



TRANSFORMING OUR BUSINESS



Contents

Foreword by the chief operating officer

Over the past 30 years, South Africa has seen enormous change. However, in many respects, we continue to grapple with the divisions that emanate from our past. These fissures in our society have been highlighted again by the extraordinary events of the past few years, including the riots in KwaZulu-Natal and the effects of COVID-19, which have affected different groups disproportionately. They serve to reiterate that we should not perpetuate historical divisions in a different form. At Allan Gray, we continue to see transformation as a business and ethical imperative.

As an organisation, we want to show the benefits of a vibrant, diverse employee complement, where belonging is determined by one's contribution as opposed to one's history. We want to make a difference to a diverse group of clients and help them grow their wealth. We want to show how social-minded intentions, including education and entrepreneurship, can make a difference to the economy and the country.

What can you expect from this year's Transformation Report?

This report provides a comprehensive view of our efforts to make a difference, including efforts to drive transformation via the B-BBEE framework and philanthropic initiatives that aim to address challenges in our society. In the first section of this report, we look at the steps we are taking to transform our organisation and provide an overview of the initiatives which aim to transform the profile of our workforce, educate the public, fund education, support job creation and empower small businesses.

In the second part, we provide a brief overview of the long-term projects in the Allan Gray philanthropic ecosystem and highlight case studies to demonstrate the positive impact of the initiatives we support.

We believe the efforts detailed in this report are not only important for our business, but are also for building a prosperous future for our clients and for our country.

Kind regards



Rob Formby
Chief operating officer

Important notes

Throughout this report, Black means qualifying African, Coloured, and Indian citizens of South Africa as defined under the Amended Codes of Good Practice on Broad-Based Black Economic Empowerment.

There are different reporting periods used within the report – the financial year-end period (28 February 2022) and the latest available period (specified in each section).



Transforming our business

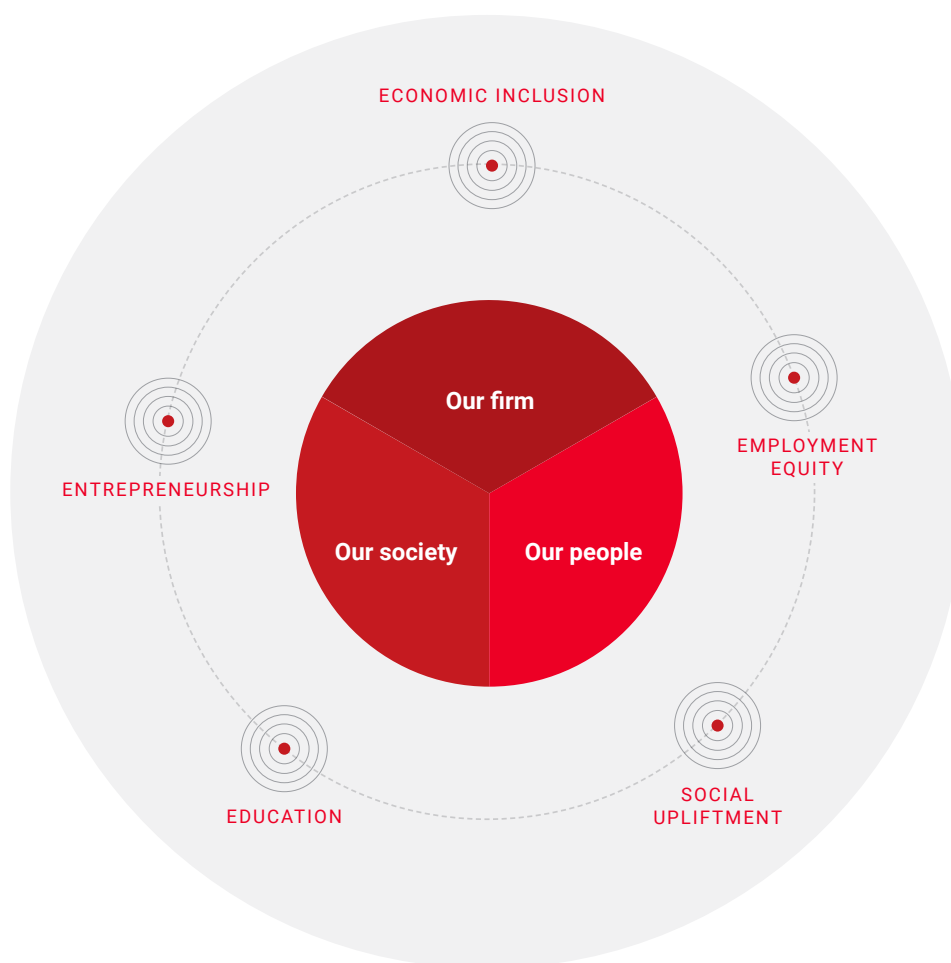
Playing an active role

Allan Gray Proprietary Limited (addressed as “Allan Gray” or “we” throughout) aims to play an active role in addressing the injustices of the past and transforming our country for the future. We do this through several social initiatives, the way we operate as a business and how we service a diverse range of clients.

Making a positive contribution for the common good of our society is important to us, and much of the business is structured around the foundations and trusts developed by our founder, the late Mr Allan WB Gray, and his wife, Gill, to ensure that a percentage of the firm’s profits is devoted to philanthropy. **Graphic 1** aims to provide an overview of the key themes that underpin our transformation initiatives.

At the heart of these initiatives is the intention to have a meaningful impact on employees, their families and their communities. This is seen as a symbiotic relationship between shareholders, clients, employees and society at large. As a group, Allan Gray identifies with the central tenet of the various philanthropic pursuits undertaken, which includes the fostering of entrepreneurs who will create jobs and contribute to addressing the country’s high unemployment levels and poverty.

