FUNDS FOR GOOD
INVEST, IMPACT

RESPONSIBLE INVESTMENT POLICY

August 2018

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1. Vision and objectives

As a socially engaged company, Funds For Good has developed a business model where it shares 50% of its corporate profits, with a minimum of 10% of its revenues, whichever the greatest, with its philanthropic objective managed by Generation For Good (GFG). GFG helps less favored people in the regions where Funds For Good operates to create their own job by granting them an interest free loan of the required starting equity. This “quasi equity” allows them in turn to obtain a microcredit provided by partnering microfinance institutions. The quasi equity loan is only reimbursed after this microcredit and, when it is reimbursed to GFG, it serves again to help new entrepreneurs according to the same principles. GFG also provides the accompanying coaching this specific target group of entrepreneurs requires.

Operating our daily activities towards the realization of our Vision in a responsible way comes as a logical extension of this Vision. Funds For Good strives for a positive contribution to the development of its employees, clients, suppliers and society as a whole and this while respecting the environment in which we operate.

Responsible investment is another component of responsible entrepreneurship. Funds For Good, as a fund initiator or fund advisor to asset managers, recognizes the social responsibility that investors have. Funds For Good is accountable for this to investors in the funds we advise and/or co-create. Our Responsible Investment Policy describes the guidelines, definitions and procedures it applies to achieve this.

2. Policy foundations

Funds For Good is a signatory to the United Nations Principles for Responsible Investments (UNPRI[1]). The UNPRI network, established in 2006, is a fast-growing international group of investors who strive to integrate matters related to environment, society and good governance into their investment policies. The guidelines of UNPRI are related to the investment process.

Funds For Good is active on 3 layers on all the funds sheltered under the FFG Sicav:

1. Exclusion of companies
2. Apply a comprehensive ESG strategy

[1] See the description in Appendix 2 for the UN Principles for Responsible Investment

3. Generate a social impact through its philanthropic activity

3. Process

The FFG Sicav does (will) cover 2 main types of funds

- Sustainable Thematic funds
- Standard allocation or single asset classes funds

For both types of funds, a negative screen is applied. All stocks listed by Norges Bank “negative screen list” (https://www.nbim.no/en/responsibility/exclusion-of-companies/) are banned from our investment universe. These criteria relate to specific product types and entail that the funds must not invest in companies which themselves, or through entities they control, produce weapons that violate fundamental humanitarian principles through their normal use, produce tobacco, or sell weapons or military materiel to certain countries. Companies may also be excluded if there is an unacceptable risk of behaviour that is considered grossly unethical: human rights violations, environmental damages, child labor,… This list is followed by the investment manager of each our the FFG sub-funds.

For thematic funds, the thematic will per se pursue objectives particularly relevant on an Environment, Social or Governance criteria. No additional criteria will therefore be applied.

For allocation or single asset class funds, an additional filter is implemented in accordance with the investment managers. Those funds will implement an ESG policy as described below:

- **Environment**: we have as an objective to lower the carbon footprint of the portfolio by minimum 20% versus their respective benchmark. Such difference is applied on stocks and corporate bonds only. Every month, the total carbon footprint of our portfolio (on the stock and corporate bond portions) are compared to the carbon footprint of their corresponding benchmark. Should the allocation not satisfy the criteria, the investment manager will adjust the portfolio positions in order to comply with the constraint. The calculation method is the following: $\Sigma\, stocks\ (or\ corporate\ bonds) carbon\ footprint * stock\ weight\ is\ 20\% < corresponding\ benchmark\ carbon\ footprint$
  Investments are done only into stocks for which carbon footprint data are available.
- **Social**: we have as an objective to enhance the social quality of the companies in which the portfolio invests by minimum 20% versus their respective benchmark. Such difference is applied on stocks and corporate bonds only. Every month, the Labor Management Score of our portfolio (on the stock and corporate bond portions) are compared to the Labor Management Score of their corresponding

benchmark. Should the allocation not satisfy the criteria, the investment manager will adjust the portfolio positions in order to comply with the constraint. The calculation method is the following: $\Sigma\, stocks\ (or\ corporate\ bonds) LMS * stock\ weight\ is\ 20\% > \ corresponding\ benchmark's\ LMS$

Investments are done only into stocks for which a Labor Management Score data are available.

The Labor Management Score is provided by MSCI, and covers a series of criteria such as employees turnover, casualties at work, rights of employees representatives, whistleblowers, …

- **Governance**: we have as an objective to implement a responsible voting right policy with the portfolios. The date of implementation will be decided together with the fund managers.

4. Information and reporting

Funds For Good is transparent about its policy and activities in the area of responsible investment and publishes this present Policy on its website. The carbon footprint and Labor Management Scores are publicized on their monthly factsheets.