
ASHBURTON
INVESTMENTS
Fully Invested
Report to Society
2025

Contents

1 Foreword

"The best way to predict the future is to create it." - Peter Drucker

The future is never predetermined. It is shaped by the decisions we make today and informed by the lessons of the past. Reflection allows us to appreciate the progress achieved, while foresight reminds us of the responsibility, we carry in shaping what lies ahead.

Historically, investment was often viewed solely through the lens of financial return. The broader impact on people, communities, and the environment was not always considered. Today, it is clear that true value extends beyond balance sheets. It encompasses resilience, sustainability, and growth that benefits society as a whole.

At Ashburton Investments, we embrace this responsibility with purpose. We engage with businesses to ensure that environmental, social, and governance considerations are embedded at the core of long-term success. This is about fairness, foresight, and resisting the temptation of short-term gains at the expense of future generations. Our fiduciary duty includes considering sustainability factors that may materially impact investee company performance, alongside traditional financial metrics.

Resilience, however, is not only reflected in policies or portfolios - it is found in people. It is evident in the young women who visit our offices and discover the possibilities that education can unlock. It is present in the communities strengthened by our initiatives, and in the everyday choices we make to invest responsibly.

These actions, both large and small, contribute to building a future that is more inclusive, sustainable, and hopeful. Asset management, at its core, is about stewardship - balancing risk and reward while safeguarding the interests of clients and society. It requires discipline, transparency, and a long-term perspective that ensures capital is positioned not only for financial gain but also for resilience and shared prosperity.

I am pleased to present the **2025 Ashburton Investments Report to Society,** which reflects our modest but meaningful contribution to building a stronger South Africa. Through this report, we share how our investment approach, community initiatives, and partnerships demonstrate our commitment to long-term value creation and to shaping a society where opportunity is shared more broadly.

As we wrap up 2025, our commitment remains clear: to invest with integrity, to create opportunities, and to contribute to a tomorrow that works for all South Africans. In doing so, we reaffirm our belief that South Africa's resilience, creativity, and spirit will continue to shape a brighter future for generations to come.

Enjoy the read!
Duzi

Duzi Ndlovu
CEO Ashburton Investments

About this Report

This is our second Ashburton Investments Report to Society, building on the foundation laid in our inaugural report. In this edition, we reflect on our progress and provide insights into the responsibilities and performance of our South African business for the reporting period year ended 30 June 2025.

While we remain part of the FirstRand group, we take full accountability for our asset management approaches and actions. We highlight areas where we align with FirstRand group policies and where we have independently prioritised specific strategies and outcomes.

Environmental, Social and Governance (ESG) factors continue to be central to how we allocate and manage investment capital. This report outlines our policies, actions, and measurable progress towards achieving these goals.

Importantly, this year we include a summary of the processes followed through our partnership with our global partner, Morgan Stanley Investment Management, reinforcing our commitment to global best practice and sustainable investment principles.

For the **FirstRand Report to Society** and annual reporting suite, click here.

2 Who we are

Ashburton Investments is a division of FirstRand Limited, operating as an independent asset management business within the group. Ashburton was launched by the group over a decade ago to expand its financial services offering. This report focuses solely on Ashburton's strategy, policies and outcomes.

FirstRand

Listed holding company (FirstRand Limited, JSE: FSR)

FNB

FNB represents FirstRand's activities in the retail and commercial segments in South Africa and broader Africa. It is growing its franchise on the back of a compelling customer offering that provides a broad range of innovative financial services products.

RMB

RMB represents the group's activities in the corporate and investment banking segments in South Africa and broader Africa. Its strategy leverages a strong origination franchise, a leading market-making and distribution offering, a strong private equity track record and a growing transactional platform.

WesBank

WesBank represents the group's activities in vehicle asset finance, fleet management and related services in the retail, commercial and corporate segments of South Africa. WesBank has a unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups, which gives it a market-leading point-of-sale presence.

Aldermore

Aldermore* represents the group's activities in the UK. It has a clear strategy of offering simple financial products and solutions to meet the needs of underserved small and medium-sized enterprises (SMEs), as well as homeowners, professional landlords, vehicle owners and savers.

ASHBURTON INVESTMENTS

Ashburton Investments represents FirstRand's asset management activities. It aims to provide superior risk-adjusted returns by combining active fund management expertise with alternative investment solutions and unique portfolio construction strategies to deliver bespoke client solutions.

As an asset manager with a broad mandate - our local and global solutions encompass active, passive, and alternative strategies. Our investment strategies are managed in a risk-aware environment using a responsible investment framework. The acquisition of new talent and partnerships with external entities has allowed us to broaden our capabilities and strengthen our offerings to all our stakeholders.

For instance, we acquired Atlantic Asset Management, a boutique fixed interest house, to expand on our fixed income capabilities. Although we are known for our solid fixed income and credit track record, we also specialise in multi-asset, equities and global capabilities.

Ashburton's origins and differentiation

Ashburton Investments was created by FirstRand to expand the group's capabilities in investment management, leveraging its established platforms, deep financial expertise, and a strong track record of innovative business models.

Built on FirstRand's operational strengths, Ashburton adopted its name from the group's offshore asset management arm, reflecting its ambition to offer clients both local and global investment solutions. Today, Ashburton provides a broad range of traditional investment products, including single-manager, multi-manager, and offshore funds, alongside differentiated opportunities such as access to unlisted credit markets.

Our Purpose

We are fully invested in our relationships with our clients who trust us to preserve and grow their assets in real terms.

We infuse client-centric solutions with cutting-edge investment expertise and technology to mitigate risk, create wealth and optimise future wellbeing.

Fully invested has been our brand's purpose statement since 2018, and it is our guiding light for everything we do. For us it means fully committing to meeting our clients' needs substantially and responsibly, and continually earning the trust of our clients, our people and the market.

Our Mission

We are both fully invested in helping our clients achieve their investment goals and we are fully invested in our people. We value diversity and always endeavour to do the right thing.

Our investment philosophy aims to meet the twin objectives of capital preservation and capital appreciation over the long term, through an investment strategy that considers diverse sources of return while being risk-aware.
The outcome of this process is to deliver real returns in line with our investors' particular risk appetites.

We have a strong team of investment professionals, whose collective mission it is to meet our clients' unique needs with integrity. We have one of the most diverse asset management teams in the country, with a significant number of women and black team members in our investment and executive teams.

Our Values

We live with **integrity**

We bring our **'A' game**

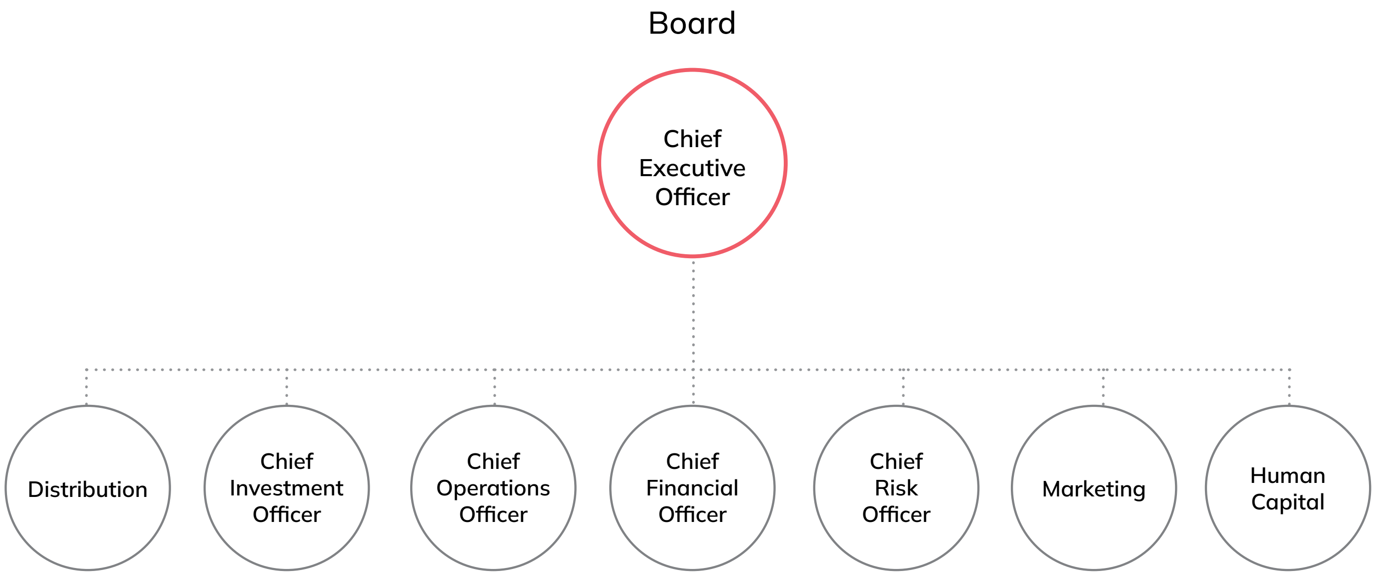
Fairness – we make decisions based on principle not personality

We **own** our areas and trust others to own theirs

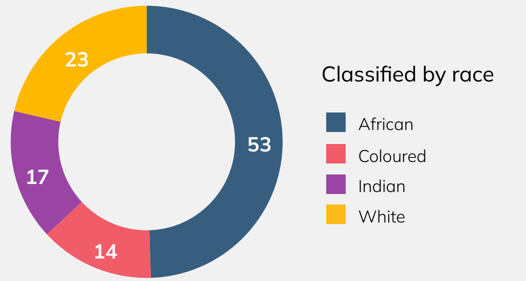
We have **respect** for each other and the client

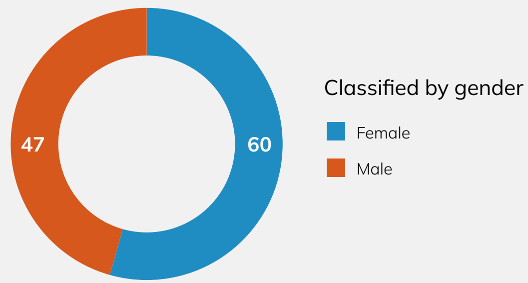
Our people

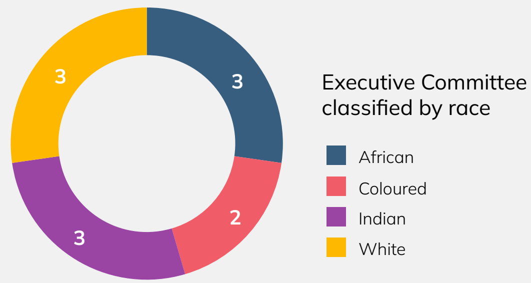
Our top leadership structure includes the CIO, COO, CFO, CRO and Distribution who report to the CEO.



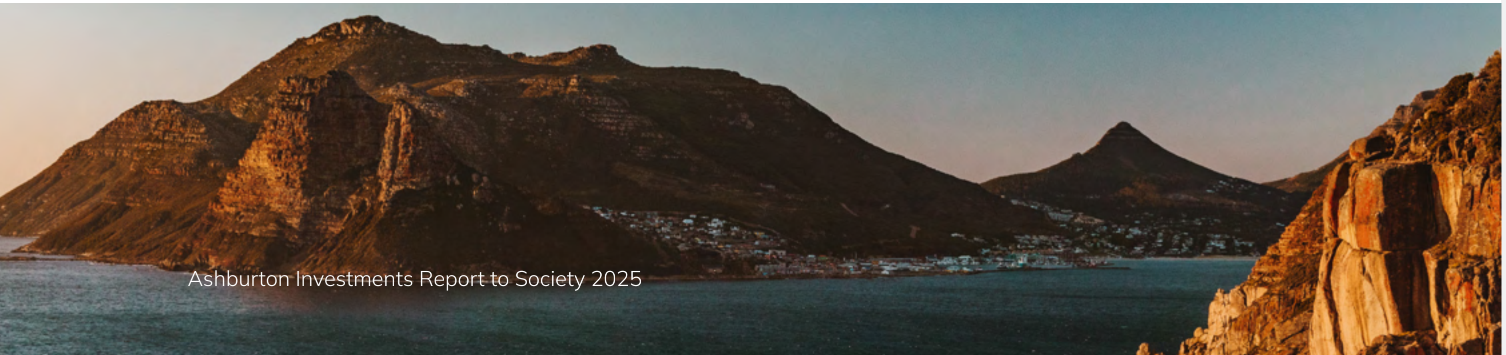
We have 107 permanent employees.







Source: Ashburton Investments - as at 24 May 2025



3 Local and Global ESG approaches

We integrate Environmental, Social, and Governance (ESG) factors into our investment approach to enhance long-term value creation and manage risk.

We recognise that mismanagement of ESG issues negatively impact the world and the natural environment but also significantly impact the performance of companies and their ability to generate sustainable returns. We apply a comprehensive ESG framework that involves analysing how companies manage their environmental impact, social responsibility, and governance structures.

This approach allows us to identify investment opportunities with strong ESG credentials and avoid those with significant ESG risks. We prioritise engagement with companies to encourage improvements in their ESG performance and actively vote on ESG-related issues at shareholder meetings.

Overall, we view ESG integration as essential for delivering sustainable investment outcomes for our clients while contributing to positive societal and environmental outcomes.

Our ESG Policy

We prefer to allocate towards investments that create value, are profitable and sustainable.

