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SDG GRADED



Fund

SDG Impact Grading

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Executive Summary & SDG Grading

The Fund demonstrates a balanced and differentiated ESG and SDG profile, shaped by the unique strategies of its underlying asset managers. At the portfolio level, the Fund exhibits strong governance and social impact performance, with leadership in areas such as board independence, fair tax practices, gender representation, and employment in high-unemployment regions. These strengths underpin positive alignment to SDGs 1, 5, 8, 10, and 16, and position the Fund ahead of its benchmark on multiple socio-economic indicators.

Conversely, the Fund faces clear environmental challenges, particularly in relation to SDG 13 (Climate Action), SDG 14 (Life Below Water), and SDG 15 (Life on Land). Its exposures to carbon-intensive industries and extractives contribute to a net negative environmental footprint, and climate alignment remains below benchmark levels. These gaps highlight material transition and physical climate risks, as well as reputational and regulatory liabilities. Addressing these exposures through capital reallocation or corporate engagement, which may be the preferred option considering the South African extractive-based economy that dominates much of the listed equity market, will be essential to improve the Fund's sustainability credentials and risk resilience.

From an impact adjust returns perspective, all five managers delivered positive financial returns alongside net-positive SDG impact outcomes, with no "lose-lose" trade-offs. The analysis highlights clear positioning differences: some managers prioritised financial performance at the expense of stronger sustainability outcomes, while others tilted towards higher impact alignment with more modest returns. A few maintained a balanced profile between the two. Notably, asset manager 3 and 5 anchored the top returns but with mid-to-low impact scores, whereas asset manager 4 emerged as the impact leader with a strong balance of competitive returns. Asset manager 1 contributed higher impact but lagged in performance, while asset manager 2 provided steady, neutral balance. The results also shift depending on whether impact is measured through Core Impact (prioritised SDGs) or Comprehensive Impact (all SDGs), underlining the importance of defining impact priorities when allocating capital.

In summary, the Fund is well-positioned as a balanced ESG portfolio, with meaningful socio-economic contributions, sound governance, and targeted areas for environmental improvement. Its diversified impact-return profile supports both competitive performance and sustainable development outcomes, delivering value to investors while progressing towards the UN SDGs.

