

Stewardship Report

2025



ALLAN GRAY

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Stewardship Report

Introductory comments from the chief investment officer, Duncan Artus

The activities outlined in our 2025 Stewardship Report build on more than five decades of exercising stewardship responsibilities on behalf of our clients. While this is the 11th edition of our formal report, our focus on sustainable, long-term value creation has been embedded in our investment philosophy since Allan Gray was founded in 1973. We have consistently held the view that companies that fail to operate sustainably ultimately erode their profitability.

We introduced our annual Stewardship Report to share transparently how we integrate environmental, social and governance (ESG) considerations into our fundamental research and how we act as engaged, long-term shareholders on behalf of our clients. The report also provides an opportunity to highlight year-on-year developments, offer examples of our engagements and voting activities, and discuss the broader environment in which we and the companies we invest in operate.

Given that the ESG pillars do not exist in isolation, trade-offs are inevitable. Policies intended to advance environmental objectives may have social or economic implications; technological innovation may unlock productivity gains while simultaneously disrupting labour markets. The rapid development of artificial intelligence (AI) exemplifies this tension.

In an ever-changing world, our philosophy remains consistent. While a tick-box or scorecard approach may offer simplicity, it rarely captures the nuances that drive long-term value. Instead, we focus our engagements on issues most likely to influence corporate behaviour and improve outcomes for our clients. Executive remuneration alignment, capital allocation discipline, board effectiveness and the management of material environmental and social risks remain key areas of attention.

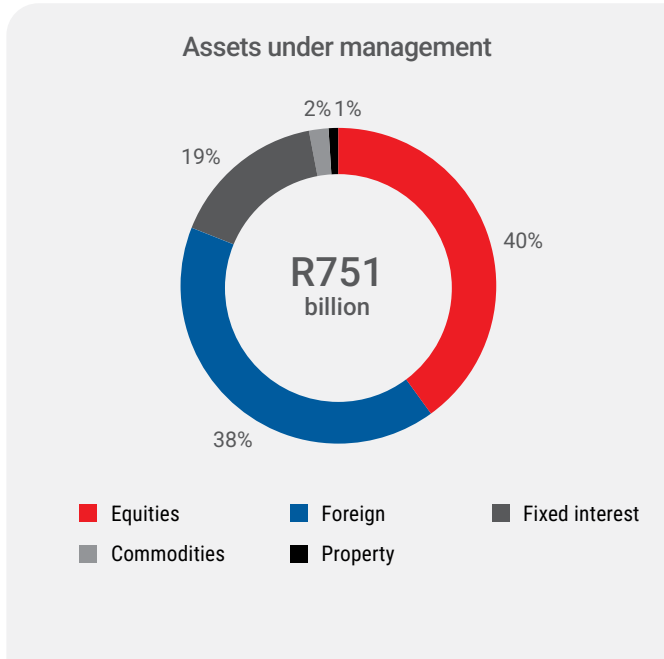
Alongside company-specific analyses and engagements, we have expanded our **thematic research** in several areas that we believe are material to our clients' portfolios. We showcase three of these in this report:

1. **Trends in alcohol consumption:** We explored evolving patterns of consumption and the implications of regulation, social norms and affordability. We considered how these dynamics may affect demand, pricing power, product mix, reputational risk and the sustainability of returns for alcohol producers, with a particular focus on Anheuser-Busch InBev, which was our clients' largest holding as at 31 December 2025.
2. **State of the nation in South Africa:** We deepened our work on the structural factors shaping South Africa's investment environment – including governance and institutional capacity; infrastructure constraints, with a particular focus on the water crisis; and energy and logistics reform. This research helps us assess the resilience of company strategies, the credibility of corporate guidance for SA Inc. companies, and the risks and opportunities created by shifting policy and operating conditions.
3. **AI and the social equation:** AI has the potential to transform industries and improve living standards, yet it continues to raise profound questions about employment, misinformation and information integrity, data governance and systemic risks. The impacts – both positive and negative – are rarely binary. As investors, we seek to evaluate these issues holistically. Against this backdrop, we examined the implications of AI adoption on work, opportunity, trust and long-term economic resilience.

As we have written previously, responsible investing and corporate citizenship may mean different things to different stakeholders. However, investment management is fundamentally a business built on trust. Our duty is to act with integrity, independence and a clear focus on our clients' long-term interests. This principle guides how we engage with companies, make voting recommendations and conduct ourselves as a firm.

We believe that disciplined stewardship – rooted in fundamental research, thoughtful engagement and a long-term mindset – can contribute positively to our clients, the asset management industry and the broader society in which we operate.

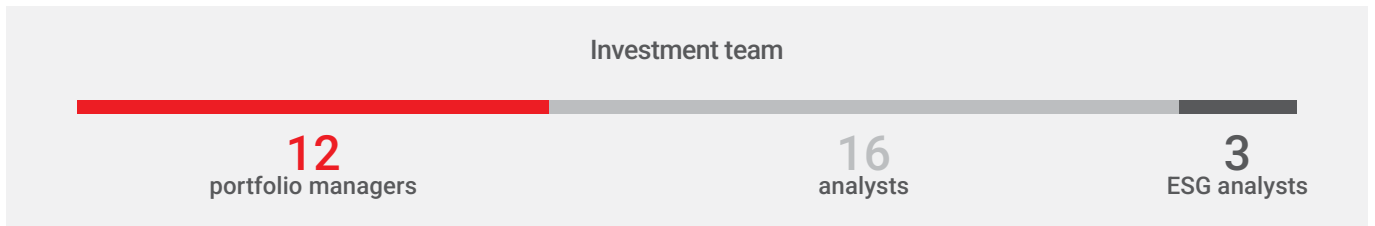
1. KEY METRICS



B-BBEE

2025 Level 1

Allan Gray Proprietary Limited was awarded Level 1 contributor status in terms of the Amended Financial Sector Code. Our B-BBEE status was verified by AQRate, an independent verification agency.



Investment team engagements

575
engagements
(2024: 610)
(2023: 593)

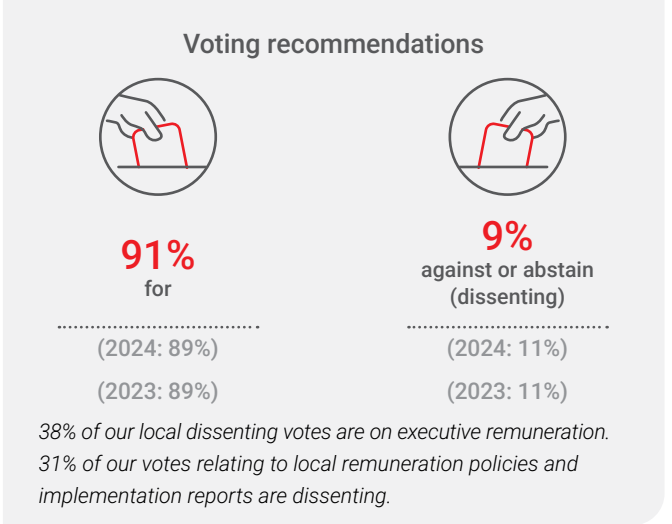
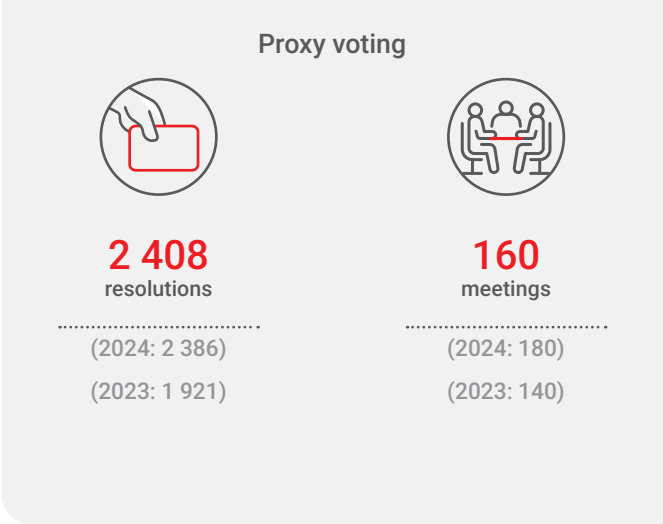
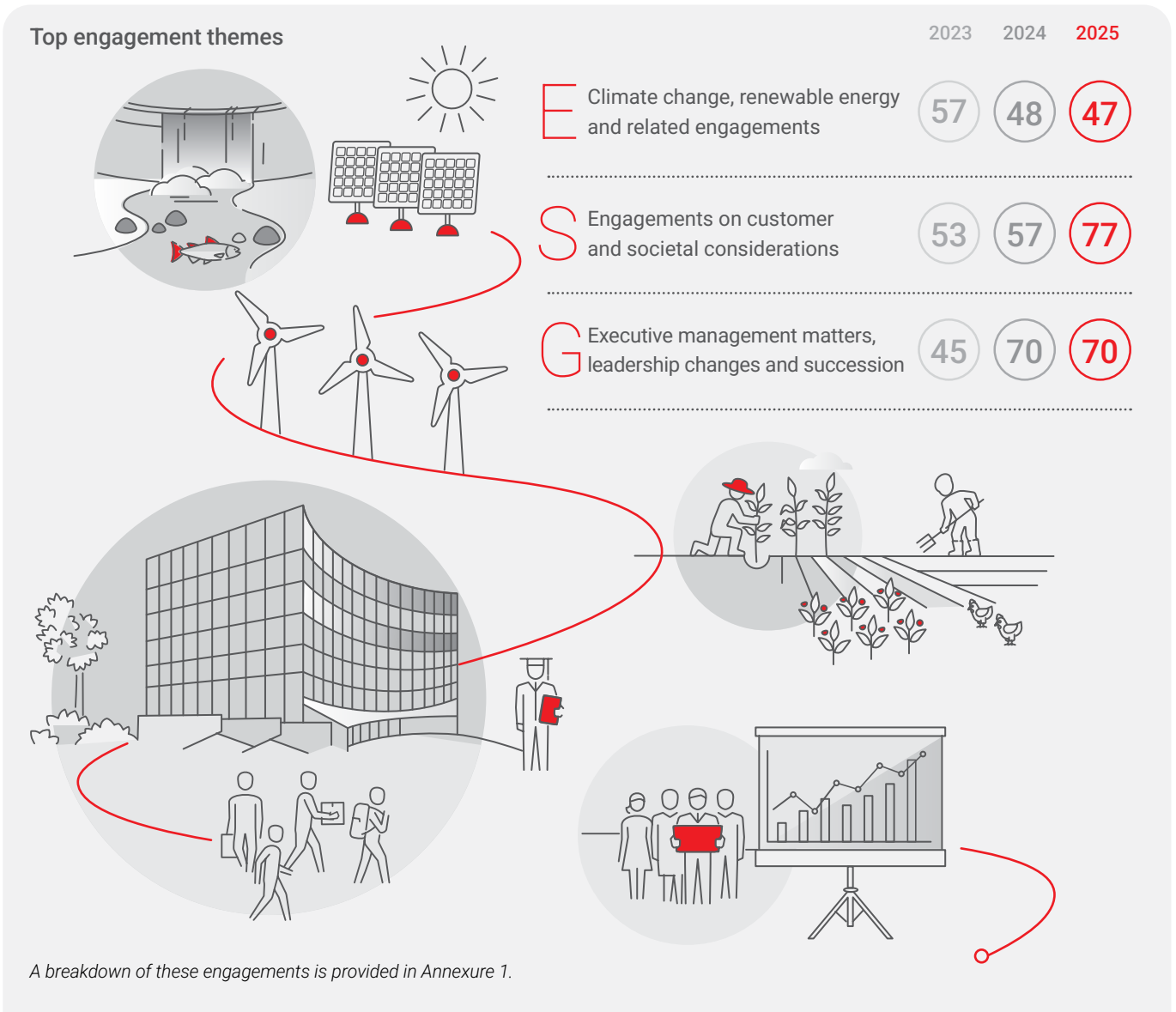
265
companies or entities
(2024: 281)
(2023: 306)

314
discussions that included ESG topics
(2024: 273)
(2023: 297)

58
remuneration reports prepared
(2024: 46)
(2023: 56)



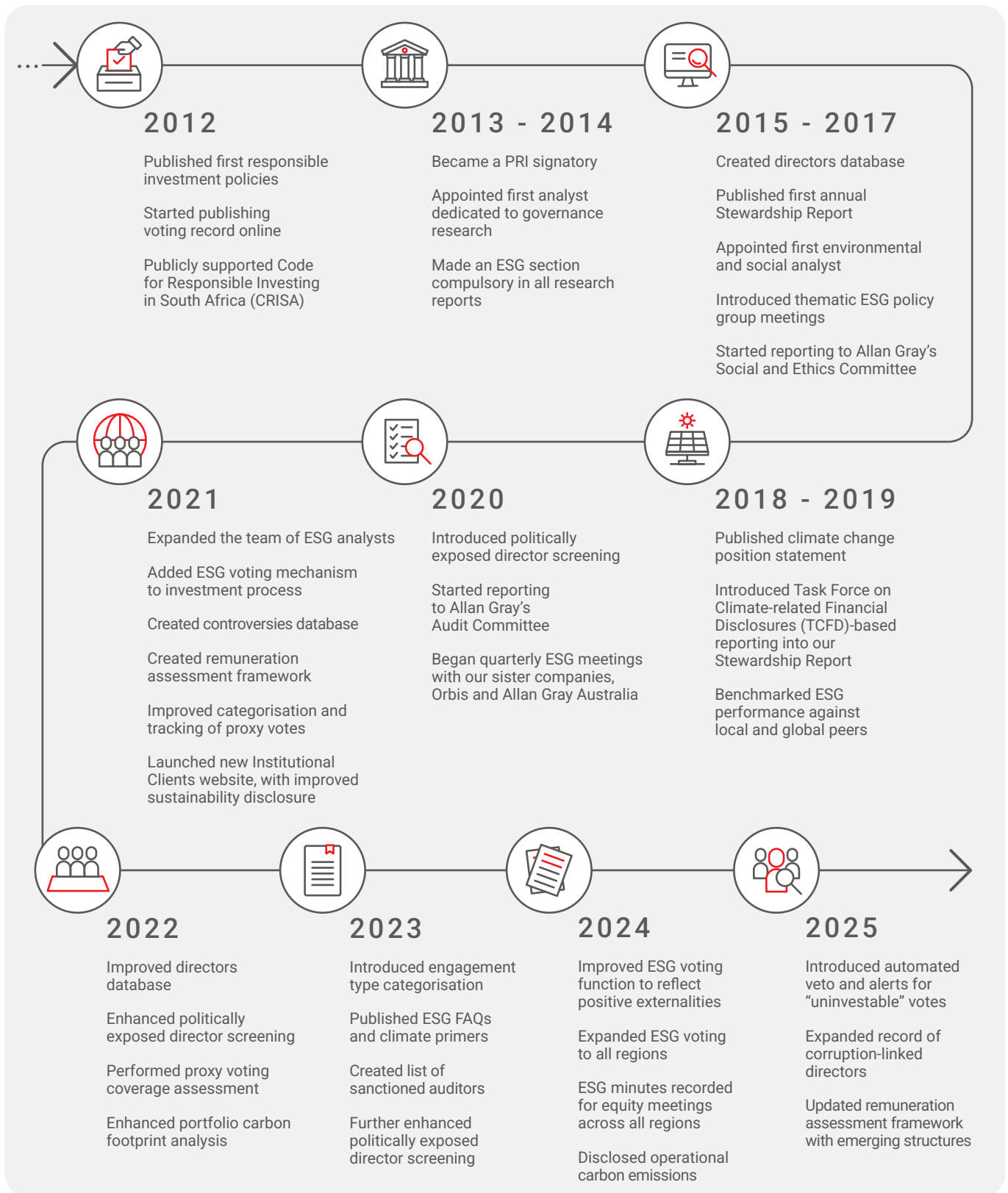
¹ The latest Assessment Report relates to 2024 and was issued in 2025. For more information about the Principles for Responsible Investment (PRI), its scoring methodology and Allan Gray's Transparency Report, please visit www.unpri.org.



