



# RI TRANSPARENCY REPORT

2013/14

Futuregrowth Asset Management



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Private							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments by equity and debt	✓	Public							✓
INF 02	Breakdown of assets by management	✓	Public							✓
INF 03	Largest infrastructure	✓	Public							✓
INF 04	Description of approach to RI	✓	Public	✓					✓	
INF 05	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
INF 07	Formal commitments to RI	✓	Public				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
INF 12	ESG issues impact in selection process	✓	Public	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	🔒	n/a				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	🔒	n/a		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	🔒	n/a		✓					
INF 17	Type and frequency of reports received from investees	🔒	n/a		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	🔒	n/a		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Public		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	-	n/a	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
INF 23	Approach to disclosing ESG incidents	✓	Public						✓	

# Futuregrowth Asset Management

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

☐ <10%

☐ 10-50%

☒ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory only services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

South Africa

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

☒ 1

☐ 2-5

☐ 6-10

☐ >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

58



Futuregrowth is a specialist asset management company which manages a full range of interest bearing and developmental investment funds.

| Our team of investment experts manages around R138 billion of assets across the full scope of fixed income products, from core funds through to yield enhanced funds, as well as a range of development funds (which includes equity).

| Our investment process uses a combination of value adding tools, including interest rate management and credit analysis, to add performance to clients' funds.

| Futuregrowth provides debt and equity finance facilities to organisations looking to raise funds in the capital markets.

- With our 20 year track record in the market and the development of the requisite skills set, the investment team is well positioned to structure transactions that add value to both its clients and investee companies, and
- construct diverse portfolios that enhance returns, reduce risk volatility and produce relatively stable outperformance over time.

| Futuregrowth is dedicated to the development and empowerment of South Africa and its people, with many of our investment offerings geared towards making a meaningful difference to our world. With this in mind the company continually strives to identify opportunities that will enrich the lives of our people through delivering economic and social returns that really matter. The suite of developmental funds consists of the following products:

- Futuregrowth Infrastructure& Development Bond Fund
- Futuregrowth Development Equity Fund
- Futuregrowth Community Property Fund
- Futuregrowth Agri-Fund
- Futuregrowth Power Debt Fund
- Futuregrowth Inflation-linked Power Debt
- Futuregrowth SRI Balanced Fund

| The Agri Fund is managed by Futuregrowth Asset Management and UFF Asset Management acts as a specialist agricultural fund advisor.

| The property asset management component of the Community Property Fund is managed by PIC Properties.

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☐ Yes

☒ No

**OO 03.3** Additional information. [Optional]

UFF Agri Asset Management (UFF) is specialist fund advisor with a dedicated focus on the agricultural sector in Africa, they are not a subsidiary but act in a advisory capacity on the Agri fund. They became signatories and signed up to the Farmland principles during 2012.

**OO 04**

**Mandatory**

**Gateway/Peering**

**General**

**OO 04.1**

Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2**

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		138	326	183	409
Currency	ZAR				
Assets in USD		13	393	283	694

**OO 04.3**

Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 04.4**
**Additional information. [Optional]**

Futuregrowth is a specialist asset management company which manages the full range of interest bearing and developmental investments in an ethical and sustainable way.

| Our team of investment experts manages around R138 billion of assets across the full scope of fixed income products, from core funds through to yield enhanced funds, as well as a range of development funds (which includes a component of unlisted or developmental equity).

| Our investment process uses a combination of value adding tools, including interest rate management and credit analysis, to add yield to clients' funds.

| Futuregrowth provides debt and equity finance facilities to organisations looking to raise funds in the capital markets.

| With our 20 year track record in the market and the development of the requisite skills set, the investment team is well positioned to:

structure transactions that add value to both its clients and investee companies, and construct diverse portfolios that enhance returns, reduce risk volatility and produce relatively stable outperformance over time.

| Futuregrowth is dedicated to the development and empowerment of South Africa and its people, with many of our investment offerings geared towards making a meaningful difference to our world. With this in mind the company continually strives to identify opportunities that will enrich the lives of our people through delivering economic and social returns that really matter.

**OO 06**
**Mandatory**
**Descriptive**
**General**
**OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☐ Publish our asset class mix as percentage breakdown
- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	0
Fixed income – corporate	<10%	0
Fixed income – government	10-50%	0
Fixed income – other	10-50%	0
Private debt	10-50%	0
Private equity	<10%	0
Property	0	<10%

Infrastructure	<10%	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	<10%
Inclusive finance	<10%	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report	Voluntary to Disclose	Peering	General
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OO 07.1

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2

Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

<b>OO 07.3</b>	Additional information. [Optional]
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| The Agri Fund is managed by Futuregrowth Asset Management and UFF Asset Management acts as a specialist agricultural fund advisor.

| The property asset management component of the Community Property Fund is managed by PIC Properties.

<b>OO 09</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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**OO 09.1**

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

#### Our responsible investment philosophy

Futuregrowth is a fiduciary asset manager. While we invest in a range of asset classes, fixed income makes up the largest part of our investment capability.

- Listed & unlisted fixed income - makes up more than 90% of total AUM.
- Listed & unlisted equity - focuses primarily on investing in developmental assets, with the unlisted component strategy is to acquire minority stakes in companies. The listed component is acquired opportunistically and in very limited capacity.

In addition, we manage several developmental funds. We believe that "everything counts" and therefore we consider the impact of our operations on society and, always within client mandates which includes the management of our client funds. We believe that the analysis of environmental, social and governance (ESG) issues is an important component of the management of investment risks. We continuously seek to invest our clients' funds in a responsible manner, consciously making an effort to be mindful of these issues.