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SDG Impact Grading: Fund

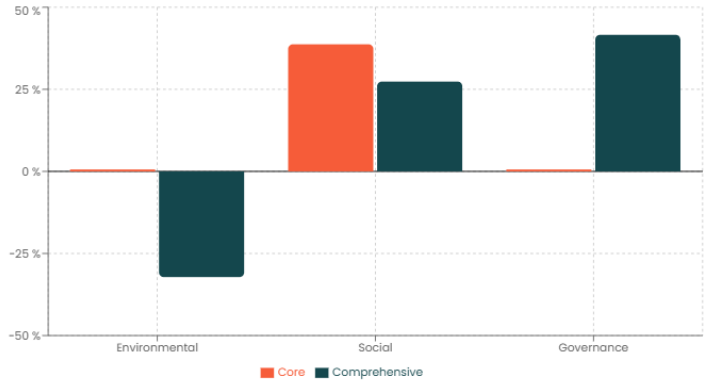
Core SDG Grading

C-	B-	B	BB 38.71%	A	AA	AA+

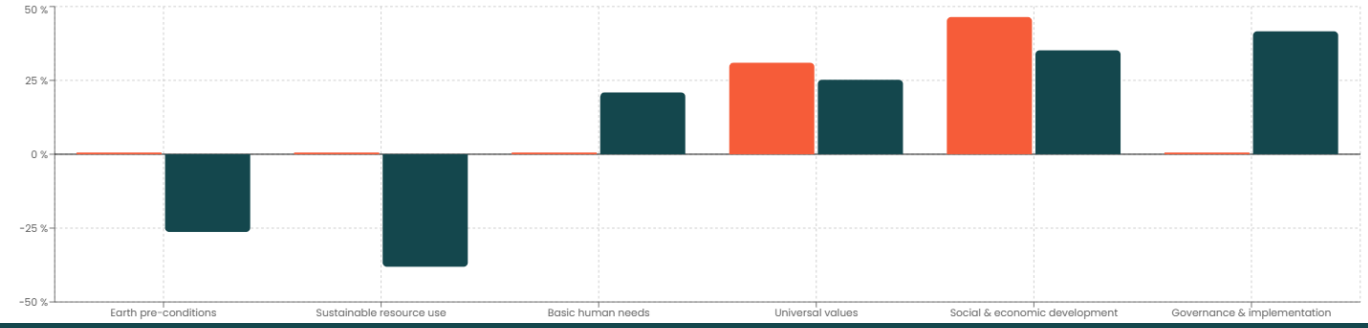
Comprehensive SDG Grading

C-	B- 10.11%	B	BB	A	AA	AA+

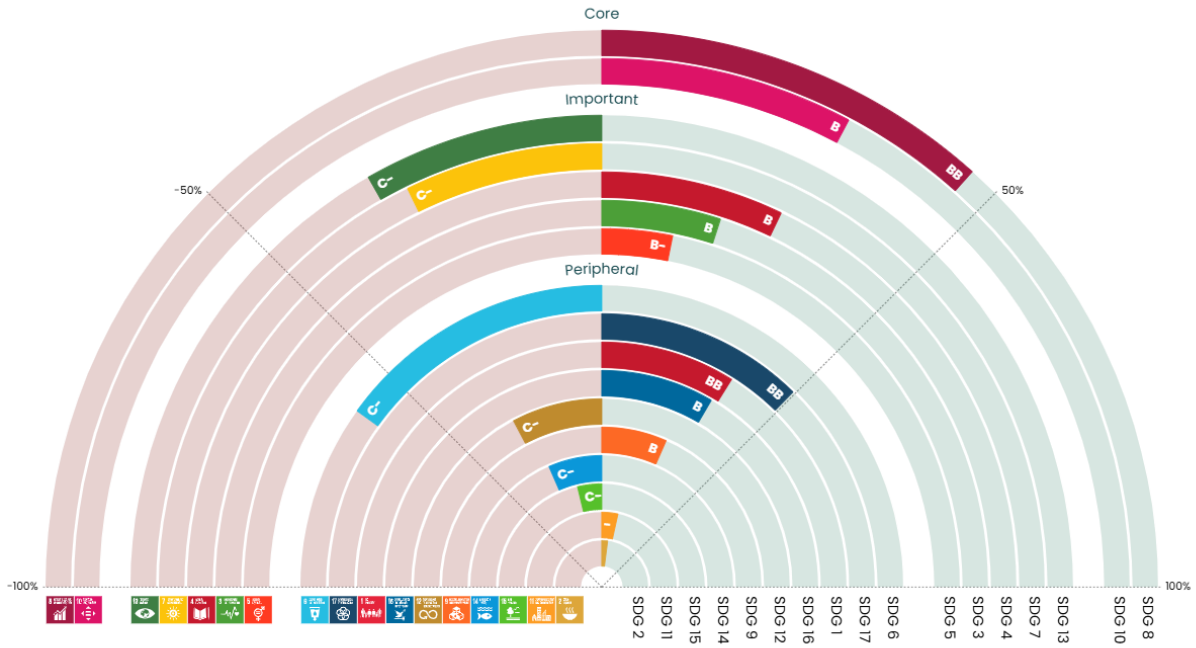
ESG Performance



Thematic Performance



+ Impact Structure



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SDG Impact Grading: Comparative

