FOORD ASSET MANAGEMENT

STEWARDSHIP REPORT 2025

Signatory of:

PRI Principles for Responsible Investment

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ESG POLICY

Foord Asset Management's investment funds neither promote environmental, social and governance (ESG) factors nor have specific sustainable objectives. However, Foord brings a stewardship ethos to the management of investors' capital and integrates ESG factors into its fund management activities. This policy document explains how Foord incorporates ESG factors into its research and portfolio management process and supplements the investment approach and stewardship material published on www.foord.co.za.

Introduction

As long-term investors, the enduring sustainability of income streams is fundamental to Foord's investment philosophy. Foord considers ESG factors in its formal macro view, economic and earnings forecasts, probability analysis and top-down asset allocation. Foord also uses ESG factors as a subjective measure to rank attractively priced companies or when evaluating management of investee entities.

- Environmental factors include climate change management, protection of water and marine resources, stewardship of biodiversity and ecosystems and pollution control
- Social factors include customer satisfaction, diversity issues, privacy and data protection, community relations and labour standards
- Governance factors include the standards applied to running companies, bribery and corruption, lobbying, audit and financial reporting and employee and director remuneration.

As ESG factors may have an adverse impact on investee entity income streams, careful consideration of these factors before investment is instrumental in shaping Foord's view of the long-term sustainability and longevity of investee entities. Foord therefore integrates sustainability risks into its investment decision-making process for investor mandates but does not specifically prohibit investment in any given sector or industry.

ESG risk management

Foord does not manage ESG risks by applying aggregate limits on specific economic sectors or setting caps, for example on carbon emissions, for its investment portfolios. It does, however, commit to incrementally improve the individual and aggregate ESG risk scores for portfolio investments. As ESG risks have a potential impact on the sustainable finance within the investment horizon of its investment funds, Foord scores ESG risks for individual investments using the probability/outcome ESG Risk Scoring Matrix that follows.

ESG Risk Scoring Matrix

	Consequence of ESG risks For example, financial or reputational loss, client complaints, adverse media coverage, adverse effect on revenue, adverse effect on integrity of market, ESG fines, penalties or litigation.		
Probability of risk manifesting	Low	Medium	High
High (Will probably occur)	Medium risk	High risk	Extreme risk
Medium (May occur)	Low risk	Medium risk	High risk
Low (Occurs very infrequently)	Negligible risk	Low risk	Medium risk

After scoring ESG risks for each investment, Foord commits to:

ESG RISK CATEGORY		FOORD'S COMMITMENT
Negligible risk	Low risk	Monitor investee entity's ESG risks and engage as needed.
Medium risk	High risk	Influence investee entities through management engagement and shareholder votes to support suitable ESG initiatives and shape positive ESG outcomes.
Extreme risk		Avoid investing in such securities and divest if apposite.

Stewardship and voting policy

Foord owes a fiduciary duty to investors to vote on investee entity resolutions in a manner that preserves and enhances investors' interests. In terms of Foord's voting policy on ESG issues, Foord will vote on every ESG-related resolution to improve the long-term ESG outcomes of investee entities. Foord will support resolutions that promote the integration of ESG factors into the investee entity's strategy and those which serve to improve sustainable business practices.

PROXY VOTING POLICY

Foord invests on behalf of segregated and collective investment scheme portfolios in companies listed on approved stock exchanges. Foord exercises voting rights on behalf of investor portfolios, where mandated to do so, in line with this policy subject to the ESG policy, Conflict of Interests policy and its Code of Conduct and Ethical Practice.

Foord owes a fiduciary duty to its investors to vote on company resolutions in a manner that preserves and enhances the investor's investment interest. Corporate abuses are more probable in an environment of shareholder apathy. Shareholders must actively participate in protecting the value of their investments against potentially harmful management decisions.

Guiding principles include:

- Do not abstain unless for strategic or tactical reasons. Foord takes its stewardship responsibilities very seriously. We apply our minds to every resolution put to shareholders.

- Vote against resolutions that dilute the interests of shareholders. Examples include placing shares under the blanket control of directors, authorising loans and financial assistance to directors, associate companies or subsidiaries and blanket authority to issue shares.

  We tend not to support share option remuneration models due to their inherent risk-reward asymmetry and potential dilution of existing shareholder holdings. We prefer the alignment of interests created when management invest their personal capital by purchasing shares in the open market. Foord's management remuneration philosophy favors cash awards for strong performers who meet performance metrics that drive long-term shareholder value.

