

# Responsible investment

## FSCA guidance on sustainability of investments and assets regarding investment policy statement on retirement funds

### Introduction

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We see ourselves as your partner in meeting your retirement funds' fiduciary responsibilities.

The Financial Sector Conduct Authority (FSCA) sent out a guidance note on 14 June 2019, which makes the point that sustainability of retirement fund assets is prime in

informing its investment policy statement.

We have summarised some of the key outcomes of the guidance note and how our approach to investing and portfolios can support your retirement fund in addressing these. There are three main expectations that come from this guidance note.

### First expectation

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The FSCA sets out that the investment philosophy and objectives of a retirement fund's board, as reflected in its investment policy statement, are to ensure the sustainability of investments and assets. The FSCA requirements are as follows:

The retirement fund intends to monitor and evaluate the ongoing sustainability of the asset, which it owns and which it is intending to acquire, including the extent to which ESG factors have been considered by the retirement fund, and the potential effect thereof on the assets of the retirement fund.

managers to adopt our responsible investing policy and, where we have legal rights, we will vote according to our own proxy voting and engagement policy. We monitor our appointed investment managers continually and assess their ESG integration approach; discuss their company engagements and seek disclosure on how they comply with responsible investment principles such as the Code for Responsible Investing in South Africa (Crisa) and/or the United Nations supported Principles for Responsible Investment (PRI).

### Our approach

In our selection, appointment and monitoring process, there are multiple layers of ESG integration in the investment process. Where we appoint other investment managers, we make sure they have an integrated approach when it comes to the incorporation of ESG principles in their investment decisions. Through our due diligence processes, we assess how ESG integration is done. In our investment management agreements, we expect the investment

### The FSCA requirements are as follows:

The active ownership policy

### Our approach

Our responsible investing policy governs our discretionary savings and investments products and governs all our savings and investment products. Please [click here](#) to view our responsible investing policy.

## Second expectation

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Where the retirement fund holds assets that limit the application of ESG factors, the integrated policy statement (IPS) should state the reasons and set out the remedial action the retirement fund will take to rectify the position. If no remedial action is taken, the retirement fund should set out the reasons therefore.

### Our approach

Responsible investment practices are applied across all our savings and investment products.

## Third expectation

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The FSCA expects the retirement fund's IPS sustainability approach to be reflected in the relevant investment mandate(s).

### Our approach

Our investment manager agreements require the appointed investment manager to comply with our responsible investment policy.

## We report

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Through our involvement in the responsible investment committee of the Association for Savings and Investment South Africa (Asisa), support for the Code for Responsible Investing in South Africa (Crisa), as a signatory to the United Nations Principles for Responsible Investment (PRI), and being a member of the International Corporate Governance Network (ICGN), we strive to encourage other investment managers, service providers, asset consultants and investment owners to do the same.

Our responsible investment policy, proxy voting and engagement policy with the voting records are available at [www.momentuminv.co.za](http://www.momentuminv.co.za).

Attached is an appendix of our RI summary report, which may be a useful resource for the retirement fund and members.

## Conclusion

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As your key partner, we are of the view that the initiatives that have been outlined above, undertaken by us, will allow your retirement fund to demonstrate clear intent in

supporting sustainable investments, aligned to the FSCA guidance note.