#### Our commitment

The purpose of integrating ESG factors into our investment process is to deepen our understanding of all investments, promote improving standards of practice within investee companies, and enable our investment transactors to take steps to mitigate any ESG risks inherent in potential or existing loans or investments when investing on behalf of our clients

The application of such ESG analysis and screening is defined by our clients' expressed preferences. Where no preferences are expressed; we exercise judgement, with the aim of reducing risk and earning sustainable returns. At all times a pensions fund's desired asset allocation or investment strategy must prevail to ensure that appropriate risk adjusted returns are achieved. Principles of sound portfolio management should not be compromised in the RI or ESG screening process.

Futuregrowth endorses the Code for Responsible Investment in South Africa (CRISA) and we are also a signatory to the UN Principles for Responsible Investment (PRI).

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
<b>OO 10.1</b>	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.		

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

<b>OO 10.2</b>	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.
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- ☐ Yes, our total listed equities are 10% or more of our total AUM  
☒ No, our total listed equities are less than 10% of our total AUM

<b>OO 11</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☐ Fixed income – corporate  
☐ Fixed income – government  
☐ Fixed Income – other  
☒ Private debt  
☒ Private equity  
☒ Infrastructure  
☒ Inclusive finance  
☐ Cash  
☐ None of the above

<b>OO 11.2</b>	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☐ Property  
☒ Farmland  
☐ None of the above

<b>OO 11.3</b>	Additional information. [Optional]
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We have applied ESG screening on a forward looking basis to the following asset classes:

- Private debt
- Private equity
- Infrastructure

We are currently in the process of developing a framework for considering ESG issues in relation to Listed fixed income investments.

<b>OO 12</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers****Direct - Listed Equity incorporation**

- ☒ Listed Equity incorporation

**Direct - Listed Equity active ownership**

- ☒ Engagements
- ☒ (Proxy) voting

**Direct - Other asset classes with dedicated modules**

- ☐ Private Equity
- ☒ Infrastructure
- ☐ Inclusive Finance

**RI implementation via external managers****Indirect - Selection, Appointment and Monitoring of External Managers**

- ☐ Farmland

**Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.



We have during the past reporting year applied ESG analysis and screening to the following asset classes:

We have applied ESG screening on a forward looking basis to the following as:

- Private debt (unlisted debt is covered in more detail in the "Overarching approach" module since there is not dedicated module for this asset class.
- Private equity (unlisted equity transactions, these are minority holdings in companies and therefore would not form part of the Private Equity module above.
- Infrastructure

We are currently in the process of developing a framework for considering ESG issues in relation to Listed fixed income investments.

# Futuregrowth Asset Management

## Reported Information

## Public version

## Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
OA 01.1	Indicate if you have a responsible investment policy.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]		

### Our responsible investment philosophy

Futuregrowth is a fiduciary asset manager who believes that "everything counts" and therefore we consider the impact of our operations on society and, always 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

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.

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 earn sustainable returns. At all times the Pension 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.

OA 02	Mandatory	Core Assessed	PRI 6
OA 02.1	Indicate if your responsible investment policy is publicly available.		
	<input checked="" type="radio"/> Yes		
OA 02.2	Provide a URL to your responsible investment policy.		

URL
-----

[http://www.futuregrowth.co.za/FileStore/Futuregrowth%20RI%20Policy\\_2014\\_FINAL.pdf](http://www.futuregrowth.co.za/FileStore/Futuregrowth%20RI%20Policy_2014_FINAL.pdf)

☐ No

<b>OA 02.3</b>	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☒ Yes, all

☐ Yes, some

<b>OA 02.4</b>	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Corporate Governance & Proxy Voting Policy	<a href="http://www.futuregrowth.co.za/FileStore/Futuregrowth%20Corporate%20Governance%20and%20Proxy%20Voting%20Policy%202014.pdf">http://www.futuregrowth.co.za/FileStore/Futuregrowth%20Corporate%20Governance%20and%20Proxy%20Voting%20Policy%202014.pdf</a>
CRISA disclosure statement	<a href="http://www.futuregrowth.co.za/FileStore/Futuregrowth%20CRISA%20disclosure.pdf">http://www.futuregrowth.co.za/FileStore/Futuregrowth%20CRISA%20disclosure.pdf</a>
Conflict of Interest Policy	<a href="http://www.futuregrowth.co.za/conflict-of-interest-policy">http://www.futuregrowth.co.za/conflict-of-interest-policy</a>

☐ No

<b>OA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,2</b>
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<b>OA 03.1</b>	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

### Definitions

The following definitions in Board Notice 58 of 2010 ("BN 58") are referenced in this Policy.

Financial Interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than -

- a) An ownership interest.
- b) Training, that is not exclusively available to a selected group of providers or representatives.

Immaterial Financial Interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000.00 in any calendar year from the same third party in that calendar year, received by -

- a) A provider who is a sole provider.
- b) A Representative for that Representative's direct benefit.
- c) A provider, who for its benefit or that of some or all of its Representatives, aggregates the immaterial financial interest paid to its Representatives.

### Ownership Interest means -

- a) Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person.
- b) Includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

### Third Party means -

- a) A product supplier.
- b) Another provider.
- c) An associate of a product supplier or provider.
- d) A distribution channel.
- e) Any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) provides a financial interest to a provider or its Representatives.

### Introduction

Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is authorised by the Financial Services Board ("FSB") under the Financial Advisory and Intermediary Services Act 37 of 2002 ("FAIS") as a discretionary Financial Services Provider ("FSP") in terms of FAIS License 520. Futuregrowth is required by FAIS, as set out in Board Notice 58 of 2010 to implement and maintain a Conflict of Interest Management Policy ("the Policy").

Coupled with this requirement, Futuregrowth is committed to providing financial services to clients, with integrity, honesty, transparency and in a manner that always put our client's interests first.

### Purpose

The purpose of this Policy is to document the process whereby we identify and manage all conflicts of interest that may arise when we provide a financial service to our clients. This Policy sets out processes which will also ensure that we can evidence this conflict management to the Regulators and our clients.

