



Investments

Stewardship report

2026



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Dawie de Villiers
Chief Executive Officer
Alexforbes

A word with our CEO

Stewardship as a core investment capability

Q: Alexforbes was recently named South African Manager of the Year at the 2025 Raging Bull Awards. What does this mean for Alexforbes?

A: We have always believed that success in investment management is built quietly: through discipline, robust governance and a willingness to take a long-term view when markets are noisy. Being named Manager of the Year is meaningful because it recognises the consistency in how we invest and the integrity behind our decisions.

More importantly, it reinforces the role we play as a trusted home for clients' capital. Recognition like this is not about momentary performance. It reflects our responsibility to allocate capital carefully, manage risk deliberately and deliver outcomes clients can rely on. It also validates the strength of our multi-manager framework, which is designed to give clients confidence that their money is being overseen with care and accountability, at scale.

Q: Alexforbes remains the largest multi-manager in South Africa. What does scale mean from a responsible investment and stewardship perspective?

A: We believe that sustainable investing results in stronger, more resilient portfolios. It allows us to better manage risk, identify emerging opportunities and contribute meaningfully to a stable financial future for our clients.

It's a core part of our investment philosophy and is fully integrated into our investment process – not a bolt-on.

Q: Why is consistency in investment outcomes so important from a stewardship perspective?

A: For long-term investors such as retirement funds, consistency matters more than short-term performance. What clients value most is the ability to deliver reliable outcomes across market cycles, helping members achieve their long-term financial objectives.

Consistency is a result of disciplined decision making, tight governance and a clear focus on managing risk across different market environments.

When capital is managed with patience and care, it supports market stability and helps protect clients through periods of uncertainty. That reliability is what builds trust over time and is what ultimately defines a credible long-term investment partner.

Q: What does this period of recognition and growth mean for Alexforbes' clients?

A: For our clients, independent recognition such as the Raging Bull Awards reinforces our commitment to managing their capital with care, accountability and consistency. Whether serving large institutions or individual savers, our focus remains on delivering appropriate, well-governed outcomes aligned to each client's needs.

Our role is to deliver outcomes responsibly, at scale, and with a long-term mindset. For clients, stewardship translates into disciplined decision making, from how managers are selected to how risks are assessed and capital is allocated across portfolios.

Q: Alexforbes has continued to evolve its investment capabilities, including increased exposure to private markets. How does this reflect your broader investment philosophy?

A: Our investment philosophy has always been grounded in disciplined purposeful diversification, robust governance and a thoughtful approach to investment decisions aligned to client outcomes and time horizons. As markets evolve, our solutions must evolve too, but never at the expense of these core principles.

The expansion of our private market capabilities, including our Infrastructure Impact Fund of Funds, reflects a deliberate response to a changing opportunity set and long-term client needs rather than the pursuit of complexity. These asset classes can play a valuable role in strengthening portfolio diversification, providing inflation protection and supporting more stable return profiles over time. It also allows capital to be deployed in ways that contribute meaningfully to economic development, while remaining subject to the same disciplined oversight and risk controls applied across all strategies. It reinforces our role as a place where capital is invested with purpose as well as prudence which is vital to the development of South Africa.

Q: Looking ahead, how will Alexforbes continue to evolve its stewardship and responsible investment approach?

A: Stewardship is not static. As markets, regulation and societal expectations continue to evolve, we will continue strengthening how we integrate environmental, social and governance (ESG) considerations, as well as sustainability issues more broadly, oversee asset managers and manage investment risk. We will also explore how capital can be allocated to support both long-term client outcomes and positive real-world impact.

We recognise that responsible ownership is an evolving discipline, one that involves judgement, trade offs and continuous learning. We commit to transparency about both progress achieved and areas for improvement. As South Africa's largest multi-manager, we also recognise our responsibility to contribute to the ongoing development of responsible investment and stewardship practices across the industry.

> Our ambition remains clear: to be the preferred investment destination for our clients, not by being loud, but by being reliable. In the end, the responsibility entrusted to us is best honoured through consistent delivery and outcomes.

**South African
Manager of the year**

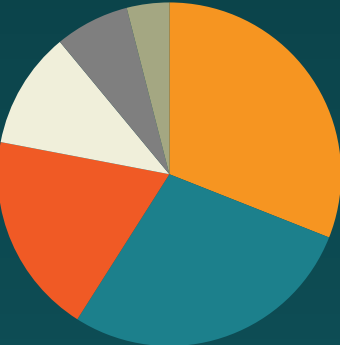


Stewardship highlights

Local Stewardship Coverage



Types of meetings held with ESG focus



395 Formal engagements

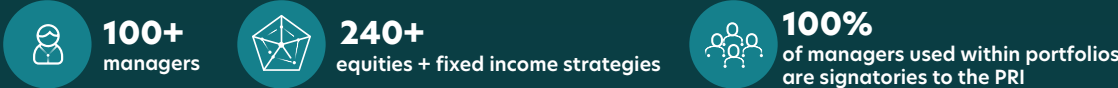
- 31% Report backs
- 28% Introduction or business update
- 19% Due diligence
- 11% Governance committee
- 7% Sustainability and ESG discussions
- 4% Executive leadership engagements



Proxy voting summary: resolutions



Global Stewardship (Mercer)



Principles of Responsible Investment (PRI) results

2024 PRI Summary Scoreboard	Star rating	PRI median
Policy Governance & Strategy	★★★★★	★★★★★
Indirect - Fixed income - Active	★★★★★	★★★★★
Indirect - Fixed income - Passive	★★★★★	★★★★★
Indirect - Infrastructure	★★★★★	★★★★★
Indirect - Listed equity - Active	★★★★★	★★★★★
Indirect - Listed equity - Passive	★★★★★	★★★★★
Indirect - Private equity	★★★★★	★★★★★
Indirect - Real estate	★★★★★	★★★★★
Capacity building	★★★★★	★★★★★

Private Markets ESG report 2025 impact



Industry affiliations



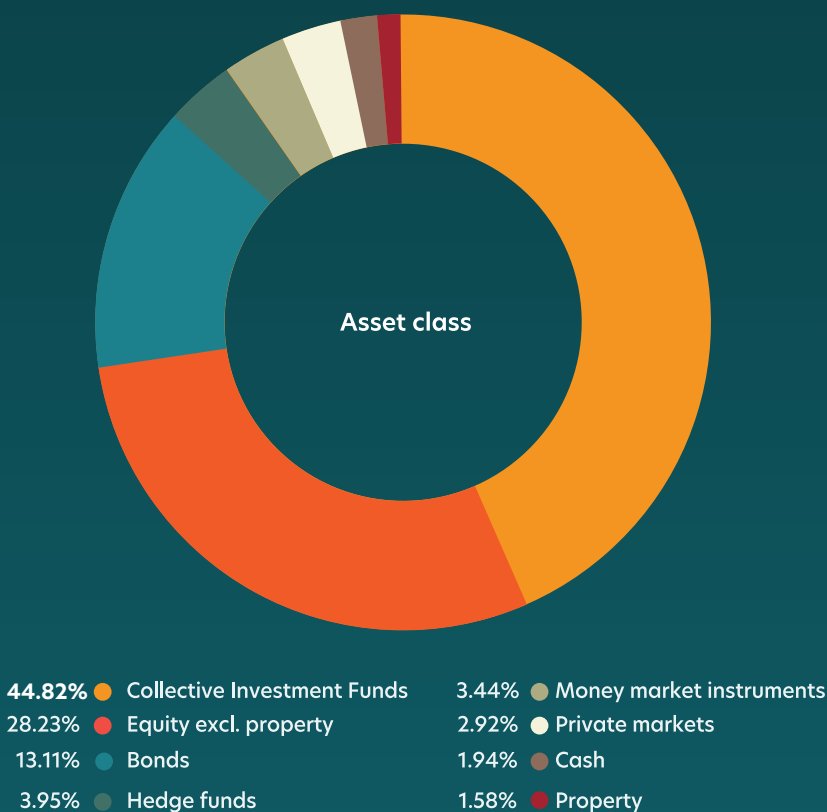
Global



About Alexforbes Investments

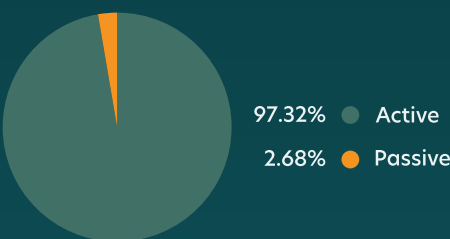
Assets under management: R542.1 billion*
(retail and institutional investors)

*Excludes assets under administration

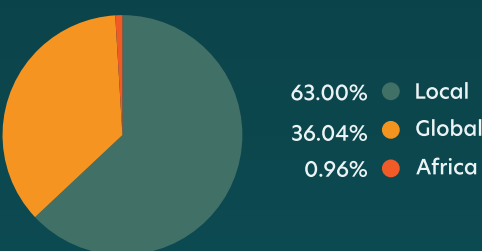


As at 31 March 2026

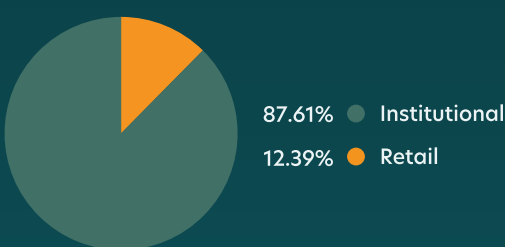
Style



Region



Clients



Our workforce



35

Investment team members



49%

% of women



91%

% of black employees



2

Number of graduates



Stewardship is a practice, not a report.

This is our fourth report. Each year we try to say something more useful than the year before. In 2026, that means being direct about three things: what the investment environment asked of us, what we were able to deliver, and where the gaps remain.

• The year in context

South Africa's energy and water reality was mentioned in almost every stewardship conversation we had in 2025. Responsible investing frameworks developed largely in European markets assume investors can push companies quickly toward low-carbon outcomes. In South Africa, that pressure has to be balanced against an equally real risk: that a rushed transition leaves workers, communities, and the grid worse off than before.

Our position was not to slow climate engagement, but to advocate for a just transition grounded in local realities rather than one-size-fits-all approaches.

• What improved

Engagement quality with asset managers improved meaningfully. Conversations that previously touched on ESG as a compliance item became more substantive. Managers are arriving better prepared on climate and water risk, remuneration and board effectiveness.

• What we are still working through

The quality of ESG data received or reported from managers remains inconsistent. Some managers report with a high degree of rigour, while others are making progress but have further to go. Excluding less mature managers is not the answer, particularly as we understand that a manager's business journey deals with competing priorities toward excellence. Our role is to drive improvement through clear expectations, constructive engagement, and ongoing support.

• The year in numbers

Up from 342

395 formal engagements with asset managers

19% were deep due diligence sessions.

R8 trn AuM covered

23 227 resolutions voted on
with 8% of votes cast against management recommendations, predominantly on remuneration and board composition matters.

ESG risks

Still improving

Manager focus remains concentrated on governance-related risks, with environmental and social risks representing a smaller share of material risks identified.



Premal Ranchod

Head: Research
Alexforbes Investments

30 000+ SMMEs reached

25 000+

females employed through portfolio companies within our private markets portfolio.

