RESPONSIBLE INVESTING POLICY

1. Executive Summary

"The Code for Responsible Investing South Africa (CRISA) gives guidance on how the institutional investor should execute investment analysis and investment activities and exercise rights so as to promote sound governance".[1]

Bridge Fund Managers (Bridge) acknowledge the importance of promoting ethical and sustainable behaviours by all stakeholders in relation to the investment industry and the clients we represent.

This document is based upon several pieces of international and national regulation and legislation including:

- United Nations Principles for Responsible Investing (UNPRI)
- The Code for Responsible Investing South Africa (CRISA)
- Regulation 28 of the Pension Funds Act
- The Financial Sector Charter (FSC)
- King IV Code of Corporate Governance

We act as fiduciaries and trusted agents on behalf of the thousands of investors who have entrusted their money to us. We take this responsibility seriously and have drafted this Responsible Investing Policy as evidence of our commitment to adhere to the principles contained in the CRISA Code.

1.CRISA in South Africa – Institute of Directors Southern Africa, 2011

We will endeavour to be an active participant in the process of ensuring that the investment industry develops into healthier state than the industry which we inherited.

We will strive to incorporate these Responsible Investing Principles into our investment analysis when creating the investment case for any asset that we hold on behalf of our clients. We will achieve this outcome by:

- considering environmental, social and governance issues when we analyse assets for inclusion in our portfolios;
- using our (or client instructed) voting rights to effect positive outcomes and engaging with company mangers where necessary; and
- having a transparent public disclosure programme in respect of our Responsible Investing Policy.

We believe that by having a sound understanding of the environmental, social and governance issues at play, we can help effect positive change on society as whole and enhance investment returns for our clients by understanding and avoiding risks uncovered by this analysis.

Finally, Responsible Investing encourages investee companies to align themselves with these principles, thereby improving the future for their staff, shareholders and customers alike.

2. The Five Principles to Responsible Investing

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

  We incorporate ESG factors into our analysis of the companies we invest in at two different levels. Firstly, we utilise the ESG rankings and scoring of companies in our investment universe provided by a leading index provider, FTSE Russell. Their team have undertaken this research, using a common set of criteria, to assess the performance of investee companies in each of the ESG areas. This scoring system aids the comparison of companies across industry and sector groups and provides a historical database of how investee companies have performed over time in this regard.

On a second level, we also perform our own in-house research by scrutinising company annual reports, doing site visits and meeting management teams to verify and corroborate any ESG factors raised in the independent research process.

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

We have a formal Proxy Voting Policy and are able to produce a report on request recording the way in which we voted on any resolution at any annual general meeting or special general meeting, or where we have been asked as a shareholder representative to vote on a particular topic.

In principle, we will endeavour not to invest in companies where there is evidence of:

- corruption and failures in sound corporate governance,
- poor treatment of social partners including staff and local communities; and
- environmental damage caused by either actions or inaction by management.

- **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.

Where appropriate and necessary, Bridge Fund Managers is open to collaborating with other investors, fund sponsors or intermediaries to insist on the promotion and implementation of these principles where the outcome will be improved environmental, social or corporate governance benefits.

- **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.

Bridge Fund Managers strongly believes in the promotion of a “conflict free” business environment and we have adopted a Conflicts of Interest Policy that principally aims to avoid any circumstance where conflicts of interest may arise between Bridge and any of its clients. Where conflicts are unavoidable, we demonstrate how Bridge will deal with such conflicts.

- **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.

  Bridge undertakes to be transparent in respect of any of our Policies that advance and support the CRISA principles. We will be open to any discussion with any client in this regard and both our Policy documents and voting history will be made available to any client requiring such information.

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