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Responsible Investment and Stewardship Report 2025



UNIVERSITY OF CAPE TOWN
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Introduction

The Board of the University of Cape Town Retirement Fund (“UCTRF”) and Investment Committee (“IC”) of the UCTRF are excited to provide an update and share the developments in UCTRF’s approach to RI and stewardship of member assets. This is the fifth year that the UCTRF has produced an expanded report to highlight the activities of the Board in an increasingly important aspect of the investment landscape. The 2021 annual report provided information on the UCTRF’s approach to climate change, which is a key environmental concern for most UCTRF members. The 2022 annual report highlighted the key social concerns, which were cited by UCTRF members, namely income inequality and corruption. The 2023 annual report focused on stewardship, governance and impact.

Each annual report will focus on a specific theme and rotate between environmental, social and governance issues. The 2024 annual report focused on environmental issues once again while the 2025 report will expand and provide an update on governance issues that were initially reported in the 2023 annual report. The report will also highlight key changes and updates to the draft of King V which was released for public comment in February 2025.

The UCTRF will continue to work on improving the coverage of the analysis with the objective of extending the analysis to other asset classes provided that good quality and consistent data become available. In future reports, we will focus on deepening our areas of focus and strengthening our RI practices, procedures and activities through collaboration. We would like to acknowledge the valuable input of the IC, Peresec¹ and our asset consultants Sukha & Associates (S&A) as they continue to help us shape our evolving RI strategy and compiling this report. We trust that this report provides members with useful insight on the UCTRF and its RI activities.

1. *The UCTRF has utilised the services of an independent ESG research provider (Peresec) to provide social and governance metrics of companies as reported in 2023/2024. Peresec utilises only publicly available data and does not engage with companies to get additional data that the company is not willing to publish. Companies have different reporting standards based on the jurisdictions that they operate in and the size of the company and its investor base. Additionally, companies report at different times and data may not be complete or reported in the same format.*

UCTRF Responsible Investing Developments

The UCTRF has been hard at work in improving its RI and stewardship approach. This is a continually evolving area within the investment landscape. While development areas remain, the UCTRF is making significant progress in strengthening its practices, procedures, monitoring activities and implementation strategy. The following highlights provide a brief update on some of the key activities over the 2025 financial year:

Governance of RI and stewardship

- The Board retains responsibility for governance of RI and stewardship, but the IC is responsible for implementation and monitoring.
- Responsible investing and stewardship are large practice areas that are constantly evolving. The IC seeks to stay abreast of developments in these areas by discussing ESG matters at every IC meeting. Climate change; the link between sustainability and returns; South Africa's adoption of the Climate Change Act; the new Integrated Resources Plan unveiled by the Minister of Electricity and Energy; and the National Anti-Corruption Advisory Council's (NACAC) final report were some of the topics discussed. The IC also engaged with UCT's University Panel for Responsible Investment (UPRI) on tobacco exposure and possible divestment.
- Proxy voting responsibilities have been allocated to members of the IC to build capacity and depth of knowledge within select sectors/industries. This allows the UCTRF to exercise their stewardship responsibilities more effectively by allowing IC members to better interrogate proxy voting recommendations received from investment managers and making more informed decisions.

Capacity building for RI and stewardship

- Building capacity takes time, but the UCTRF is making progress. Resources are available to build capacity including from stockbrokers, banks, NGOs, regulators and industry bodies.
- The IC and S&A attended a workshop on the B-BBEE scorecard and whether it is appropriate for the UCTRF and its service providers. This was a useful exercise in understanding the detail behind the scorecard and will allow the IC to better understand each service provider's transformation initiatives. Training on such ESG issues will continue in the years ahead to build capacity.