The numbers on this page tell only part of the story. In the sections that follow, we unpack the engagements, decisions and outcomes behind them, showing where stewardship has influenced behaviour, strengthened accountability and delivered meaningful progress.



Conversations that matter

> 395 engagements with managers this year

- We talked about:
- > How ESG is built into decision making
 - > Risk and governance
 - > Real-world impact

> These weren't tick-box exercises

- We engaged through:
- > Due diligence sessions
 - > Limited partner advisory committees
 - > Governance meetings
 - > Dedicated ESG reviews

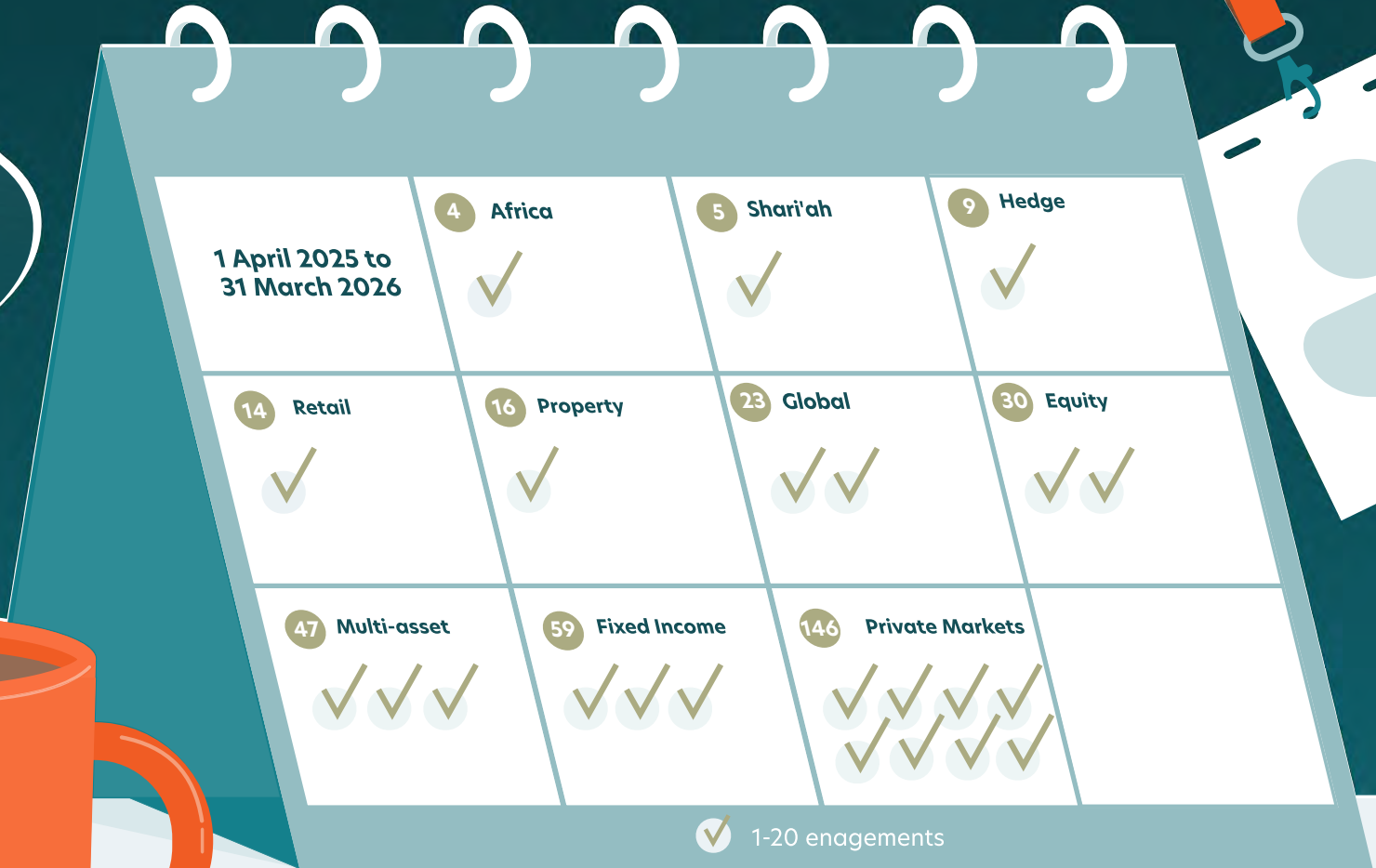


While the topics and forums differed, the objective remained the same: to improve long-term outcomes for clients through active ownership. The rest of this report explores the themes, engagements and results that emerged from these discussions.

395

Formal engagements

Engagements on asset classes



Types of meetings held with ESG focus

Report backs	31%
Introduction or business update	28%
Due diligence	19%

Governance committee	11%
Sustainability and ESG discussions	7%
Executive leadership engagements	4%

Our approach to responsible investing

As responsible stewards of our clients' capital, we recognise that responsible investing and active stewardship are fundamental to delivering sustainable long-term outcomes. ESG considerations are embedded across our investment process, from manager selection to portfolio construction and ongoing monitoring, ensuring they form an integral part of how we invest rather than an add on.

Our **Framework for Responsible Investing** is built on clear principles, policies, processes and portfolio integration. This provides a structured and transparent approach to incorporating ESG factors into day-to-day investment decision making.

Built on four pillars — **beliefs, policy, process and portfolio** — this framework provides transparency into how responsible investment principles are embedded across our portfolios and guides our day-to-day investment decisions.

Policies and implementation

Our approach is supported by a comprehensive suite of responsible investing policies, including our Investment Climate Change Policy, which guides how we assess and manage climate-related risks and opportunities.

Together, these policies ensure ESG considerations are consistently applied across portfolios. For more information, our full range of policies and stewardship reports can be accessed on our website.

Access our policies
and stewardship
reports here.

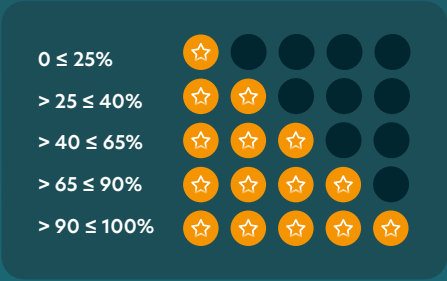


Our 2025 PRI results

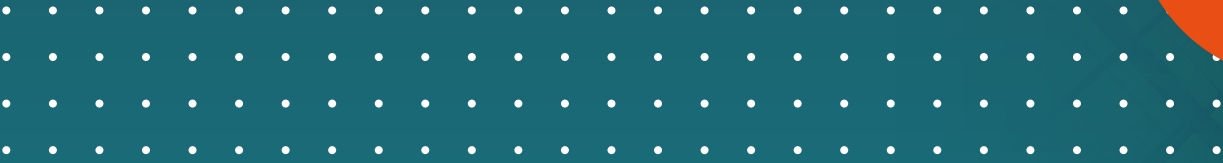
In a testament to our unwavering commitment to responsible investment practices, we are happy to share the latest ratings from the PRI. These ratings demonstrate the outcome of our dedication to stewardship, ESG integration and responsible investment (RI) decision making. They also showcase our progress across a range of asset classes, standing with the global landscape of responsible investors.

Our 2025 PRI summary scorecard

	Star rating	Our score	PRI median
Policy Governance & Strategy	☆☆☆☆☆	96%	☆☆☆☆☆
Indirect - Fixed income - Active	☆☆☆☆☆	87%	☆☆☆☆☆
Indirect - Fixed income - Passive	☆☆☆☆☆	83%	☆☆☆☆
Indirect - Infrastructure	☆☆☆☆☆	89%	☆☆☆☆☆
Indirect - Listed equity - Active	☆☆☆☆☆	84%	☆☆☆☆☆
Indirect - Listed equity - Passive	☆☆☆☆☆	84%	☆☆☆☆
Indirect - Private equity	☆☆☆☆☆	89%	☆☆☆☆☆
Indirect - Real estate	☆☆☆☆☆	87%	☆☆☆☆☆
Confidence building measures	☆☆☆☆☆	85%	☆☆☆☆☆



> The PRI rating scale ranges from 1 star to 5 stars, with 5 stars reflecting the top scoring signatories.



Access PRI results report here.

Our private markets

Returns with real-world impact

Private markets offer something listed assets cannot: the ability to direct capital toward specific outcomes in specific communities. The Alexander Forbes Investments South Africa Private Markets (AFISAPM) portfolio is not a separate impact fund. It is a core part of how we invest, built on the belief that long-term inflation-beating returns and meaningful societal contribution are not in tension. This section sets out the evidence for that belief.

You can access
our 2025 private
markets report
here.

Impact snapshot



30 000+
SMMEs funded or impacted



**1.6m (via debt funding) and
1.9m (via equity-based funding)**
households powered with
renewable energy



25 000+
females employed



9
SDGs targeted



1 600+
employees of colour in
senior management



6
NDP target chapters
contributed to

Data as at 31 December 2024

Targeted ESG impact areas

Green transition

Job support

Diversity and
financial inclusion

Education

Health and safety

SDGs



Alexforbes Infrastructure Impact Fund of Funds update

Since its launch in July 2024, the AF Infrastructure Impact Fund of Funds has made strong progress in implementing its multi-managed, multi-strategy approach.

The Fund has secured R1.6 billion in commitments and deployed R750 million across priority sectors, including renewable energy and affordable housing. Investments include a strategic allocation alongside British International Investment in energy infrastructure and a commitment to a black-owned asset manager in the housing sector. The remaining committed capital will be deployed progressively, including a R250 million private credit investment earmarked for deployment in mid-2026.

The Fund continues to prioritise diversification across infrastructure themes while advancing transformation through allocations to black-owned and black-managed portfolios, supported by strengthened impact measurement and governance frameworks.



Our approach goes beyond capital allocation

Private markets play a critical role in financing the transition to a more sustainable and inclusive economy. Our approach extends beyond capital deployment to actively supporting sustainable, real-economy outcomes. By working closely with underlying managers, we identify and scale investments that deliver measurable environmental and social impact alongside resilient financial returns. The AFISAPM portfolio highlights how targeted investments can generate tangible impact while supporting long-term value creation.



Case study: Waste

Company overview

Cape Town Biogas (CTB) is a Cape Town based organic waste-to-energy facility that converts mixed organic waste into renewable biomethane, beverage grade carbon monoxide (CO₂) and nutrient rich compost. Using anaerobic digestion technology, CTB diverts waste from landfill while supporting circular resource use, local energy security and emissions reduction in the Western Cape.

Environmental impact

- CTB recycled over 21 tonnes of organic waste in 2024 and is scaling capacity to 70 000 tonnes per year, with non-organic fractions also recycled.
- The company supplies 100% renewable biomethane to industrial users, displacing the equivalent of 16 000 litres of diesel per day in a region without access to natural gas.
- CTB is the only merchant producer of beverage grade CO₂ in the Western Cape, avoiding long-distance transport and preventing approximately 2 tonnes of CO₂ emissions per day.