We are signatories to the Code for Responsible Investing in South Africa (CRISA) and the United Nations Principles for Responsible Investment (UNPRI), and are followers of the prevailing South African corporate governance and ESG guidelines, including those set out by The Association for Savings and Investment South Africa (ASISA), the Johannesburg Stock Exchange (JSE), King IV Report and we embed ESG into our investment process.

Our approach is to look beyond traditional financial measures and consider the following:

- We look at the source of the value that was created. If the value is in utility form, it can be financial or specified in more intangible terms. We also look closely at who the beneficiaries and stakeholders of the value are.
- We look at the costs relative to the value created, both internally and externally.

How ESG is applied across our investment process

1. How ESG screening is applied

(Tools, methodologies and governance oversight)
As an active investment manager, we focus on identifying companies that are likely to deliver sustainable long-term value for our clients. ESG screening is embedded across the investment lifecycle, from pre-investment assessment to ongoing portfolio monitoring.

Our approach combines internal ESG assessment frameworks with external ESG data and research to identify material environmental, social and governance risks. Screening methodologies are applied proportionately across asset classes and investment types, taking into account differences in company size, sector, geography and data availability.

Oversight of ESG integration and screening is provided through established investment and risk governance structures. Where heightened ESG risks are identified, these are reviewed through the relevant investment committees, with escalation processes applied as appropriate.

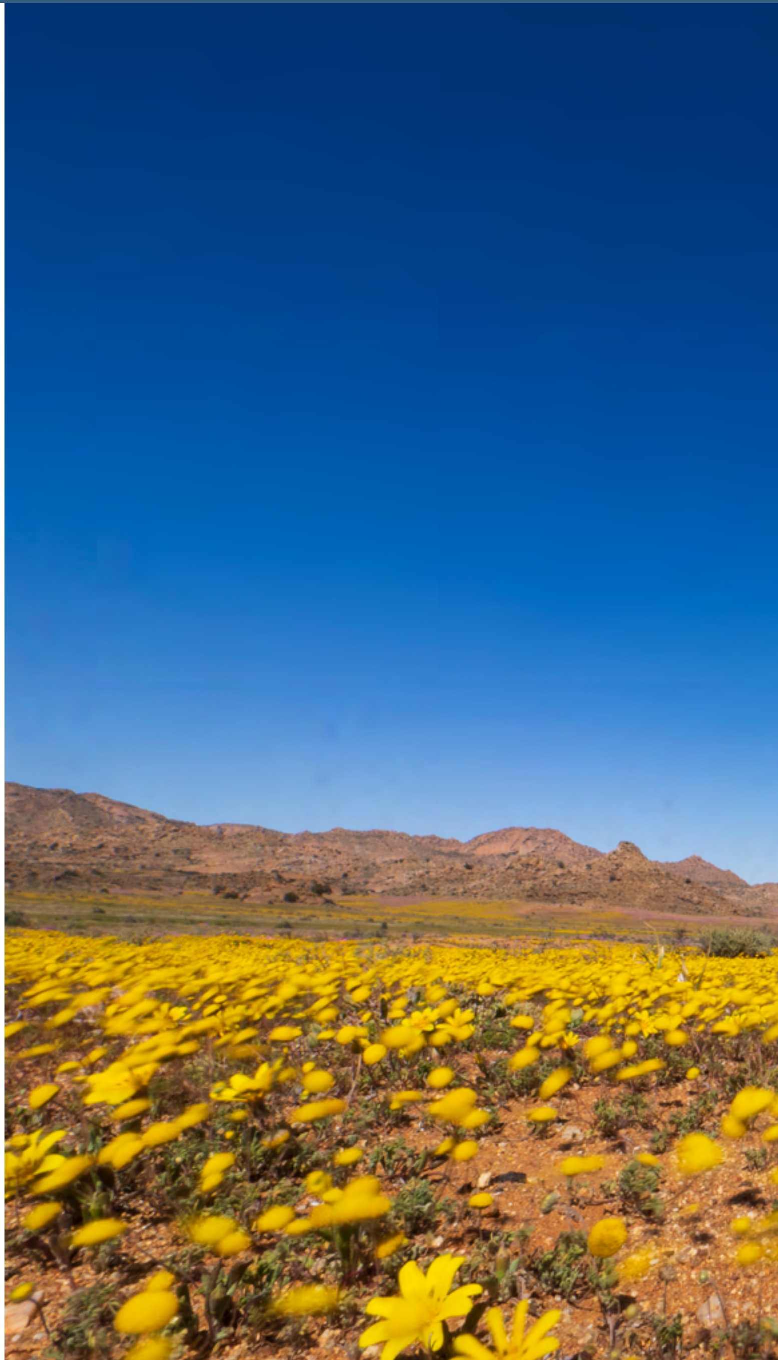
2. Alignment with FirstRand Group policies

Ashburton's ESG framework is aligned with relevant FirstRand group policies and frameworks to ensure consistency across the group, while allowing for asset-class-specific application within an investment management context.

These include:

the FirstRand Climate Change Policy
the FirstRand Environmental and Social Risk Assessment (ESRA) framework
the FirstRand Policy on Exclusions and Sensitive Industries

This alignment supports a consistent approach to ESG risk management, exclusions, sector sensitivities and climate-related considerations across investments.



3. Voting and Proxy approach

Active ownership is an important component of our responsible investment approach. Proxy voting is used as a mechanism to influence investee company behaviour and promote sound governance, transparency and long-term value creation.

Voting decisions are guided by our responsible investment principles and proxy voting guidelines, informed by ESG analysis, company engagement and materiality considerations. Where governance or other ESG concerns are identified, voting outcomes form part of a broader stewardship and escalation process.

4. Engagement with investee companies

Engagement with investee companies is conducted on a risk-based and ongoing basis, focusing on material ESG issues relevant to each company and sector. This includes environmental and climate-related risks, governance practices and social considerations.

Engagement objectives are to encourage improved disclosure, mitigation of material ESG risks, and alignment with sustainable business practices. Where progress is insufficient, engagement may be escalated through enhanced monitoring, collaborative engagement initiatives and the use of voting rights.

Social

South Africa is a developing country with considerable potential, but also faces pressing social challenges that need to be addressed adequately to create conducive circumstances for the accelerated mitigation of climate and governance risks.

Investment capital can play a significant role in ensuring better socio-economic outcomes for all South Africans. We will lay out the way we drive specific, socially focused outcomes in our social module to the ESG policy.

We believe that the legacy of apartheid has embedded deep social inequalities within our society. From a South African perspective, companies who **create jobs, invest in training and education, and focus on redressing inequalities,** are more relevant to society and create a greater social impact.

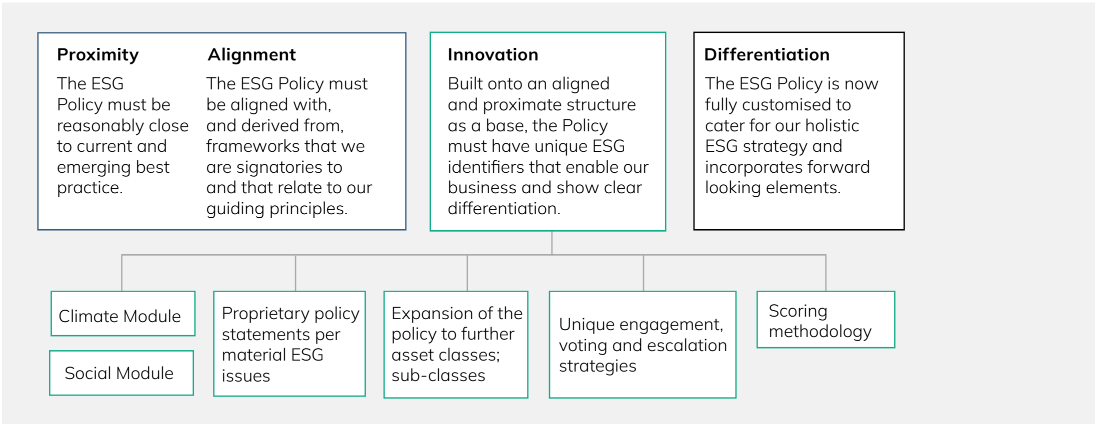
Governance

At Ashburton Investments, we assess the corporate governance practices of our investee companies and their policies regarding business ethics. Governance is required to ensure that the agents do not favour their self-interest ahead of those of investors, or favour short-term profit maximisation over long-term value creation.

Our assessment includes a number of key components. We review the independence of the Board of Directors, its composition and the skill level and experience of Board members. We also review the capital structure of our investee companies and our rights as investors per the companies' Articles of Association. We also evaluate the committees responsible for oversight such as the Audit and Risk Committees as well as other relevant subcommittees such as the Nomination and Remuneration committee. The remuneration policy of the companies, especially the balance between short-term and long-term incentives, is also a key indicator in terms of driving the correct behaviours and aligning the interests of the management teams with that of our clients in order to deliver long-term sustainable value. We also pay mind to any malus and clawback clauses in place to hold directors accountable and responsible and management's behaviour in terms of corporate culture and strategy. The quality of the financial statements and level of disclosure is also appraised in order to be able to evaluate whether the financial information provided is a fair reflection of the financial status and performance of the company. We also pay attention to the Auditor's tenor.

In addition, we encourage our investee companies to abide by King IV, which is a key corporate governance code in South Africa as this will help:
- drive an ethical culture;
- improve the organisation's performance and increase the value they create;
- ensure there are adequate and effective controls in place;
- build trust between all stakeholders;
- ensure the organisation has a good reputation; and
- ensure legitimacy.

In the credit arena, our ESG assessment is tailored for large, listed and unlisted corporates and State-Owned Enterprises (SOEs). We take into consideration that unlisted companies are generally unable to afford the King Code board composition and are largely governed by a heavy shareholder composition.
In such instances, we will work with the borrowers to improve their governance score but if no progress is noticed, then divestment will be proposed.



Our ESG principles, within our operating context

The policy is structured in accordance with guidance from the UNPRI. The characteristics that this policy displays are summarised below:

Characteristics of the ESG Policy

Transparency
An ESG Policy must be publicly available, in full.

Clarity
The Policy must be concise and clear.

Practicality
The Policy must be capable of practical application.

Purpose
The Policy must be designed around achieving a clearly articulated purpose.

Aspirational
The Policy must incorporate aspirational targets, and be a catalyst for transformation.

Scope
The scope of application must be clear. There should be no doubt as to which business activities the Policy applies to.

Methodology
There must be a methodology and philosophy underlying the Policy construct. This must be clearly articulated upfront.

Living structure
There must be an allied business structure to the Policy to ensure the continued development and implementation of the policy.

Analytical construct
The Policy must be analytically constructed, so that it has clear components and a flow of logic.

Dynamic
The Policy must be flexible and allow for revisions, based on ESG materiality, framework additionally or obsoletion and client mandates.

Contextual
The Policy must be fit for the context of it's application. This context must be stated clearly upfront.

Trade-Offs and Mitigants Embedded in the ESG Policy

We operate in a particular social and economic context. Our ability to implement investment strategies, investment mandates and portfolio allocations has always been constrained by structural and regulatory factors, such as market depth and size, exchange control regulations, asset spreading legislation, and other factors.

The context of our limitations can be summarised as follows:

We are a client-focused business that invests according to the mandates of clients. Fulfilling the client mandate is of paramount importance. While ESG investing has grown significantly as a priority for investors, the focus areas differ from investor to investor, and investors are at different stages of their ESG journey.

We may have client mandates that contain objectives requiring investment in companies with ESG profiles that have significant room for improvement. In these instances, we will fulfill the mandate but will also engage with the client concerned on how the mandate may be amended to result in a more ESG-friendly portfolio over time. We may also actively engage with investee companies to improve their ESG profile.

Our ability to exercise influence over the management of an investee company may be limited by the size of our investment.

A minor or insignificant stake is often not sufficient, on its own, to bring about the desired level of influence. To mitigate concerns, we may utilise voting strategies, industry alliances and if needed, active non-investment, among other strategies.

The gradual transition to a low carbon economy and a focus on climate change can sometimes seemingly contradict or even hinder the achievement of crucial social goals. Known colloquially as the “conflict between E and S”, these trade off decisions arise every so often.

We will, in choosing to invest in a security that is clearly overweight in either S or E, to the detriment of the other, make a judgement call on the most acceptable choice in light of our guiding principles. Often, the spirit of the principles favour S over E, and we have taken a policy stance to avoid any investment which severely impacts S (harm to people).

Prescribed actions, data and reporting requirements

Our foundational frameworks provide the bedrock for an evidence-based ESG approach, and inform the reporting requirements, data usage and collection and prescribed actions that we must undertake. In line with international standards, our approach is guided by minimum safeguards and the principle of “do no significant harm.” These standards ensure that investments comply with baseline ESG protections and avoid activities that materially undermine environmental or social objectives.

Prescribed actions are those actions that frameworks direct us to take. Reporting requirements are those reports that frameworks prescribe signatories to compile and/or make available. Data requirements point to the data required to comply with the reporting requirements and fulfil the prescribed actions.

Unpacking our approach to the E, S and G of ESG

ESG investment methodology

In line with our fiduciary duty, we integrate sustainability factors that are financially material to investee companies into our investment process. Our methodology is underpinned by comprehensive research, regular ratings updates, and both internal and external reviews.