Graphic 1: Our transformation focus areas

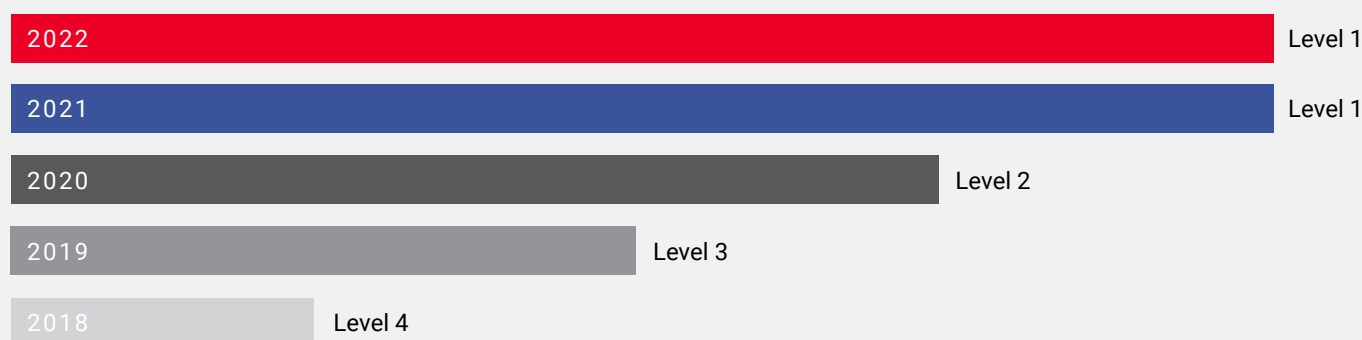


B-BBEE impact report

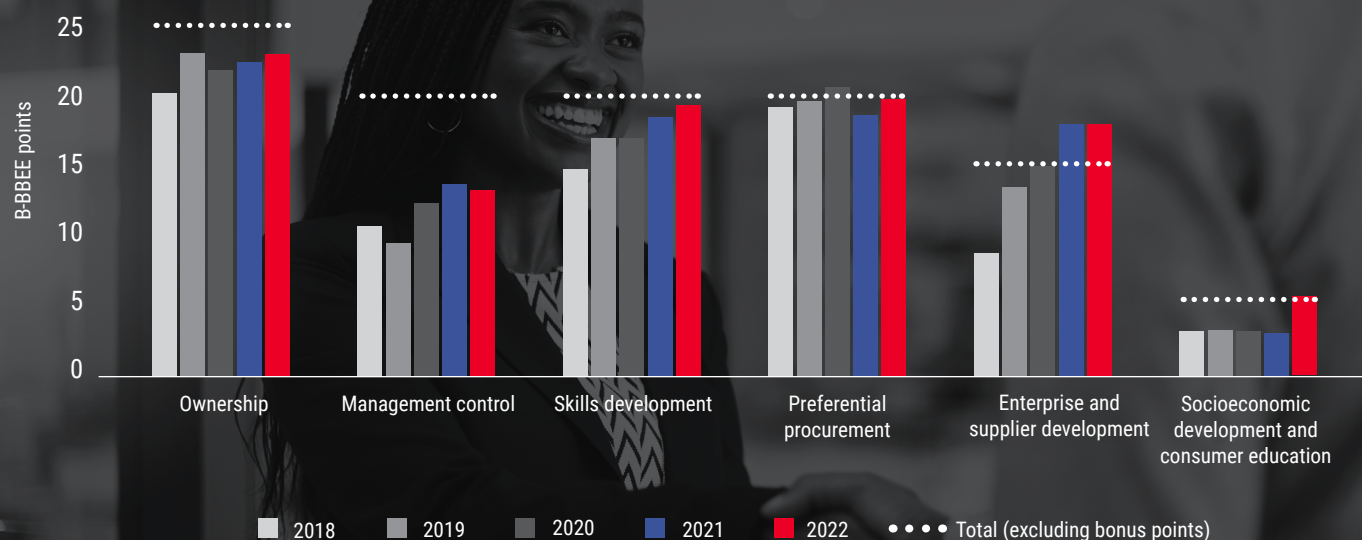
Allan Gray is measured against a sector-specific code, the Amended Financial Sector Code (FSC), which reflects the broad-based Black economic empowerment (B-BBEE) principles that are agreed upon by stakeholders as they pertain to the financial sector.

For the financial year ended 28 February 2022 (referred to as “the period”), our B-BBEE scorecard outcome was that of a Level 1 contributor. We have maintained the contributor level achieved in the prior year, after improving by a level every year between 2018 and 2021 since the Amended FSC was implemented, as can be seen in **Graphic 2**. This reflects an ongoing commitment to sustainable transformation. The overall improvement in contributor level is underpinned by positive outcomes in the elements of the scorecard, as reflected in **Graph 1** below and **Graphic 3** on page 6.

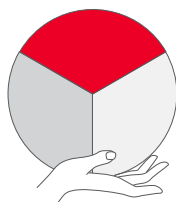
Graphic 2: Contributor levels under the Amended FSC



Graph 1: Outcomes across the various areas of the B-BBEE scorecard



Graphic 3: Our transformation at a glance (five-year snapshot)

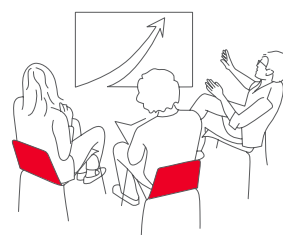


OWNERSHIP

	2018	2022
Voting rights of Black women	5.40%	13.59%
Economic interest of Black women	2.24%	11.37%

SKILLS DEVELOPMENT

	2018	2022
Direct spend on Black staff	R5.1 million	R9.8 million
Direct spend on Black female staff	R2.6 million	R6.1 million



PREFERENTIAL PROCUREMENT

	2018	2022
B-BBEE procurement spend on Black women-owned (>30%) enterprises	R30.4 million	R85.8 million
B-BBEE procurement spend on exempted micro enterprises (EMEs)	R4.7 million	R46.2 million

MANAGEMENT CONTROL

	2018	2022
Black board members	43%	50%
Black top management	20%	36%
Black senior management	35%	38%



SOCIOECONOMIC DEVELOPMENT AND CONSUMER EDUCATION

	2018	2022
Direct spend on staff education trust	R3.1 million	R5.4 million
Direct spend on consumer education	R2.0 million	R3.0 million