Circular economy and agriculture

- CTB operates a closed loop 'organics exchange' that returns compost to supplying farmers.
- The facility targets 87 000 cubic metres (m³) of compost annually, supporting soil health, local food systems and lower transport emissions.

Social impact and operations

- The business has created 40+ jobs and completed 180 000 construction hours with zero lost-time injuries.
- CTB meets 2X Challenge - a global framework that promotes gender-smart investing by advancing women's participation and leadership - across workforce, management and board representation.
- Operational efficiency is strengthened through high efficiency industrial heat pump technology, reducing fossil fuel use and emissions.

CTB impact metrics



9 total number of employees

29% women in the workforce



40% women in management positions

33% women on the board/
Investment committee members



180 000 hours worked
in construction phase with no
lost-time injuries

CTB demonstrates how private capital can support scalable circular infrastructure that delivers measurable environmental impact, inclusive employment and long-term operational resilience in South Africa's low-carbon transition.





Engaging the industry

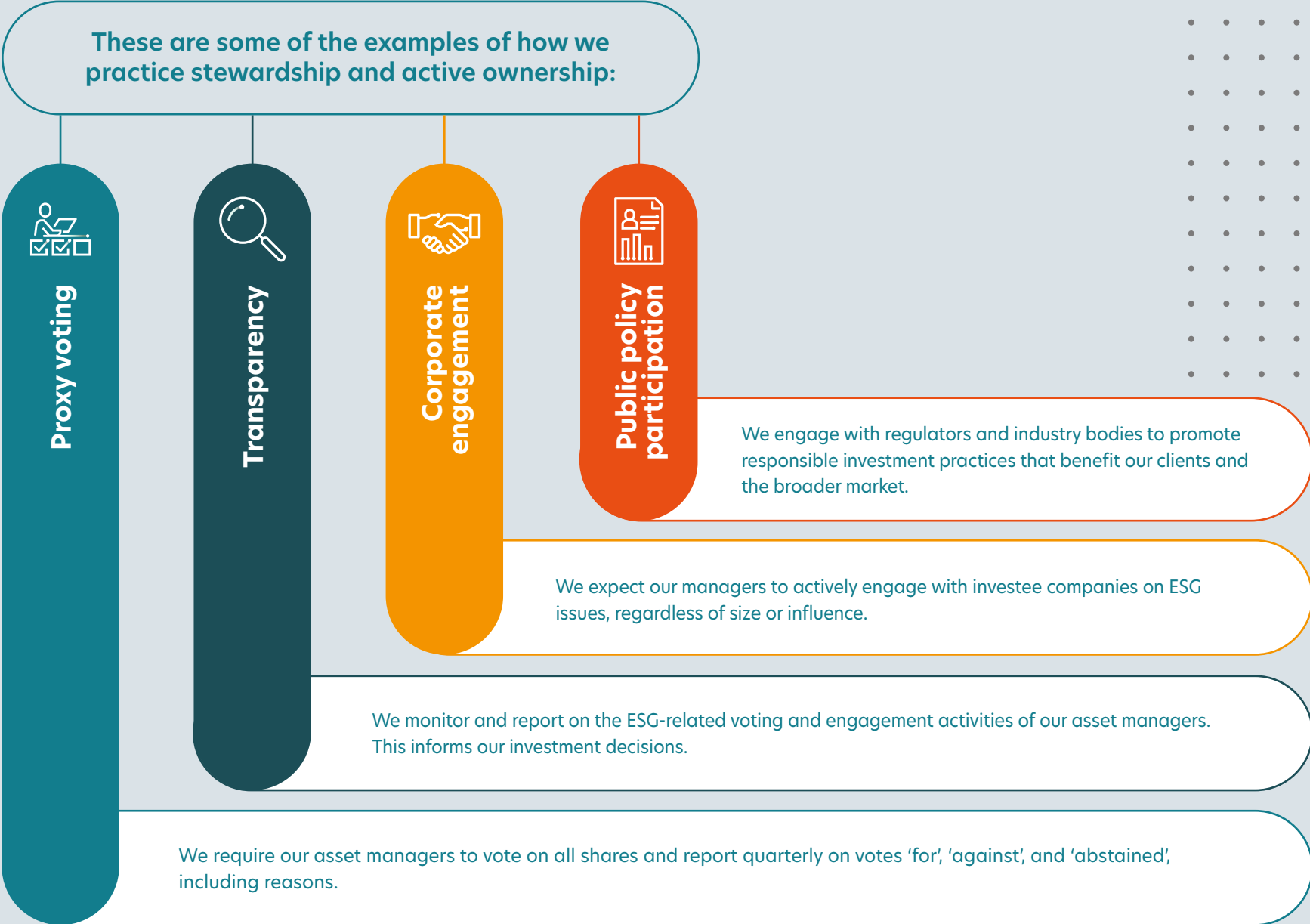


Our approach to stewardship

As custodians of our clients' assets, we are committed to active stewardship and ESG integration to create both financial and broader societal value.

Investing today requires more than just financial analysis. Issues such as environmental degradation, inequality and poor governance present both immediate and long-term risks to performance. Addressing these challenges is part of our responsibility to deliver resilient outcomes.

As one of South Africa's largest multi-managers, we use our influence to support positive change, primarily through proxy voting and engagement with our appointed asset managers, guided by ESG-focused mandates.



Our stewardship

As part of our stewardship efforts, we engaged with 32 asset managers overseeing R8 trillion across all asset classes. These managers spanning large, boutique, hedge, emerging, and black-owned or managed firms have conducted around 2 600 ESG-specific company engagements over the past year, offering us a broad view of their stewardship activity. Engagement activity is assessed through more than the number of engagements undertaken. We monitor both engagement volumes and evidence of progress, ensuring a balanced assessment of stewardship effectiveness that considers both quantity and quality.

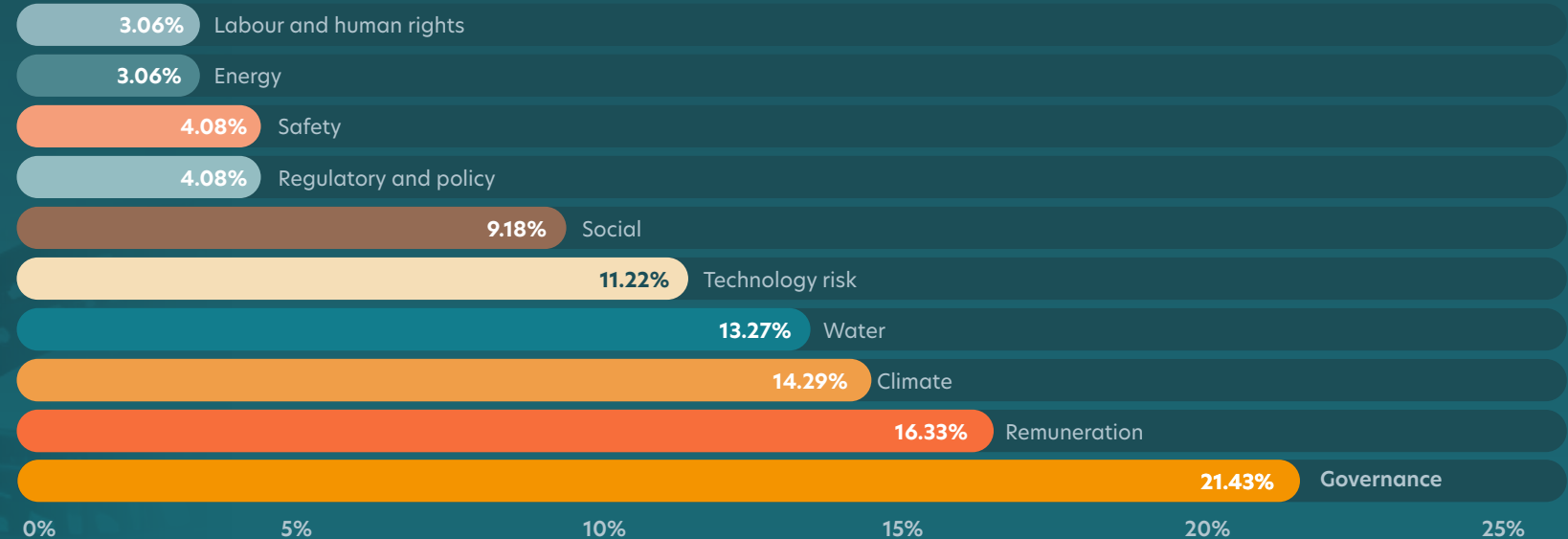
Number of engagements

2024 3 709

2025 2 676

Across asset managers, **governance, remuneration, climate and water security** emerge as the most dominant engagement priorities for 2026. The data shows a clear shift toward risk-based ESG integration. Most priorities are classified as “High”, showing elevated urgency across portfolios, particularly in South Africa’s macroeconomic and infrastructure-constrained environment.

Top 10 engagement priorities 2026

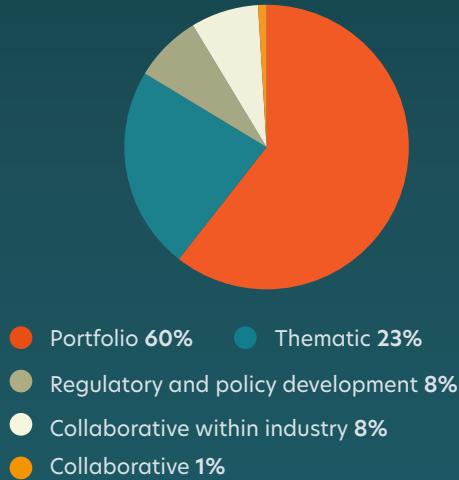


● Where engagement efforts are heading in 2026

The table below gives an overview of where asset managers are focusing their efforts, from collaboration to policy work, ranked by how important and influential each area is.

Theme	Governance dominates ESG engagement	Water security is a rising critical risk	Social risks are becoming more complex	Regulatory and policy engagement is increasing
Priority level	High	High	High	Average to High
Engagement type(s)	Thematic Portfolio-specific	Thematic Collaborative Policy-specific	Portfolio-specific Thematic	Policy-focused Systemic
Key issues raised	- Board composition, independence and effectiveness - Executive remuneration alignment - Disclosure quality and reporting standards - Capital allocation and shareholder protection	- Infrastructure deterioration and supply reliability - Industrial water usage (mining, energy sectors) - Collaborative engagement with government and stakeholders	- Health and safety - Human rights and labour practices - Food security and inflation - Supply chain risks - Cybersecurity and data protection	- International Sustainability Standards Board (ISSB) adoption and ESG disclosure frameworks - South African reforms - King Code governance developments - Climate disclosure and carbon regulation
Insight	Governance remains the most consistent priority, underpinning long-term value creation and risk mitigation, particularly in emerging markets.	Water is evolving into a material financial and operational risk, especially for resource-intensive sectors.	Social engagement is shifting toward more complex, system-level risks affecting economic and societal stability.	Asset managers are playing a more active role in shaping regulation, disclosure standards and the broader investment landscape.

Engagements



The pie chart and table together show that stewardship activity remains most heavily concentrated in direct, portfolio-specific company engagement, with thematic work also playing a strong supporting role on issues such as climate, water and Artificial Intelligence (AI). Regulatory engagement and collaborative initiatives are smaller but growing, pointing to a gradual shift from company-level risk management toward broader market influence and more collective responses to systemic challenges.