### Application

This policy applies to all Futuregrowth employees. Futuregrowth employees consist

of:

1. Permanent employees;
2. Temporary employees;
3. Independent Contractors;
4. Directors;
5. Officers; and
6. Agents.

#### **Conflicts of interest**

BN 58 defines a conflict of interest as follows:

"Conflict of interest" means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client -

- a) Influence the objective performance of his, her or its obligations to that client; or
- b) Prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

In summary, Futuregrowth has a conflict of interest if it has an interest that influences its obligations and prevents it from providing an unbiased and fair financial service to its client. In effect this occurs when Futuregrowth puts its interests before those of its clients.

#### **Financial interest**

BN 58 defines both Financial Interests and Immaterial Financial Interests. In terms of BN 58, Futuregrowth will be unable to provide an unbiased and fair financial service to a client if it holds a Financial Interest.

BN 58 therefore prohibits a FSP from either receiving a Financial Interest from a Third Party or giving a Financial Interest to a Third Party. The logic is that if a FSP does not have a Financial Interest in a situation, then it will effectively not be in a conflict of interest with a client.

A Financial Interest is widely defined in BN 58. It includes the following:

1. Cash;
2. A cash equivalent;
3. Vouchers;
4. Gifts;
5. Services;
6. An advantage;
7. A benefit;
8. Discounts;
9. Domestic or foreign travel;
10. Hospitality;
11. Accommodation;
12. Sponsorship; and
13. Other incentives or valuable consideration.

In terms of BN 58, Futuregrowth is not permitted to either receive a Financial Interest from a Third Party or give a Financial Interest to a Third Party.

A FSP is however allowed to give an Immaterial Financial Interest to a Third Party or receive a Financial Interest from a Third Party.

#### **Immaterial financial interest**

As stated in section G, a FSP is permitted to either give an Immaterial Financial Interest to a Third Party or receive an Immaterial Financial Interest from a Third Party.

The logic behind this is that an Immaterial Financial Interest is not substantial enough to have an influence on the financial service that a FSP will give to a client.

An Immaterial Financial Interest is a financial interest with an aggregate value of a R 1000.00 or less per calendar year from the same Third Party.

### **Third party**

BN 58 references Financial and Immaterial Financial Interests in relation to Third Parties. The following would fall within the definition of a Third Party:

1. A product supplier;
2. Another FSP;
3. An associate of a product supplier or FSP;
4. A service provider; or
5. A distribution channel.

### **Futuregrowth approach**

In terms of this policy, Futuregrowth employees are prohibited from accepting a Financial Interest from a Third Party or giving a Financial Interest to a Third Party.

Futuregrowth follows an internal disclosure process around the receiving of an Immaterial Financial Interest from a Third Party as well as the giving of an Immaterial Financial Interest to a Third Party.

### **Process**

Futuregrowth has implemented the following process to manage conflicts of interest in accordance with BN 58:

#### **Step 1: Identify the conflict of interest**

Each Futuregrowth employee must be aware of the potential for a conflict of interest in any activity. If an employee suspects an actual or potential conflict, they should discuss it with the compliance officer or any appropriate Futuregrowth employee. The following questions would be of assistance in the identification process:

1. Are my interests and those of Futuregrowth aligned with my clients needs?
2. Am I acting independently, professionally and objectively towards my client?
3. Am I acting in the best interests of my client or in the best interests of Futuregrowth?

#### **Step 2: Reporting the identified conflict of interest**

1. The employee must report the conflict of interest to the Head of Compliance. This must be done in writing or via email.
2. The Head of Compliance must record the conflict of interest in the Conflict of Interest Register.
3. The Compliance Officer must schedule a meeting, consisting of the CIO, MD and any other appropriate employees.

#### **Step 3: Managing the reported conflict of interest**

The CIO, MD, Head of Compliance and other appropriate employees, must evaluate the conflict of interest and decide on the possible actions that must be taken. The evaluation must include the following:

1. Whether it is possible to avoid the conflict of interest.
2. If it cannot be avoided, the reasons why.
3. The actions that must be taken to mitigate a conflict of interest that cannot be



avoided.

4. How these actions will lessen or mitigate the impacts of the conflict of interest.
5. When and how client disclosure of the conflict of interest will take place.

Note that this entire process and all the decisions made during this process will be documented and filed by the Head of Compliance.

#### **Managing a conflict of interest that cannot be avoided**

Management in conjunction with the Head of Compliance must manage a conflict of interest in terms of BN 58. In terms the values of Futuregrowth and the manner in which we do business, all our employees are responsible, together with management and the Head of Compliance, to manage these conflicts of interest.

Mitigation measures or actions must be identified and implemented as soon as is reasonably possible. These must be documented and also monitored by the Head of Compliance.

An appropriate disclosure must be drafted to inform the client of the conflict of interest and what measures have been implemented to reduce the impact or effect of the conflict of interest on the client.

These control measures and disclosure requirements must be recorded in the Conflict of Interest Register.

At Futuregrowth, we will also document the conflict of interest, decision making process, decisions made, controls implemented and disclosures made as a case study. These case studies will be analysed by our employees so that we can use the learnings to assist in managing any future conflicts of interest.

#### **Standard information for disclosure requirements**

The following information must be included in each client disclosure:

1. The measures taken in accordance with this Policy to manage the conflict of interest.
2. Any ownership interest (ownership of Futuregrowth and entities it owns) or Financial Interest that Futuregrowth or its employees may become eligible for.
3. The exact nature of any relationship or arrangement between Futuregrowth and a Third Party that gives rise to a conflict of interest.

#### **Futuregrowth obligations**

1. Management, through delegation to the Head of Compliance is responsible for the communication of this policy and the effective training of all Futuregrowth employees.
2. Futuregrowth employees are responsible for identifying and reporting any actual or potential conflicts of interest to the Head of Compliance.
3. The Head of Compliance is responsible for the effective monitoring of this policy.

