2026 STEWARDSHIP REPORT

ALUWANI
CAPITAL PARTNERS

Finding a better way

ALUWANI

Finding a better way

Founded in

2015

An independent, owner-managed investment management business.

B-BBEE Level 1 contributor

Our Purpose:

To positively impact the lives of our stakeholders through the efficient allocation of capital.

56 Employees
- Including Botswana, Lesotho and Interns

22 Investment Professionals with over **400 years** collective experience in the Investment Team.

AUM of R169,3 Billion*

*As of 30 June 2026

Our Vision is to create:

- A large multi-asset strategy investment management business
- A transformative black-owned and controlled asset management business of scale
- A significant staff and management ownership structure aligning investors long term objectives with those of ALUWANI
- Sustainable and mutually beneficial partnership model between staff, clients and shareholders

Johannesburg
Cape Town
Botswana
Namibia
Eswatini

Building a Sustainable Business

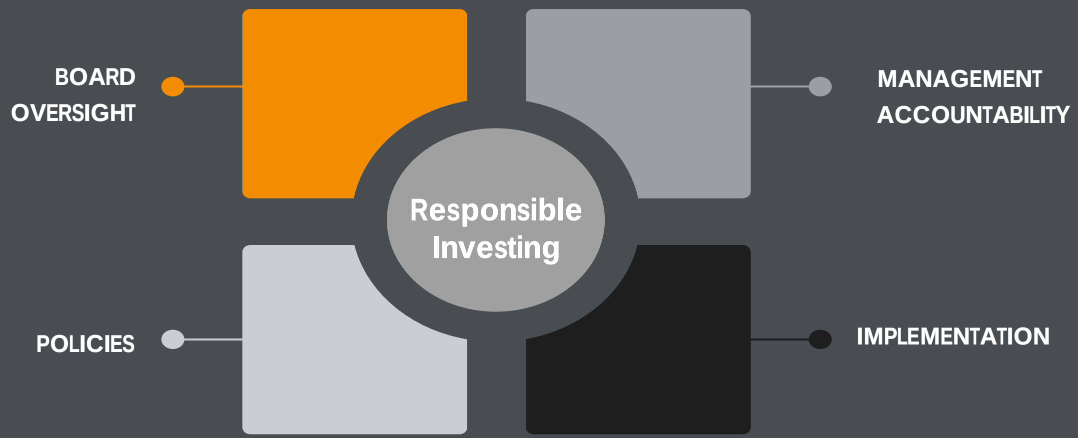
Contents

Responsible Investing

At ALUWANI, **Our Purpose is to positively impact the lives of our stakeholders through the efficient allocation of capital**. Responsible investing is one of the ways in which, we give practical effect to this purpose. It requires us to consider environmental, social and governance (ESG) factors where these may affect the long-term value, resilience or risk profile of the investments we make, on behalf of clients and beneficiaries.

We view responsible investing as an integral part of the broader investment process - from the development of investment beliefs and research frameworks to security selection, portfolio construction, stewardship, proxy voting and reporting. Our approach is pragmatic and materiality-led. We focus on the sustainability-related issues that we deem most relevant to the investment case, the rights available to us as investors, and the specific mandate through which capital is allocated.

Formal policies, oversight and accountability structures, and investment tools have been established to support our responsible investing approach.



These pillars provide the rails to support the effective implementation of responsible investing practices across the business. They have also been designed bearing in mind the differing application of responsible investing practices across asset class and client mandates.

Our Framework

We apply responsible investing through a framework that is intended to be practical in its application, respectful of our fiduciary responsibilities, and flexible enough to be implemented across different investment strategies. At a high level, our approach is anchored in four related elements: materiality-led ESG integration, active ownership and stewardship, governance and accountability, and transparent reporting and continuous improvement.

- **Materiality-led ESG integration.** We consider ESG factors where these may influence investment outcomes, over the relevant time horizon. ESG analysis does not determine investment decisions on its own. It is considered alongside fundamental research, quality and macro themes that may affect the risk-return profile of an investment.
- **Active ownership and stewardship.** Where we have the relevant rights and access, we use engagements to explore material risks, understand management's perspective on sustainability performance weaknesses and, where relevant, communicate our expectations. We use proxy voting as a complementary stewardship tool, allowing us to express our position formally where shareholder rights are available. Our stewardship activities are intended to encourage improved practices and disclosure over time.
- **Governance and accountability.** Responsible investing is governed through formal policies and oversight structures that define accountability, support implementation and provide clear escalation pathways where required.
- **Transparent reporting and continuous improvement.** We report on our responsible investing activities to provide clients and other stakeholders with insight into our approach, its application and its limitations. Management remain firm in their commitment to evolve our practices in line with our purpose statement.

The sections that follow illustrate how these principles are translated into practice across our investment platform.

Oversight and Accountability

As a business, we have reignited our efforts around the management and governance capacity to drive sustainability in the organization. This has included renewed Board-level oversight through the ALUWANI Board Sustainability Committee and the establishment of dedicated management-level capacity through the Management Sustainability Committee.

In relation to the Responsible Investing process, the following roles are relevant:

INVESTMENT COMMITTEE	In addition to its current role overseeing the development of policies and implementation of practices, going forward this committee will report to the Board Sustainability Committee, at regular intervals, on strategic responsible investing progress and outcomes – including CRISA alignment.
MANAGEMENT SUSTAINABILITY COMMITTEE	This committee is responsible for developing the organizational sustainability strategy and translating it into practice across the organization. The committee, which reports to the Board Sustainability Committee, holds accountability at a management level for ensuring alignment between ALUWANI's responsible investing practices and the organization's overall sustainability strategy and role as a responsible citizen.
BOARD SUSTAINABILITY COMMITTEE	We have re-established our Board Sustainability Committee, a subcommittee of the ALUWANI Board. The Committee is responsible for oversight of the sustainability strategy at an organizational level. As part of its mandate, the Committee oversees whether relevant sustainability frameworks are appropriately translated into internal practices and aligned with the organization's broader sustainability strategy.

Governance Frameworks

At ALUWANI, we have long considered the possible implications of ESG risks as a part of our investment case. In 2018, we began formalizing our approach to responsible investing. Since then, we have further institutionalised our approach within the investment building block through additional policies and frameworks over the years.

Our Responsible Investing policy suite includes:

RESPONSIBLE INVESTING POLICY
Guides our overarching approach to Responsible Investing.

ESG INTEGRATION POLICY
Guides our approach to integrating ESG risk, as a key risk, in the investment process.

ACTIVE STEWARDSHIP POICY
Guides our approach to being an active investor, including both engagement and proxy voting (supported by our proxy voting policy).

CLIMATE POSITION STATEMENT
Guides our approach to considering climate impacts as a part of our investment process.

We remain committed to the continuous improvement of both our approach and the quality of the tools that we use. Our policies are reviewed annually by the Investment Committee for relevance and, where necessary, updated to remain aligned.