● Engagements

Engaging with asset managers on how they influence companies is central to our role as a multi-manager. It supports effective ESG risk management, uncovers opportunities, and reinforces our fiduciary duty to clients. We prioritise working with managers who embed engagement into their investment process and demonstrate real progress.

● How asset managers engaged companies

Method	Share
Direct with executives	52%
Direct with boards	35%
Voting & shareholder resolutions	7%
Collaborative/thematic engagements	7%
Escalation	2%
Regulatory	2%

> What this tells us

- **Direct engagement dominates (87%):** Most engagements were conducted directly with executives and/or boards. This shows commitment to building strong relationships and influencing change at the highest levels.
- **Low collaborative engagement (7%):** These channels are used for wider issues where investors can have more influence by working together. Examples include Eskom/Climate Action 100+, water, and National Treasury.
- **Escalation through voting is limited (2%):** It is used only when direct engagement is not making progress. Examples include Land Bank governance and Capital Harvest, where the issue was taken to a shareholder resolution and vote.

● Progress on engagements

Engagement outcome

Ongoing	59%
Achieved	33%
Partially achieved	2%
Ongoing monitoring	1%
Not yet recorded	5%

> What this tells us

- **More than half are ongoing (59%):** Roughly 60% of engagements recorded as ongoing, which reflect the long-cycle nature of governance and climate issues rather than a lack of progress.
- **Strong resolution rate:** A third of engagements have already achieved their objective, which is a strong conversion rate for stewardship.

Importantly, achieved outcomes are linked to real changes. For example, Shoprite now includes Sixty60 driver-safety data in its annual report.

The overall pattern shows effective stewardship: strong access to senior leaders, careful use of escalation and one-third of cases already resolved.

> Water risk: a growing stewardship priority

Water risk featured prominently across our engagement programme, reflecting its growing importance to operational resilience and long-term value creation. Discussions spanned flooding and physical climate impacts, water scarcity, infrastructure resilience, resource efficiency and water governance. Together, these engagements reinforced that water is not simply a company-level challenge, but a broader systemic issue with implications for economies, communities and investment outcomes. In the next section, we explore how our asset managers are responding to these challenges through stewardship, engagement and investment analysis.



● When the water doesn't arrive

Most ESG themes play out over decades. Water does not. It is already affecting production, driving unplanned capital expenditure and undermining the financial resilience of municipalities that many portfolio companies depend on. South Africa sits at the sharp end of a challenge that many global frameworks were not designed to address. For investors focused on long-term, risk-adjusted returns, water can no longer be treated as a peripheral sustainability issue.

Why this matters now

South Africa receives roughly half the rainfall of the global average, and still uses more water per person than most water-rich nations.

That arithmetic does not balance indefinitely. It shows up first in municipal infrastructure, then in the operating continuity of the companies our portfolios hold, and ultimately in the cost of capital for the country as a whole.

<500mm vs ~850mm¹

South Africa's average annual rainfall against the global average, a structural supply gap no amount of demand management alone can close.

47.4% up from 37%²

Treated, drinking quality water now lost to leaks, theft and billing failure, up from 37% in 2014.

2.08bn m³ of 4.39bn m³

Of all treated water supplied nationally, roughly half never reaches a paying customer. This is not a municipal accounting footnote. It is an operating risk.

Following the chain of risk



Two risks, two very different sectors

Physical scarcity risk

Mining and heavy industry

Risk here is about raw water availability, river systems and catchments running short, especially during a drought. These companies depend heavily on raw water inputs, which makes recycling and reuse a strategic necessity rather than a sustainability nicety.

Infrastructure risk

Property, financials, healthcare

Water is often physically available. The risk is that it never reliably arrives. Ageing pipes, failing pumps, and undercapacity treatment plants mean these sectors are exposed to disruption even where regional scarcity is not the headline issue.

Severe

Single event severity is highest here, though events are less frequent than infrastructure failures elsewhere.

100%

Disruption rate reported in property holdings. Roughly 75% in financials and healthcare.

This is bigger than a single sector's risk

Water risk is usually filed under mining, beverages, or agriculture, the obvious heavy users. That undersells it. Failing municipal water systems carry consequences well beyond any single sector. Property values, retail footfall, bank lending books exposed to municipalities, and ultimately the cost of sovereign borrowing all sit downstream of the same infrastructure. A company can be entirely water secure on its own site and still be impaired the moment its local municipality cannot deliver. Layer on the National Water Act, under which the state holds all water in public trust, and a business can lose its water-use licence even when physically secure. That is regulatory risk that exists independently of supply risk.

¹ PwC, SA Economic Outlook, 2025

² No Drop Report, The Department of Water and Sanitation, 2023



25%



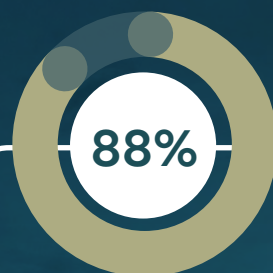
Roughly a quarter of our research coverage converges on the same underlying holdings. That concentration is a problem if engagement stays fragmented, and an opportunity if it doesn't. Given that water risk is layered and due to its governance being decentralised (unlike electricity), we could benefit from a national dialogue together with a collaborative effort via industry bodies.

The questions we asked asset managers*

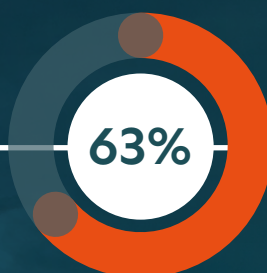
Can you see the risk?

Has it already happened?

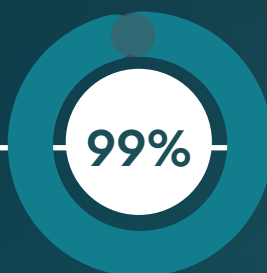
Could it happen again?



88% of holdings operate in water scarce regions. Most of the exception sits in property, where the risk is municipal reliability rather than regional rainfall, a blind spot in standard water stressed region disclosure.



63% of holdings have already experienced a water-related disruption. For those reporting none, we treat that with caution - definitions of 'disruption' vary enough across companies that silence isn't proof of safety.



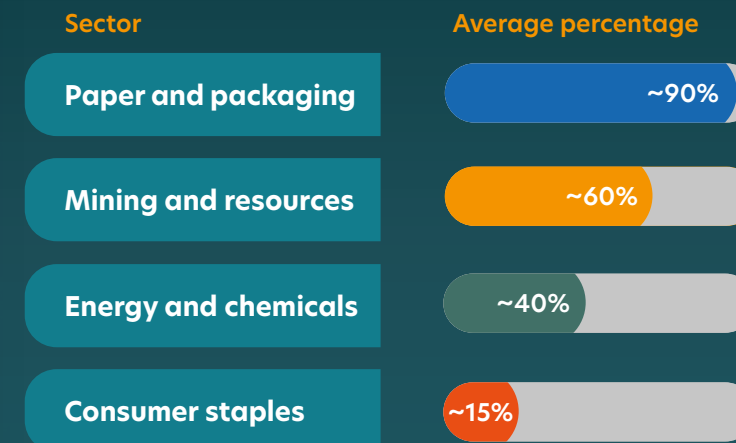
99% of holdings are assessed as susceptible to future water risk. At this level, water stops being an idiosyncratic factor and becomes a baseline condition for investing in South African real assets and industrials.

*The data above relates to JSE-listed companies

Resilience, engagement, and the upside

Water recycling and reuse per sector

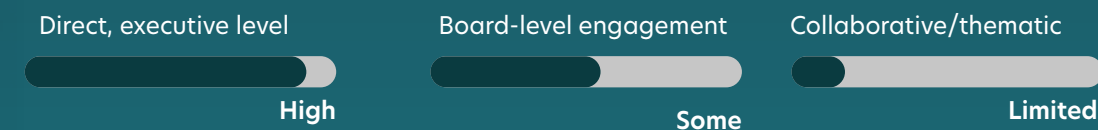
A high recycling rate doesn't mean a sector uses little water. Paper and packaging, for example, is one of the heaviest water users in absolute terms, yet leads the field on recycling and reuse.



The mismatch that matters most: the sectors experiencing the most frequent water supply disruptions (property, financials, healthcare) also show the least developed recycling and resilience measures. That is the single largest gap in the dataset, and the clearest signal of where engagement needs to go next.

How we engage today

Direct engagement dominates. Most holdings are engaged at executive level, a smaller share at board level. That works well company by company. It is less well suited to risks that originate in municipal or state infrastructure, where one company's leverage over a failing water board is limited.



Where the constraint is systemic, a municipal water board rather than a company, coordinated engagement involving regulators and public authorities is likely to move further than any single company conversation can.



The other side of the risk

Water risk is not only a threat to be managed. It is also a capital allocation opportunity, with water infrastructure, treatment and reuse technology, desalination, and efficiency solutions all sitting on the other side of the same problem.

As an active multi-manager, stewardship gives us something a passive screen cannot. The ability to put water security to a company directly, as a question, not just to measure it after the fact.

Measurement itself remains a constraint. Water and nature-related data is far less mature than carbon data. The emergence of Taskforce on Nature-related Financial Disclosures (TNFD) and CDP Water reporting are the frameworks we are watching most closely to close that gap.

On our radar for next year



Structural pressure

Agriculture

Not covered in this dataset, but impossible to ignore. Agriculture's water use remains structurally high and largely consumptive, with deep dependence on irrigation. Efficiency gains are real, but absolute demand keeps agriculture the dominant long-term pressure on the system.



Emerging demand

AI and data infrastructure

Still small relative to agriculture, but rising fast and highly concentrated. Cooling demand for high-density computing is location-specific, and where facilities cluster near urban or industrial hubs already under strain, the incremental pressure compounds quickly.



What this means for how we invest

Water has moved too far into cash flows and credit quality to be treated as a niche overlay. The data points in one direction: toward treating water as a baseline investment condition for South African real assets, not a sector specific risk confined to the obvious heavy users. Closing the gap between exposure and resilience matters most in the infrastructure dependent sectors, where disruption is most frequent and recycling least developed. Sharpening engagement where the real constraint sits with public infrastructure rather than any single company matters just as much. As TNFD and CDP Water reporting mature, we expect the quality of the data underlying this analysis, and the precision of our engagement, to improve alongside it.



Material ESG risks

Environmental



26%

Social



14%

Governance



41%

Managers stated that 19% of the risks included all aspects of ESG.



Asset managers consider how ESG factors could influence a company's financial performance. They use this to guide their investment decisions and manage risk. We asked them to identify their key ESG risks, explain how significant each one is, and describe its potential impact on a company's value.



This data shows how asset managers categorised the ESG risks they identified:

Environmental (E): 26%

Climate change, carbon emissions, water security and energy transition remain key priorities, with growing emphasis on water as a financial risk and a shift from climate pledges to measurable execution and targets.

Social (S): 14%

Health and safety, labour rights, food security, cybersecurity and supply chains remain central, while cyber and data risks are rising alongside broader systemic concerns such as inequality and the impact of AI.

