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# Responsible Investing Report 2025

Our vision for sustainable and inclusive prosperity



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# CEO Foreword

## Investing with purpose, impact and insight

The choices we make as investors ripple far beyond balance sheets. They touch communities, affect the planet and shape the opportunities available to future generations. In a world of rising inequality, increasing extreme weather events, and shifting public trust in institutions and markets, the question is no longer whether responsible investing matters – it is whether we are ready to act with purpose.

The 2025 edition of the **Sanlam Investments Responsible Investing Report** takes you inside our deliberate actions. It is not a catalogue of intentions, but a record of tangible impact. This year's report also aligns with the priorities of the recent **Group of 20 (G20)** and

**Business 20 (B20)** summits, held in Johannesburg in November 2025. These focused on pressing issues such as sustainability, equality, employment, finance, infrastructure and the just transition – all which shape the everyday realities of South Africans.

We share carefully selected case studies – including Impofu Cluster Investment's renewable energy project in the Eastern Cape, and Wetility Finance's inclusive economic models – and we show how active stewardship drives measurable change. However, our impact extends beyond these individual engagements. Across private equity and infrastructure investments, we demonstrate how financial

oversight can be combined with inclusive growth, job creation and embedded ESG practices – while delivering long-term community value.

This year also marks the launch of our **Sanlam ESG and Impact Advisory Unit**, a dedicated engine to turn ambition into outcomes. The purpose of the unit is to support investments across their lifecycle – from ESG due diligence to strategy design, capacity-building and bespoke advisory. Serving both Sanlam Investments' teams and external stakeholders, including partners and clients, it transforms sustainability from a compliance exercise into a driver of innovation, resilience and inclusive growth.

Every page of this report is an invitation: to witness how our investments create lasting value, to see the measurable difference that thoughtful engagement makes, and to explore a vision in which opportunity, resilience and equity go hand-in-hand to create lasting impact.

As you turn these pages, I hope you are not just informed, but inspired. The journey toward a more sustainable, equitable future is underway – and these stories show what is possible when purpose and investment converge.

**“Our investments do more than allocate capital – they create opportunities, strengthen communities and help build a sustainable future”**

**Carl Roothman | CEO of Sanlam Investment Group**



# A note from the Head of ESG and Impact

Strengthening our ESG commitment: Impact highlights and accomplishments

By Teboho Makhabane, Head of ESG and Impact at Sanlam Investments

There is a growing realisation that we cannot continue investing as though the world is not changing. Because it is. We're seeing more extreme weather, growing inequality and eroding trust between the public and institutions. The paradigm of investing – focused solely on profit, disconnected from its real-world consequences – is slowly being brought into question.

We are entering a world, albeit gradually, where responsible investing is no longer optional. In the years ahead, we will look back and find it almost inconceivable that any investment was made without regard for its environmental footprint, social impact or governance integrity. At Sanlam Investments, we are not waiting for

that future – we are building it. It is already in our DNA.

#### Strengthening ESG integration

This year, we strengthened our ESG integration across portfolios, embedding climate risk, social equity and ethical governance into our core investment processes. Through our engagements, we held companies to account on their just transition plans, carbon emissions, board diversity and community impact. In our unlisted strategies, we advanced investments that create jobs, expand infrastructure and enhance access to essential services, demonstrating that commercial and developmental outcomes are not mutually exclusive.

Every rand we invest carries consequences. Every decision shapes a future. For us, responsible investing is an awareness that we are stewards of a world that does not belong to us alone. We inherited it and we are borrowing it for generations to come.

These highlights and accomplishments are milestones on a much longer journey. And while the world continues to change, one thing remains constant: our commitment to use capital as a force for good, today and for the future we are entrusted to help build.



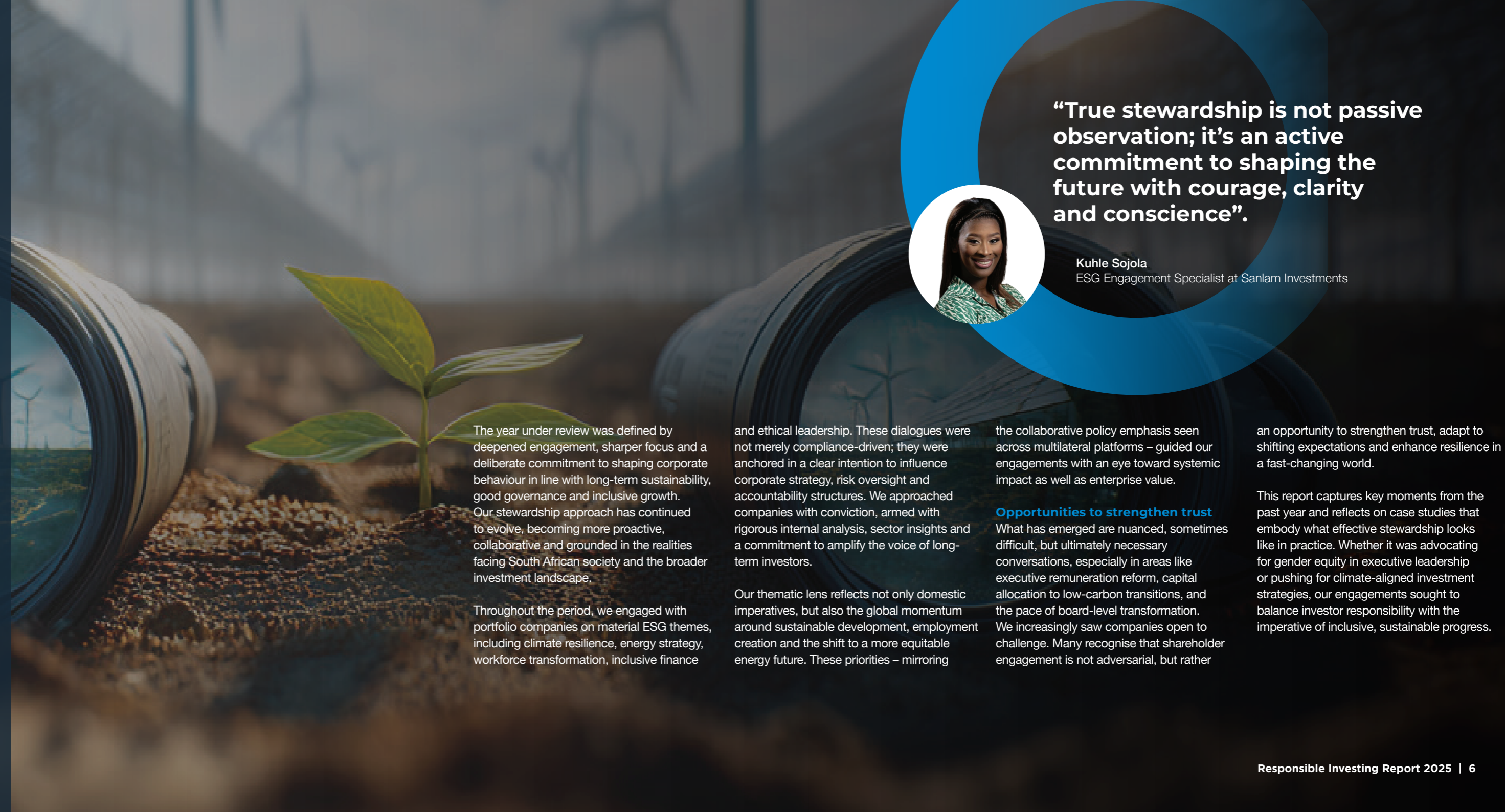
**“We are stewards of a world that does not belong to us alone”.**

Teboho Makhabane  
Head of ESG and Impact at Sanlam Investments

# Section 1: Stewardship & active ownership

Local and offshore engagements  
The value of active engagement in influencing change

By **Kuhle Sojola**, ESG Engagement Specialist at Sanlam Investments



The year under review was defined by deepened engagement, sharper focus and a deliberate commitment to shaping corporate behaviour in line with long-term sustainability, good governance and inclusive growth. Our stewardship approach has continued to evolve, becoming more proactive, collaborative and grounded in the realities facing South African society and the broader investment landscape.

Throughout the period, we engaged with portfolio companies on material ESG themes, including climate resilience, energy strategy, workforce transformation, inclusive finance

and ethical leadership. These dialogues were not merely compliance-driven; they were anchored in a clear intention to influence corporate strategy, risk oversight and accountability structures. We approached companies with conviction, armed with rigorous internal analysis, sector insights and a commitment to amplify the voice of long-term investors.

Our thematic lens reflects not only domestic imperatives, but also the global momentum around sustainable development, employment creation and the shift to a more equitable energy future. These priorities – mirroring

the collaborative policy emphasis seen across multilateral platforms – guided our engagements with an eye toward systemic impact as well as enterprise value.

**Opportunities to strengthen trust**  
What has emerged are nuanced, sometimes difficult, but ultimately necessary conversations, especially in areas like executive remuneration reform, capital allocation to low-carbon transitions, and the pace of board-level transformation. We increasingly saw companies open to challenge. Many recognise that shareholder engagement is not adversarial, but rather

an opportunity to strengthen trust, adapt to shifting expectations and enhance resilience in a fast-changing world.

This report captures key moments from the past year and reflects on case studies that embody what effective stewardship looks like in practice. Whether it was advocating for gender equity in executive leadership or pushing for climate-aligned investment strategies, our engagements sought to balance investor responsibility with the imperative of inclusive, sustainable progress.

**“True stewardship is not passive observation; it’s an active commitment to shaping the future with courage, clarity and conscience”.**



**Kuhle Sojola**  
ESG Engagement Specialist at Sanlam Investments

# A. Local engagements

## Case Study 1:

### Life Healthcare | Promoting equity and retention in a challenging environment

In July 2024, Sanlam Investments engaged Life Healthcare (LHC) during its pre-AGM roadshow to discuss a number of ESG matters, with a particular focus on board diversity, employee retention and remuneration reform.

#### Strategies to retain talent

Life Healthcare has been a long-standing engagement partner, and over the years we've supported them through several key governance and leadership transitions. Our focus has consistently included board diversity, remuneration reform and employee retention.

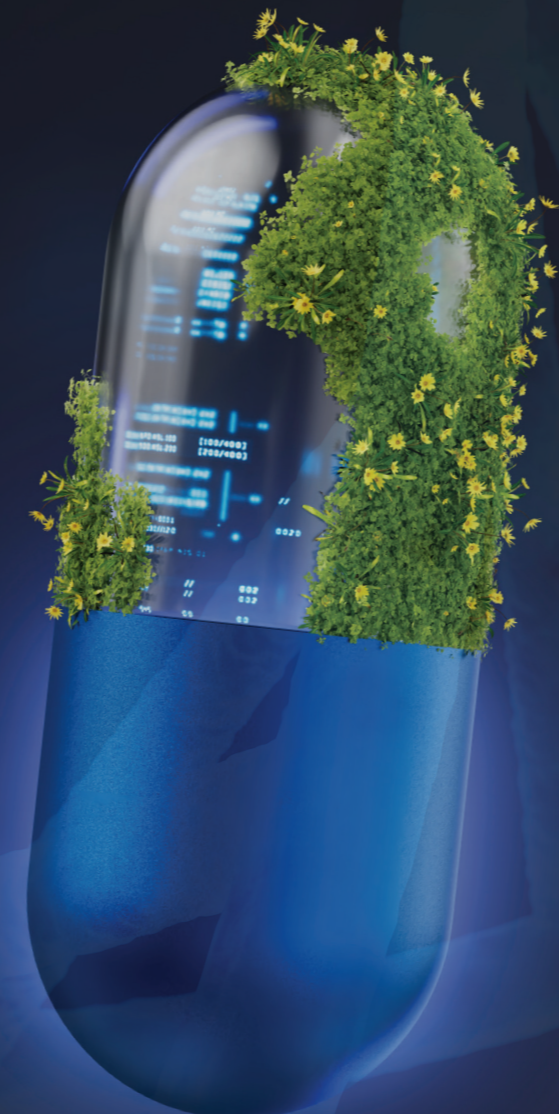
Through sustained, trust-based engagements, we've seen meaningful shifts in their governance and

operational practices. Recently, our discussions have focused on the company's response to high attrition rates among nursing staff. Life Healthcare has rolled out targeted interventions – including wellness programmes, mental health support, retention bonuses, and clearer internal communication to address misconceptions about pension structures. The Employee Share Plan was also discussed as a tool to support long-term retention and deepen employee engagement.

Regarding remuneration, the company has implemented a single incentive structure that consolidates short and long-term incentives. This is intended to better align employee rewards with shareholder expectations, while also

incorporating ESG metrics – now with a **5% weighting** in the long-term incentive framework. Life Healthcare has also committed to enhancing transparency around performance benchmarking, particularly in the disclosure of actual versus budgeted outcomes post-period.

We're proud of the journey we've walked together and the progress achieved over time. We will continue to monitor implementation, especially the disclosure of ESG metrics and the effectiveness of the company's new staff retention strategies.



## Case Study 2:

### Remgro: Strengthening governance through ESG-linked incentives and board reform

#### Governance

Sanlam Investments has enjoyed a longstanding and constructive relationship with Remgro, marked by ongoing dialogue on evolving governance priorities. During their July 2024 governance roadshow, discussions focused on board composition, remuneration policy and the integration of ESG factors into incentive frameworks.

Over time, Remgro has made meaningful enhancements. A shift from informal board nomination processes to a formal, externally managed vetting system has brought additional structure and transparency. The company has also partnered with an independent provider for board independence testing. This is a strong step towards

reinforcing governance objectivity.

Board composition continues to evolve thoughtfully. While diversity in race and age is well represented, Remgro has acknowledged the opportunity to increase gender representation. Planned director rotations are helping facilitate generational renewal, with future appointments expected to bring ESG-related skills into sharper focus.

#### ESG-linked performance measures

Remgro has continued to refine its long-term incentive (LTI) framework, embedding ESG performance metrics in alignment with stakeholder expectations. The ESG weighting was initially set at 20% and subsequently adjusted to 15% as part of a responsive

and thoughtful calibration process. Further discussions are ongoing to ensure the structure remains balanced and effective.

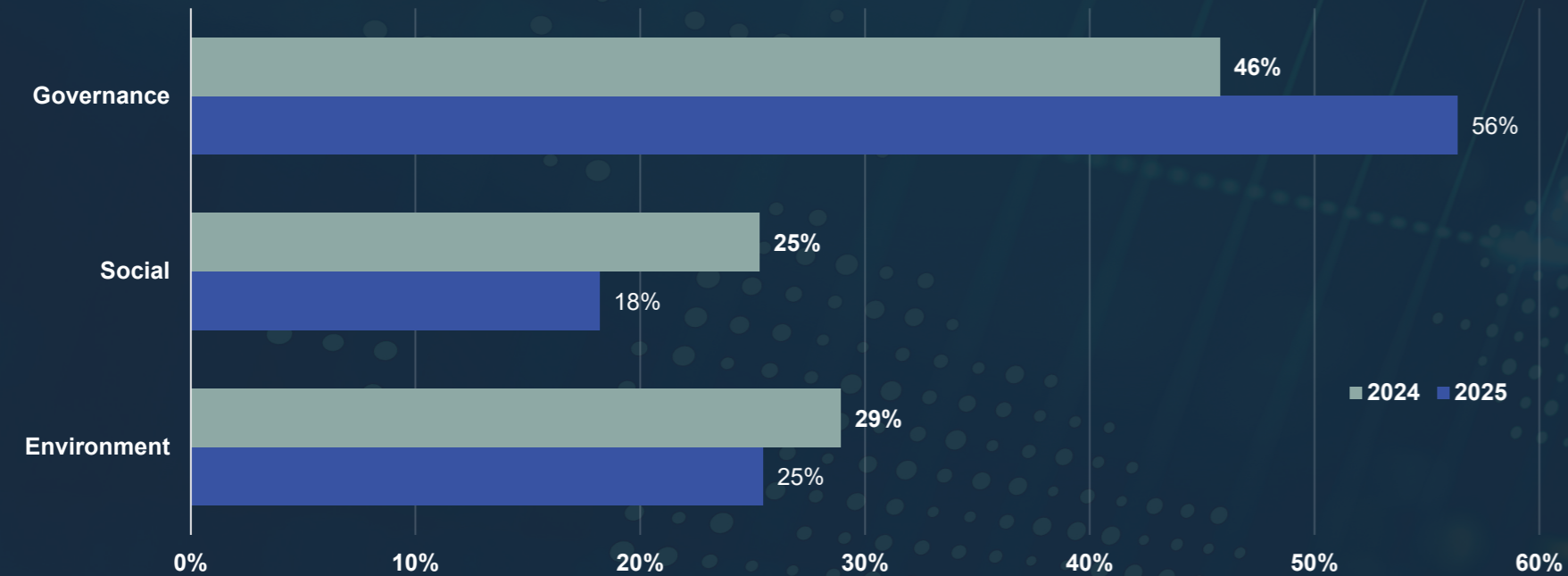
A key milestone is the company's commitment to publicly disclose measurable ESG targets by the end of the 2024/25 financial year, further reinforcing its accountability to long-term sustainability goals.

