

## CRISA CODE

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Foord has a well-established Environmental, Social and Governance (ESG) and investment stewardship ethos. This ethos is founded on the belief that investors' money should be managed with the same degree of care and dedication they would themselves exercise in the endeavour.

Foord considers ESG factors to be integral to the research and portfolio management process. They are essential to active shareholding. Because the long-term sustainability of income streams has always been fundamental to our investment philosophy, we have an acute awareness of non-financial factors embedded in the investment process.

In addition to a highly disciplined and well-defined proxy voting policy, the firm's proprietary application of ESG factors in the research process is complemented by specialist third party ESG research. Foord has a long track record of actively engaging company boards and management to improve sustainable outcomes for all stakeholders. We report our comprehensive ESG activities via an annual Stewardship report, ongoing investor feedback sessions and documentation available on the website and other channels.

Given this natural alignment, we endorse the principles espoused in the CRISA code:

**Principle 1 – An institutional investor should incorporate sustainability considerations, including ESG, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries.**

As long-term investors, Foord understood the importance of taking account of social, environmental and governance issues long before the 2011 amendment of Regulation 28. ESG is an integral part of the overall investment process as these issues are critical to the future success and sustainability of the company. Sustainability is important in Foord's formal macro overview, its economic forecasting and probability analysis, and top-down asset allocation and is used as one of the subjective measures when rank attractively priced companies or evaluating the management of companies purchased for client portfolios. We have made ongoing incremental improvements to improve the external visibility of these activities and more formally record them to improve our ESG reporting.

**Principle 2 – An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.**

Foord assigns a formal ESG score to each of the companies under our research coverage. Importantly we also record the score trajectory (i.e. improving or declining) which automatically initiates a deeper dive from the relevant analysts to better understand the reasons for a company's ESG score trend. Company engagements are a cornerstone of our research process and we have a long history as an active shareholder. In addition, to discharge its responsibilities on the governance, social and environmental side and to fulfil its duty of care, the firm votes on behalf of clients in respect of their investments in accordance with Foord's voting policy. The voting policy is publicly available on the website. In brief, it requires that Foord:

- Staff apply their minds to all matters requiring the voting of clients' shares, irrespective of whether or not the number of votes to be cast may affect the outcome of the voting
- Maintain a register of all upcoming annual general meetings (attendance is compulsory where questioning of management decisions is deemed appropriate)
- Vote on resolutions in accordance with what it believes to be in the best interests of shareholders
- Consider environmental, social and governance issues for each vote
- Consider all other matters on a case by case basis.

**Principle 3 – Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.**

Foord will continue to show leadership in shareholder activism in the South African investment management industry. Where appropriate, the firm will consider collaborative approaches to promote the interests of investors. In addition, Foord is an active member of the investment community and is an ordinary member of ASISA.

**Principle 4 – An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should pro-actively manage these when they occur.**

Foord has a comprehensive internal policy on avoiding conflicts of interest. This policy is available on the website. In brief, it requires that Foord:

- Place client interest before its own as client interests are paramount
- Not engage in practices designed to distort prices or artificially inflate volume with the intent to mislead market participants
- Not act, or cause others to act, on material, non-public information that could affect the value of a publicly traded investment
- Give priority to investments made on behalf of the client over those that benefit their own interests
- Must not execute its own trades in the same security prior to client transactions
- Does not benefit from investment activities if such activities could adversely affect any client interest
- Must not engage in trading activities that work to the disadvantage of clients (e.g. front-running client trades)
- May, in certain circumstances, put its own capital at risk alongside that of its clients in order to align its interests with the interests of its clients (it being noted that these arrangements are permissible only if clients are not disadvantaged)
- Ensures fair and equitable trade allocation among client accounts
- Discloses all material facts when providing information to clients regarding Foord's investments, its personnel's investments or the investment process.

**Principle 5 – Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.**

All ESG related policy, process and reporting documentation is publicly available on the firm's website. The following documents can be accessed:

- ESG policy
- Proxy voting policy
- Conflicts of interest policy
- Annual stewardship report
- Quarterly stewardship update

ESG summaries are also included in all pension fund investor feedback presentations and meetings.