Governance (G): 41%

Board effectiveness, remuneration, disclosure, capital allocation and regulation remain core governance priorities. These are supported by a stronger focus on ESG reporting standards, such as ISSB and the King Code, as well as growing recognition of governance as a key driver of ESG outcomes.



Engagement insights

Engagement activity is increasingly concentrated in sectors where South Africa's structural challenges are most evident. In the mining and resources sector, engagements remain focused on safety, emissions, and water stewardship. Within financial services, key areas of focus include governance, responsible lending practices and cybersecurity risk. Retail engagements are centred on labour practices, food security and supply chain resilience. While the property sector is prioritising climate resilience, affordability, and water-related risks.

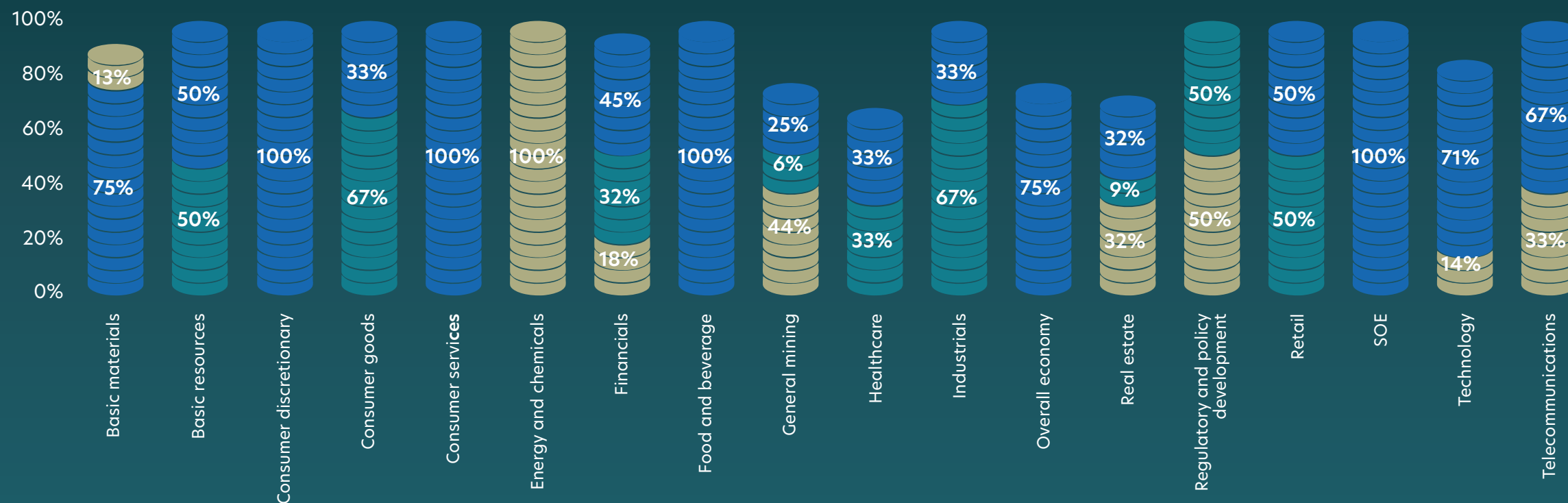
ESG engagement is also expanding beyond traditional areas of focus. Managers are paying closer attention to emerging risks such as artificial intelligence, geopolitical disruption, illicit trade, online betting, and food system shocks. This reflects a more pragmatic, forward-looking, and risk-aware approach to safeguarding long-term value.



Governance remains the anchor, while climate, water and wider social pressures are becoming more immediate and financially relevant.



Material ESG risks



The chart above highlights where asset managers are identifying ESG risks within their portfolio companies, mapped across Johannesburg Stock Exchange (JSE) sectors. While the analysis is based on the top holdings, many of these companies operate across multiple industries. As a result, ESG risks appear in a broader set of sectors than the number of holdings alone might suggest.

The JSE defines super sectors as broad groupings of listed companies based on their primary industry.

These classifications help investors, analysts and regulators understand and analyse market trends by segmenting companies into broad economic categories.

Using these classifications, the sector data shows that **governance risks** remain the most widespread ESG theme, dominating consumer discretionary, consumer services, food and beverage, SOE, technology, telecoms and the overall economy.

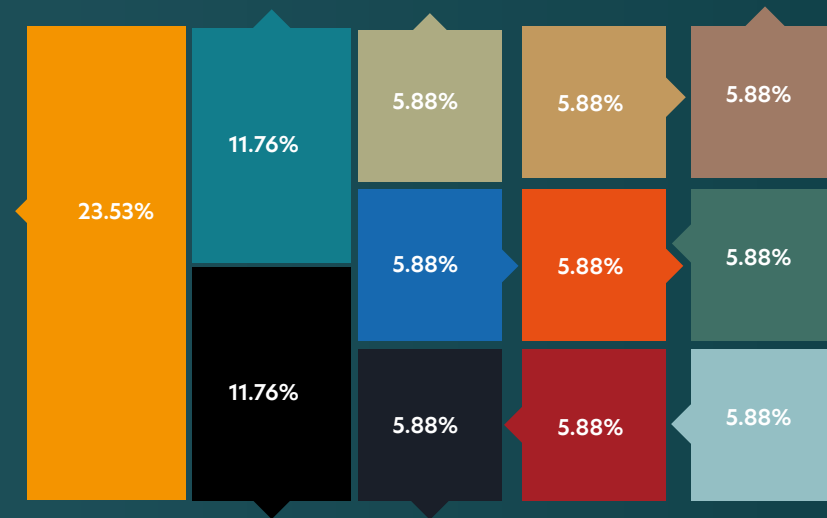
Environmental risks are most notable in energy and chemicals, general mining, telecommunications and real estate. This points to continued exposure to climate, emissions and resource-related challenges.

Social risks are more concentrated in specific sectors, especially consumer goods, industrials, basic resources, retail, and regulatory or policy development, reflecting labour, community, supply-chain and transition-related concerns.

Overall, governance continues to lead across sectors, while environmental risks are concentrated in high-impact industries and social risks remain sector-specific. Financials still show a balanced ESG profile, with governance the largest component, but less dominant than in several consumer and state-linked sectors.



Sector risks

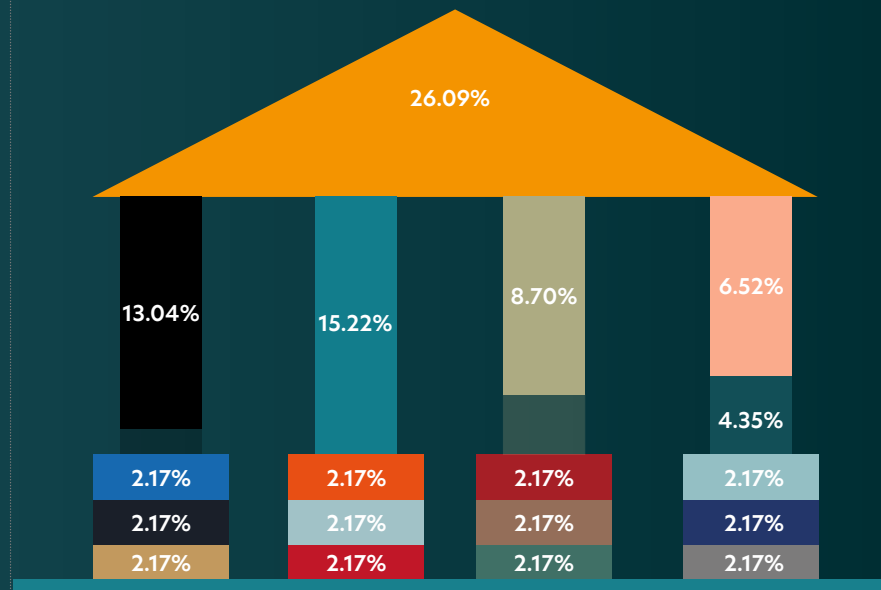


Social risks

Social risks are led by **gambling** (24%), followed by **cybersecurity** (12%) and **healthcare** (12%). A range of other issues, including food security, public health, worker welfare, employment, labour shortages, workplace safety, affordable housing, reputational risk and security services, each account for around 6% of identified risks.

Overall, the social risk profile is diverse, with consumer-related and societal issues featuring prominently.

- Gambling
- Cybersecurity
- Healthcare
- Food security
- Public health
- Reputational risk
- Labour shortages
- Worker welfare
- Security services
- Workplace safety
- Employment
- Affordable housing

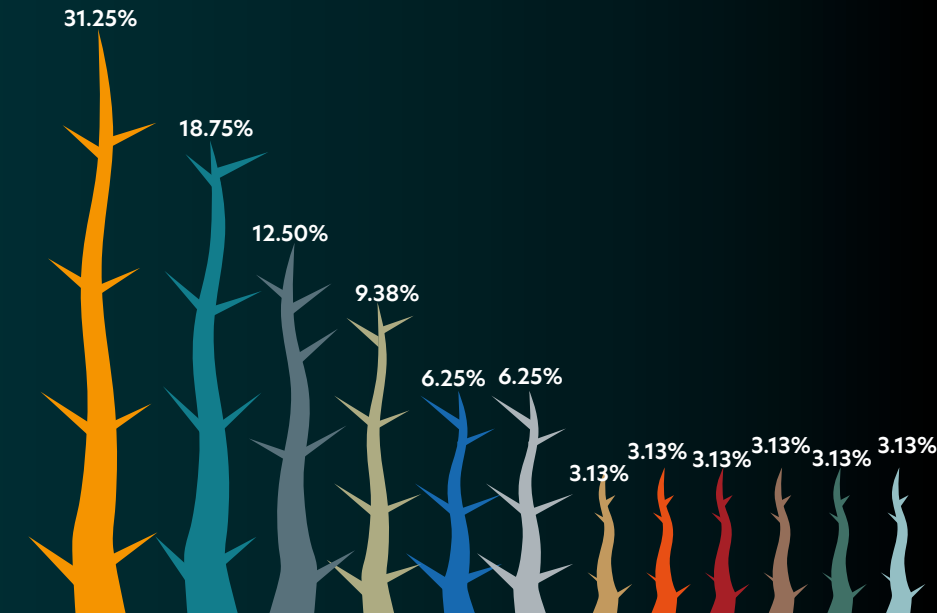


Governance risks

Remuneration (26%) is the main governance risk, followed by **succession planning** (15%) and **board composition** (13%). Capital allocation (9%), business strategy (7%) and fiscal discipline (4%) are also notable areas of focus.

The remaining risks, including regulatory, reporting, risk management, political exposure and business management concerns, each represent a smaller share. Overall, governance risks are concentrated around leadership, oversight and capital stewardship.

- Remuneration
- Succession planning
- Board composition
- Capital allocation
- Business strategy
- Fiscal discipline
- Remuneration and board composition
- Reputational risk
- Remuneration and capital allocation
- Board accountability
- Legal and regulatory risk
- Political exposure
- Water governance
- Reporting
- Reputational risk
- Service delivery
- Risk management
- Affordable housing



Environmental risks

Environmental risks are dominated by **energy security** (31%), followed by **emissions** (19%) and **energy transition** (13%). Renewable energy (9%), climate change (6%) and water security (6%) also feature prominently.