We are a client-centric asset manager, and fulfilling clients' needs remain paramount to us. We take our role as custodians of capital allocation very seriously, and the responsibility to promote ESG that comes with it. When considering very bespoke client mandates, none of our screening methodologies will be decisive, except to the extent indicated by the client in their mandate.

We will balance this approach by screening the securities chosen across ESG factors, and where there are areas of concern, we engage with our clients and provide alternatives wherever possible.

How we apply our ESG Metrics

E

Environment

We recognise the absolute necessity of mitigating and reducing the effects of climate change. Climate impact reduction is a key tennet of the ESG policy. We recognise biodiversity as an emerging priority and will integrate it into our investment approach as frameworks and market practices mature.

We are aligned to the Task Force for Climate-related Disclosures (TCFD) and the ambition to achieve Net Zero by 2050 for Scope 1, 2 and 3. Likewise, we endeavour to engage our investee companies, review their carbon footprint or carbon intensity reductions targets and we engage the Boards of Directors and Executives of the investee companies to test the viability of their Net Zero glide path.

The three scopes of emissions in an organisation's carbon footprint are:

Scope 1: direct greenhouse gas emissions from owned or controlled sources

Scope 2: indirect emissions, from the generation of purchased electricity, heat and steam

Scope 3: all other indirect emissions in the value chain (upstream and downstream), including:
- purchased goods & services;
- capital goods; fuel & energy-related activities;
- transportation & distribution;
- leased assets;
- employee commuting;
- business travel;
- waste from operations;
- processing & use of products, investments and franchises.

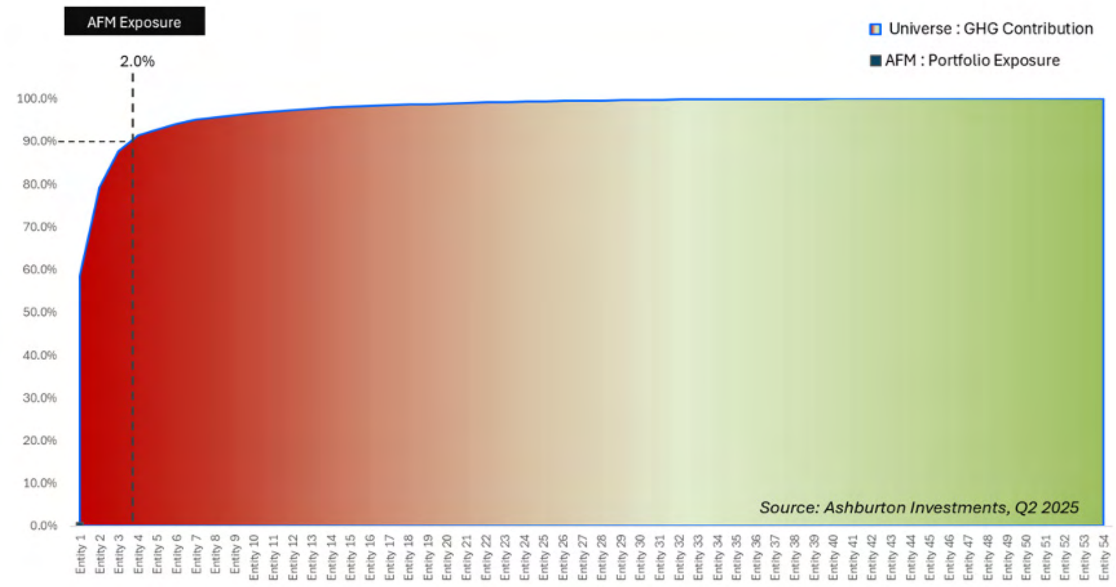
Source: www.carbonchain.com

At Ashburton Investments, we measure the scope 1 and 2 carbon emissions of our investee companies and borrowers, to establish our portfolio emission baseline; identify high-emitting companies; and engage the board and executives of the highest emitting companies regarding their transition plans.

The assessment included Ashburton's material holdings (defined as positions representing over 0.5% of assets) within Ashburton South Africa. This scope included 54 investee companies. By virtue of client mandates, Ashburton has some exposure to companies in the fossil fuel sector, however, the assessment showed that this exposure is only 2% of total material holdings.

Our methodology follows the Partnership for Carbon Accounting Financials (PCAF) standards for Greenhouse Gas (GHG) Emissions measurement. We are also encouraged by the fact that several leading companies have committed to SBTs, though adoption remains limited in South Africa.

Measuring greenhouse gas emissions



The line graph above shows the contribution of each entity or investee company to the overall Scope 1 and 2 greenhouse gas emissions. The companies (entities) are ranked in order of the worst carbon emitters (at 1) to the best (at 54). It shows on a cumulative basis, the contribution of each name in terms of emissions to our portfolio. It also illustrates that 2% of the holdings contribute approximately 90% of Scope 1 and 2 emissions for the whole of Ashburton Investments South Africa. **In other words, 98% of the holdings contribute only in a minor way to greenhouse gas emissions within our total portfolio.**

Ashburton assesses the transition pathways of high-emitting investee companies and prioritises ongoing engagement where transition plans lack credibility or alignment with Net Zero objectives.

Social

Our approach to social factors encompasses a range of initiatives aimed at promoting social responsibility, human resources, and inclusion within our operations and investment activities. In line with FirstRand's objectives of shared prosperity, we are committed to achieve positive societal outcomes, such as financial inclusion and economic transformation through our investment strategies.

Job creation and Investment: We recognise that private enterprises play a crucial role in creating jobs in South Africa. We have partnered with National Treasury to provide funding to companies across several provinces to facilitate the creation of permanent jobs.

Governance

Our approach to governance is characterised by a strong commitment to transparency, accountability, and ethical conduct. As such we maintain a robust governance framework that is designed to ensure effective oversight, risk management, and compliance with regulatory requirements. We endeavour to work with all our investee companies to improve their governance score.

ESG Research Coverage, Integration and Screening of Securities

We will use both internal and/or external ESG research, where available in the listed space, to cover the securities in our portfolios.

In addition, research on the returns-impact of ESG screening is undertaken. Periodic reviews are carried out quarterly. However, any additional methods, controls and review periods may be adopted by us to give effect to the ESG policy in investment decision-making.

The method of integration of our organisational ESG policy into the investment decision-making process is the responsibility of our Investment Office.

We use the integration of ESG information into the investment decision-making process, together with screening as the predominant ESG investment methodology. These methods are underpinned by comprehensive research, regular ratings updates, and both internal and external reviews.

We will balance this approach by screening the securities chosen across ESG factors, and where there are areas of concern, we engage with our clients and provide alternatives wherever possible.

Global ESG Research

Ashburton's partnership with Morgan Stanley Investment Management (MSIM) means clients, invested in the Ashburton Global Leaders Fund, benefit from the fund being subject to MSIM's proprietary ESG frameworks, especially the Material Risk Indicator (MRI), which aims to identify and assess the financially material ESG risks and opportunities facing each company; and the Pay X-Ray, is used to assess whether a company's remuneration practices are aligned with management's intention and/or ability to deliver sustainably high long-term returns on operating capital.

MSIM's approach to incorporating ESG into their investment process and actively engaging investee companies aligned with with Ashburton's approach as described earlier in this report. MSIM's investment process is particularly focused on understanding the long-term sustainability of a company's returns on operating capital and engagement plays a role in this. It is an input that helps them understand whether management can and/or will maintain returns while growing the business over the long term. This includes direct engagement with companies and boards on potentially financially material ESG risks and opportunities.

MSIM has engaged directly with companies on issues material to the sustainability of returns on operating capital for over 20 years. They believe active managers running concentrated portfolios are well positioned to develop long-term relationships with companies – which is helpful given dialogue with companies on engagement topics can be prolonged and requires multiple engagements. As long-term shareholders with an owner's mindset, their active engagement is aligned with a corresponding long-term investment approach.

MSIM seeks to promote good corporate governance through diligent attention to proxy voting responsibilities, raising issues of concern directly with companies as well as voting against items they do not believe are in the long-term interests of shareholders.

The table below summarises MSIM's approach to Engagement and Voting:

Our approach to Engagement and Voting

Engagement		
Stock specific	**Thematic**	**Collaborative**
• Engage on financially material, stock-specific issues • Informed by our investment research process, including MRI and Pay X-Ray as well as regular controversy management • Forms part of the team's regular dialogue with companies.	• Engage on financially material systemic or industry issues relevant to the companies and sectors we own • Including engagement across three broad areas*: (1) Planetary boundaries (2) People welfare (3) Trust and integrity • Useful for multi-company engagements	• Engage on financially material issues relevant to the companies and sectors we own, in collaboration with selected partners • We select partners that are credible, can evidence delivery, are constructive in their approach to ESG and complementary to the work we're already doing by benefitting from a collective voice

Proxy voting

- Forms an important part of our active ownership and a means of communicating with company management
- Seeks to be consistent with our assessment of the specific ESG issues to companies' sustainability of returns on capital
- Predominantly governance-related issues such as management incentives and director appointments. We also consider how to vote on proposals related to E and S issues on a case-by-case basis

Individual funds and client accounts may have specific ESG related goals and restrictions.
Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

*Individual priority areas are reviewed regularly through the team's quarterly engagement meetings.

Global ESG data sources

Given a similar fundamental approach to research, in most instances, the main source for our ESG analysis is a company's own disclosures. MSIM's dedicated ESG department conducts in-depth analysis of global companies. The focus is on potentially financially material ESG issues drawing on Annual Reports and, where relevant, additional ESG-related reports such as sustainability reports, cybersecurity reports or human resources-related reports. Their investment team may also engage with companies to further assess potentially financially material ESG issues and to understand their strategies to address these, to monitor progress, and to encourage companies towards better ESG practices where relevant for managing these risks and opportunities.

ESG research may also leverage other vendor applications and systems. In particular, the MSIM ESG team uses FactSet Research Systems, a financial database and analytical tool that allows customised screenings of global companies according to various financial characteristics that may be associated with a strong business franchise. This is further supplemented by access to a broad set of mainstream ESG data providers including MSCI ESG, ISS, Sustainalytics and Trucost, as well as other more specialised data providers such as: Equileap, a comprehensive global database on gender equality. External research from not-for-profit organisations that assess companies' performance and management on key ESG issues (where such issues are potentially financially material) is also reviewed, such as:

- World Benchmarking Alliance (WBA),
- Forest 500,
- The Zoological Society of London's (ZSL's) company assessment on key commodities such as Palm Oil, and
- Know The Chain's assessment of companies' performance on forced labour in global supply chains.

However, it is worth noting that external scores can be inaccurate, often do not reflect the latest company reported numbers, are backward-looking and inconsistent. Given each third-party provider has its own methodology to assess the materiality of ESG factors, there are also low levels of correlation between the ratings from different data providers.

Incorporation of ESG Factors into Investment Decision Making

The nature of ESG factors can make it challenging to quantify their impact. As such, MSIM employs a range of methods to reflect the outcome of our ESG analysis in portfolio construction decisions, including:

- Where feasible and relevant, they run scenario analyses e.g., forecasting the impact of a material ESG factor on the company's growth rate, profits or capex and the resulting change in fair value - for instance, modelling the impact on profits and valuation of consumer staples companies switching to more sustainable packaging.
- They may also adjust aspects of the financial model, such as the WACC (weighted average cost of capital) or the terminal growth rate, to reflect higher or lower risk.
- They may also reflect potential risks by adjusting the position size, in addition to any model or WACC changes.
- Finally, they may choose not to invest in a candidate company if they believe the assessment of financially material ESG risks is too high.

The ESG assessment remains an important component of the global research process, but not the sole driver of investment decisions.

Case Studies

Consumer Staples Company

MSIM engaged with a global consumer staples company on the subject of executive compensation for some time. In previous engagements, they had argued that the focus on earnings per share (EPS) in management's long-term incentive plan (LTIP) was not conducive to long-term performance, and that the lack of measurable environmental and social metrics would likely hinder progress in these areas. Previously, they had voted against the company's pay plan to signal their dissent.

The Head of the Remuneration Committee, then acknowledged that the EPS targets would be dropped from the pay plan, and that targets for decarbonisation and sustainable product promotion would constitute a meaningful portion of the LTIP. Furthermore, the company had reduced the maximum LTIP opportunity available to executive directors, meaning the quantum of pay would come down.

Deforestation Regulation

With potential fines for companies of up to 4% of total European Union (EU) turnover, the EU Deforestation Regulation (EUDR) has the potential to pose financially material risks to companies doing business in the EU. The rule requires any company that places relevant commodities or products on the EU market, or exports them, effectively to prove that their supply chain is deforestation free. From the start of 2025, companies will need to be compliant or face potential fines.

MSIM engaged with eight portfolio companies that they considered at risk and sought out stakeholders via the World Benchmarking Alliance to speak to experts in the field. Within their portfolio, their key commodity exposure is palm oil, a key ingredient for household and personal care products. They were pleased to learn that their consumer staples companies were taking several actions, including buying palm-oil-based products from suppliers within the EU, shifting the purchase to larger plantations that are able to provide traceability and substituting palm oil for synthetic ingredients. The engagement was successful in assessing the risk and giving greater comfort that their consumer staples holdings were not at significant material risk for the other commodities in scope.