We deeply value the openness and progress Remgro has demonstrated. It has been a privilege to accompany them on this journey, and we look forward to continued collaboration around ESG transparency and inclusive governance.



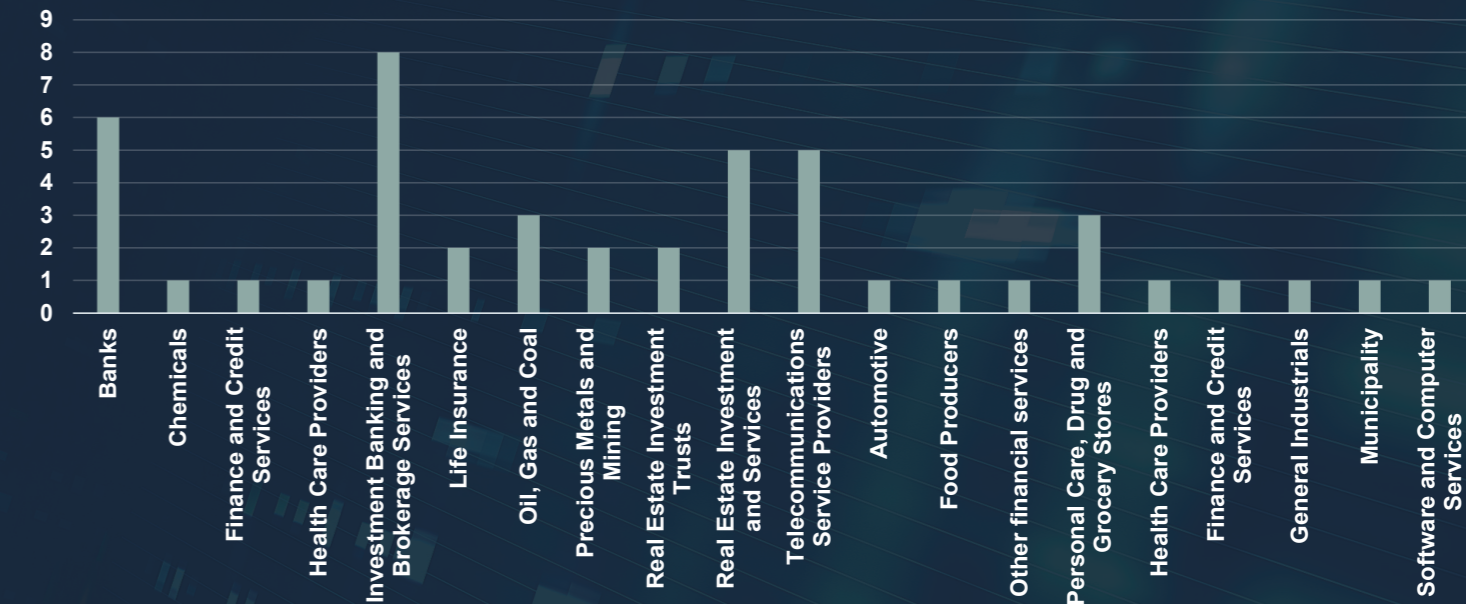
# Sanlam Investments engagement themes

Figure 1: Sanlam Investments engagement themes (2025/2024)



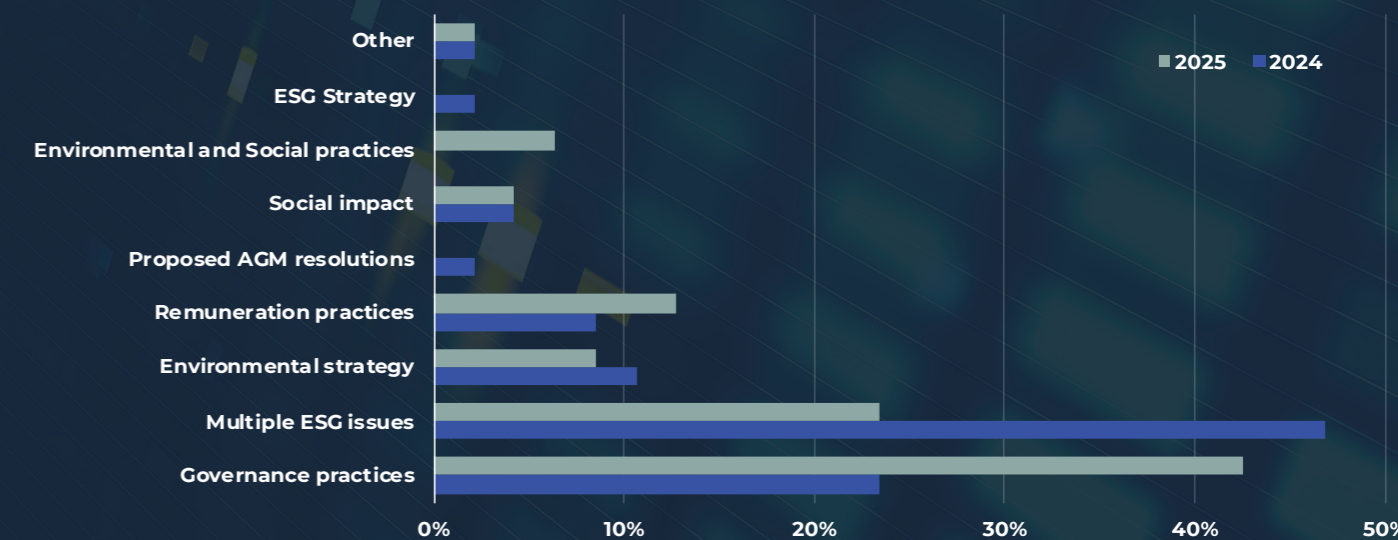
Source: Sanlam Investments, 2025

Figure 2: Sanlam Investments in-house engagement sector 2025



Source: Sanlam Investments, 2025

Figure 3: Sanlam Investments primary dialogue (2025/2024)

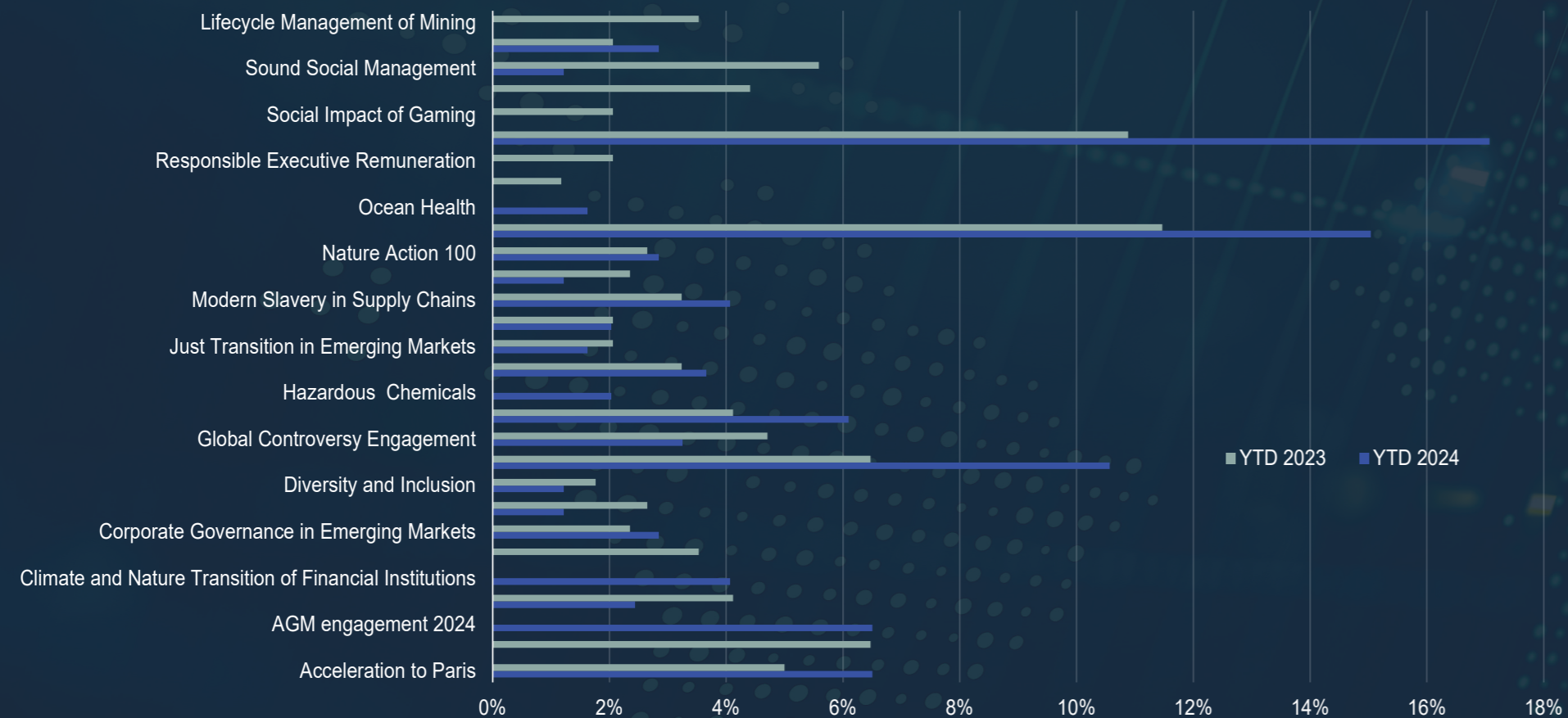


Source: Sanlam Investments, 2025



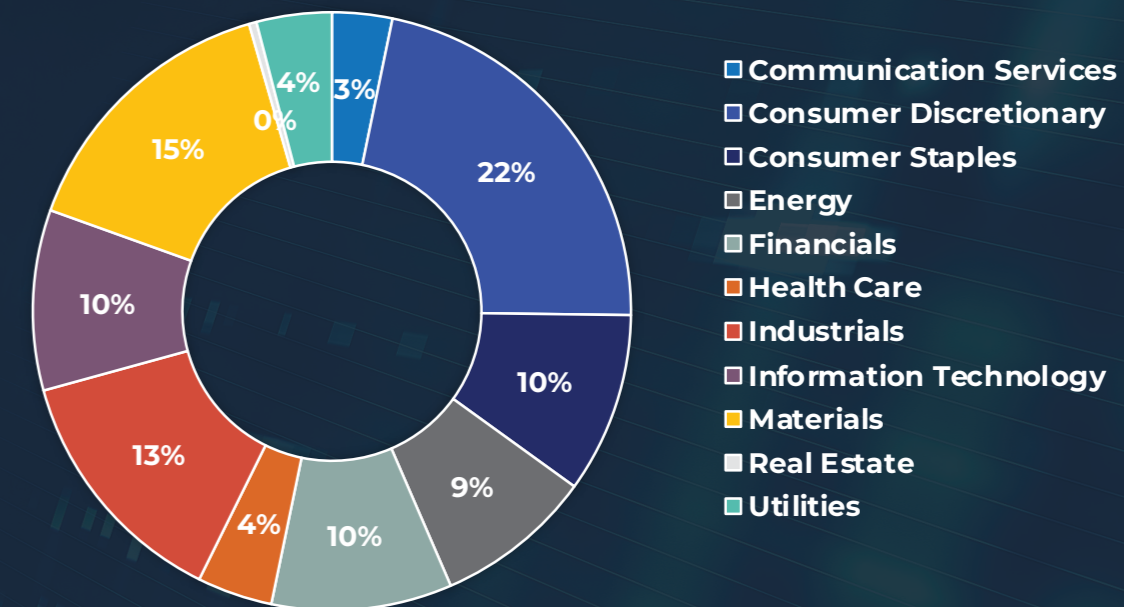
## B. Offshore engagements

**Figure 1:**  
Robeco engagements themes (2024/2023)



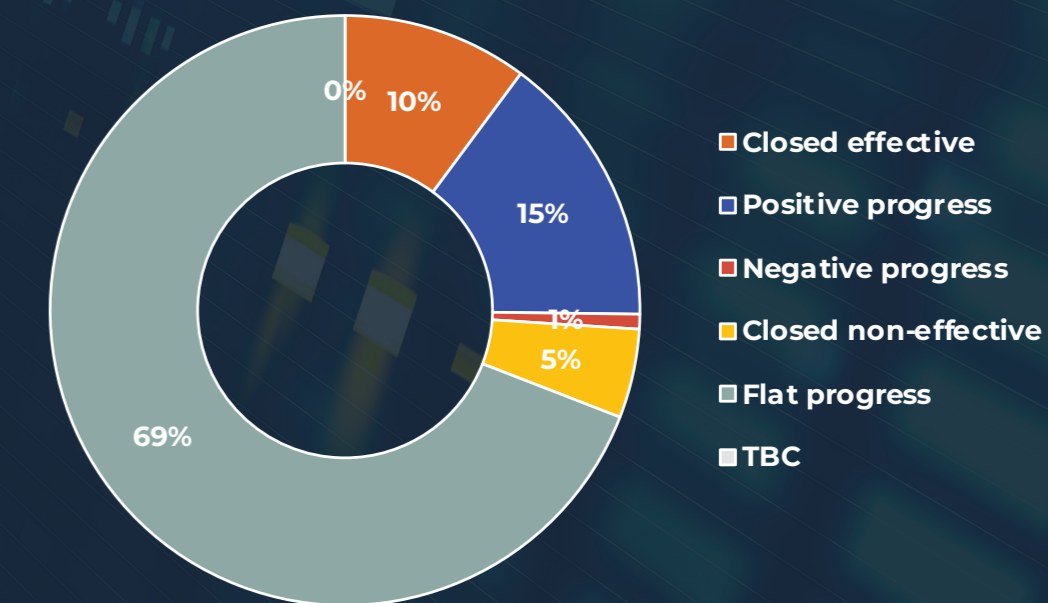
Source: Robeco Asset Managers, 2024

**Figure 2:**  
2024 Robeco engagements per sector



Source: Robeco Asset Managers, 2024

**Figure 3:**  
2024 Robeco engagements - progress



Source: Robeco Asset Managers, 2024

# Proxy voting

## Driving positive change by exercising the right to vote

By Mlamli Roji, ESG Analyst at Sanlam Investments, supported by Robeco

Over the past year, Sanlam Investments has exercised its right to vote at investee companies' annual general meetings (AGMs) to drive positive change on ESG issues. We do this through our local representatives and through our previous offshore partner, Robeco. We believe that as shareholder pressure mounts on ESG issues, so boards sit up and take notice. In this section, we look at two offshore companies in which ESG issues formed part of the agenda at AGMs held between July 2024 and June 2025. In doing so, we hope to encourage South African companies to put increased emphasis on these critical issues.

**“Investors respect that transparency, ambition and most importantly – action – is required when it comes to ESG.”**



Mlamli Roji  
ESG Analyst at Sanlam Investments

## Case Study: SSE plc

SSE (formerly Scottish and Southern Energy plc) is a multinational utility company listed on the London Stock Exchange. SSE are involved in electricity generation, transmission and distribution. At the company's AGM in July 2024, one of the resolutions proposed was to approve the company's Net-Zero Transition Report for the year ending 31 March 2024. We voted in favour of the resolution.

**SSE's Annual Report 2024** outlines the company's roadmap towards net-zero scope 1 and scope 2 emissions by 2040, and net zero on all emissions by 2050. Science-based targets are at the heart of the report, giving shareholders high confidence in the company's ability to achieve its stated objectives. To

illustrate SSE's progress, we looked at its performance on greenhouse gas emissions (GHG) from electricity generation.