- Scrutinise director appointments closely. We pay special attention to the election and re-election of directors. Appointees must be appropriately qualified and experienced for the company's industry. Track records must show the highest ethical and governance standards. We apply strict criteria to the election of independent directors and chairpersons.

- The proper composition and size of boards and board subcommittees.

- Auditor rotations in line with the King codes of governance.

The voting process is as follows:

- Portfolio managers, supported by equity analysts, are responsible for voting decisions for client portfolios.

- Administrators process the approved proxy vote instructions. The vote, voting rationale and resolution outcome is recorded on the Foord investment administration system for reporting purposes.

- Administrators retain completed proxy vote instructions in the corporate actions database.

- The Compliance Officer monitors compliance with this policy by review of the quarterly voting and engagement and annual stewardship reports.

REPORTING

Quarterly voting and engagement reports are compiled and made available on request.

Annual Stewardship reports are available on the company's website.

PROXY VOTING SUMMARY — 2025

The table below provides a high-level summary of proxy voting activity on the Foord Balanced Fund.

DOMESTIC COMPONENT	NUMBER	FOR	AGAINST	ABSTAIN
Adopt Financials	12	92%	8%	0%
Auditor/Risk/Social/Ethics related	279	99%	1%	0%
Buy Back Shares	29	100%	0%	0%
Director Remuneration	100	100%	0%	0%
Dis-apply Preemptive Rights	4	0%	100%	0%
Dividend Related	3	100%	0%	0%
Issue Shares	23	0%	100%	0%
Loan / Financial Assistance	29	45%	55%	0%
Other	50	82%	18%	0%
Political Expenditure/Donation	2	0%	100%	0%
Re/Elect Director	181	98%	2%	0%
Remuneration Policy	62	60%	40%	0%
Shares under Director Control	9	0%	100%	0%
Signature of Documents	10	100%	0%	0%
	793			

FOREIGN COMPONENT (FOORD INTERNATIONAL FUND)	NUMBER	FOR	AGAINST	ABSTAIN
Adopt Financials	40	97%	3%	0%
Auditor/Risk/Social/Ethics related	62	85%	15%	0%
Buy Back Shares	21	98%	2%	0%
Dividend Related	4	100%	0%	0%
Issue Shares	31	12%	88%	0%
Others	40	70%	30%	0%
Political Expenditure/Donation	2	100%	0%	0%
Re/Elect Director or members of supervisory board	311	100%	0%	0%
Remuneration Policy incl. directors' remuneration	62	44%	66%	0%
Signature of Documents/ Ratification	40	70%	30%	0%
	588			

FOREIGN COMPONENT (FOORD GLOBAL EQUITY FUND)	NUMBER	FOR	AGAINST	ABSTAIN
Adopt Financials	47	96%	4%	0%
Auditor/Risk/Social/Ethics related	78	88%	12%	0%
Buy Back Shares	18	98%	2%	0%
Dividend Related	5	100%	0%	0%
Issue Shares	34	5%	95%	0%
Others	52	58%	42%	0%
Political Expenditure/Donation	1	100%	0%	0%
Re/Elect Director or members of supervisory board	377	100%	0%	0%
Remuneration Policy including directors'	73	31%	69%	0%
Signature of Documents/ Ratification	13	87%	13%	0%
	698			

ESG INTEGRATION PROCESS ENHANCEMENTS

Foord has maintained a comprehensive ESG policy for an extended period, with the investment team consistently advancing the incorporation of ESG factors into investment decision-making and portfolio reporting. Following the last reporting period, Foord successfully incorporated security-level ESG scores, dating back eight years, into the firm's portfolio management database. This integration enables automated reporting on ESG scores at both product and security levels across various mandates. The scores are derived from third-party assessments provided by Peresec, complemented by Foord's adjustments as necessary.

Additionally, the firm has enlisted Sustainalytics, an international third-party ESG data provider to augment the scope and quality of ESG data. These reports are on a fund level and security level and provide the ESG Risk score, Risk Exposure and the individual E,S,G Risk Scores provides another tool for the Portfolio Managers to better monitor the ESG risk in the fund.

However, the main ESG tool used by the research team is Foord’s ESG Risk Scoring Matrix. The analyst covering the stock is best positioned in the team to identify the various ESG risks and to assess the consequence and probability of those risks. Thus, the analyst is responsible to maintain and determine the overall risk rating of the company which is debated internally with the team. The portfolio managers would then augment all three sources to manage the ESG risk in the portfolios.