Case Studies cont.

Proxy Voting

At MSIM, voting is done by the investment team. Where proxy voting has been delegated by their clients, they take this responsibility seriously. Proxy voting is one way to communicate with companies and forms an important part of their investment process. Voting is therefore done by the investment team member responsible for the particular company and seeks to be consistent with their assessment of the potential materiality of specific ESG or other issues to companies' sustainability of returns on capital, their monitoring of company progress, and the efforts to influence companies towards better and/or more transparent practices. Where necessary, proxy voting decisions are brought to the investment meeting for discussion.

MSIM's proxy voting effort is predominantly related to governance issues such as management incentives and director appointments. Their team's extensive experience and heritage in evaluating the quality and calibre of management means that they have high expectations of management teams. MSIM seeks to be consistent in their voting approach in order to encourage long-term oriented management with policies in place to manage potentially financially material ESG and non-ESG issues, which demonstrate integrity, protect shareholder rights, disclose information in an accurate, timely and transparent manner, offer independent board and committee structures and align incentives with the long-term interests of shareholders.

They carefully examine and discuss proposals related to the election of directors, board structure, corporate transactions, changes in the capital structure, and dividend payments, among others. They focus particularly on proposals relating to executive remuneration. They also attempt to encourage good corporate governance through raising material issues of concern directly with companies as well as voting against items we do not believe are in the long-term interests of shareholders.

For example, MSIM voted in favour of a shareholder proposal which asked Microsoft to report on Artificial Intelligence (AI) misinformation and disinformation risks. MSIM voted in favour given the evolving threat landscape and the potential risks facing the company, as well as their view that its existing disclosures fell short in discussing whether its risk management measures were adequate in mitigating these risks.

Case Studies cont.

Credit Rating Company

MSIM also engaged with a credit rating company to discuss accuracy in credit reporting. Incorrect credit report data can hamper access to credit for customers across many products, from phone contracts to loans. For the company, reporting of inaccurate data can pose a potentially financially material risk to credit rating companies, including litigation and reputational risks, as these companies play a key role in helping creditors make decisions about granting individuals loans.

When completing the Material Risk Indicator (MRI) for this company, access to credit – and the impact that credit reporting data has on this access – was flagged as a potentially financially material risk at the industry level. Reporting on accuracy levels provides transparency to customers and stakeholders and helps keep the company accountable for fair and accurate practices. At the time, while not publicly reported, the company informed MSIM that it had approximately 99% data accuracy.

While this sounds reasonable, we believe that, a 1% room for error was still too high. In a second engagement in the same year, the company started publishing data on the accuracy of its credit reports, in line with our suggestion. We believe this provides greater transparency into the regulatory and reputational risks of inaccurate data. The company reported accuracy of 99.7%, with 0.3% confirmed errors. Management and the board spent time overseeing processes and governance and, while the majority of data errors come from external data sources, its new task force should help combat inaccuracies and improve resolution.

4 ESG Policy Application

Our ESG Policy applies as an overarching framework to both investment management and our overall business activities, as displayed below:

At Ashburton Investments we apply our ESG framework to our review of listed equities, fixed income and credit investments.

Application Ecosystem

Construction Principles of the ESG Policy

Listed Equity peer review

Fixed Income peer review

Foundational Frameworks

ESG Materiality

Our ESG Policy follows the application philosophy
as it applies to the following areas in investment management:

1. Listed Equity
2. Fixed Income and Credit

Our goal is to verify whether ESG targets set by investee companies are credible and evidence-based and whether plans are in place for companies to meet them. Our engagement framework includes ensuring companies set targets and for those which have set them, to ensure that there is progress against those goals. In line with UNPRI, we have not yet adopted a standalone biodiversity plan and will phase integration as standards evolve.

1. Listed Equity

The aim of ESG integration and screening for listed equity is to engage with investee companies and work with them to improve their ESG outcomes. The ESG philosophy for listed equity is not a punitive one, or an exclusionary one. Rather, it is premised on constructive engagement.

As such, **we do not exclude investments into any equity, based on ESG scores**, but rather assess the potential for positive engagement with a particular company and the likelihood of ESG scores improving over time, especially when positive pressure is applied.

Given the focus on symbiotic advancement in ESG, our listed equity focus will have a broad ESG base, with a high degree of sensitivity for the S.

2. Fixed Income and Credit

The aim of ESG integration and screening for fixed income is to drive corporate behaviour through the lending covenants and instrument design, and to allocate capital towards social and green projects.

The key focus in our fixed income ESG assessment is to focus on identifying and mitigating ESG risks that can affect the creditworthiness of the issuer. **A strong focus on governance is crucial here**. Names originated from the FirstRand Group apply the Group's exclusions and sensitive-industry screening via the ESRA quantification process. Ashburton then makes the final investment decision through our own investment governance process. Given that fixed income and credit instruments typically do not have voting rights, we will focus strongly on management engagement as a tool for ESG improvement.

Ashburton Investments' fixed income, Liability-Driven Investment (LDI) and credit offerings incorporate all the material factors that the investment team believes could affect an investment. ESG factors form part of this important process, from the initial selection of investee companies to the evolution of the investment.

What makes the adoption of an ESG lens so unique in the fixed income, LDI and credit space is that our active participation in both the listed and unlisted credit markets serves as an impactful avenue to influence the ESG policies of issuers. As providers of capital, firms with financing requirements must demonstrate their commitment to improving their ESG footprint in order to tap the capital markets.

In fixed income and credit markets, Ashburton invests in a range of sustainable financing instruments. Green, social and sustainability bonds are use-of-proceeds instruments, where capital is allocated to defined eligible projects, such as renewable energy, social infrastructure or green buildings, in accordance with established frameworks. Sustainability-linked loans and bonds, by contrast, are performance-linked instruments.

These instruments are not tied to specific projects but instead link economic characteristics (such as pricing) to the issuer's achievement of predefined sustainability performance targets, for example emissions-reduction or water-efficiency targets.

How we apply our ESG Metrics

Our principal objective is to invest clients' long-term savings in order to deliver risk-adjusted returns in line with relevant mandates. In deploying our clients' capital, we take into account the impact that the investee companies have on the environment and society at large, while ensuring that proper governance processes are in place as per our ESG Policy.

For us, any investment case requires a thorough analysis of the companies' underlying business model and strategy and also the sustainability of that business, especially for long duration assets. There is a major area of confusion when it comes to ESG ratings, as these tend to measure how companies manage their ESG risks rather than identifying companies which do the best for society or the environment. In the South African context, the interplay between environmental and social risks deserves special consideration.

Portfolio Screening: Is conducted in alignment with the FirstRand Environmental and Social Risk Assessment (ESRA) process and the FirstRand Policy on Exclusions and Sensitive Industries. This includes the application of group-wide exclusion criteria, as well as enhanced due diligence and restrictions for sensitive industries where elevated environmental or social risks may be present.

Climate Risk Management: We recognise the growing importance of climate related risks and opportunities. We conduct thorough assessments of climate related risks within our investment portfolios and incorporate climate risk management strategies into our investment processes.

Measuring ESG Performance: Our Proprietary Methodology

We have developed our own proprietary ESG rating methodology for investee companies. This is necessary for a variety of reasons.

In the case of private market investments, ESG rating agencies do not cover South African unlisted issuers and we found that, even on the JSE, the coverage of mid- and small-cap stocks is quite narrow, with only 42% of names covered adequately.

In addition, even where there is ESG coverage, rating agencies still differ on a company's ESG performance with quite a low correlation in ratings across major ESG data providers. This contrasts sharply with credit ratings, where we find a high correlation between the major providers. Even when ratings do not differ substantially, our weighing of the Environmental, Social and Governance ratings may be different from the major ESG rating agencies.

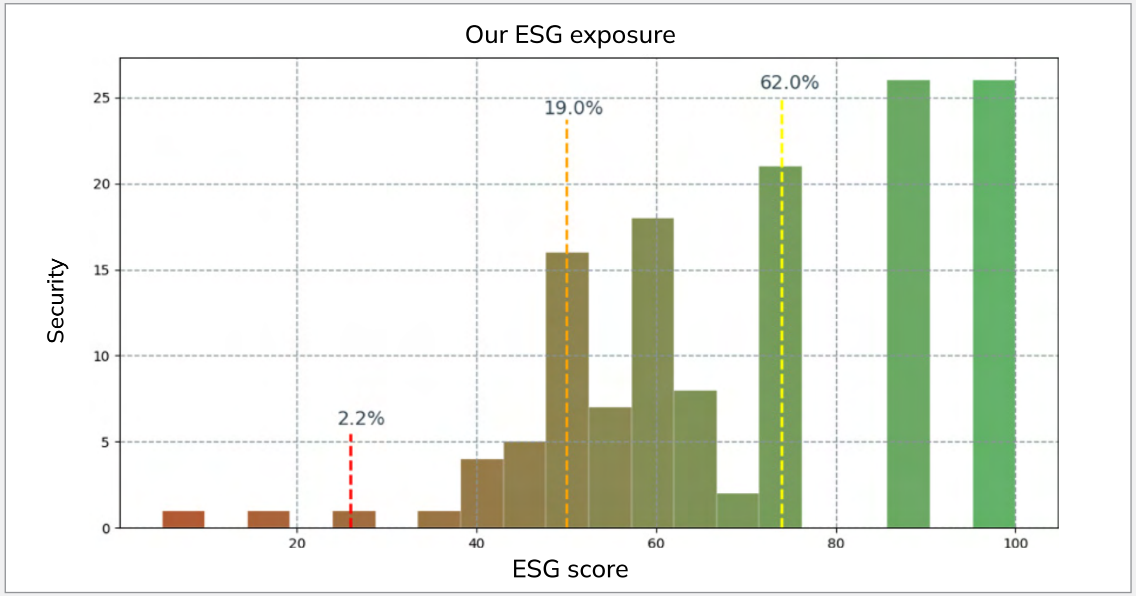
However, as a reasonableness check, we do compare the internal ESG ratings for each company with that of outside providers to identify any major discrepancies and reasons behind these.

The graphic shows the dispersion of our allocated South African assets according to their ESG ratings. It indicates that under 3% of the portfolio sits in the lowest quartile in terms of ESG ratings at 2Q25 an improvement on the previous year.

It is also notable that the portfolio is tilted towards higher rated ESG companies. We fundamentally believe that capital markets often misprice ESG risk due to two main factors:

- Markets find it hard to measure intangible factors in valuations and
- Markets tend to have a shorter-term horizon than necessary to fully account for environmental risks or risks to society at large.

Looking ahead, we remain committed to enhancing our social impact and promoting positive social outcomes through our investment activities. We plan to continue investing in human resources initiatives, expanding our community engagement efforts, and collaborating with stakeholders to address pressing social challenges.



Source: Ashburton Investments, Q2 2025

Case Studies cont.

Adjusting valuations to reflect ESG risks

The examples below detail instances where MSIM has adjusted their financial model for companies held in portfolios due to stock specific, sector-related, and/or systemic ESG risks identified by their team:

- For a consumer staples company, MSIM assumed a sub-GDP terminal growth rate of 1.0% when valuing the company and used an 8.5% Weighted Average Cost of Capital (WACC), to 0.5% above competitors, (and a lot higher than the industry) due to the ESG risks for the company. At that point, they also moderated the position size and later exited the position due to concerns about the company's ability to grow and thus compound.
- MSIM has previously added 0.1 to the beta for two professional services companies due to the ESG risks of the industry at the time, which had a c.10% impact on the fair value.
- For a communication services company, MSIM adjusted the WACC because of regulation-related ESG risks regarding data use and data protection. They also moderated the position size to reflect the risk.

Collaboration with Other Investors

As a well-resourced team with a long-term ownership mindset, MSIM is privileged to gain access to management given its significant assets under management within concentrated portfolios. They tend to favour investment team-led engagements with the companies that they own. However, where beneficial, they work in collaboration with select partnerships. For example, MSIM is a member of the 30% Club UK Investor Group and the World Benchmarking Alliance. Whilst they continue to conduct our own engagement programme, they believe these initiatives can complement their own research and engagement activities.

Conclusion

Ashburton's partnership with MSIM means that investors invested in our Global Leaders Portfolio benefit from an active engagement approach consistent with that provided by our local team. MSIM's engagement activities also spearheaded by the investment team, who are supported by an ESG team. This means that the analysts have the benefit of being able to access corporate governance and sustainability specialists and also test their views with the Global Stewardship team to better tackle broader industry stewardship trends.

How we apply ESG Integration to our capability sets

Credit

ESG integration within Ashburton's credit investment process is aligned with the FirstRand Environmental and Social Risk Assessment (ESRA) framework. The ESRA process is applied to assess environmental and social risks associated with lending and credit exposures at origination and on an ongoing basis. This assessment informs creditworthiness analysis, pricing considerations, covenant design and engagement priorities, supporting effective risk management and long-term value creation for clients.

Our Credit Research team conducts an E, S and G analysis on every prospective investee company, from large publicly listed organisations to smaller private concerns; although the data-gathering process is made more complicated as many smaller companies may lack the resources to adequately measure data. While our approach to assessing ESG is constantly evolving and improving, in broad terms our process is as follows:

- Each credit analyst interprets all E, S and G factors that may materially affect the investment. Differences in the application of the various factors is accomplished through proportionality, based on where the corporate is in its growth cycle, its resources, size, the complexity and nature of its operations. Larger listed companies are viewed and reviewed differently to smaller unlisted companies.
- The ESG factors are scored by the credit analyst using both internal research based on publicly available information and/or discussions with the management team of the investee company as well as external service providers, when this information is available.