We provide our proxy voting record and unpack dissenting votes in Annexure 4.

2. STEWARDSHIP DEVELOPMENTS OVER TIME

ESG considerations have been integrated into our investment approach since the firm was established in 1973. Here, we show some of the stewardship-related process and disclosure enhancements we have made in recent years.



3. APPROACH TO RESPONSIBLE INVESTING

Sustainability is embedded in how we invest on behalf of our clients, operate our business and interact with society. We have always considered ESG factors as part of our investment process. We believe this holistic approach can improve investment returns, risk management and our ability to assist our clients to act as responsible owners. In other words, it protects our clients' interests as long-term investors.

AN INTEGRATED APPROACH

The essence of our approach has not changed since the firm was established in 1973. While ESG integration has always been part of our DNA, we strive for annual improvements. These include efforts to enhance the quality of our ESG research, engagements and proxy voting processes, refine our client-related disclosures, and participate constructively in industry, regulatory and policymaking initiatives.

We aim to do what we believe is right. This does not mean taking a binary view on investments, i.e. whether they are "good" or "bad", and making related portfolio inclusions or exclusions. We recognise that, unfortunately, there are often trade-offs that need to be weighed up between environmental, social, governance and economic considerations. For example, tackling climate change is a critical global priority, but in a developing country such as South Africa, the need to address socioeconomic issues, such as unemployment and inequality, is equally important in pursuit of a sustainable economy. We seek to evaluate these factors in a holistic and balanced manner.

OUR ESG RESEARCH PROCESS

Our ESG research is conducted in-house and integrated into our investment analysis across all asset classes and geographies. Investment analysts are responsible for researching ESG issues relating to the instruments they cover and highlighting these in their research reports. Both ESG risks and opportunities are factored into company valuations where material. For equities,

earnings or cash flow may be adjusted if the risk is quantifiable, or the valuation multiple may be adjusted if the risk is significant but uncertain. For bonds, we look to compensate for higher risk in the spread. The team scrutinises, challenges and debates investment theses during team meetings where reports are reviewed.

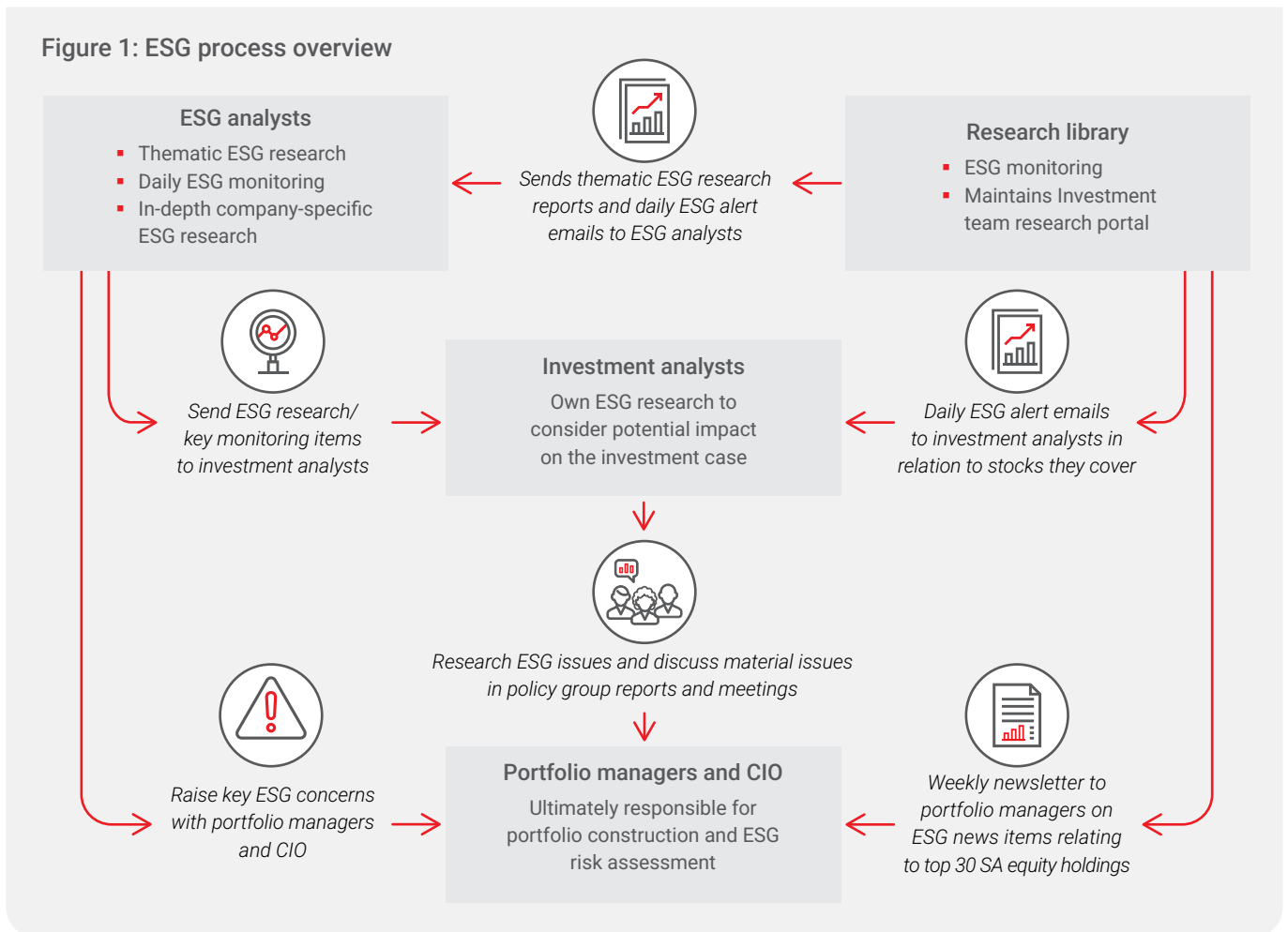
In late 2021, we introduced an ESG risk rating system for instruments to encourage debate and the careful consideration of ESG risks at the aforementioned meetings. ESG considerations also factor into our separate internal risk ratings, which seek to ensure sufficient diversification through portfolio exposure limits based on the broader risk profile of an investment. If the risk profile is perceived as unattractive, we may avoid an investment.

When a portfolio manager decides to buy a share, accountability for the incorporation of sustainability considerations falls on that portfolio manager. Our chief investment officer (CIO) may veto investments by other portfolio managers in cases where he determines that the company's business practices are unethical. While we use a multiple portfolio manager system – where each portfolio manager manages a slice of the broader portfolio – and view it as key to our success, we believe it is necessary to have an additional level of oversight through the CIO's ethical veto. The Allan Gray board holds the CIO accountable, including for his use of (or decision not to exercise) this veto.

We continue to monitor ESG factors once we are invested. This is crucial because ESG issues are dynamic. The Investment team includes a governance analyst and two environmental and social analysts, who perform additional monitoring, in-depth research into identified risk areas and thematic ESG research. Additionally, our research library monitors company-specific ESG news and shares relevant news items with the team. **Figure 1** on page 6 captures our day-to-day ESG process.

We aim to do what we believe is right. This does not mean taking a binary view on investments, i.e. whether they are "good" or "bad", and making related portfolio inclusions or exclusions. We recognise that, unfortunately, there are often trade-offs that need to be weighed up between environmental, social, governance and economic considerations.

Figure 1: ESG process overview



ACTIVE OWNERSHIP

Good stewardship of our clients’ capital also requires active ownership, which we effect through engagement with companies and proxy voting on resolutions tabled at shareholder meetings.

We engage frequently and meaningfully with both company boards and management teams – we elaborate further on this in Annexure 1. We do not use external proxy advisers and prefer to reach our voting recommendations independently. We think critically about the resolutions at hand and make a point of engaging with boards ahead of time if we have concerns. We publish our voting recommendations, together with the outcome of the shareholders’ vote on each relevant resolution, [on our website](#) quarterly in arrears. A summary of our voting activity over the year is provided in Annexure 4.

We acknowledge that we are invested in companies that have negative environmental or social externalities, and we focus on understanding how they aim to reduce their impact. Investing in “ESG improvers” makes investment sense, as better ESG credentials are likely to be rewarded by the market if they signify a stronger or more responsible business. We believe in holding management teams and boards to account for their strategy and execution.

In addition to company engagements, we actively partake in industry initiatives that promote sound corporate governance and sustainable business practices.

We keep the following factors in mind in our approach to ESG:

Client-centricity: Our core objective is to build long-term wealth for our clients. It is therefore crucial to serve as responsible stewards of our clients’ assets by safeguarding their interests as investors. We aim to generate the best possible risk-adjusted returns for our clients, as responsibly as possible.

Independent-mindedness: Allan Gray has always followed a contrarian investment approach, and we strongly encourage and value independent thinking. Our approach to responsible investing is no different. We may not always do what is popular, but we consider it far more important to be authentic.

Integrity: In a world where accusations of “greenwashing” abound, we try to be as clear as possible about our ESG commitments and honest about the limits of what we can achieve.

Figure 2: Factors we keep in mind in our approach to ESG



Pragmatism: We live in an imperfect world where there are often trade-offs involved in decision-making. We try to be realistic and pragmatic about these and make decisions that are in society's best interests. We recognise that not everyone will agree with our decisions and that, as with stockpicking, at times we may get things wrong. In such cases, we endeavour to learn from our mistakes and remain open to changing our views as more information comes to light.

Our responsible investment policies, available [on our website](#) and updated in December 2025, provide more detail on how we consider sustainability in the investment process and how we approach ownership responsibilities on behalf of our clients. Clients may also refer to our [position statement on climate change](#) to understand our thinking around the role we can play to support the transition to a lower-carbon economy, as well as our ESG and climate FAQs, which seek to provide insight into specific questions.

FIXED INCOME STEWARDSHIP

Bondholders and shareholders broadly share the same ESG concerns, but bondholders do not benefit from the same powers of ownership conferred on shareholders, for example they cannot vote to remove directors. Our engagement approach when it comes to fixed income therefore differs from that to our equity holdings.

We typically engage with debt issuers' management during debt investor roadshows, which frequently occur after financial results have been published or before an issuer intends to come to market with a new instrument.

In South Africa, we aim to play a constructive role by engaging with government on key matters through various channels, for example the Association for Savings & Investment South Africa (ASISA), or through direct engagement with policymakers on ESG-related matters such as the fiscus, corporate governance and the environment.

In the case of corporates and parastatals, where we may be a more significant lender, we may request meetings with key management or write to the boards when specific issues arise. Most of the corporates in our fixed income investment universe are listed entities, which allows us to draw on our equity research process in assessing the creditworthiness of issuers.

STEWARDSHIP IN OTHER MARKETS

The principles underlying our approach to stewardship also apply to investments in other markets. However, our approach may be adjusted to reflect the complexities introduced by investing in both larger or less developed markets.

Weighing up ESG considerations in frontier and other African markets can be challenging, as disclosures are generally more limited than for JSE-listed companies. Furthermore, developing markets typically feature systemic ESG challenges, which, in turn, have implications for companies' operating conditions. Governance risk often includes heightened political risk at a macro level; even companies exercising good corporate governance remain vulnerable.

When making voting recommendations, we cover all resolutions tabled by those companies to which our clients have material exposure.

In terms of engagement, we accept that our clients' positions in major companies in developed markets may not be large enough to ensure the same level of access to management and the board that we typically enjoy in South Africa. More substantial disclosure mitigates this concern to some extent.

Similarly, in the case of fixed interest instruments issued by governments, our ability to influence policymakers in Africa outside South Africa is limited by the small size of a typical position in relation to the market capitalisation of the total debt in issue. Given our limited ability to bring about change using this method, our approach for these issuers focuses on research over direct engagement.

4. APPROACH TO ENGAGEMENT

Engagement is an integral part of our investment process.

ENGAGING DIRECTORS

Our objective in engaging with a company's directors is to further the best interests of our clients by encouraging the directors to act in a way that preserves and enhances shareholder value. We always aim to engage in a constructive manner, as we believe that constructive engagement is more likely to succeed than hostile engagement.

The chairperson or non-executive directors of a company may request meetings with us from time to time. These meetings are usually arranged to solicit feedback from shareholders on matters such as the company's broad strategy, executive remuneration and the performance of the executives. When offered these opportunities, we speak candidly and make our views clear.

Unless it would be contrary to the best interests of our clients to do so, we aim to inform a company's representatives prior to a shareholders' meeting if our clients, in aggregate, hold a material shareholding in the company and we intend to recommend voting against any of the resolutions. Often, this creates an opportunity to explain to the company's directors why we believe a resolution is not in the shareholders' best interests.

ENGAGING EXECUTIVES

Company executives regularly ask to meet with us. These meetings typically follow the announcement of the company's financial results. We use these meetings primarily to improve our understanding of the business of the company.

We believe that the responsibility for the day-to-day operations of a company rests with its executives, and that we probably have limited value to add in this regard. From time to time, we may believe that we can contribute to a company's deliberations about its broad strategy, particularly with regard to capital allocation. When offering our views, we try to do so with humility.

Should we identify strategic, sustainability or governance concerns and do not expect to have an opportunity to communicate our concerns to the management team, we may contact either the company's executive or non-executive directors to discuss these. We may communicate verbally, or do so in writing when we wish to place our concerns on the record.

ESG ENGAGEMENT

The way we engage on ESG concerns has evolved over time. In the past, we mainly engaged with executives; direct engagements with board representatives were few and far between. Nowadays, we typically engage with multiple stakeholders, including company boards and

management teams, industry regulators, other industry participants, clients, civil society and activists.

An important driver of more frequent engagement was the development of the JSE Listings Requirements, which made it mandatory for companies to table their executive remuneration policies and implementation reports at annual general meetings from 2017. While these resolutions are advisory, they prompted "standing" governance engagements between shareholders and company representatives. Once effective, sections 30A and 30B of the Companies Amendment Act will codify resolutions on remuneration policies on a three-year binding basis and annually for implementation reports. As articulated in previous commentary, we have reservations around some of the practicalities; however, regardless of shareholder support and the longer periods between policy votes, we encourage companies to continue holding meaningful engagements with shareholders on an annual basis. These have served as useful touchpoints to express shareholder views and encourage enhancements in ESG practices. In recent years, ESG measures have become more prominent in executive remuneration packages, which has meant that key environmental and social matters are often addressed as well.

These engagements typically exclude executive directors and may include the board chairperson, the remuneration committee chairperson and/or the company's E, S and G specialists – depending on which issues are discussed. Although these "standing" platforms are useful and an improvement from the past, they are not our only point of engagement.

Owing to the complexity and nuanced nature of environmental and social issues, many of which are interrelated, more focused engagements may be warranted. We prefer not to follow a formulaic approach to these engagements. They are mostly ad hoc, as the underlying drivers and objectives vary widely. Examples of engagement triggers include 1) thematic or company-specific research that has highlighted an ESG risk or opportunity for further discussion, and 2) adverse news prompting us to seek insight into whether the issue is being addressed appropriately.

While we engage proactively on environmental and social matters, governance engagements remain more frequent and are often undertaken with the intention of influencing outcomes. Studies have shown that companies with stronger governance practices typically perform better on environmental and social metrics. We firmly believe in pushing for the alignment of executive incentives with the interests of long-term shareholders to encourage a focus on long-term sustainability. A summary of our engagement activity is provided in Annexure 1.

ESG ENGAGEMENT CONSIDERATIONS

Over our history, we have learnt that the manner in which we approach our engagements is critical in achieving constructive outcomes. While not exhaustive, we consider:



Materiality

We prioritise engagements with companies that are material in our clients' portfolios, or companies in which our clients hold a material stake. This contrasts with engaging with every company held in the portfolios. Instead, we dedicate more time to researching and engaging on issues that have the biggest potential impact on our clients' portfolios or where we are most able to influence change.



**Quality,
not quantity**

We are comfortable holding fewer, more meaningful engagements per year. We do not believe in contacting companies to discuss ESG issues on which they already report. We respect the time taken to prepare disclosures and always use them as a first port of call. We would like to develop a reputation with companies for high-quality ESG engagements that are mutually beneficial. This reputation should, in turn, allow us to have more influence.