Other environmental considerations, including sustainable finance, responsible investing, climate action, climate risk, geopolitical risk and risk mitigation, each account for around 3%. Overall, the environmental risk profile is centred on energy availability, decarbonisation and the transition to a lower-carbon economy.

- Energy security
- Emissions
- Energy transition
- Renewable energy
- Climate change
- Water security
- Sustainable finance
- Responsible investing
- Geopolitical risk
- Climate risk
- Climate action
- Risk mitigation

Global stewardship (Mercer)

Global insights guiding our responsible investment approach

As a global partner, Mercer's 2025 Sustainability & Stewardship Survey provides powerful insights we leverage to inform our own stewardship priorities.

Now in its sixth year, the survey covers 112 investment managers across 244 strategies, representing approximately \$216 billion in assets under management.

Climate risk	Nature & biodiversity	Human rights & voting	Diversity, equity & inclusion
76% of strategies assess climate transition risks	66% of strategies assess nature-related risks	100% of strategies assess human rights-related risks	43% of strategies had diversity expectations set for listed companies
> Driven by engagement (81%) and use of risk tools and third-party data	> Engagement (49%), fundamental risk assessments and third-party data	> 71% of strategies had engagements relating to human rights issues	> 41% of strategies had engagements relating to inclusion and diversity issues

Engagements Mercer leveraged:

- **Climate:** 29% of strategies had engagements relating to climate with policy makers
- **Nature:** 49% of strategies had engagements relating to nature

Voting activity

- 451 155 proposals eligible
- 427 841 voted on (95%)
→ 82% for management | 18% against

> Mercer's leadership in initiatives like Nature Action 100 and commitment to the UK Stewardship Code reinforces the global standards we align with as we continue to strengthen our stewardship practices.





ESG portfolio reporting



ESG reporting

A critical element of investment stewardship

ESG reporting is increasingly important as stakeholders recognise the risks and opportunities linked to ESG factors. Robust reporting builds trust, enhances transparency, and enables investors to better manage risks and capture opportunities.

This section presents ESG metrics across our portfolio solutions. By integrating quantitative measures (such as carbon intensity and diversity) with qualitative insights, alongside voting and engagement data, it provides a holistic stewardship view that supports informed ESG engagement and advances transparency and disclosure across portfolios.

What the carbon data tells us

Weighted Average Carbon Intensity (WACI) shows climate exposure.

The combined WACI reflects each portfolio's blend of local and offshore equity exposure. Local holdings carry higher carbon intensity due to greater concentration in resource-intensive sectors, while offshore exposure provides a moderating effect through broader sector diversification. Combined portfolios sit between the two, reflecting the carbon-reducing benefit of global diversification, but remain more influenced by local exposures due to the higher domestic allocation typical of Regulation 28-compliant portfolios.

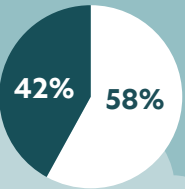
What the diversity data tells us

Gender diversity reflects board-level female representation.

All portfolios are above the 30% female board representation target - ranging from 31%-34%. This is a meaningful step forward from prior years and reflects sustained engagement with our appointed managers on board composition standards. Accelerator leads the range at 34%.

Portfolio	Carbon intensity (WACI)	Gender diversity
Performer	169	Above target of 30% 31%
AF Performer Managed Unit Trust	163	Above target of 30% 31%
AF High Growth	169	Above target of 30% 32%
Stable Focus	169	Above target of 30% 31%
Conserver	128	Above target of 30% 31%
AF Houseview Income Target	157	Above target of 30% 32%
Real Return Focus	166	Above target of 30% 31%
Accelerator	170	Above target of 30% 34%

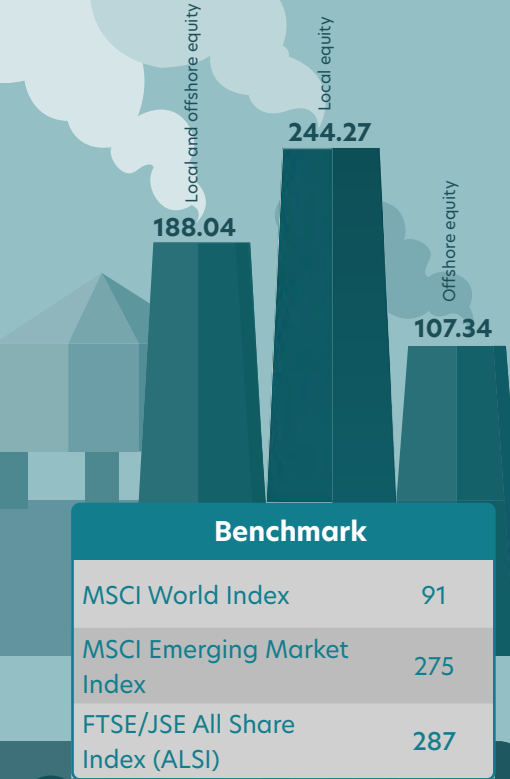
Source: Impact Cubed and Alexforbes Investments. Data as at 31 March 2026.



Alexforbes Investments carbon intensity across all portfolios and their underlying investments

Weighted average

- Scope 1 7 280 tonnes
- Scope 2 5 340 tonnes



Performer portfolio: Beyond the benchmark Introducing Paragon Impact

Paragon
+IMPACT POWERED BY ALEXFORBES

Carbon intensity and gender diversity tell you two things. Paragon Impact tells you the full picture. For the first time, we are sharing a complete sustainability assessment of the local Performer portfolio, showing what the investments are genuinely contributing to, where the risks sit, and what the evidence says versus what companies report about themselves.



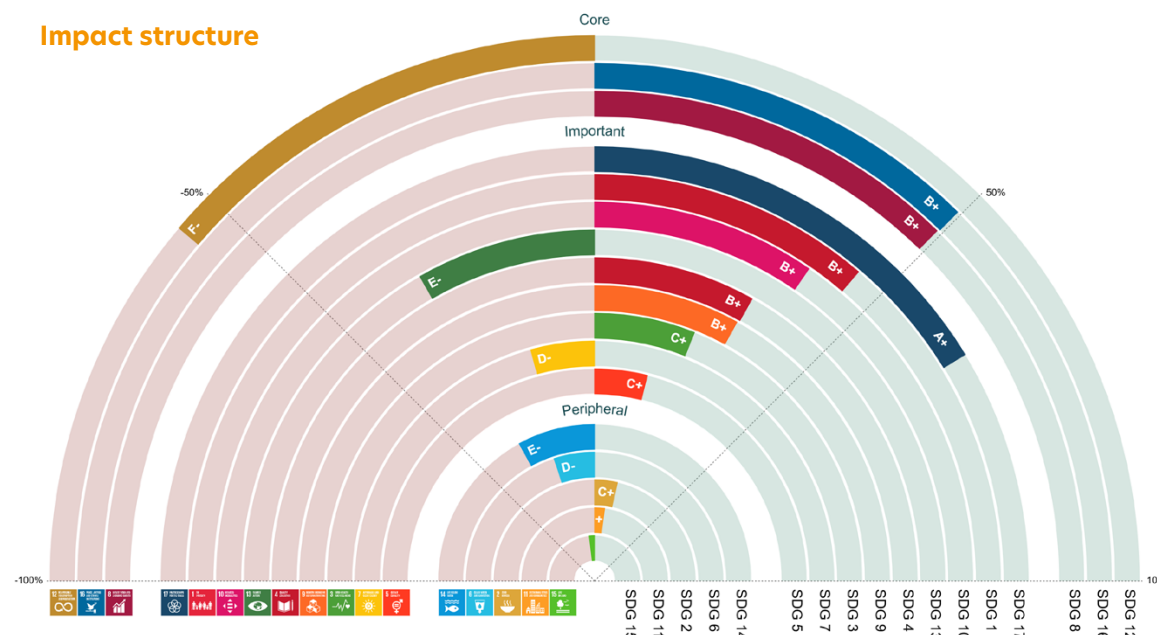
The WACI for the local portfolio is 234. The gender score is 31%.

But what does that actually tell you about this portfolio?

What follows is what we found, what it means, and what we are doing about it.

Single-dimension metrics tell part of the story. The Paragon Impact assessment maps the Performer portfolio across all 17 SDGs simultaneously, showing where it creates positive outcomes and where it causes harm or carries risk. Whether you are a trustee overseeing member outcomes, an asset manager benchmarking your ESG approach against ours, or an institutional investor assessing the depth of our stewardship practice, this is the analysis that takes you beyond the headline numbers.

Impact structure



The Impact Rainbow

A visual output showing positive and negative impact across each SDG, like a fingerprint for your portfolio's sustainability profile.

How to read the rainbow

Right side = positive impact

The portfolio is contributing positively to these SDGs. The further right the arc extends, the stronger the contribution.

Left side = negative impact

The portfolio is causing harm or risk against these SDGs. This is not a failure, it is an honest picture that drives targeted engagement.

Core / Important / Peripheral

The three bands show how material each SDG is relative to the portfolio's actual activities. Core SDGs are where the portfolio has the most influence, be that either positive or negative.

● The core SDGs: Where this portfolio has the most influence

SDG 12: Responsible Consumption

F-

This is the rainbow's most important signal. The F- grade on Responsible Consumption reflects the portfolio's exposure to resource-intensive sectors, mining, energy and heavy industry, that are structurally embedded in South Africa's domestic economy. While some holdings demonstrated relative strengths in areas such as water efficiency and recycling practices, broader environmental performance remained constrained by the carbon-intensive nature of the local industrial and market landscape. How companies in these sectors manage waste, emissions and resource use is the primary driver of this score.

SDG 8: Decent Work and Economic Growth

B+

The B+ on Decent Work is one of the portfolio's defining strengths and it connects directly to what the ESG reporting section showed. The 31% female board representation, the employment creation outcomes, and the financial inclusion contribution all feed into this grade. Several underlying holdings demonstrated positive outcomes through stronger governance practices, improved transparency and broader socioeconomic contribution. This is what a decade of active manager engagement on social and governance standards looks like in practice.

SDG 16: Peace, Justice and Strong Institutions

B+

The second B+ in the core SDGs reflects the portfolio's governance quality: board independence, lower executive pay gaps and improved tax transparency across several holdings. Strong institutions and accountable governance at company level are not just ethical positives, they reduce the risk of the kind of corporate failures that rapidly destroy value in a portfolio and damage member outcomes.

Putting it all together

Where the portfolio earns its keep

Social and
governance

are genuine strengths backed by B+ grades on both SDG 8 and SDG 16. These are not the result of good disclosure. They reflect the actual practices of the companies in the portfolio.

Carbon
intensity

of 234* sits below both the ALSI benchmark (287) and the MSCI Emerging Market benchmark (275); a strong result for a SA-domiciled strategy.

Gender
diversity

at 31% exceeded the global 30% target and aligned strongly with the SDG 5 assessment, while also contributing positively to the SDG 8 B+ grade through its connection to fair and equitable employment practices.