The individual issuer score is incorporated into each investee credit application by the credit analyst, and this immediately gives the credit analyst, as well as our Credit Committee an idea of where to focus their attention with regards to potential material E and/or S and/or G risk factors.

- Credit exposures are assessed in line with the FirstRand Policy on Exclusions and the Policy on Sensitive Industries, which set out activities that are restricted or prohibited, as well as sectors requiring enhanced due diligence. Where exposures fall within sensitive industries, risk mitigants, conditions or escalation measures may be applied through the credit approval and monitoring process.

Related policy links:

- FirstRand Environmental and Social Risk Assessment (ESRA) Process
- FirstRand Policy on Exclusions and Sensitive Industries

It should be noted that this is in addition to any potential material factors of an E, S or G nature that have been gathered from third-party analyst reports, the press, the issuer, web search, social media, among others.

The final score highlights to our Credit Committee via the credit application, those issuers that may have material risks in certain areas. This may, therefore, require:

- Additional research and further discussion with the issuer
- Specific mitigants, such as legal and financial structuring
- Appropriate pricing for increased risk

See illustration of scoring for sectors into which we lend:

Sector	Environmental -1 to +1	Social -1 to +1	Governance -2 to +2	Total -4 to +4	Core SDG impact
Agriculture	1	0	1	2	2, 8, 10
Financial Solutions	0	1	1	2	8, 10
Infrastructure Development	0	1	2	3	1, 8, 9, 10, 11, 12, 13
Agriculture	1	1	0	2	2, 8, 10
Telecommunications	0	1	-2	-1	8, 9, 10
SME Finance Solution	1	1	2	4	8, 10
Support Services	1	0	1	2	8, 10
SME Finance Solution	1	1	1	3	8, 9, 10
Agriculture Development	1	0	1	2	2, 8, 10
Financial Services	1	1	1	3	8, 10
Financial Services	0	1	1	2	8, 10
SME Finance Solution	1	1	2	4	8, 9, 10
SME Transport Solution	0	1	-2	-1	1, 8, 9, 10, 11, 12, 13
SME Transport Solution	0	1	-2	-1	1, 8, 9, 10, 11, 12, 13
Inner City Affordable Housing	1	1	2	4	1, 8, 10, 11
Home Improvement Finance	1	0	2	3	8, 9, 10, 11
Healthcare & Wellness	1	1	1	3	8, 10, 12, 13

Key

1 No poverty

2 Zero hunger

8 Decent work and economic growth

9 Industry, innovation and infrastructure

10 Reduced inequalities

11 Sustainable cities and communities

12 Responsible consumption and production

13 Climate action

Case study | A Path to Decarbonisation for the Listed Property Sector

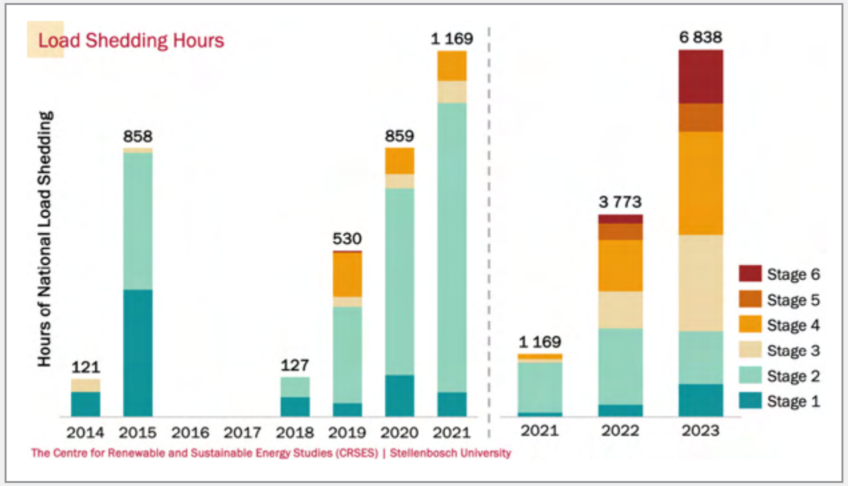
In South Africa, the built environment directly contributes ~7% of the country's total direct CO_2 emissions. When considering indirect (scope 2) emissions from electricity use and embodied emissions from materials such as steel and cement, the sector's share rises to between 25% to 30% of total emissions. The sector also accounts for roughly ~34% of electricity demand, and in the context of constrained electricity supply in South Africa, reducing this demand further supports the case for renewable energy initiatives. Additionally, without a concerted effort to transition to cleaner energy and improve energy efficiency, emissions from buildings could rise by up to 127% by 2050, driven by urbanisation and housing demand.

Fortunately, the South African listed property sector has been at the forefront of the transition to a low-carbon economy through targeted decarbonisation, renewables and energy efficiency strategies.

Initial efforts focused on operational efficiency, including retrofitting and upgrading existing assets with energy efficient products by, for example, fitting energy efficient LED light bulbs as well as monitoring of energy usage.

Intensive "loadshedding" during 2022 and 2023 accelerated the move towards renewable energy and self-generation, especially through solar photovoltaic (PV) systems.

South Africa Loadshedding Hours (2014 to 2023)

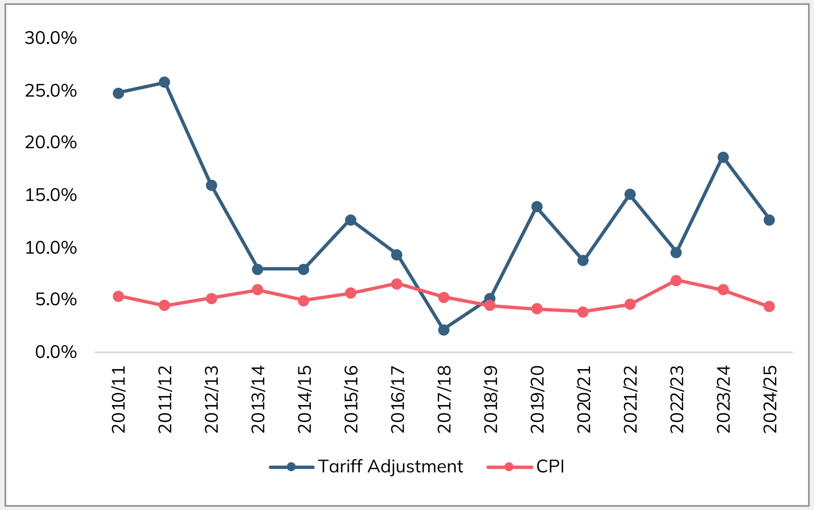


Source: Eskom 2024, NERSA 2023

During and indeed after the loadshedding crisis was largely resolved, a transition to renewable energy alternatives was necessitated by the growing cost of non-renewable back-up systems (such as diesel generators) as well as unsustainable increases in electricity prices.

According to the South African Property Owner's Association (SAPOA), in 2023, electricity costs, which includes the cost of diesel for generators, was the fastest growing of the operating costs at 45% y/y, translating into a 3.4% contribution to the overall growth of 11.8%.

Eskom's Annual Average Price Adjustment (per financial year)



Source: Eskom

Because of the renewables thrust, capital expenditure towards energy systems has picked up and continues to make up a large portion of investment. Two of our investee companies, Growthpoint and Redefine are listed Real Estate Investment Trusts (REIT) and have focused on green buildings in recent years.

Growthpoint has invested more than R1 billion in solar energy locally and has recently acquired a 30% stake in the operational Boston Hydroelectric plant. Additionally, certain listed property companies like Resilient and Equites have intentions to increase production of energy from renewables to 55% and 39% of their consumption in the future, respectively. Redefine properties, among others, is also participating is a pilot project in the City of Cape Town where they will be constructing a 6MWP rooftop solar plant on one of their large distribution centres to wheel the energy to two of their retail centres in the city.

An illustration of disclosed renewable energy as proportion of total energy requirement as well as planned capacity contribution contribution

Verifiable social outcomes

Ashburton partnered with National Treasury's Jobs Fund to develop a guarantee facility enabling debt investments into SMEs and intermediaries traditionally viewed as higher risk.

Job creation	ACEF I	ACEFII
Target job creation	9 635	4 200
Verified jobs already created	10 551	7 298
Target achieved	>100%	>100%

Data as at 30 June 2025

How do we measure job creation

- The job is newly created - due to our investment
- The job is permanent - evidenced by employment contract or similar
- The job is considered 'decent employment'
- Salary > minimum wage

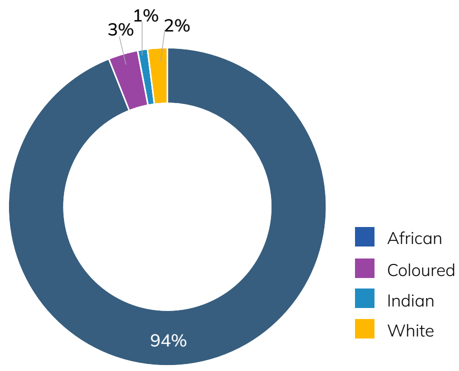
100% permanent jobs

88% female

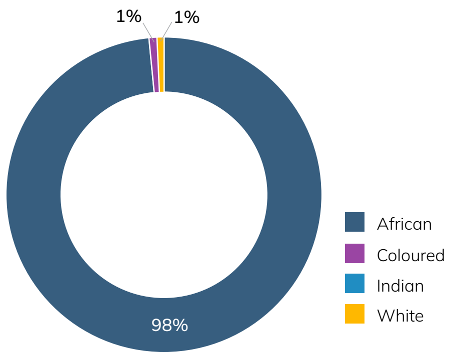
>98.1% previously disadvantaged

>72.7% underserviced provinces
(Eastern Cape, Limpopo and North West)

Job creation profile:
Ashburton Credit Enhanced Fund I



Job creation profile:
Ashburton Credit Enhanced Fund II



Fixed Income

We integrate Environmental, Social, and Governance (ESG) factors into our Fixed Income investment process to enhance risk management and sustainable value creation. In line with FirstRand's policies, our fixed income portfolios are screened against exclusions and sensitive industries through the ESRA process. Our approach involves several key components:

1. **ESG Integration:** we incorporate ESG considerations into every stage of the Fixed Income investment process, from initial research and analysis to portfolio construction and ongoing monitoring. We assess how companies manage environmental risks, social responsibilities, and governance structures when evaluating fixed income securities.

2. **Risk Assessment:** ESG factors are considered alongside traditional financial metrics to evaluate the creditworthiness and sustainability of fixed income investments. We recognise that ESG risks can impact the performance of fixed income securities and seek to identify and mitigate these risks through comprehensive analysis.

3. **Engagement and Advocacy:** we engage with issuers of fixed income securities to encourage improvements in ESG practices. We use our influence as investors to advocate for greater transparency, accountability, and sustainability within the companies we invest in.

4. **Exclusions and Sensitive Industries:** fixed income investments are assessed in line with the FirstRand Policy on Exclusions and the Policy on Sensitive Industries. This includes the application of exclusion criteria, as well as enhanced due diligence, restrictions and risk mitigants for sensitive industries where elevated environmental or social risks may be present.

5. **Ongoing Monitoring:** we continuously monitor the ESG performance of issuers within our fixed income portfolios and adjust our investment decisions accordingly. This proactive approach helps us stay aligned with evolving ESG trends and best practices.

Related policy links:

- FirstRand Environmental and Social Risk Assessment (ESRA) Process
- FirstRand Policy on Exclusions and Sensitive Industries

Equities

We integrate Environmental, Social, and Governance (ESG) factors into our equity research process to enhance investment decision-making and promote sustainable value creation. The integration of ESG factors into our equity research process involves the following key steps:

1. **Data Collection and Analysis:** We collect and analyse ESG-related data from various sources to assess the sustainability performance of companies. This includes evaluating how companies manage environmental risks, social responsibilities, and governance structures.

2. **ESG Materiality Assessment:** We identify material ESG factors that have the potential to impact the financial performance and long-term prospects of companies. We prioritise ESG issues that are most relevant to the industries in which companies operate and their specific business models.

3. **Integration into Investment Analysis:** We integrate ESG considerations into our fundamental analysis of companies, alongside traditional financial metrics. We evaluate how ESG factors may influence a company's competitive positioning, growth prospects, and risk profile.

4. **Engagement with Companies:** We engage with companies to discuss ESG-related issues and encourage improvements in their sustainability practices. We use our influence as investors to advocate for greater transparency, accountability, and sustainability within the companies we invest in.

5. **Portfolio Construction:** We construct equity portfolios with a focus on companies that demonstrate strong ESG performance and governance practices. We seek to invest in companies that are well-positioned to generate sustainable long-term returns while mitigating ESG-related risks.

6. **Ongoing Monitoring:** We continuously monitor the ESG performance of companies within our equity portfolios and adjust our investment decisions accordingly. We stay informed about emerging ESG trends and best practices to ensure our portfolios remain aligned with sustainability objectives.

Overall, our integration of ESG factors into the equity research process reflects our commitment to responsible investing and sustainable value creation. By considering ESG factors alongside traditional financial analysis, we aim to build resilient equity portfolios that deliver long-term returns while promoting positive environmental and social outcomes.