RI and stewardship implementation approach

- The focus of the UCTRF has been on climate change, income inequality and anti-corruption, which are key concerns of members. Each of these issues have been tackled in successive RI reports and address at least two United Nations Sustainable Development Goals (SDGs).
- All Environmental, Social and Governance issues are important and the UCTRF recognises that, at times, trade-offs will emerge. Approximately 90 000 people are employed in the coal sectors of South Africa. With rampant unemployment, high inequality and poverty, the need for a Just Transition to cleaner energy and lower emissions is imperative in South Africa. To

this extent the UCTRF has been emphasizing the need to meet both climate and social targets simultaneously in our engagement with investment managers and companies. A lack of movement on climate change mitigation and lowering social risks in South Africa will stall progress on both issues, which is why the UCTRF has adopted this approach.

- The UCTRF has noted the “backlash” against ESG issues and has discussed these concerns, some of which are not justified. The UCTRF will seek a pragmatic approach centred around the interests of members. The UCTRF may conduct a follow-up survey in 2026 to better understand members’ expectations and requirements.
- Within UCT, there are extensive ESG resources to be leveraged. Members working in such areas within UCT are encouraged to reach out to the UCTRF to share knowledge and collaborate.
- Impact investing is a growing industry, which focuses on allocating and leveraging capital to not only generate a commercial return from a particular project but also has a positive ESG impact. Opportunities have been identified and if they are viable may be considered in future. Such opportunities include allocation to infrastructure investments that generally have a positive developmental impact.
- The Financial Standards Conduct Authority (FSCA) is responsible for the oversight of retirement funds and published draft amendments to Regulation 28 reporting standards. Part of these amendments was the introduction of in-depth reporting on investments into infrastructure assets, exposure to fossil fuels and green economy sectors. However, the latter requirements were subsequently withdrawn. The definition of “infrastructure” is currently being debated by industry and the regulator. This will be a focus area for the UCTRF once the draft amendments have been finalised.
- The Alternatives Sub-Committee, a sub-set of the IC, held regular meetings during the reporting period to better understand opportunities in the private markets and alternatives sector. Presentations from private debt, mezzanine debt funds, hedge funds and others were held to better understand each asset class. Some of these asset classes not only provide high risk-adjusted return but also have a positive impact. Given the complexity of such opportunities, the IC will tread cautiously but continue to build up knowledge and capacity.

Stewardship and Proxy Voting

As a reminder, the UCTRF has delegated the casting of proxy votes at Annual General Meetings (AGMs) to the appointed asset managers of the UCTRF. This is because asset managers have the resources, expertise and knowledge to understand the complexity and context of company resolutions and assess such issues on a daily basis. However, this does not imply that the UCTRF Board are not taking its stewardship responsibilities seriously. The IC set a strategy in 2022 that has been cited by the IFC and Batseta as best practice within the local industry.

The IC decided in the 2022 financial year to focus specifically on UCTRF's top 10 equity holdings and the top 10 carbon intensive stocks listed on the JSE. The top 10 equity holdings of the UCTRF Balanced Portfolio as at 30 June 2021 were utilised for this purpose. Given the overlap between the two lists, the IC obtained a focused list of 16 key stocks. This list of stocks will be reviewed in 2026 to ensure its appropriateness and ensure that the UCTRF's positive work in this regard is effective and impactful. Each Board Member of the IC has been allocated a listed company over which they will monitor the proxy voting recommendations of the asset managers and will seek to engage asset managers on any discrepancies in voting recommendations. In 2023, each Board Member of the IC was allocated companies within the same sector, where possible. S&A also provides an independent recommendation from a stockbroker firm's ESG team to assist the IC in comparing the proxy voting recommendations of the UCTRF asset managers.