#### **Policy breaches**

Any failure to meet the obligations set out in section N of this Policy will be considered a breach of this policy. Any employee who breaches this policy will be subject to management action.

☐ No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year  
☐ Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☒ Quarterly  
☐ Biannually  
☐ Annually  
☐ Every two years or less  
☐ It is not reviewed  
☐ No

## Governance and human resources

OA 07	Voluntary	Descriptive	General
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**OA 07.1** Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

- 1) The roles and responsibilities of your Board and senior management  
The board requires a quarterly update on the responsible investment strategy and progress
- 2) Who has day-to-day responsibility for your responsible investment activities  
We have a full-time resource dedicated to the strategy which includes implementation who reports to the Head of Credit& Equity and the CIO.  
  
The investment team at an individual level is also responsible for ensuring that new issuers they bring for consideration undergoes the ESG due diligence process.
- 3)How responsible investment performance is assessed and reviewed  
It forms part of the annual review process for some individuals

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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**OA 08.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles present in your organisation**

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify  
**Head of Credit & Equity Team**
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number
--------

1

## Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ CDP Forests
- ☐ CDP Water
- ☒ CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Hosting CFA South Africa education programmes and speaking at CFA forums

- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☐ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

**OA 11.3**

Additional information. [Optional]

1) Provided or supported education or training programmes for clients:

Hosted a Responsible Investment Forum during September 2013 for all our local Pension Fund clients and consultants

2) Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Through our work and involvement with our local industry association for investment managers called the Association for Savings & Investment in South Africa (ASISA), we are involved in many working groups from the Responsible Investment Working Group; Definitions Working Group; and Bond/Fixed Income Working Group.

We were also engaged and provided input to the Sustainable Returns Project in South Africa, to formulate an RI manual for asset owners.

3) Spoke publicly at events and conferences to promote responsible investment

- Lecturing at local university to Masters students in Development Finance
- Speaker on RI at a broker seminar on responsible investing

4) Wrote and published in-house research papers on responsible investment

- Contributed towards published articles relating to responsible investments issues e.g. Finweek educational;
- Financial Mail Collective Insight, in-house quarterly newsletter on RI issues to pension fund clients

5) Encouraged the adoption of the PRI

Through our support of the local Sustainable Returns Project in South Africa, hosting of PRI local network events; involvement on the PRI Awareness working group and general raising awareness with asset owners

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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☒ Yes

☒ Yes, individually

☒ Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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☒ Endorsed written submissions to governments, regulators or standard-setters developed by others

☐ Drafted your own written submissions to governments, regulators or standard-setters

☒ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
---------	--

☐ Yes, publicly available

☒ No

☐ No

OA 12.4	Additional information.
---------	-------------------------

Through our local investment industry body, ASISA, we participated in various industry initiatives affecting the bond market and regulatory issues. Face to face meetings included meetings with local government on creating a framework for green finance initiatives.

## ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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☐ Yes

☒ No

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☒ Yes

<b>OA 14.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	% of total AUM
--	----------------

9.7

<b>OA 14.3</b>	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
--	------

☒ Clean technology

	Asset class invested
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☐ Listed equity

☒ Private debt

☒ Private equity

☒ Infrastructure

☐ Farmland

☐ Inclusive finance



Brief description of investment
---------------------------------

The Futuregrowth**Infrastructure** & Development Bond Composite, a specialist yield enhanced bond portfolio, forms part of Futuregrowth's suite of developmental investments. The Composite targets high returns through a combination of moderate credit concentration limits, active interest rate risk management and active off-benchmark bets. The benchmark is the All Bond Index.

The Futuregrowth**Power Debt Fund**, a portfolio specialising in the investment of renewable energy projects and supporting industries, forms part of Futuregrowth's suite of developmental investments. The benchmark is the South African STeFI Composite Index.

☒ Green buildings

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Private debt
- ☒ Private equity
- ☐ Infrastructure
- ☐ Farmland
- ☐ Inclusive finance

- ☐ Sustainable forestry
- ☒ Sustainable agriculture

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Private debt
- ☐ Private equity
- ☐ Infrastructure
- ☒ Farmland
- ☐ Inclusive finance

Brief description of investment
---------------------------------

The Futuregrowth**Agri-Fund**, a portfolio specialising in the investment of agricultural land, biological assets, agricultural infrastructure and other related farming implements, forms part of Futuregrowth's suite of developmental investments. The benchmark is CPI + 10%.

- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☒ Other area, specify

The Futuregrowth Community Property Composite, a portfolio specialising in the finance and development of retail shopping centres catering to the needs of under-served communities throughout

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Private debt
- ☐ Private equity
- ☐ Infrastructure
- ☐ Farmland
- ☐ Inclusive finance

☐ No

## Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.		
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We have developed an in-house ESG screening and engagement tool for use with unlisted issuers in the private debt and equity asset classes. We are active in our engagement strategy within these asset classes and believe that through our proactive dialogue with both companies and clients we are able to raise awareness around issues of sustainability.

## Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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**OA 19.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes

**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

**OA 19.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

The content was reviewed and validated by the Head of Credit& Equity Investments and our Compliance Officer for accuracy.

☐ No

# Futuregrowth Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## 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.

## Overview

LEI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
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### LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

#### Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active – fundamental and other active strategies

#### % of internally managed listed equities

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

LEI 02	Voluntary	Descriptive	PRI 1
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### LEI 02.1

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

We hold directorships through mostly minority equity holdings and exercise our rights through a combination of proxy voting, active ownership and engagement. We believe in active intervention through our board representations, and management support; especially where we have unlisted equity exposure.

