enhance the value of our long-term investments. Central to our investment philosophy is the explicit recognition that sustainability factors directly affect long-term business profitability. By incorporating ESG factors we have greater conviction in valuation and risk-reward assessment and we are better able to identify security mispricing. Our in-house analysts and Portfolio Managers keep track of market news and filings of corporate governance issues of companies listed on the Johannesburg Stock Exchange (JSE). The analyst reports to Asief Mohamed, Chief Investment Officer, who is actively involved in environmental, social and governance engagement. We aim to consider a broad range of ESG issues.

When analysing environmental risk factors, analysts and portfolio managers at Aeon Investment Management will identify factors that are relevant to the company in question. Further research on the identified environmental risk factors is then conducted to determine their impact on the company, its employees and on the environment. If there is limited disclosure by the company on these risks, an engagement process is then commenced requesting this information from the company's management team.

In addition, the following online tools to account for and integrate company climate risks into the final analysis:

- The Paris Agreement Capital Transition Assessment (PACTA) Tool
- The Transition Pathway Initiative (TPI)
- 2 Degrees of Separation
- Carbon Tracker

Where the data is easier to model e.g. carbon tax as it is clearly defined in terms of cost, these have been built into the model. An example would be PPC Cement, an African cement producer. Where the data is more qualitative in nature, the idea would be to quantify the risk once analysed and repercussions understood e.g. what is the discount applied to a company mining coal as the valuations in that sector have structurally changed.

In summary, once a thorough qualitative and quantitative research is conducted, an ESG risk premium is applied to the financial company valuation. This changes the equity risk premium applied i.e. increase the hurdle for investment for any potential ESG risk.

☐ No
Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

### Governance and human resources

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<tr>
<td>SG 07.5 CC</td>
<td>Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.</td>
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#### Board members or trustees
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Portfolio managers
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Investment analysts
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Dedicated responsible investment staff
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
External managers or service providers

☐ Oversight/accountability for climate-related issues
☒ Assessment and management of climate-related issues
☐ No responsibility for climate-related issues

SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The board and the Chief Investment Officer are responsible for the oversight/accountability of the climate-related issues. The Chief Investment Officer (together with the Investment team) is responsible for the assessment and management of climate-related issues. The board is informed on climate-related issues (analysis, evaluation and action plan) on a quarterly basis during Aeon Investment Management's quarterly meetings. The board then evaluates the identified issues and depending on the severity of the issues, provides insight and/or suggestions.

SG 07.7 CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The Investment team (Chief Investment Officer, Portfolio Managers and analysts) is responsible for the assessment and management of climate-related issues. The team has the accountability of integrating responsible investment into the investment philosophy and thus the entire team report to the board during the company's general meetings.

Climate-related issues are researched using both internal and external research sources. We also utilise several quantitative tools such as The Paris Agreement Capital Transition Assessment (“PACTA”) tool, The Transition Pathway Initiative (“TPI”), 2 Degrees Scenario Analysis etc. It should be noted that these PRI-recommended tools do however have limitations. Aeon Investment Management is mainly invested in South African stocks. The recommended tools do not cover a significant number of companies operating in developing markets e.g. South African-based companies and thus we are only able to obtain a limited amount of information on the analysis of these companies. Companies also only disclose a limited amount of environmental metrics to the public thus further increasing the limitations to the analysis. Aeon Investment Management has raised these issues with the research providers.

ESG issues in asset allocation

SG 13

Mandatory Public Descriptive PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☒ Yes, in order to assess future ESG factors

Describe

Aeon has recently incorporated scenario analysis and/or modelling into its investment philosophy to analyse current and potential ESG risk factors through the use of quantitative tools such as The Paris Agreement Capital Transition Assessment (“PACTA”) tool, The Transition Pathway Initiative (“TPI”), 2 Degrees Scenario Analysis.