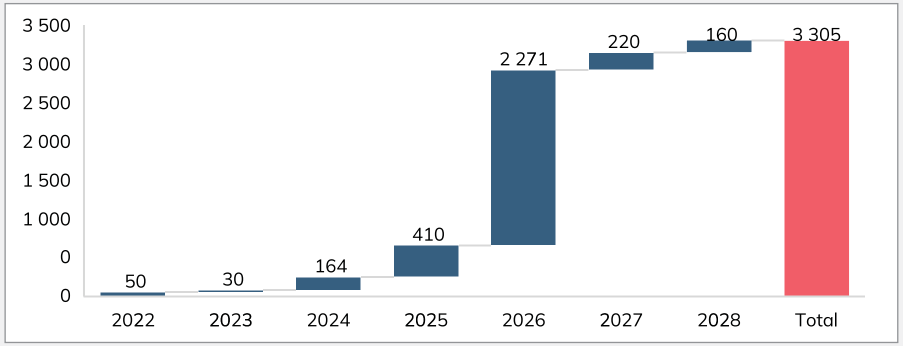
Case study | Mining sector

Several years ago, the rapid growth of renewable energy was seen as a potential solution to South Africa's electricity challenges. Utility-scale solar PV projects offered relatively short construction timelines of about 18 to 24 months, and the ability for the private sector to generate its own power made renewables an attractive option. This was further supported by Eskom's financial constraints and the slow progress on the Medupi and Kusile power stations, creating strong incentives for private sector participation.

The numbers highlight the progress made. By October 2025, 6,701 MW of generation capacity was operational under the Renewable Energy Independent Power Producer (IPP) programmes, with an additional 6,951 MW identified as preferred bidders and moving toward operation (source: IPP Office). According to the Council for Scientific and Industrial Research (CSIR), renewable energy accounted for 8% of South Africa's electricity generation mix in 2024. This share is expected to grow significantly as projects currently in the pipeline are completed.

The mining sector has been a leading contributor to this transition. Among listed companies, more than 3,300 MW of projects are either operational, under construction, or have power purchase agreements in place and are scheduled to begin construction soon. Most of these projects are expected to come online in 2026. Key offtakers include Sasol, Valterra Platinum, Rio Tinto, Sibanye-Stillwater, and Northam Platinum.

Renewables capacity additions from listed mining companies by date of commissioning (MW)



Source: Company reports, media reports, Ashburton analysis

In the coming years, as renewables continue to claim a larger chunk of the pie, time-of-day tariffs (where electricity prices fluctuate through the course of the day) are likely to come into focus. Here, the ability to shift electricity supply time profiles to match that of demand is crucial, which is where battery storage shines bright. For example, the California grid frequently has days where battery storage delivers more than 10,000 MW during the evening peak hours, a substantial figure in a grid where the 2024 peak demand was 48,323 MW.

Closer to home, the battery energy storage IPP programmes already have 1,744 MW in progress, which will help keep the lights on after the sun goes down. Ideally, in the not-to-distant future, the sunset of load shedding driven by the rollout of clean energy generation will become reality.

5 Proxy Voting - South Africa

According to the United Nations Principles for Responsible Investment (UNPRI), stewardship is defined as "the use of influence by institutional investors to maximise overall long-term value, including the value of common economic, social and environmental assets, upon which returns and clients' and beneficiaries' interests depend."

Consistent with our fiduciary responsibilities, we have made a commitment to become "active owners and incorporate ESG principles into our ownership policies and practices". Our Proxy Voting Policy and active voting activities on various resolutions embody this principle.

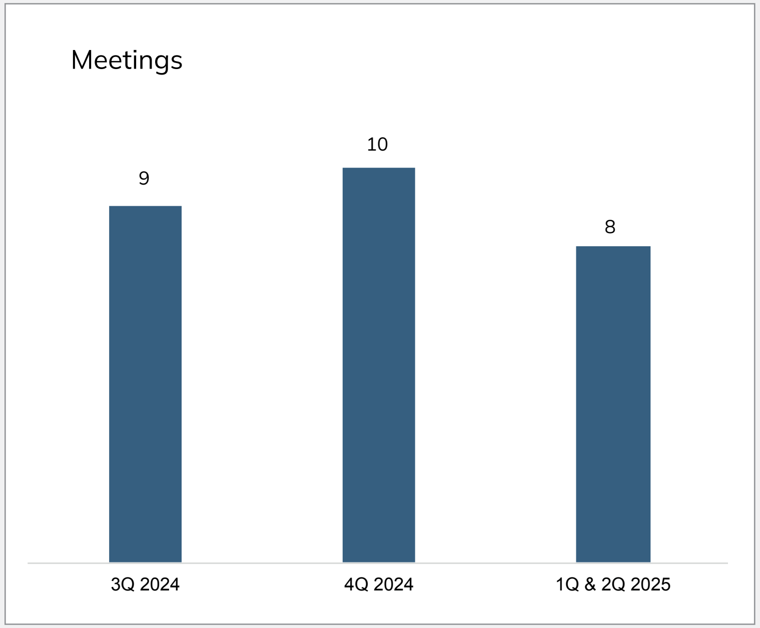
Voting, engagement and escalation

Voting and engagement policies and practices, as well as subsequent escalation measures are effectively dependent on two key factors:

1. Materiality and relevance to the company concerned
2. Context and current affairs

Materiality refers to the importance and weight of an ESG topic or factor generally, and the overall attention and importance given to these factors locally and globally. Relevance refers to a material factor in the context of a company, industry and sector. An ESG factor may be material in general, but of very little relevance or importance to a particular sector or industry. A key feature of our approach to voting and engagement is that ESG materiality and industry-specific relevance guide the topics that will be voted on and engaged with. We use, among others, the Sustainability Accounting Standards Board (SASB) materiality dimensions and any other materiality indicators that become available.

We take the proxy voting process seriously, recognising it as a critical aspect of our stewardship responsibilities as an asset manager. It is designed to ensure that we exercise our voting rights in a manner consistent with our clients' best interests and our commitment to promoting good corporate governance practices.



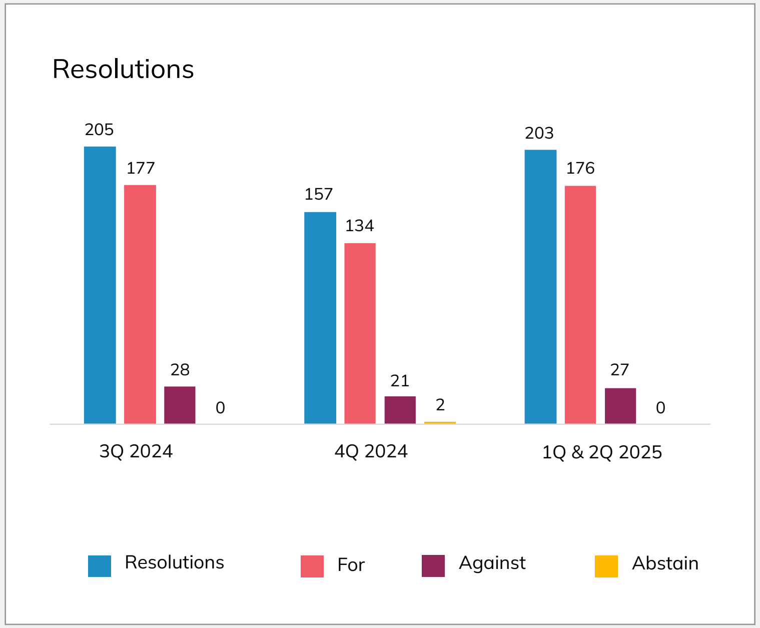
Voting, engagement and escalation

Here is a detailed description of our proxy voting process:

Policy Development: We establish a comprehensive Proxy Voting Policy that outlines our approach to proxy voting, including principles, guidelines, and procedures. This Policy is regularly reviewed and updated to reflect evolving best practices and regulatory requirements.

Research and Analysis: Prior to each shareholder meeting, we conduct thorough research and analysis on the issues up for vote, including management proposals, shareholder resolutions, and director elections. We consider a range of factors, including corporate governance practices, executive compensation, environmental and social policies, and strategic decisions, to inform our voting decisions.

Engagement with Companies: We engage with companies to discuss governance issues and express our views on matters up for vote. This engagement may involve direct communication with company management, participation in industry initiatives, or collaboration with other institutional investors.



Voting Decision Making:

- Based on our research, analysis, and engagement efforts, we make informed voting decisions that are aligned with our Proxy Voting Policy and fiduciary duties.
- We consider each proposal on its merits, considering the potential impact on shareholder value, long-term sustainability, and alignment with ESG principles.

Proxy Voting Execution:

- We cast our votes in accordance with our Proxy Voting Policy through proxy voting platforms or directly with the relevant parties.
- We ensure that votes are cast in a timely manner to meet deadlines for shareholder meetings, and they maintain records of all voting decisions for transparency and accountability purposes.

Post-Voting Review:

- After shareholder meetings, we conduct a post-voting review to evaluate the outcomes of the voting decisions and identify any areas for improvement.
- We may assess the effectiveness of the engagement efforts, review voting outcomes against our Proxy Voting Policy, and consider feedback from clients and other stakeholders.

Voting decisions must be analysed periodically, the reasoning behind the voting must be recorded and the voting decisions and trends must be reported on. Further information to be recorded include:

- The number of votes cast
- AGM and voting coverage
- Overview of topics covered, together with an explanation on materiality and relevance

Should a particular voting strategy not have the desired effect, we will consider, among any other measures, the following course of action:

1. Contacting senior management and the Board
2. Undertaking either individual or collaborative engagements

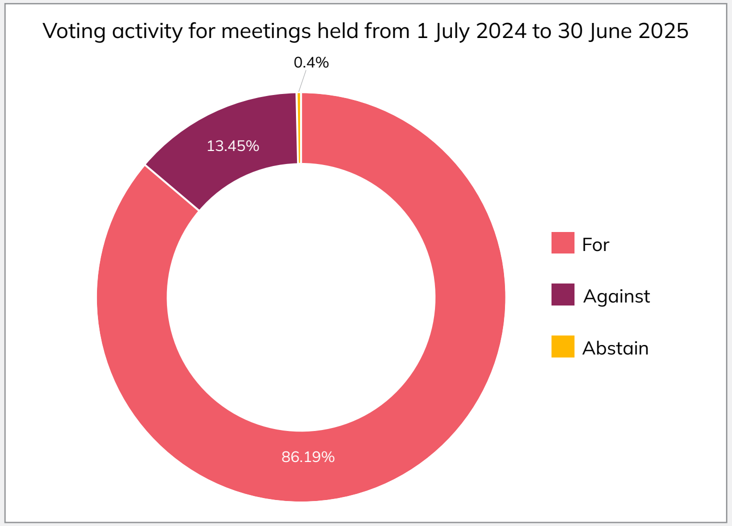
Reporting and Disclosure:

- We provide regular reports to clients detailing our proxy voting activities, including summaries of voting decisions, rationales for those decisions, and any notable engagements with companies.
- We disclose our overall voting records and adherence to our Proxy Voting Policy in our annual reports, Reports to Society, other public disclosures and on our corporate website.

Voting Record

According to the Principle of Responsible Investing (PRI), stewardship, is defined as "the use of influence by institutional investors to maximise overall long-term value, including the value of common economic, social and environmental assets, upon which returns and clients' and beneficiaries' interests depend." Consistent with our fiduciary responsibilities, we have made a commitment to become "active owners and incorporate ESG principles into our ownership policies and practices". Our Proxy Voting Policy and active voting activities on various resolutions embody this principle.

During the one-year period to 30 June 2025, Ashburton voted at 27 annual general, ordinary, and extraordinary meetings of South African listed company meetings covering 565 resolutions. The voting is not automated, with each vote receiving individual attention, guided by our Proxy Voting Policy. Consideration is also given to independent third-party voting advisory research to ensure robustness of the process. Our detailed voting activity is published on our website on a quarterly basis and the summary of the voting activity was as follows:



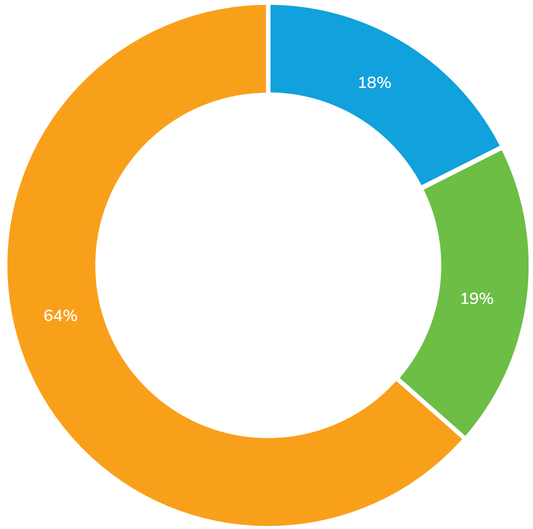
The summary highlights that we have, in most cases, been voting in line with management proposals at various meetings. Where we have voted against management, this has largely been related to proposed adoption of remuneration policies and implementation thereof for the incentivisation of company executives and non-executive directors. The policies in our view are to a degree falling short of what we envisage to be the ideally balanced remuneration model.