Fund

Core SDG Grading



Comprehensive SDG Grading



Custom Benchmark

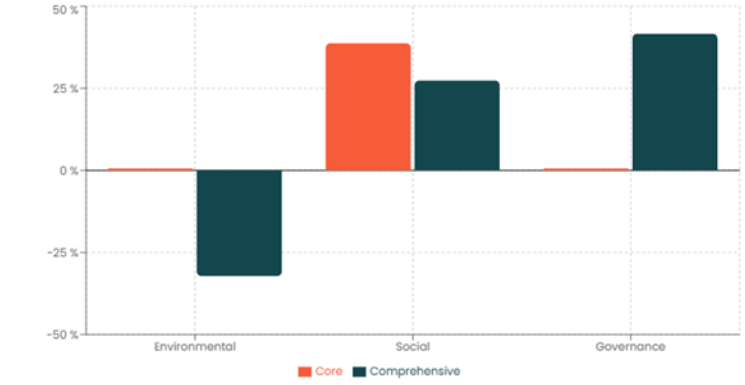
Core SDG Grading



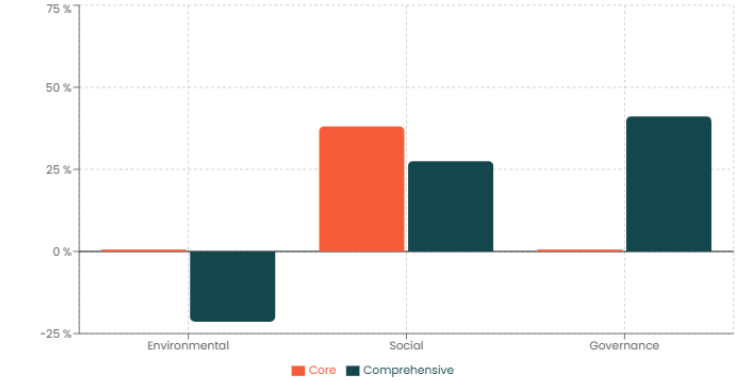
Comprehensive SDG Grading



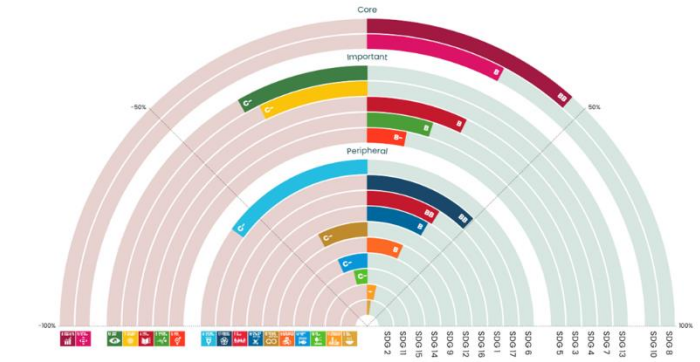
ESG Performance



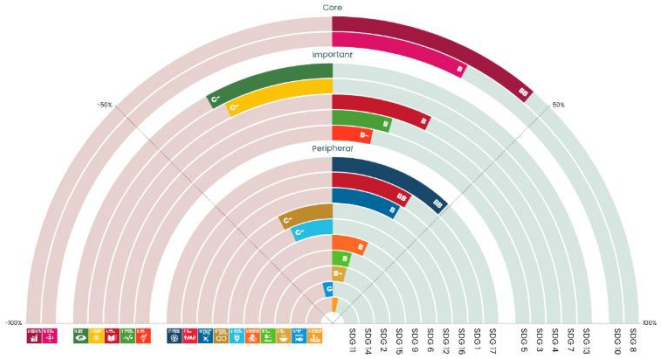
ESG Performance



Impact Structure

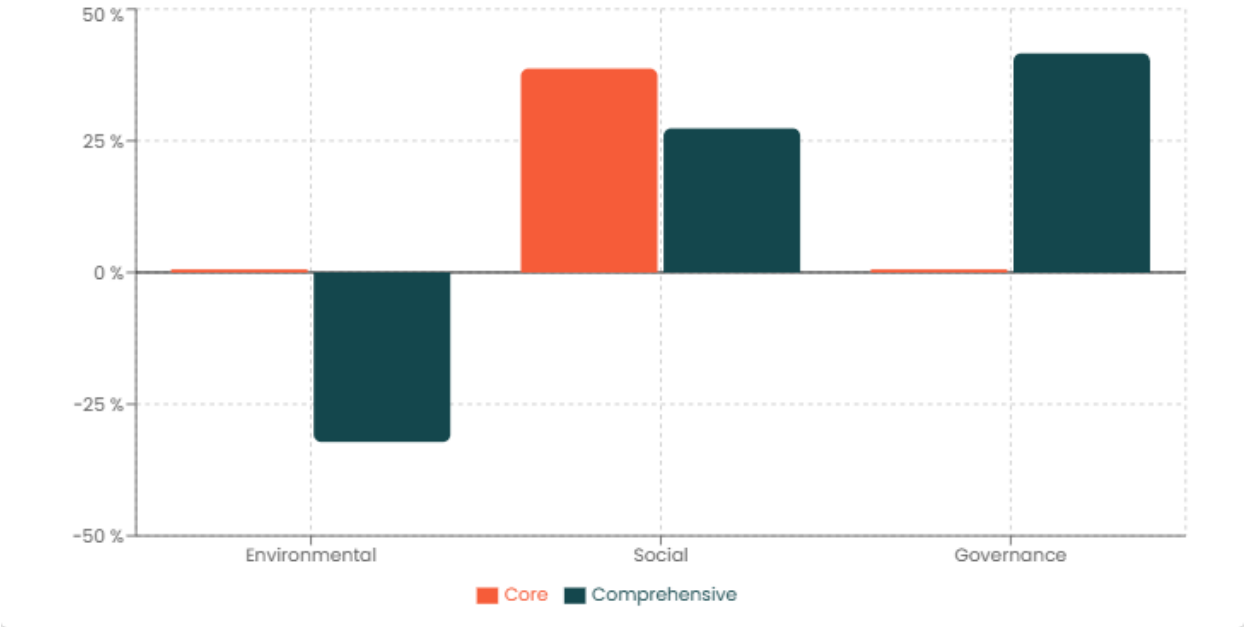


Impact Structure



ESG Performance: Portfolio Strengths & Leadership Themes

The Fund demonstrates notable ESG strengths, particularly in governance practices and social impact themes, where it leads its benchmark.



Governance: Across the portfolio, companies exhibit above-average governance quality. Independent board representation is slightly higher in the Fund than in the benchmark (a greater percentage of board seats held by independent directors). This suggests robust oversight and accountability in the Fund's holdings, a positive indicator for risk management and long-term performance. Additionally, executive remuneration appears more balanced: the portfolio's CEO-to-worker pay ratios are modestly lower than the benchmark's, implying fewer extreme pay disparities. Tax practices are another governance highlight; the portfolio companies collectively show a smaller "tax gap" (the difference between expected and actual taxes paid) than the benchmark. This points to higher tax compliance and transparency, aligning with SDG 16 (Peace, Justice & Strong Institutions) through ethical business conduct.