NOTABLE ENGAGEMENTS

COMPANY	NATURE OF ENGAGEMENT	DETAILS
QUARTER 1 2025		
Metair	Audit & Risk, Remuneration, Investment and Social & Ethics	Foord had productive engagements with the heads of each of the Board’s sub-committees, providing an opportunity to ask targeted questions and discuss key concerns and expectations.
Life Healthcare	Remuneration Policy	Foord will continue to vote against the Remuneration Policy due to concerns regarding the treatment of abnormal royalty payments from LMI. Last year, these payments were included to inflate the bonus pool, resulting in disproportionately high bonuses. However, the royalty payments were subsequently excluded from the base for future growth targets, effectively lowering the performance hurdles. Additionally, future royalty payments have been incorporated into the group targets, which raises the same concerns and risks obscuring the true underlying performance of the South African operations. Foord has communicated these concerns to the Remuneration Committee, which the Committee has agreed to consider. However, there remains a high degree of self-interest among committee members, which may limit meaningful change.
Transaction Capital	Social and Governance	Engagements covered two key areas: 1. The importance of responsibly interacting with debtors regarding their access to the "two-pot" withdrawal option, and how the industry is approaching (or in some cases, not approaching) overdue creditors who now have access to these funds. 2. Governance developments following the unwinding of the holding company, with a focus on Nutun operating as an effectively standalone entity going forward.
QUARTER 2 2025		
Spear Reit	Remuneration Policy	Engaged with the Spear REIT Board, primarily through the CFO, regarding the structure of the remuneration policy in relation to financial assistance and dilutive provisions. Continued to vote against key AGM resolutions while simultaneously proposing amendments to the policy.
ABSA Group Ltd	Governance	We engaged on the governance processes surrounding the CEO transition as well as succession planning for other senior executive roles, ensuring that these critical changes are managed with appropriate oversight and alignment to long-term strategy. Furthermore, we discussed board composition in depth, highlighting the importance of maintaining a balance of skills, expertise, and experience to support effective decision-making and governance.
Tiger Brands	Governance	Tiger Brands believes it has adequate insurance cover in place for the historical listeriosis claim and has already commenced rehabilitating affected claimants ahead of the settlement as a demonstration of good faith. The company also faced historical incidents of fraud; in response, it has implemented new supply chain management software (Supply Chain Tower) to mitigate these risks. This initiative has contributed to a significant improvement in working capital management.
QUARTER 3 2025		
Omnia	Remuneration Policy	Foord voted against the Remuneration Policy. While Foord supports the focus and choice of performance metrics, the targets established are considered insufficiently demanding and do not present an adequate stretch for management. Furthermore, the comparator group used for Total Shareholder Return (TSR) calculations comprises an unusual mix of companies, many of which operate in sectors that differ significantly from Omnia’s core business.

QUARTER 4 2025		
Shoprite	Remuneration Policy	The remuneration policy is non-dilutive and incorporates appropriate performance metrics. However, we noted that the HEPS and ROIC targets were set at relatively low levels. The Remuneration Committee Chair acknowledged that the targets were not sufficiently stretching and indicated that these thresholds would be reviewed with a view to strengthening them in the next remuneration cycle.
Nutun	Social	We engaged management on the potential employment impact of increased AI adoption in their contact centres, with a particular focus on the extent of potential job displacement and the organisation's plans for affected employees. Management outlined the expected implementation journey and indicated that, in the short term, AI deployment is unlikely to result in retrenchments. Over the medium term, they noted a commitment to retraining and redeploying staff where feasible.
Nedbank Limited	Renewable transition	We engaged Nedbank on its ongoing commitment to funding renewable energy projects in South Africa, including its appetite for further funding, the scale of the remaining opportunity to transition power supply to renewable sources, and the key bottlenecks affecting project execution. This engagement provides insight into both the likelihood of South Africa meeting its renewable energy transition objectives and, more importantly, whether access to funding is likely to act as a constraint or a catalyst for further progress in the energy transition and supply availability. Nedbank has historically been a leading financier of renewable energy projects in South Africa.
Bidvest	Remuneration Policy	We discussed management remuneration and incentive structures for the year ahead. Management outlined minor adjustments to performance targets, with no material changes to the overall scheme. Foord is broadly comfortable with the structure; however, the scheme continues to involve the issuance of new shares, which we do not support and would vote against.
Stadio Holdings Ltd	Social	The Department of Higher Education and Training has gazetted a draft policy that could allow registered private higher education providers to obtain university status. This represents an important external social factor, with potential implications for access to higher education in South Africa, the development of funding solutions for the "missing middle", and shifts in student demographics within the private education sector.