According to the PWC "Executive Directors Practices and Remuneration Trends Report" of 2025, the main issues raised by shareholders include:

1. Lack of performance-related long-term incentives
2. Special payments
3. Lack of pay for performance alignment and disclosure
4. Low or no minimum shareholder requirement of executives
5. Above-inflation increases in total guaranteed pay and the pay gap
6. Application of board discretion.

Encouragingly, we are seeing some improvement in these policies, which are increasingly encompassing non-financial Key Performance Indicators (KPIs) like ESG principles and not exclusively focusing on narrow financial KPIs. It is also important to note that these resolutions are non-binding and advisory in nature. There is however a revised draft of the Companies Amendment Bill in the works, which will result in binding approval by way of ordinary resolution for these policies to be adopted by companies.

Reasons for voting against management in meetings held from 1 July 2024 to 30 June 2025



- **0%** - Access to capital
- **18%** - Director re-election
- **19%** - Audit & Risk committee member re-election
- **64%** - Remuneration
- **0%** - General share repurchase
- **0%** - Financial Assistance
- **0%** - Appointment/ re-election of Auditors
- **0%** - Corporate Activity
- **0%** - Environmental/ Sustainability
- **0%** - Other

6 SDG Principles and how they are relevant to our investment process

We play a crucial role in advancing the United Nations Sustainable Development Goals (SDGs) by incorporating sustainable investment principles, Environmental, Social, and Governance (ESG) considerations, and impact-driven strategies into our investment processes for credit and equities. Now, let's analyse each SDG and its relevance to our investment process:

No Poverty

We invest in job-creating businesses and support SMEs and microfinance to drive economic inclusion and poverty alleviation.

Zero Hunger

We finance sustainable agriculture and food security initiatives, supporting smallholder farmers and reducing food waste.

Good Health and Wellbeing

We invest in healthcare infrastructure, pharmaceuticals, and technologies that improve access and health outcomes.

Quality Education

We support education through EdTech, vocational training, and financing education infrastructure for underserved communities.

Gender Equality

We promote gender diversity, invest in women-led enterprises, and advocate for inclusive workplace practices.

Clean Water and Sanitation

We fund water infrastructure and technologies that improve access to clean water and sanitation globally.

Affordable and Clean Energy

We invest in renewable energy projects and clean technologies to accelerate the transition to sustainable energy.

Decent Work and Economic Growth

We finance SMEs and infrastructure projects that create jobs and foster inclusive economic growth.

Industry, Innovation, and Infrastructure

We invest in resilient infrastructure and innovative technologies that drive sustainable industrialisation.

Reduced Inequality

We support affordable housing, community development, and companies with equitable labour practices.

Sustainable Cities and Communities

We invest in green infrastructure, affordable housing, and smart city solutions for sustainable urban development.

Responsible Consumption and Production

We back companies adopting circular economy principles and sustainable production practices.

Climate Action

We finance climate-resilient infrastructure and clean technologies to mitigate climate risks and support Net Zero goals.

Life Below Water

We invest in marine conservation, sustainable fisheries, and initiatives to reduce ocean pollution.

Life on Land

We support sustainable land use, reforestation, and biodiversity protection through targeted investments.

Peace, Justice, and Strong Institutions

We invest in companies with strong governance, transparency, and respect for human rights.

Partnerships for the Goals

We collaborate with investors, NGOs, and global initiatives to mobilise capital for sustainable development.

In summary, by aligning our investment decisions with the SDGs, we aim to generate positive social and environmental impacts while delivering financial returns for our clients and stakeholders.

Ashburton Investments aligns with the UN SDGs as guiding principles. However, direct attribution of investment outcomes to specific SDG targets remains complex and cannot be assured.

7 How we apply ESG to our business

Our carbon footprint and environmental sustainability

In line with FirstRand's climate objectives highlighted in their Climate disclosures, we have a number of goals relating to environmental sustainability:

Carbon Footprint Reduction

FirstRand has implemented initiatives to reduce its carbon footprint, including energy efficiency measures, waste reduction efforts.

Sustainable Finance

FirstRand's funding and facilitation strategies support appropriate evolution towards assets and investments that have lower emissions, such as renewable energy, green buildings, climate-smart agriculture and ecoEnergy home loans.

Stakeholder Engagement

FirstRand actively engage with stakeholders, including clients, regulators, and industry peers, to promote awareness and dialogue on environmental issues. By fostering collaboration and knowledge-sharing, we aim to drive positive environmental outcomes across the investment ecosystem.

Our Human Capital Capabilities

Our employee value proposition builds on the relationship between Ashburton and its people, outlining our expectations and commitments to each other. We entrench a high-performance culture by attracting, retaining and motivating the best talent in the market to uphold the quality of our brand, drive success and achieve long-term sustainability.

Our Employee Value Proposition is our commitment to our people to partner them in achieving greatness. We empower our people to push boundaries, challenge the status quo and treat the business as if it were their own for the benefit of our clients, our business, and the societies in which we live.

Ashburton offers employees the opportunity to get involved with their communities and use their skills and talents to support society. This aligns with our purpose of liberating diverse talent to do good business for a better world.

At Ashburton, we value our employees beyond their day-to-day work-life and are fully invested in supporting our people to grow, now and in the future. This includes financial assistance to study, in-house training programmes, attendance at industry conferences, and support through coaching and mentoring.

Employee Wellness

We prioritise the **health, safety, and wellbeing** of our employees through comprehensive wellness programmes, flexible work arrangements, and supportive work environments.

The company fosters a **culture of respect, collaboration, and inclusivity**, where employees feel valued and empowered to succeed.

Human Resources

We have made significant strides in promoting **diversity and inclusion** within our workforce. We have implemented diversity targets, conducted unconscious bias training, and established employee resource groups to support underrepresented groups. Our efforts to promote diversity and inclusion have been recognised through various awards and accolades.

Community Engagement

We actively engage with local communities through philanthropic initiatives, volunteer programmes, and partnerships with non-profit organisations.

The company's community investments focus on addressing key social issues, such as poverty alleviation, education access, and environmental conservation.

Looking ahead, Ashburton remains committed to enhancing its social impact and promoting positive social outcomes through its investment activities. The company plans to continue investing in human resources initiatives, expanding its community engagement efforts, and collaborating with stakeholders to address pressing social challenges.

Human Capital and talent development

At Ashburton Investments, we recognise that our people are our greatest asset, and investing in human capital extends beyond our employees to the broader community. In 2025, we strengthened our commitment to education, skills development, diversity, and inclusion through several impactful initiatives:

Building future talent

- University engagement

  Our CIO partnered with the University of the Western Cape (UWC) Investment Society, hosting a full-day programme at our offices for approximately ten university students. The programme provided hands-on exposure to investment management, including portfolio construction, ESG integration, and risk management bridging the gap between academic learning and practical application.

- CFA Day of the Girl

  We proudly participated in the CFA Day of the Girl, an initiative aimed at empowering young women to pursue careers in finance and investment. Through mentorship and knowledge-sharing, we reinforced our commitment to gender equality and inclusion in the financial services sector.

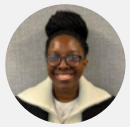
- FirstJobs programme

  Our involvement in the FirstJobs initiative continues to create pathways for young graduates to enter the workforce. By offering structured internships and entry-level opportunities, we help bridge the gap between education and employment, fostering economic inclusion and transformation.

Our 2025 FirstJob Graduates

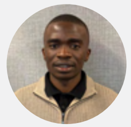
Seven graduates have joined Ashburton Investments across various business units:

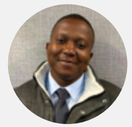

Lilitha Buka
Credit team


Andiswa Gama
Credit team


Tebogo Makau
Risk team


Selaelo Makgopa
Legal team


Jabu Mandundu
Investment Operations team


Enelani Maswanganyi
Institutional Distribution team


Onndwela Nedzamba
Performance and Risk Analytics team

Graduate perspective

> "Joining Ashburton Investments is an incredible opportunity to learn and grow in a dynamic environment. I'm excited to contribute to meaningful work and be part of a team that values innovation and inclusion.
>
> - Enelani Maswanganyi, FirstJob Graduate

Industry partnerships and sponsorships

We remain an active contributor to industry development through sponsorships and partnerships with organisations such as ASISA, supporting sector-wide efforts to advance financial literacy, professional development, and transformation.

Our people

Internally, we continue to invest in our employees through:

- **Diversity and inclusion:** We strive to build a diverse asset management team and are proud of the progress made, including strong representation of women and black professionals in investment and leadership roles.
- **Employee development**: Financial assistance for studies, in-house training programmes, attendance at industry conferences, and coaching and mentoring opportunities.
- **Employee wellness:** Comprehensive wellness programmes, flexible work arrangements, and a culture of respect and collaboration.

These initiatives reflect our purpose of liberating diverse talent to do good business for a better world. By fostering education, inclusion, and opportunity, we aim to build a pipeline of skilled professionals who will shape the future of investment management in South Africa.

8 Key associations with industry and regulatory bodies

Our role in ASISA:

ASISA stands for The Association for Savings and Investment South Africa. It is a non-profit organisation that represents the interests of the South African asset management and life insurance industries. ASISA serves as a collective voice for its members, advocating for policies and regulations that support the growth and sustainability of the savings and investment industry in South Africa.

As an active member of ASISA, we participate in the following:

1. **Policy Advocacy:** ASISA engages with policymakers, regulators, and other stakeholders to advocate for a conducive regulatory environment that promotes savings, investment, and financial inclusion in South Africa.
2. **Industry Standards:** ASISA develops and promotes industry standards, best practices, and codes of conduct to ensure high ethical standards and professionalism within the asset management and life insurance sectors.
3. **Research and Data:** ASISA conducts research and collects data on various aspects of the savings and investment industry to provide insights and analysis to its members and stakeholders. This includes market trends, investor behaviour, and industry performance.
4. **Education and Awareness:** ASISA educates the public, policymakers, and industry stakeholders about the importance of savings and investment, financial planning, and responsible financial behaviour through awareness campaigns, workshops, and publications.
5. **Member Services:** ASISA provides support and resources to its members, including networking opportunities, training programmes, and access to industry information and research.
6. **Consumer Protection:** ASISA works to protect the interests of consumers by promoting transparency, fairness, and integrity in financial products and services offered by its members.
7. **Collaboration:** ASISA collaborates with other stakeholders and industry bodies to stay abreast of global trends and best practices in savings and investment management.

United Nations Principles for Responsible Investment (UNPRI)

We are a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI), which is a global initiative that aims to promote responsible investment practices among institutional investors. The key objectives of UNPRI can be summarised as follows:

1. **Integration of ESG Factors:** UNPRI encourages signatories to incorporate Environmental, Social, and Governance (ESG) factors into their investment decision-making processes. This involves analysing how ESG issues can impact investment performance and integrating this analysis into investment strategies.
2. **Active Ownership:** UNPRI promotes active ownership and engagement with investee companies to address ESG risks and opportunities. Signatories are encouraged to exercise their rights as shareholders to influence corporate behaviour, promote sustainability, and enhance long-term value creation.
3. **Transparency and Disclosure:** UNPRI emphasises transparency and disclosure of responsible investment practices. Signatories are required to publicly disclose their commitment to UNPRI and report on their implementation of the principles, including their ESG integration practices, engagement activities, and voting decisions.
4. **Collaboration and Collective Action:** UNPRI fosters collaboration and collective action among institutional investors, asset managers, and other stakeholders to address systemic ESG issues and drive positive change in the investment industry. This includes collaborating on research, sharing best practices, and engaging with policymakers and regulators to promote sustainable finance.
5. **Education and Capacity Building:** UNPRI provides education, training, and resources to support signatories in implementing responsible investment practices. This includes webinars, workshops, guidance documents, and case studies to help investors understand and navigate ESG issues and integrate sustainability considerations into their investment processes.
6. **Advocacy and Policy Influence:** UNPRI advocates for policies and regulations that promote responsible investment and sustainable finance at the national, regional, and global levels. This involves engaging with policymakers, regulators, and standard-setting bodies to encourage the adoption of ESG-related policies, disclosure requirements, and investment frameworks.

Overall, the key objectives of UNPRI are to mainstream responsible investment practices, encourage active ownership and engagement, enhance transparency and disclosure, foster collaboration and collective action, provide education and capacity building, and advocate for policies that support sustainable finance and long-term value creation. By aligning investment decisions with these principles, we contribute to a more sustainable and inclusive economy.

See p54 for governance framework.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. While TCFD is not a regulation per se, its recommendations have gained significant traction globally and are increasingly being integrated into regulatory frameworks and reporting standards. FirstRand is a signatory to TCFD and as a result we align with TCFD recommendations to enhance transparency and disclosure regarding climate-related risks and opportunities in our investment portfolios.

Click here to read our submission on pages 52-53 of the 2025 FirstRand Climate Strategies Report.

TCFD recommendations focus on four key areas: Governance, Strategy, Risk Management, and Metrics and Targets. Here's a summary of TCFD's relevance to asset managers and the relevant metrics:

Governance:

- We consider climate-related risks within our governance processes. This includes information on board oversight, management responsibilities, and integration of climate considerations into decision-making processes.

Risk Management:

- We measure the carbon footprint of our portfolio companies.

