

Investment for sustainability

Guided by our Sustainability, Climate Change, Social and Proxy Policies, EPPF's Sustainability Framework is built on three pillars: social justice, environmental regeneration and economic parity.

The Fund is a member of the UN-convened Net Zero Asset Owner Alliance (NZAOA) and has committed to achieving a net-zero investment portfolio by 2050. In order to meet our commitment, we have identified the largest emitters in our portfolio and engaged directly with South African management of these companies. Our purpose is to encourage them to develop credible net-zero transition plans and practice greater transparency in climate-related disclosures. The Fund completed its second NZAOA reporting cycle in 2025 and achieved a green rating, the highest possible level. Our 2023 measurements of portfolio emissions serve as our baseline for evaluating progress.

Many entities in the Fund's private markets programme play a significant role in advancing socio-economic development in South Africa. The Fund monitors their impact in areas such as job creation, support for local economies, and the promotion of equity through opportunities for previously disadvantaged individuals (PDIs), women and youth. At the core of this drive for socio-economic justice is a dedicated development impact portfolio, comprising funds and companies that focus on affordable housing, public transport, small business growth, quality education, healthcare and renewable energy.

Actioning our Sustainability Strategy

A key aspect of the Fund's Sustainability Strategy is its commitment as a member of the NZAOA to achieving an investment portfolio with net zero greenhouse gas emissions by 2050. This involves monitoring the emissions of all entities in which we are invested and reporting the figures annually to the NZAOA.

EPPF has made commitments in the following three categories:

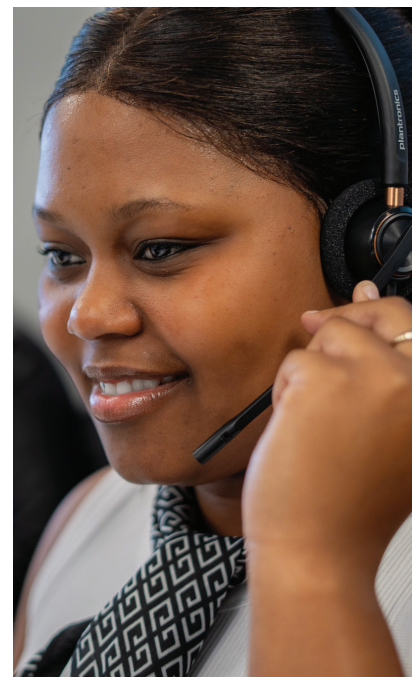
- **Sub-portfolio targets:** Our goal is to reduce greenhouse gas emissions from our investment portfolio by at least 40% by 2030. We try to secure reduced emissions from our existing holdings rather than divesting from high emitters.
- **Engagement targets:** This involves interacting with stakeholders and ensuring they understand why it is important to de-carbonise, design their business strategies around this new reality, and set pathways to achieve net zero.
- **Climate solutions targets:** The Fund will increase our exposure in areas like renewable energy, green hydrogen production and climate-resilient infrastructure.

EPPF has identified the top emitters in our investment portfolio and reached out to management of these companies in South Africa to engage them on their net zero strategies.

The Fund completed its second reporting cycle in 2025, using 2023 measurements as a baseline. Our 2025 submission achieved green status, the highest of three levels and a step up from the amber grade in 2024.

Social Policy and gender justice

The Fund supports transformation through a three-pronged approach with service providers who have a minimum level 3 B-BBEE status as per the FSC codes. Focus areas are for majority black-owned businesses (more than 51%), not majority black-owned businesses but black senior investment decision-makers and transformation from within EPPF (black senior investment decision-makers). The Fund advanced women-led and women-owned entities, with 24% of its external local listed assets under management (AuM) (R74bn) managed by women-owned businesses, representing 8% of the total AuM. Additionally, R18.9bn of AuM across listed and private markets are managed by women-owned businesses.



Why we call it impact investing

The following case study shows that prudent investment can deliver for members while being guided by sustainability and the greater social good. It reflects our dedication to responsible investing that balances positive community impact with long-term financial growth.

Transforming healthcare in Limpopo

Imagine a gleaming ward in Crestcare Zoutpansberg Hospital where a tiny fragment of humanity fights for survival. Baby X was born prematurely, weighing only 870g. Thanks to a modern neonatal intensive care unit (ICU) and specialised health professionals, Baby X latches onto life and leaves hospital some weeks later weighing a promising 1.85kg.