Any new policies are required to be approved by the ALUWANI Investment Committee and thereafter, they are required to be approved by the Management Sustainability Committee. As we advance, these policies will also be referred to the Board Sustainability Committee for review. You can access our policies on our website here. ■


FILA

Code of Responsible Investing in South Africa

The Second Code for Responsible Investing in South Africa, 2022 ("CRISA 2") builds on the first. It contains five voluntary principles for stewardship and responsible investment, as a key component of the South African governance framework. We endorse CRISA 2 and the principles it embodies, given the alignment with the global aim of responsible investing and their role in promoting transparent and comparable disclosures within the South African asset management industry. The Code guides our policies, with its principles adopted to the extent that we deem practical, considering both the pace of evolution in our internal appreciation of the various ESG risks and resource capacity.

CRISA 2 Principles

The principles of **CRISA 2** are of **universal relevance**, capable of flexible application on a **proportionate** basis.

Application of the Code is **voluntary**.

CRISA Application Coverage

ALUWANI applies the CRISA principles across the investment platform, although the manner and extent of application differs by instrument type. This reflects the varying rights and levers available to us as an institutional investor, depending on the nature of the instrument into which we are mandated to invest.

Below is a summary assessment of the extent to which we can exercise stewardship and proxy voting rights, distinguishing between equity, credit, and liquidity instruments.

As of 31 December 2025,	ESG integration	Stewardship	Proxy voting
Equity	✓	✓	✓
Credit	✓	✓	Limited
Multi-asset	Partial	Partial	Partial
LDI/ Cash/ Liquidity and 3rd party funds	Limited	n/a	n/a

% of AUM that investment practices have been applied to	60%	60%	12.5%

Equity

Equity investments provide ownership rights and therefore offer the broadest scope for applying the CRISA principles. In addition to considering ESG-related risks and opportunities as part of the investment case, equity holdings allow us to engage directly with management and, where relevant, Board members on material issues. They also enable us to exercise shareholder rights through broad participation in annual general and other shareholder meetings.

Listed Credit

In listed credit portfolios, responsible investment focuses primarily on factors that may influence the issuer's ability to meet its financial obligations over time. Analysis places particular emphasis on governance quality, capital allocation, regulatory exposure, business resilience, and issuer-specific environmental and social risks that may affect creditworthiness. ALUWANI's engagement with management is generally undertaken as part of our investment due diligence process.

Unlisted Credit

Responsible investment plays an important role within our private and unlisted credit activities. Given the nature of these investments, material sustainability factors are assessed as part of the due diligence process and, where appropriate, inform investment structuring, covenant design, ongoing borrower monitoring, and periodic engagement with management teams.

Direct engagement with borrowers proves an important source of insight, as standardized sustainability disclosures and reporting scrutiny are less developed than in listed markets.

Multi-Asset Portfolios

Multi-asset portfolios benefit from the responsible investment practices applied within the underlying building blocks.

LDI, Cash and Liquidity, and Third-Party Funds

Certain asset classes are subject to a more limited application of the responsible investment framework due to the nature of the underlying investment strategy. This primarily relates to liability-driven investment (LDI) mandates, cash and liquidity portfolios, and selected third-party managed funds. In these cases, the primary investment objective is typically liquidity management, liability matching, or access to specialist external capabilities. This constrains the extent to which ALUWANI can exercise direct influence through security selection, stewardship, engagement, or voting activities. While sustainability considerations may form part of manager oversight and risk assessment processes, these portfolios do not offer the same opportunities for active responsible investment implementation as discretionary equity, listed credit, and unlisted credit strategies. ■


BIG BOY
VELOCITY 150

ESG Integration in the Investment Process

ESG integration requires the systematic incorporation of financially material ESG risks and opportunities, alongside investment fundamentals. Our investment methodology considers three pillars: Valuation, Quality and Theme, with ESG factors being considered within the quality pillar. We integrate ESG considerations into our investment process because these factors can affect long-term investment performance and risk.

We aim to understand which ESG issues are financially material to an investment over the relevant time horizon, and factor them in, as part of our broader research and decision-making. ESG analysis does not determine investment decisions on its own.

Application across strategies

While the underlying objective remains the same, namely understanding how material sustainability-related risks and opportunities may influence investment outcomes, the application reflects the distinct risk-return characteristics of equity versus debt investing.

Equity Portfolios	ESG considerations are incorporated as part of our broader assessment of business quality, competitive positioning and long-term value creation, helping to inform conviction levels and position sizing.
Credit Portfolios	Emphasis is placed on downside risk protection, capital preservation and a borrower's ability to meet its financial obligations over the life of the instrument. These are assessed within the context of their potential impact on cash flow generation, balance sheet strength, refinancing risk and recovery outcomes.

Assessment tools

To support the consistent implementation of Responsible Investing principles in the integration process, we have developed tools to support implementation.

Listed Instruments	*To support our analysis, we use a proprietary ESG scoring tool to evaluate the ESG performance of listed companies. The tool draws data from a third-party data provider, as well as inputs from company disclosures and questionnaires sent directly to company management. It enables both an overall view of a company's ESG profile and a more detailed picture of the specific issues that may require further analysis. The tool supports the consistent and structured application of the methodology across the investment universe*
Unlisted Instruments	*For unlisted credit investments, we apply a similar framework. The process is, however, more manual because standardized data is often less readily available. We collect and assess relevant ESG information directly, using a disciplined approach that is appropriate to the nature of the asset. This allows us to maintain consistency in principle, while remaining practical in application.*

Exclusions

Our approach to exclusions is measured and mandate-led. We apply negative screening only where a client mandate requires this. For credit strategies, where ESG risks are considered materially systemic to a sector or a group of issuers, the team is empowered to consider exclusions on a case-by-case basis. From an equity perspective, we are cognisant of benchmark risk and as such would not unilaterally impose exclusions within a portfolio. Instead, where we assess a systemic risk that may warrant the exclusion of certain companies from a portfolio, we would consider that in line with our stock selection framework.

Portfolio Carbon Emissions

Climate change poses a fundamental and widespread risk that is already reshaping economies and societies worldwide. As an asset manager, we recognize the importance of addressing this challenge through responsible investment practices. The transition to a low-carbon economy is essential for mitigating the risks associated with climate change and fostering long-term financial resilience.

At the same time, we also recognize that this transition, specifically within an emerging economy such as South Africa, may often be at odds with the achievement of crucial social goals. We understand that the shift to a low-carbon economy must be just and inclusive. The transition should not only focus on environmental outcomes but also address the social and economic challenges faced by affected workers and communities. We are committed to ensuring that this transition is fair, and we align our actions with frameworks such as the South African Just Transition Framework to support socially responsible solutions.

We do not monitor emissions at a portfolio level, nor do we set portfolio-level emissions targets, unless specifically required by client mandate. We consider emissions profiles at the individual company level. Assessing the potential impact of the company's transition plans and progress (or lack thereof), on its risk-return profile, within our investment horizon. Our assessments also consider the pace of change in supporting regulation in the economies we invest in.