During September 2023, Royal Bafokeng was delisted and the IC agreed to replace it with Glencore. Glencore, as a large stock on the JSE and a carbon intensive stock, joined the list. The engagements with asset managers on the 16 stocks will primarily be on their proxy voting recommendations but also the three key ESG concerns of UCTRF members. The 16 key stocks are as follows:

1	NPN	Naspers	9	IMP	Impala Platinum
2	BTI	British American Tobacco	10	MNP	Mondi
3	PRX	Prosus	11	BHG	BHP Group
4	AGL	Anglo American	12	SSW	Sibanye
5	FSR	FirstRand	13	ANG	AngloGold Ashanti
6	MTN	MTN	14	SAP	Sappi
7	SBK	Standard Bank	15	NPH	Northam Platinum
8	SOL	Sasol	16	GLN	Glencore

The IC members have been active in exercising their proxy voting responsibilities on the 16 stocks selected. In the calendar year ended December 2025, there have been 16 company annual general meetings and 415 resolutions that were voted on at those meetings.

On 86 of these resolutions, the UCTRF instructed their asset managers to vote against the resolution. The resolutions voted against typically related to:

- Remuneration – payments deemed excessive or not linked to performance of management

- Issue of additional shares – the allocation of additional share capital which is dilutive to existing shareholders
- Donations to political parties
- The appointment of directors who are not necessarily deemed independent
- Proposals to offer financial assistance to directors and / or prescribed officers

2024



2025



Governance of Listed Companies in South Africa

A survey conducted of the UCTRF members revealed that corruption was one of their top 3 ESG concerns. The media and civil society have been incredibly active in exposing corruption within our society. The impact of rampant corruption has been highly visible through low economic growth levels and the non-delivery of services to communities. Corruption is problematic as it distorts the efficient allocation of resources and enriches individuals at the expense of all citizens. However, corruption is not limited to the public sector and is as prevalent in the private sector as well. This is why there has been much work done on what constitutes good corporate governance and ensuring transparency of listed companies.

In February 2025, the draft King V Code on Corporate Governance was released by the Institute of Directors in South Africa (IoDSA) for public comment. This was later finalized and will become effective on 1 January 2026. The King Codes are an important South African corporate governance code which adopts an inclusive approach and was first introduced in 1994 by the King Committee, chaired by Mervyn King. The King Codes define corporate governance as “the exercise of ethical and effective leadership by the governing body”. The Code has been revised multiple times to consider national and international developments. The Code is not legally binding. However, for entities with a primary listing on the JSE, aspects are binding by virtue of the JSE’s listings requirements. The UCTRF Board will start incorporating the principles of the King V code once it has been finalised.

Listed company data

The UCTRF has taken a decision to focus its engagement with asset managers on 16 companies to achieve a positive impact given the limited governance and resources budget of the UCTRF. In the section below, the key governance metrics of the 16 companies are shown with high level comment provided. The data was obtained from Peresec, Farsight, S&A and other public sources as at the company reporting date during the 2024-2025 financial years. A like for like comparison may not be appropriate in all cases, given different reporting dates. Disclosure was also not received from companies on all of the metrics but the UCTRF will seek to improve this over time by engaging with its asset managers and the companies themselves, if necessary.

Broad Governance Metrics

Company Code	Company Name	Proportion of shares held by executive directors	Tenure of longest auditors	Multiple classes of shares Y/N
NPN	Naspers Ltd	0.040%	2	Y
BTI	British American Tobacco PLC	0.010%	10	N
PRX	Prosus NV	0.007%	3	Y
AGL	Anglo American PLC	0.090%	5	N
FSR	FirstRand Ltd	0.010%	28	N
MTN	MTN Group Ltd	0.060%	4	N
SBK	Standard Bank Group Ltd	0.050%	62	N
SOL	Sasol Ltd	0.007%	1	N
IMP	Impala Platinum Holdings Ltd	0.070%	6	N
MNP	Mondi PLC	0.030%	8	N
BHG	BHP Group Ltd	0.009%	6	N
SSW	Sibanye Stillwater Ltd	0.090%	6	N
ANG	Anglogold Ashanti Plc	0.010%	3	N
SAP	Sappi Ltd	0.100%	8	N
NPH	Northam Platinum Holdings Ltd	0.300%	3	N
GLN	Glencore PLC	0.020%	14	N