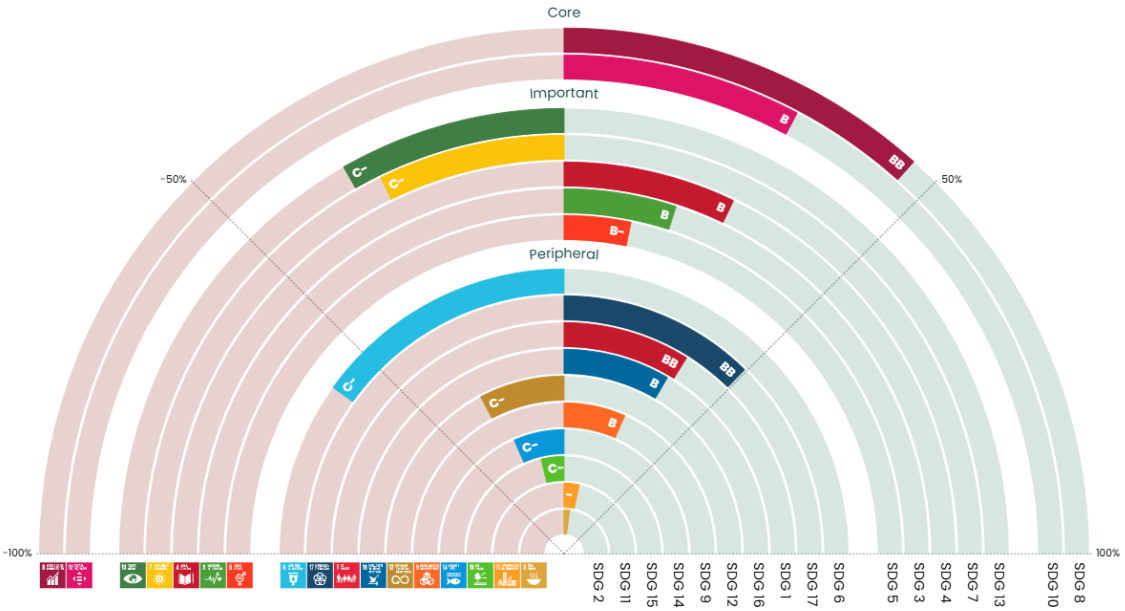
Social: The Fund's social impact performance is a clear leadership area. Holdings in the Fund contribute strongly to economic development and decent work outcomes. In relation to "investment equivalent" metrics, the portfolio finances more community benefits per $1 million invested than the benchmark, for example, funding more jobs in high-unemployment areas than a benchmark investment of the same size.

These results drive a positive alignment with SDG 8 (Decent Work & Economic Growth) and SDG 1 (No Poverty). The outperformance is largely attributable to fund allocations in financials and infrastructure: several banking and telecom holdings are expanding services in underserved regions, creating jobs and income opportunities. Asset managers 1 and 4 have notably emphasised such companies, which has elevated the Fund's social impact above the benchmark. Gender equality is another encouraging theme; the Fund averages a slightly higher percentage of women in senior management and boards relative to the benchmark

(contributing to SDG 5). One underlying manager, asset manager 3, holds companies with strong female leadership representation, setting the pace for this theme within the Fund.

In summary, the Fund's ESG strengths centre on responsible governance and positive socio-economic impact, where it acts as a sector leader and exceeds benchmark performance on multiple indicators.

SDG Rainbow: Areas for Growth & Risk



The Fund's SDG impact profile reveals a clear split between strong social performance and weak environmental performance. On the positive side, several socio-economic SDGs sit on the right-hand (positive) side of the "rainbow." For example, SDG 8 (Decent Work & Economic Growth) shows a net-positive alignment (BB grade, 45.33% score), reflecting the Fund's active positions in job-creating, inclusive businesses. This translates into above-neutral outcomes on community investment and employment creation. SDG 10 (Reduced Inequalities) also leans slightly positive (B grade, 33.40% score), aided by relatively equitable practices in the portfolio – for instance, lower executive pay gaps in certain holdings and investments that benefit lower-income communities. However, even among social goals, there are gaps: SDG 5 (Gender Equality) is only slightly above neutral (B grade, 21.37%), indicating some progress but not a leadership position, as women's representation in senior roles remains limited in many portfolio companies.

In contrast, the environmental SDGs are clustered on the left-hand (negative) side of the rainbow. SDG 13 (Climate Action) is deeply negative (C- grade, –29.40%), reflecting the Fund's heavy carbon footprint. SDG 7 (Affordable & Clean Energy) is likewise negative (C- grade, –18.27%), indicating reliance on non-renewable energy. SDG 12 (Responsible Consumption & Production) and SDG 15 (Life on Land) are both in negative territory (each C- grade, scores –

23.37% and –45.57% respectively), pointing to issues with waste, pollution, and resource exploitation in the portfolio. These patterns underscore where management and corporate attention are needed.