In the financial year 2017/18, the case study base year, SSE's electricity generation, its largest contributor to direct climate impact, made up about two-thirds of its absolute scope 1, 2 and 3 GHG emissions at 10.1 million tonnes CO<sub>2</sub>e. By 2023/24, this component had fallen to 4.3 million tonnes CO<sub>2</sub>e, making up 46% of the company's absolute GHG emissions.

**Overall, the company's GHG emissions have fallen by an impressive 38.4% between 2017/19 and 2023/24, indicating a concerted**

**effort by management to attain its net zero objectives.**

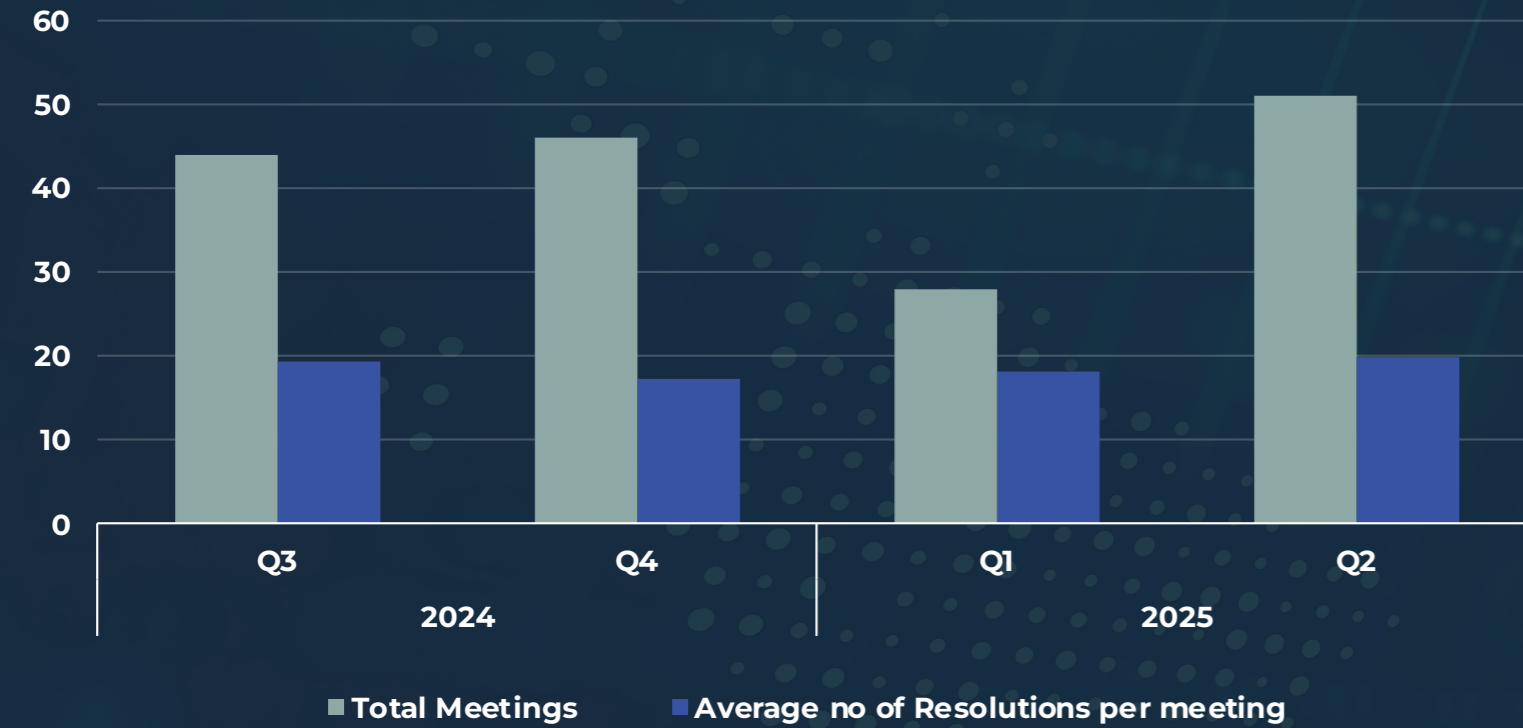
The resolution was approved at the SSE AGM, with most shareholders (98.2%) voting in favour of the Net-Zero Transition Report. This signals strong investor endorsement of SSE's decarbonisation roadmap, affirming its credibility, ambition and integration into corporate strategy.

While shareholders may continue to monitor implementation and push for higher targets, SSE is clearly seen as a leader in the just transition space.



## Overview of local votes:

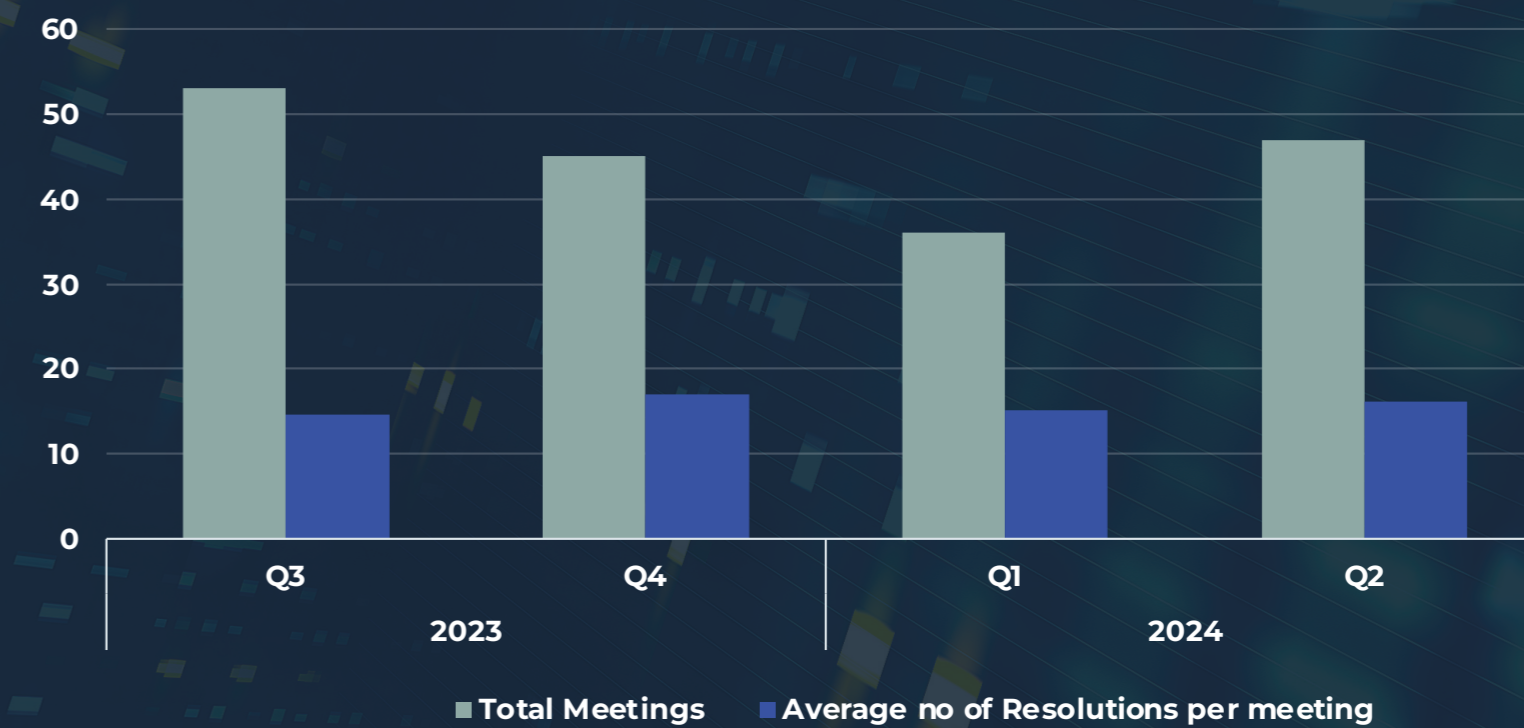
Figure 1: Total number of quarterly local shareholder meetings (2024/2025)



Source: Sanlam Investments, 2025

We voted on an average of 790 resolutions per quarter in 2024/2025, compared to 769 the year before. The increase may reflect unbundled resolutions and the new requirement for shareholders to elect Social and Ethics Committee members. Meanwhile, the average number of meetings fell from 45 to 42.

Figure 2: Total number of quarterly local shareholder meetings (2023/2024)



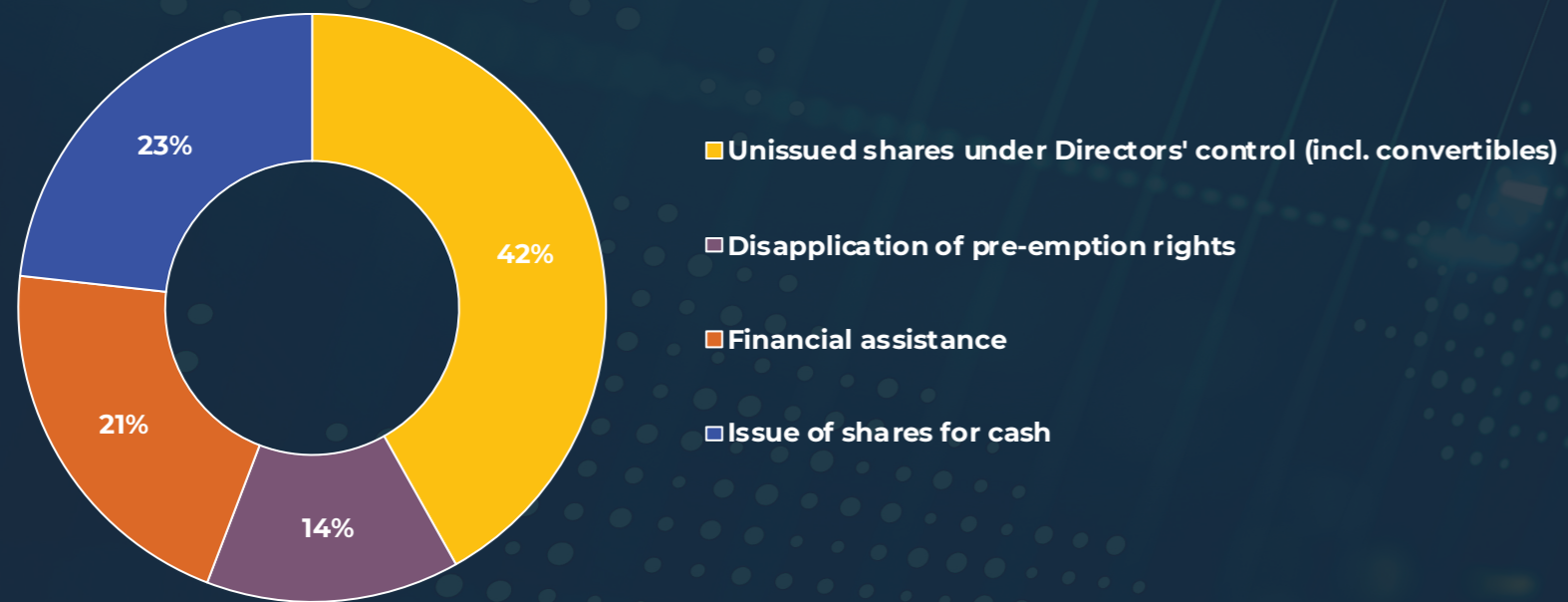
Source: Sanlam Investments, 2025



## Overview of local votes:

We voted against an average of 8% of the resolutions presented for voting per quarter during the 2024/2025 period, a stable number relative to 2023/2024.

**Figure 3:**  
Reasons for declining capital resolutions (2024/2025)



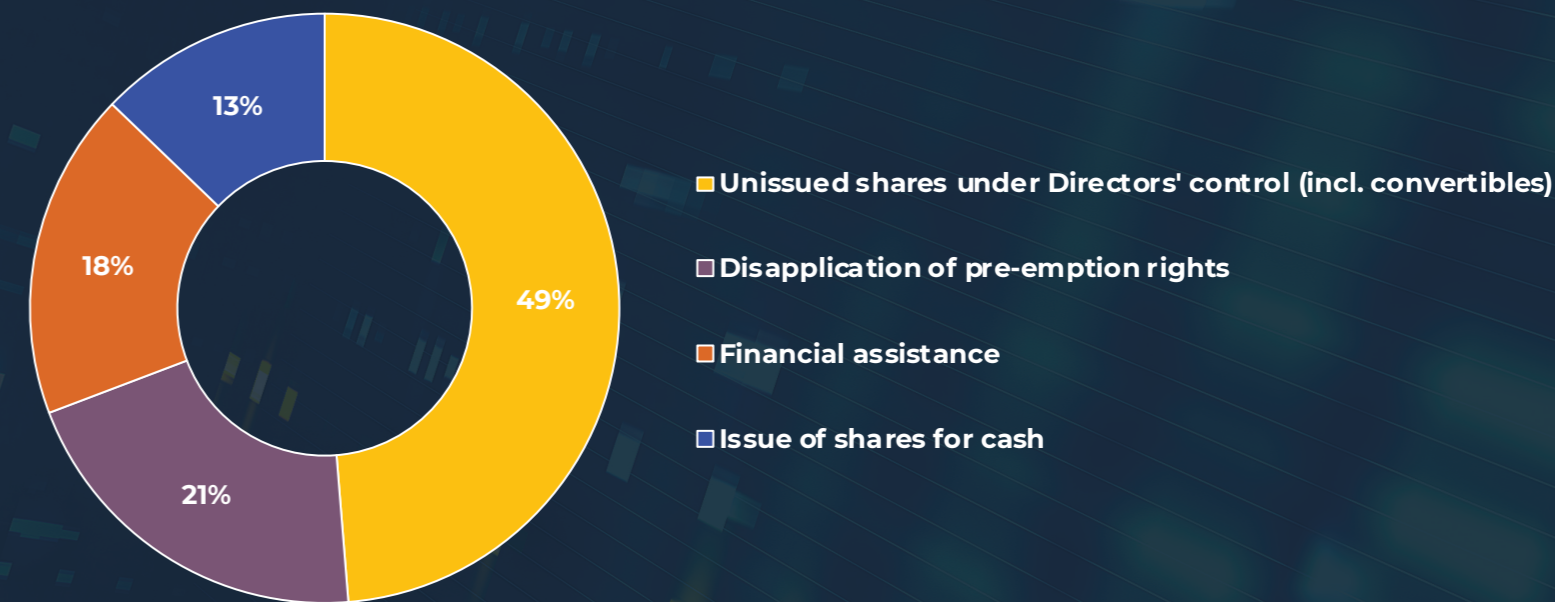
Source: Sanlam Investments, 2025

The reason we vote against proposals to issue new shares or to place unissued shares under the control of directors for general purposes, is when the amount exceeds 5% of the company's issued share capital

– or 10% in the case of Real Estate Investment Trusts (REITs), where earnings are not retained. For specific requests we may, on a case-by-case basis, approve authority that exceeds these limits.

We also decline financial assistance resolutions that include assistance for incentivisation in cases where we do not support the incentive scheme.