Humility

We recognise that we are one of many stakeholders, and that companies undertake improvements of their own volition, therefore we avoid taking full credit for engagement outcomes. We also respect that boards may hear our views on strategy or executive performance and disagree with them. We prefer to engage with companies in private, recognising that private engagements are typically more constructive than public engagements, which may be perceived as hostile and result in defensive behaviour.



Purpose

We engage only with the aim of achieving better outcomes for our clients (and society, although this is complex and often subjective) and not for other reasons, such as publicity.



Proactivity

We aim to identify any potential ESG issues through thematic, sector- or stock-level research before they impact the business. We prefer to engage on these upfront, rather than when adverse news emerges (i.e. we aim to be proactive rather than reactive). Given the breadth of ESG factors, this is not always possible, but we have examples of detecting concerns and engaging before they make headlines.

ESG ENGAGEMENT CLASSIFICATION

We classify our environmental, social and governance (ESG) engagements according to their objectives. The intention is to provide clients with greater insight into the nature of these engagements. We have grouped them into five broad categories:



Raised by the company



Fact-finding



Disclosure-enhancing



Influencing



Strategic intervention

- Engagements **“raised by the company”** refer to ESG topics raised by a company’s management team during results meetings or via other channels. While the depth of discussion varies, these are generally higher-level engagements than those listed below.
- “Fact-finding”** engagements are often initiated by our Investment team when we enquire about a particular ESG issue to gain more insight. As discussed, sometimes a company’s management team and board members proactively offer opportunities to engage on ESG matters. Alternatively, we approach or are approached by third parties. Not everyone believes that a fact-finding exercise meets the definition of an engagement. The Principles for Responsible Investment (PRI), to which we are a signatory, defines engagements as “interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or *identify the need to influence*) ESG practices and/or improve ESG disclosure.”¹

Our fact-finding engagements are mostly held to obtain more detail on an investee company’s material ESG risks, which may lead to further engagement if we have concerns around mitigation. Often, the outcome is that we obtain comfort with the current management thereof and do not take it further. However, given that fact-finding communications still require preparation (such as a detailed review of ESG reporting or the tracking of trends and metrics over time) and because they may help us identify areas that warrant more intensive probing, we believe they still qualify as engagements. While we use all resources at our disposal to delve into the detail of a company’s practices, it is also important to note that we are reliant on publicly available information and, in fact, prohibited by law from obtaining material, non-public information for investment decision-making. Therefore, appropriate limits are maintained.

- “Disclosure-enhancing”** engagements include the querying of changes in investee companies’ ESG disclosures, for example why greenhouse gas emissions have been restated, or why a particular safety metric is no longer being disclosed. We believe that asking these questions enhances company disclosure by highlighting that investors are following the detail closely and that consistency and transparency are therefore important. We also engage to request additional disclosures or more clarity regarding certain disclosures, most notably on executive remuneration. This is particularly relevant in our clients’ Africa ex-SA universe, where we frequently provide suggestions on how executive remuneration disclosures can be improved.

We do not believe in making broad-based requests in this category, for example emailing all companies in our clients’ portfolios to request that they comply with a particular disclosure framework. Detailed reporting is onerous and resource-intensive; we would therefore not expect an investee company with a small market capitalisation operating in one country to publish the same level of disclosures as a large-cap multinational company. It also may not be in shareholders’ best interest from a cost and complexity perspective. Instead, we focus on what is most material for each company and engage on a case-by-case basis.

- We appreciate that holding listed equities on behalf of our clients means that we can vote towards the election of board members who are accountable for a company’s governance, strategy, compliance and ethics thereafter. The executive management directs and executes strategy from an operational point of view. Shareholders, in turn, vote on how executives are remunerated.

¹ PRI Reporting Framework, Main Definitions, 2018

What does this mean? For the most part, we believe that the responsibility for the day-to-day operations of the company rests with its executives, and that we likely have limited value to add in this regard. Our most effective means of positively influencing management is to assist our clients in electing a competent and accountable board of directors, capable of providing critical oversight and ensuring that management incentive schemes are supportive of long-term shareholder value creation. In practice, however, this does not always work. For example, our clients may hold a small position in a company or a lower level of voting rights, depending on share classes. Given the range of shareholders, with varying opinions and interests, voting does not always effect the change we consider necessary. **"Influencing"** engagements are therefore an important part of active ownership.

Our ongoing governance engagements on executive remuneration serve as strong examples. When necessary, we push for improvements to the executive remuneration policy and the implementation thereof. We could request better disclosures on remuneration criteria (to enhance transparency and accountability) or attempt to improve the link between performance and pay. Often, the changes

are incremental year-on-year but add up over time. In our [2021 Stewardship Report](#), we provided examples of some of our engagements that spanned multiple years but positively influenced the companies overall.

From time to time, we may believe that we can contribute to a company's deliberations over its broader strategy. When offering our views, we try to do so with humility. We are generally reluctant to take full credit for an "ESG outcome". We recognise that companies engage with many stakeholders and undertake their own benchmarking exercises. Sometimes, we may be one of many voices that have influenced change.




- The final category is when we engage to push for a **"strategic intervention"**. Of course, this is the exception rather than the norm. We have a long history, spanning decades, of demonstrating that we are willing to step in more decisively to protect our clients' interests when required. Our [2022 Stewardship Report](#) highlights some historical examples.

Annexure 1 includes a breakdown of the number of engagements across these categories for 2025.

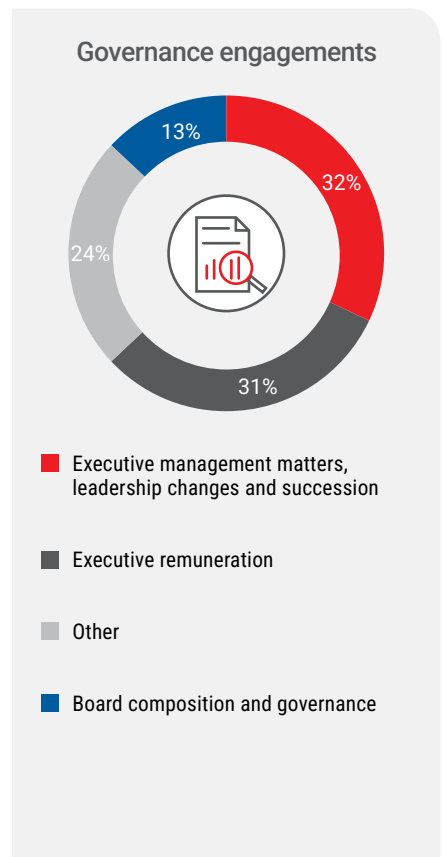
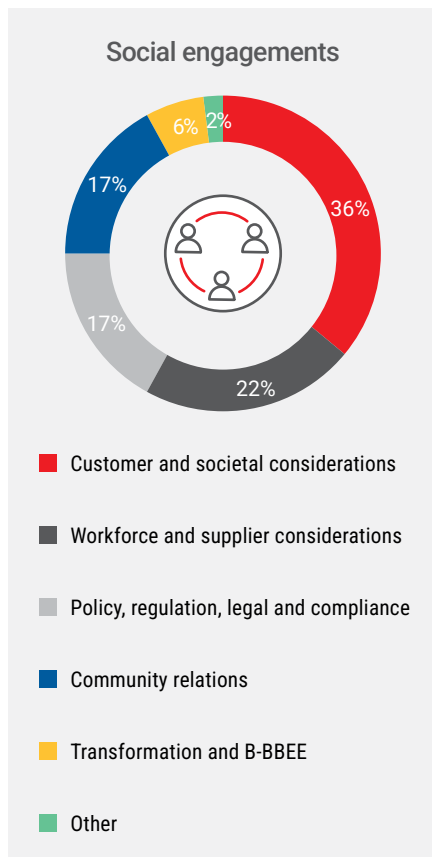
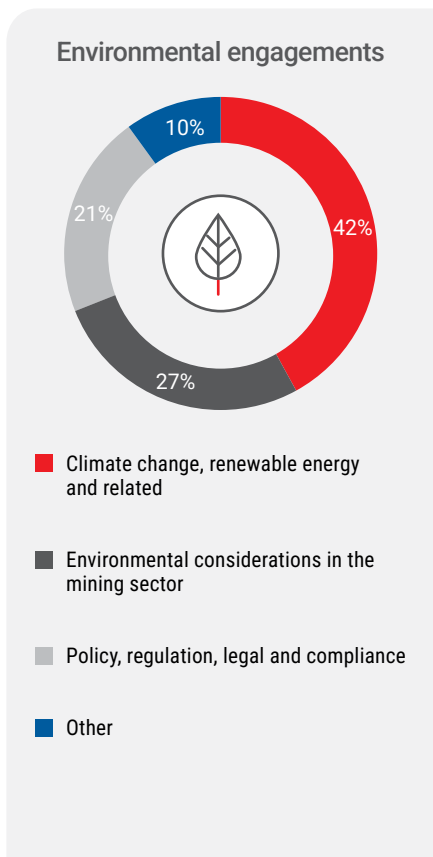
Annexures

ANNEXURE 1: ENGAGEMENT ACTIVITY

Our approach to engagement is discussed in section 4. Below, we summarise our engagement activity by type, as well as our ESG engagements for the year by theme and category.

2025		 Environmental	 Social	 Governance
Type of engagement	Total number of engagements	Number of occasions when ESG issues were discussed		
Meetings	351	50	79	109
Written correspondence	32	3	2	27
Site visits	25	9	13	3
Other forms of engagement	167	29	57	36
Total	575	91	151	175

2024	610	121	139	186
2023	593	94	125	167
2022	543	115	139	185
2021	487	89	117	139



ESG engagements by category



175

Raised by
the company

(2024: 137)



106

Fact-finding

(2024: 104)



46

Disclosure-
enhancing

(2024: 36)



55

Influencing

(2024: 25)



4

Strategic
intervention

(2024: 6)

ANNEXURE 2: INDUSTRY ENGAGEMENTS

THINKING BIG PICTURE

Most of our engagements are company-related. However, we also engage at an industry level when we believe doing so can contribute constructively to broader outcomes and enhance long-term value for our clients. Most importantly, we seek to protect shareholder rights, which are defined in legislation and corporate governance standards. As stewards of our clients' capital, we therefore frequently participate in industry engagements when proposed changes could influence the exercise of shareholder rights on behalf of our clients and their long-term investment outcomes. In 2025, we participated in two public commentary processes on corporate governance, namely those relating to the King V Code and the November 2025 JSE Consultation Paper: Financial Reporting Costs.

KING V

In 2025, South Africa's corporate governance code underwent an update, with public comments invited. We participated both in our capacity as Allan Gray and through the Association for Savings & Investment South Africa (ASISA) and the Institute of Directors South Africa's Remuneration Committee Forum (IoDSA REMCO Forum). Our submission focused on areas relevant to the exercise of shareholder rights, including board composition, and supporting informed decision-making on executive incentives.

Independence in practice or on paper?

Non-executive directors play a central oversight role, offering strategic guidance while constructively challenging management's decisions regarding the deployment and management of capital on behalf of shareholders. Since these decisions can directly affect a company's intrinsic value, we emphasise strong boards composed of value-adding directors who reflect a balance of skills, experience, independence and tenure. In South Africa, the King Code sets out the independence criteria considered by companies when formally classifying directors as independent or non-independent.

Director independence can be understood in two ways: first, as a mindset that every director should exercise when applying their judgement, and second, as an institutional quality based on criteria that determine whether directors are free from relationships or interests that could be seen to unduly impair judgement. In practice, the topic of institutional independence can be nuanced as criteria differ by jurisdiction.¹ We also find that governance requirements and stakeholder interpretations can inadvertently overemphasise the classification, often at the expense of an individual's unique value proposition offered to an organisation.

Our experience suggests that long-standing non-independent directors can sometimes exercise the strongest independence of judgement, while some directors who technically meet independence

criteria may provide limited challenge. We are therefore wary when director independence is approached as a tick-box exercise. Within this context, we encouraged a clear substance-over-form approach to director independence criteria, specifically around tenure, in our feedback.

Following industry consultation, King V included an explicit practice that boards may classify a director as independent even when one or more factors might exclude them under a rigid rules-based approach. This is subject to a holistic assessment and the board communicating its rationale on the matter. Although the King Code has historically provided for this approach, we believe the updated carve-out provides a clearer basis for companies to apply informed judgement, thereby reaffirming good governance over technical compliance with rules that may vary by jurisdiction or interpretation when directors are elected at AGMs.

Supporting informed shareholder voting

A well-designed executive remuneration scheme is a key mechanism to align management and shareholder interests. With remuneration-related sections of the Companies Amendment Bill (CAB) awaiting an effective date and lingering questions over some of its practicalities, the King V remuneration updates came at a challenging time.

Our feedback reflected concern that, aside from emphasising total remuneration figures, the CAB provides limited detail on how remuneration schemes and outcomes are communicated to support informed voting. King IV has been the primary source of guidance on such matters, as evidenced by the widespread use of the single-figure table among JSE-listed companies. We therefore cautioned against moving many key King IV remuneration practices to guidance notes, as proposed in the first King V draft, as this could weaken disclosure practices, when legislation is unlikely to fill the gap.

Through engagement with industry stakeholders, we believe the published version of the remuneration principle reflects some positive developments. The following topics were absent from the first draft's recommended practices or disclosure template, but were incorporated in the final publication:

- Malus and clawback provisions
- Approach to sign-on, termination, restraint-of-trade and change-of-control awards
- Minimum shareholding requirements, including targets and compliance timelines
- Disclosure on the use of discretion, including when it is applied, its impact on outcomes and the factors informing the decision
- Improved guidance on performance conditions, including reference to associated targets

¹ Through Allan Gray's seat on the IoDSA REMCO Forum, our former governance analyst was the lead author on an IoDSA paper that discussed these differences in more detail: "[Approaches to Setting Non-Executive Director Fees](#)".

In our view, a shortcoming remains the absence of a practice recommending that organisations provide an account of how the organisation and executives, individually, performed against set targets. This was previously captured explicitly in King IV and enabled shareholders to assess pay–performance alignment and better identify when remuneration-specific adjustments are applied to the company's reported results. The latter can introduce subjectivity that can misalign pay and true company performance outcomes.

JSE CONSULTATION PAPER

In late 2025, the JSE released a consultation paper proposing measures to reduce the financial reporting burden on listed companies. While the decline in JSE listings has been widely debated, we believe it is largely driven by structural challenges and global trends rather than financial reporting costs for the average issuer. These external drivers include South Africa's low-growth macroeconomic environment, as well as global corporate dynamics such as the consolidation of firms into larger entities and deeper private capital markets. We are also mindful that reporting demands are not shaped by the JSE alone, but increasingly by integrated governance and sustainability requirements. Therefore, while ongoing exchange-level competitiveness initiatives are important, our feedback was guided by the need to weigh the real cost savings from removing listing requirements against the potential loss of benefits to market participants arising from weaker reporting standards.

While our feedback covered a variety of topics, we touch on some key points from it below.

Balancing costs and value

We supported retaining headline earnings per share (HEPS) and trading statement provisions largely in their current form, as we view both as value-adding requirements with relatively low incremental cost, especially when compared to overall audit, reporting and compliance costs.

HEPS provides a simple and comparable view of a company's ordinary trading performance. While we recognise that no metric

is perfect and analysts will form their own view of a company's ordinary trading earnings when conducting deeper analyses, in its absence, companies are likely to provide their own adjusted earnings measures. In our experience, these vary in definition, are revised frequently and tend to favour management's view of performance.

Trading statements play an important role in managing investor expectations and reducing the risk of large, unexpected share price movements that may lead to contagion. While the JSE raised concern that its "reasonable certainty" threshold is only met within 48 hours of reporting results for 10% of trading statements, we favoured investigating the drivers of these delays in the minority of cases (for example, company size or sector dynamics) rather than weakening provisions that function in 90% of cases.

Thinking one step ahead

In our 2024 Stewardship Report, we discussed the growing gap between the metrics reported in financial statements and those used for remuneration purposes. The consultation paper's review of non-International Financial Reporting Standards (non-IFRS) measures offered an opportunity to address this concern.