ENTERPRISE AND SUPPLIER DEVELOPMENT

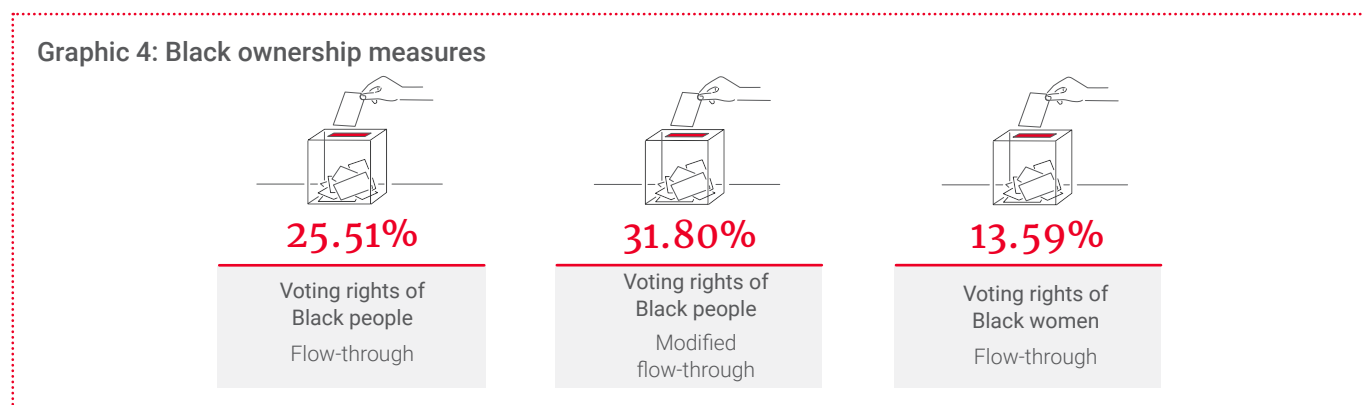
	2018	2022
Enterprise and supplier development cumulative spend	R48.4 million	R127.7 million



Transforming our firm

Ownership

We are committed to implementing measures to improve Black ownership and promote economic inclusion. **Graphic 4** highlights the outcomes of initiatives that are aimed at improving the ownership element.



Below we highlight some of the key drivers of the outcomes achieved in the ownership element:

Allan Gray Staff Share Scheme

The Allan Gray Staff Share Scheme ("the Scheme") was implemented in 2009 with the clear objective of promoting the economic inclusion of Black employees. The Scheme reserves 14% of shares for employees, of which 70% have been earmarked for current and future Black employees. As demonstrated in **Graphic 5** on page 8, when the Scheme was launched, 177 staff members participated. This number had increased to over 1 000 as at 28 February 2022, with 71% of the participants being Black employees. One of the objectives of the Amended FSC is to drive the growth of real Black ownership of the country's productive assets and to create sustainable wealth. Over the 13 years of the Scheme's operation, the economic benefit achieved by staff has been well aligned with the returns achieved by the business and has, particularly for those who have invested over the long term, made a real contribution to building their personal wealth.

E Squared



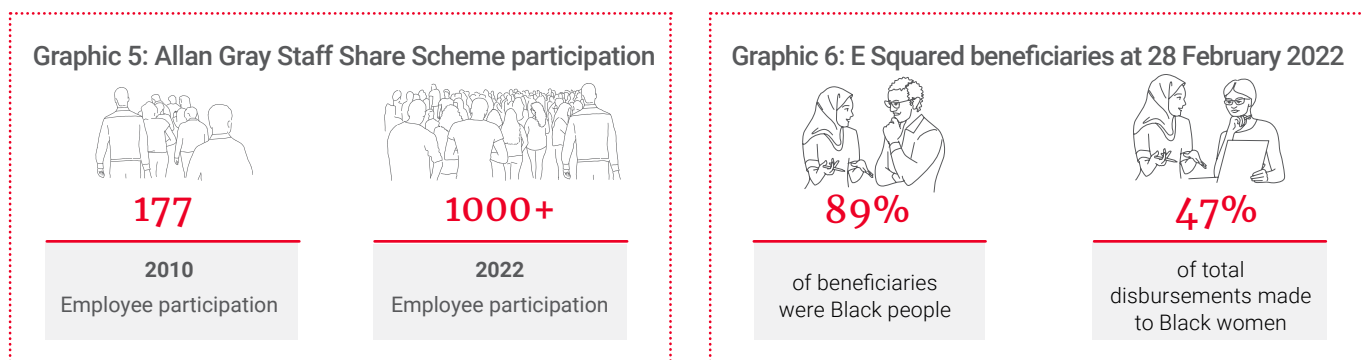
E Squared, which owns 17.8% of Allan Gray, was established in 2007 with the intention that it would constitute a long-term, sustainable, non-profit institution dedicated to advancing public interest. This would be done through the support of eligible Allan Gray Fellows of the Allan Gray Orbis Foundation ("Fellows", see page 17 for a fuller explanation and other terminology) and other public benefit organisations (PBOs), thereby contributing to broad-based Black economic empowerment (B-BBEE) in South Africa and advancing the objectives of the B-BBEE Act. The primary objective of E Squared is to advance B-BBEE by providing financial resources and other material support to Fellows to establish or grow successful business enterprises in South Africa. E Squared complements its main objective by providing grants and endowments to support social benefit activities of other PBOs that may serve to further empower previously disadvantaged South Africans or recognise outstanding individual leadership and social entrepreneurship.

E Squared spent several years capitalising the business and its funding activity began in 2016. As at 31 December 2021, E Squared had disbursed a total of R351.2 million, R24.8 million of which was disbursed in the 2021 calendar year. The total disbursements are split as follows:

- R235.3 million to commercial enterprises
- R101.4 million to social enterprises
- R14.5 million in soft funding (grants, seed funding and in-kind support) to concept stage entrepreneurs

E Squared has consistently allocated at least 85% of its funding to Black people. From a rand value perspective, to date, 90% of the beneficiaries are Black people, with 54% being Black women.

As shown in **Graphic 6**, for the financial year ended 28 February 2022, 89% of E Squared's beneficiaries were Black people, with 47% of total disbursements made to Black women.



CASE STUDY - ZOIE HEALTH



Zoie Health Technologies™ ("Zoie™") is a 100% Black female-owned South African digital health and wellness platform that focuses on women's health. The platform provides women across the country with affordable and convenient access to medical experts through an easily downloadable app. It is South Africa's first digital women's health and wellness clinic and provides users with access to virtual consultations with medical providers and services to purchase contraception, as well as test kits for pregnancy, ovulation and sexually transmitted diseases, including HIV, to be delivered to the users.