☒ Yes, in order to assess future climate-related risks and opportunities

Describe

Aeon has just recently incorporated scenario analysis and/or modelling into its investment philosophy using PACTA, TPI and 2 Degrees Scenario Analysis to analyse current and potential exposure in comparison to
the market and to test its funds’ performance and position under transition scenarios. The tools have limitations.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

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<td>☑ Allocation of assets between geographic markets</td>
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<td>☑ Sector weightings</td>
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<td>We have recently started utilising several quantitative tools such as The Paris Agreement Capital Transition Assessment (&quot;PACTA&quot;) tool, The Transition Pathway Initiative (&quot;TPI&quot;), 2 Degrees Scenario Analysis etc. It should be noted that these PRI-recommended tools do however have limitations. Aeon Investment Management is mainly invested in South African stocks. The recommended tools do not cover a significant number of companies in developing markets e.g. South African-based companies and thus we are only able to obtain a limited amount of information on the analysis of these companies. Companies also only disclose a limited amount of environmental metrics to the public thus further increasing the limitations to the analysis. Aeon Investment Management has raised these issues with the research providers. Aeon Investment Management practices responsible investing, this does not, however, mean we do not invest in fossil fuel assets. We instead analyse the current and potential risks (severity) associated with investing in these assets using data, research tools and available company filings. Depending on the outcome of our risk assessment, we then apply an appropriate ESG risk premium to our final investment case/valuation.</td>
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<td>Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.</td>
<td>☑ Initial assessment</td>
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Aeon Investment Management has just recently incorporated scenario analysis and/or modelling into its investment philosophy to analyse current and potential exposure in comparison to the market and to test its funds’ performance and positions under transition scenarios.

We utilise several quantitative tools such as The Paris Agreement Capital Transition Assessment ("PACTA") tool, The Transition Pathway Initiative ("TPI") etc. It should be noted that these PRI-recommended tools do however have limitations. Aeon Investment Management is mainly invested in South African stocks. The recommended tools do not cover a significant number of companies operating in developing markets e.g. South African-based companies and thus we are only able to obtain a limited amount of information on the analysis of these companies. Companies also only disclose a limited amount of environmental metrics to the public thus further increasing the limitations to the analysis. Aeon Investment Management has raised these issues with the research providers.
Incorporation into investment analysis

Describe

Depending on the outcome that has been provided by the scenario testing (if sufficient information has been embedded into the database/programs), we factor the identified risks into our investment case and apply an appropriate ESG risk premium to our final valuation.

Inform active ownership

Describe

The final valuation, after considering climate-risks and applying an appropriate ESG risk premium, determines whether we invest (or continue investing) in a company. Depending on the severity and urgency of the identified risks, we conduct engagements with the executive team of the companies in question.

Other

SG 13.5 CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

As indicated in the previous answers, we evaluate the potential impact of climate-related risks based on qualitative and quantitative analysis. On a broad level, some of the climate-related risks that we identified include:

- Lack of company disclosure as it relates to environmental targets
- Company water usage
- Company emissions and disclosure thereof
- Companies’ waste management programs and implementation thereof.
- Companies’ energy usage
- Food security risks as a result of climate-related risks

Given that Aeon Investment Management largely invests in South African companies, we have had to rely on global timescales such as the Paris Agreement, other available global conventions, and frameworks that have target carbon emissions and local jurisdiction regulation. We adopt these timescales into our own investment time horizon and subsequently investment strategy.

- No
### SG 13.7 CC
Indicate whether a range of climate scenarios is used.