**Figure 4:**  
Reasons for declining capital resolutions (2023/2024)

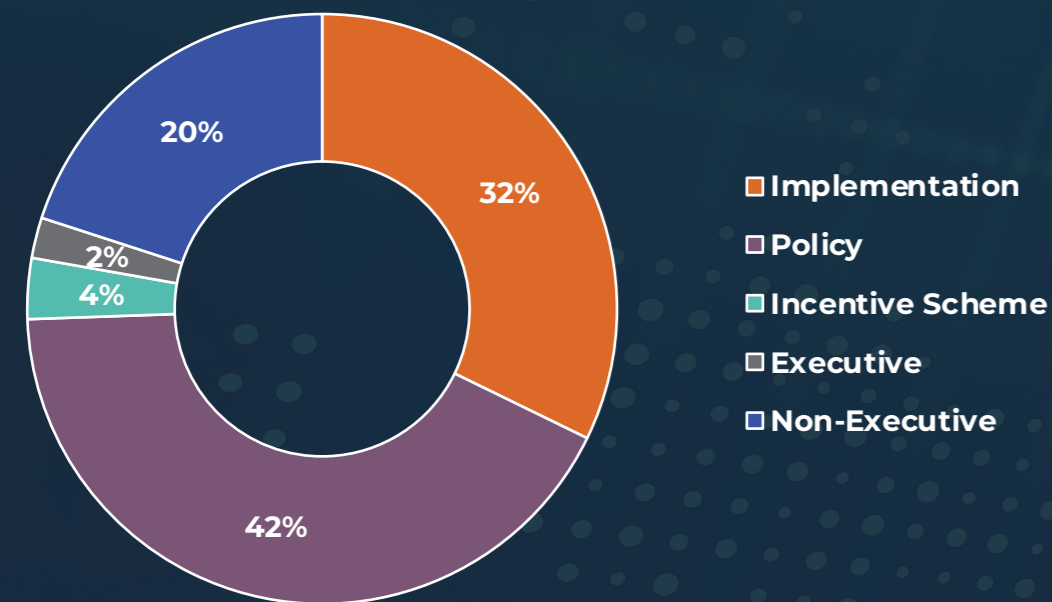


Source: Sanlam Investments, 2025



## Overview of local votes:

**Figure 5:**  
Reasons for declining remuneration resolutions (2024/2025)



Source: Sanlam Investments, 2025

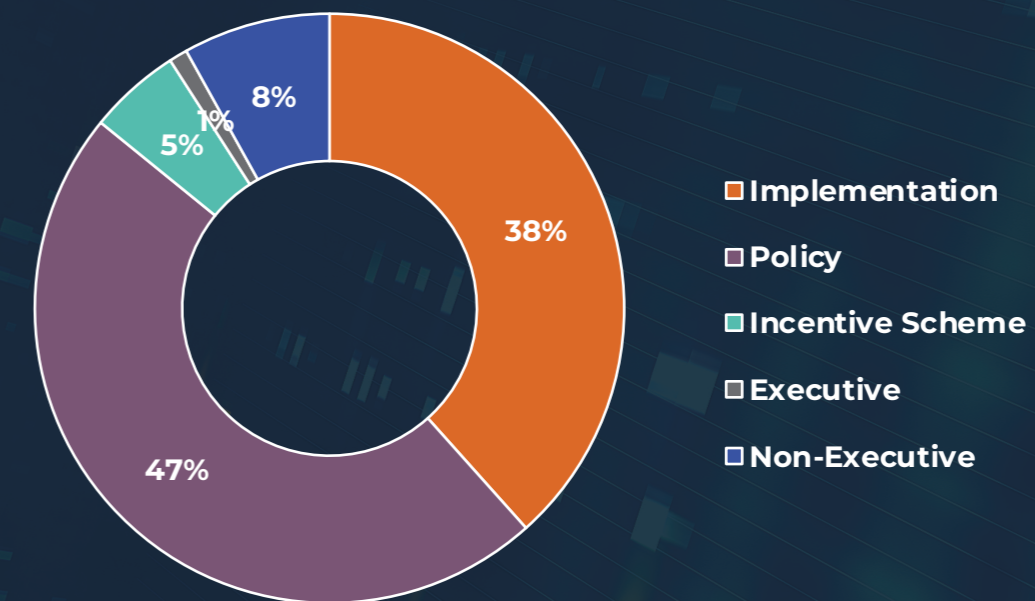
In 2024/2025 our votes 'against' remuneration resolutions fell by about 9%. This was due to the fact we are voting favourably on some companies' remuneration-related resolutions, as these companies' remuneration policies and remuneration implementation reports align with our preferences, including Standard Bank and The Foschini Group.

For example, in 2023 we raised a concern regarding the absence of long-term performance hurdles in The Foschini Group's single incentive plan, with performance measured over a one-year period.

We recommended that the scheme include a long-term performance hurdle based on a trailing three-year

performance period. This has now been addressed by adopting our preferred long-term performance metric, ROCE, which is measured over a trailing three-year period.

**Figure 6:**  
Reasons for declining remuneration resolutions (2023/2024)

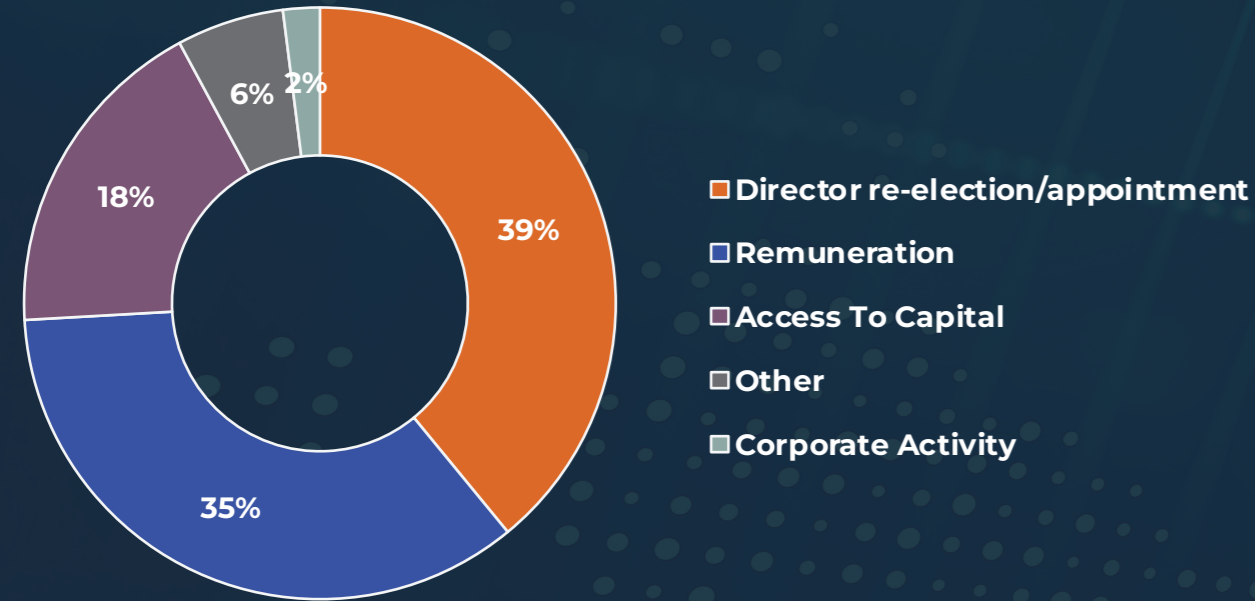


Source: Sanlam Investments, 2025



## Overview of local votes:

**Figure 7:**  
Reasons for declining director re-election resolutions (2024/2025)



Source: Sanlam Investments, 2025

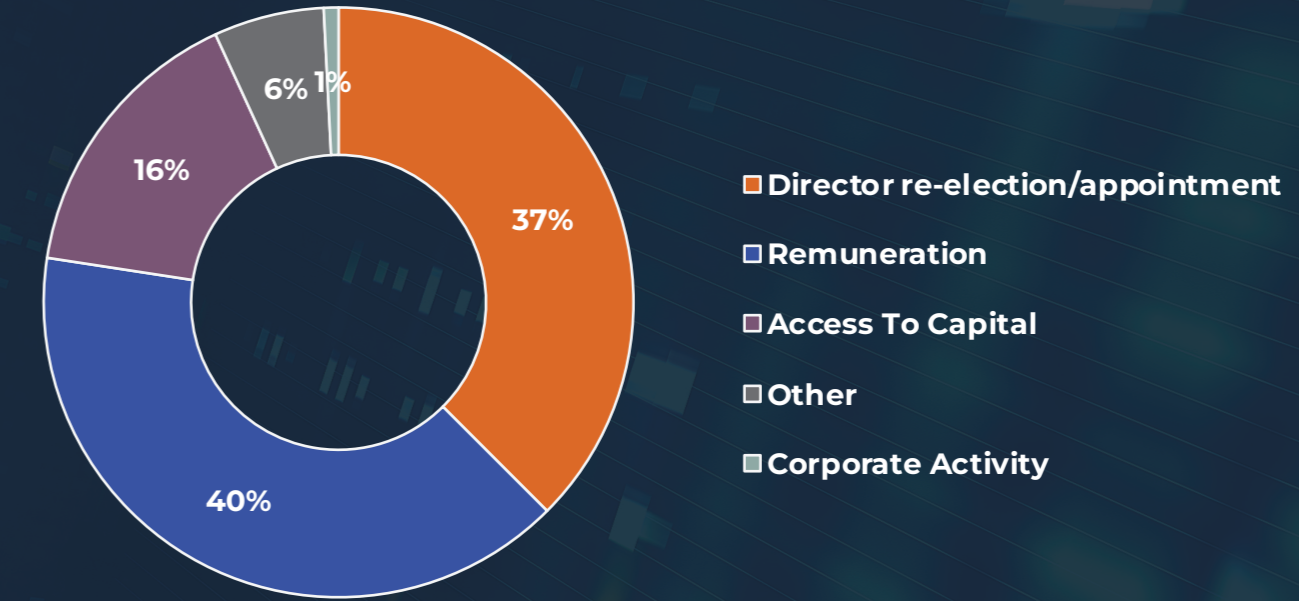
On the one hand, there has been an **increase in votes 'against' director re-election resolutions** from 37% in 2023/2024 compared to **39% in 2024/2025**. This is mainly because shareholders may now vote for the appointment of members of the Social and Ethics Committee. This means we must vote on more director re-election resolutions compared to the past. It would

be worth noting that in 2024/2025, we voted against 8 resolutions to elect members of the Social and Ethics Committee - up from 3 the year before. This represents a 167% increase.

On the other hand, the **proportion of remuneration-related resolutions voted against has decreased**

as more companies adopt remuneration policies/implementation reports that are aligned with our preferences. 'Other' reasons for voting against resolutions have remained somewhat stable between the two reporting periods.

**Figure 8:**  
Reasons for declining director re-election resolutions (2023/2024)



Source: Sanlam Investments, 2025



# Section 2: Business approaches to ESG

## Sanlam Alternative Investments

Backed by rigorous governance, we integrate ESG principles throughout our investment process – from sourcing opportunities to managing portfolios. We aim to make a sustainable impact through four core platforms: **Specialised Credit** (a business of scale including **Pan-African Credit** and SME lending), **Infrastructure** (focused on sustainable infrastructure and our subsidiary **Climate Fund Managers**), **Property** (anchored by our Property Impact Fund supporting underserved communities) and **Private Equity** (driving job creation and inclusive growth locally, while catalysing the secondary market across the continent).

By embedding environmental and social criteria across strategies and partnering with diverse investors, we mobilise meaningful capital for measurable impact. We channel capital into initiatives that create jobs, and promote economic inclusion and climate resilience. Guided by collaboration and long-term value creation, we strive to deliver strong returns and foster lasting benefits for people and planet.

**“I believe real value emerges when rigorous financial discipline is paired with a commitment to sustainable, inclusive growth”**



**Steven Rosenberg,**  
CEO of Sanlam  
Alternative Investments

## Sanlam Investments Multi Manager

At Sanlam Investments Multi-Manager, ESG is more than a principle – it’s part of who we are. We embed environmental, social and governance considerations into every investment decision, reflecting our commitment to building a sustainable future while delivering strong long-term returns for our clients. By integrating ESG factors, we manage risk effectively and promote positive change in the managers we invest in.

We work closely with our asset managers, encouraging them to strengthen their ESG practices and holding them accountable through rigorous scoring and due diligence. Active ownership and engagement remain central to our approach, driving real-world impact while aligning with global standards such as the PRI, CRISA and the SDGs.

**“By selecting best-in-class managers, we achieve responsible investment results across asset classes and geographies.”**



**Darrel Moodley,**  
CEO of Sanlam  
Investments Multi Manager

## Active Manager: Equities

We integrate ESG factors into our investment processes by assessing their financial materiality across all industries and companies. Rather than eliminating ESG risks outright, we aim to quantify and incorporate them into our valuation models, evaluating whether they affect revenues or costs.

When the impact of ESG factors can’t be precisely quantified, our analysts highlight these risks or opportunities to portfolio managers. In such cases, the required margin of safety for investment is adjusted accordingly, based on the nature and severity of the ESG considerations.

We do not follow a blanket exclusion policy. Instead, we believe in engaging actively with companies – supporting their transition from current practices toward more sustainable operations through active ownership.

**“We don’t eliminate risk – we price it in”**



**Marlo Scholtz,**  
Head of Equity Research

## Active Manager: Fixed Income

The Fixed Income ESG strategy integrates environmental, social and governance factors throughout the investment process. We identify and manage ESG risks that could affect long-term credit quality, while supporting issuers who show strong sustainability practices. We integrate ESG insights directly into our credit analysis, with exclusionary screening applied when mandated by clients. We also invest in ESG-labelled instruments and engage with issuers to encourage responsible behaviour.

Transparent reporting and collaboration with industry initiatives help strengthen ESG standards. Our approach balances risk-adjusted returns with positive societal impact, aligning with client values and regulatory expectations. By integrating ESG into research and portfolio construction, we enhance resilience and long-term value across mandates.

**“We are risk managers – ESG integration is essential to what we do.”**



**Mokgatla Madisha,**  
Head of Fixed Income

## Satrix

Where funds and mandates have an explicit ESG objective, we integrate sustainability indicators directly into our investment processes. These indicators assess how companies perform on critical ESG dimensions such as carbon emissions, social considerations and corporate governance. For ESG-specific mandates, we embed a variety of ESG metrics into relevant portfolios to ensure sustainability considerations are systematically addressed. We embrace our role as active stewards, using our influence to shape positive outcomes.

Through purposeful voting and engagement, we aim to drive meaningful change across industries. Where ESG and sustainability criteria need to be reflected in the construction of the portfolio, we do so while taking account of other risks.

**“Instead of voting with our feet (by excluding companies from our portfolios), we vote with our presence to drive long-term sustainability of the industry as a whole”**



**Fikile Mbhokota,**  
CEO of Satrix

# Section 3: Case studies & thought leadership

## 3.1 Sanlam Alternative Investments

### Case study 1:

### Private Debt - Equality and the 104+ SMME Solution

G20 theme: Equality (gender and youth); B20 theme: Job creation (employment)

In the face of South Africa's deepening energy crisis, Wetility Finance (Pty) Ltd is doing more than providing solar solutions, it is redefining who gets to participate in the country's energy transition. As a catalytic partner in the 104+ SMME Solution, the company fuses clean energy innovation with radical economic inclusion, demonstrating how youth-led enterprise can deliver climate resilience, gender parity and financial empowerment in tandem.

#### Combining clean energy with access

Wetility was founded with a simple yet transformative mission: to democratise access to solar energy. Its lease-to-own model, offered with zero upfront capital cost, empowers underserved households to break

free from the national grid's instability. But their real power lies in embedding ownership into every solar panel it installs – providing not just energy, but economic agency.

The company's solar systems bring affordable, reliable electricity to energy-poor communities, ensuring that access to clean energy isn't a privilege for the few, but a platform for shared prosperity.

#### Youth-driven, community-rooted

At Wetility, transformation starts from within. Over 70% of the company's 72 employees are under the age of 35 – a deliberate move to harness South Africa's untapped youth potential in one of the most technical and traditionally exclusive sectors.

Young recruits are not just hired, they're developed. From entry-level technicians to mid-management, they invest in upskilling and internal mobility, building a green economy workforce equipped for long-term leadership. Its contractor network, currently focused on technical installations, is also being upskilled to provide full-service maintenance – embedding growth and capability within the communities it serves.

Notably, most employees are also customers, fostering shared purpose.

#### Breaking barriers in a male-dominated industry

In a sector where women are chronically underrepresented, Wetility is challenging

the status quo. Women make up 44.4% of its workforce, with growing representation in technical, operations and finance roles. Leadership pathways are deliberately inclusive; 29 team members are in management or supervisory roles, many of them women or black youth.

This gender-forward approach extends to Wetility's future vision: integrating more women into contractor and technical teams, spaces historically closed to them. The company is also localising 80% of its supply chain, creating market opportunities for black and women-owned enterprises.