- The proportion of shares held by executive directors is one of the items that a few companies did not disclose freely if one considers the level of disclosure in the 2023 UCTRF Responsible Investing and Stewardship report. However, since then, all 16 companies have disclosed this metric. When shareholders and executive directors are aligned, it can lead to better outcomes for shareholders in terms of maximising shareholder value. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. In addition, shareholders will seek to appoint or vote for directors who will best meet shareholders' interests and strike the right balance between various stakeholders' interests.
- In South Africa, the Independent Regulatory Board for Auditors (IRBA) required companies to appoint new audit firms every 10 years. However, the IRBA mandatory audit firm rotation (MAFR) rule was set aside by the Supreme Court of Appeal (SCA) in June 2023. The setting aside of the MAFR rule does not affect the compulsory rotation of the individual engagement partner, as required by the Companies Act. An individual auditor may not serve for more than five consecutive financial years. A cooling-off period of two years is required before the individual can be reappointed to the same company. Naspers had the same audit firm in place for over a hundred years in 2023, but in 2025 have improved on this metric. FirstRand and Standard Bank however, have retained their auditor for 28 and 62 years respectively. It is important that the auditors can question management and provide an independent review of the firm's financial position.
- Multiple share classes can create a distortion between the rights of different classes of shareholders. One of the examples here is Naspers and Prosus, where a select group of shareholders or founders have "super" voting rights. Ordinary shareholders may then have limited rights to direct change.

Composition of Board

Company Code	Company Name	Independent chairperson	Chair tenure	Independent directors to total directors	Proportion of independent directors with previous employment relationships with the company	Proportion of directors with industry experience	Independent directors on audit committee	Independent directors to remuneration committee	Board Size
NPN	Naspers Ltd	N	10.5	80%	0.0%	62.5%	100%	67%	15
BTI	British American Tobacco PLC	Y	4.5	80%	0.0%	60.0%	100%	100%	10
PRX	Prosus NV	N	6.2	80%	18.0%	62.5%	100%	67%	15
AGL	Anglo American PLC	N	7.9	70%	0.0%	73.0%	100%	100%	10
FSR	FirstRand Ltd	Y	1.8	80%	-	-	100%	100%	10
MTN	MTN Group Ltd	Y	5.8	86%	8.0%	36.0%	100%	100%	14
SBK	Standard Bank Group Ltd	Y	3.3	64%	27.0%	55.0%	100%	83%	14
SOL	Sasol Ltd	Y	1.1	73%	0.0%	63.0%	100%	100%	11
IMP	Impala Platinum Holdings Ltd	Y	5.2	69%	11.0%	77.0%	100%	80%	13
MNP	Mondi PLC	Y	5.4	80%	0.0%	20.0%	100%	50%	10
BHG	BHP Group Ltd	Y	0.6	89%	0.0%	44.0%	100%	100%	9
SSW	Sibanye Stillwater Ltd	Y	6.1	64%	0.0%	75.0%	100%	100%	13
ANG	Anglogold Ashanti Plc	Y	1.4	82%	0.0%	64.0%	100%	100%	11
SAP	Sappi Ltd	Y	1.7	83%	0.0%	36.0%	100%	100%	12
NPH	Northam Platinum Holdings Ltd	Y	1.0	73%	12.5%	55.0%	100%	100%	11
GLN	Glencore PLC	N	4.3	75%	0.0%	63.0%	100%	75%	8

- A balance should be struck on a board of directors between executives, involved in the day to day running of the company, and non-executives, who bring outside experience and skills, but are not involved in the actual company management. This is imperative to align the interests of shareholders and management. A board should be chaired by an independent chairperson to ensure objective oversight of management. Anglo American, Naspers, Prosus, Glencore do not have an independent chairperson of their respective boards.
- All of the companies have the majority of the board being independent. Sibanye had over 80% of board members being independent in 2023, but this has reduced to 54%. Standard Bank has the highest percentage of independent directors that have had a previous relationship with the company. The proportion of directors with relevant industry experience is less than 50% for MTN, Mondi, BHP Group and Sappi.
- Audit and Remuneration committees should be comprised of independent directors, which is largely the case.
- The size of boards has decreased marginally on average over time.