We view the principles in the forthcoming IFRS 18, which introduces requirements around Management Performance Measures (MPMs), as a stepping stone to strengthen shareholder oversight within the principal-agent framework. IFRS 18 will require a reconciliation of management-defined income statement metrics presented in formal public communications to IFRS subtotals of income and expenses (for example, adjusted EBITDA). However, the standard's formal scope will be limited to the income statement and exclude adjusted metrics as they relate to the balance sheet or cash flow statement.

In light of the utility we have found in other jurisdictions that require reconciliations of Alternative Performance Measures (APMs), we suggested the JSE revive some of its previous work on the topic and extend the reconciliation and transparency principles to other non-IFRS measures communicated to shareholders, including those used in remuneration reporting.

ANNEXURE 3: ESG THOUGHT PIECES

3.1 TIPPING POINT OR FALSE DAWN? SOUTH AFRICA’S DEFINING QUESTION

An air of optimism is breaking through the gloom that has shaped South African news flow in recent years. The risk of loadshedding has receded, freight transport woes appear to have turned a corner, and the government of national unity (GNU), while not without strain, has held thus far.

At the same time, powerful rallies in gold and platinum prices have bolstered the fiscus, and the rand has strengthened. While the inflation outlook has become more uncertain, absent a prolonged escalation in the Middle East, these factors should provide some support to consumption and economic growth.

While consumption sustains today, investment secures tomorrow. Despite improved sentiment, South Africa’s gross fixed capital formation – spending on construction, machinery, equipment and other productive assets – remains anaemic, as shown in **Graph 1**, limiting the economy’s medium-term growth potential.

To achieve the 5% GDP growth that South Africa truly needs after more than a decade of stagnation requires a continued focus on rebuilding and expanding dilapidated infrastructure that weighs on productivity and competitiveness. In acknowledgement of the work required, the government launched Operation Vulindlela in 2020 – a structural reform agenda aimed at addressing entrenched failures in state-owned

monopolies and, under Phase II from 2025, widespread dysfunction in local government. Five years on, and with a boost from the GNU, some positive results are emerging.

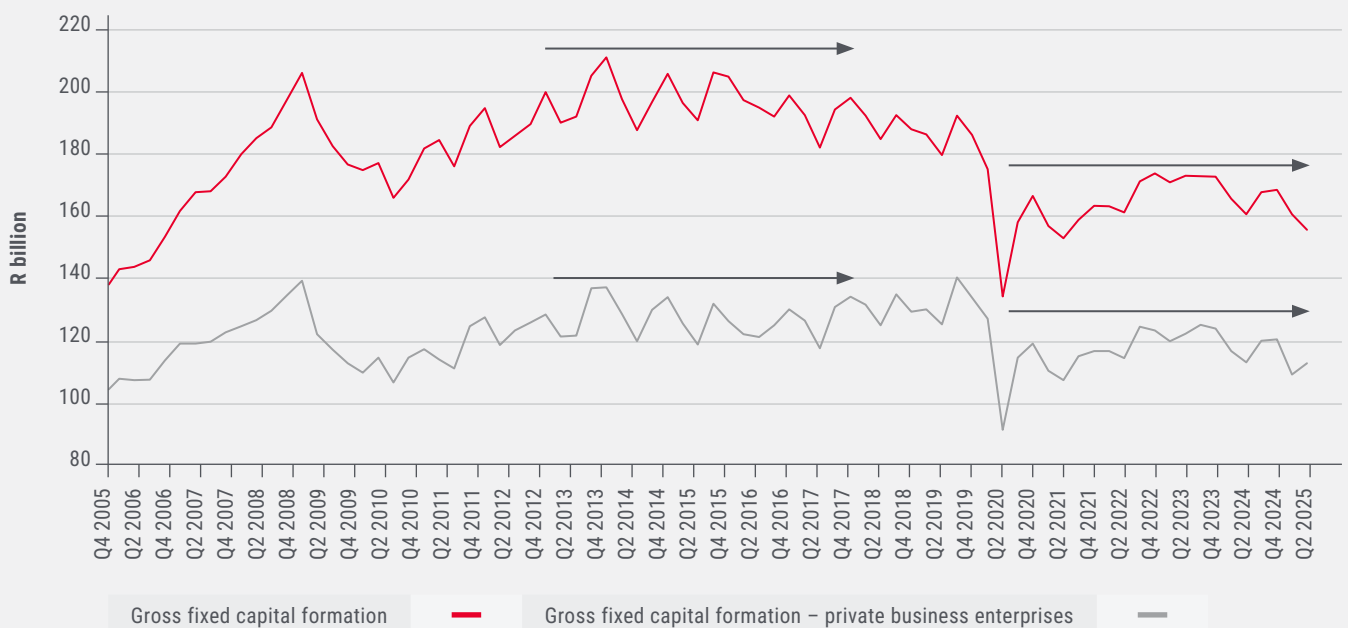
In addition, as debt-servicing costs ease from a base that currently absorbs 20-22% of national revenue, fiscal space should open for higher public infrastructure investment. This begs the question: Can the alignment of reform momentum and macroeconomic tailwinds deliver an inflection point for South Africa’s economic fortunes?

Electricity reform

After enduring 335 days of loadshedding in 2023, South Africans are acutely aware of the importance of a reliable power supply for economic growth. The current absence of loadshedding reflects not only improved supply, but also lower demand, easing pressure on the grid. In the second half of 2025, average monthly peak demand ran nearly 3 gigawatts (GW) below the 2021 pre-loadshedding baseline – a material delta given that each stage of loadshedding reflected a roughly 1 GW supply–demand shortfall.

A key driver of lower demand has been the government’s 2021 decision, albeit overdue, to lift the licensing cap on embedded generation, unlocking rapid deployment in the commercial and industrial sectors. Together with household deployment, rooftop solar capacity

Graph 1: South Africa’s gross fixed capital formation over two decades



Sources: Bloomberg, Allan Gray research. Reflects real gross fixed capital formation based on constant 2015 prices.

has more than tripled, rising from 2.3 GW in July 2022 to around 7.5 GW today – broadly equivalent to the capacity of all grid-connected utility-scale renewable energy projects. However, weaker demand also reflects the cumulative impact of electricity tariffs roughly doubling over the past five years, weighing on energy-intensive industries.

On the supply side, Eskom’s improved performance has been aided by the return to service of three Kusile units and the commissioning of its final two units – collectively, 3.6 GW of nominal capacity against an average 28 GW of available dispatchable capacity in 2023. Despite some tightness towards mid-2025, the system is now enjoying its largest supply buffer in years. See **Graph 2** below.

With operational stability restored, institutional reform is now progressing. Steps towards market liberalisation include the functional separation of the National Transmission Company South Africa (NTCSA)¹, legislation requiring NTCSA to become a fully independent system operator within five years, the planned launch of the South African Wholesale Electricity Market (SAWEM) in April 2026², and the ongoing granting of electricity trading licences to private-sector participants.

From an energy-mix perspective, South Africa remains reliant on an ageing coal fleet, with significant decommissionings scheduled

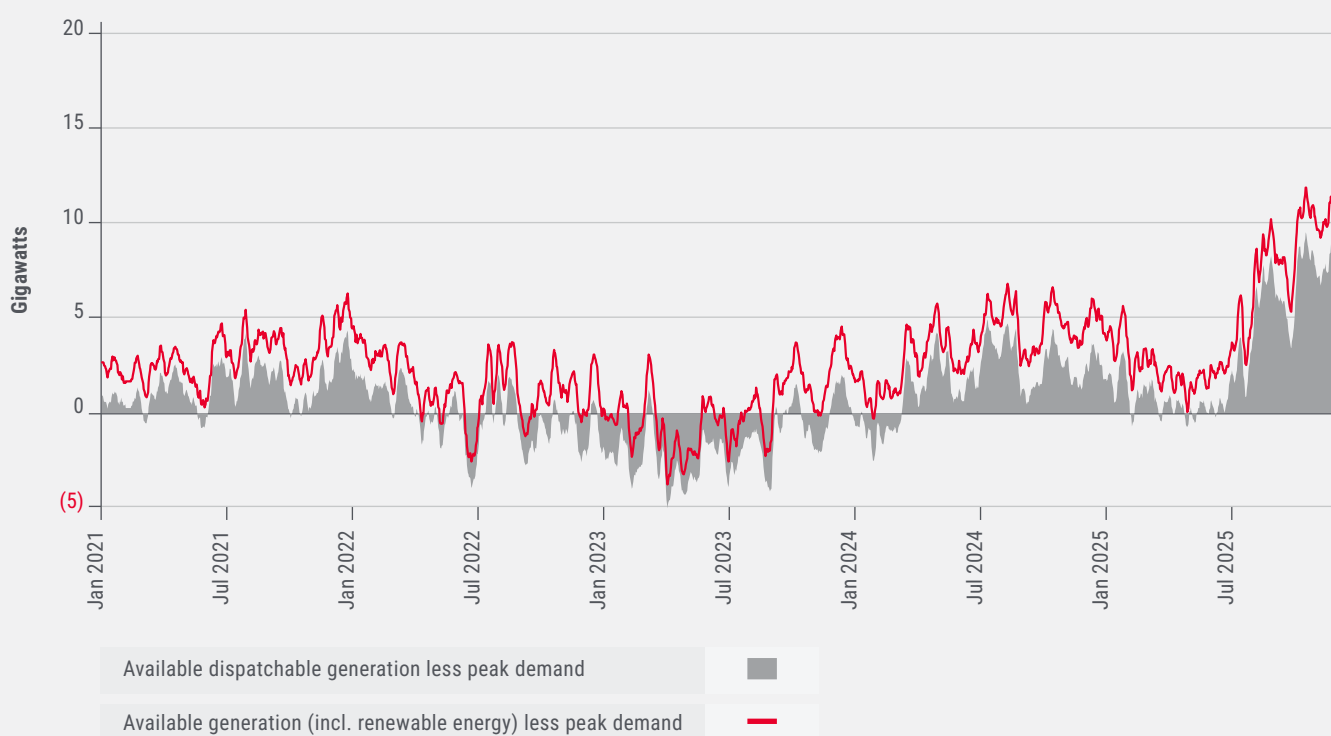
towards 2030. However, gas-fired replacement capacity envisaged under the newly gazetted Integrated Resource Plan remains materially behind schedule. By contrast, renewable generation potential is ample: Around 220 GW of projects are in the pipeline (more than is needed), including 72 GW at advanced stages. The binding constraint has shifted decisively to the transmission network, where connection capacity is largely exhausted in key renewable-resource provinces.

Addressing this will require a major grid expansion. The NTCSA’s Transmission Development Plan envisages approximately R440bn of investment to build more than 14 000 km of new high-voltage transmission lines and add significant transformer capacity – implying a fourfold increase in annual build rates relative to the past decade, as shown in **Graph 3** on page 18.

Encouragingly, the private sector is being mobilised for the first time, with the first pre-qualified bidders under the Independent Transmission Programme appointed in December 2025³. Execution risks nevertheless remain material, reflecting worldwide transformer shortages and acute skills constraints amid rapid electrification, as well as local land acquisition complexities.

Despite reform momentum, the escalation in municipal debt owed to Eskom’s Distribution business remains a serious overhang,

Graph 2: Eskom supply less national grid demand from January 2021 to December 2025



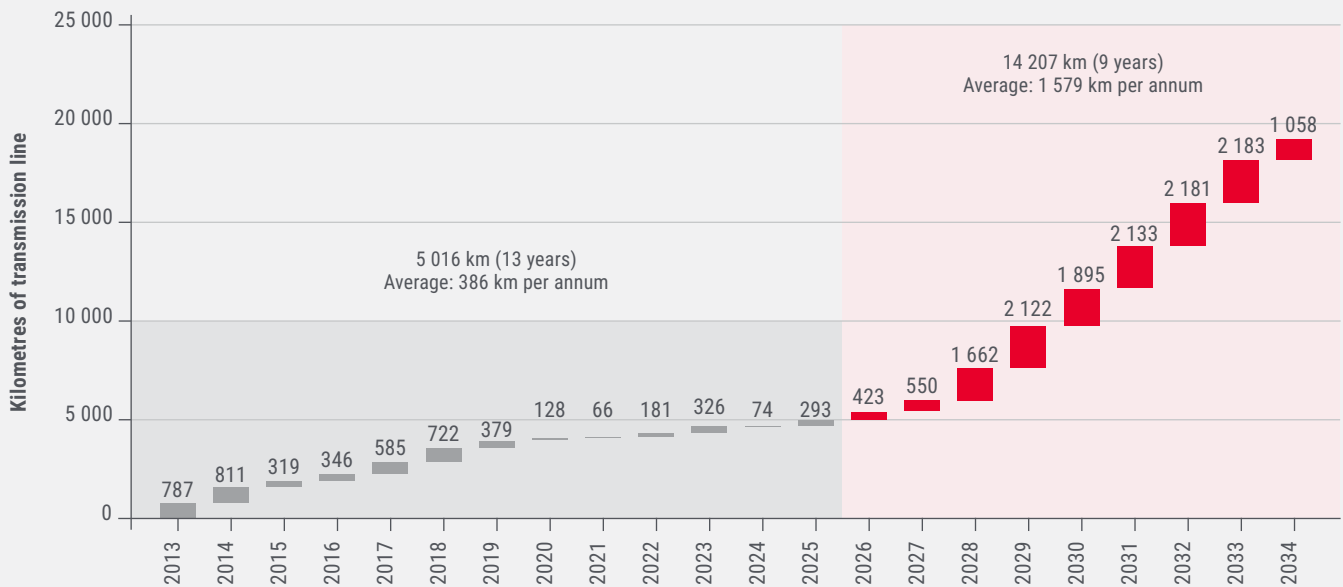
Sources: Eskom, National Transmission Company South Africa weekly system status reports, Allan Gray research. A one-week rolling average was used.

¹ Currently it remains a wholly owned subsidiary of Eskom Holdings.

² There is ongoing consultation over the pricing methodology to be used to make SAWEM viable for independent power producers.

³ The associated Credit Guarantee Vehicle remains to be finalised.

Graph 3: Projected transmission line buildout under the Transmission Development Plan



Sources: Transmission Development Plan 2025 - 2034, Eskom, Allan Gray research

surging from R2.4bn in 2014 to R74bn in 2024, to over R100bn today. This complicates Eskom’s unbundling and, if unresolved, threatens gains stemming from National Treasury’s R230bn debt relief package. Eskom has begun implementing Distribution Agency Agreements with financially distressed municipalities to restore sustainability, though resistance from organised local government persists. Finally, Eskom’s recent operational improvements have not been cost-free, with staff expenses rising 34% over the past two years – a trend that warrants monitoring.

Transport

Today, for every tonne of freight moved by rail in South Africa, roughly six tonnes are transported by road. This is not only significantly more expensive for long-distance, bulk freight, but also imposes heavy burdens on road infrastructure, while increasing road accident rates. Transnet’s freight rail volumes fell sharply from 226 million tonnes (Mt) in 2018 to 149 Mt in 2023, as shown in **Graph 4** on page 19. While the current management team has begun to reverse this trend – lifting volumes to 160 Mt in 2025 and sustaining an upward trajectory – the rail network remains constrained by chronic underinvestment and requires substantial rehabilitation. Transnet’s financial outlook has been stabilised following the provision of a further R146bn of government guarantees from National Treasury in 2025, enabling a renewed focus on capital expenditure.

The sector’s outlook has also improved under an ambitiously target-driven minister of transport. In 2025, 11 private train-operating companies were conditionally awarded freight rail slots. While we

doubt the feasibility of delivering the announced 20 Mt of additional freight by the 2026/27 financial year, the direction of travel is positive, signalling greater openness to private sector participation. Traxtion’s subsequent announcement of a R3.4bn rolling stock investment – the largest private freight rail investment in our history – represents a meaningful vote of confidence. Lastly, while delayed, plans have been announced for private sector capital to be mobilised directly into the rail network, most likely through concessions. Further work is required to tackle security risks and cable theft.