- [ ] Analysis based on a 2°C or lower scenario
- [ ] Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- [ ] Analysis based on a 4°C or higher scenario
- [ ] No, a range is not used

### SG 13.8 CC
Indicate the climate scenarios your organisation uses.
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<td>IEA</td>
<td>☐ Energy Technology Perspectives (ETP) 2 Degrees scenario</td>
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<td>IEA</td>
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<td>Greenpeace</td>
<td>☐ Advanced Energy [R]evolution</td>
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<td>Institute for Sustainable Development</td>
<td>☐ Deep Decarbonisation Pathway Project (DDPP)</td>
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**SG 14** | **Mandatory to Report Voluntary to Disclose** | **Public** | **Additional Assessed** | **PRI 1**
---|---|---|---|---

### SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- ☒ Changing demographics
- ☒ Climate change
- ☒ Resource scarcity
- ☒ Technological developments
- ☐ Other, specify(1)
- ☐ Other, specify(2)
- ☐ None of the above

### SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- ☒ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☐ Targeted low carbon or climate resilient investments
- ☐ Phase out your investments in your fossil fuel holdings
- ☐ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☐ Other, specify
- ☐ None of the above

### SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- ☒ Scenario analysis
- ☒ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☐ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☐ Weighted average carbon intensity
- ☐ Carbon footprint (scope 1 and 2)
- ☐ Portfolio carbon footprint
- ☐ Total carbon emissions
- ☐ Carbon intensity
- ☐ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☐ Other, specify
- ☐ None of the above

### SG 14 CC

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<th>Voluntary</th>
<th>Public</th>
<th>General</th>
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Aeon Investment Management recently developed an environmental policy to create a framework that identifies companies’ current and potential risk factors and to quantitatively integrate these factors (depending on company disclosure) into the investment philosophy to ensure responsible investment.

We aim to identify companies that actively reduce their carbon footprint, disclose their emissions and have an ongoing positive effect on the South African society and the global community at large.

The rapid awareness of the effect that companies have on the environment has resulted in an increased requirement from investors and other stakeholders for companies to disclose their environmental metrics e.g. GHG emissions. Aeon Investment Management has created a framework that identifies a broad range of company risks. These risks may not be applicable to all companies and do not encompass all the risks that companies may face. In determining whether to continue to invest in a company, Aeon Investment Management undertakes an analysis on the company by considering the following:

1. Disclosure
   We determine the company’s level and relevance of environmental metrics disclosure:
   o Does the company disclose its GHG emissions, energy consumption, water usage and waste production in its Sustainability/Integrated Report?
   o Has the company disclosed the trends in its GHG emissions, energy consumption, water usage and waste productions to determine any changes (positive and negative) to the above-mentioned factors and monitor the implementation and continued practice of their sustainability policies?
   o Going forward, has the company disclosed a plan to reduce its environmental impact?
   o If applicable, has the company recently or historically had any environmental catastrophes such as hazardous spills and subsequent fines? Has the company disclosed the fines and programs they have implemented to rehabilitate the damage caused by these catastrophes?

2. Water (if applicable)
   o Has the company disclosed its water usage and the amount of water it has recycled in its Sustainability/Integrated Report?
   o Does the company have an extensive policy (ies) in place addressing the reduction of water usage and/or recycling water?

3. Emissions
   o Has the company disclosed its GHG Scope 1, Scope 2 and Scope 3 emissions in its Sustainability/Integrated Reports?
   o What is the company’s carbon emissions per unit produced relative to its competitors?
   o What initiatives has the company implemented to lowering their emissions and reducing their carbon footprint?
   o Does the company fully and publicly endorse the Paris Agreement or any other climate agreements? What formal commitments have been implemented by the company towards addressing climate change?

4. Waste (if applicable)
   o Has the company disclosed the level of tailings and overburden waste it produces?
   o Does the company produce any hazardous waste and how has this been eliminated?

5. Energy
   o Has the company disclosed its electricity usage or relevant benchmark metric?
   o Has the company implemented any renewable energy initiatives within the business?
   o What is the company's electricity usage per unit of production and what is the historical trend of this production?

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Aeon Investment Management votes on all proxy resolutions for shares held in our portfolios and we provide full details of our voting record quarterly on our website ([http://www.aeonim.com/engagement-activities](http://www.aeonim.com/engagement-activities)). Aeon Investment Management's Voting Policy covers Corporate Governance, Environmental and Social issues. The policy is aligned with adequate investee entities' environmental metrics disclosure and adherence to Paris agreements, global frameworks and/or local regulation targets.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No