Continuous Improvement

Overall, our approach to ESG integration remains pragmatic, research-led and aligned with our fiduciary duty. We are committed to the continuous improvement of our process as our understanding deepens and sustainability practices, regulation and market expectations evolve. ■

Unwinding Decades of Excess: A Macro Outlook

Emerging from an era of abundance

Over the last two decades, the world has experienced what might be described as an "era of abundance." There has been an excess supply of key resources, which, when leveraged through globalization and increasing interdependence, supported the delivery of significant economic efficiencies. Capital was widely available and inexpensive, benefiting from accommodative monetary policy and easy financial conditions, which in turn enabled strong investment activity at relatively low hurdle rates. Labour was similarly abundant and cost-effective, driven by globalization, migration, and China's integration into global production. This benefit extended to energy and resources, and the stable supply of goods, which remained consistently cheap.

Trade flourished under this model, reinforced by a high degree of geopolitical trust and interdependence. Underpinning what might be referred to as a "peace dividend" - a period of relative stability that supported global growth, low inflation, and strong market confidence. These positive supply shocks contributed to disinflation, rising global trade, and deepening multilateral integration.

Sustainability and responsible investing gained prominence during this period, galvanized by strong capital inflows, favorable market performance, improved data availability and increasingly standardized regulatory direction, which allowed investors to increasingly assess sustainability through risk and return lens. In a stable macro environment with low uncertainty, aligning with what is "good and right" is often easier to sustain. The United Nations Sustainable Development Goals emerged within this context of multilateral ambition, supported by assumptions of continued cooperation, capital flows, and shared responsibility.

Entering an era of Shortage

This period was, however, not without challenges. It also created imbalances. The prolonged period of low capital costs contributed to excess investment consumption and a build-up of debt. Structural vulnerabilities have accumulated, leaving the global system less resilient and poorly positioned for a normalization. A normalization which, in fact, seems to already be under way.

Shift to an era of shortage

In our view, the global economy is shifting into an "era of shortage". We expect negative supply-side pressures to weigh on growth while contributing to structurally higher inflation. These dynamics are likely to be further compounded by the slowing of globalization and an unwinding of the deep interdependence built over the past two decades.

As a result, capital is becoming more expensive and selective, raising the bar for investment - even as funding needs remain elevated. Labour dynamics have tightened, with ageing populations, skills shortages, reduced migration, and China's economic rebalancing driving higher costs and reduced availability.

Energy and resource systems have been under increasing strain from years of underinvestment. With the infrastructure demands relating to the global energy transition, contributing to rising costs. Goods are becoming less cheap as supply chains are reconfigured. Trade is fragmenting amid geopolitical tensions and there is a notable shift toward national resilience. Underpinning these trends is a decline in geopolitical trust and strategic rivalries, which are eroding the peace dividend and contributing to a more uncertain and volatile global backdrop. In this environment, economic and geopolitical shocks are likely to become more frequent and periods of instability more pronounced.

Implications for Sustainable Investment

Sustainability efforts may come under increasing pressure. Policymakers, corporates, and investors often prioritise short-term resilience, sometimes at the expense of longer-term sustainability objectives. The capital flows that supported the growth of sustainable investing are likely to continue to moderate, with compromises emerging in areas such as energy use, defence spending, and supply-chain decisions. However, periods of uncertainty do not diminish the relevance of sustainability. If anything, they reinforce it. Many of the risks that sustainability seeks to address including resource scarcity, inequality, climate exposure, and geopolitical fragmentation become more visible and financially material in a constrained environment.

At ALUWANI, we are conscious of the practical realities facing the South African economy and take a pragmatic approach to sustainable investing.

In line with our purpose and our focus on job creation, we seek to identify where sustainability-related risks may present opportunities for resilience, adaptation and long-term value creation in South Africa. For us, this is integral to managing long-term risk and return, not a strategy to be applied selectively as conditions change. ■

Conrad Wood, Head of Fixed Income

__Figure 1__: World leaders gathered at the United Nations Sustainable Development Summit in 2015, where the UN General Assembly formally adopted the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

ESG and Equities

ESG, Materiality and Long-Term Value Creation

The evolution of ESG Integration over the past two decades has been accompanied by an increasingly important realization: sustainable investing is not primarily about exclusions, ratings or labels. While each of these can provide useful inputs, the evidence increasingly suggests that investment outcomes are influenced less by a company's aggregate ESG profile and more by how effectively its management understand and manages the sustainability issues that are most material to its business.

Academic research has found that environmental, social and governance factors can influence corporate financial performance and in turn investment outcomes. Research reviewing more than 2,000 empirical studies concluded that the majority reported either a positive or neutral relationship between ESG factors and corporate financial performance (Friede, Busch & Bassen, 2015).

Importantly, this implies that investors would not consistently outperform by simply purchasing companies with high ESG ratings or excluding those with lower scores. Rather, the evidence points towards a more nuanced conclusion: the financial significance of ESG depends on the specific issue, the company concerned, and the context in which it operates. The challenge for investors is therefore not identifying companies with the highest ESG scores but understanding which ESG factors are most likely to influence long-term value creation.

At ALUWANI, ESG considerations are integrated into our broader assessment of long-term business quality. We view sustainability factors not as a separate investment objective, but as one of many lenses through which the resilience, adaptability and value creation potential of a business can be assessed. ESG analysis helps inform conviction, position sizing and engagement priorities while remaining grounded in the primary objective of our mandates - generating attractive long-term risk-adjusted returns for clients.

Exclusions

A company may produce an exemplary sustainability report, perform well against selected ESG indicators, or invest meaningfully in environmental and social programmes, while still destroying shareholder value through poor capital allocation, weak governance or an unsustainable competitive position.

Conversely, a company operating in a more challenging sector may create significant value, where management demonstrates a credible ability to identify and manage the risks most relevant to its business model. This is particularly relevant in the South African market, where index exposure is often concentrated in sectors with complex environmental and social profiles. In this context, a simplistic distinction between "good" and "bad" ESG companies can be misleading.

The same principle informs our approach to exclusions. Certain mandates may incorporate exclusions to align portfolios with specific client values, social outcomes or brand considerations. These are legitimate portfolio construction choices and may be entirely appropriate within the context of a particular mandate. However, exclusions are not, in themselves, an investment thesis.

ESG Performance Scores

The increasing availability of ESG data has undoubtedly improved investors' ability to assess sustainability-related risks and opportunities. However, research has shown that different ESG ratings providers often arrive at different conclusions when assessing the same company. This highlights both the complexity of ESG analysis and the importance of applying judgment when interpreting ESG information (Berg, Kölbel & Rigobon, 2022).

ESG ratings can provide valuable insights and help investors identify areas for further investigation. However, the sustainability issues most relevant to a diversified miner may differ significantly from those affecting a bank, telecommunications company or retailer. Consequently, a single aggregate score may not always reflect the factors most likely to influence a company's long-term investment prospects.

This challenge can be even more pronounced in emerging markets, where local regulatory and socio-economic considerations may not be fully reflected in global ESG frameworks. In South Africa, for example, factors such as Broad-Based Black Economic Empowerment (B-BBEE), transformation, employment equity and broader socio-economic inclusion can be important indicators of a company's social licence to operate and long-term sustainability.