Futuregrowth is responsible for exercising voting authority over securities which form part of our client portfolios. Through our proxy voting guidelines we seek to promote:

- Clients' interests: to promote the protection of our clients' interests,
- Long-term value creation: aligning the interests of management with those of shareholders and stakeholders,
- Accountability: of management to all stakeholders i.e. investors, and
- Sustainability: companies that have good corporate governance are those whose operations are financially, socially and environmentally sustainable.

## ESG incorporation in actively managed listed equities

## Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
----------	--

**ESG incorporation strategy (select all that apply)**

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☒ All three strategies combined

Percentage of actively managed listed equities to which each strategy or combination of strategies is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> <div>100</div>
--	--

- ☐ No incorporation strategies applied

Total actively managed listed equities
--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
----------	---

All three strategies are being applied, though not necessarily in the same way to all issuers. We have rolled out our ESG process on a forward-looking basis via screening (adhoc); thematic (all the time since it's driven by the mandate); integration (adhoc)

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Company-related analysis or ratings
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Country-related analysis or ratings
- ☐ Screened stock list
- ☒ Issue-specific analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

**LEI 04.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

The information is mostly directly supplied by the companies which the analysts then reviews as part of the ESG screening and due diligence process.

**LEI 04.3**

Indicate if you incentivise brokers to provide ESG research.

- ☐ Yes
- ☒ No

**(A) Implementation: Screening**

**LEI 06**

**Mandatory**

**Descriptive**

**PRI 1**

**LEI 06.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

**Type of screening**

☒ Negative/exclusionary screening

**Screened by**

- ☐ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

Description
-------------

In particular for our suite of developmental funds, we negatively screen out tobacco, alcohol etc

☒ Positive/best-in-class screening

**Screened by**

- ☐ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

Description
-------------

In particular for our suite of developmental funds, we positively screen for all infrastructure and developmental sectors that contributes to social upliftment

☐ Norms-based screening

LEI 06.2
----------

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
---

We have developed specific sector criteria based on South Africa's developmental requirements and on government's objective to promote social development. These sector criteria are revised on an ad-hoc basis and if there's any substantial change we would advise our clients.



<b>LEI 06.3</b>	Additional information. [Optional]
-----------------	------------------------------------

In addition, we have developed an ESG scorecard which assists with screening issuers on particular environmental, social and governance issues. We have decided on the criteria for the ESG scorecard and apply them internally to the private debt and private equity asset classes.

Where possible, we apply the same criteria to the listed equity asset class as well, although our involvement in this asset class is very limited.

LEI 07	Mandatory	Core Assessed	PRI 1
<b>LEI 07.1</b>	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.		

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☐ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

## (B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
<b>LEI 09.1</b>	Indicate the type of sustainability thematic funds or mandates that your organisation manages.		

- ☐ Environmentally themed funds
- ☐ Socially themed funds
- ☒ Combination of themes

**LEI 09.2**

Describe your organisation's processes for sustainability thematic funds.  
[Optional]

#### Defining developmental investments

Futuregrowth defines developmental investing as that which provides investors with both commercial returns and tangible social and developmental impact. In South Africa, the primary development focus is around the provision of basic services and infrastructure development.

#### Our philosophy

Futuregrowth is dedicated to the development and empowerment of South Africa and its people, with many of our products geared towards supporting change. We are passionate about improving the lives of all South Africans and so we're always striving to identify opportunities that will not only yield optimal financial returns for stakeholders, but also make recognised contributions to society. Our belief is that thriving communities result in thriving businesses, therefore, business can and should develop the communities in which they operate.

We also believe that while providing a retirement benefit for members is critically important, so too is improving the lives of individuals and their families while they are still working.

#### Our process

Futuregrowth has a 20 year track-record of investing in developmental investments and the current capability is supported by the investment process

We use a fundamental investment approach with active decision making and judgment applicable in all processes including all our developmental funds.

#### Our team

The team consists of a diverse group of professionals ranging from portfolio managers, credit analysts, client reporting, marketing and business development experts. The team leverages off the existing investment process and taps into resources from the interest rate and credit teams. A dedicated resource oversees all aspects of the Responsible Investment (RI) function within the company.

## (C) Implementation: Integration of ESG issues

**LEI 11****Mandatory****Core Assessed****PRI 1****LEI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2** Additional information. [Optional]

We are not currently applying the screening across all sectors and in a consistent manner within the listed equity universe, as our investment strategy in listed equity is very opportunistic and limited in scope. Therefore we have selected the option that says "occasionally".

<b>LEI 12</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
---------------	------------------	--------------------	--------------

**LEI 12.1** Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ Company information and/or ratings on ESG are updated regularly
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.2</b>	Describe how ESG information is held and used by your portfolio managers.
-----------------	---

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

<b>LEI 13</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
---------------	------------------	----------------------------	--------------

<b>LEI 13.1</b>	Indicate into which aspects of investment analysis you integrate ESG information.
-----------------	---

- ☐ (Macro) economic analysis
- ☐ Industry analysis
- ☒ Analysis of company strategy and quality of management
  - ☒ Systematically
  - ☐ Occasionally
- ☐ Idea generation
- ☐ Portfolio construction
- ☐ Fair value/fundamental analysis
- ☐ Other, specify

## Outputs and outcomes

<b>LEI 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
---------------	------------------	--------------------	--------------

<b>LEI 15.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
-----------------	---

- ☐ Screening
- ☒ Thematic

	Describe any alteration to your investment universe or other effects.
--	---

The listed equity exposure is limited by the mandate to invest in thematic/developmental sectors.

- ☒ Integration of ESG issues

Select which of these effects followed your ESG integration:

- ☐ Reduce or prioritise the investment universe
- ☐ Overweight/underweight at sector level
- ☐ Overweight/underweight at stock level
- ☐ Buy/sell decisions
- ☒ Other, specify

Highlighting specific ESG risks, or lack of processes within a company and engagement with management on these issues.

