



Investments

Closing the climate data gap



alexforbes.com

 **alexforbes**

insight • advice • impact



Premal Ranchod
Head of Research

The climate reporting challenge

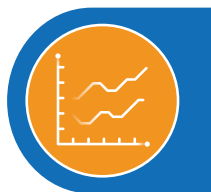
Climate change is not just an environmental issue, it has direct financial consequences. Extreme weather is driving up costs, prompting regulatory changes aimed at reducing emissions, while shifting consumer preferences are also impacting company operations, supply chains, and profitability. For investors, these factors translate into measurable risks and opportunities that can shape long-term returns.

Our 2025 Stewardship Report shows encouraging progress in how these risks are being measured. Almost half of the asset managers covered in our report now assess carbon intensity, and some are running climate scenario and stress testing which is an important step in a complex and evolving area. But there is still work to be done.

Many asset managers are still in the early stages of embedding climate-based reporting into their processes. The asset managers have mentioned that the way data is reported by South African companies varies widely, and science-based targets are still in early stages of reporting.

Stronger and more consistent climate reporting gives investors better visibility on which companies are managing these risks effectively and which may be vulnerable to disruption.

This insight is critical for building portfolios that are resilient and positioned for future opportunities.



Using metrics to drive meaningful engagement

To better understand climate risk across the assets we oversee, we use the Weighted Average Carbon Intensity (WACI) metric. WACI measures the carbon emissions a company produces per million dollars of sales, which is a proxy or indicator for a company's exposure to the costs of decarbonisation (physical and transition risks such as market price movements, legal risks, reputational/social risks, regulatory changes, shifts in consumer demand and technological disruption to mention a few).

As a multi-manager, we use this analysis to engage with the asset managers we appoint.

When WACI highlights holdings with high carbon intensity, we ask managers how they are addressing the issue. This includes questioning whether investee companies have credible, time bound emission reduction plans, how they are progressing towards international climate targets and what escalation steps will be taken if progress stalls.

This process allows us to identify and address climate risks proactively, rather than reacting once they begin to impact company valuations, and ultimately, client investment returns.





Global context, local relevance

Our partnership with Mercer Global Investments (Mercer) allows us to benchmark South Africa's progress in climate reporting against global peers, giving us a clearer sense of where we stand and where we can improve.

One area of focus is the use of science-based targets, which are increasingly being adopted internationally to ensure companies set credible, measurable emission reduction goals.

Mercer's insights show that markets further along the reporting journey are already benefitting from clearer data and stronger accountability, and these are outcomes we want to see replicated locally.

By drawing on this global perspective, we are able to direct our engagements more effectively, encouraging asset managers (and in turn the companies they invest in) to strengthen their reporting frameworks and align more closely with internationally recognised standards, including the International Financial Reporting Standards (IFRS) S2 climate disclosure requirements.



Climate reporting matters

Climate reporting is not a compliance exercise. Better disclosure helps investors understand where their portfolios may be exposed and where opportunities lie.

It also builds accountability by making it harder for companies and asset managers to set climate commitments without demonstrating measurable progress.

"What can't be measured, can't be managed."

- **Peter Drucker**



At Alexforbes, closing the climate data gap is a key part of our stewardship efforts.

We combine detailed ESG analysis with active engagement to influence the asset managers we work with and, through them, the companies they invest in. This approach strengthens the resilience of the portfolios we oversee, reduces the risk of unexpected value loss and positions investors to capture opportunities created by the transition to a lower carbon economy.

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



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

Disclaimer

Alexander Forbes Investments Limited is a licensed financial services provider, in terms of section 8 of the Financial Advisory and Intermediary Services 37 of 2002, as amended, FAIS licence number 711, and is a registered insurer licensed to conduct life insurance business (10/10/1/155). Read the full disclaimer [here](#).



alexforbes.com

alexforbes

insight • advice • impact