**“In an industry where women and youth are often left out, at Wetility they aren't just part of the clean energy future, they're leading it.”**



By Phuti Senyatsi,  
Portfolio Manager: Private Debt at  
Sanlam Alternative Investments



By Thabang Selota,  
ESG and Impact Analyst at Sanlam  
Alternative Investments

## Direct alignment with the SDGs

Wetility's impact is deeply interwoven with several UN Sustainable Development Goals (SDGs):

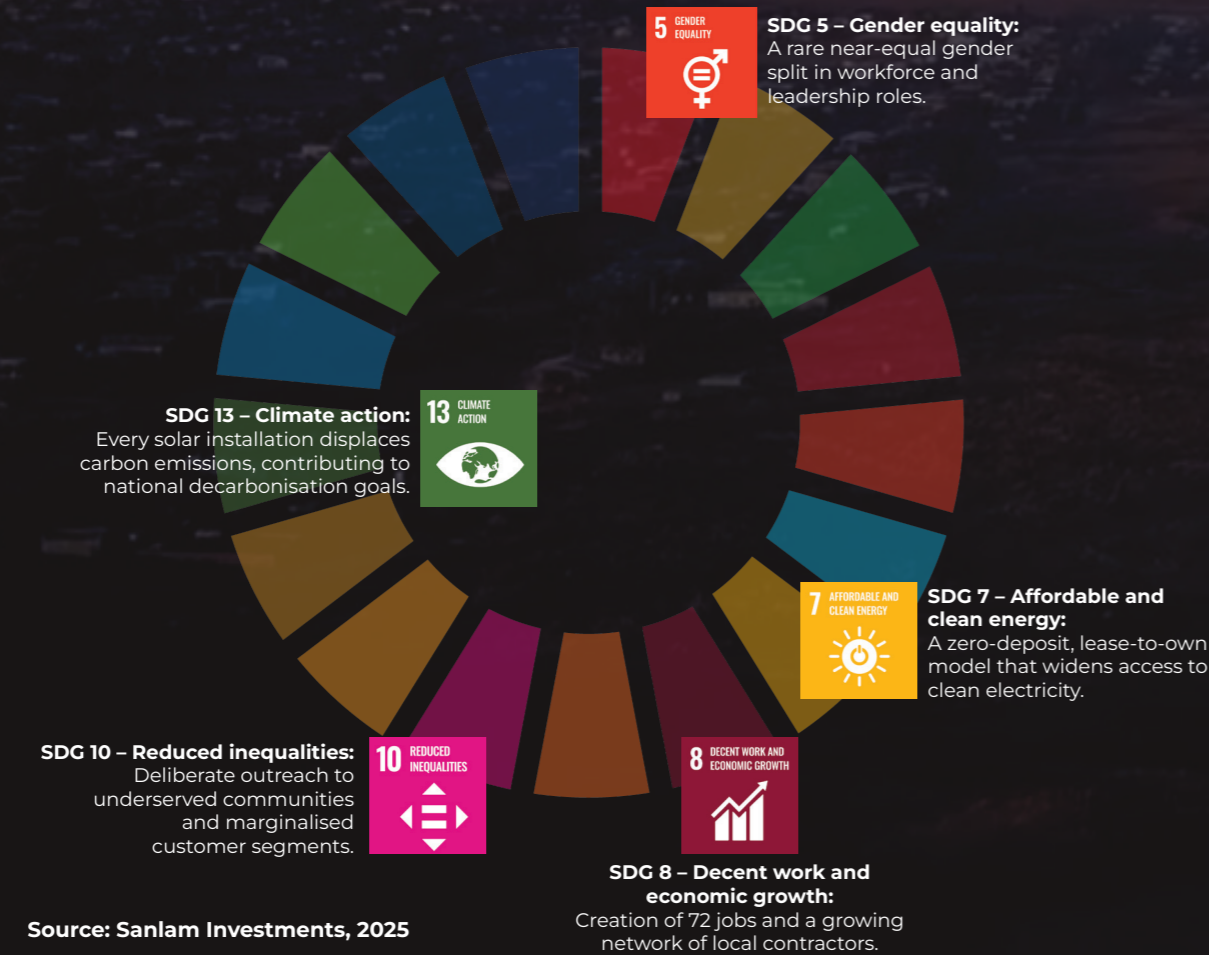
### Finance that enables transformation

Wetility's growth has been catalysed by innovative financing through the 104+ SMME Solution. By leveraging impact-driven debt capital, the company has scaled rapidly while staying anchored in its values of affordability, localisation and inclusion. Its financing model proves that youth-led businesses are not just viable, but vital – especially when capital is designed to unlock, not constrain.

### Lighting up more than homes

Looking ahead, Wetility is expanding into townships and peri-urban areas, bringing with it not just solar energy, but jobs, training and ownership. Plans to internalise maintenance capabilities are expected to create new skilled roles, deepening its localisation strategy.

Wetility's journey offers a glimpse into the future of clean energy in South Africa – one that is equitable, inclusive and sustainable. It's a business that does more than power homes. It powers hope.



## Case Study 2:

### Private Equity - Cavalier: Growth with impact and sustainable success

*B20 theme: Job creation (employment)*

In South Africa, private equity is emerging as a powerful force for driving inclusive growth. Sanlam Private Equity (SPE), a major player within Sanlam Alternative Investments, exemplifies how private equity is an investment strategy that aims deliver robust financial returns, while addressing critical socio-economic challenges – particularly unemployment.

### Beyond returns: a dual mandate

At Sanlam Private Equity, we believe that commercial outcomes and social impact are not mutually exclusive. At the heart of our strategy is a dual mandate: to generate competitive, risk-adjusted returns and to drive meaningful employment outcomes. By embedding ESG principles and aligning with the United Nations' SDGs, we ensure that our capital not only drives commercial returns but also uplifts communities.



By Asavela Lumkwana, CA(SA), CAIA:  
Senior Associate at Sanlam Private Equity

**“Profit and purpose are not opposing forces; together, they become a catalyst for inclusive growth, shared value and enduring transformation.”**

### Job preservation

Investments to support business in preserving and sustaining jobs over the long term.



### Job growth

Investments that catalyse growth of the economy, particularly in sectors that are positioned to employ a large number of people.



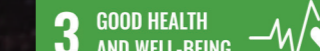
### Job access / inclusivity

Investments that link a particular segment of the population with job opportunities.



### Job quality

Investments to raise labour productivity, earnings and well-being.

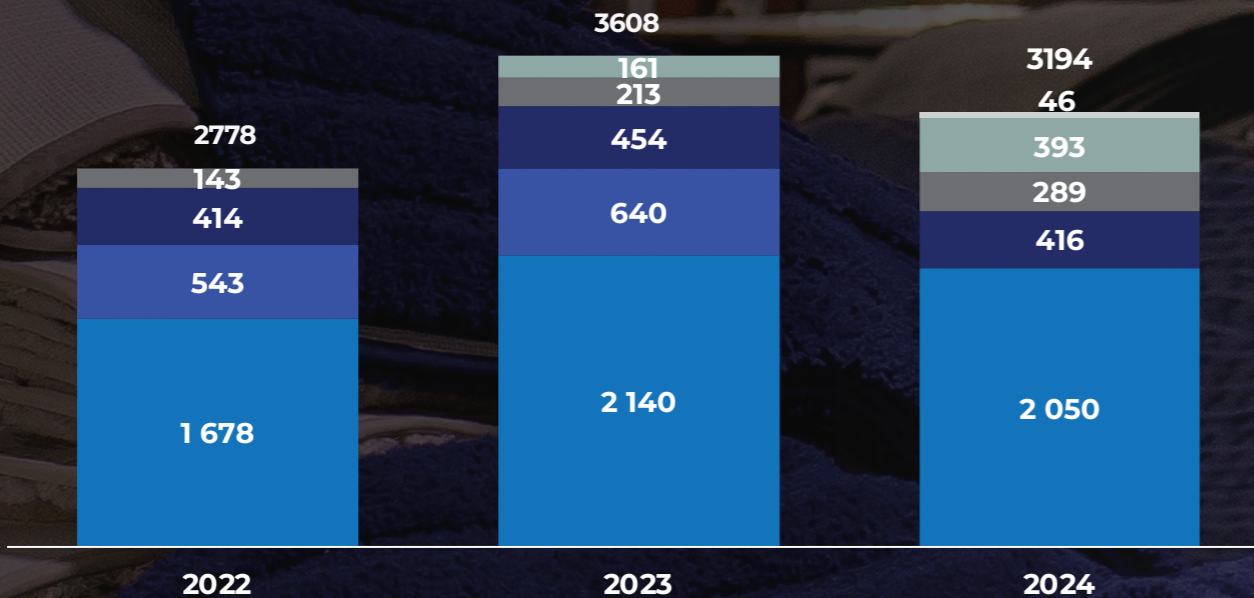


**Employment impact: measurable and meaningful**

Our private equity team demonstrated strong resilience over the course of 2024, marked by one new investment and a successful exit from an earlier investment during the year. The remaining portfolio companies showed demonstrable growth.

Between 2022 and 2024, the total workforce across our portfolio companies grew from **2,778 to 3,194 employees** – an increase of 14%. This growth is not only quantitatively significant, but also inclusive: black South Africans accounted for **87.2% in 2024**. Organic expansion and strategic bolt-on acquisitions have also driven employment growth across the portfolio. The Cavalier Group, particularly, contributed the largest share to employment figures, representing **64.1%** of the portfolio's workforce as of December 2024. The decline in total employment across our portfolio companies from **3,608** in December 2023 to **3,194** in December 2024, was primarily due to our successful exit from Absolute Pets, which employed 640 staff at the time.

**Figure 1: Overall employment data across Sanlam Private Equity portfolio companies (2022–2024)**



■ Cavalier Group ■ Absolute Pets ■ Skip Waste ■ Q-Link ■ Danny's Auto ■ Bacher & Co

Source: Sanlam Private Equity, 2025

**Cavalier Group: a case study in impact**

The Cavalier Group is a leading example of our impact-driven investment approach. Founded in 1998 as Just Lamb, it has grown into one of South Africa's top vertically integrated AAA-grade red meat processors. Headquartered in Cullinan, the group operates six factories, including a 10,000 m<sup>2</sup> flagship facility that processes around 2,300 livestock daily – producing over 700 tonnes of meat products each week.

Since our investment in December 2020, Cavalier has expanded and diversified its operations. It added a lamb abattoir in the Northern Cape, introduced retail-packaged pork and cured products, and opened a new processing facility in the Western Cape. Its market presence continues to grow through wholesalers, butcheries and exports.

**Job creation, expansion and growth**

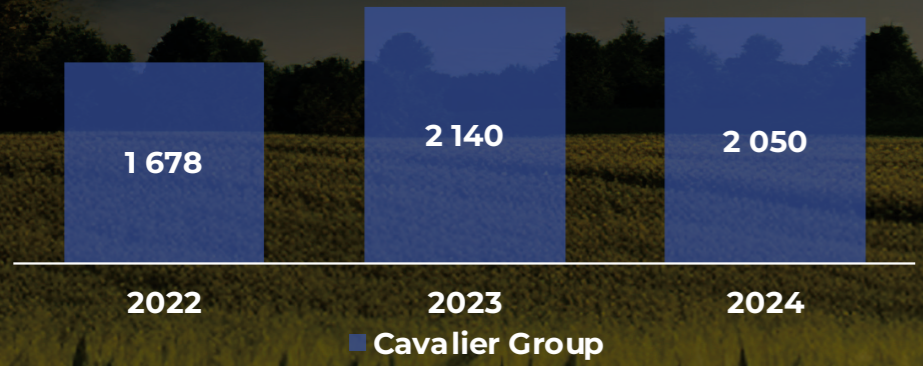
Cavalier has played a key role in driving strategic employment growth and diversification across our portfolio. Between 2022 and 2024, its workforce grew by 22% – from 1,678 to 2,050 – supported by a strong employment equity focus.

Growth was driven by localising 190 jobs, launching a new lamb abattoir in the Northern Cape, entry into new product categories, acquiring a burger manufacturing plant for the Quick Service Restaurant (QSR) sector, and a new processing facility in the Western Cape. The group's labour-intensive model has enabled it to absorb a significant number of new employees.

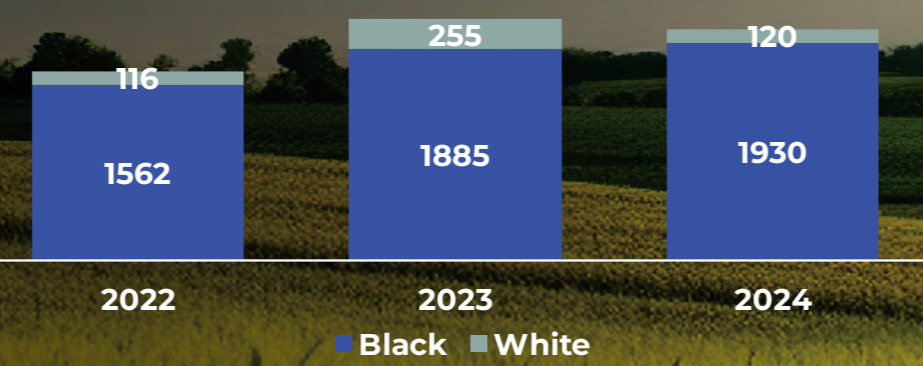
As can be seen from the table, a slight headcount decline of 4.2% between December 2023 and December 2024 was due to natural attrition and a shift towards productivity and consolidation. Overall, Cavalier's employment trajectory since 2020 remains upward, with further growth anticipated.

**Figure 2:**  
Cavalier employment figures (2022-2024)

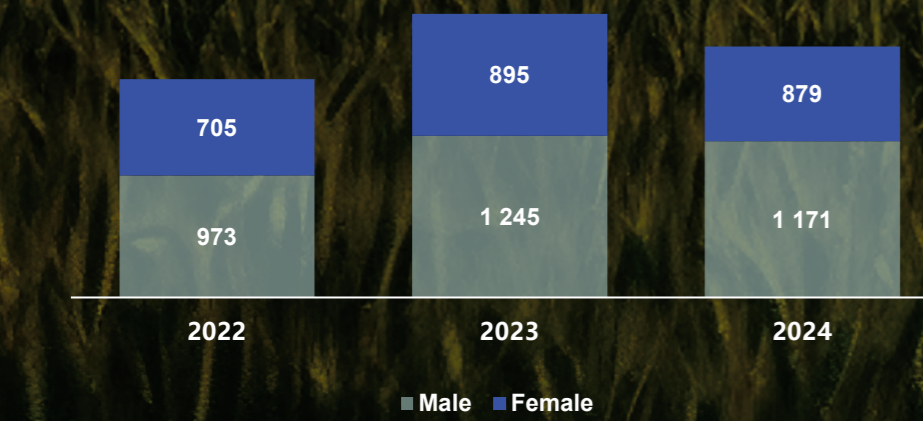
**Total employees**



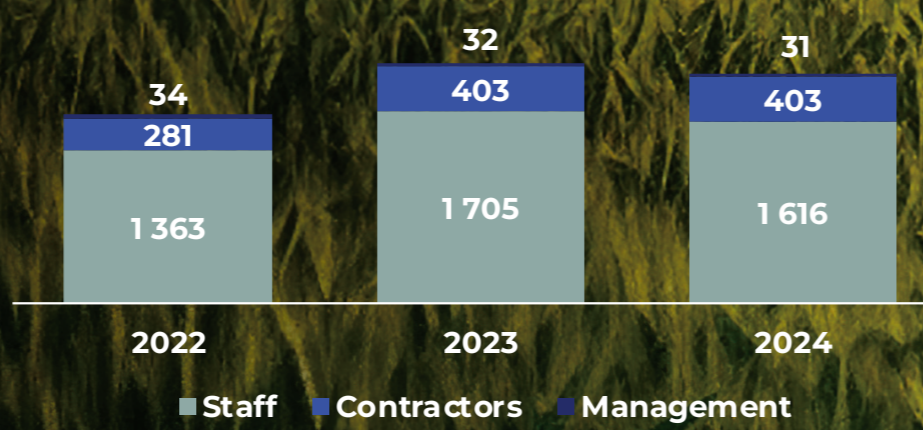
**Population group**



**Gender**



**Employment type**



Source: Cavalier, 2024

Importantly, this growth has been inclusive. Representation of black South Africans increased from **1,562 in 2022 to 1,930 in 2024, a 23.5% rise**. This proportional dominance of historically disadvantaged groups underscores our alignment with national transformation goals. Gender representation has been balanced, with a focus on increasing female staff.