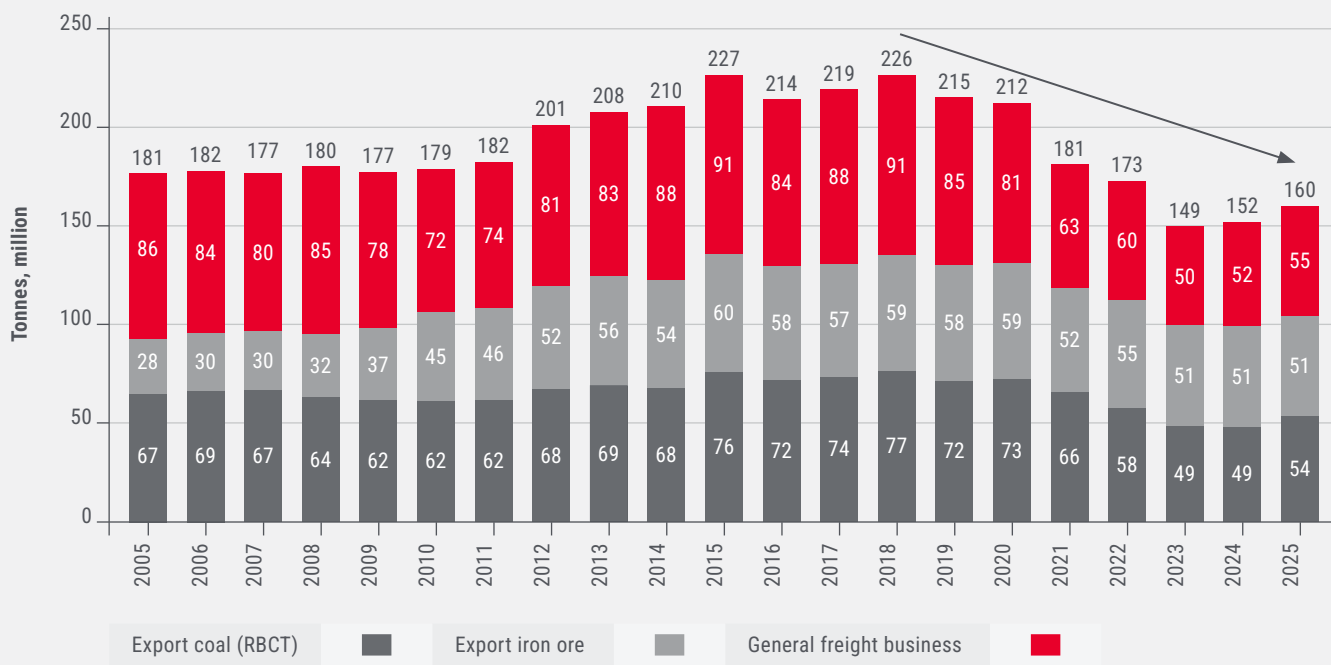
At the ports, much of the post-COVID-19 underperformance reflects underinvestment in equipment over the prior decade. The new management team is advancing a solid procurement pipeline. Transnet’s recent court victory also cleared the way for a 25-year concession at Durban Port’s Pier 2, to be operated by global player ICTSI. This is very positive given that Pier 2 handles 72% of the Durban Port’s throughput and nearly half of South Africa’s container volumes.

Water

In our 2024 Stewardship Report, we highlighted the escalating crisis in South Africa’s water and wastewater infrastructure. Alongside rapidly deteriorating water quality and widespread untreated wastewater discharges, non-revenue water has reached 47% nationally, driven largely by physical leaks.

Addressing these failures requires urgent intervention, particularly given the heavy reliance on often-dysfunctional municipalities as water service authorities. As **Graph 5** on page 20 illustrates, local government

Graph 4: Transnet Freight Rail volumes over two decades by financial year



Sources: Transnet, Allan Gray research

has suffered a significant loss of civil engineering capacity – which is concerning given its responsibility for extensive reticulation networks, reservoirs and associated infrastructure.

Encouragingly, several interventions are underway, with a highly capable director general at the Department of Water and Sanitation building confidence. Since late 2024, National Treasury has started withholding the Local Government Equitable Share – the mechanism through which municipal governments receive unconditional funding from national revenues – of defaulting municipalities until current obligations, especially water bills, are paid. While this does not yet resolve arrears, early signs suggest improved payment discipline on current accounts.

Secondly, Treasury has launched the R54bn, six-year Metro Trading Services Reform Programme. To access funding, metros must develop and implement Performance Improvement Action Plans. Annual grant allocations will be based on independent assessments across 30 performance indicators, such as non-revenue water reduction, ring-fencing of water revenues and creating single-point accountability. Albeit overdue, the slow shift towards “pay for performance” is an encouraging move in the right direction.

Finally, the Water Services Amendment Bill, approved by cabinet in September 2025, strengthens the regulatory framework by clearly separating the roles of Water Service Authority (WSA) and Water

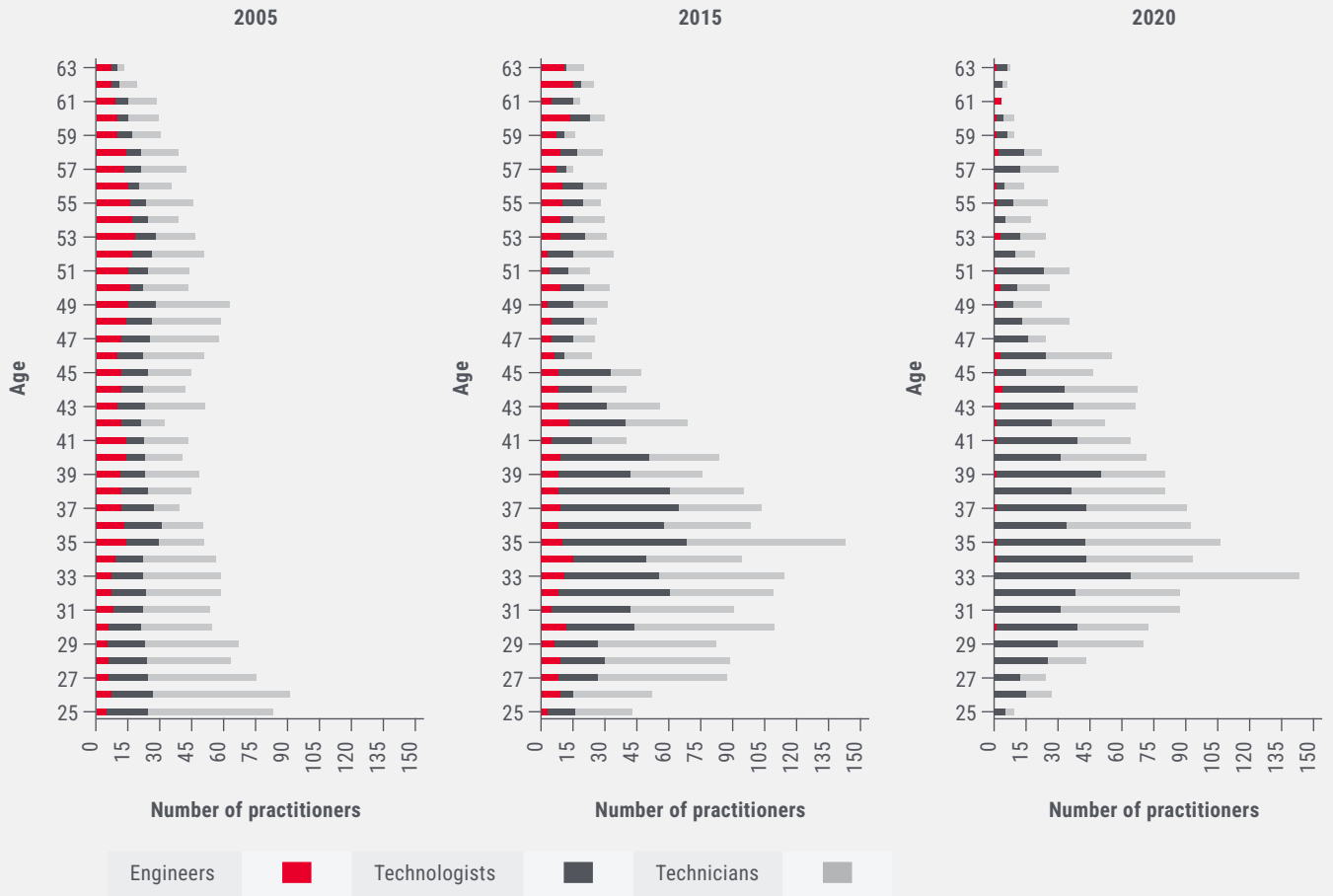
Service Provider (WSP). Under the Bill, WSPs must hold an operating licence from the Department of Water and Sanitation, and the minister is empowered to compel a WSA to appoint an alternative licensed WSP where performance failures persist.

Major challenges remain

While the above developments are positive, they must be tempered by persistent news flow underscoring deeply entrenched corruption and powerful organised crime networks. Much of the evidence provided in the 2018 Zondo Commission and more recently the Madlanga Commission has been extremely damning, yet high-profile arrests, dismissals and accountability remain absent. The outlook will be shaped by several milestones, including the recent appointment of a new National Director of Public Prosecutions, at a time when the National Prosecuting Authority urgently needs to strengthen its credibility and effectiveness. This will be followed by upcoming local government elections, which could yield improvements in key metros such as Johannesburg, but where coalition dynamics and systemic corruption within the public service may prove difficult to manage. Beyond this, attention will turn to the ANC’s leadership transition at its 2027 National Conference.

While many reforms have been legislated and therefore offer some continuity, President Cyril Ramaphosa’s successor will have important implications for South Africa’s political and institutional trajectory. Although a lower probability, downside political scenarios cannot yet

Graph 5: Civil engineering practitioners in local government by qualification



Source: Charts recreated based on the South African Institution of Civil Engineering’s SAICE 2022 Infrastructure Report Card for South Africa⁴.

be fully discounted. Foreign relations add a further layer of risk, as ties with the United States have soured amid South Africa’s deepening engagement with more contentious international partners.

Weak capacity and governance, particularly at local government level, also remain a significant constraint, as much of the above is easier said than done, and the acute skills shortage at municipal level cannot be easily reversed. This has the potential to slow the implementation of certain reforms. At the same time, the domestic construction sector – once highly capable of delivering large-scale infrastructure projects – has been hollowed out by years of policy uncertainty and economic stagnation and may take time to rebuild.

Closing thoughts

We have long believed that South Africa’s reform process would unfold over a longer horizon than consensus expectations – a view that has thus far been borne out. That said, momentum can shift rapidly when macroeconomic and structural tailwinds align. We continue to monitor

indicators for evidence of a more durable inflection, particularly a sustained breakout in gross fixed capital formation.

The reform agenda has nonetheless crossed a threshold, with early signs of progress emerging: greater stability in and performance from state-owned enterprise leadership, the gradual opening of historically monopolised sectors to private-sector expertise and competition, and a stronger legislative emphasis on accountability. Translating these green shoots into sustained economic growth – even at a 3%-plus pace – will now hinge on the pace and consistency of implementation, alongside a far tougher stance on crime and corruption. On both fronts, we believe South Africa’s track record warrants some caution.

Accordingly, our portfolio positioning does not “bet the farm” on South Africa’s economic recovery. Local equity exposure remains anchored in defensive rand hedges such as British American Tobacco and Anheuser-Busch InBev. In this context, it is worth noting that in 2025 – a year of lacklustre domestic economic growth – South African

⁴ SAICE source: Numbers and Needs, 2005, 2015; and LGSETA WSP, 2020. As a result of recreation, there may be minor numerical discrepancies.

government bonds performed remarkably well, and the FTSE/JSE All Share Index returned over 40%. However, it was not SA Inc. stocks that drove this performance; rather, it was the gold and platinum group metal miners rallying well over 100% on the back of higher metal prices. Many SA Inc. counters, including quality retailers like Shoprite, Clicks and Mr Price, declined in value. As such, among SA Inc. stocks we

are seeing greater opportunities, but valuation remains paramount. Our domestic positioning favours businesses where we believe the economic risks are already more than reflected in prices, and businesses capable of delivering growth even if the recovery unfolds more slowly than hoped, providing downside protection while still allowing clients to participate in a moderate growth outcome.

3.2 THE FUTURE OF ALCOHOL

As part of our investment process, we monitor developments under the environmental, social and governance (ESG) pillars to understand how they may affect the long-term sustainability of companies. Within the social pillar, the alcohol industry offers a topical case study to demonstrate our approach.

A closer look at developed markets

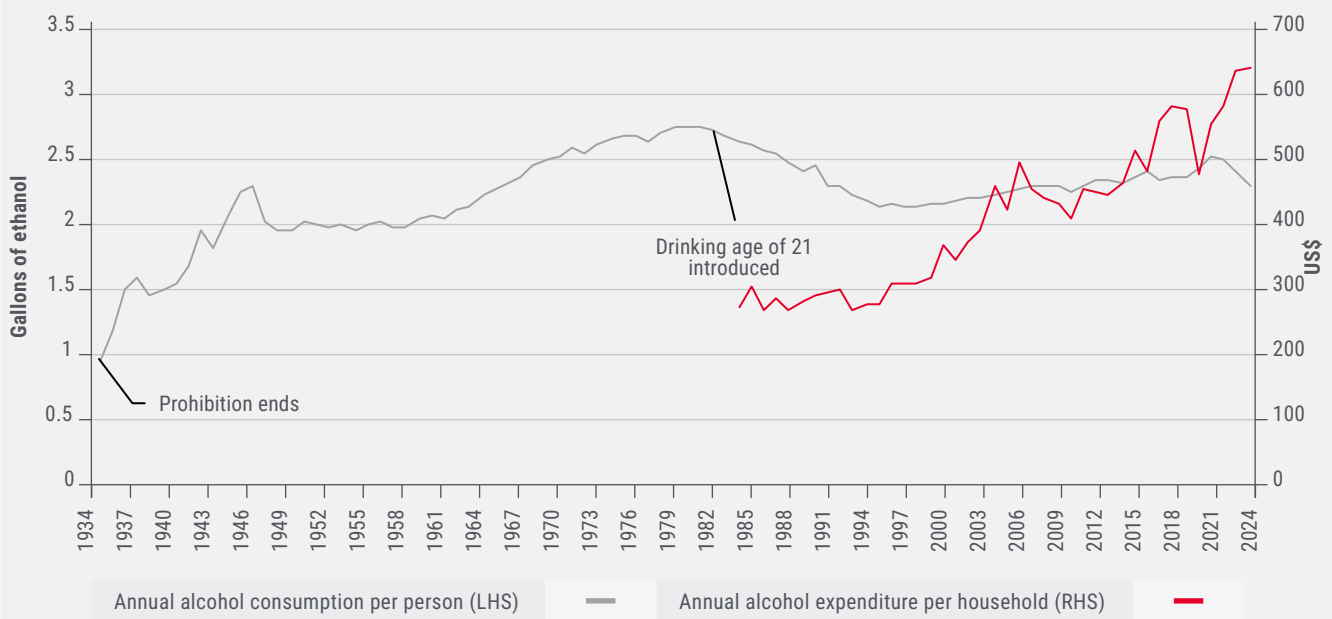
In developed markets such as the United States, alcohol consumption has moderated since its COVID-19 pandemic-era peak. This has prompted concerns about a possible structural decline, mostly attributed to changing behaviour among under-30s, who are characterised as a more sober and health-conscious generation. At face value, survey data appears to support this narrative, showing lower drinking prevalence in this group.

However, there are several factors to consider.

- Over the long term, much of the decline in self-reported participation among young people in the US reflects a sustained reduction in underage drinking. Once individuals reach legal drinking age, prevalence rates tend to revert. In other words, young people are starting later, rather than opting out entirely.

- Survey data alone is unreliable. People generally underreport their vices, even if they do not consume excessively. The objective data is less dramatic. Despite recent softness, absolute US per capita alcohol consumption remains within its long-term range. With several major events ahead, including the FIFA World Cup and the 250th anniversary of US independence, 2026 could prove stronger than expected.
- While people may drink less, they are not spending less: Inflation-adjusted household spending on alcohol in the US has remained broadly flat over the past 20 years (see Graph 1). What is lost in volume can be recouped from consumers moving up the pricing ladder (a trend called “premiumisation”). Older age groups continue to increase their spending, while lower expenditure among younger consumers may owe more to affordability constraints than to shifting preferences.
- Demographics matter. In markets where populations are still growing, the impact of lower per capita consumption on total demand is less severe than survey data might suggest.