LEI 16	Voluntary	Descriptive	PRI 1
--------	-----------	-------------	-------

LEI 16.1

Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

a) Impacted funds' financial performance

Screening	Thematic	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

b) Reduced funds' risk or volatility

Screening	Thematic	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

c) Improved funds' ESG performance

Screening	Thematic	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

**LEI 16.2**

Describe how you are able to determine these outcomes and your actual performance.

We manage risks in our investment process and identifying potential ESG risks is just another way of managing these risks by being able to identify problems in process or lack of governance. Our performance is linked to mitigating any loss on a single exposure, therefore consideration of these risks are an important part of our investment process.

## Communication

**LEI 18****Mandatory****Core Assessed****PRI 2,6****LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

☒ We disclose it publicly

Provide URL

<http://www.futuregrowth.co.za/proxy-voting>

Provide URL

<http://www.futuregrowth.co.za/active-ownership-engagement>

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

**LEI  
18.4**

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently	<input type="radio"/> Quarterly or more frequently
<input checked="" type="radio"/> Between quarterly and annually	<input checked="" type="radio"/> Between quarterly and annually
<input type="radio"/> Less frequently than annually	<input type="radio"/> Less frequently than annually
<input type="radio"/> Other, specify	<input type="radio"/> Other, specify

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.5**

Additional information. [Optional]

We are able to provide a detailed summary of proxy voting records for specific periods to clients upon request.

# Futuregrowth Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## 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.



## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

#### Active ownership & engagement

Futuregrowth employs active ownership practices that assist us in engaging with companies on their sustainability initiatives.

The UN PRI defines active ownership as "the use of the rights and position of ownership to influence the activity or behaviour of investees. This can be applied differently in each asset class. For listed equities it includes both engagement and (proxy) voting (including filing shareholder resolutions). For other asset classes (e.g. fixed income), engagement may still be relevant while (proxy) voting may not.

Further still, the UN PRI defines engagement as the "interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure."

This is appropriate and aligned with our objective of ensuring long-term sustainability for our clients and society. We believe in collaboration with investee companies by engaging with management to encourage companies to think about their approach to ESG issues, with the purpose of improving overall sustainability of companies.

Where possible we engage on various matters that affect the triple bottom line (King III) acknowledges that there is a move away from the single bottom line (that is, profit for shareholders) to a triple bottom line, which embraces the economic, environmental and social aspects of a company's activities, outlined below:

File shareholder resolutions,  
Attend annual general meetings, debt-holder meetings and other relevant meetings,  
Engage in negotiating debt related terms, and  
Engage in proxy voting and lender related issues.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------	--------------

**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- ☐ Yes  
☒ No

**LEA 03.3** Additional information. [Optional]

There is no formal process for identifying and prioritising engagement activities, but we have a formal process for tracking all our engagement activities. The portfolio manager stays quite close to all the listed securities because we have a very small exposure to listed equity securities and therefore we are able to identify specific engagement opportunities.

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1	Indicate if you define specific objectives for your engagement activities.
----------	--

☐ Yes

☒ No

LEA 04.2	Indicate if you monitor the actions that companies take following your engagements.
----------	---

☒ Yes

☐ Yes, in all cases

☒ Yes, in the majority of cases

☐ Yes, in the minority of cases

LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.
----------	---

Mostly through follow-up conversations and via email updates from the company.

☐ No

## General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
--------	-----------	---------------------	---------

LEA 09.1	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
----------	---

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1	Indicate if you track the number of companies you engage with.
----------	--

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
--------	---	---------------	-------

LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
----------	--

	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	4

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
----------	---

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

LEA 12	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.
----------	--

Type of engagement	Coverage
Individual / Internal staff engagements	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input checked="" type="checkbox"/> We do not track this information

LEA 12.2	Provide an estimated breakdown by E, S and/or G issues.
----------	---

Individual / Internal staff engagements
---

100%

LEA 13	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
----------	--

☐ Yes

☒ No

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	--

☐ We disclose it publicly

☒ We disclose it to clients and/or beneficiaries only

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.
----------	--

Engagement information disclosed
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- ☐ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☐ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☐ Outcomes that have been achieved from the engagement
- ☒ Other information

Total resolutions voted/signed

1) Total votes in favour

2) Total votes against

3) Total votes abstained

4) Total engagements

**LEA  
15.4**

Indicate how frequently you typically report engagements information

- ☐ Disclosed continuously (prior and post engagements)
- ☐ Disclosed quarterly
- ☐ Disclosed annually
- ☐ Disclosed every two years or less
- ☒ Other, specify

We disclose this information only upon specific client request.

- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

**(Proxy) voting and shareholder resolutions**

**Overview**

**LEA 16**

**Voluntary**

**Descriptive**

**PRI 2**

**LEA  
16.1**

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

#### Proxy Voting Policy

The King III report on corporate governance strongly recommends that shareholders become actively involved in the way companies are governed. In addition, there is an increasing trend worldwide towards more shareholder activism. Share ownership rights, which include voting rights in person or by proxy, are financial assets. They must be managed with the same care and diligence as any other investment asset, because the integrity and value of shares may be affected by the outcomes of voting proposals. Shareholders have the power through voting rights to influence the management of a company. Actively exercising these rights through active ownership activities is an effective way of enhancing portfolio value.

Consequently, Futuregrowth views seriously its responsibility to exercise voting authority over securities, which form part of its clients' portfolios.

#### Proxy statements

Proxy voting statements contain material issues involving shareholder rights and corporate governance, which deserve careful review and consideration. A number of recurring issues can be identified with respect to the governance of a company and actions proposed by that company's Board. This has enabled Futuregrowth to adopt internal Proxy Voting Guidelines to vote on these issues in a consistent manner within the parameters of good corporate governance and corporate sustainability.

The attributes that our proxy voting guidelines aim to promote are:

Long-term value creation - aligning the interests of management with those of shareholders and stakeholders.