Impact Investing



The Board took an active decision to allocate 5% of the UCTRF Balanced Portfolio's assets to alternative investments that would help diversify the UCTRF Balanced Portfolio, generate good risk-adjusted returns and have a positive ESG impact. Infrastructure was identified as an area that offered good investment opportunities, which would also meet the required return objectives of the UCTRF.

The UCTRF committed R100 million each to the Infra Impact Mid-Market Infrastructure Fund and to the Summit Africa Social Infrastructure Fund. Around two-thirds of the capital has been deployed to date.

Infra Impact seeks to invest in infrastructure investments in the areas of water and sanitation, clean energy, telecommunications and waste management. They seek to generate commercial returns but also help facilitate job creation, reduce carbon emissions and water usage in portfolio companies.

At the end of the 2025, Infra Impact had committed and invested into 11 portfolio companies across the Fund's focus sectors: water, waste, clean energy, and telecommunications. To date, Infra Impact has completed one transaction in the water sector, three in waste, two in energy, and five in telecommunications, encompassing both ISPs and tower assets.

Infra Impact has a total of 1208 permanent employees and 12 temporary employees across the across eleven portfolio companies as of Q4 2025.

The Summit Social Infrastructure Fund invests in real estate investment opportunities that supports the social and economic transformation and development of local communities and South Africa as a whole. At 31 December 2025, the Summit Social Infrastructure Fund had invested in three purpose-built education social infrastructure in Midrand and Soweto, supporting the provision of quality education in surrounding areas. At this date, the Summit Social Infrastructure Fund has also invested in a new 65-bed acute hospital in Mokopane, Limpopo, which is expected to be completed and opened to the public during 2026, providing much needed healthcare services to Mokopane and the surrounding area. Through its investments in purpose-built education social infrastructure, at 31 December 2025, the Fund supports the provision of inclusive education and training for approximately 8,000 learners, in the process supporting 393 permanent teaching jobs.

Within the Prescient Global Balanced portfolio that the UCTRF has invested into, there is exposure to the Prescient Clean Energy and Infrastructure Debt Fund. This fund invests directly into various renewable energy and infrastructure projects which each have community ownership.

The Prescient Clean Energy and Infrastructure Debt Fund has supported 35 projects which have created 3 687 jobs, generated 2.9 GW of clean power, resulted in over R2.2 billion being spent on local community projects and procured R644 millions of input from local businesses.

These investments complement the allocation that the UCTRF also has to the FutureGrowth Infrastructure Bond Fund. This fund has 26% into direct infrastructure assets, split as follows:

- 10% in renewable energy
- 6% in transport
- 2% in communications
- 3% in development finance
- 4% in water and sanitation
- 12% in other developmental sectors like agriculture, SMME finance and access to finance.

Conclusion

The Board is once again pleased to provide an update to UCTRF members regarding their ongoing efforts in integrating RI and stewardship practices into the management, governance and culture of the UCTRF.

This year the Board has continued to build up a repertoire of knowledge on the 16 focused companies and has actively cast proxy votes for these companies, considering the recommendations of an independent ESG team, S&A and our asset managers. The UCTRF has considered the governance metrics of these companies and generally noticed improvements in such metrics since the UCTRF publicly disclosed them in 2023.

The UCTRF has also quantified the impact of its investments as it has deployed capital into infrastructure equity.

The UCTRF will continue to build capacity and endeavour to stay at the forefront of South African retirement funds in this space, as responsible stewards of capital.