For this reason, ALUWANI does not rely on external ESG scores as a screening mechanism or investment shortcut. Instead, we utilise third-party ESG datasets, company disclosures, management engagement feedback and our own proprietary research to inform a more contextual assessment of financially material ESG risks and opportunities.

ESG Positioning is Not Static

We also recognise that ESG risks are not static. Governance failures can be addressed, environmental management practices can improve, and company cultures can evolve over time. Equally, the operating environment itself changes. Regulatory frameworks develop, stakeholder expectations shift, resource constraints emerge, and technological advances can alter the relevance of previously immaterial risks.

As active investors, engagement provides an important mechanism through which these developments can be assessed. Improvements in the management of material ESG risks may strengthen an investment case, just as deterioration may weaken it.

This dynamic is reflected in our own investment experience. In the case of a current mining company, whose historical governance concerns contributed to the company not meeting our quality requirements. Continued engagement and evidence of improvements in governance, culture and control environments informed a reassessment of the investment case. The example illustrates an important principle: investment decisions should be informed not only by the existence of ESG risks, but also by management's willingness and ability to address them.

For us, the evolution of ESG integration is encouraging and, as IFRS S1 and IFRS S2 implementation gains momentum locally, we expect greater transparency and comparability of disclosures. This will better enable us to look beyond headline metrics, focus on material sustainability factors and conduct more informed investment analysis. ■

Effuah Bjärby, Sustainability Officer and Mila Mafanya, Co-Head of Equities


SINGER

Connecting Communities to Opportunity

For more than two decades, the private sector has invested significant capital in digital infrastructure. Mobile networks now cover most of the population, fibre networks pass millions of homes and businesses, and South Africa has emerged as one of Africa's leading digital economies. Yet access remains uneven. Many low-income, peri-urban and underserved communities still lack reliable, high-speed internet at a price point that makes everyday use possible. South Africa's next digital infrastructure challenge is not only to build more network capacity. It is to ensure that high-quality, affordable connectivity reaches communities that have historically been excluded from reliable broadband access.

The recently published South Africa Digital Infrastructure Investment study estimates that well in excess of R100 billion of additional investment will be required over the coming decade to achieve universal access to high-speed broadband. While the technology mix will vary across geographies, the central challenge is clear: digital infrastructure must reach more people, in more places, in ways that support meaningful and affordable access.

For investors, this presents both a compelling investment opportunity, whilst at the same time presenting an opportunity to reflect on the responsibility to support infrastructure that connects people to the services, markets and opportunities that increasingly define economic participation.

Vukela Connect: Driving Digital Inclusion

A practical example of this investment thesis is our investment in Vukela Connect, a company that provides high quality fibre internet solutions to customers in underserved areas in South Africa. The company's customers typically reside on serviced stands in peri-urban areas. Many are receiving broadband services for the first time. Vukela initially operated a closed access network, with a vertically integrated internet service provider. The company has since migrated to an open access network. - A migration which has been relatively seamless thus far, supported by pricing appropriately targeted at low to middle income consumers. This matters because infrastructure only creates inclusion when people can afford to use it.

Through our Alternative Credit Fund, ALUWANI provided two rounds of funding which have been used towards the expansion of the Vukela fibre network in Palm Ridge. Bridging the access divide whilst also creating employment opportunities for local community members and contractors.

Figure2. *Construction underway in Palm Ridge.*

Vukela's network currently passes approximately 70,000 homes, of which 10,300 have been connected as paying subscribers. The resulting penetration rate of around 15% reflects an asset that is still early in its maturity curve, with a substantial installed footprint that provides a platform for future subscriber growth and operating leverage as customer adoption *increases.*

Why Connectivity Matters

Beyond the potential financial returns, connectivity is no longer a convenience. It is a gateway to participation in the modern economy. For households, reliable internet supports education, job seeking, access to public services, digital payments and lower-cost communication. For small businesses and informal enterprises, it enables access to customers, suppliers, financial services and new forms of trade. For schools, clinics and community institutions, it can improve service delivery and resilience.

The impact is most powerful where the starting point is exclusion. In communities that have historically lacked reliable broadband, the first connection can change the range of choices available to households and businesses. It does not solve poverty or unemployment on its own, but it expands the infrastructure through which opportunity can flow.

Figure 3. *Vukela provides free internet access to schools located within its network coverage areas, supporting digital inclusion and access to educational resources.*

Through investments such as Vukela, ALUWANI aims to contribute to socio-economic development and create conditions that can support employment growth over time. The significance of the investment lies not only in the infrastructure itself, but in what reliable connectivity makes possible for households, enterprises and communities.

This is why the investment case should not be measured only by network kilometres or premises passed. The more important question is whether infrastructure is enabling meaningful access in the places where the need is greatest, driven by infrastructure that is reliable, scalable and appropriately priced for adoption.

Figure 4. *Vukela fibre network Point of Presence infrastructure located within communities, enabling a faster and more reliable broadband experience.*

Alternative Credit and Inclusive Infrastructure

Extending connectivity into underserved areas requires capital that is curious, structured and intentionally suited to the realities of growing businesses of this nature. Fibre networks are capital-intensive to build and require disciplined execution, but as adoption grows and as additional services are delivered across the network, they certainly have the potential to generate long-term resilient cash flows. In lower-income communities, the investment case depends not only on rollout, but on affordability, utilization and models that are aligned to the consumers being served. This is where alternative credit can play a constructive role. By providing term debt and equity-like debt instruments to growth-stage SMEs, investors can help finance businesses that are too large for early-stage funding, but not always well served by listed markets or conventional bank lending.

A Fund Designed for Real-Economy Growth

ALUWANI's Alternative Credit Fund is designed to invest in small and medium-sized enterprises. The Fund targets profitable, growing businesses with stable strategies, experienced management teams and the capacity to service debt. We target employment creation as a positive screening consideration when evaluating opportunities. This for us, is a clear example of how we aim to fulfil on our purpose statement of creating value for our stakeholders through the efficient allocation of capital.

By allocating capital to real-world assets. Utilizing our investment platform, experience and capabilities created over the past four years, we can use our position as a capital allocator to drive meaningful stewardship in the communities in which we operate.

As South Africa invests in the next decade of digital infrastructure, success should be assessed by more than coverage statistics. The priority should be to extend infrastructure into underserved areas, support affordability and adoption, encourage competitive access where appropriate, and build networks with long-term resilience and utility. ■

Sabelo Mbhele, Co-Head of Credit (Private Debt)

Stewardship Engagements

A Stewardship Engagement is a structured form of active ownership. Through them, we communicate with current or potential investee companies, to influence improved ESG practices, sustainability outcomes, or the quality of public disclosure over time. In practice, effective stewardship is intentional and objective led. It identifies the ESG issue that matters, sets clear expectations, defines what evidence would demonstrate progress, and links the engagement to credible escalation levers where progress is insufficient.