Accountability - of management to investors, stakeholders and the regulators.

Sustainability - companies that have good corporate governance are those whose operations are financially, socially and environmentally sustainable.

Futuregrowth needs to examine each resolution offered and the context in which it applies. We therefore do not automatically vote in favour of proposed resolutions, but first consider our clients investment needs and social objectives. For that reason, there may be rare instances in which clients' shares may not be voted in strict adherence to these guidelines.

### Process

**LEA 17****Mandatory****Descriptive****PRI 2****LEA  
17.1**

Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

## Approach

☒ We use our own research or voting team and make our own voting decisions without the use of service providers.

## Based primarily on

- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain

☐ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

**LEA 19.1** To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

- ☒ Obtain confirmation that votes have been lodged:
- ☒ for a majority of votes
- ☐ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

**LEA 20.1** Indicate if your organisation has a securities lending programme.

- ☐ Yes
- ☒ No

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**LEA 21.1** Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------



<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

☐ We do not track or collect this information

<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	--------------------	--------------

<b>LEA 23.1</b>	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
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☒ Yes, we track this information

<b>LEA 23.2</b>	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
-----------------	---

Voting instructions	Breakdown as percentage of votes cast				
For (supporting) management proposals	<table> <tr> <td></td><td>%</td></tr> <tr> <td>93.9</td><td></td></tr> </table>		%	93.9	
	%				
93.9					
Against (opposing) management proposals	<table> <tr> <td></td><td>%</td></tr> <tr> <td>5.3</td><td></td></tr> </table>		%	5.3	
	%				
5.3					
Abstentions	<table> <tr> <td></td><td>%</td></tr> <tr> <td>0.8</td><td></td></tr> </table>		%	0.8	
	%				
0.8					

100%

**LEA  
23.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

Futuregrowth needs to examine each resolution offered and the context in which it applies. We therefore do not automatically vote in favour of proposed resolutions, but first consider our clients investment needs and social objectives. For that reason, there may be rare instances in which clients' shares may not be voted in strict adherence to these guidelines. We will also not vote in strict accordance with these guidelines if we receive specific instructions to the contrary from our clients.

In cases where Futuregrowth, via its clients, manages more than 5% of the equity market capitalisation of a company, and the issues to be discussed at the Annual General Meeting are of a material nature, we may consider physically attending and voting at the meeting instead of voting via proxy.

On occasions, new issues may arise which are not covered by these guidelines. In such cases we will evaluate these proposals against the spirit of good corporate governance as outlined in King III, the Companies Act of 2008 and best international practice, after which we would update this document.

☐ No, we do not track this information

## Communication

**LEA 26**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA  
26.1**

Indicate if your organisation proactively discloses information on your voting activities.

- ☐ We disclose it publicly
- ☒ We disclose it to clients/beneficiaries only

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

	Indicate what level of explanation you provide
--	--

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☒ Only explain abstentions and votes against management
- ☐ No explanations provided

<b>LEA 26.4</b>	Indicate how frequently you typically report voting information.
---------------------	--

- ☐ Continuously (primarily before meetings)
  - ☐ Continuously (soon after votes are cast)
  - ☐ Quarterly or more frequently
  - ☒ Between quarterly and annually
  - ☐ Less frequently than annually
  - ☐ Other, specify
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

<b>LEA 26.6</b>	Additional information. [Optional]
---------------------	------------------------------------

In response to LEA 26.3 we do provide detailed voting information upon client request we will make this information available.

# Futuregrowth Asset Management

## Reported Information

### Public version

#### Direct - Infrastructure

## PRI disclaimer

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## Overview

INF 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

INF 01.1

Provide a breakdown of your organisation's internally managed infrastructure investments by equity and debt.

Infrastructure investment instruments	Percentage of your internally managed infrastructure investments (in terms of AUM)
Equity investments	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
Debt investments	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
<b>Total</b>	<b>100%</b>

INF 01.2

Indicate the level of ownership you typically hold in your infrastructure investments.

- ☐ a majority stake (>50%)
- ☐ a 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☐ a minority stake (<10%)
- ☒ a mix of ownership stakes
- ☐ N/A, we hold 100% debt investments

INF 02

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

INF 02.1

Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.

Infrastructure assets managed by	Breakdown of your infrastructure assets (by number)
Managed directly by your organisation/companies owned by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed via third-party operators appointed by your organisation/companies owned by you	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed by other investors/their third-party operators	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
<b>Total</b>	<b>100%</b>

INF 03	Voluntary	Descriptive	General
--------	-----------	-------------	---------

INF 03.1	Indicate up to three of your largest infrastructure sectors by AUM.
----------	---

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input checked="" type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input checked="" type="radio"/> Social infrastructure <input type="radio"/> Other, specify

<b>INF 03.2</b>	Additional information.
-----------------	-------------------------

We have considerable exposure to roads infrastructure and toll-roads, renewable energy and various social infrastructure e.g. low income& affordable housing, agriculture, SMME.

<b>INF 04</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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<b>INF 04.1</b>	Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you have equity stakes.
-----------------	--

Our philosophy on infrastructure for equity mirrors our policy on Socially Responsible Investments (SRI), which seeks to make developmental investments that facilitate infrastructural, social, environmental and economic development in Southern Africa.

<b>INF 04.2</b>	Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you hold debt.
-----------------	---

Our philosophy on infrastructure for debt mirrors our policy on Socially Responsible Investments (SRI), which seeks to make developmental investments that facilitate infrastructural, social, environmental and economic development in Southern Africa.