Graph 1: Annual alcohol consumption and expenditure in the US (per capita consumption, per household spending)



Sources: National Institute on Alcohol Abuse and Alcoholism (NIAAA), IWSR, U.S. Bureau of Labor Statistics, Allan Gray research

We are also mindful of the impact that “new” influences and economic strain may have on consumption going forward.

Emerging markets remain a growth story

While developed markets dominate the public debate, emerging markets paint a different picture. Across most emerging economies, alcohol consumption has continued to grow in line with rising incomes and urbanisation. Countries such as India, Brazil and Mexico are seeing volume growth as new consumers enter the market (see **Graph 2**).

India stands out. Alcohol consumption remains a fraction of that seen in developed markets, but growth has been rapid, particularly among affluent young adults. Recent data shows strong demand across beer, spirits and ready-to-drink products. This reflects a familiar pattern observed historically: Alcohol consumption tends to rise as economies grow before eventually stabilising at higher income levels.

China is an exception. Consumption has fallen sharply since the mid-2010s, driven not by health considerations or evolving consumer preferences but by far-reaching government austerity measures that curtailed alcohol use in official and business settings. Despite lower volumes, the alcohol industry in China has been partially insulated through premiumisation, with consumers drinking less but choosing higher-quality products.

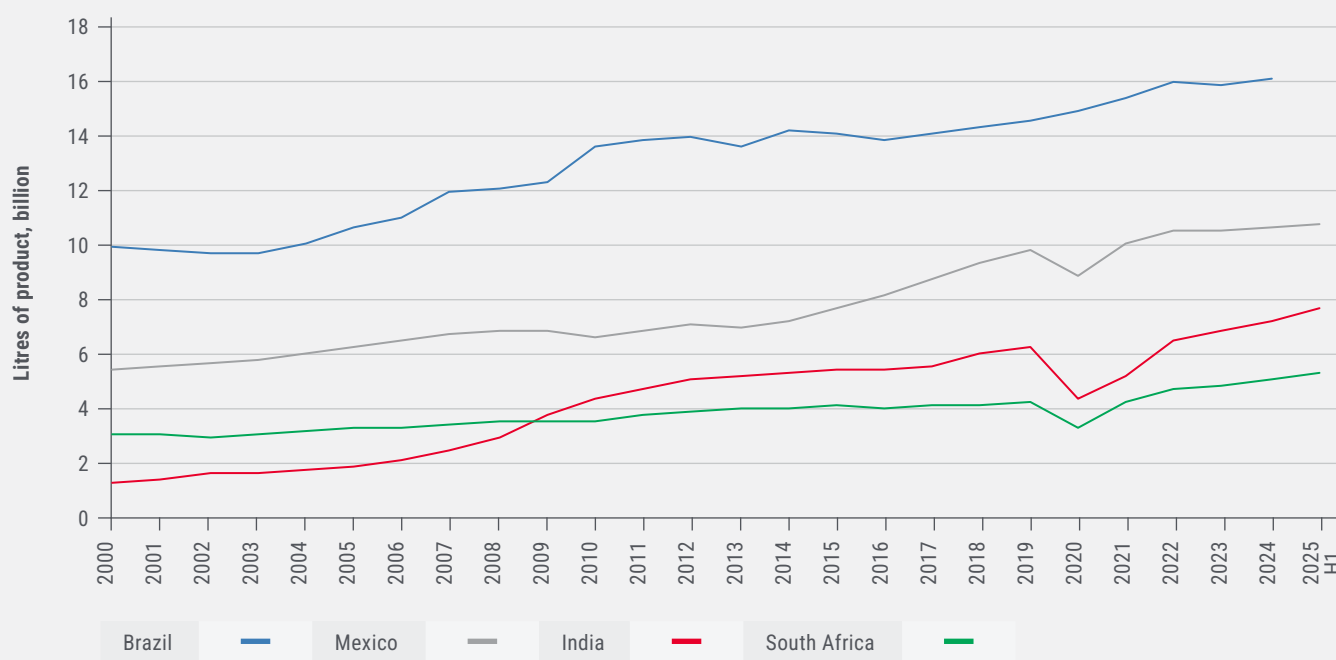
New influences: medicines, cannabis and alternatives

Our research also monitors emerging factors that could influence future consumption. One widely discussed topic is the impact of GLP-1 weight-loss drugs. Opinions are mixed, with some expecting a dramatic reduction in alcohol demand, while evidence currently suggests a more modest effect. Transaction-level data indicates little change in alcohol spending (-1%) among US households with at least one GLP-1 user. However, the impact could become more meaningful over time if prescriptions expand to treat alcoholism and obesity, and as oral formulations increase access and uptake. It is still too early to draw definitive conclusions.

To the extent that people consume alcohol to “take the edge off”, cannabis is mooted as a potential substitute, particularly appealing to younger adults. Legalisation has expanded access in several regions. The evidence is mixed: some consumers substitute alcohol with cannabis, others use both, and long-term impacts remain uncertain. Experience in countries with long-standing cannabis availability, such as the Netherlands, suggests that alcohol demand should remain intact.

No- and low-alcohol beverages have grown in popularity on the back of the moderation trend, attracting new consumers and broadening drinking occasions. No-alcohol beer has gained meaningful market

Graph 2: Annual alcohol consumption in select emerging markets (total volume)



Sources: IWSR, Allan Gray research

share in parts of Europe and is growing quickly elsewhere. This reflects changing norms around moderation and inclusion, allowing consumers to participate in social gatherings without alcohol. For alcohol producers, and brewers in particular, this represents a growth opportunity, as research suggests that no-alcohol beer is not only offsetting lost beer volumes but also attracting consumers who would otherwise choose soft drinks.

Health awareness and regulatory pressure

From a social perspective, health considerations are central. Alcohol is classified as a carcinogen, and health risks increase with consumption. Public awareness of these risks has grown, and regulators are increasingly reflecting this in policy.

Alcohol-related mortality rates remain elevated in several developed markets, reinforcing the likelihood of stricter regulation over time. Governments and health organisations are promoting more conservative drinking guidelines, stronger warning labels and tighter marketing restrictions. Against the stream, the 2025-2030 *Dietary Guidelines for Americans* shifts from explicit consumption limits towards broader moderation-based language.

Evidence suggests that prominent health warnings can reduce alcohol sales, although the magnitude varies by market and design. However, greater awareness does not automatically translate into lower consumption. Financial pressures are often a stronger driver of moderation than health concerns, and these pressures can be more

cyclical. This highlights the importance of understanding alcohol use within the broader social and economic context.

Social behaviour is evolving

Alcohol consumption is closely tied to how people socialise. Younger generations spend more time online, live with their parents for longer, report higher levels of social isolation and have fewer in-person interactions than previous cohorts. These shifts reduce the number of traditional drinking occasions, particularly among teenagers and young adults.

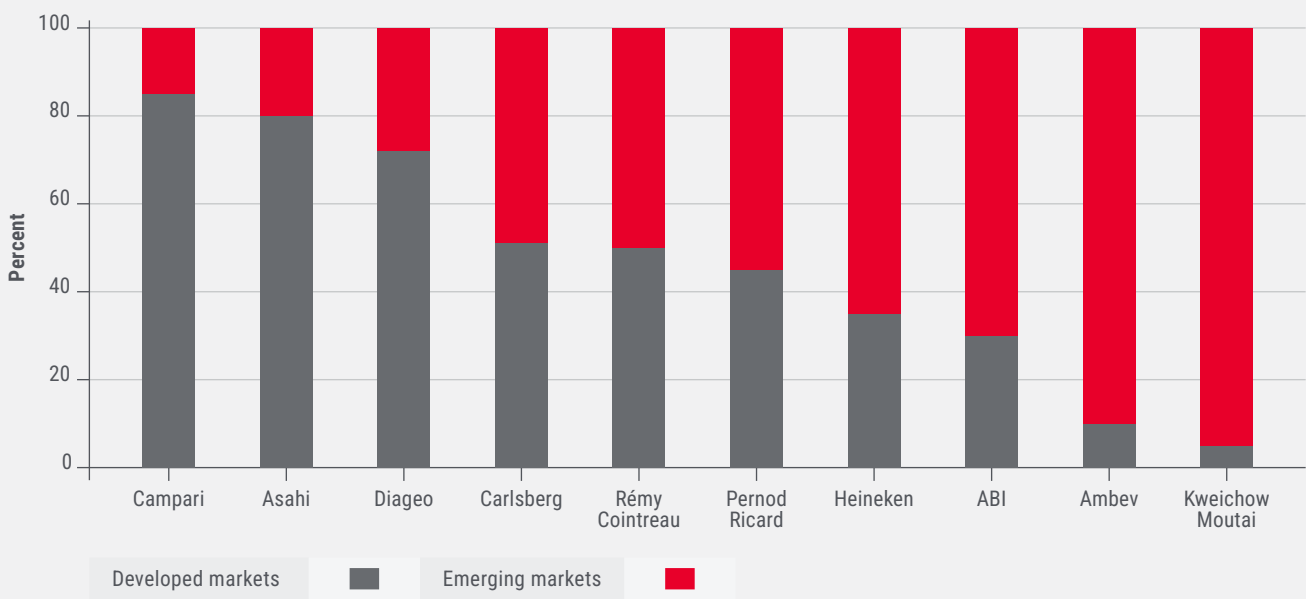
At the same time, cultural narratives can exaggerate trends. Concepts such as being “sober-curious” receive significant media attention, but consumption data suggests that they remain behaviours concentrated in wealthier markets.

Alcohol in the portfolio

We do not believe the headwinds discussed above present insurmountable challenges for the alcohol industry. Within this context, we find Anheuser-Busch InBev (ABI) attractive on a valuation basis, including when ESG considerations are incorporated:

- Beer is winning share of throat away from spirits and wine. As the world’s largest and most profitable brewer, ABI will naturally benefit from this shift.

Graph 3: Alcohol producers’ approximate profit exposure split between developed and emerging markets



Sources: Company data, Morgan Stanley, Allan Gray research

- Increasing affordability pressures should support beer relative to other alcoholic beverages going forward, as should the moderation theme, given beer's lower alcohol content. ABI can also scale its no- and low-alcohol beer portfolio.
- ABI is more exposed to emerging markets than its competitors (see Graph 3 on page 24) and stands to benefit from consumption growth in those markets.
- ABI is encouraging consumers to trade up to newer aspirational brands. As consumers have become increasingly fickle, this requires a strong innovation pipeline and superior brand-building competence to ensure the product portfolio hits the sweet spot of consumer demand. Fortunately, ABI leads peers in its ability to launch and scale new beverages. While premiumisation may have its limits, ABI stands to benefit from margin expansion on more supportive input prices and a weaker US dollar.
- At a portfolio level, ABI tends to behave differently in times of market upheaval; it is a natural hedge against South Africa and China's general risks (both are small in its business mix), and its core product is unlikely to be disrupted by artificial intelligence.

3.3 ARTIFICIAL INTELLIGENCE AND THE CHANGING LANDSCAPE OF WORK, LEARNING AND TRUST

Debates about artificial intelligence (AI) often focus on its potential to accelerate economic growth and its capacity to disrupt work. Both are important, and signs of their impact are beginning to emerge. But the implications run deeper than headline projections of productivity gains or job losses. AI will influence how work is organised, how opportunity is accessed, and how trust is maintained in the information around us. These are social as well as economic outcomes, and the speed of AI adoption in everyday life is compressing the adjustment.

Shifts in early career development and learning

Today's AI systems are unlikely to displace entire occupations at once. Instead, they are reshaping work hours as certain tasks become more efficient. By some estimates, existing AI-powered technologies could, in principle, perform activities accounting for more than half of work hours in economies with a high share of professional, administrative and other "knowledge-based" roles. This does not imply that more than half of jobs will disappear, but it does point to a significant reorganisation of work and the way skills are developed across careers.

Several routine tasks that once formed part of early learning for junior staff can now be completed by more experienced staff using AI tools, reducing the volume of routine work delegated down the organisational ladder. Although South Africa's economy is less concentrated in knowledge-based roles than many advanced economies, in our already-fragile labour market, where youth

unemployment remains high, changes in entry-level opportunities may make it harder for young people to secure stable work, while businesses benefit from greater efficiency.

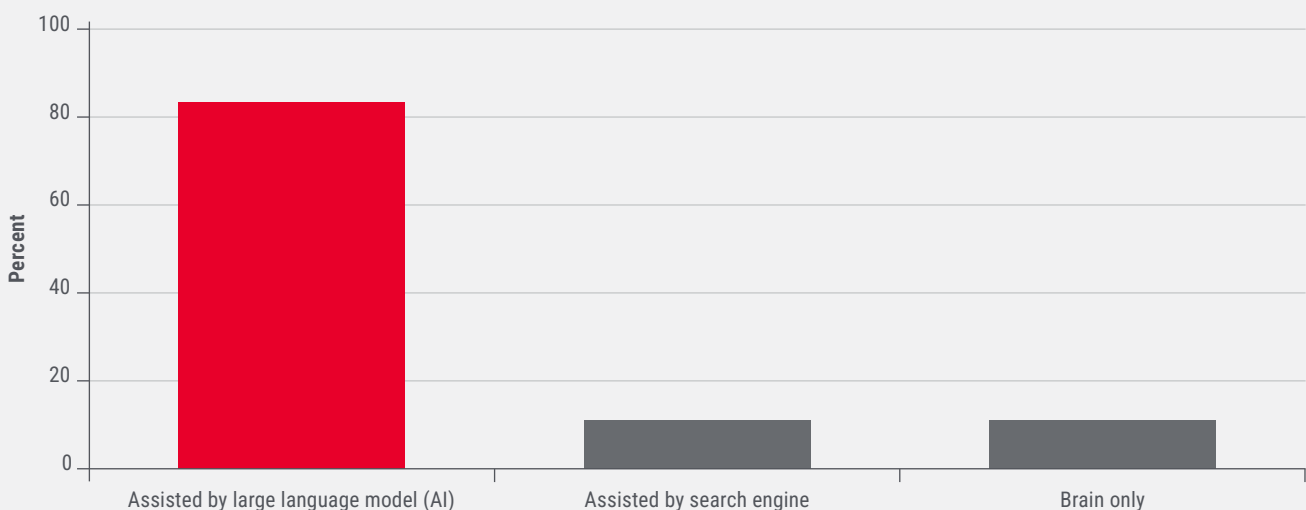
At the same time, this does not necessarily imply weaker development opportunities. As AI absorbs routine components, junior roles may involve earlier exposure to more complex and interesting work. In this sense, AI is likely to change how experience is built, rather than uniformly reducing the opportunities to acquire it.

When it comes to learning both in formal education and at work, conversational AI has effectively placed a powerful tutor in our pockets. In countries like South Africa, where teaching resources are stretched and access to individual learning support is highly unequal, this can be transformative. However, it also raises questions about cognitive development and independent thinking. **Graph 1**, drawn from a small study by the Massachusetts Institute of Technology (MIT), suggests that participants who relied heavily on AI to write an essay showed significantly lower recall than those who did so unaided, with the researchers also noting lower levels of cognitive engagement. These early findings invite reflection on how the widespread use of AI tools may shape the foundations of effort, learning and retention across society over time.