Zoie™ joined the E Squared Pathway Programme for business incubation in early 2021, where the business was provided with financing and non-financial support to systematically build a robust and investment-ready business.

In March 2022, the business took the top prize of US\$12 000 at the Harvard Business School New Venture Competition.

Transforming our people

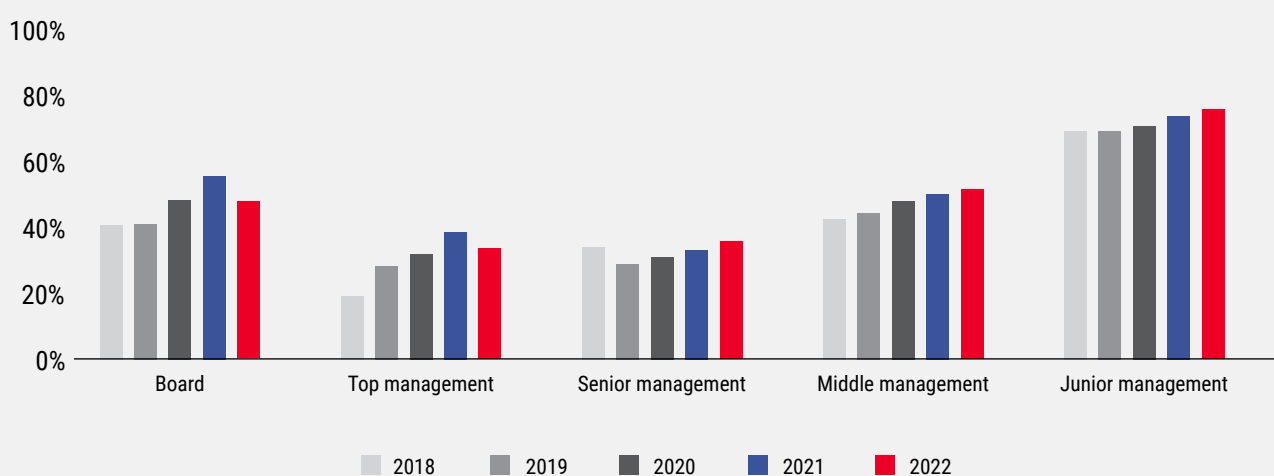
Management control

As can be seen in **Graph 2** on page 9, which reflects the representation of Black people by management level, there has been an improvement over time in relation to Black people at senior, middle, and junior management levels. Board and top management levels experienced a regression in the period under review due to an ending of a trustee term on the board and employee exits.

Graph 3 on page 9 reflects the representation of Black women at management levels. While there has been an overall improvement for Black people in general at senior, middle and junior management levels, the graph highlights that categories are lagging for Black women in particular.

Employment equity initiatives aimed at facilitating a positive and inclusive change within the business underpin our Transformation Plan (practical steps the business is taking to transform) and Transformation Commitment (which clarifies our position on transformation and the principles we adhere to). Our goals encompass the advancement and empowerment of employees to ultimately achieve representation through management teams that better reflect the demographics of South Africa. We expect improvement as employees progress through the ranks as well as through deliberate interventions in succession planning, mentoring, skills transfer and training across our diverse workforce.

Graph 2: Representation of Black people at management levels



Graph 3: Representation of Black women at management levels

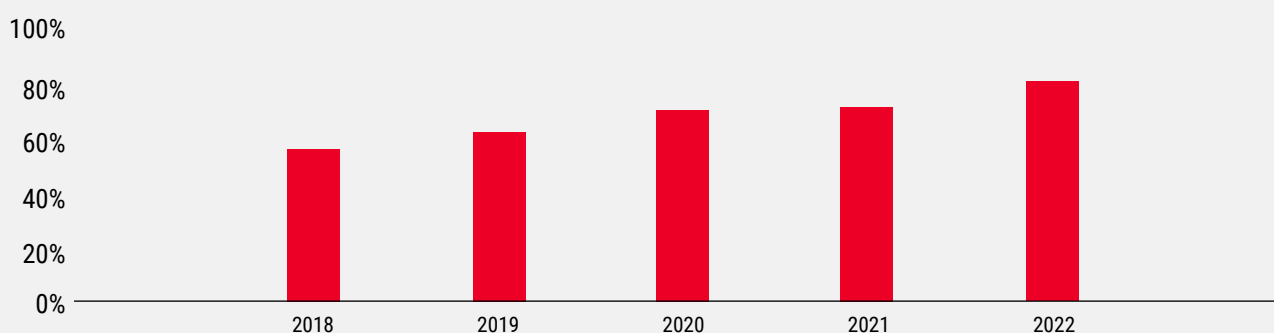


Skills development

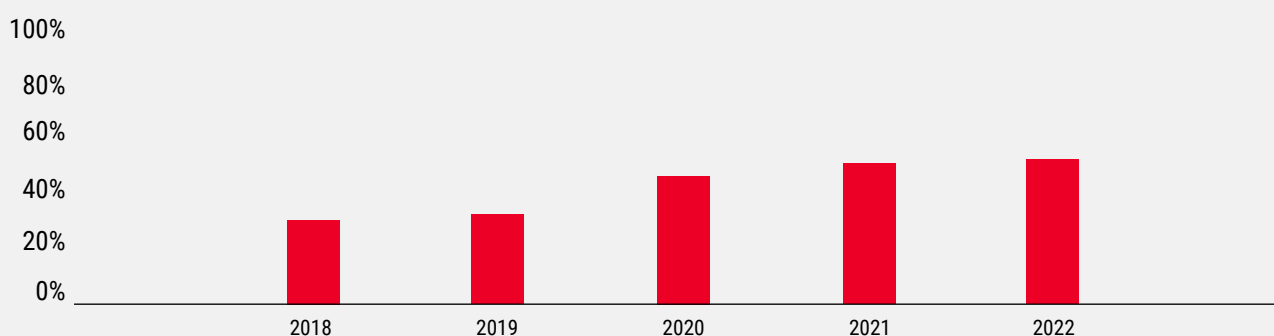
In support of our commitment to sustainable transformation, skills development is a significant strategic focus. We continue to invest in the development of Black people and particularly Black female employees, as shown in **Graphs 4 and 5**.