We engage Investee companies:

To understand the materiality of weak ESG performance identified through our scorecard

Where our assessment of the ESG profile of a company reveals gaps in its long-term risk profile, we engage to clarify our understanding of the risk by engaging management on their perspective, and assessing the plans, governance arrangements, and key data points around identified issues. This is especially necessary where this information is not readily available.

In support of ongoing monitoring whilst invested

Whist we are invested in a company, we continue to monitor the ESG factors that were flagged at the inception of the investment and engage to track improvements and developments. We also consider the potential impact against our investment case and where relevant propose enhancements to disclosure or practices.

In response to controversies and conduct matters

Where we identify controversies that are likely to have an impact on our investment case, we engage to obtain a clear management/board response on how the risk is being assessed, and managed. It also enables us to get a sense of the plans for remediation.

Corroboration of responses: In most cases, management teams engage constructively; however, in some instances, responses may be weak or not forthcoming. Where responses are received, we assess their credibility by reviewing supporting evidence and observable indicators of implementation.

Escalation: Where applicable, we use our ownership rights, including voting at annual general meetings, to support our stewardship views and reinforce our expectations. Where we determine that inaction is a sufficiently material indicator of management apathy, we may also escalate through capital allocation decisions - including reconsidering position sizing or whether to remain invested. Our response would be dependent on the instrument and the nature of our exposure.

2025 Activity

In 2025, we conducted 54 stewardship engagements, covering 71 topics across environmental, social, and governance themes. Engagements were held either in person, via telecon, or via email. Below is the split of aggregate engagements by strategy and theme.

Engagements by theme

Engagements by strategy

Engagement approach guided by an awareness of our ability to influence.

Our engagement with investee companies is focused on areas where ESG factors are **material to long-term value creation and risk management**, with particular emphasis on governance, climate, environmental risks, and transformation. Our ability to influence outcomes varies by both **asset class and our level of access within the organization's corporate structure.** In listed equity investments, influence is primarily exercised at **board level**, where established governance frameworks, disclosure requirements, and voting rights provide clear and effective levers for engagement. This includes the ability to engage on matters such as board composition, diversity and oversight, and to reinforce expectations through proxy voting where necessary.

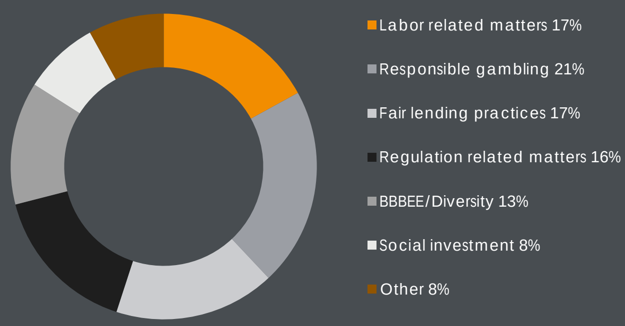
At the management level, influence is generally more **indirect and context-dependent** and is strongest where ESG considerations are linked to **formal accountability mechanisms**, such as regulation, remuneration structures, or clearly disclosed performance targets.

Within credit strategies, our ability to influence is typically **more direct and structured**, particularly where we act as a primary lender. In these cases, ESG considerations can be embedded into the financing terms through covenants, reporting requirements and pricing mechanisms, enabling clearer incentives and measurable accountability over the life of the instrument. Across environmental and social themes, the effectiveness of engagement is also shaped by the maturity of disclosure frameworks and regulatory expectations.

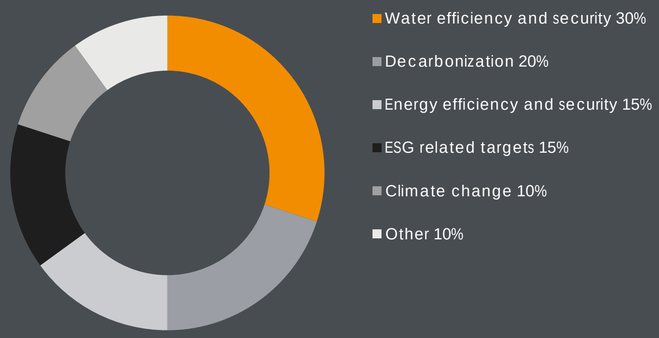
Where standards are well established, such as in climate governance or certain regulated sectors, engagement tends to be more targeted, and outcomes more clearly defined. In contrast, in areas where measurement guidance and expectations are still evolving, engagement is often more principles-based, focused on improving transparency, strengthening governance, and encouraging the development of more consistent practices over time.

2025 Engagement by Theme

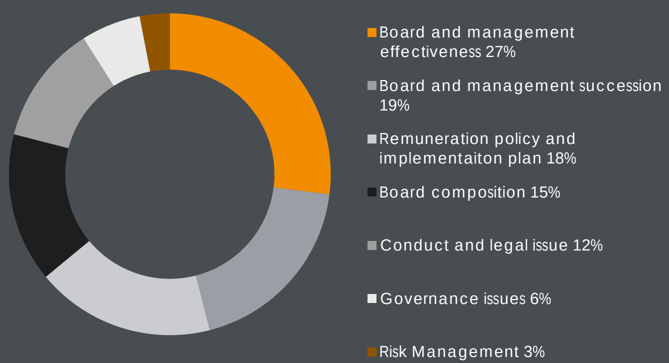
Social themes relate to the rights, well-being, and interests of people and communities, including employees, customers, suppliers and broader stakeholders.



Environmental themes relate to the quality and functioning of the natural environment and natural systems, including how companies' both impact and depend on natural resources.



Governance themes relate to the structures, policies and processes by which companies are directed and controlled, and the relationships between management, boards, shareholders and other stakeholders.



Some Examples of our Engagement Initiatives

Engagement remains a core mechanism through which we understand material sustainability risks and opportunities, encourage improved practices, and support long-term value creation. The examples detailed in this section highlight engagements conducted during the reporting period, across a range of ESG and governance themes.

Together, they provide a practical illustration of how stewardship is implemented and how engagement activities are used to inform investment decision-making and monitor progress on material issues.