<b>INF 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
---------------	------------------	----------------------	----------------

<b>INF 05.1</b>	Indicate if your organisation has a responsible investment policy for infrastructure.
-----------------	---

☒ Yes

<b>INF 05.2</b>	Provide a URL if your policy is publicly available. [Optional]
-----------------	--

[http://www.futuregrowth.co.za/FileStore/Futuregrowth%20RI%20Policy\\_2014\\_FINAL.pdf](http://www.futuregrowth.co.za/FileStore/Futuregrowth%20RI%20Policy_2014_FINAL.pdf)

☐ No

<b>INF 05.3</b>	Additional information. [Optional]
-----------------	------------------------------------

We have a Responsible Investment Policy (RI) which broadly touches on all the asset classes we manage, in addition, we have a Socially Responsible Investment (SRI) policy which outlines the types of sectors we are allowed to invest in.

## Fundraising of infrastructure funds

<b>INF 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,4,6</b>
---------------	------------------	----------------------	------------------



<b>INF 06.1</b>	Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.
-----------------	---

- ☐ Yes
- ☒ No

<b>INF 07</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4</b>
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<b>INF 07.1</b>	Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in infrastructure when requested by clients.
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- ☐ We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☒ We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ Our clients do not request us to make formal commitments to responsible investment in infrastructure

## Pre-investment (selection)

<b>INF 08</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>INF 08.1</b>	Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.
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- ☒ Yes
- ☐ No

<b>INF 09</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1,4</b>
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<b>INF 09.1</b>	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process.
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- ☒ Internal staff
- ☒ Specify role
- Analysts**
- ☒ Specify role
- Portfolio managers**
- ☐ Specify role
- ☐ External resources
- ☐ No use of internal or external advice on ESG issues

<b>INF 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,3</b>
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<b>INF 10.1</b>	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
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## ESG issues

☒ Environmental

List up to three typical examples of environmental issues

Energy efficiency

Waste management & recycling

Greenhouse gas emissions

☒ Social

List up to three typical examples of social issues

Minimum wage conditions

Discrimination

Supply chain management

☒ Governance

List up to three typical examples of governance issues

Board composition

Role & function of the board

Board appointment process

INF 11	Voluntary	Additional Assessed	PRI 1,3
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INF 11.1

Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.

- ☐ Raw data from the target infrastructure asset/company
- ☐ Benchmarks/ratings against similar infrastructure asset
- ☐ Sector level data/benchmarks
- ☐ Country level data/benchmarks
- ☐ Reporting standards, infrastructure sector codes and certifications
- ☐ International initiatives, declarations or standards
- ☐ Engagements with stakeholders (e.g. contractors and suppliers)
- ☐ Advice from external sources
- ☒ Other, specify

We typically would use our own internal ESG scorecard with specified indicators during the screening process.

- ☐ We do not track this information

INF 12	Voluntary	Additional Assessed	PRI 1
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<b>INF 12.1</b>	Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.
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- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☐ ESG issues led to the abandonment of potential investments
- ☐ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☒ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

## Post-investment (monitoring and active ownership)

### Overview

<b>INF 14</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 2</b>
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<b>INF 14.1</b>	Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.
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☒ Yes

<b>INF 14.2</b>	Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.
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- ☐ We consider ESG issues in the monitoring and operation of infrastructure
- ☐ We consider ESG issues in infrastructure maintenance
- ☒ We consider ESG issues in stakeholder engagements related to our infrastructure
- ☐ We consider ESG issues in other post-investment activities, specify

<b>INF 14.3</b>	Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]
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We haven't implemented a formalised monitoring process as yet, this is currently being developed.

☐ No

### Stakeholder engagement

<b>INF 19</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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	Stakeholders engaged
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- ☐ Regulators
- ☐ Communities
- ☐ Other stakeholder, specify
- ☐ Other stakeholder, specify

<b>INF 19.2</b>	Describe your approach to stakeholder engagements in relation to your infrastructure assets.
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We haven't engaged directly with stakeholders during this period. In practice the investee companies conduct the stakeholder engagements directly with communities, and we monitor and form a view on this.

## Outputs and outcomes

<b>INF 20</b>	Voluntary	Additional Assessed	<b>PRI 1,2</b>
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<b>INF 20.1</b>	Indicate whether your organisation measures how your approach to ESG issues in infrastructure investments has affected financial and/or ESG performance.
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	Financial performance
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- ☐ We measure how ESG issues affect financial performance
- ☒ We do not measure how ESG issues affect financial performance

	ESG performance
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- ☐ We measure changes in ESG performance
- ☒ We do not measure changes in ESG performance

<b>INF 20.4</b>	Additional information.
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During the next stage of our measuring and monitoring process we will be reviewing ESG performance based on our annual review assessment.

## Communication

<b>INF 22</b>	Mandatory	Core Assessed	<b>PRI 6</b>
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**INF 22.1**

Indicate if your organisation proactively discloses ESG information on your infrastructure investments.

- ☐ Disclose publicly
- ☒ Disclose to clients/beneficiaries only

**INF 22.3**

Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries.

- ☒ ESG information on how you select infrastructure investments
- ☒ ESG information on how you monitor and manage infrastructure investments
- ☐ Information on your infrastructure investments' ESG performance
- ☐ Other; specify

**INF 22.4**

Indicate your organisation's typical frequency of disclosing ESG information to the your clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less frequently
- ☒ Ad-hoc; specify

When we have report-back meetings to clients or upon specific client request

**INF 22.5**

Describe the ESG information and how your organisation proactively discloses it to your clients/beneficiaries. [Optional]

This could take different forms - it could be through a case study or through an explanation of how we integrate ESG through our investment process. We share information through our quarterly reports and via client newsletters.

- ☐ No proactive disclosure to the public or to clients/beneficiaries

**INF 23****Voluntary****Descriptive****PRI 6****INF 23.1**

Describe your organisation's approach to disclosing ESG incidents in infrastructure investments to your investor clients.

Disclosing material ESG information to clients would be no different to disclosing any other material information to our clients. ESG information forms part of an integrated investment process and therefore it's not a stand-alone process. In the event of a default we would communicate all the necessary attributes to our clients to inform them of the situation and this would then, include any material ESG issues.