**Growth that matters**  
At Sanlam private equity, our approach is not just about reacting to current challenges but anticipating future needs. By investing in scalable businesses and incorporating strong ESG practices alongside management, we are building resilience into our portfolios and the communities we touch. This forward-looking mindset ensures that employment growth within our portfolio companies is sustainable, inclusive and aligned with our priority to build a more equitable and prosperous South Africa.

We've also supported Cavalier in advancing a broader impact agenda. Cavalier has developed a masterplan for environmental and social compliance, reviewed annually. It also updates its supply-chain risk assessments to incorporate environmental and social requirements, reinforcing responsible sourcing practices. In addition, Cavalier has implemented learnership programmes for its team leaders and supervisors. These programmes include 30 disabled beneficiaries – a deliberate effort to build a more inclusive workforce. Cavalier also supports 13 crèches near its Cullinan facility, supplying daily meals and educational materials.

# Thought leadership: Unlisted Property

## What we owe our children: A case for responsible investing

*B20 theme: Finance & infrastructure*

If we want to transform society, we must recognise the deep structural issues embedded in our communities – housing shortages, inaccessible education and limited healthcare. These aren't isolated challenges; they reflect a system that hasn't served everyone. To address this, we need solutions that work at scale.

The Sanlam Property Impact capability was designed to respond to this reality. Its goal is to offer a scalable, market-return-generating model that reshapes who has access to opportunity in South Africa. Central to this is a reimagined public-private partnership and a long-term investment approach known as Invest, Own, Operate, Transfer (IOOT).

### **A new kind of partnership: public, private, purpose**

Traditional public-private partnerships (like the Gautrain) depend on government funding and guarantees. But in sectors like housing or healthcare, this model falls short because government can't co-fund every initiative. Instead, we advocate for a reframed Triple P – not just public-private, but public, private and purpose-driven.

In this model, government doesn't provide capital; it creates the right conditions. This includes zoning special development areas and fast-tracking approvals. Cape Town is an example through its integrated development

plan: it has earmarked underserved regions for accelerated development, also allowing for the development of affordable rental units in high-demand areas and thus enabling private players to move faster. This shift empowers institutional investors to deliver infrastructure – housing, schools, clinics – with greater efficiency and still earn solid returns. It also gives retirement fund trustees an opportunity to support projects with visible community benefits, while still meeting fiduciary obligations.

### **Long-term value creation**

The second pillar of the model is Invest, Own, Operate, Transfer (IOOT). True impact is not

transactional. It requires long-term commitment. Whether it's housing, schools or clinics, our approach is designed to transfer ownership or operational control over time to those who live in, use, or run these services.

This isn't just about building homes. It's about helping South Africans achieve financial stability and generational wealth. The "missing middle" – too wealthy for subsidies, too poor for loans – need support structures that give them a fair chance. The IOOT model addresses this gap.

### **Beyond social housing: supporting the missing middle**

People often use social housing and affordable housing interchangeably, but they're very different. Social housing is heavily regulated and focuses on the lowest income groups, calling for 70% of the units to be priced below a set threshold. This model is not economically sustainable to scale sufficiently to meet the broader demand of the housing shortage crisis. On the other hand, affordable housing targets the missing middle. It's more flexible

and allows institutional investors to serve a wide income range. This gives families a path to stable, quality living environments without requiring government subsidies. Furthermore, it also caters for accessibility to housing ownership through the rent-to-own model.

### **Impact across sectors: housing, healthcare, education**

The reach of the new Sanlam Property Impact capability goes beyond housing. In student accommodation, for example, universities often lack nearby, affordable residences. High land costs further deter development. Our goal is to close this gap, giving students better access to education by helping fund nearby, affordable accommodation.

Healthcare is another area of need. Many people on entry-level medical schemes are covered on paper, but in reality, their closest provider could be 40km away. We work with healthcare providers who already offer affordable services but need capital to grow. By investing in their expansion, we improve both access and affordability.

The same applies to private education and rural retail. Schools in underserved areas often struggle with infrastructure. Retail centres in townships reduce the need for expensive transport, letting communities thrive locally. Our investments in these sectors aim to unlock everyday value for ordinary South Africans.

### **Building the future, today**

Retirement capital should work for the people it represents – not just financially, but socially. In South Africa, households are often multi-generational: grandparents supporting grandchildren, single mothers providing for entire families. By investing in better infrastructure in their communities, we aren't just building assets; we're investing in futures.

The Sanlam Property Impact capability is a solid proof point. It shows that with the right model – combining public support, private expertise, and purposeful intent – we can address inequality structurally and sustainably. And in doing so, we give our children something more powerful than charity: opportunity.

**“True impact isn't about one project or one building – it's about shifting the system so that opportunity becomes the norm, not the exception.”**

By Teboho Makhabane  
Head of ESG and Impact at Sanlam Investments

## Case Study 3: Infrastructure - Impofu Cluster Investment

*B20 theme: Energy mix and a just energy transition*

### Investing in a sustainable future: Our commitment to just, renewable energy

Wind-generated electricity plays a critical role in supporting South Africa's transition to a sustainable and diversified energy mix, while offering one of the lowest carbon footprints among energy sources. For this reason, we've invested alongside an experienced development partner, Enel Green Power RSA, and committed funding towards the development and construction of a new 330 MW wind energy facility, Impofu Cluster Investment ("Impofu") located near Oyster Bay in the Eastern Cape. Developed by Enel, Impofu is expected to generate approximately **1.1 Gigawatts of clean electricity annually** upon completion, making it one of the largest wind-powered facilities in Southern Africa.

This investment forms part of our long-term strategy to invest in sustainable energy solutions that mitigate climate change risk.

#### Aligning with the Just Energy Transition Investment Plan

Our investment into Impofu aligns with the Just Energy Transition Investment Plan ("JET-IP") 2023 – 2027, which supports the country's transition towards a low-carbon, climate-resilient economy. South Africa aims to meet its decarbonisation commitment, while delivering just outcomes for people affected by the energy transition. At the same time, it aims to contribute to inclusive economic growth, energy security and employment.

Our investment directly supports the electricity component of JET-IP through this development of a large-scale renewable energy generation facility financed with private capital, advancing **SDG 13 (climate action)**.

**“A just energy transition means clean electricity today and better livelihoods tomorrow.”**



**By Mamoekeng Matlaila**  
Senior Portfolio Manager, Infrastructure Fund at Sanlam Alternative Investments



**330 MW**

Total renewable capacity

#### Sasol's Emissions Reduction Roadmap

Sasol South Africa, together with Air Liquide, signed a 20-year Power Purchase Agreement with Impofu for the long-term supply of **330MW** of renewable energy. This aligns with Sasol's Emissions Reduction Roadmap, which targets a **30%** reduction in its global greenhouse gas emissions by 2030 as part of its decarbonisation strategy. The clean renewable energy generated will be transferred through Eskom's national grid to Sasol's Secunda operations in Mpumalanga over the 20-year term of the Power Purchase Agreements signed between Sasol, Air Liquide and Impofu. This will help offset their greenhouse gas emissions.

Our investment is crucial in supporting the decarbonisation of the Sasol Secunda



**1.1 GWh**

Clean electricity annual generation

operations as well as South Africa's broader just energy transition plans.

#### Socio-economic impact

In addition to the positive environmental impact, the investment in Impofu includes extensive socio-economic, youth employment and enterprise development commitments. Impofu has committed **2.5%** of its annual revenue to socio-economic initiatives, with cumulative contributions expected to reach **R380 million** over the 20-year life of the facility. These initiatives will directly support the **United Nations Sustainable Development Goal 1**, related to eradicating poverty by enhancing the livelihoods in local communities and contribute to sustainable growth.

As part of Impofu's commitment to tackling youth unemployment, the company will



**R380 million**

Revenue for local development

participate in the Youth Employment Service programme by offering structured internships for young people, creating a pathway to formal employment and skills development for South African youth in the Eastern Cape. This will advance the **United Nations Sustainable Development Goal 8** related to decent work and economic growth by supporting workforce development and long-term human capital creation.

Furthermore, approximately **40%** of total capital expenditure, which is equivalent to more than **R8 billion over** the 20-year life of the project, has been committed to the procurement of local South African goods and services during construction and ongoing operations and maintenance. This procurement strategy is expected to result in a meaningful multiplier effect across the regional



**>50%**

Black-owned shareholding

economy, strengthening local supply chains, supporting job creation, and contributing to the **United Nations Sustainable Development Goal 9** which focuses on building resilient infrastructure and promoting sustainable industries.

#### Supporting black-owned businesses

Lastly, **over 50%** of Impofu's shareholding will be directly and beneficially owned by black-owned enterprises, with **at least 30% held by black women**. This structure further advances inclusive economic participation and supports local community development. Impofu's environmental and social initiatives align with our ESG philosophy by combining strong financial returns with measurable long-term impact.

## Case Study 4: Climate Fund Managers

G20 theme: Sustainability

### How blended finance powered Djibouti's first wind farm

In 2023, the tiny East African country of Djibouti reached a national milestone with the inauguration of its first-ever wind farm, the 60MW Red Sea Power project. Located near Lake Goubet, the project marks the country's first Independent Power Producer (IPP) and is the first renewable energy project to connect to the national grid, a significant step towards Djibouti's ambition to run entirely on renewable electricity by 2035.

Before Red Sea Power, the country's power supply was limited, costly and heavily reliant on imported fossil fuels and hydropower from neighbouring Ethiopia. With nearly half the population lacking power, the project has increased its national capacity by 50% and now delivers clean, reliable energy to over 314,000 people. It avoids an estimated 252,500 tonnes of CO<sub>2</sub> emissions per year – the equivalent of taking 55,000 diesel buses from the road – while supporting energy sovereignty, industrialisation and climate resilience.

The project was co-developed and co-financed by Climate Fund Managers (CFM), a climate-focused blended finance investment manager operating across Africa, Asia and Latin America. CFM is a joint venture between Sanlam Infraworks, part of the Sanlam Group, and the Dutch development finance institution FMO.

#### Catalytic role of blended finance

Red Sea Power is a pioneering example of how blended finance can unlock investment in high-risk, high-impact markets. Blended finance is essential for achieving climate goals in emerging economies where high risk often deters private capital, despite urgent infrastructure needs. Blended finance uses public money to take on the early risks of a

project, making it safer and more attractive for private investors to join in. CFM invested in Red Sea Power through its EU-supported Climate Investor One (CIO) facility, a \$1-billion blended-finance fund focused on renewable energy infrastructure in emerging markets.

**“Through blended finance, we turned Djibouti's first wind farm from idea to reality - unlocking clean power, economic opportunity and a replicable model for climate-resilient infrastructure across Africa.”**

#### Project Overview

**Location:** Lake Goubet (120 km from Djibouti City, 387-hectare site)

**Capacity:** 60 MW (Wind Capacity with 17 Siemens Turbines)

**Impact:** 50% increase in Djibouti's installed power capacity

#### Environmental Impact

**~269 GWh:** (Estimated Annual Energy Production)

**314,000 :** People with clean power

**252,500:** tonnes CO<sub>2</sub> annually

With its concessional capital and early-stage funding in place, the idea was transformed into a bankable investment opportunity, attracting a host of other investors, including the Africa Finance Corporation, FMO and Great Horn Investment Holding, an investment firm owned by the Djibouti Ports & Free Zones Authority, who joined CFM in delivering an all-equity solution for construction. In a fragile and underdeveloped energy market, this structure was both rare and transformative.

Given the country's lack of track record in renewable energy, its historically low credit rating and limited private infrastructure investment, the project simply would not have gone ahead without a blended finance approach. Traditional debt-plus-equity models would have failed. By aligning the risk-return profiles of different investors within a single

investment vehicle, CFM's blended finance model made it possible to deliver Djibouti's first renewable infrastructure project, providing a replicable blueprint for sustainable development across Africa.

#### Beyond Power: building resilience and improving lives

Red Sea Power's impact extends far beyond electricity. To address a water crisis affecting rural communities near the site, the project partners launched a community development programme. Since 2020, the team has delivered **80,000 litres of clean water per week** to two nearby villages. In 2023, a solar-powered desalination plant was inaugurated alongside the wind farm. It now provides 800 residents with around **40 litres of drinking water per day**, improving health, reducing the risk of waterborne disease, and allowing

#### Social & Economic Impact

**Clean Water Access:** 800 people via solar desalination

**Water Supplied:** 32,000 litres of clean water per day

**Jobs Supported:** 1,273 construction jobs

children to spend more time in school. Environmental stewardship is also embedded in the project. Located along a major bird migration corridor, the site was chosen to minimise ecological disruption and is subject to ongoing biodiversity monitoring, including tracking of endangered species such as the Egyptian vulture.

#### Unlocking long-term potential

In addition to the positive environmental impact, Red Sea Power is already catalysing further investment. With proven wind, solar and geothermal potential at the Lake Goubet site, the project partners are **exploring the possibility of additional capacity**. During construction, the project supported **over 1,000 local jobs** and continues to generate long-term employment through its operations. By combining clean energy with community

#### Funding & Partners

**Development Funding:** USD 14 million (from CFM's EU-supported Climate Investor One (CIO) Fund)

**Construction Equity:** USD 25 million (with co-investment from AFC, FMO, and GHIH)

**Total Project Cost:** USD 122 million

development infrastructure, Red Sea Power offers a practical model of a just-energy transition: one that not only decarbonises, but also delivers lasting social and economic value.

Red Sea Power is more than a national first. It is proof that blended finance, when applied strategically, can deliver clean, affordable energy, unlock investment and improve lives. As a co-founder of CFM, Sanlam Investments is helping to shape a just-energy transition, financing solutions that are not only commercially viable, but also socially equitable and climate-resilient.

## 3.2 Sanlam Investments Multi-Manager

### The fractured future of trade and sustainability: Through the lens of Sanlam Investments Multi-Manager

*G20 theme: Equality (gender and youth); B20 theme: Job creation (employment)*

The global trading system is being reshaped before our eyes. Geopolitical tensions, economic uncertainty and a growing push toward national self-sufficiency are colliding with the urgent need for climate action. These forces are creating friction between the goals of open trade and global sustainability, posing real challenges and opportunities for investors focused on long-term, responsible outcomes.

Over the past decade, a series of shocks – the global financial crisis, the COVID-19 pandemic, the Russia-Ukraine conflict and surging inflation – have prompted many countries to rethink their economic strategies. The result has been a noticeable tilt towards protectionism and what economists call “geo-economic fragmentation.” At the same time, efforts to fight climate change have gained momentum, often through green subsidies

and carbon pricing mechanisms. But these climate policies can also serve as indirect trade barriers, complicating the global investment landscape.

#### When tariffs threaten progress

In 2025, the United States’ effective tariff rate reached highest level since World War II. The impact on sentiment has been significant. Investor confidence wavered and sustainable funds saw record outflows in the first quarter of 2025 (Morningstar, Q1 2025) – a real testament to sentiment shock. These shifts underscore how trade policy uncertainty can directly affect capital flows across all sectors, including the green sector. Tariffs and trade barriers distort prices and reduce the appeal of long-term climate investments. They introduce delays in clean energy deployment, slow innovation, and risk derailing the transition to a low-carbon economy.

This is especially true for emerging markets that rely on trade and foreign investment to fund sustainability goals.

#### New risks in a fragmented system

As countries look inward and rebuild local supply chains, new risks emerge, particularly around environmental, social and governance (ESG) standards. The rush to reindustrialise can lead to corners being cut on labour rights, environmental safeguards and corporate governance. For low-income countries with limited regulatory capacity, the consequences can be even more severe.

According to the International Labour Organisation, nearly half the global population still lacks access to basic social protection, leaving many exposed to climate and economic shocks.

Fragmentation also undermines the consistency of ESG data. In countries without proper disclosure rules, investors struggle to assess risks accurately. A 2025 briefing by the Organisation for Economic Co-operation and Development (OECD) warns that poor data transparency increases the risk of greenwashing, reputational damage and even litigation.

