



CLIMATE TRANSPARENCY REPORT 2020

Futuregrowth Asset Management

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-68D3C2D1-70B5-43EC-989F-331062AA4A9B/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	-	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Futuregrowth Asset Management
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	Africa
Country	South Africa
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Futuregrowth Asset Management

Reported Information

Public version

Strategy and Governance

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.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
---------	---

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	---	--------	-------------	---------

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	---

Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
--	--

We have identified physical and transition climate-related risks and opportunities and factored them into our fundamental analysis as part of our ESG risk tools and analysis. In cases where we identified a material risk, this would affect the rating and pricing of the underlying issuers/investee companies.

Some of the physical climate-related risks we identified and their associated impacts included the following:

1. Agriculture sector where our clients have exposure and were affected by the disruption to operations and trade arising from severe/ extreme weather events in particular. For example, in South Africa we've had severe storms, droughts across the country which has resulted in water scarcity. We assessed the water risk related to the agri investment, in some cases the businesses had sufficient mitigation strategies (e.g. water wells) in place to counter the low rainfall and in some cases there were none. In addition, our clients are invested in assets that have exposure to other climate events (e.g. red-tide effect) due to global warming and has resulted in a write-down to the value of the investment.

2. Energy and resource security that arise from climate change has also been factored in by assessing issuers/investees in terms of materiality to their operations and how this affects their profitability e.g. in companies that are water resource dependent, we have assessed alternative water sources availability and water security in the respective region.

3. Infrastructure and property sectors have also been affected due to climate related events e.g. flooding causing damage to infrastructure and properties. We assess insurance coverage and ongoing maintenance of infrastructure and properties to ensure that these are maintained and up to date so that climate events like hailstorms, flooding will have a minimal impact.

Some of the transition-related climate risks and opportunities we identified include the following:

As part of our decision to transition to a low-carbon economy, we engage issuers/investee companies in carbon intensive industries or sectors that have inherent exposure to climate related risks, to determine their efforts to identify the risk, a strategy to mitigate and to report on progress in these areas on a regular basis.

Opportunities in this area include:

In an effort to transition our client portfolios to a low-carbon economy, we have invested a total of R8 billion in the renewable energy sector in South Africa. Our exposure is across a variety of wind, solar and CSP projects located across South Africa.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Physical risks:

In reference to points above, the timescale were all within the short-to-medium term.

Transition risks:

In reference to the points above, the timescale were all with medium-to-longer-term.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Not an "organisation" wide but "investment wide", which aims to identify and manage material climate-related risks and opportunities relating to the investments we undertake on behalf of our client funds.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Board has an oversight role and monitors the objectives. The Board meets on a quarterly basis and would receive all investment related updates, this would include an RI/ESG update e.g., investment process or issuer related.

**SG 07.7
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Management-level roles play an important role in assessing and managing the climate-related issues for each counterparty. The process is as follows;

- Management would report to Investment Exco and the Board on progress, updates and problems.
- Management stay informed throughout the process since they would be part of the investment decision making forum and would also play a role in monitoring these related issues. All outstanding items are logged as Matters Arising requiring formal follow-up and feedback, these are reported to the Credit/Investment Committee and monitored as follow-up items until the item is cleared.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

Yes, this is done to assess climate-related risks and ESG risks and the impact that these may have on financial forecasts, which in turn impact our investment/valuation models. This is conducted at an individual counter-party and not asset class e.g. we assessed the risks linked to our Agri exposure.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
 - We consider ESG issues as part of our fixed income sectors allocation.
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

We have strategically decided to avoid any carbon intensive investments, this includes any new coal developments and instead have an exposure of approximately R8bn invested in low carbon assets like renewable energy in South Africa.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
-----------------	--	---------------	--------------------	----------------

SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

This forms part of our fundamental analysis and ongoing review of companies when we consider ESG risks, these also include climate-related risks. If the risks are material, and materially impact future cashflows, this will affect the rating and pricing of our investment decision.

- Inform active ownership
- Other

specify

Bondholder activism and engagement

Describe

In addition to the fundamental analysis which includes the ESG and climate risk analysis, depending on how material the issue, we would engage the company to ensure these risks are being addressed.