South African Mining Company

Objective	*To assess the credibility of the company's commitment to its carbon transition strategy, the alignment of material ESG-related risk metrics to remuneration, capital allocation discipline, B-BBEE ownership renewal, wage disclosure, and executive succession planning.*
Main Issue	We participated in a governance roadshow during which the board announced that they would be hosting one-on-one investor meetings to discuss their proposed changes to the company's LTIP, including removing the FTSE Russell Index as the ESG measure and reducing the weighting of ESG metrics in the LTIP scorecard from 33.34% to 20% aligned with peers. We challenged whether this weighting appropriately reflects the risks associated with delivery against decarbonization and other material ESG issues specific to the company, relative to the peer average. We also discussed how Remco was thinking about the Companies Act changes pertaining to wage disclosure.
Details of Engagement	*The Board representatives provided clarity and appeared responsive, particularly on capital allocation and remuneration design The committee Chair confirmed the FTSE Russell measure will be removed and that revised ESG metrics, supported by a risk assessment for the proposed ESG allocation, will be presented in the new year. Wage disclosure and living wage positioning remain under review. Management noted weakened internal bench strength following recent executive changes, with the board focused on rebuilding succession depth and assessing potential renewal of the current CEO's contract. On B-BBEE, management indicated BEE investors have agreed to defer any sale of shares until a current capital acquisition is completed, with renewal discussions expected thereafter. Management also noted improved board independence following board consolidation.*
Status	*Partially Resolved. Our capital allocation concerns were largely addressed; follow-up is required on ESG-linked LTIP metric design and supporting risk assessment, wage disclosure and living wage considerations, B-BBEE renewal, and succession planning depth.*

South African Paper and Packaging Company

Objective	*To challenge management on their plans to reduce the environmental footprint of the company's operations.*
Main Issue	*Whether the company can continue to make credible progress against its environmental commitments while operating in a depressed industry environment and managing elevated debt levels.*
Details of Engagement	*We engaged management as part of a site visit focused on the environmental footprint of the paper-making process. This included the reliance on wood pulp, coal-fired boilers, pollution and carbon taxes. We discussed the capital required to support decarbonization, including the company's "Project Big". A subsequent engagement focused on whether the company could still meet its environmental targets and commitments, given the reduction in the level of capital committed to the transition.* Management estimated that their existing transition plans require at least four times the current level of committed capital. But that given the depressed paper industry and the group's focus on deleveraging, management indicated that large-scale environmental investment would need to be phased. And that its strategy had shifted from a more expensive "go-it-alone" path toward partnerships in achieving decarbonization targets. Eskom's renewable energy offering was also noted as reducing the need for own-build renewable generation.
Status	*Ongoing. We continue monitoring delivery against environmental targets, decarbonization partnerships and capex allocation.*

South African Food producer

Objective	*To challenge management on their response to a range of social matters and understand whether they are proactively managing the changing environment both internally and externally.*
Main Issue	*Whether the company is adequately managing infrastructure-related operational risks, affordability pressures for consumers, and the labour impact of restructuring and automation.*
Details of Engagement	*We engaged management on water and electricity security, given the company's reliance on both and the risks around water scarcity and load-shedding in South Africa. We also discussed food affordability, board productivity and operational efficiency. In a separate engagement, we focused on labour practices, specifically the scale of retrenchments linked to restructuring and asset disposal, as well as the longer-term impact of automation. Management indicated that food affordability remains critical for consumers and that operational efficiency savings are intended to support price reductions. According to management, in FY25 the company achieved price deflation of approximately 1%. On water, management noted that water security remains a risk, with some facilities lacking sufficient backup capacity. On average, the company has approximately one day of water backup. Electricity risk has reduced given the easing of load-shedding and the availability of backup generators. On labour, management indicated that restructuring and retrenchments are driven by economic pressure and the need to limit input-cost increases to protect profitability and consumer affordability. Management also indicated that initiatives are underway to support affected employees.*
Status	*Ongoing. Continued monitoring required on water resilience, restructuring impacts.*

South African Bank

Objective	*To understand management's approach to distressed homeowners and whether there is any validity to claims of unfair foreclosure practices.*
Main Issue	*Allegations regarding the proportionality and fairness of foreclosure practices, including concerns that foreclosure was not always used as a last resort and that repossessed properties were sold at prices significantly below market value.*
Details of Engagement	*Management noted that an attempted class action lawsuit had been brought against a few South African banks remains ongoing but has not been certified as a class action at the time of correspondence. The bank emphasized its commitment to supporting financially distressed homeowners and stated that its objective is to avoid sales in execution wherever possible. According to management, customers experiencing repayment difficulties are encouraged to engage early with the bank. They noted that customers may be offered support measures such as interest rate concessions, reduced installments, term extensions, payment holidays and debt review arrangements. Where these measures are unsuccessful, the bank offers assisted sales through an in-house programme, which is intended to help customers achieve a higher sale value than would typically be realized through a sheriff's auction. The bank indicated that legal proceedings and sales in execution are used only as a last resort and are subject to court oversight and legal requirements.*
Status	*Ongoing. The implementation of court-set minimum reserve prices appears to have reduced the emergence of new claims, but litigation relating to past practices remains unresolved. We continue to monitor whether the matter is certified as a class action and whether it has any broader implications for conduct risk and customer treatment.*

South African Non-Bank Financial Services Provider

Objective	*To understand the controls in place to limit potential customer over-indebtedness arising from Buy Now Pay Later (BNPL) offerings.*
Main Issue	*The company is offering BNPL services to its clients. Thereafter, on the back of this, extending further lines of unsecured credit to the same customers. Given that there is currently no requirement for credit screening for BNPL offerings, we raised concern over whether such practices could result in already financially vulnerable clients being further burdened by debt. We engaged management to understand what controls, if any, they have put in place to reduce the risk of over-indebting financially vulnerable clients.*
Details of Engagement	*Our attempts to engage with management were unsuccessful.*
Status	*Resolved. We opted not to advance credit to this counterparty. We will continue to monitor the issue and any change with respect to the company's positioning around this risk*

South African Bank

Objective	*To understand management's view of the potential range of outcomes of ongoing litigation.*
Main Issue	*We engaged with management regarding an ongoing competition law matter relating to a vehicle finance joint venture and the allegation that they had contravened Antitrust laws.*
Details of Engagement	*Management explained that the matter concerned allegations that provisions within the joint venture agreement restricted competition, in the provision of vehicle finance through a specific dealership network. This resulted in concerns regarding customer allocation within the market. Management maintained that the arrangement was a legitimate commercial structure and did not consider it to constitute a contravention of competition law. Management further advised that a scheduled hearing would not proceed as the parties had reached a settlement in principle, with the regulator. At the time of engagement, management indicated that the matter would return to the relevant tribunal for consideration of the settlement and that the proposed resolution would not include any admission of liability. Management undertook to provide a further update following the conclusion of the tribunal process.*
Status	*Resolved. After our engagement, the tribunal approved the settlement between the regulator and the parties to the joint venture. The matter was concluded without admission of liability and with changes to the relevant contractual restrictions. The bank is in the process of exiting this market.*

South African Metals Producer

Objective	*To engage management on water security, social investment, regional sustainability and remuneration outcomes, linked to safety performance.*
Main Issue	Key concerns discussed centered on: - whether the company is adequately managing water risk given the increased unreliability of water supply in areas surrounding the company's mines; - how the continued high level of fatalities impacts STI outcomes; and - the company's approach to social investment in a particular area given the short life of certain shafts.
Details of Engagement	*Management remains cognizant of the risk. It has increased its focus on water with a recently developed Water Stewardship Report presented to the board and additional executive-level resourcing applied to the issue. Management affirmed their commitment to support financial stability in the region through their social projects. On STI's, the company, aligned with industry, includes the lost time injury frequency rate (LTIFR) as a management KPI. Year on year LTIFR, as well as the number of fatalities, have reduced, however, management has been unable to eliminate them entirely (which remains a critical imperative for the business). They also noted that the Remuneration Committee has (and exercises) discretion to apply a downward modifier against performance outcomes for fatalities. We recommend that the company tighten the modification framework for fatalities.*
Status	*Ongoing, we continue to monitor the potential impact of these risk factors on the investment case of the business and management's approach to integrating our concerns.*