Additionally, 71% of learnerships, apprenticeships, and internships over the period were undertaken by Black people. These learnerships include certificates in financial markets, the Chartered Accountancy (CA) training programme, the Chartered Financial Analyst (CFA) programme, and certificates in general security practices for Allan Gray security personnel.

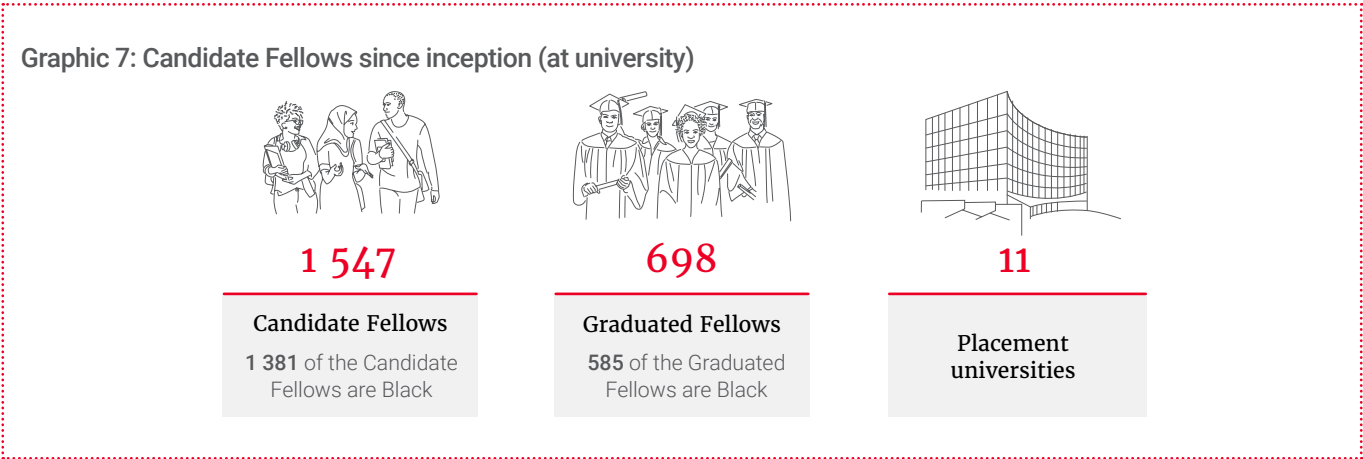
Graph 4: Direct skills expenditure on Black employees as a percentage of total skills expenditure



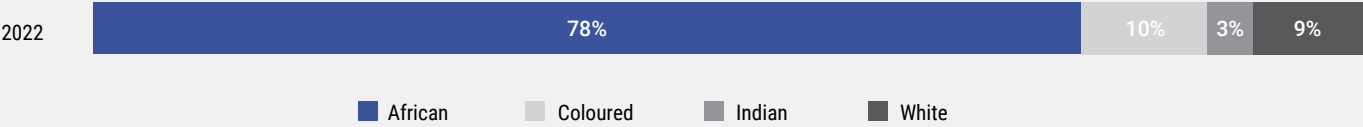
Graph 5: Direct skills expenditure on Black female employees as a percentage of total expenditure



The Allan Gray Orbis Foundation's support of university students, who are not yet employed, is also a strong contributor to skills development for Black people, as shown in **Graphic 7**. The Foundation provides successful candidates with extensive support aimed at enabling them to pursue entrepreneurship as a viable career option. This includes tuition and residence fees for programme participants to pursue their university studies. The Fellowship Programme aims to help university students (Candidate Fellows) prepare for life as high-impact entrepreneurs. **Graph 6** showcases the demographic split of the current cohort of Candidate Fellows.



Graph 6: Candidate Fellows demographic split (2022)