Just a few years ago, there would have been no neonatal ICU for Baby X in the Limpopo town of Louis Trichardt. Perhaps mother and baby would have received the care they needed in Polokwane (100km away) or Pretoria (420km away). Perhaps not.

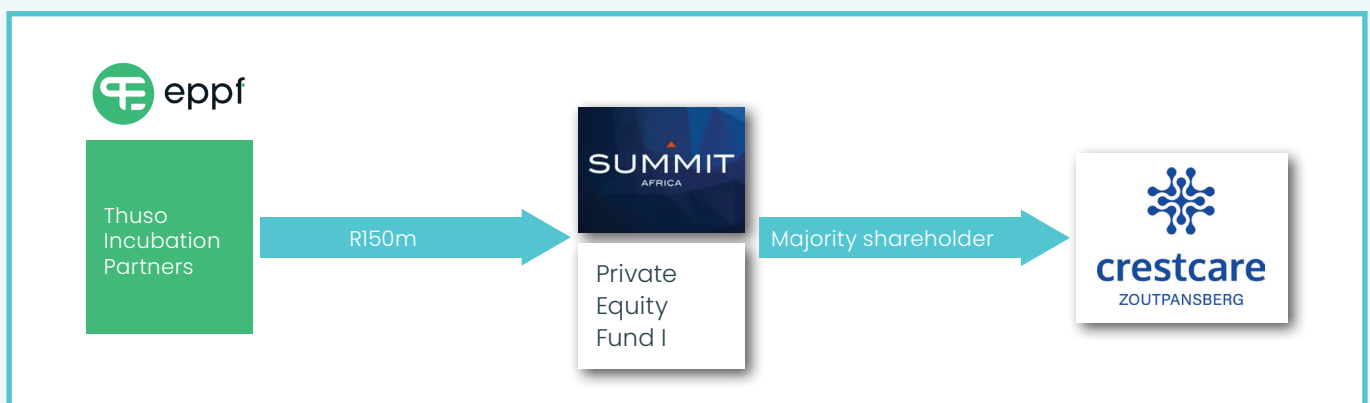
Crestcare's decision to acquire and upgrade a small private hospital in Louis Trichardt has made a world of difference to some 20 000 residents who have medical aid cover but previously had no local health facility offering the range of care for which they were insured. The Crestcare Zoutpansberg Hospital, which opened in late 2023, has 92 beds, four theatres, up-to-date medical technology and specialists in all major areas of medicine. The hospital is a designated service provider for most major medical schemes, making the hospital services affordable and widely accessible

to the communities, including those on lower-cost medical benefit options.

The hospital's impact outputs extend beyond making quality healthcare services affordable and accessible, the economic and developmental impact spin-offs encompass:

- Creation of employment: During the building of the hospital, as many as 200 construction workers were on site, including many unskilled local residents who received on-the-job training. Post construction, the hospital has employed 85 permanent employees – nurses, allied professionals, managers and support staff.
- Enterprise development: The hospital contracts security services, cleaning and catering services.
- Youth development: It has partnered with 14 medical specialists, including young specialists who often struggle to establish practices following their training.
- Enabled the expansion of healthcare services in the area, a renal dialysis centre and a step-down care facility are being developed, adjacent to the hospital. These facilities draw their patients from the Crestcare hospital.
- Community building and awareness programmes: The hospital has helped conduct free health checks and eyesight testing in the community, with free or reduced-cost cataract surgery for those needing it.
- Rural and township economic development: The spending power of healthcare workers, patients and hospital visitors has boosted the local economy.

EPPF invested in the opportunity through the Private Markets Manager Development Programme which is managed by Thuso Incubation Partners (TIP). TIP invested R150m with Summit Private Equity Fund I, a black-owned impact investment manager. In turn, Summit procured the majority shareholding in Crestcare Zoutpansberg Hospital.



Active ownership

The Fund demonstrates active ownership by exercising proxy votes at annual general meetings and other shareholder meetings of companies in its portfolio. We support or oppose resolutions in accordance with the best interests of our members.

Annual stewardship highlights

Comprehensive coverage	Governance focus	Gender diversity leadership	Market impact
43 companies engaged through 43 meetings, with 3 669 proxy voting decisions across 203 meetings	66.8% of engagements focused on governance issues, with 44.2% of voting resolutions concerning director affairs	284 gender diversity votes with 82.9% support rate for qualified women candidates	Engaged companies represent R7.9 trillion in market capitalisation across major JSE sectors

Summary on Fund's exercise of proxy votes as a shareholder

Key performance indicator	Unit of measure	2025	2024
Proxy vote exercised: number of meetings	Number	203	218
Proxy vote exercised: number of resolutions	Number	3 669	3 710
Ratio of resolutions supported:opposed	%	72:28	70:30

Economic equity

EPPF recognises national transformation programmes as a vital catalyst for advancing economic equity and inclusive growth in South Africa. In addition, the Fund's Social Policy mandates us to drive meaningful economic participation and opportunities across our value chain, while ensuring that these efforts enhance member outcomes.

