

A large circular graphic on the left side of the slide contains a photograph of several wind turbines silhouetted against a vibrant sunset sky with orange, red, and blue hues. The turbines are arranged in a line, receding into the distance. The background of the entire slide is a dark teal color with a subtle orange arc curving across the bottom left.

Investments

Why diversity and governance matter in investing



Why these metrics matter

Diversity and governance are two of the strongest indicators of how well companies are managed. Boards and leadership teams that are independent and bring together a mix of skills, backgrounds and experiences are better placed to make balanced decisions and consider a wider range of perspectives. This results in stronger oversight and more effective risk management.

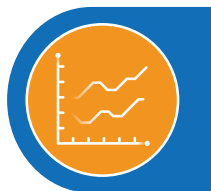
Our 2025 Stewardship Report shows that 59% of ESG risks identified by asset managers were governance-related. These risks often arise from issues such as board composition, misaligned executive pay or poor oversight, all of which can erode value over time.

Gender diversity remains an important part of the picture. Our analysis of our local portfolios shows nearly 30% female representation at board level, in line with the FTSE/JSE All Share Index benchmark. While this represents encouraging progress, there's a clear need to extend diversity beyond gender and the boardroom into senior leadership and management pipelines, where real influence over strategy is often concentrated.



Donovan McKay

Executive: Investment Strategy



Turning insight into action

At Alexforbes, we use these insights to guide our stewardship efforts. We engage with asset managers to ensure they are asking the right questions of the companies they invest in:

- Are boards independent and diverse enough to challenge management?
- Are remuneration structures aligned with long-term value creation?
- Is there robust succession planning to ensure continuity and accountability?

In 2024, over 23 500 company resolutions were reviewed through our appointed asset managers, with executive pay remaining one of the most contentious topics, accounting for nearly a quarter of dissenting votes. We asked managers to escalate cases where remuneration structures were not clearly linked to performance, encouraging stronger disclosure and clearer alignment with long-term value creation.

On diversity, we have seen asset managers begin to link board and leadership diversity outcomes to performance evaluations and remuneration. This has been reinforced by our global partner, Mercer, which has implemented 2 030 diversity targets to set clear expectations across portfolios. As a result, several companies are now reporting more transparently on their progress in building diverse leadership pipelines as a result of these expectations.





Better companies, stronger portfolios

We also recognise that transformation is a critical component of diversity and governance. Our transformation policy applies to the operations and decision-making of Alexforbes Investments.

By embedding transformation objectives into our investment approach, we ensure diversity and inclusion are prioritised not only in the companies our asset managers invest in, but also in the operations and decision-making structures of the asset managers we partner with.

Diversity and governance are not 'soft' issues. They reduce the risk of poor decision-making, help companies attract and retain talent and build credibility with customers and investors. For investors, this means portfolios that are more resilient and better positioned for long-term performance.

Alexforbes integrates this focus into all investment strategies. By challenging asset managers on governance and diversity, we influence the companies they invest in and raise standards across portfolios.





At Alexforbes, we believe that strong governance and meaningful diversity are central to building portfolios that can withstand volatility and deliver sustainable returns over time.

This approach is part of how we give clients confidence that they are in the right place for their investment destination, where portfolios are built with both strength and sustainability in mind.

With Alexforbes, no matter your investment destination, you're in the right place.



[Click here to view our 2025 Stewardship Report](#)

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