Demographic realities and economic responses

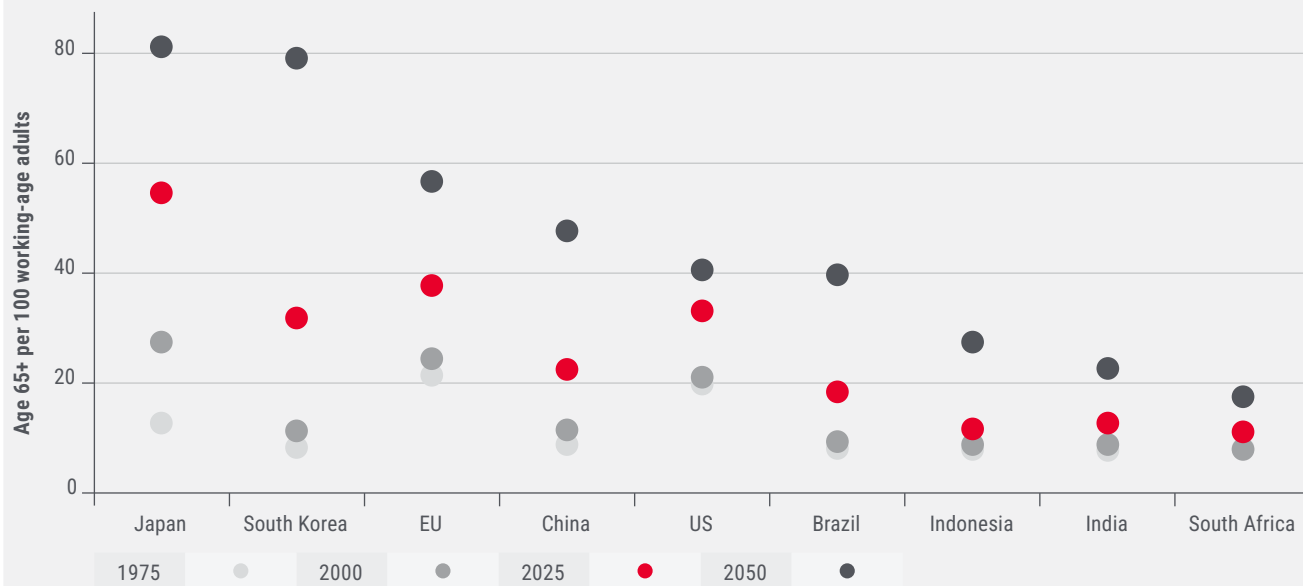
The way these shifts unfold will also depend on underlying demographic realities. In many advanced economies, the dominant

Graph 1: Share of participants struggling to quote from their own essays, by writing method



Sources: Kosmyrna, N. et al., MIT, "Your brain on ChatGPT"; Deutsche Bank Research

Graph 2: Population ageing trends across selected economies



Source: OECD. The working population is defined as those aged 20-64.

structural challenge is ageing, reflected in a declining share of working-age people as populations live longer and fertility rates decline. With fewer workers available to sustain economic activity, automation and AI can be seen as practical tools of response.

As depicted in **Graph 2**, South Africa's youthful population puts us at a very different point on the demographic transition. Our challenge in the AI era – as it has been for some time – is not too few people to work, but too few jobs to absorb job seekers. Over a decade of lacklustre economic growth, ongoing structural constraints and a persistent skills mismatch have limited our economy's capacity to generate secure employment. AI now adds another layer to this dynamic.

Labour markets may also be impacted by the improvements in automation and AI tools that are changing how new businesses form. Solo Founders, a community that supports entrepreneurs starting companies alone, highlights this trend using data on US start-up activity from Carta, a platform that manages equity for private companies. The data shows that the share of solo-founded start-ups has risen from 24% in 2019 to 36% by mid-2025. It also shows that solo-founded start-ups are taking longer to make their first hire, with the median rising from 262 days in 2019 to 399 days in 2024 – a 52% increase.

This pattern is consistent with founders' growing ability to use AI tools to extend their capacity, and it is reasonable to expect that businesses will increasingly reach scale with reduced headcount. At the same time, lower barriers to entry could fuel greater

entrepreneurial activity, expanding the base from which jobs are created. More broadly, an AI-driven rise in productivity for existing businesses may support new roles as others are reshaped.

History suggests that technological shifts tend to change the composition of work rather than eliminating it outright. The introduction of ATMs in the late 1960s, for example, reduced the need for routine cash-handling, yet bank employment did not collapse; instead, roles evolved and branch networks expanded with lower operating costs. Even so, the economic and social implications of the AI shift are unlikely to be evenly experienced, and the impact may well prove broader than past episodes of technological change.

Trust, consent and accountability

Trust is another emerging pressure point, as AI tools can now produce convincing text, images, audio and video at scale. This makes it easier for fabricated content to circulate and harder for audiences to judge what is reliable, including information used to form views on public issues and political choices. This places greater importance on guardrails in how these systems are designed. As AI tools are increasingly used as sources of information and fact-checking, questions arise about what data models are trained on and whose assumptions are embedded in their outputs.

Data-related concerns also extend to consent and authorship, particularly when human work is used to train AI tools that may later undermine jobs and weaken bargaining power. At the same time, conversational AI tools are facing scrutiny for their interactions with

vulnerable users. Questions of legal accountability remain unresolved, including who bears responsibility when AI systems infringe rights, generate false content or cause harm.

Implications for long-term investors

The social implications of AI are not peripheral considerations for long-term investors; they will shape how economies evolve and how durable business cash flows prove to be over time.

Investment in AI infrastructure and software is substantial and ongoing. Our task is to understand where capital is being deployed and which businesses stand to benefit as AI becomes embedded across the global economy. There is an old investment adage that, in a gold rush, it is often the sellers of picks and shovels who earn steadier returns. In the context of AI, this directs attention towards

companies supplying the critical infrastructure and manufacturing capacity behind the build-out, rather than focusing solely on the highest-profile beneficiaries of the current cycle. Our offshore partner, Orbis, offers some good examples of this in a piece available via the Insights page of our website, [“Is AI a bubble, or is the best yet to come?”](#)

Successful long-term investing is not about predicting the future with precision, and with a technological shift as significant as AI, nobody really can. Instead, it is about identifying businesses with sound economics, strong management and attractive valuations that can be combined in a portfolio that performs well across a range of possible outcomes. When it comes to AI, that means considering not only technological progress, but also its influence on the social foundations that shape long-term risk and return.

ANNEXURE 4: VOTING ACTIVITY

UNDERSTANDING OUR VOTING METHODOLOGY

We make use of internal guidelines for voting recommendations. As illustrated in **Figure 1**, we provide voting recommendations for general meetings for all companies in which either the value of our clients' aggregated holdings exceeds 1% of the total value of equities under our management, or our clients' aggregated holdings exceed 4% of the company's shares in issue. We also make recommendations for shareholder meetings of companies that fall below these thresholds if we believe that special circumstances warrant such action. Special circumstances are determined on a case-by-case basis. We apply our minds and consider where our clients' interests could be materially impacted. We monitor our voting thresholds to ensure our proxy voting captures a significant portion of our total equity position. As shown in **Figure 2**, we voted at the annual general meetings (AGMs) of 94% of total local equities for the calendar year ending 31 December 2025.

Figure 1: Voting approach

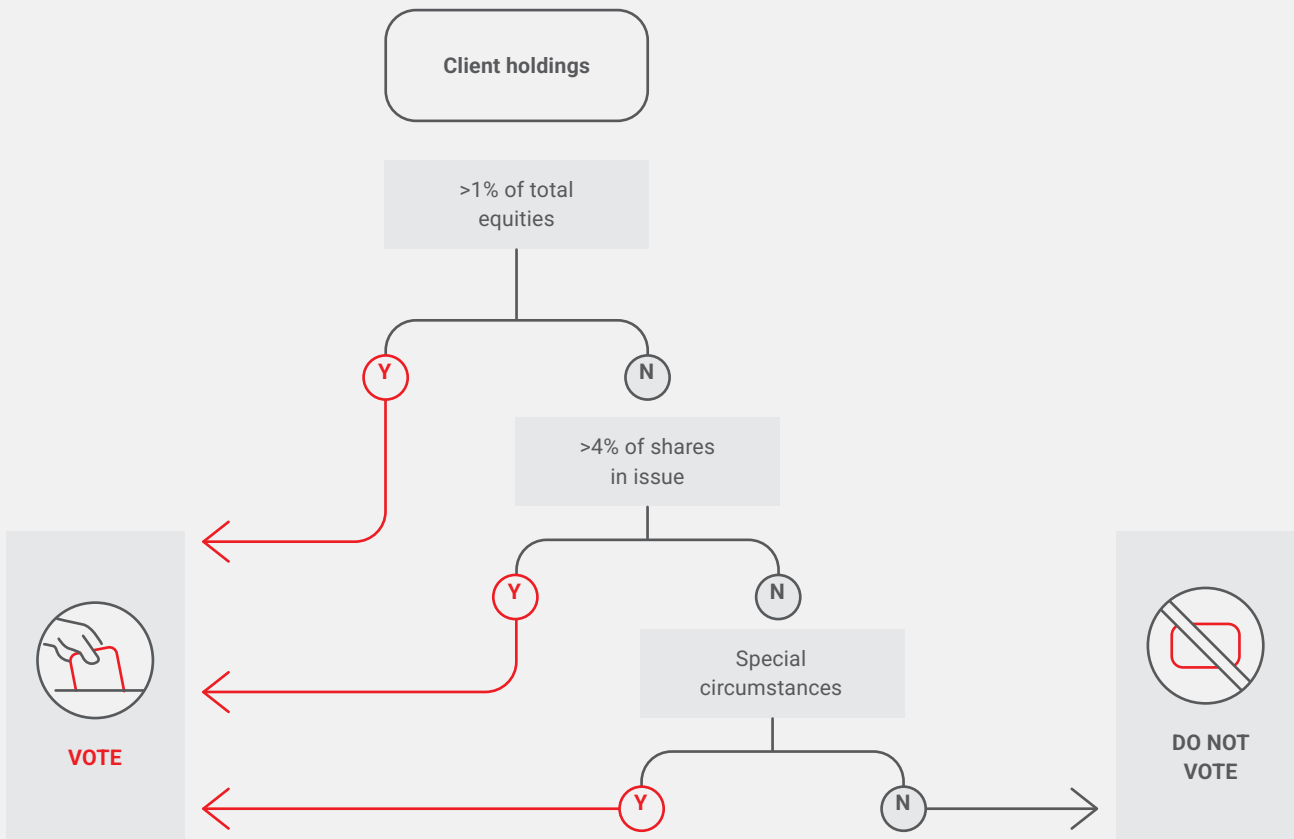
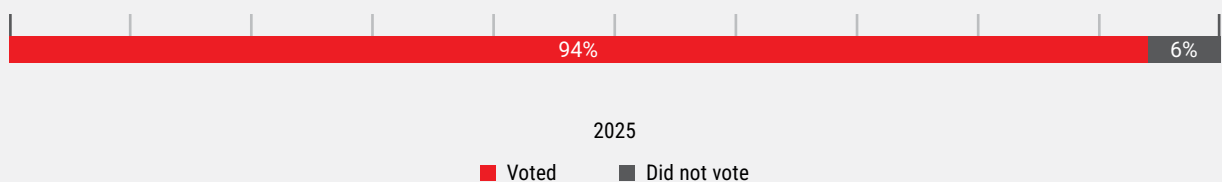








Figure 2: Total local equity position voted at AGMs



PROXY VOTING RECORD

In 2025, we made voting recommendations on 2 408 resolutions tabled at shareholder meetings, as shown in **Table 1**. Dissenting votes include recommendations to our clients to either vote against resolutions or abstain from voting. These dissenting votes are recommended for a variety of reasons in line with our [policy on ownership responsibilities](#). Since 2024, our stewardship report has included our voting recommendations relating to frontier and global markets, in addition to South Africa and Africa ex-SA. Our voting recommendations are provided on [our website](#) quarterly in arrears.


Table 1: 2025 voting recommendations

						
	Number of meetings	For	Against	Abstain	Dissenting (%)	Total resolutions
South Africa	71	1 299	80	21	7%	1 400
Africa ex-SA	54	510	24	39	11%	573
Frontier	29	315	15	18	9%	348
Global	6	77	9	1	11%	87
Total	160	2 201	128	79	9%	2 408


UNDERSTANDING OUR DISSENTING VOTES




South Africa



Africa ex-SA



Frontier



Global¹

¹ In this context, "global" refers to directly held foreign holdings in the Allan Gray portfolios and excludes exposure to the Frontier, Africa and Orbis funds.

Resolutions tabled at AGMs vary across regions and markets, reflecting differences in shareholder rights shaped by local regulations, corporate governance norms and market maturity. These differences are evident in our proxy voting records and the composition of our dissenting votes, which align with the specific resolutions tabled in each region.

In South Africa, for instance, shareholder rights are well defined under legislation such as the Companies Act and the JSE Listings Requirements. This has led to a consistent set of resolutions being tabled at AGMs for JSE-listed companies, resulting in relatively stable patterns of dissenting votes. In 2025, changes to the legislative environment influenced some of these patterns after parts of the Companies Amendment Act became effective in December 2024. A new set of mandatory resolutions is now presented to shareholders at AGMs to elect members of the social and ethics committees (SEC) on an annual basis – a process that was previously undertaken by the board.

Our approach to recommendations is guided by consistent principles, adapted to regional and industry-specific nuances. For instance, while the design of an effective remuneration scheme may vary across industries and regions, the core objective remains to enhance alignment of executive incentives and performance. Similarly, although the details of capital structure resolutions differ across markets, our baseline preference is to preserve the scarcity value of our clients' shares. Using this as a starting point, we assess the specifics of each resolution on a case-by-case basis.

SOUTH AFRICAN MARKET

OVERVIEW

Board structure (15%)

Our dissenting recommendations stem from concerns that directors' appointments or re-elections are not in the best interests of shareholders. As outsiders, we are not privy to the inner workings of boards; however, we evaluate the shareholder outcomes under a board and whether value has been created or destroyed. We also consider overall board composition, individual director performance, external directorships and any prior involvement in fraudulent, corrupt or unethical activities. As part of our due diligence around director elections or re-elections, information on illegal and unethical activities is recorded in our proprietary directors database.

In 2025, the increase in dissenting recommendations in this category was largely driven by a higher number of resolutions related to director elections tabled for shareholder approval following the introduction of annual appointments to the SEC at company AGMs as legislated by the Companies Amendment Act.

Some 2025 examples of our voting recommendations in this category include:

Logistics company

We recommended against appointing a director up for election to the audit committee. The director had been sanctioned by the Independent Regulatory Board for Auditors (IRBA) and referred to the South African Institute of Chartered Accountants (SAICA) for a membership review in their capacity as a registered auditor on a previous audit engagement.

Telecommunications company

Given the high threshold we apply when deciding to recommend against director elections or re-elections, in instances where we have previously escalated our shareholder actions in response to what we believe to be poor oversight decisions, we are unlikely to revise our position unless our confidence in a director's judgement has been credibly restored over time. Therefore, we maintained our recommendation against the re-election of the remuneration committee chair.

Capital structure (30%)

Capital structure continues to be the category that receives the highest number of dissenting votes. There are broadly two routine subtypes of capital structure resolutions. The first relates to resolutions to repurchase shares, which we generally support, and the second to the issuance of shares, which we typically do not support as they diminish the scarcity value of the shares our clients hold. Our preference in the case of share issuances is that companies consult shareholders on a case-by-case basis when they believe an issue of shares is necessary, particularly when a share is trading below our assessment of its fair value.

Nampak

We have opposed the repurchase of ordinary shares at the company's AGMs in recent years due to the state of the balance sheet, as we preferred that available cash be deployed to debt repayment rather than share repurchases. Given that the balance sheet had strengthened at the time of the 2025 AGM, we supported the resolution to repurchase shares.

Naspers

In the past, we have supported the resolution to issue shares to give flexibility to restructure minority interests at the company. This is no longer required, and we therefore opposed the resolution at the 2025 AGM, preferring that the company engage with shareholders when the need to issue shares arises.

Environmental and social (2%)

There are very few environmental and social resolutions tabled at JSE-listed companies, given their voluntary nature. When these are tabled, we inspect them with due care to assess the merits of the resolution. Given that the specifics of each resolution are unique to each company, our in-house ESG analysts are engaged. In some instances, we may recommend an abstention if a resolution conflicts with our internal investment policies, or if there is insufficient information to give us confidence that our recommendation is in the best interests of our clients. We communicate our voting rationale to clients who factor this into their final decision as shareholders.