In summary, the SDG "rainbow" highlights a dichotomy: clear positive contributions to social goals versus clear negative impacts on environmental goals. To balance the Fund's impact profile, the focus must be on improving environmental outcomes while sustaining social strengths. Key areas for improvement include:

- Cutting carbon emissions and reducing coal/oil dependence (to shift SDG 13 toward a more neutral territory). This means addressing holdings like Sasol, a coal-based fuel producer whose inclusion (via asset managers 1 and 3's positions) has substantially inflated the Fund's carbon footprint and dragged down its climate score.
- Improving resource efficiency and pollution control (to address SDGs 12 and 15). This involves managing high-waste, high-pollution holdings in mining and materials, for example, large positions in Anglo American, Gold Fields, AngloGold Ashanti, Glencore, and Harmony Gold Mining, which generate enormous waste and hazardous by-products. Reducing or engaging these exposures would help move SDG 12 (circular economy alignment) from red/orange toward green.
- Enhancing diversity and inclusion initiatives (to bolster SDG 5). The Fund's gender impact is only modestly positive; insisting on better gender representation and equitable pay at investee companies, especially major local employers, would strengthen SDG 5. For instance, pushing banks and consumer firms to diversify leadership (where women currently average only ~29% of executive and board roles) can turn a neutral score into a leadership position on gender equality.

Addressing these areas will gradually shift more of the rainbow's bands from red/orange toward green, balancing the Fund's impact profile between people and planet.

ESG Financial Risk Impacts

The Fund's ESG characteristics carry **material financial risk implications** that merit close consideration. In particular, the portfolio's environmental exposures translate into tangible investment risks:

- **Transition Risk:** The heavy carbon footprint and negative climate alignment (SDG 13) imply the Fund is more exposed to climate transition risks than it ideally should be. In a scenario of aggressive carbon regulation or pricing, companies in the Fund, especially in the energy and materials sectors, could face higher costs, asset write-downs, or demand shifts. A notable example is the holding in Sasol, which, as a coal- and gas-based energy producer, would incur significant costs under stricter carbon pricing. This would impact the Fund's returns and volatility, potentially increasing tracking error relative to a low-carbon benchmark. Indeed, the portfolio's carbon intensity (Scope 1 and 2 emissions per revenue) is above the benchmark, flagging a vulnerability to future carbon taxes or investor divestment trends. Likewise, several mining holdings (e.g. coal-heavy miners and

oil producers) not only emit heavily but may face stranded assets as the world transitions; these positions subtract from SDG 7 and SDG 13 scores and add risk.

- **Environmental Liability Risk:** Companies linked to environmental harm carry litigation and remediation risks. For example, mining companies with poor waste management could face cleanup liabilities or environmental fines. The Fund's significant exposure to resource-intensive firms (metals & mining, chemicals) means potential future liabilities, whether acid mine drainage cleanup for gold miners like Harmony, or community lawsuits for pollution, could impair those companies' financial performance and thus the Fund's value. These environmental risks are reflected in the Fund's weak SDG 12 and 15 scores, and they could translate into financial downsides if not managed (through insurance, provisions, or improved practices).

- **Physical Climate Risk**: Many portfolio companies operate in regions susceptible to climate-related hazards (droughts, floods, extreme weather). The Fund is not markedly more resilient than the market on physical risk, for instance, a material portion of the Fund's property and banking assets are in South Africa, a region facing drought and flood risk. Should extreme climate events damage infrastructure or disrupt supply chains, affected holdings (e.g. banks like Nedbank with lots of local property collateral, or retailers like Pepkor reliant on distribution networks) could see financial strain. Improving climate adaptation and resilience plans in these companies will be key. Engaging investees on their climate risk preparedness, for example, ensuring they have water security plans and disaster recovery strategies, can mitigate future physical risks. Tilting future investments toward more climate-resilient businesses (e.g. renewable energy utilities, water-efficient industries) could also reduce portfolio risk over time.