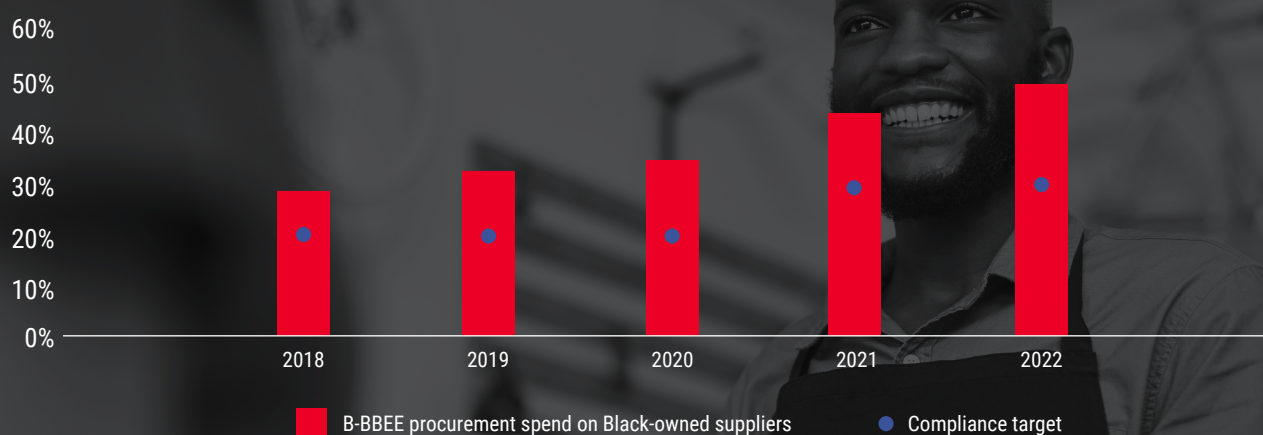


Transforming our society

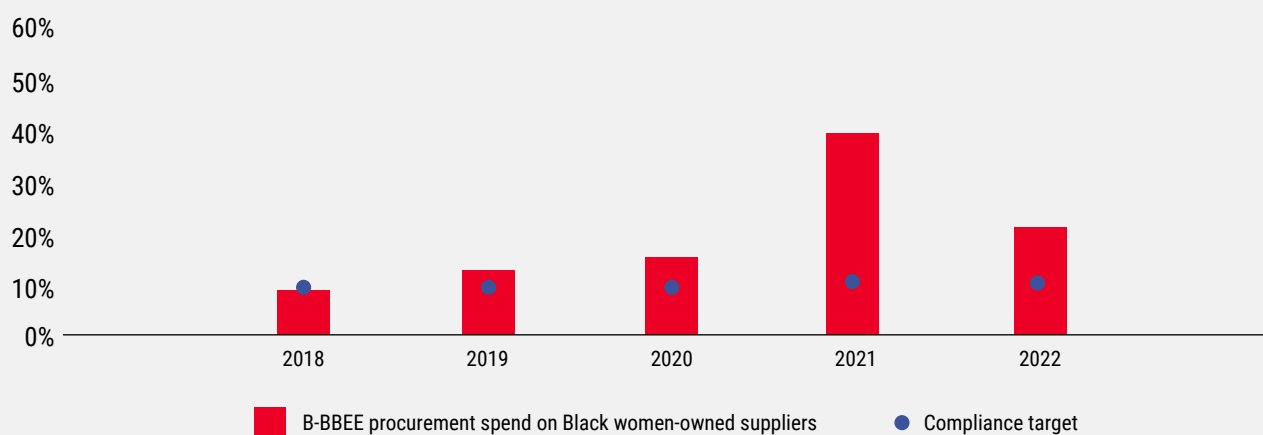
Preferential procurement

Graphs 7 and 8 below, and Graph 9 on page 13, show the percentage achieved relative to the B-BBEE targets within Preferential Procurement from 2018 to 2022. We have consistently exceeded targets for procurement from empowering suppliers, Black-owned entities in general and Black stockbrokers. From 2019 to date, we have exceeded targets for procurement from Black women suppliers. The procurement outcomes are a result of internal initiatives for business expenditure to align with transformation and sustainability objectives.

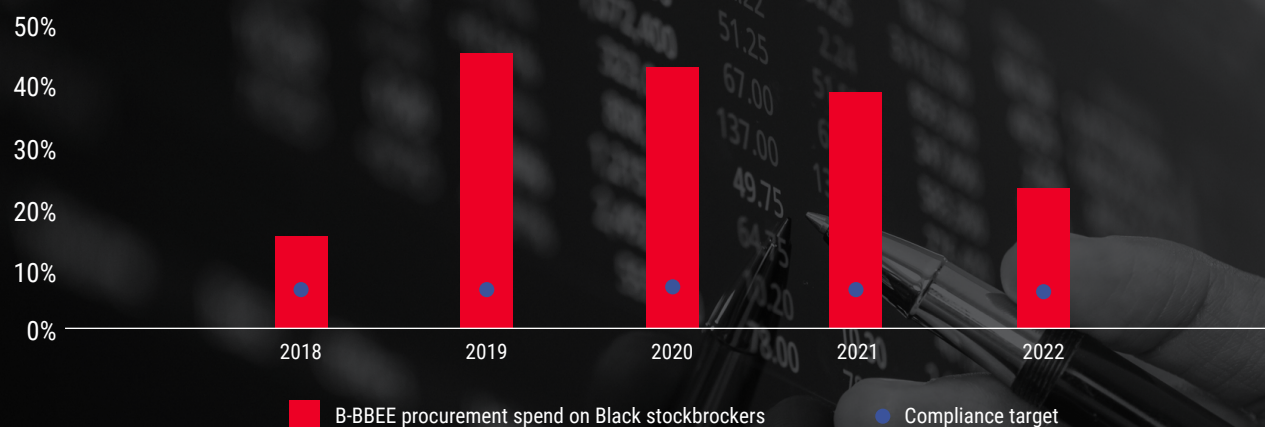
Graph 7: B-BBEE procurement spend with Black-owned suppliers versus targets



Graph 8: B-BBEE procurement spend with Black women-owned suppliers versus targets



Graph 9: B-BBEE procurement spend with Black stockbrokers versus targets



While progress has been made in achieving a positive outcome across the procurement element, purchasing from small businesses remains a key strategic focus to enable transformation and job creation. We remain committed to supporting and strengthening the participation of small businesses through internal intervention and strategic partnerships as shown by increased spend on exempted micro enterprises (“EMEs”) from 2018 – 2022 in **Table 1**. EMEs are businesses with an annual turnover of less than R10 million.

Table 1: Direct spend on exempted micro enterprises

	2018	2019	2020	2021	2022
B-BBEE procurement spend on EMEs	R4.7 million	R16.5 million	R31.8 million	R30.6 million	R46.2 million

Enterprise and supplier development

Our efforts for enterprise and supplier development ("ESD") are highlighted below:

- E Squared: We have underwritten enterprise development for many years through our involvement with E Squared, as discussed on page 7.
- ASISA ESD Fund: We have contributed to ASISA's Enterprise and Supplier Development Fund since 2016. The fund invests in enterprises with high growth potential, providing financial and non-financial support to accelerate business growth. In the 2021 calendar year, the programmes implemented through the fund created 334 jobs.
- ASISA IFA programme: This programme aims to provide high-potential, early-career Black individuals with an internship opportunity with a select group of top-performing independent financial advisers (IFAs). The programme is open to Black South African graduates who hold a Bachelor of Commerce in Financial Planning and have no prior full-time work experience. Since its inception, a total of 179 graduates have gone through the programme obtaining internship opportunities with host companies in Bloemfontein, Cape Town, Durban, East London, Gqeberha and Johannesburg.
- Equity venture: In 2018, in partnership with Umkhathi Wethu Ventures (UWV), we established an equity venture, which seeks to provide private equity and venture capital management services. Since the inception of this joint venture, it has invested in financial services, healthcare and technology companies.
- Internal initiatives: In 2022, we contributed to a new venture in opening a canteen for the Allan Gray head office. The company, Cape Culture, is 51% Black women-owned. 22 new jobs were created as at 28 February 2022 through the strategic partnership between Allan Gray and Cape Culture.