What the rainbow reveals that the numbers alone cannot

SDG 12 at F- is the most important finding and it is one you cannot see in the WACI or gender score. Resource management, waste and emissions at holdings level are the primary driver.

A WACI of 234 is not the whole climate story. The rainbow adds land use, water stress and resource consumption to the picture, dimensions that matter financially in the South African operating environment that WACI simply does not capture.

Engagement, is the answer. While divestment could improve SDG 12 scores, it does not necessarily lead to better real-world environmental outcomes. In this context, active stewardship with specific, measurable engagement objectives remains an important mechanism for improving corporate practices and addressing the underlying drivers of the score.

What we are doing about it

The SDG 12 F- grade points to clear areas of focus - resource management, water and resource efficiency, biodiversity and pollution management across the portfolio's resource-intensive holdings. Alongside this, credible climate transition plans and stronger emissions reduction targets remain priorities for engagement, as does improving sustainability-related disclosure and governance across holdings where data quality remains a constraint. The rainbow gives us the specificity to have more targeted conversations, moving beyond general ESG expectations toward the areas where the evidence shows the most material impact.

Looking ahead

The 2025 assessment gives us something we have not had before: a baseline. The Performer portfolio's strengths on SDG 8 and SDG 16 reflect the value of sustained engagement on social and governance standards, and maintaining those positive socioeconomic contributions remains just as important as addressing the environmental picture. The focus going forward is on environmental resilience, transition readiness and stronger disclosure practices with the ambition that the next assessment shows a rainbow that has shifted towards even more positive impact overall.

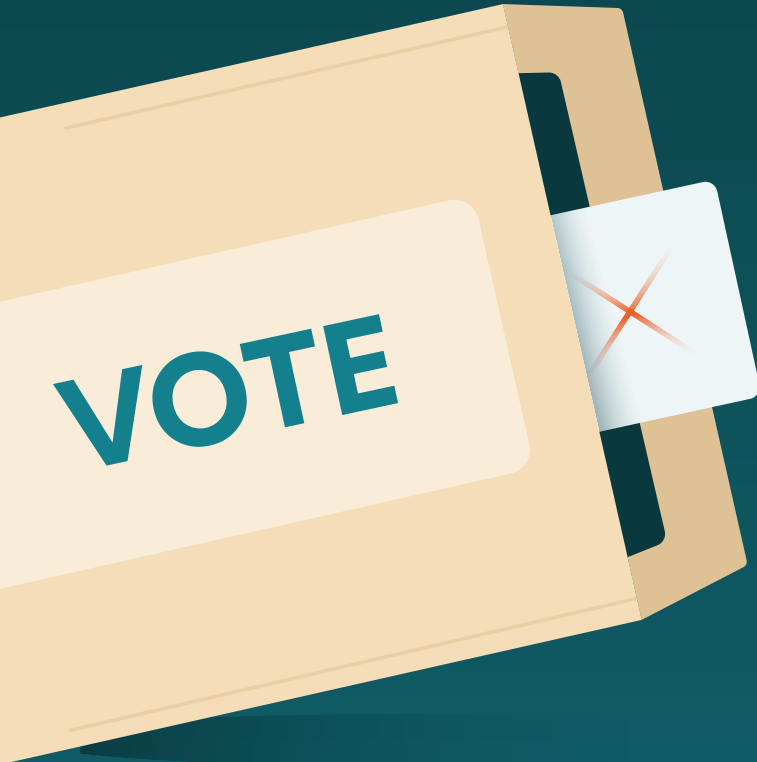
*The carbon intensity (WACI) of 234 relates to the local portfolio only.



● Proxy voting analysis

Overview

Total resolutions	23 227
Voted for	21 170
Voted against	1 936
Total abstentions	107



● Proxy voting: How our managers voted and what we expect

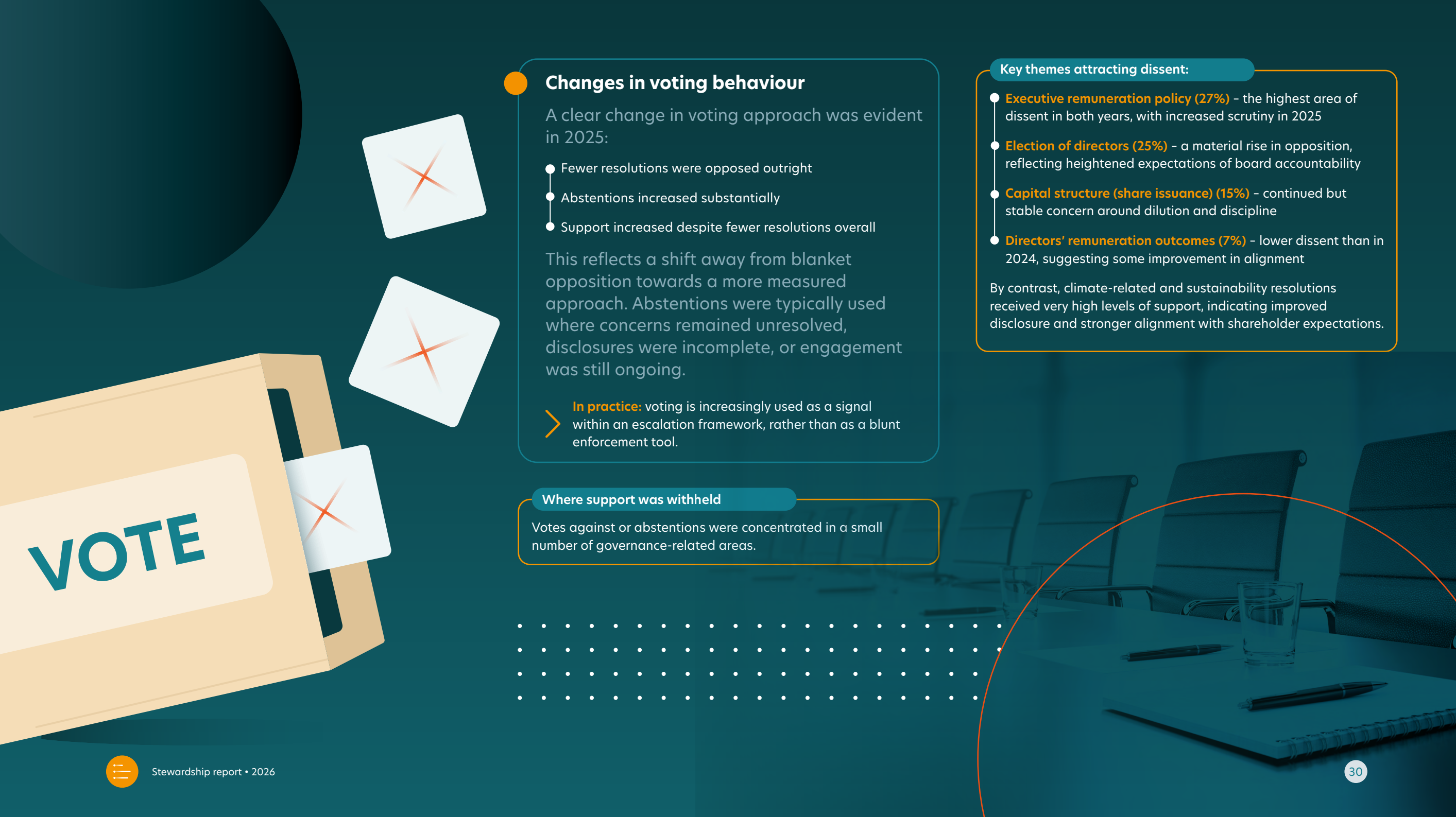
Voting rights sit with the underlying asset managers we appoint across the Accelerator Equity, Real Return, Conserver, Performer and Property portfolios. Our stewardship role is to set clear voting expectations, monitor how managers exercise those rights, require rationale and hold them accountable when their voting behaviour falls short of our standards.

2025 voting overview



During 2025, voting activity remained high and broadly consistent with the prior year. Compared to 2024, total voting activity declined marginally largely due to portfolio and manager changes rather than reduced participation. Importantly, overall support increased, while votes against declined meaningfully.

> **What this shows:** voting remained active, but decisions became more focused and deliberate.



VOTE

Changes in voting behaviour

A clear change in voting approach was evident in 2025:

- Fewer resolutions were opposed outright
- Abstentions increased substantially
- Support increased despite fewer resolutions overall

This reflects a shift away from blanket opposition towards a more measured approach. Abstentions were typically used where concerns remained unresolved, disclosures were incomplete, or engagement was still ongoing.

➤ **In practice:** voting is increasingly used as a signal within an escalation framework, rather than as a blunt enforcement tool.

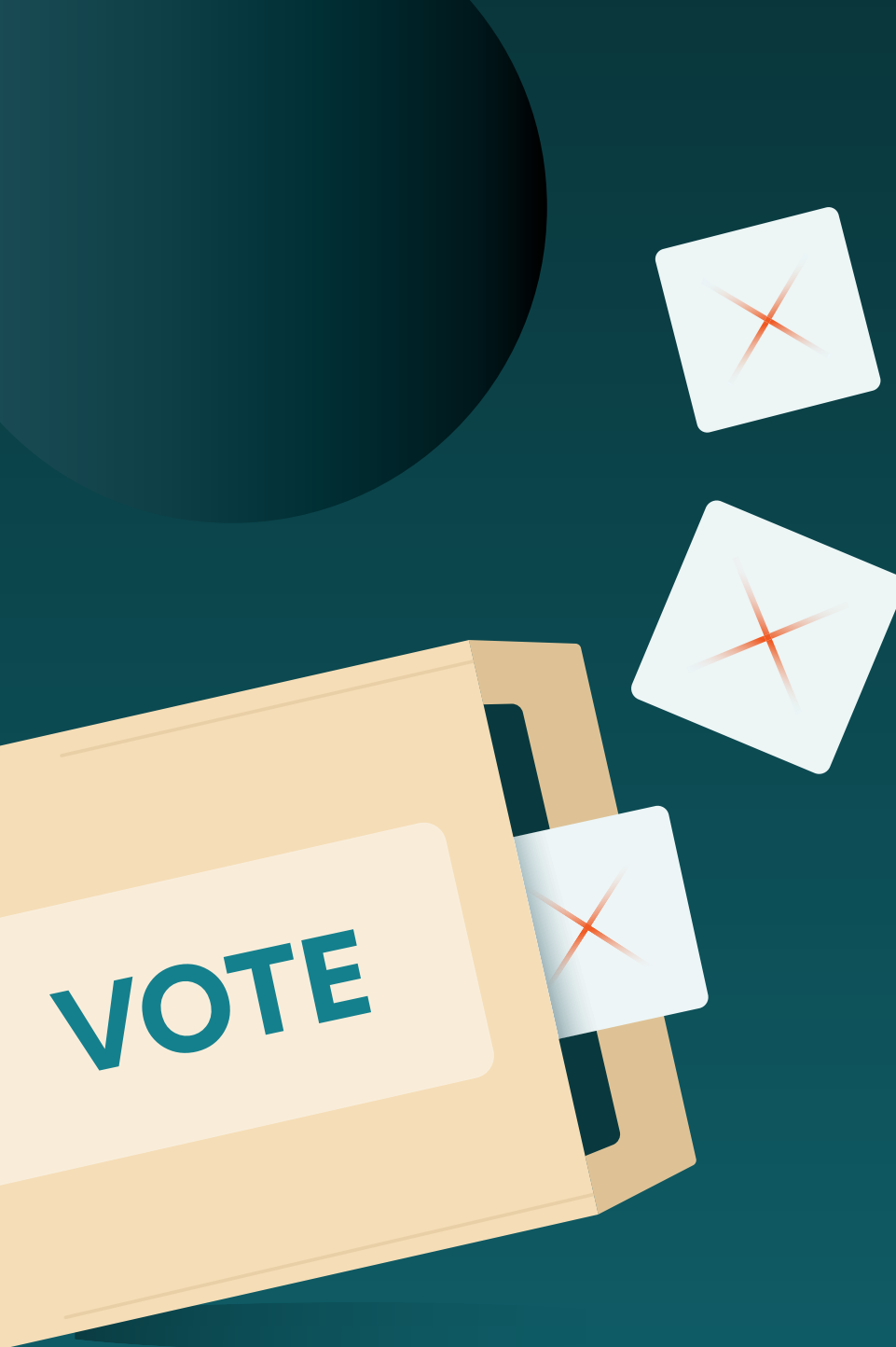
Where support was withheld

Votes against or abstentions were concentrated in a small number of governance-related areas.