Measures of Fund contribution to economic development and equity

Key performance indicator	Unit of measure	2025	2024
EPPF B-BBEE	Level	1	3
Total EPPF B-BBEE spending	Rand	1.01bn	686m
Operational procurement spending*	Rand	323m	116.2m
Investment management fees	Rand	689m	567.9m
Taxes paid (PAYE and property taxes)	Rand	68.4m	62.8m
Black asset manager allocation	Rand	67.1bn	37.7bn
Black female asset manager allocation	Rand	18.9bn	10.8bn
Listed market mandate according to FSC code**	%	100	100
Private market mandate according to FSC code**	%	93	100
Listed market AuM managed by external asset managers with black ownership of 51% or more	%	39	36
Listed market AuM managed externally by black portfolio managers/senior decision makers	%	6	15
Listed market AuM managed internally by black EPPF portfolio managers/senior decision makers	%	53	47
Private market AuM managed externally by asset managers with black ownership of 51% or more	%	66	56
Private market AuM managed externally by black portfolio managers/senior decision makers	%	23	26
Private market AuM managed internally by black EPPF portfolio managers/senior decision	%	12	11

* The notable increase is attributable to an increase in operational expenditure driven by strategic initiatives, coupled with compliance to Preferential Procurement requirements (B-BBEE levels 1-4)

** Mandates managed by level 1, 2 or 3 according to FSC code

Incubation a stepping stone to equity

Our listed markets incubation programme for emerging black asset managers, launched in 2008, has been a great success and only one company, Lima Mbeu, remains in incubation. On average, AuM grew from R595m per manager at entry to the programme to R20 512m in 2025. The Fund continues to invest in listed domestic markets through managers that have “graduated” from incubation.

More recently EPPF launched a private markets development programme for black asset managers and, in accordance with our Social Policy, we have used this as a vehicle to promote gender equity as well.

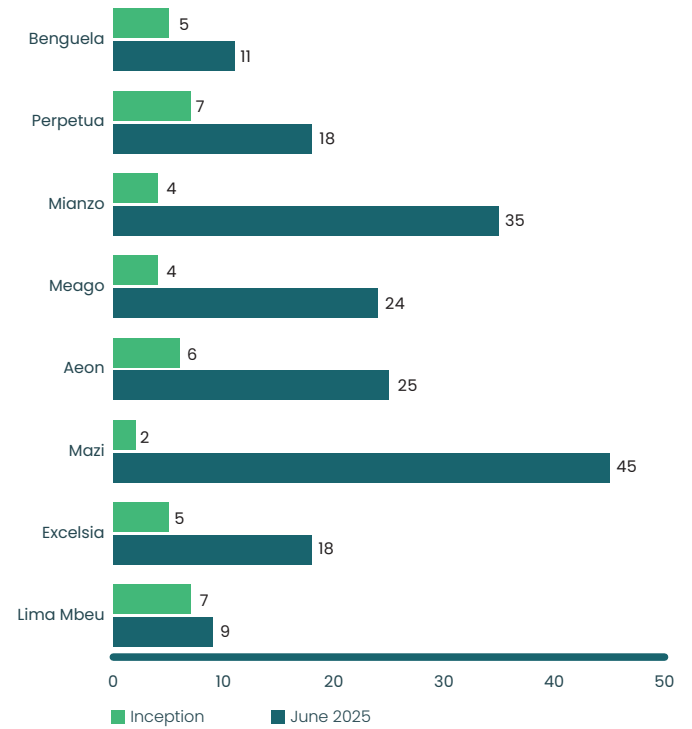
The R2bn allocated to this programme is fully committed to nine asset managers, three of which are woman-owned and are responsible for about 30% of the total amount. They include Mahlako Energy Fund I, which has raised an additional R1.7bn through 12 limited partners, and Infra Impact MMI Fund I, which has raised R2.1bn in total with 16 limited partners.

The B-BBEE programmes will be sustained alongside a stronger focus on gender equity, mentoring of participants and tracking their progress



Progress of EPPF listed markets incubation programme participants

Growth in clients



Growth in AuM (R'bn)