Consumer education

We are committed to improving financial literacy in the country and have dedicated efforts across the business to promote access to financial services and education around investment products and the benefits of investing. Our approach aims to build advocacy and deepen relationships. Our efforts for consumer education are highlighted below:

- Internal programmes: Consumer education efforts include informal presentations and information sessions for small groups of young professionals and other interested parties doing investment education presentations at schools and universities.
- Media: Allan Gray features in regular consumer education radio slots on various radio stations. The radio slots are aimed at educating the public on financial concepts and empowering listeners to move towards making informed decisions to improve their financial well-being.
- ASISA Foundation: We have contributed to consumer education programmes implemented by the ASISA Foundation. The ASISA Foundation focuses on programmes that look to implement meaningful consumer financial literacy and education initiatives that equip South Africans with information, tools and knowledge to make well-informed financial decisions. For the period under review, through the ASISA Foundation, we supported programmes for Retirement Fund Trustee Education, in which South African fund trustees and principal officers attend workshops to receive comprehensive training on the legislative and regulatory framework and governance principles to equip them to effectively carry out their functions as trustees effectively.
- Financial Services Consumer Education Foundation (FSCEF): Through the FSCEF, an independent trust of the Financial Sector Conduct Authority (FSCA) whose mandate is to provide and promote consumer financial education to both current and future consumers of financial products and services, we supported campaigns aimed at promoting consumer financial education amongst the youth.
- Other partnerships: We support the growth of selected Black practices through targeted activities including dedicated servicing, sponsoring the ASISA ESD practice development programme, as well as running our own programmes. Since 2016, 401 Black advisers contracted to do business on the Allan Gray platform have attended the two programmes (170 have attended the ASISA programme and 231 have attended the Allan Gray programme).

Socioeconomic development

The areas that contribute to socioeconomic development are discussed below.

Allan Gray Orbis Foundation

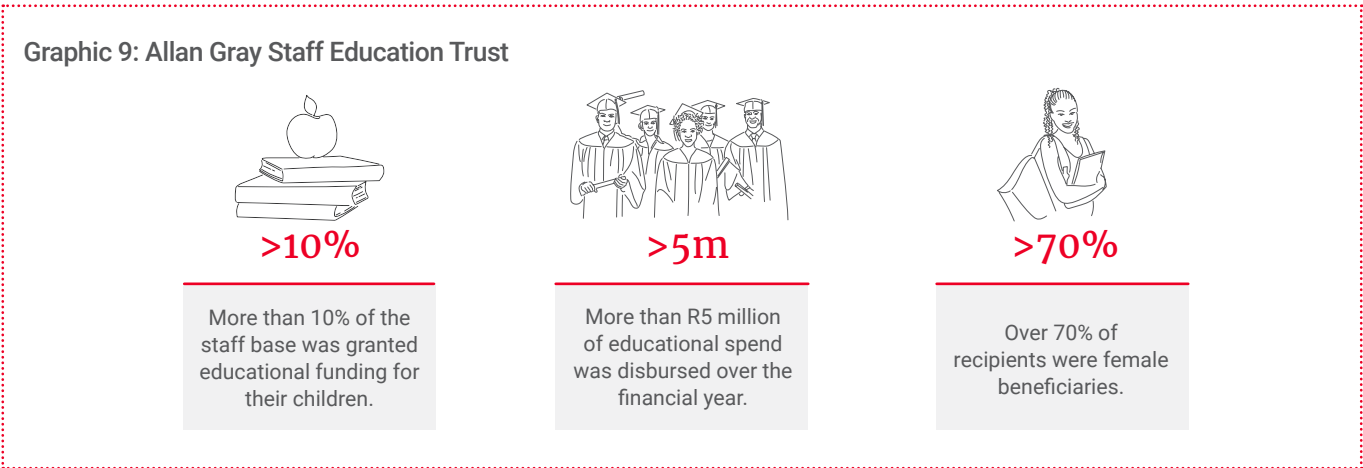
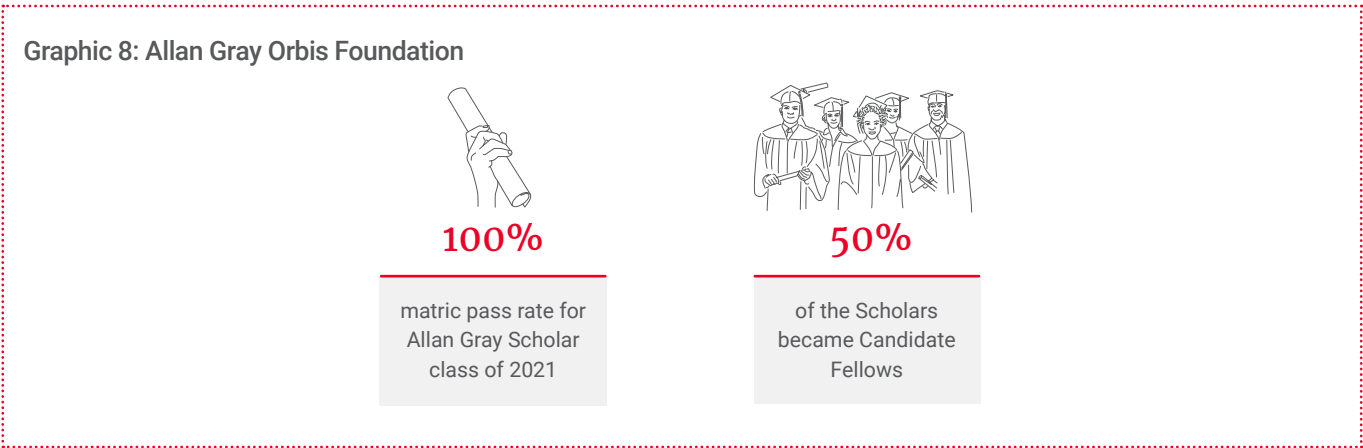
In addition to the contribution the Allan Gray Orbis Foundation makes to skills development for unemployed people (see page 11), its support to scholars is the strongest contributor to socioeconomic development. 67% of the scholarship cohort of 2022 are females and 92% of the scholarship cohort are Black.

As shown in **Graphic 8**, in the calendar year 2021:

- The Allan Gray Scholar class of 2021 achieved a 100% matric pass rate, and all but one scholar passed with a bachelor exemption.
- 50% of the Scholars became Candidate Fellows (i.e., they were invited to join Allan Gray Orbis Foundation's university programme).

Allan Gray Staff Education Trust

We have committed to paying the school fees for children of all employees who earn below a certain threshold. The outcomes as at 28 February 2022 are outlined in **Graphic 9**.



