

Responsible investment policy

Ashburton Investments, as prudent stewards of capital, consider a wide range of factors that may affect the risk and return profile of the investments we make. Ashburton incorporates all material factors that the investment team believes could affect an investment. ESG factors form a part of this process. This report encapsulates at a high level the progress Ashburton Investments is making on its journey of Responsible Investing and covers the period 1 July 2018 to 30 June 2019.

Our Responsible Investment Committee continues to introduce ESG data, ratings and other forms of research to the investment teams. The source data is gathered from external brokers, NPO's, Bloomberg's and the web. Ashburton has recently included a scoring mechanism for ESG factors.

Ashburton is expected to comply with local laws and regulatory requirements, holding itself accountable to the highest ethical standards and as part of the First Rand Group complies with the First Rand Financing Exclusion List. We expect every investee company to similarly comply with local laws and regulations, and ethical standards including the disclosure of all relevant data in their Integrated Annual Reports if applicable.

Reputational risk related to ESG factors are also considered during the investment assessment process. FirstRand has developed an exclusions list of activities that it will not finance, an example includes destruction of High Conservation Value Areas. Reasons include legal constraints, financing restrictions under international financing agreements, or because FirstRand may suffer reputational damage as a result of involvement in specific industries

Collaboration and leadership role

Regarding collaboration and the leadership role that Ashburton plays within Responsible Investing: During the period employees of Ashburton were involved in the following positions; Chairperson of the ASISA Responsible Investing Committee; member of ASISA Infrastructure Investment Workgroup; member of the CRISA committee; member of the Social Impact Investing National Task Force and Chairperson of the South African chapter of ANDE. Employees at Ashburton play an active role in forwarding these initiatives. Ashburton hosted several learning workshops for ANDE members on impact investing fundamentals. These workshops were aimed at developing practical knowledge for investment and finance professionals across a wide variety of organisations. We have also been part of the ANDE working group to map impact measurement and management practices in South Africa. Finally, employees lectured a range of post graduate students on innovative finance solutions and Impact Investing strategies at the University of Cape Town and University of Pretoria. Ashburton remains willing to collaborate with industry initiatives or co-investors on any material issues that will drive change in the important areas of Responsible Investing.

Engagement

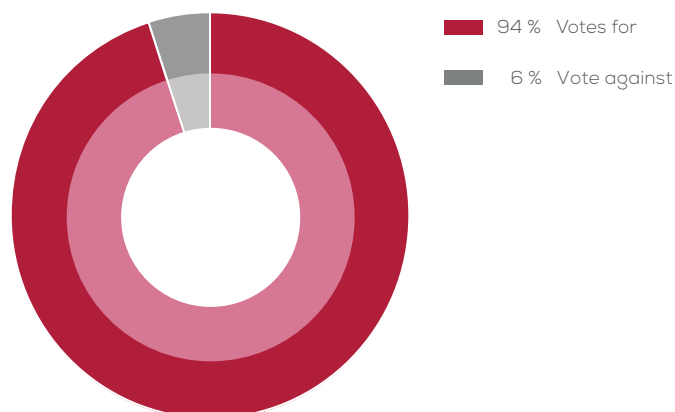
During the period, there were many engagements with company management across the various asset classes. Engagements vary from light to intense. Going forward we will keep an exact record of engagements that involve material ESG issues. To date most intense engagements involve governance issues.

In addition, Ashburton will continue to engage with the broker community as well as the credit agency community regarding ESG research.

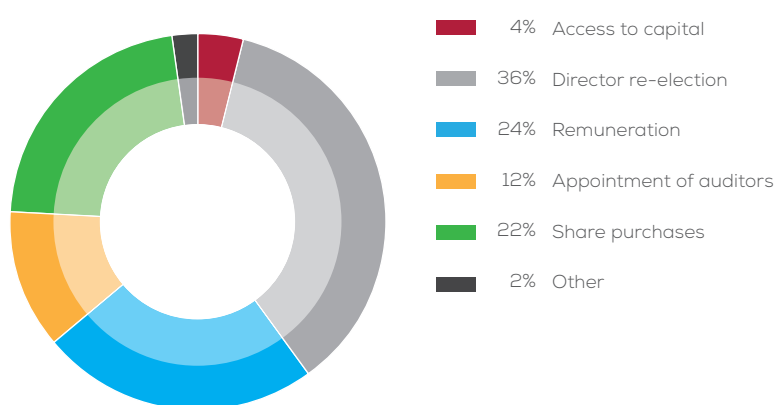
Responsible ownership

During the period, Ashburton Equity voted at 40 South Africa listed equity meetings covering 825 resolutions. The voting is not automated with each vote receiving individual attention guided by the Ashburton Proxy Voting Policy. Our detailed quarterly voting activity is published on our website and the summary of the voting activity for the period was as follows:

Voting activity for meetings held from 1 July 2018 to 30 June 2019



Reasons for voting against management for meetings held from 1 July 2018 to 30 June 2019



Responsible lending

During the period, all lender rights were exercised after careful consideration as to what action would have the optimal results for clients. Ashburton Fixed income was involved in 149 (157) lender decisions involving over 100 companies. Ashburton voted with management on 100% (97%) of lender decisions. We continued to improve our legal documentation with regards to covenants and in some cases, have included clauses that allow us to measure the impact of our funding.

Conflict of interest

The conflict of interest policy has been reviewed and the latest policy documents is available on the website under the Responsible Investing tab. We will continually to proactively manage conflicts of interest in the period ahead.

Disclosure

In addition to this progress report, Ashburton Investments provides further disclosure on its responsible investment practices in the annual PRI public reporting, client reporting and the FirstRand Annual Integrated Report.