



It's Time for Investors to Act: An Introduction to Responsible Investment

The Securities Exchange Commission of Zimbabwe (SECZ), Investor Protection Fund (IPF) and the UN-supported Principles for Responsible Investment (PRI) webinar explores principles of responsible investment (PRI) for a more balanced and sustainable investment approach.

The capital markets regulator the Securities and Exchange Commission of Zimbabwe, the Investor Protection Fund (IPF) and the UN-Principles of Investing (UN-PRI) recently hosted the first edition of the “Responsible Investing” webinar series. The webinar ran under the theme “An introduction to Responsible Investment – A look at global, regional and local trends”. The webinar provided insight into the Investor Protection Fund (IPF), provided a roadmap through IPF Certification and offered best practices in investment and support for good governance overall.

Further fueled by the recent global pandemic, growing Environmental, Social, and Governance (ESG) priorities accelerate the demand for ethical and sustainable investment strategies.

In his remarks, the SECZ Chief Executive Officer, a member of the IPF board, Tafadzwa Chinamo said SECZ engaged PRI as a partner for engagement with stakeholders to introduce and discuss issues concerning responsible investment. The IPF, a SECZ creation as the last resort for investor compensation, is a sole signatory of PRI in Zimbabwe having joined the PRI in November 2019, consistent with the drive towards responsible funds stewardship.

Through the webinar, institutional and individual investors, asset managers and other players in the capital markets ecosystem gained valuable insight into the meaning and impact of responsible investment in real-time. The webinar was moderated by SECZ Head of Investor Education, Mrs Farai Mpofo with presentations from Mr Chinamo; PRI Head of Signatory Relations Mr Darron Scorgie and Mr Thomas Mutswiti, a representative of the Association of Investment Managers of Zimbabwe (AIMZ). Retired Judge and IPF Chairman, Retired Justice Mrs Vernanda Ziyambi gave closing remarks.

“IPF is a key asset owner of ZWL712 million and the increasing focus on ESG and active ownership is a welcome one from our perspective. We believe in sustainable investment models and being mindful of our impact on beneficiaries and society,” said Mr Chinamo. “We also emphasise the importance of asset managers’ influence, as well as effective and regular lobbying and communication. This ensures that potential investment adds value to the environment and society in line with the Principles of Responsible Investment.”

Speaking at the webinar, Mr Scorgie, shared insights about what responsible investment looks like, reasons to become a responsible investor, ESG factors and what an analyst role might look like.

“The UN-supported PRI is the world’s leading proponent of responsible investment, mandated to understand the investment implications of ESG factors and support an international network of investors in incorporating these factors into their investment and ownership decisions,” he said. “Responsible investment policy is now widespread, culminating in corporate disclosure guidelines - which is part of ongoing efforts to mitigate risk.”

Mr Scorgie emphasised that ESG incorporation comes at a modest cost and gave reasons why an asset owner or manager should explore signing up:

- It enhances returns and better manages ESG risks;
- It increases recognition in the financial community, which plays a material role in determining risk and return and,
- The growing demand from beneficiaries and investors for greater transparency, and high levels of regulatory guidance that incorporate ESG factors.

Mr Scorgie gave an example of an impressive emission prevention increase by the 2 biggest emitters in South Africa from 10% to 30%. This was made possible after holding the companies accountable to decarbonise, through the Climate Action 100+ engagement. He emphasised how much more there is to gain than lose, saying, “investment decisions are deliberate and should be informed by strategy. We have a responsibility to explore factors that could potentially impact the financial performance of companies we invest in.”

Mr Thomas Mutswiti weighed in and raised the importance of unbundling options. The ESG dashboard was introduced as a way to complement the existing metrics used to review companies, such as return on equity, dividend yields, and management quality. He also spoke about the importance of PRI membership and suggested it be included in the investment policy.

In her closing remarks, Retired Justice Ziyambi said that “A considerable amount of work is needed to integrate environmental, social and governance factors in business and investment process. However, change is here already.” The roadmap to achieve full integration includes educating stakeholders in the capital markets on responsible investment, as well as the general public. Informed by the 2019 research by CFA and PRI, asset owners and risk managers are the drivers of business entities incorporating ESG factors, and more businesses are encouraged to participate.

The Securities Exchange Commission of Zimbabwe and Investor Protection Fund look forward to your participation in the editions of the “Principle of Responsible Investment” webinar series. Follow SECZ on social media to access the Investor Handbook and learn more about investment options. Visit Facebook and Twitter for updates: @seczim.