Key themes attracting dissent:

- **Executive remuneration policy (27%)** – the highest area of dissent in both years, with increased scrutiny in 2025
- **Election of directors (25%)** – a material rise in opposition, reflecting heightened expectations of board accountability
- **Capital structure (share issuance) (15%)** – continued but stable concern around dilution and discipline
- **Directors' remuneration outcomes (7%)** – lower dissent than in 2024, suggesting some improvement in alignment

By contrast, climate-related and sustainability resolutions received very high levels of support, indicating improved disclosure and stronger alignment with shareholder expectations.



Key stewardship themes

Executive remuneration

Remuneration remained the single most significant area of concern for shareholders. Voting patterns indicate ongoing dissatisfaction with pay for performance alignment, incentive structures and outcomes. Voting against remuneration proposals continues to play a central role in reinforcing engagement messages to issuers.

Board accountability

Increased opposition to director elections signals rising expectations of board effectiveness, independence and responsiveness. Where boards have not adequately addressed prior engagement concerns, shareholders were more willing to withhold support.

Capital management

Voting outcomes suggest sustained oversight of capital discipline. Support was generally higher where companies clearly explained the rationale for issuances or buybacks and demonstrated alignment with long-term strategy.

Climate and sustainability matters

High levels of support for climate and ESG related resolutions do not indicate reduced scrutiny. Rather, they reflect better baseline disclosure and a preference for engagement over symbolic voting where progress is evident.

What this says about stewardship approach

Taken together, the 2025 voting outcomes point to a more mature and disciplined stewardship approach:

- Voting decisions are increasingly selective and issue driven
- Abstentions are used where engagement is ongoing or disclosure is insufficient
- Governance issues, particularly remuneration and boards, remain the primary focus
- Voting is closely integrated with engagement activity

This demonstrates that proxy voting is applied as part of an overall stewardship framework rather than as a compliance exercise.

Beyond the ballot

Proxy voting is evolving from an administrative exercise into one of the sharpest tools available to drive accountability. The bar is rising on what managers vote on, how they engage before and after AGMs and how they report back to us. Our role as a multi-manager is to make sure that the bar is applied consistently and that every vote is connected to a conversation.





Group activities



Our sustainability approach

At Alexforbes, sustainability underpins how we deliver long-term value to our clients and society. We believe that strong retirement outcomes depend on a resilient, inclusive and sustainable economy. As a steward of long-term capital, we integrate sustainability across our advice, investments and operations to drive positive financial, social and environmental outcomes.

Five-year roadmap (2025-2029): 2026 progress

Priority	What we've done in 2026
Impact Advisory	Grew our Impact Academy (including King V), built Retirement Fund of the Future™ into our advice, and introduced sustainability services for corporates
Paragon Impact integration	Enhanced our investment decision making by incorporating insights from Paragon Impact
Industry advocacy	Played a leading role in sustainability reporting discussions, ran a national survey, took part in the Adoption Readiness Working Group (ARWG), and launched the Paragon Impact Awards
Sustainability solutions	Progressed sustainability and impact initiatives across our investment solutions, including Alexforbes One, our umbrella fund offering
Research and policy	Used survey insights to support national policy development
Sustainability management	Completed a gap assessment against King V
Disclosure	Improving our reporting in preparation for mandatory requirements

Further detail on our sustainability approach and broader Group initiatives is available in our Alexforbes Sustainability Report.



Group activities



Maties Football Sponsorship

The Maties Football sponsorship is designed as a development-led partnership that integrates Alexforbes into a year-round campus sporting ecosystem. The Campus League forms the core of this platform, enabling consistent engagement with students through structured competition and community participation.

The programme reaches a broad university audience, with students participating across multiple residence teams and regular interaction through scheduled matches and campus-wide activities. This creates ongoing opportunities for brand engagement, visibility and community connection in a setting that promotes inclusion and wellbeing.

Aligned to Alexforbes' sponsorship framework, the partnership focuses on participation, development and social impact. It supports youth development by encouraging active lifestyles, teamwork and a sense of belonging, while providing a platform to engage future professionals in a meaningful and sustained way.



Alexforbes Angel Wings

The Alexforbes Angel Wings initiative is a powerful example of investing in potential to achieve extraordinary outcomes. In January 2026, a team of young sailors from under-resourced communities in Cape Town won the Cape2Rio 2025 yacht race, overcoming significant challenges, including equipment failure, during the 3 300-nautical-mile journey.

In partnership with the Royal Cape Yacht Club Sailing Academy, Alexforbes supports this programme to expand access to high-performance sport and build critical life skills. The team's success reflects the same principles that underpin effective investing - resilience, discipline, preparation and sound judgement under pressure.

By backing Angel Wings, Alexforbes demonstrates its commitment to connecting possibility with opportunity, investing in individuals who might otherwise be excluded, and enabling them to achieve outcomes that create lasting impact both locally and globally.



Alexforbes Battle Boards

Now in its third year, the Alexforbes Battle Boards chess championship has become an established annual fixture on high school calendars across South Africa. The competition continues to grow in reach and relevance, with a record number of schools from all nine provinces participating in 2026.

As an online team tournament, Alexforbes Battle Boards plays an important role in removing barriers to participation. Schools from different regions are able to compete on an equal footing, improving accessibility and enabling a more diverse group of learners to take part.

The programme promotes strategic thinking, discipline and teamwork, while creating opportunities for learners to represent their schools and gain recognition at provincial and national levels. In this way, it reflects Alexforbes' commitment to youth development and education, supporting skills that are relevant both in competition and in broader life.

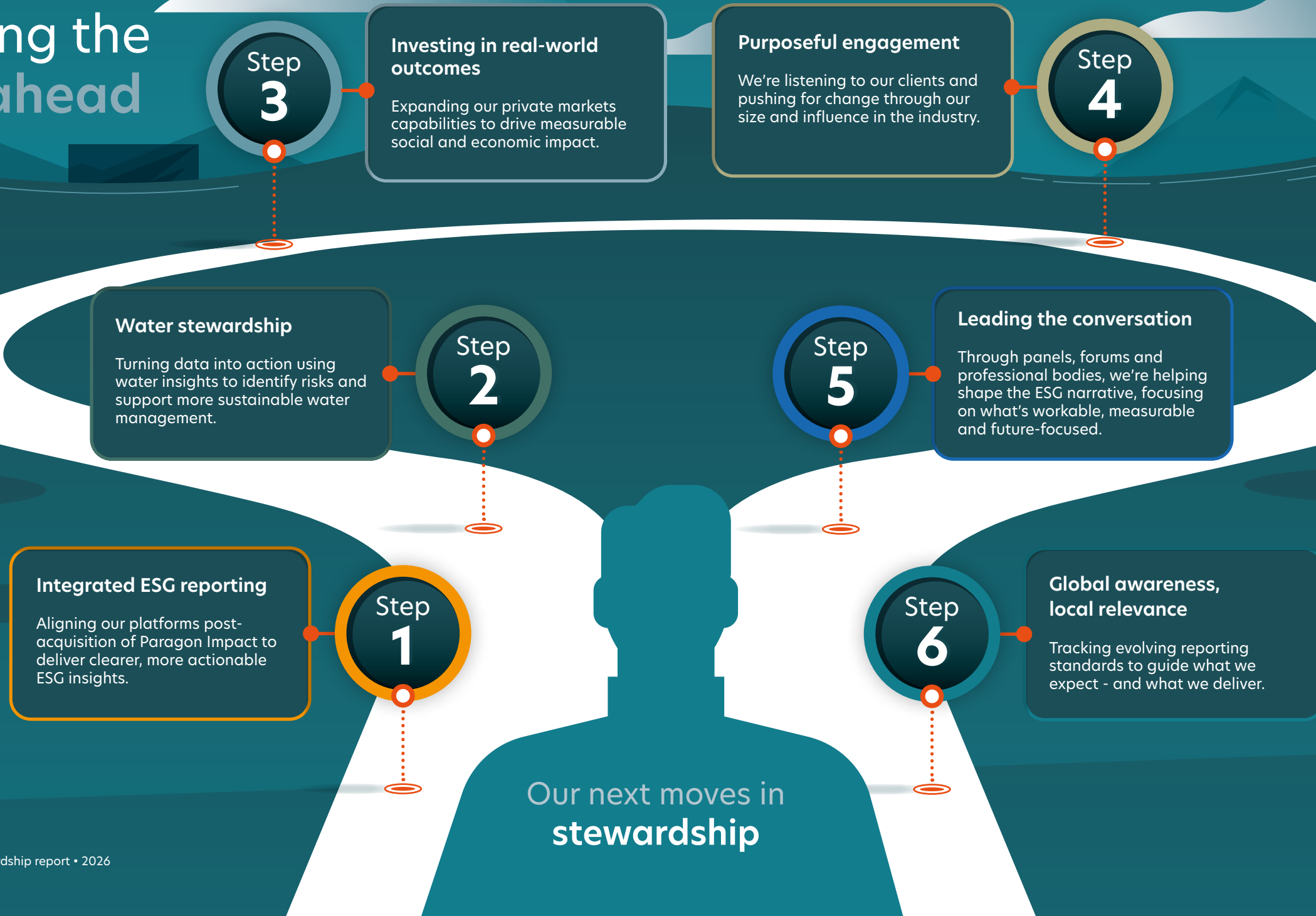




Charting the road ahead



Charting the road ahead





You're in the right place for sustainable investing that makes a difference.

Behind every rand lies hard work, sacrifice and intention, not just to grow wealth, but to do so with purpose.

That's why choosing a partner who understands the importance of how your money is invested is just as critical as the returns it earns. A partner who integrates environmental, social and governance considerations. Who seeks out not only top-performing investment minds locally and globally, but those who align with your values.

With Alexforbes, no matter your investment destination, you're in the right place - where responsible and sustainable investing meets purpose.

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South African
Manager of the year



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