Other donations

- Thuthuka Education Upliftment Fund is the South African Institute of Chartered Accountants' (SAICA) pioneering initiative to transform the demographics of the Chartered Accountancy profession to reflect those of the country in relation to race and gender. It was established in 2005 to provide educational support to African Black and Coloured students who wish to pursue studies to become Chartered Accountants. Allan Gray has been a contributor to the fund since 2014, and each year, we donate a pre-determined amount to cover full tuition and accommodation fees for three students.
- Ikamva La Bantu ("Ikamva") is a non-profit organisation that runs programmes and initiatives focused on early childhood development, disability care, foster homes, shelters, elderly care, economic empowerment, youth development and food security. For their elderly care programme, each year, Ikamva runs the Santa for Seniors campaign which gifts 1 400 seniors with personal care items and treats. Allan Gray sponsored this programme in December 2021.

Social impact initiatives

Through Allan & Gill Gray Philanthropies, we support a range of programmes and initiatives that are focused on making a positive long-term social impact. These programmes and initiatives are driven by the Allan Gray Orbis Foundation, Allan & Gill Gray Philanthropy South Africa and the Philanthropy Initiative with employees of Allan Gray.

Allan Gray Orbis Foundation

In addition to the impact programmes the Allan Gray Orbis Foundation implements under the socioeconomic development and skills development elements discussed earlier, its social impact is felt through the efforts of the Association of Allan Gray Fellows ("the Association"). The Association serves as a platform for the Allan Gray Orbis Foundation's Fellows to test their entrepreneurial ideas, receive feedback, hone various skills and develop mutually beneficial relationships as part of a community that includes other Fellows and partners of the Allan Gray Orbis Foundation. The Association aims to create opportunities for world-class entrepreneurial development and to equip Fellows to pursue entrepreneurship and start enterprises successfully. In addition, some Fellows are offered the opportunity to pursue a postgraduate degree at a local university or top-rated international institution after acquiring relevant working experience. **Graphic 10** highlights some key figures as at December 2021.

Graphic 10: Association of Allan Gray Fellows



689

fellows
(83% are
Black people)



251

fellows who
are active
entrepreneurs

TERMINOLOGY	
Scholars	High school learners who receive a scholarship from the Allan Gray Orbis Foundation.
Candidate Fellows	University students who are invited to join the Allan Gray Orbis Foundation and receive a scholarship. Not all Scholars are automatically accepted.
Fellows	When Candidate Fellows graduate, they may be invited to join the Association of Allan Gray Fellows and become fully fledged Fellows.
Association of Allan Gray Fellows	A platform for Fellows to test their entrepreneurial ideas, receive feedback, hone various skills and develop mutually beneficial relationships as part of a community that includes other Fellows and partners.

Allan & Gill Gray Philanthropy South Africa

Allan & Gill Gray Philanthropy South Africa (previously the Allan Gray Orbis Foundation Endowment) contributes to strengthening the entrepreneurial ecosystem in South Africa by:

- Building a strong pipeline of entrepreneurial talent through improving access and skills levels in language, mathematics, numeracy and entrepreneurship
- Amplifying support for entrepreneurship
- Promoting a culture of responsible entrepreneurship
- Identifying and showcasing effective and scalable models that can be adopted by others

This is achieved through three key mechanisms:

1. Providing grant funding to existing initiatives
2. Incubating programmes where gaps are identified
3. Sharing of contextual insights gained from research

Some of the initiatives within these focus areas are:

Social innovation and incubation

- Jakes Gerwel Fellowship: This initiative is committed to creating a pipeline of future, high-impact teachers.
- Funda Wande: This initiative prioritises, thinks through and tests interventions that will lead to all children learning to read for meaning and calculate with confidence by the age of 10. Funda Wande hopes to achieve this by 2030.
- Allan Gray Makers: This initiative is committed to providing transferable entrepreneurial skills and support to youth who are technically or vocationally talented. It aims to accelerate the creation of meaningful employment opportunities in South Africa.

Grantmaking

- 10KJ: This is a partnership of 10 public benefit organisations that have collectively created more than 14 300 meaningful income-earning opportunities.
- Grow Great: This partnership seeks to mobilise South Africa towards a national commitment to zero stunting by 2030.

CASE STUDY: AFRIKA TIKKUN



Established in 1994, Afrika Tikkun NPC is a leading non-profit organisation dedicated to reducing youth unemployment in South Africa. Its career development programme, supported by the Allan & Gill Gray Philanthropy South Africa's 10KJ initiative, offers innovative programmes that equip young people with the knowledge, soft skills, technical skills and experience needed to access the economy through employment or self-employment opportunities. Since the partnership began, the lives of more than 6 000 young people have been impacted, uplifting not only their lives but also the lives of their families and their communities.

Philanthropy Initiative with employees of Allan Gray



One of the Allan & Gill Gray Foundation's key projects is the Philanthropy initiative with employees of Allan Gray, where employees vote for a funding theme and beneficiaries, and grants are channelled towards these beneficiaries following an evaluation process. The Initiative gives our employees the opportunity to address the needs and improve the lives of those who form part of their local communities through purposeful grantmaking. The 2021 themes were "Ensure inclusive and quality education for all" and "Economic resilience and growth". The initiative made nine grants in South Africa, one grant in Namibia and one grant in Botswana.

To date, grantees have supported a diverse range of interventions, with the funding allocated to organisations providing early childhood and development services (30%); after-school academic support (24%); access to quality education for marginalised communities through bursary programmes, independent schools and tertiary institutions (17%); skills training and development (14%); mentorship and coaching (10%); and school governance, leadership and teacher training (5%).

CASE STUDY: AXIUM EDUCATION



Axium Education works with schools in the rural Eastern Cape to unlock economic and social potential. It is one of the organisations elected by Allan Gray employees to receive support through the Philanthropy Initiative. Axium provides direct support to learners through after-school programmes, supports teachers, strengthens schools and undertakes rural-focused research and advocacy. Its aim is for every rural learner to leave school with purpose, agency and options so that they have a sense of worth, a vision for their lives and are empowered to make good choices with the academic record required to follow through.

Prior to Axium being founded in 2010, fewer than one in four learners reached Grade 12 and less than 2% went on to complete tertiary level studies and gain employment. Today, Axium reaches more than 3 500 learners in Grades R-12 and supports 70 teachers in 21 schools across two districts each year. Over 150 alumni have accessed tertiary studies at universities across South Africa in a range of fields including medicine, actuarial science, accounting and science, with many choosing to return to work in the communities Axium serves. Over the next five years, Axium plans to deepen its impact and scale its operations to reach 10 000 rural learners.

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