On the positive side, the Fund's strong **governance and social profile help mitigate certain risks**:

- **Governance Strength:** High board independence and robust management oversight in many holdings correlate with fewer corporate crises and scandals, reducing tail-risk events. The portfolio maintains about 70% independent directors on average, which is healthy. Indeed, governance best practices likely contribute to slightly lower volatility for the Fund relative to an ESG-laggard portfolio. For example, Pepkor, a consumer retailer in the Fund, went through governance turmoil during the Steinhoff scandal era, but renewed focus on independent oversight and audit processes at Pepkor is helping restore trust. By continuing to promote strong governance in such companies (e.g. ensuring Pepkor's board and controls remain truly independent), the Fund can avoid repeats of severe conduct risk events.

Overall, our model infers that the Fund slightly improves its active risk profile through governance factors, partially offsetting the elevated environmental risk. Likewise, attention to ethical conduct (e.g. avoiding bribery or corruption cases) reduces the risk of catastrophic fines or reputational damage impacting the Fund. The processes to monitor UN Global Compact/OECD compliance are an area for improvement, as currently a majority of portfolio companies lack formal policies here, but this also represents upside potential. If more holding

institutions hold robust ethics and human rights compliance programs, it would further mitigate governance and legal risks (and boost SDG 16 performance).

- **Social Risk Management:** The Fund has minimal exposure to companies with severe social harms. There are no significant stakes in sectors like controversial weapons, gambling, or predatory lending. Even the Fund's exposure to tobacco (e.g. a mid-sized position in British American Tobacco) is moderate and managed across multiple managers, meaning the portfolio isn't overly reliant on socially harmful revenue streams. This conscious avoidance of "sin sectors" is evidenced by the portfolio's strong score on "avoiding social harm" metrics. Fewer social controversies mean lower risk of sudden divestment or regulatory shocks (for instance, no outsized litigation risk from opioid manufacturers or the like). Additionally, the inclusive growth focus (high SDG 8/10 alignment) suggests the Fund invests in companies that treat stakeholders relatively well. This can result in more stable labour relations, higher employee retention, and better brand loyalty, all positive for long-term performance. For example, companies creating jobs in underserved areas or providing affordable services (like a telecom expanding rural coverage) enjoy goodwill and often face less political/regulatory risk.

Overall, while the portfolio's net ESG impact is mixed, its net ESG risk profile is also mixed: governance and social strengths offset some of the environmental risk, but not all. Proactive risk management, such as reducing carbon exposure (e.g. gradually phasing out holdings like Sasol if they do not transition in line with their 2030 commitments) and insuring or hedging against physical climate risks, will be key to improving the Fund's resilience. Continual engagement with companies on sustainability practices (from emissions to diversity to anti-corruption) can both enhance impact and reduce the likelihood of ESG-related value destruction.