South African Bank

Objective	*To understand the Board's thinking on stabilizing the management bench and more proactive succession planning.*
Main Issue	*Several senior executives were approaching retirement age, raising questions around succession planning and leadership continuity. In addition, the business was recruiting for a key executive role following an organizational restructuring.*
Details of Engagement	*We engaged with the Board Chair and other members, who indicated that executive retirement age had been increased from 60 to 63, providing additional time for succession planning. They noted that succession remains a key area of focus and forms part of its ongoing governance oversight responsibilities. They noted that ongoing recruitment following organizational changes had resulted in the business and commercial banking division reporting directly to the board. According to them, the recruitment process was ongoing, with both internal and external candidates being considered.*
Status	*Resolved. In 2025 following a restructure of the business, executive appointments have been made. We continue to monitor the transition and stability of the management bench and potential impacts on strategic focus.*

South African Business Process Operator

Objective	*To better understand the impact of the company's governance and leadership transition following its restructuring, and to assess the implications of technology adoption, AI deployment and its related workforce impacts, and cybersecurity risk management.*
Main Issue	*The company is implementing significant governance and leadership changes as part of a broader restructuring and simplification of the group. We also sought clarity on the potential impact of AI and technology on employment, given the nature of the business and the sentiment that AI automation will replace jobs in the BPO sector. We also discussed the adequacy of the company's cybersecurity controls, given its data-intensive operations.*
Details of Engagement	*Following the restructuring, the operating business is expected to become the primary operating entity within the listed structure, with the operating company board assuming the role of the listed company board. Management also outlined leadership succession plans, including the transition of the current CEO to a non-executive role and the appointment of a successor with stronger international growth experience. The Executive Chairman is expected to remain involved during the transition, having played a key role in stabilising and restructuring the business. Regarding technology and AI, management indicated that these capabilities are being deployed alongside existing employees to improve operational efficiency and service delivery, with no workforce reduction plans currently contemplated. Management also highlighted cybersecurity as a material business risk and confirmed that appropriate controls and regulatory compliance measures are in place.*
Status	*Resolved. We continue to monitor the impact of the restructure and management changes, as well as the pace of change of automation in the industry.*

Financing Water Security

Water is one of the most critical and increasingly constrained resources underpinning economic development, social stability, and long-term investment outcomes. Yet despite its systemic importance, the water sector remains relatively underrepresented in capital markets. ALUWANI Capital Partners' participation in the FirstRand Bank Cape Water Performance-Based Bond reflects a deliberate effort to allocate capital to this underpenetrated segment, where financial discipline and tangible impact can be brought together. The R2.5 billion JSE-listed bond, issued by FirstRand Bank and structured by RMB, supports The Nature Conservancy South Africa in restoring priority Western Cape water catchment areas through the removal of invasive alien plants (IAPs), to improve catchment health and increase streamflow into storage dams. RMB describes the transaction as the first commercial-bank-issued capital-markets instrument globally where investor outcomes are directly tied to verified ecological and environmental restoration outcomes.

The significance of this intervention is rooted in the structural characteristics of the Western Cape water system. Cape Town's near "Day Zero" crisis demonstrated how quickly water scarcity can become systemic, while longer-term pressures from climate variability to rising demand tighten the margin for error. Within this context, degraded catchments represent a material and often underappreciated constraint on supply. Invasive alien plants, many introduced historically for forestry and other economic purposes, displace indigenous vegetation and consume significantly more water, particularly in high-rainfall mountain catchments. Their impact is substantial, reducing inflows into the Western Cape Water Supply System (WCWSS) by an estimated 55 million cubic meters per year, or approximately 18% of Cape Town's annual water demand.

The Cape Water Bond is designed to restore this lost system capacity. By funding the removal of invasive alien plants in priority sub-catchments, the intervention increases runoff, groundwater recharge, and ultimately dam inflows. In economic terms, this represents a supply-side augmentation of water availability within a constrained system.

Its relevance is reinforced by cost dynamics: nature-based catchment restoration delivers incremental water yield at a fraction of the cost of alternatives such as desalination, positioning natural capital as a highly efficient form of infrastructure investment. At the same time, the intervention contributes to broader system resilience through biodiversity restoration, reduced wildfire risk, and job creation, including support for women-owned small businesses.

The broader transaction structure brings together different forms of capital in a way that aligns incentives around outcomes. Investors provide upfront funding and assume execution risk, while outcomes-based funders support the return profile through success-linked payments. This is complemented by catalytic and philanthropic capital that helps enable delivery and absorb early-stage risk. Taken together, the structure directly links financial returns to verified ecological outcomes, creating a clear connection between project performance and investor outcomes.

What distinguishes the transaction more fundamentally is its potential to scale. Rather than a one-off intervention, it has been designed as a template for financing catchment restoration across South Africa's Strategic Water Source Areas. In this sense, it not only mobilises capital for a specific project but demonstrates how natural capital can be systematically integrated into investable frameworks, an approach that informed our participation in the transaction.

Credibility and scalability ultimately depend on measurement. A key feature of the model is independent verification of environmental restoration outcomes, an essential design choice where returns are directly linked to delivery. This focus on measurable, attributable outcomes address one of the longstanding challenges in natural capital financing, where the absence of robust verification has historically limited investor participation. At the same time, the project builds on an established operational platform, reinforcing that this is not a theoretical model, but the scaling of a proven intervention.

As water stress intensifies, the line between ecological systems and economic infrastructure is becoming

Financing Water Security continued.

increasingly blurred. The Cape Water Bond shows that restoring natural systems is not only environmentally necessary, but economically rational and financeable at scale when outcomes are measurable, and incentives are aligned. It points to a broader shift in how essential resources will increasingly be funded through structures that connect capital to verified, real-world performance and that recognize natural capital as foundational to long-term resilience and growth. ■

Monica Jagalal, Co-Head of Credit

Figure 5: A heavily altered river reach with limited vegetative cover and a degraded channel form, illustrating the kind of condition that can arise where invasive alien vegetation and associated disturbance have undermined river health over time.

Source: WWF South Africa; Photo: Thomas Haeusler / WWF Switzerland.

Figure 6: A river reach with intact indigenous riparian vegetation, demonstrating the type of ecological condition that alien clearing and rehabilitation efforts seek to restore and maintain.

Source: WWF South Africa; Photo: Andrea Weiss / WWF South Africa.

Proxy Voting

Proxy voting is a key stewardship mechanism through which, institutional investors exercise the voting rights attached to listed equity holdings. In line with the UNPRI and CRISA 2's active ownership principles, proxy voting enables investors to express their position on governance, remuneration, capital allocation and sustainability-related matters. They allow us an opportunity to hold boards accountable in support of long-term value creation, on behalf of clients, beneficiaries and broader stakeholder groups.