#### The role of the multi-manager

In this evolving landscape, multi-managers have a unique advantage. With the ability to invest across regions, asset classes and strategies, they are well-placed to manage ESG risks and take advantage of sustainable investment opportunities. By blending managers with different areas of expertise, from climate resilience to social equity, multi-managers can build more resilient and diversified portfolios.

They also play a key role in raising ESG standards. Through careful due diligence, mandate design and ongoing monitoring, multi-managers can set clear expectations and hold underlying managers accountable. As noted in the Principles for Responsible Investment’s 2024 Annual Report, this ability to evaluate and engage with investment partners on ESG performance is becoming a major differentiator.

In a world where ESG frameworks vary widely, multi-managers can serve as translators, curating investments that reflect different priorities while also protecting against regulatory inconsistencies and data gaps.

#### Towards a more collaborative future

South Africa recently hosted the 2025 G20 Summit under the theme Solidarity, Equality and Sustainability, making the case for a more unified global approach clear. Developing countries, already on the margins of global value chains, are particularly vulnerable to rising protectionism. Without

renewed co-operation and open, sustainable trade, the world risks falling short of key climate and development goals.

The World Trade Organisation (WTO) warned that trade protectionism could reduce global GDP significantly in the long term, disproportionately affecting poorer nations.

Meanwhile, trade measures like the EU’s carbon border tax could penalise countries that lack the means to decarbonise quickly.

#### Conclusion: Navigating complexity with purpose

Trade and sustainability are no longer separate conversations, they are deeply connected. While policy uncertainty and protectionist trends pose real risks, they also present a moment for reflection and reinvention. For responsible investors, particularly multi-managers, this is a time to adapt, engage and lead. By building thoughtful, flexible portfolios and championing ESG integrity, multi-managers can help ensure that sustainable investment remains possible, even in a fractured world.

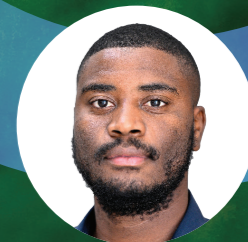


**Authored by:**  
Patrick Buthelezi  
Economist at Sanlam Investments

**“Trade and sustainability are no longer parallel agendas; they are inextricably linked.”**



Kristen Fourie,  
ESG and Impact Analyst  
at Sanlam Investments



Ayabulela Quzu,  
ESG and Impact Analyst  
at Sanlam Investments

### 3.3 Active Manager: Equities

#### Case study: Fair pay and decent work in retail: Mr Price leads the way

G20 theme: equality, B20 theme: employment

In 2025, South Africa's labour policies set the national minimum wage at R28,79 per hour, equivalent roughly to R4,700 a month based on a standard eight-hour day and 21 working days. Although adjusted annually for inflation, this figure falls short of what is considered a living wage. Research from the PMBEJD Group suggests that the average South African needs at least R6,350 a month to live a decent life, highlighting the ongoing gap between statutory pay and a true living wage.

The South African retail sector plays a vital role as a gateway into the formal economy, particularly for first-time job seekers with little or no prior work experience. Listed retailers operate extensive store networks and frequently recruit from the communities they serve, helping to reduce local unemployment and stimulate economic growth.

#### Mr Price's fair pay roadmap

Mr Price Group, which operates 2,770 retail stores across the country and employs 30,000 full-time staff, stands out as a retail company that has been steadily deepening its environmental, social and governance (ESG) commitments, particularly in the context of fair wages and sustainable employment. It acknowledges the gap between the national minimum wage and a living wage.

In the financial year 2025, the company embarked on a structured journey towards fair and responsible pay. The process included conducting both macro and micro-level fair pay analyses to assess pay equity across the organisation. They are now in the process of finalising and assessing the results of the analysis, which will ultimately shape the group's fair pay philosophy that seeks to close wage gaps and become more transparent.

**“A living wage is not just about numbers – it's about dignity, security, and the opportunity for workers to thrive, not just survive.”**

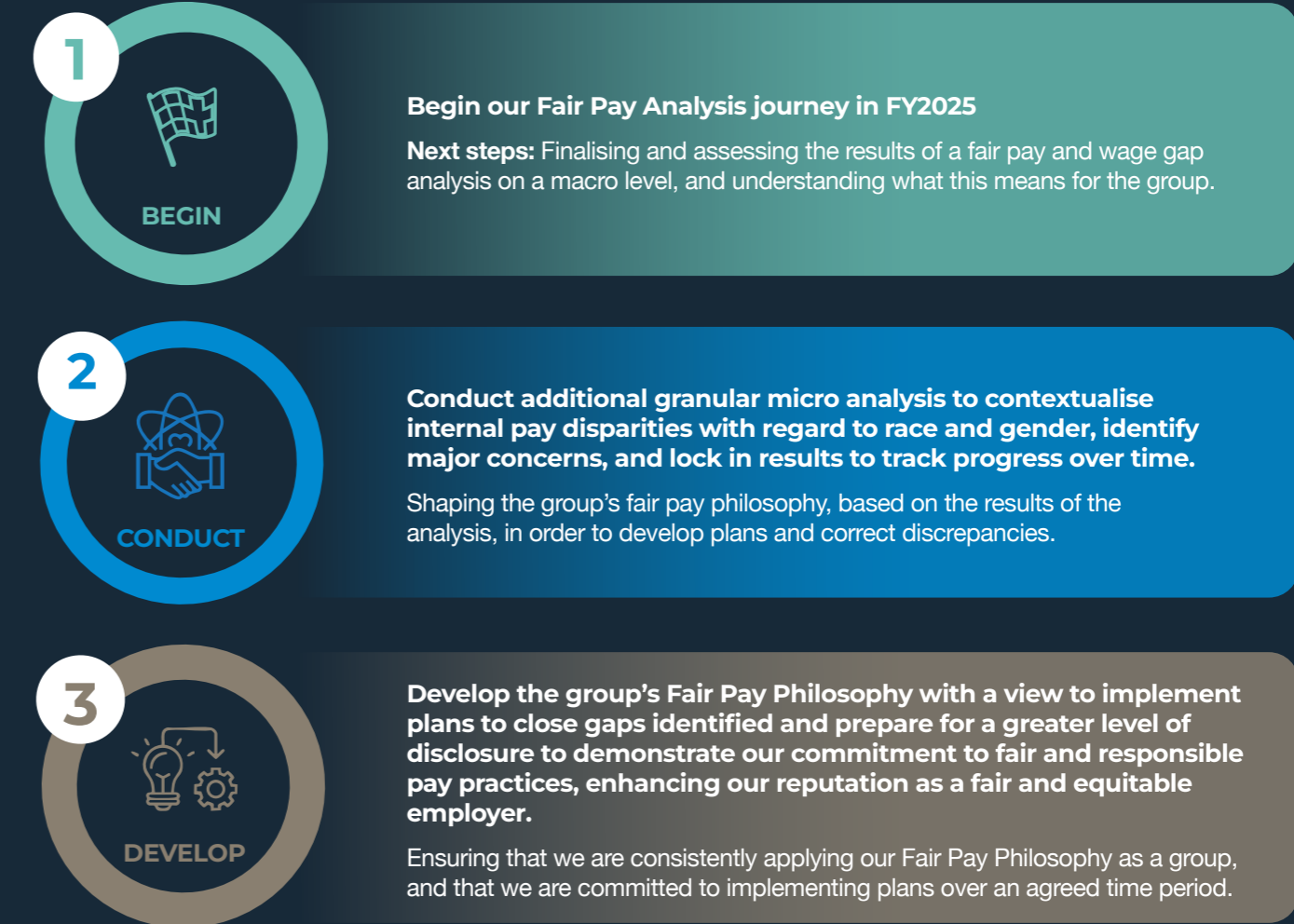
– ILO Global Living Wage Coalition



By Jasmine Lin  
Equity Analyst  
at Sanlam Investments

#### Fair Pay Roadmap

Our roadmap in the Fair Pay Journey includes the following:



**Leader in the exceptional workplace category**

Mr Price's approach to fair pay and decent work is embedded in its people strategy and aligned with its vision to be the most attractive retail employer in Africa. In 2025, the company retained its position in the exceptional workplaces category under the Gallup model and was again certified as a top employer by the Top Employers Institute.

Beyond its own operations, Mr Price extends its commitment to fair work into its supply chain through a responsible sourcing framework. This includes regular factory audits that

assess working conditions and ensure wage compliance, with a strong focus on identifying and addressing minimum-wage violations. In its most recent reporting cycle, the company audited 92.9% of its factories, up from 82.2% two years ago, demonstrating tangible progress.

**Fair pay embedded into performance metrics**

Fair pay and decent work are not just guiding principles for the Mr Price Group; they are performance measures. The company reinforces its commitment by linking executive compensation to ESG outcomes: 20% of long-term

incentive awards are tied to non-financial metrics, with social indicators accounting for 40% of that portion.

While challenges persist, particularly in closing the gap between minimum and living wages, Mr Price's continued progress demonstrates a determined effort to balance affordability for consumers with dignity and equality for workers. These initiatives taken by the Group demonstrate its firm commitment to addressing these important social matters.

**ECONOMIC**

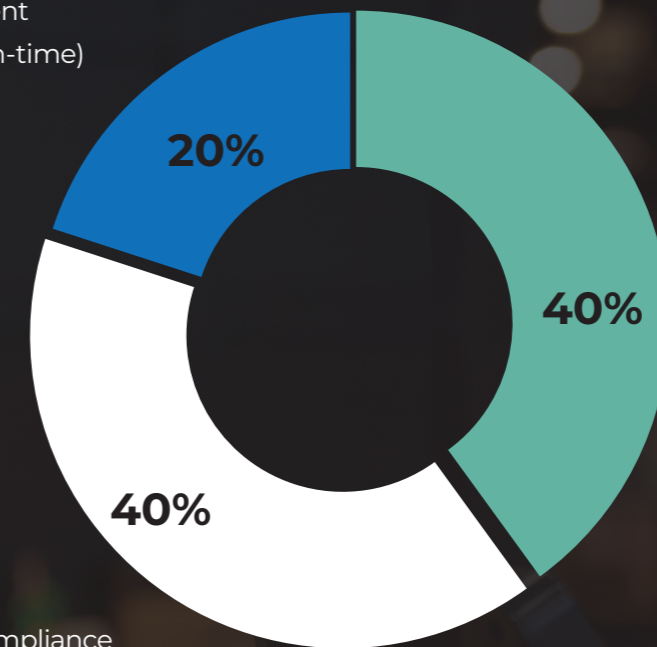


- South African procurement
- Supplier performance (on-time)

**SOCIAL**



- Preferential procurement and supplier development
- Transformation
- Workplace opportunities
- Closure of factory audit non-compliance



**ENVIRONMENT**

- Reduction in single-use plastic shopper bags
- Energy usage
- Recycling
- Sustainable materials



Source: Mr Price Remuneration Report 2025

## Fixed Income

# Green Treasury Bills: A new frontier in sustainable short-term finance

*B20 theme: ESG & Sustainable Infrastructure*

In an investment environment where liquidity and capital preservation remain key priorities for many institutional investors, environmental, social and governance (ESG) considerations are also playing an influential role in guiding investment decisions and shaping portfolio construction. Green bonds particularly, which are fixed-income instruments earmarked for environmentally sustainable projects, have gained significant traction and are seen as an important funding tool for projects with a positive environmental impact.

The green bond market has expanded rapidly, attracting a wide spectrum of issuers, such as municipalities, sovereign governments, financial institutions and corporates. This growth has prompted regulators and market participants to consider additional sustainable finance instruments, such as social bonds, sustainability-linked bonds and, most notably, green Treasury Bills.

### The rise of Treasury Bills abroad

Treasury Bills (T-Bills), traditionally used by governments for short-term funding

and liquidity management, are now being adapted for green financing. Austria became the first government to issue green T-Bills in October 2022, marking a significant evolution in the sustainable finance landscape. According to Austrian Treasury Director Markus Stix, short-term green debt instruments represent the “missing link” in the green debt ecosystem, offering an ESG-compliant solution for money market funds operating at the short end of the yield curve.

Following Austria’s lead, other governments like Germany and the UK began issuing green short-term debt, demonstrating a growing recognition of the need for short-duration, ESG-aligned financial debt instruments. These developments provide a strategic opportunity for institutional investors, particularly those in money market funds to incorporate sustainability into their portfolios while maintaining liquidity and yield.

In South Africa, institutional investors hold approximately R430 billion in money market funds (source: ASISA, 2025). As liquidity needs rise under regulatory changes, such as the implementation of the two-pot

retirement system, these institutions are increasingly seeking ways to align capital preservation with sustainability objectives. There is therefore demand for short-term, high-quality ESG-compliant instruments to manage liquidity within sustainable investment frameworks.

### South Africa is slow to catch up

Although South Africa has not yet issued green T-Bills, significant groundwork is being established. The South African Green Finance Taxonomy, developed in collaboration with the International Finance Corporation (IFC), provides a foundation for classifying green assets, enabling credible short-term green issuances, while the Johannesburg Stock Exchange (JSE) and National Treasury are working to establish market standards that support transparency and credibility.

Green T-Bills and other short-term ESG securities represent a natural progression in the growth of sustainable finance as governments strive to fund and support climate-related projects, while managing duration risk. The incorporation of green

T-Bills into the South African government’s issuance programmes could serve as a viable and effective solution for both issuers and investors seeking a dual mandate of financial return and environmental impact. South Africa can broaden its sovereign funding strategy, while attracting sustainability-linked capital.

### The added benefit of greeniums

Treasury Bills are low-cost and liquid, making them ideal for frequent issuance and large uptake. Green T-Bills may also attract a “greenium” price, which is defined as the difference in yield between a green bond and an ordinary bond of a similar maturity, based on the assumption that investors are willing to pay a premium for a bond with a long-term impact. By implication, this would reduce the government’s cost of capital, while supporting sustainable finance goals.

For institutional investors, the integration of green T-Bills and short-term debt into money market portfolios provides a compelling opportunity to earn a competitive risk-adjusted return, while contributing meaningfully to environmental objectives.

2050

**“Finance is no longer just about returns – it’s about responsibility. Green Treasury Bills represent a powerful confluence of liquidity, security and sustainability, empowering investors to align capital preservation with climate-conscious stewardship.”**



By Rehana Rungasamy  
Equity Portfolio Manager at Sanlam Investments

## 3.4 Satrix

### Thought leadership: Exclusion or transition?

*G20 theme: Sustainability*

For both emerging and developed economies, the road to sustainability must also lead to prosperity. That's why the focus should be on transition, not exclusion. A gradual move towards cleaner energy ensures socio-economic stability, especially in regions where livelihoods depend on carbon-intensive sectors.

#### The harsh reality

Critics argue that we're not moving fast enough to prevent catastrophic climate change. But the truth is more complex. When major energy companies divest from fossil fuels, those assets aren't necessarily being retired – they're often sold to private operators who face less public and regulatory pressure.

According to S&P Global Market Intelligence, in late 2024, private equity investment in oil and gas reached US\$10.17 billion, almost double the US\$5.14 billion directed to renewables. This suggests that fossil fuel assets, once divested by large companies, are being acquired and repurposed by investors seeking profit – potentially without the same level of environmental oversight.

#### The trouble with exclusion

From an investment perspective, full-scale exclusions come with trade-offs. They can increase investor risk of missing out on market recoveries or cycles, particularly in commodity-heavy regions like South Africa or Brazil. Honouring a sustainability mandate shouldn't mean poorer outcomes for investors or communities.

Fear of missing out (FOMO) is also a dangerous emotion in investing, as it can overwhelm logic and erode investment discipline. Portfolios that use wholesale exclusions tend to heighten the risk of investor FOMO. As a recent example, a lack of mining or commodity exposure would have been unsettling. Some investors may have the means or fortitude to adopt an outright exclusionary approach that delivers divergent performance relative to the market, both on the upside and downside.

But for most investors, diversification across all available industries and sectors remains preferable and suitable. When a corner of the market runs hard, they won't miss out; if it goes down, they find solace in company. Does that type of thinking disqualify them

from making a difference in areas like climate change? Not anymore.

#### A more nuanced approach

Fortunately, sustainable investing is evolving quickly. Improved measurement of greenhouse gas (GHG) emissions at both company and portfolio levels makes it possible to reduce climate risk while staying close to market benchmarks.