Relevant Metrics:

- Disclosure of greenhouse gas emissions associated with investment portfolios.
- Reporting on energy usage, water consumption, and other resource-related metrics.
- Description of targets and milestones related to reducing carbon emissions, increasing renewable energy investments, or other climate-related goals.

9 Governance structures and processes

FirstRand board

Ultimate oversight of environmental, social and corporate governance matters rests with the board.

The board delegates authority to board subcommittees and management committees.

FirstRand social, ethics and transformation committee

The FirstRand social, ethics and transformation committee (Setcom) is a mandated board subcommittee. Its role is to assist the board with ensuring responsible social and ethical business practices across the group, and monitoring group activities with regard to the Companies Act, King IV, the committee terms of reference and other legal requirements or prevailing codes of best practice in respect of social, transformation and economic development matters.

It is charged with providing oversight of:
- all culture and conduct risk programmes in all businesses of the group; and
- the group's progress on delivering on the societal elements of its overall purpose.

The committee has jurisdiction in all group business units in all the jurisdictions where the group operates.

1. Setcom, by means of its social and ethical lens, tracks and monitors the societal commitments of the business. It is mandated to ensure that the group behaves responsibly – socially, commercially and environmentally.

- Setcom constitutes a formal structure which ensures appropriate attention to the group's value system, in particular its ethical standards.
- Setcom is responsible for monitoring the group's activities regarding social and economic development, good corporate citizenship, the natural environment, health and public safety, consumer relationships and labour and employment practices.

FirstRand risk, capital management and compliance committee

The committee is a mandated board subcommittee. It provides independent oversight of risk, capital management and compliance activities undertaken in the group.

This includes ensuring that an effective policy and plan for risk management have been implemented and that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

The committee provides oversight of the group's risk profile, framework, appetite, measurement, quantification, scenario analysis and stress testing for climate, as well as the impact of climate on other risk types.

FirstRand sustainability and governance executive committee

The FirstRand sustainability and governance executive committee is a subcommittee of the FirstRand strategic executive committee (Stratco).

The committee's primary objective is to support Stratco and Setcom in carrying out their mandates to ensure group activities are appropriately calibrated to identified environmental, social, economic and corporate governance outcomes.

The scope of the committee covers all of the group's activities and operating businesses/ segments or those it is affiliated to, as well as the jurisdictions where the group conducts business, whether this takes place by utilising the group's licences or whether it takes place via intermediary-affiliated entities.

Other management committees and working groups

There are various management committees and working groups across the organisation that focus on the management of environmental, social, economic and corporate governance risk and performance.

For example:

1. Each operating business has a social, ethics and transformation committee, which reports to group Setcom. These committees are supported by working forums that focus on specific topics.
2. We have a team responsible for monitoring progress against the United Nations Principles of Responsible Investing.

Incorporation of environmental, social and governance topics into remuneration scorecards

The FirstRand remuneration committee (Remco) is a board subcommittee that oversees group remuneration and ensures that reward practices align employees and shareholders.

Delivery against group purpose (shared prosperity) and environmental, social and governance topics has been incorporated into the remuneration scorecards for executive directors and prescribed officers.

TCF principles

The principles of TCF, also referred to as fair market conduct principles, are prioritised in all aspects of the group's businesses.

1 Culture and governance

The board of directors and senior executives are held accountable for treating customers fairly. All levels of the organisation focus on the application of TCF principles throughout the product and financial services life cycles. The sustainability and governance executive committee, supported by governance committees and conduct pillars, ensures fair and sustainable outcomes for customers and that business practices are based on an ethical culture. Conduct committees comprise senior management members who ensure that TCF principles are integrated into business processes and decision-making. Conduct metrics are continually reviewed and enhanced to identify and address improvement areas.

The group:
- captures its TCF principles internally through its frameworks, policies and procedures;
- chooses its partners carefully, taking care to mitigate potential conflicts of interest; and
- has implemented internal controls to proactively detect and mitigate conduct risks.

2 Product design

Customer centricity is at the core of the group's business model, product design and services. Constant innovation ensures that products are designed for target market needs, drive positive customer experiences, offer value for money and promote financial access and inclusion.

Product reviews have focused on:
- customer eligibility criteria;
- key person oversight; and
- improving the product review process

3 Clear disclosure

The group enhances service and product information by taking into consideration feedback from customers, the ombuds and regulators. Designated stakeholders review business documents to ensure that information provided is clear, unambiguous and presented in plain language. Ongoing quality assurance measures have been implemented to independently evaluate whether the group is providing correct and appropriate product information to customers.

4 Appropriate advice

Products and services are offered to customers within a control framework that supports the delivery of quality advice to clients. This framework includes governance structures, quality assurance processes and advice monitoring.

TCF and market conduct outcomes are considered within performance scorecards.

Staff are trained to assess and provide products that meet the needs of the customer. Product-specific training modules ensure that staff are aware of product features, benefits and pricing, and can easily explain these to customers. Continued professional development ensures ongoing learning and upskilling.

5 Service levels and product performance

Products are consistently reviewed to ensure that they continue to deliver fair value. The group proactively monitors service levels and addresses service failures. The root causes of common service failure themes are addressed to prevent recurrence.

6 Low or no barriers to claims or complaints

Customers are informed of the channels available to submit claims or complaints and are supported through the process. Claims and complaints are handled through both face-to-face and electronic channels. Dedicated teams manage complaints and claims, and engage with business units to resolve these within reasonable timelines. Escalation procedures to senior management exist to ensure the impartial and fair handling of customer complaints and claims.

Governance Framework

Ashburton Board

Our Board retains ultimate responsibility for ensuring that all risks are adequately assessed, monitored and managed across the investment management business.

Our governance approach aligns with FirstRand's principles and global standards such as the UN Principles for Responsible Investment (UNPRI).

Our Board of Directors provides strategic direction and oversight of the company's operations, including its sustainability initiatives. The Board is composed of experienced professionals with diverse backgrounds and expertise, ensuring a balanced and independent governance structure.

The Board must:
- Understand the nature of risks
- Establish the entity's risk tolerance
- Approve the strategy, critical policies and practices and review them at least annually
- Establish executive-level lines of authority and responsibility for managing risk
- Ensure that senior management translates the strategy into clear guidance and operating standards
- Ensure that senior management and appropriate personnel have the necessary expertise
- Ensure that the entity has processes, data and systems to measure, monitor, and control all sources of risks, and
- Review reports on the risk position of the entity on a timely and regular basis

Ashburton Executive Committee

The primary management structure used to drive business decision making and to manage risks to the business is our Exco. This body, chaired by our CEO, has the power to allocate resources (financial, human capital and infrastructure) to mitigate and/or reduce risk exposure. Our Exco has representation from all business areas and business support functions within Ashburton. As with all management structures, our Exco may establish sub-committees from time to time (on a permanent or ad hoc basis) to address specific risk management requirements.

Ashburton Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee (Setcom) is a subcommittee of our Board. The Committee has oversight over all activities conducted by entities within Ashburton Investments with a view of building and sustaining an ethical corporate culture and that our ethical standards are clearly articulated and integrated into our strategies and operations.

We uphold high ethical standards and integrity in all aspects of our business operations. The company has established a Code of Conduct and Ethics that outlines expected behaviours and principles for employees, directors, and business partners. Our commitment to ethical conduct helps build trust and credibility with stakeholders.

The committee focuses on the following matters:
- Transformation
- Business Conduct
- Market Conduct
- Social Value Proposition; and
- Ethical matters not covered by the above

Ashburton Investments Credit Governance Committee (AICGC)

The AICGC is a sub-committee of our Ashburton Risk Committee and includes independent non-executive director membership.

We adhere to applicable laws, regulations, and industry standards governing our operations. The company maintains a strong culture of compliance and regularly reports on its governance practices, financial performance.

The committee:

- determines the Ashburton credit policy and framework (it has oversight over the Ashburton credit charter)
- reports on (oversees) credit exposures within Ashburton's funds,
- monitor annual reviews and covenant compliance
- provides credit risk oversight and monitoring for all credit assets contained in various Ashburton portfolios.

Ashburton Audit and Risk Committee (ARC)

The approval (and/or ratification) and implementation of this framework and risk limits and/or tolerance levels is delegated by the Board to the Ashburton Audit and Risk Committee (ARC). The ARC monitors the effectiveness of the risk management and compliance processes on behalf of the Board and reports their assessments to the Board on a regular basis.

We have implemented robust risk management processes to identify, assess, and mitigate risks across its operations. The company regularly monitors and evaluates potential risks, including financial, operational, and reputational risks, and takes proactive measures to address them. By prioritising risk management, we seek to safeguard the interests of investors and other stakeholders. It must:

1. Ensure that risk and compliance matters are given sufficient attention by the management structures.
2. Challenge management with respect to the robustness and comprehensiveness of the control framework.
3. Escalate significant risk and compliance matters to the Board and provide an assessment of management's response to these matters.
4. Set risk limits and/or tolerance levels in which the business must operate.

The ARC may mandate specialist sub-committees to oversee specific matters on its behalf. The ARC members must decide whether these sub-committees are required to have independent members.

Ashburton ESG Reporting

The Ashburton ESG reporting team is responsible for engagement, reporting and monitoring of the business's progress in adhering to its policy. As active owners, Ashburton votes at Annual General Meetings on behalf of its clients in line with our Proxy Voting Policy. This also means that we engage investee companies on material aspects of our ESG Policy, report on progress made and communicate this to our clients. Where disclosure is inadequate, we partner with investee companies to improve the standard of disclosure and encourage our investee companies and borrowers to adopt better ESG practices.

Such engagements are part and parcel of our fiduciary responsibilities.

Overall, we have developed our own governance framework which is complemented by FirstRand's governance framework and is designed to promote accountability, transparency, and responsible business practices across the organisation, reflecting our commitment to long-term value creation and sustainable growth.

Ashburton remains committed to upholding strong governance principles and fostering a culture of integrity, transparency, and accountability. We plan to continue to strengthen our governance framework, enhance Board effectiveness, and promote responsible corporate behaviour across our operations.

10 References and citations

6th African Investing for Impact Barometer by UCT-Riscura

CFA Society of South Africa

Code for Responsible Investing in South Africa (CRISA)

Environmental and Social Risk Assessment (ESRA)

FirstRand Climate-Related Disclosures

FirstRand Report to Society

King IV Report

Partnership for Carbon Accounting Financials (PCAF)

PWC Executive Directors Practices and Remuneration Trends Report

Stats SA

Sustainability Accounting Standards Board (SASB)

Task Force on Climate-Related Financial Disclosures

The Association for Savings and Investment South Africa

The International Sustainability Standards Board (ISSB) Standards

The Johannesburg Stock Exchange (JSE)

UN Principles for Responsible Banking

United Nations Principles for Responsible Investment (UNPRI)

United Nations Sustainable Development Goals (SDGs)

11 Abbreviations

ACEF - Ashburton Investments Credit Enhanced Funds

AFM - Ashburton Fund Managers

AICGC - Ashburton Investments Credit Governance Committee

ARC - Ashburton Audit and Risk Committee

ASISA - The Association for Savings and Investment South Africa

B-BBEE - Broad-Based Black Economic Empowerment

BNEF - Bloomberg New Energy Finance

CapEx - Capital Expenditures

CEO - Chief Executive Officer

CFA - Chartered Financial Analyst

CFO - Chief Financial Officer

CIB - Corporate and Investment Banking

CIO - Chief Investment Officer

COO - Chief Operating Officer

CRISA - Code of Responsible Investing in South Africa

CRO - Chief Risk Officer

CSR - Corporate Social Responsibility

ECD - Early Childhood Development

EdTech - Education Technology

ELET - Environment and Language Education Trust

ESG - Environmental, Social and Governance

ESRA - Electronic Signatures and Records Act

Exco - Executive Committee

FICA - Financial Intelligence Centre (FIC) Act

FirstRand - FirstRand Limited/FirstRand Group

FNB - First National Bank

FREF - FirstRand Empowerment Foundation

FRF - FirstRand Foundation

FSCA - Financial Sector Conduct Authority

FTE - Full Time Employee

GBVF - Gender-Based Violence and Femicide

GHG - GreenHouse Gases

GW - Gigawatt

HIV/AIDS - Human Immunodeficiency Virus /Acquired Immunodeficiency Syndrome

JSE - Johannesburg Stock Exchange

KPI - Key Performance Indicator

LDI - Liability Driven Investment

Minerals Council - The Minerals Council South Africa

MMI - Momentum Metropolitan Holdings Limited

MW - Megawatt

NPAT - Net Profit After Tax

NQF - National Qualifications Framework

OMBUDS - Ombudsman

PCAF - Partnership for Carbon AccountingFinancials

PWC - PriceWaterhouseCoopers Incorporated

Remco - Remuneration committee

RIO - BATSETA Council of Retirement Funds of South Africa Responsible Investment and active Ownership

SARS - South African Revenue Service

SASB - Sustainability Accounting Standards Board

SBTs - Science-Based Targets

SDGs - Sustainable Development Goals

Setcom - Social, ethics and transformation committee

SME - Small and medium-sized enterprise

SOEs - State-Owned Enterprises

TCF - Treating Customers Fairly

TCFD - Task Force on Climate-related Financial Disclosures

UN - United Nations

UNPRB - United Nations Principles for Responsible Banking

UNPRI - United Nations Principles for Responsible Investment