SG 13.5
CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

specify

The analyst would use the information to inform the credit or investment committee for approval or changes to the risk rating e.g. credit rating

SG 13.6
CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes
- No

Please explain the rationale

Not explicitly, but we do consider these risks at a sector level as far as we have line of sight, this could in some instances mean beyond the investment timeframe. Currently we are only evaluating the risks in terms of the length and term of our current exposure.

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Paris_2°C or lower scenario
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
-------	---	--------	---------------------	-------

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

In addition, further tipping points and trends we consider:

<https://www.futuregrowth.co.za/newsroom/responsible-investing-in-2019-some-tipping-points-and-some-not/>

- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		8	000	000	000
Currency	ZAR				
Assets in USD			545	048	704

Specify the framework or taxonomy used.

We have developed our internal green taxonomy, the renewable energy investments would be classified in the energy sector and categorised under renewable energy/solar/wind/concentrated solar power (CSP). Our client funds have have approximately R8 billion exposure to renewable energy.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Sought climate disclosure by companies, if material then we require action from the company to mitigate/or reduce as part of their long-term strategy.

None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Refer to responses in (13.1) and (13.4)

None of the above

SG 14 CC

Voluntary

Public

General

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Processes for climate-related risks are integrated into overall risk management

Please describe

The process for identifying, assessing and managing climate-related risks are integrated into overall investment process by considering the following;

- Determine the materiality of the climate-related risks related to the specific investment and the potential impact on current and future revenues, cashflows, liabilities and operational impact.
- If material, then this will have an impact on the credit rating and pricing.
- Engage the issuer to determine the level of mitigation strategies implemented to address these risks.
- Assess whether the risks are sufficiently mitigated, in some cases this will result in a repricing and/or re-rating of the issuer to capture the risks.

Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
-------	---	--------	-------------	-------

SG 15.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

SG 15.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

17

SG 15.3

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology
- Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

4

- Fixed income - Securitised
- Private equity
- Property
- Farmland
- Inclusive finance
- Cash

Brief description and measures of investment

Invested in renewable energy e.g. wind and solar technologies in South Africa as part of the local renewable energy programme.

- Green buildings
- Sustainable forestry
- Sustainable agriculture

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

0.1

- Fixed income - Securitised
- Private equity
- Property
- Farmland

Percentage of AUM (+/-5%) per asset class invested in the area

1

- Inclusive finance
- Cash

Brief description and measures of investment

Our client funds are invested in a variety of agri businesses and in addition, they also hold direct farmland in the Futuregrowth Agri-Fund. This is a portfolio specialising in the investment of agricultural land, biological assets, agricultural infrastructure and other related farming implements, and forms part of Futuregrowth's suite of developmental investment funds.

In addition, we have exposure via debt to agri type investments.

In both cases, the measurement would be around sustainable agri practices e

- Microfinance
- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1.2

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Farmland
- Inclusive finance
- Cash

Brief description and measures of investment

We have exposure to the SME funding sector, that provides access to finance in the South African (emerging) market to those who previously were unable to access funding due to social, economic or regulatory/legal constraints e.g. the measurement would be amount of funding provided primarily to entrepreneurs or SME's.

- Social enterprise / community investing
- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

2.4

- Fixed income - Securitised
- Private equity
- Property
- Farmland
- Inclusive finance
- Cash

Brief description and measures of investment

Provide access to finance in the low income & affordable housing market.

- Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

0.1

- Fixed income - Securitised
- Private equity
- Property
- Farmland
- Inclusive finance
- Cash

Brief description and measures of investment

Investments held in education are measured either by the number of enrolments at the institution or the number of students funded.

- Global health
- Water

Asset class invested

- Listed equity
- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

1.2

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Farmland
- Inclusive finance
- Cash

Brief description and measures of investment

Providing access to finance by partnering with local water boards in South Africa, the measurement would be the type of water infrastructure funded, the utility funded and the provision of access to water.

Other area, specify

No

SG 15.4

Please attach any supporting information you wish to include. [OPTIONAL]

[File 1:overview-of-developmental-investments-infographic_2019.pdf](#)