Our Proxy Voting Policy sets out our approach to proxy voting as a key tool of active ownership. The policy is principles-based rather than exhaustive. Its purpose is to guide voting decisions in a manner that supports the long-term interests of stakeholders.

Where the policy does not address a specific issue directly, the matter is considered and voted on in accordance with this broader approach. The policy is currently under review to incorporate amendments in the King V Code of Good Governance and additional provisions of the Companies Amendment Act 16 of 2024.

GUIDING PRINCIPLES ARE INFORMED BY:

- COMPANIES ACT
- JSE LISTING REQUIREMENTS
- KING IV REPORT ON CORPORATE GOVERNANCE,
- CFA INSTITUTE GUIDELINES
- IRBA CODE OF PROFESSIONAL CONDUCT FOR REGISTERED AUDITORS
- INTERNATIONAL BEST PRACTICE

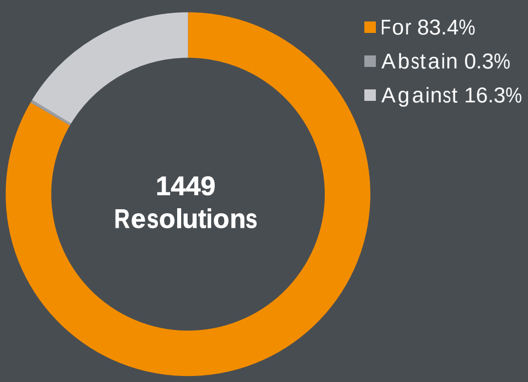
ALUWANI endeavours to vote on all company resolutions where voting rights are available to us, in our capacity as institutional investors - regardless of the size of the holding. Voting is undertaken electronically by members of the ALUWANI team and is not outsourced. We utilise research to inform the proxy voting decisions, but the ultimate accountability for decision-making remains with ALUWANI.

We note that in the 2025 calendar year there were no resolutions related to climate sustainability matters that we had the opportunity to vote on.

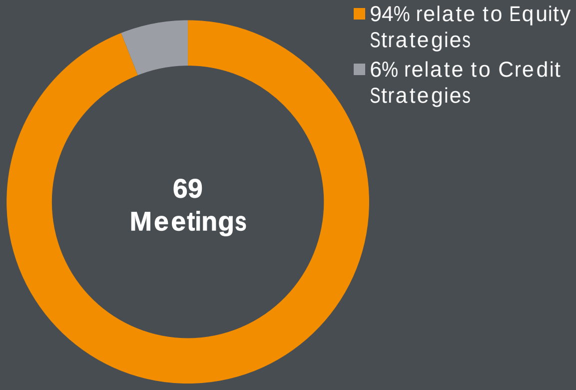
2025 Proxy Voting Outcomes

During the reporting period, we had the opportunity to vote on 1,449 resolutions, across 69 meetings. Of these resolutions, we voted against 236 (16.3%). The number of votes cast against management proposals reflects ALUWANI's willingness to exercise independent judgment, where resolutions are not considered to be aligned with sound governance or the long-term interests of stakeholders.

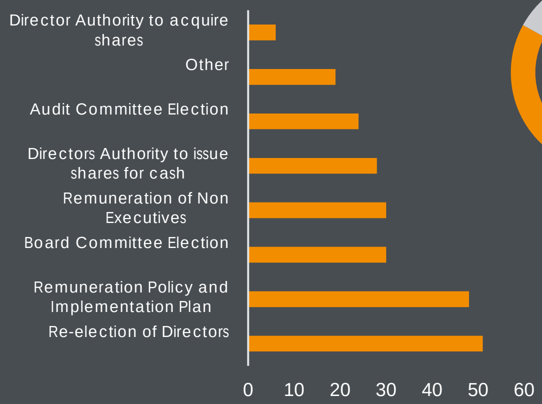
2025 Votes Cast per Resolution



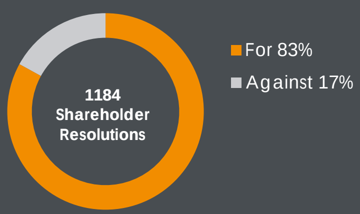
2025 Meetings per Strategy



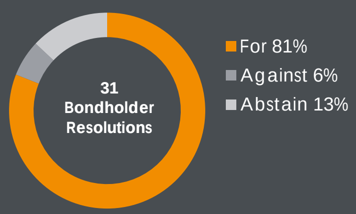
2025 Dissenting Votes



Equity Strategies



Credit Strategies



Four credit-related voting resolutions concerning amendments to credit terms were abstained from during the reporting period. These holdings represented a minimal exposure within the portfolio, and the information provided could not be adequately assessed within the available timeframe. In line with our governance approach, we elected to abstain rather than cast a vote without sufficient analysis.

2025 Proxy Voting Outcomes

Policy guidance supporting dissenting votes

Re-election of directors

If, by our assessment, a director is:

i. Potentially conflicted in their role
ii. Lacks the appropriate skills and experience
iii. Has served on the board for more than nine years
iv. Is a member of too many boards
v. Has poor board attendance

We will vote against their re-election.

Remuneration policy

In our view, remuneration policies should at least keep in mind the following principles:

i. Promote transparency and accountability.
ii. Align management and shareholders' long-term interests.
iii. Performance-based,
iv. Does not incentivize short-term profit growth over long-term shareholder value creation.

Misalignment with these principles would result in a vote against the remuneration policy.

Remuneration of non-executive directors

Non-executive director fees are usually a reflection of the company's size, operational complexity, business risk environment and performance.

The quantum of fees should be evaluated in this context. If the amount paid is out of line with these criteria, we would vote against.

Authority to issue shares

Generally, ALUWANI opposes resolutions that seek approval to place unissued shares under the control of the directors or that allow directors to issue shares for cash, because issuing new shares would dilute our relative shareholding.

There are times when we would consider voting in favour of these resolutions, but they are evaluated on a case-by-case basis.

Repurchase of shares

Share repurchases are usually seen as a way of returning capital to shareholders, which are often viewed favourably; however, ALUWANI may vote against share repurchases in certain instances,

i. Where we have concerns about a company's incentive scheme, we will vote against a repurchase of shares if the intention is for those shares to be allocated to the incentive scheme,
ii. if executive bonuses are linked to an increase in earnings per share, careful consideration should be given before approving share repurchases as this could be a mechanism used by management to increase the earnings per share,
iii. The repurchase could create financial liquidity or growth constraints for the company.
iv. Where the free float of the company is less than 50%, or approaching it, unbalanced share repurchases could shrink the free float, which could result in lower liquidity and reduced voting rights of minority shareholders,
v. When previous share repurchases added no value.

EPPF Office Park
24 Georgian Crescent East
Bryanston East
Johannesburg, 2152
T +27 (0) 21 204 3800
www.aluwani.com

An Authorized Financial Services Provider (FSP No. 46196)

Finding a better way

ALUWANI
CAPITAL PARTNERS