Impact adjusted returns

Executive Summary

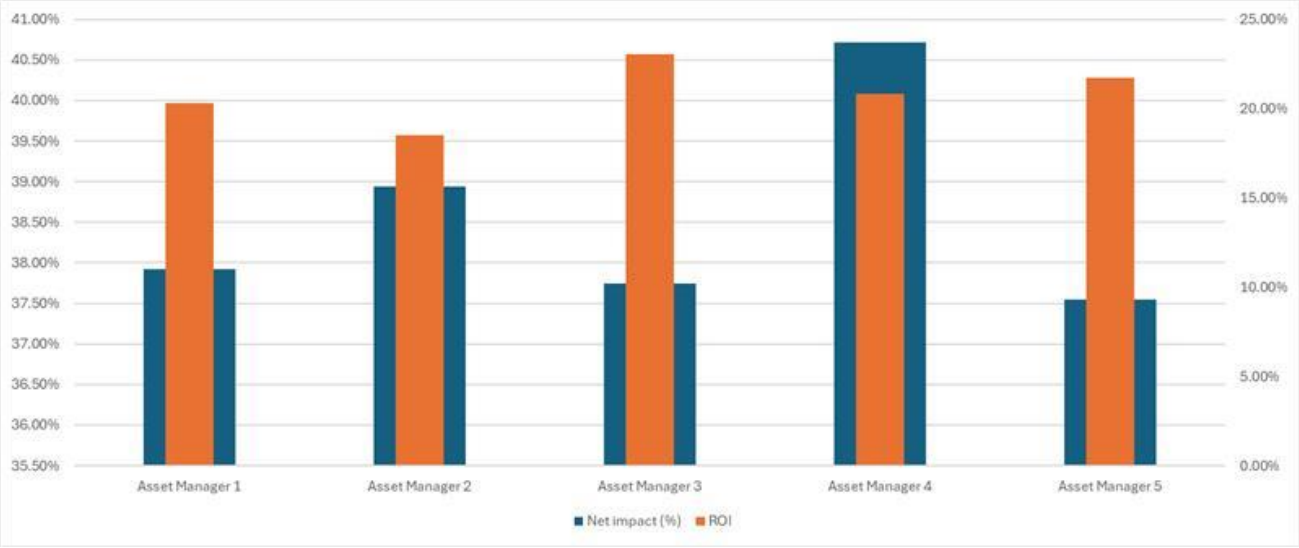
Over the last 12 months, all five underlying managers achieved positive financial returns and net-positive SDG impact. There were no "lose-lose" outcomes.
The real insight lies in the trade-offs:

- Some managers maximised returns but delivered lower impact outcomes.
- Others prioritised sustainability alignment, accepting lower financial performance.
- A small number maintained a balanced profile between the two.

Results also shift depending on whether we look at Core Impact (prioritised SDGs) or Comprehensive Impact (across all SDGs).







Key insights

High Return, Mid-Range Impact — Asset Manager 3

Asset manager 3 led the group on 1-year returns, achieving approximately 22–23%. This strong financial showing came with a mid-pack net SDG impact score (~37.6%), signalling that while the portfolio's holdings contributed positively to sustainability goals, they were not impact-leaders.

Asset manager 3's positioning makes it a return-driven anchor for an allocation, useful where performance weight is needed without sacrificing impact entirely.

Return-Led, Impact Laggard — Asset Manager 5
Asset manager 5 also achieved an impressive return (~21–22%), placing it in the top tier financially. However, its net SDG impact score was the lowest in the group (~37.5%). This suggests portfolio exposures tilted towards sectors or companies with weaker sustainability impacts, even though they were strong financial performers. Asset manager 5's profile is best for maximising return in the short term, but would dilute the portfolio's overall SDG alignment and future ESG risks.

Impact Leader, Competitive Return — Asset Manager 4's Segregated Domestic Mandate
Asset manager 4 achieved the highest net SDG impact score (~40.9%), demonstrating strong portfolio alignment with sustainability objectives. This impact leadership was achieved while still delivering a competitive return (~20–21%), though not matching the top performers. Its strength lies in sustainability impact returns, improving the portfolio's ESG profile without giving up all financial performance gains.

Balanced, but unexceptional — Asset Manager 2 Domestic Balanced Fund
Asset manager 2 sat in the middle for both return (~20%) and impact (~37.9%), without standing out in either dimension. Its balanced but modest profile means it neither drives nor drags overall portfolio metrics. As such, asset manager 2 serves as a neutral stabiliser in an allocation.

Impact-Tilted, Lower Return — Asset Manager 1 Domestic Balanced
Asset manager 1 ranked second-highest for impact (~38.9%) but recorded the lowest 1-year return (~19–20%). This reflects a possible tilt towards sustainability-aligned holdings, possibly at the cost of higher-return, lower-impact investments. It's a potential choice for strengthening impact metrics while accepting lower relative performance.

Portfolio Positioning Considerations

- **To boost impact:** Increase allocation to asset managers 1 or 4.
- **To boost returns:** Increase allocation to asset managers 3 and 5.
- **To balance both:** Maintain a blend, using asset manager 2 as a neutral core and pairing asset manager 4 with asset manager 3 for an impact/return balance.