Sasol

We recommended that our clients abstain from voting on the resolution concerning the company's climate change mitigation approach tabled at the 2025 AGM. We have engaged extensively with Sasol on its strategies to reduce sulphur dioxide and greenhouse gas emissions; however, we seek greater clarity on the quantifiable levers that will be used to reduce greenhouse gas emissions.

Executive remuneration (38%)

This category covers the annual non-binding advisory resolutions for JSE-listed companies on the executive remuneration policy and its implementation report. We apply a consistent set of principles when evaluating remuneration schemes, but our overarching objective is to advocate for schemes that align executive pay with company performance. Our recommendations are based on internal assessments of the schemes that consider quantum, structure and alignment, the quality of disclosure, and the use of discretion within remuneration decision-making.

Given our strong conviction in the role incentives play in management decision-making, we spend significant time assessing schemes and engaging with remuneration committees (remcos). Our objective when engaging with remcos is to be constructive by combining a

clear articulation of our concerns with practical recommendations for improvement. We understand that we are only one shareholder among an often diverse base. Nonetheless, we aim to act in what we believe to be our clients' best interests and acknowledge that change can take time to enact. As a result, we do not expect all our recommendations to be taken on in a given year. Instead, we look for ongoing improvement in alignment between executive and shareholder outcomes.

Monitoring a scheme's trajectory over time also allows us to proactively engage when regressions emerge. Small regressions that compound over time and erode a policy's quality may lead us to recommend against it. In 2025, 20% of our dissenting recommendations related to remuneration policies and 18% to implementation reports.

During the year under review, we were pleased that several companies strengthened the forward-looking policies that inform implementation. **Sasol** is one such example, where structural changes, including the removal of the individual performance multiplier in the short-term incentive (STI) and the restricted shares component in the long-term incentive (LTI), serve to enhance focus on financial performance. In other cases, our dissenting recommendations include companies with which we have consistently engaged, but where the small improvements to the policy failed to materially address our primary concerns.

Life Healthcare

Despite the introduction of a modest weighting to a trailing long-term measure in the company's single incentive structure, 80% of performance conditions remain tied to one-year measurement periods, risking a continued weak relationship between pay and long-term shareholder interests. We held two further meetings with the company during the year to acknowledge the progress and once again communicate our suggested improvements to several elements of the scheme.

Other schemes demonstrated a negative trajectory. This direction of travel can stem from policies or implementation reports where discrepancies emerge between pay outcomes and underlying performance.

Mondi

We have historically held a favourable view of Mondi's remuneration scheme, which was strongly geared towards robust shareholder returns. However, despite engaging and sharing our concerns about proposed changes to the company's three-year binding policy in 2023, a few regressions led us to recommend against it. In the implementation report presented at the 2025 AGM, additional alignment concerns emerged around lower long-term incentive targets and inconsistent adjustments tied to capital allocation decisions. When these matters were considered in conjunction with a weaker policy, we felt a

recommendation against the implementation report was also warranted, marking the first time we have recommended a dissenting vote on its implementation report.

Using abstentions

We try to refrain from using abstentions unless we lack the necessary information to make an informed decision or seek to use it as a lever to encourage improvements. Since remuneration policies are forward-looking resolutions that cover the parameters within which executive pay will be determined, it is important that shareholders have adequate insight into these. In rare cases, a major restructuring can limit a company's ability to formulate detailed financial conditions as part of the remuneration policy. This is true when there are various interdependent, time-sensitive initiatives, as was the case with Pick n Pay, which was navigating a rights issue, the IPO of its Boxer business and material governance changes in the lead-up to the AGM. Our recommendation to abstain on the remuneration policy reflected this, notwithstanding the policy containing significant weights assigned to strategic measures without upfront disclosure. Given the exceptional circumstances, we engaged with the board chairperson to highlight our expectations going forward to safeguard alignment with shareholder outcomes.

Non-executive remuneration (4%)

Non-executive director fees are assessed both in absolute terms and relative to industry standards. We also consider the specific context of each company and the importance of recruiting strong, high-calibre directors whose roles may encompass increased responsibilities and risk oversight, dependent on jurisdictional, operational and/or regulatory complexity.

Tiger Brands

Differentiation between resident and non-resident non-executive director fees occurs at some companies, resulting in a foreign premium. This premium includes cost-of-living adjustments, among other factors, that can be opaque to external shareholders. We still feel that further supporting disclosure of the components that underpin the company's foreign premium is required.

Auditors (1%)

The appointment or reappointment of auditors is another routine resolution tabled for shareholder approval. Broadly, it is our view that the audit committee is best placed to advise on the appointment of external auditors as they have far greater insight into the detail of audit matters than shareholders. However, as active owners, we also consider publicly available information on registered auditors. As noted in past stewardship reports, we maintain a regularly updated internal listing of auditors sanctioned by IRBA. This additional source of information has proven valuable in flagging potential risks related to audit partners. It also allows us to engage with the board of directors and confirm that they are aware of any sanctions and

have conducted their own due diligence to ensure that an auditor appointment is in the best interest of protecting the integrity of financial reporting.

Manufacturing company

The registered auditor was sanctioned by IRBA for improper conduct on a different audit engagement. During our own engagement with the audit committee, they assured us that additional oversight would be exercised. While the matter was first established in a prior year, we preferred to take a cautionary approach and therefore did not extend our support to the resolution again.

Other (11%)

This category includes other non-routine resolutions for JSE-listed companies, such as requests to shorten notice periods for general meetings, make political donations, or discharge directors of liability.

The greatest number of dissenting recommendations in this category for the period under review stemmed from resolutions discharging directors of liability.

Anheuser-Busch InBev SA and Prosus

While we recognise that the resolution to discharge directors of liability is often tabled by companies with dual listings in Europe, our preference is for companies to retain the flexibility to bring legal action against directors if warranted in future.

British American Tobacco and Anglo American Plc

We recommended against resolutions to shorten notice periods for general meetings as it risks compromising our internal processes that ensure our clients receive recommendations timeously.

GLOBAL MARKETS

OVERVIEW

In 2025, our clients’ global holdings for which we issued proxy voting recommendations expanded from solely US-listed companies to include companies with primary listings on the London Stock Exchange (LSE)¹. While each jurisdiction has its own proxy voting environment nuances, our dual-listed exposure means we are familiar with the United Kingdom’s governance requirements. In practice, these are similar to those in the South African legislative environment. In contrast, the US proxy voting environment differs notably.

Some of the differences are outlined below:

- **Shareholder-initiated resolutions:** These resolutions are typically advisory and common in the US due to the relatively low ownership thresholds required to submit them.
- **Board recommendations:** Boards provide recommendations on all resolutions, accompanied by a rationale for doing so.
- **Company control over shareholder rights:** US companies retain greater control in defining shareholder rights, including the frequency and nature of the resolutions tabled for shareholder approval. For example, companies can determine the frequency with which “say on pay” votes or even director re-elections are presented, as well as the conditions under which shareholders may call special meetings.

While our position size in large global companies can restrict the level of access to management teams and boards relative to JSE-listed companies, our analysts engage with company representatives whenever opportunities are available or engagements are requested. Despite the restricted access, we endeavour to maintain the same level of due diligence in our research that guides our recommendations. For example, in-depth executive

remuneration reports on Shell, Booking Holdings and Disney were produced in the year under review. We also engaged with Disney prior to their AGM, as well as with our offshore partner, Orbis, on Shell’s remuneration scheme, given their larger holding in the company relative to our position. These additional sources of information provided useful context for our assessments.

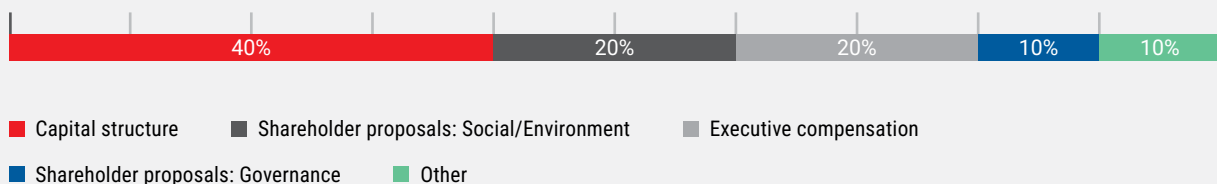
Dissenting votes

Our clients participated in six AGMs related to our global holdings in 2025. The composition of our dissenting recommendations in 2025 differs from 2024 due to our clients’ participation at three AGMs of companies with primary UK listings and fewer shareholder proposals tabled at our clients’ US holdings’ AGMs.

As in our local market, capital structure resolutions formed the largest category of dissenting votes. This stemmed from companies with UK listings where share issuance resolutions and share issuances without pre-emptive rights are frequently tabled. Pre-emptive rights safeguard existing shareholders from dilution by ensuring they receive a proportional offer of new shares; therefore, we generally oppose resolutions related to share issuances without pre-emptive rights to protect shareholders from potential dilution.

In 2025, there were five shareholder proposals tabled in relation to our clients’ holdings. The objective behind these resolutions is generally to highlight areas of concern to boards and management teams to encourage action. We continue to evaluate each shareholder proposal on a case-by-case basis, with our recommendations based on what we believe to be in our clients’ best interests. Our dissenting recommendations in 2025 covered proposals such as requests for additional board reports on operational and internal employee matters. While most of the proposals were not considered to be in the best interests of

Global: Dissenting votes per resolution



¹ Excluding our clients’ holdings in Orbis funds.

our clients, we supported a shareholder resolution at Booking Holdings that proposed allowing shareholders who owned a combined 10% of outstanding common stock to call a special shareholder meeting. This is a basic shareholder right that is legislated in other jurisdictions such as the United Kingdom and South Africa. The company's existing threshold of 25% is comparatively high. Although cognisant that an overly low threshold could be subject to abuse for non-urgent matters, we felt that the non-binding nature of the resolution offered an opportunity to signal our support for greater company responsiveness to shareholder views.

Following capital structure and shareholder proposals, executive remuneration is the next largest category of dissenting votes. US pay practices differ significantly from those we evaluate in the South African market, both in structure and quantum; however, our approach remains principles-based and guided by our internal remuneration assessment framework.

Dissenting votes in the "other" category relate to administrative items, such as the shortening of the general meeting notice period, for which our stance is similar to that outlined in the South African market section.

FRONTIER MARKETS

Overview

Our clients’ frontier market holdings span multiple jurisdictions, with notable differences in the types of resolutions tabled for shareholder votes as well as disclosure standards. These differences are a function of heterogeneous regulatory and corporate governance frameworks. This requires us to adjust our approach in a manner that makes sense for the jurisdiction. High-quality informed recommendations in these markets are ultimately reliant on sufficient disclosure, robust underlying research and the experience of our analysts.

Dissenting votes

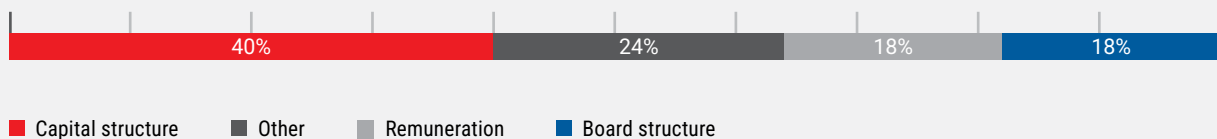
Our dissenting votes broadly reflect the regional variation in the types of resolutions tabled. Within the “capital structure” category, most dissenting votes were concentrated on frontier companies with primary listings in the United Kingdom. As outlined in the global markets section, these generally pertained to the issuance of shares and the disapplication of pre-emption rights when issuing equity.

The “other” category is wide-ranging; however, a number of our dissenting votes in 2025 related to the authorisation of political donations at our Georgian holdings. Despite the routine nature of the resolution in certain jurisdictions, we felt that heightened political tensions in the country warranted a more cautious approach.

The quality of disclosure around AGM matters is a key challenge in frontier markets. For example, it is common for companies to table resolutions on director appointments and director remuneration without providing sufficient detail to make informed voting recommendations. This results in relatively higher dissenting recommendations.

As previously noted, our ability to analyse executive incentives in frontier markets is often hindered by legislative or corporate governance frameworks that do not mandate pay disclosure. A notable exception is our clients’ holdings in Georgian companies that comply with UK corporate governance standards. As a result, we have been able to assess executive incentives constructively at these companies and unpack some unique regional pay dynamics. Common features across all three Georgian entities include pay delivered predominantly, if not entirely, in equity and high-quantum opportunities relative to management in similar industries in both other developing markets and other FTSE-listed companies. We are strongly supportive of schemes with higher equity settlement; however, we engaged with Lion Finance Group and Georgia Capital during the year to raise concerns about the scale of executive remuneration. As a consequence of the small subset of UK-listed Georgian companies and limited pay disclosure in their operating markets, we remain concerned that there is fertile ground for benchmarking escalation.

Frontier: Dissenting votes per resolution



AFRICA EX-SA MARKET

Overview

The Africa ex-SA market faces similar challenges to frontier markets, which leads to higher abstentions and dissenting votes. We engage with companies to try to ascertain further information or to encourage improved disclosure as appropriate; however, without a regulatory or corporate governance standard imperative, this remains a key challenge in some regions.

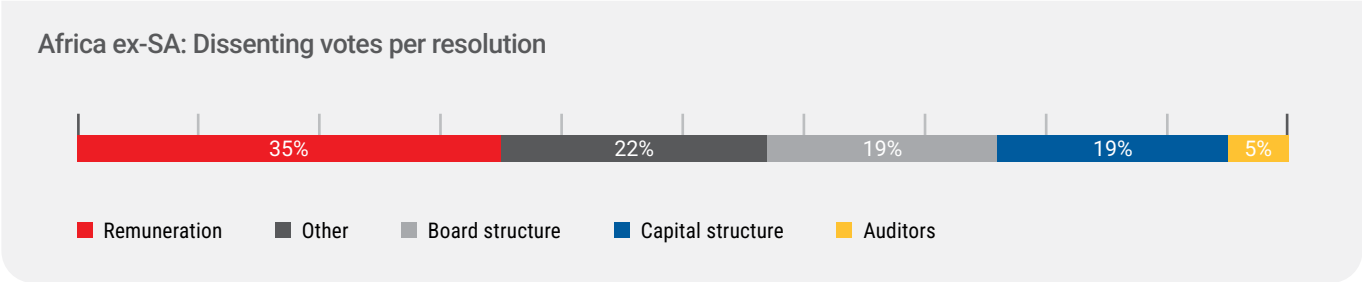
Dissenting votes

Due to variations in the resolution types tabled for shareholder approval across the different regions, our categorisation has been adapted to capture these. For instance, the "remuneration" category includes resolutions pertaining to executive remuneration, directors' fees and auditors' remuneration.

Where legislative or corporate governance frameworks allow for meaningful influence, we provide structural and disclosure recommendations to companies. Namibia provides a useful case study in this regard, with some unique jurisdictional-specific executive remuneration practices. For instance, a number of the companies we are invested in on behalf of our clients are operating subsidiaries of larger holding companies. Disclosure at an operating subsidiary level is usually more limited than for the parent. While our expectations are adjusted to country-specific frameworks, and we therefore do not expect disclosure levels to mirror those of parent companies or other jurisdictions, we nevertheless still

require sufficient detail to assess remuneration structures and their alignment with shareholders' interests. Other characteristics include long-term incentives that often primarily rely on group-level performance conditions, and awards that are settled in cash or group shares. Our feedback frequently focuses on these dynamics, which we believe weaken alignment with the interests of minority shareholders invested directly in the operating subsidiary. It is important that executives at operating entities are rewarded for factors under their control, rather than for group-wide outcomes that may diverge. Even where liquidity constraints mean that awards are settled in group shares, the performance conditions attached to those awards should be directly linked to subsidiary-level objectives and performance. We engaged with a number of Namibian companies on these and other remuneration-related matters during the year. We are supportive of companies that undertake proactive self-regulation to enhance transparency in pursuit of strong governance practices. We also recognise that companies have different starting points in their remuneration journeys, and therefore seek to reward meaningful progress over time.

The reasons for our dissenting votes in the "board structure" and "capital structure" categories are largely consistent with those outlined in the South African market. The "other" category includes resolutions such as approving reports, donations and amendments to company policies, such as memorandums of incorporation and articles of association.



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