

Principles for Responsible Investment (PRI) disclosure 2018

Our philosophy on being a responsible investor

Futuregrowth is a fiduciary asset manager: Our clients' needs and preferences supersede all other considerations except law or regulation. We believe all investors, including responsible investors or those with a developmental mandate should earn appropriate returns for risks taken. Thus, our policy and strategy for responsible investing (RI) exists within the framework of achieving appropriate returns for risks borne and satisfying clients' expressed desires or policies.

Futuregrowth believes that "everything counts" and therefore we consider the impact of our operations on society and within client mandates which includes the management of our client funds. We believe that environmental, social and governance (ESG) issues are an important component to managing investment risks. We continuously seek to invest our clients' funds in a responsible manner, consciously making an effort to be cognisant of these issues.

Our commitment

Futuregrowth's ESG framework integrates environmental, social and governance issues into the investment analysis and decision-making process with the view of mitigating overall portfolio risk on behalf of our clients.

The purpose of integrating ESG factors is to:

- Improve the analysis of all investments;
- promote improving standards of practice; and
- to assist the investment process to mitigate any ESG risks to potential or existing loans or investments.

We believe that investment processes may profitably and suitably include the analysis of ESG factors in the assessment of investments. ESG factors may be utilised on both:

- Economic grounds (e.g. well governed companies tend to be less risky; companies with sustainable environmental or labour policies will be less risky); and/or
- social grounds (e.g. tobacco is damaging to the health and welfare of the nation; road transport is beneficial for national development).

Inevitably, ESG screening or developmental investments are subjective matters that require judgement, either Futuregrowth's (within mandates) or our clients'. We note that many RI policies are transitory (e.g. anti-apartheid, anti-nuclear) while others persevere through time (e.g. infrastructure), but in all cases judgements must be made and preferences expressed.

The application of such ESG analysis and screening is defined by our clients' expressed preferences or, where no preferences are expressed, we exercise judgement to reduce risk and raise returns and concurrently create positive social impact. At all times the fund's asset allocation or investment strategy must prevail to ensure that risk adjusted returns are achieved. Principles of sound portfolio management should not be compromised in the RI or ESG screening process.

Futuregrowth is a signatory to the PRI and endorses the Code for Responsible Investment in South Africa (CRISA).



PRI principles	Futuregrowth's application of the principles
<p>Principle 1 We will incorporate ESG issues into investment analysis and decision-making processes.</p>	<p>Our philosophy on ESG is outlined in our RI Policy:</p> <ul style="list-style-type: none"> – ESG integration forms part of our investment process for listed and unlisted investments.
<p>Principle 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.</p>	<p>Our ownership policies include:</p> <ul style="list-style-type: none"> – Corporate Governance and Proxy Voting Policy. <p>Active ownership involves:</p> <ul style="list-style-type: none"> – File shareholder resolutions; – attend annual general meetings and other relevant meetings; and – exercise voting rights and engage in proxy voting issues.
<p>Principle 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.</p>	<ul style="list-style-type: none"> – Request reporting on ESG issues from investee companies.
<p>Principle 4 We will promote acceptance and implementation of the Principles within the investment industry.</p>	<ul style="list-style-type: none"> – We promote acceptance of the Principles through our support and representation on a few industry working groups e.g. ASISA Bond committee, ASISA Infrastructure Working Group, ASISA RI Committee and PRI Awareness and Recruitment Working Group.
<p>Principle 5 We will work together to enhance our effectiveness in implementing the Principles.</p>	<ul style="list-style-type: none"> – Collaboration with industry bodies e.g. ASISA, Chartered Financial Analyst (CFA) SA and PRI.
<p>Principle 6 We will each report on our activities and progress towards implementing the Principles.</p>	<ul style="list-style-type: none"> – We disclose how ESG issues are integrated within our investment process; and – we report via the PRI disclosure and our reports are accessible through the PRI website.

For further information please contact:

Angelique Kalam
 Manager: Sustainable Investment Practices
 Tel: 021 659 5483
 Email: angeliquek@futuregrowth.co.za