The MSCI ESG Enhanced Focus Climate Transition Benchmark (CTB) indices, tracked by products like the Satrix MSCI World ESG Enhanced ETF, offer a robust example of this new approach. These indices are built to:

- Reduce the GHG intensity of the index by 7% annually
- Emit 30% less GHG emissions than their parent indices
- Maximise ESG scores while controlling for risk relative to a parent index

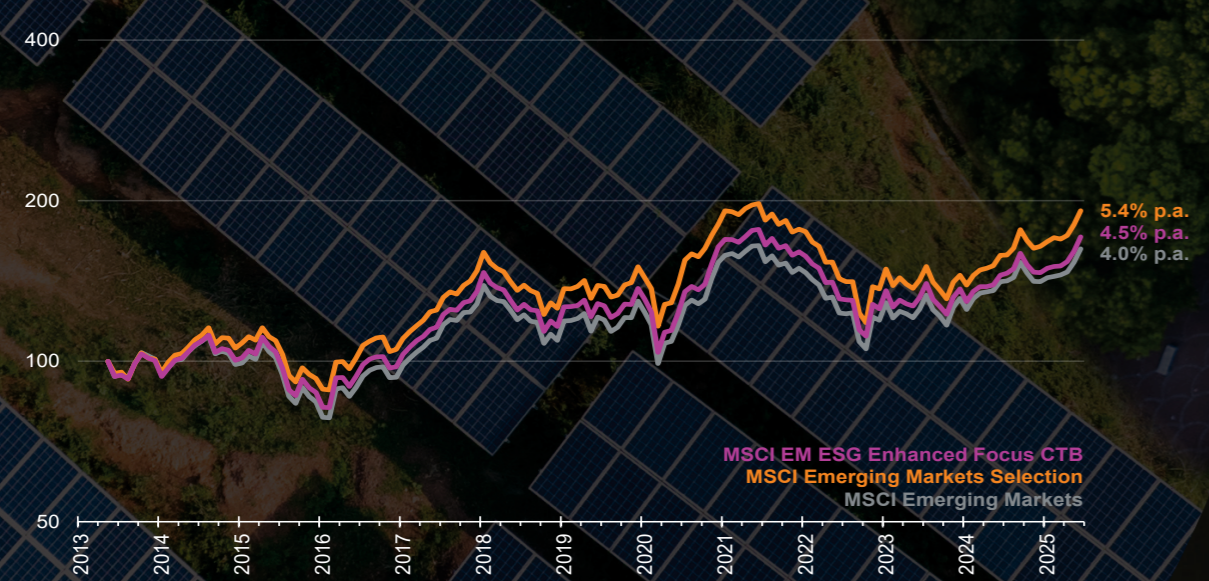
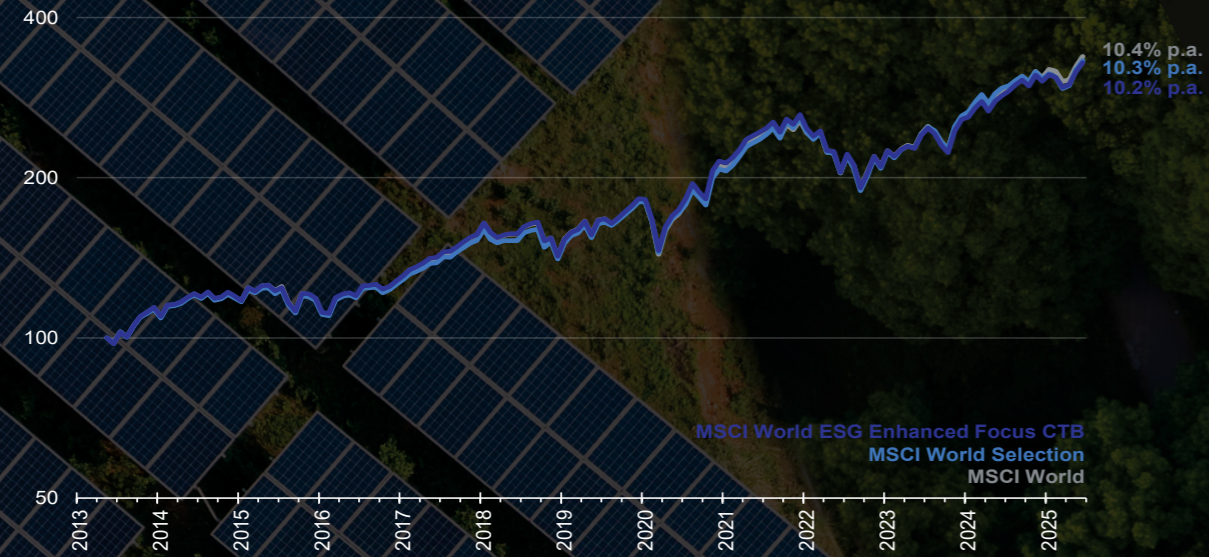
Critically, they achieve these goals without straying significantly from their parent benchmark composition, providing a balance between sustainability and performance.

**“The path to a sustainable future isn't exclusion, but inclusion – through smart, steady transition.”**

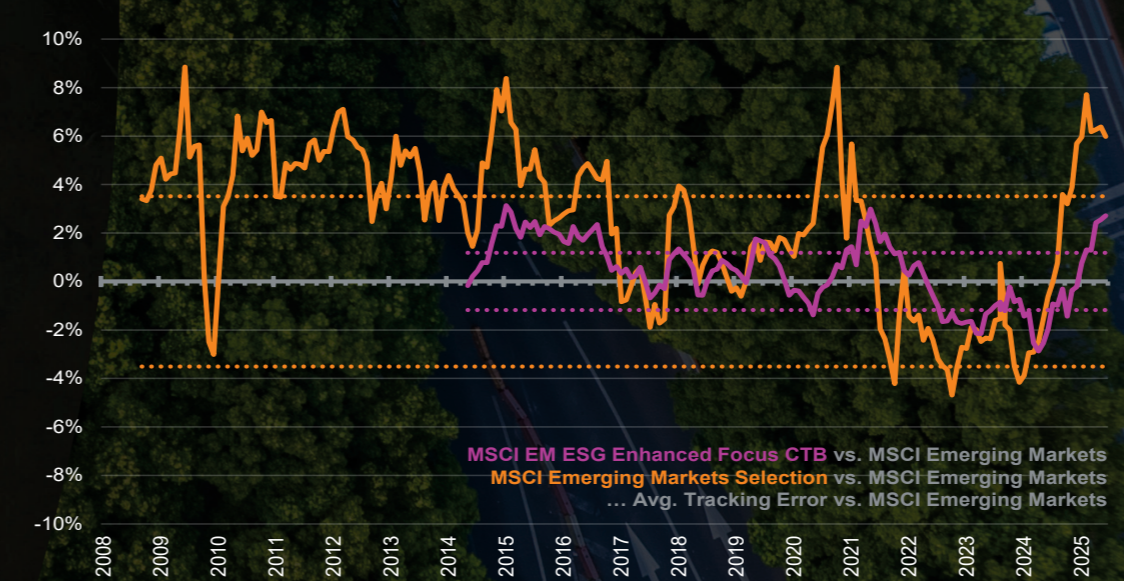
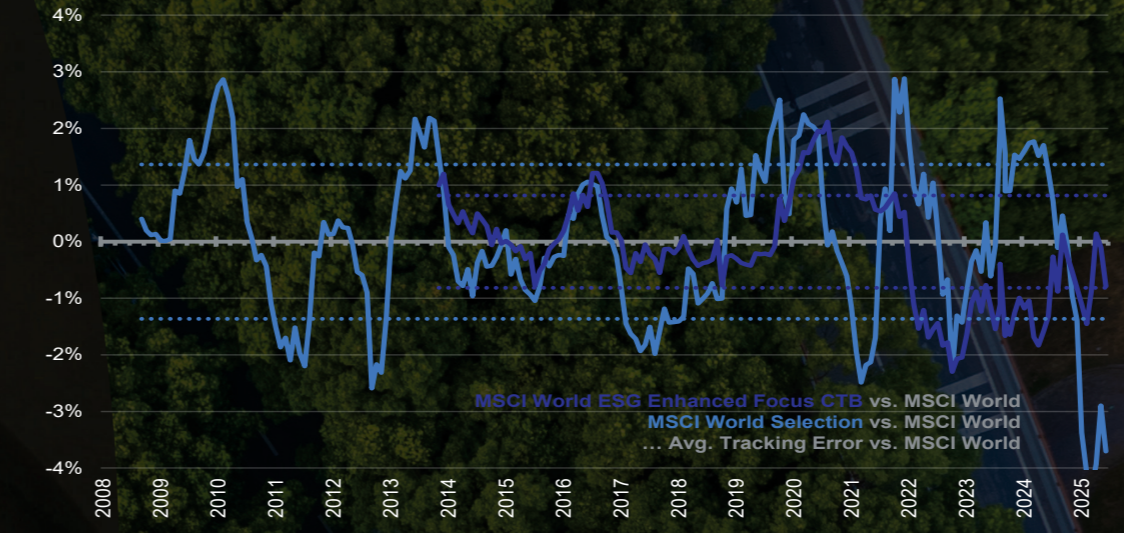
The graphs on the following pages illustrate how the ESG-enhanced index has consistently tracked its parent benchmark with minimal performance deviation. The rolling 12-month relative returns and drawdowns highlight the index's ability to maintain risk control while integrating sustainability metrics.

Despite market fluctuations, the ESG strategy delivers returns that remain closely aligned with the broad index, demonstrating that impact-oriented investing does not come at the cost of performance.

### Cumulative and rolling 12-month relative performance vs parent index



Source: MSCI & Satrix, June 2025



Source: MSCI & Satrix, June 2025

### Overcoming the challenges

Satrix offers two ESG ETFs that track the MSCI ESG Enhanced Focus CTB versions of the MSCI World and MSCI Emerging Markets indices:

- [Satrix MSCI World ESG Enhanced Feeder ETF](#)
- [Satrix MSCI Emerging Markets ESG Enhanced Feeder ETF](#)

### A practical path to change

In the end, sustainable investing isn't just about what we exclude; it's about who we include. The collaborative, transition-focused approach in investing, energy and governance invites participation rather than resistance. It is this kind of sustainability that offers the best chance of lasting, inclusive change. A practical path to prosperity is the sustainable one.

# Section 4: Sanlam Allianz

## An overview of Sanlam Allianz Investments' approach to ESG

### G20 theme: Sustainability

Sanlam Allianz Investments Limited is a key part of the Sanlam Group, operating in Kenya, Uganda and Tanzania.

### Our approach to ESG integration

We firmly believe that ESG considerations are integral to achieving long-term sustainability and investment returns. We take a long-term approach to sustainable investing, recognising that it not only enhances returns, but lowers risk. We promote financial well-being by empowering over one million East Africans through mobile-based unit trust access, strategic partnerships and financial literacy – enabling savings, investments and financial confidence.

### ESG award

Sanlam Allianz Investments was honoured to receive the Ethical Finance Institution Award at the 2024/2025 Kenya ESG Awards.

This accolade, acknowledged by the Fund Managers Association in Kenya, highlights our steadfast commitment to ethics, integrity and responsible investing.

### Case study: Safaricom

#### Environmental challenges in the telecoms sector

The telecommunications sector, while contributing only 2 - 3% of global carbon emissions, faces increasing operational challenges linked to energy consumption. Safaricom, a leading telecom provider in East Africa which is partly owned by the Kenyan government, had been notably impacted by the increase in electricity tariffs, rising diesel fuel costs and grid instability, resulting in frequent power outages.

These challenges have underscored the urgent need for more resilient and sustainable energy solutions to support

network reliability and cost efficiency. Enhanced grid independence would ensure uninterrupted service even during grid outages. Additionally, hybrid systems would enable network expansion into off-grid and rural regions, offering communities access to reliable connectivity.

#### Harnessing sustainable technology for strategic impact

Safaricom has proactively responded by accelerating the deployment of solar-powered base stations, replacing traditional diesel generators to enhance reliability during grid outages. By 2025, the company had increased the number of solar-powered base stations to 1,432 – up from 310 in 2022 – which is 25% of its total base stations.

This shift has resulted in considerable cost savings, while reducing dependency on fossil fuels.

The company's strategy includes a long-term commitment to sourcing 50% of its energy from renewables by 2050 as part of its broader decarbonisation roadmap. In its regional expansion, Safaricom Ethiopia has deployed solar-powered base stations at 237 sites as of 31 March 2025, with a target of 40% solar-powered sites by 2030.

Additionally, Safaricom is promoting a just energy transition by training its supply-chain partners to shift from diesel provision to solar-panel maintenance and service delivery, promoting inclusive green employment opportunities. The company remains committed to achieving net-zero carbon emissions by 2050.

#### Investment implications

Safaricom's strategic investment in solar energy continues to deliver strong operational and sustainability outcomes.

**“By reducing emissions, lowering costs and delivering reliable connectivity to communities, Safaricom is a powerful example of ESG-aligned growth in frontier markets.”**

By Lilian Mwikali  
Portfolio Manager at Sanlam Investments  
East Africa



- **Cost efficiency:** The rollout of solar-powered base stations has significantly reduced operating expenses, with savings at off-grid and on-grid sites enhancing margins and operational efficiency across the network.
- **Energy resilience:** Reduced reliance on diesel generators and a stabilised power supply in regions with frequent grid outages has enhanced service reliability, critical for customer satisfaction and network uptime.
- **Sustainable network expansion:** Solarisation enables scalable infrastructure development in underserved and off-grid areas, enabling the company to grow its footprint cost-effectively, while minimising environmental impact.
- **Progress toward decarbonisation:** The initiative directly contributes to Safaricom's target of sourcing half its energy from renewables by 2050, aligning operations with long-term climate commitments and reducing carbon emissions.

- **ESG integration:** Safaricom's solar strategy reinforces its position as a leading ESG-aligned corporate in East Africa, integrating environmental responsibility into core operations, while enhancing long-term shareholder value.

#### A compelling case of environmental stewardship

Safaricom's renewable energy transition presents a compelling case of environmental stewardship aligned with long-term value creation. Through operational cost reduction, supply-chain transformation and enhanced grid independence, the company is actively mitigating energy-related risks, while contributing to climate goals. These initiatives support the principles of responsible investing, particularly under the environmental pillar of ESG, and position Safaricom as a forward-thinking technology leader in frontier markets.

# Section 5: Our roadmap for 2026

## Roadmap for what lies ahead: from ambition to action

At Sanlam Investments, we have never seen responsible investing as a sideline discipline. It has always been our compass, guiding how we allocate capital, how we serve communities, and how we help shape a future in which prosperity and sustainability are indivisible.

As we look to the horizon, we are not simply reacting to global trends, we are charting a bold new course. We are proud to unveil a pivotal milestone in our journey: the launch of the Sanlam ESG and Impact Advisory Unit, a transformative initiative that deepens our commitment to embedding sustainability into the very fabric of investment strategy across Africa and beyond.

### Pioneering a new frontier

Sanlam's ESG and Impact Advisory Unit is more than a capability, it's a catalyst. In response to growing demand from clients,

partners and communities, it unites Sanlam Investment's technical depth, market insights and real-world experience to deliver impact at scale.

Built with purpose at its core, the unit supports investments across their lifecycle – from ESG due diligence to strategy design, capacity-building and bespoke advisory. Serving both Sanlam Investments' teams and external stakeholders, it transforms sustainability from a compliance exercise into a driver of innovation, resilience and inclusive growth.

### A future we choose to build

This launch marks more than a milestone, it signals our conviction that Africa's development story can be a sustainability success story. It reflects our belief that responsible investing is not about keeping pace with regulation, it is about rewriting the rules of value creation to be more

inclusive, more future-fit and more human.

As we move toward 2026 and beyond, our ESG and Impact Advisory Unit will be a cornerstone of our roadmap – a trusted compass for our clients and a beacon for those seeking to turn bold ambition into real-world impact.

Together, we are not just navigating the future of sustainable finance.

### We are shaping it.

**“The future doesn't happen to us; we invest to shape it.”**

## Turning purpose into practice

Our advisory unit is built to accelerate action on five key fronts:

