

2024

ESG & Responsible
Investing Report

ABOUT US

Taquanta Asset Managers (Taquanta) is a South African financial service provider offering a range of investment options, including fixed-income funds, multi-asset funds, index-tracking funds, and equity funds. As one of the largest specialist fixed-income managers in South Africa, Taquanta manages over R250 billion in assets. Taquanta offers tailor-made solutions across multiple asset classes, designed and implemented by a diverse, passionate, and experienced team, to suit each client's unique needs.

Taquanta is a significant participant in the local fixed income market, positioned to design and implement market-leading yield strategies. We firmly believe that considering ESG risks and opportunities is crucial in delivering long-term investment returns for our clients. Taquanta's approach to the incorporation of ESG and Impact revolves around effectively incorporating ESG considerations into its investment analysis and portfolio construction, as well as prioritising the achievement of Impact objectives through the investments that it makes.



LETTER FROM THE CEO



As we present our second annual ESG and Impact report, we are proud to build upon the foundation established in our previous report. This year's report follows the theme, "Advancing Fixed Income for Sustainable Growth," which showcases Taquanta Asset Managers' continued leadership and evolving commitment to responsible investment in South Africa.

With our assets under management now exceeding R250 billion, Taquanta is one of South Africa's largest independent black-owned investment firms. This growth reflects not only our financial performance but also our deepening integration of ESG principles across our operations and investment decisions.

The past year has marked significant milestones in our ESG journey. We have strengthened our internal governance structures, expanded our capacity, and continued to champion our social impact initiatives.

Our shareholders, including the Disability Empowerment Concerns Trust (DEC), continue to inspire our inclusive approach. Their involvement has helped us pioneer new ways to ensure financial services reach underserved communities and support diverse entrepreneurs.

Looking ahead, we recognize that true transformation requires persistent effort and innovation. This report details our processes, acknowledges continued work, and outlines our forward-looking commitments as we strive to create lasting positive impact in South Africa's economy and society.

We invite you to explore how Taquanta is turning ESG principles into measurable action and continuing our journey toward a more equitable, sustainable future.

Justin Kretzschmar, CEO

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Way Forward

TAQUANTA'S COMMITMENT TO RESPONSIBLE INVESTMENT

Taquanta is committed to incorporating the principles of responsible investing and aims to achieve sustainable and consistent financial returns for its clients while prioritising non-financial returns that benefit society and the environment.

The company is committed to integrating Environmental, Social and Governance (ESG) factors into its investment decisions and engaging with investees to promote sustainable practices.

By taking into account the long-term impact of investments, Taquanta seeks to generate sustainable value for its clients, society, and the planet. The company believes that sustainable investing aligns with its clients' values and contributes to a more resilient and prosperous future.

Over and above its investment activities, Taquanta strives to reflect its commitment to ESG and Impact in all of its operations, ensuring that its business is well governed, does not harm the environment, and has a positive impact on its operational environment and communities, as well as shareholders like The Disability Empowerment Concerns Trust (DEC).

Taquanta values transformation and inclusive growth, understanding that this is the basis of a more equitable distribution of opportunities, wealth, and resources. This can lead to reduced inequality, increased economic stability, and greater social cohesion.

In the context of Taquanta's own business, transformation and inclusive growth can also lead to improved innovation, greater employee engagement, and enhanced brand reputation. Overall, embracing transformation and inclusive growth can help to build more sustainable and prosperous societies and organizations.

As a specialist in fixed-income and passive, or rules-based investment products, Taquanta recognizes the complexities and limitations associated with these types of investment strategies and has adapted its approach to integrating ESG and Impact considerations into its decision-making and engagement practices accordingly.

TAQUANTA'S INVESTMENT APPROACH

Taquanta's customised solutions derive from its deep pool of treasury skills and culture of innovation – particularly in terms of debt instruments. Taquanta strives for long-term sustainable alpha through bespoke asset sourcing and structuring. Its solutions range is underpinned by a robust credit process and ESG integration. Taquanta prides itself on extracting excess yield across the fixed-income spectrum. This yield is either applied directly to individual fixed-income strategies or alpha-transported to enhance all other asset classes, so as to generate more predictable long-term excess returns across any asset class. Through innovative thinking, powerful technology and many years of experience in both structuring and directly procuring assets, we have developed a highly efficient and dependable source of investment alpha. As one of the largest funders of the local banking industry, Taquanta has priority access to a significant pipeline across all asset classes, and its entire offering is anchored to a robust credit process complemented by a rigorous and thorough ESG framework.

Our approach is underpinned by a focus on:

Capital preservation - Taquanta believes that a balanced risk-adjusted approach, which emphasises stable returns and absolute (or relative) capital preservation, delivers superior investment performance.

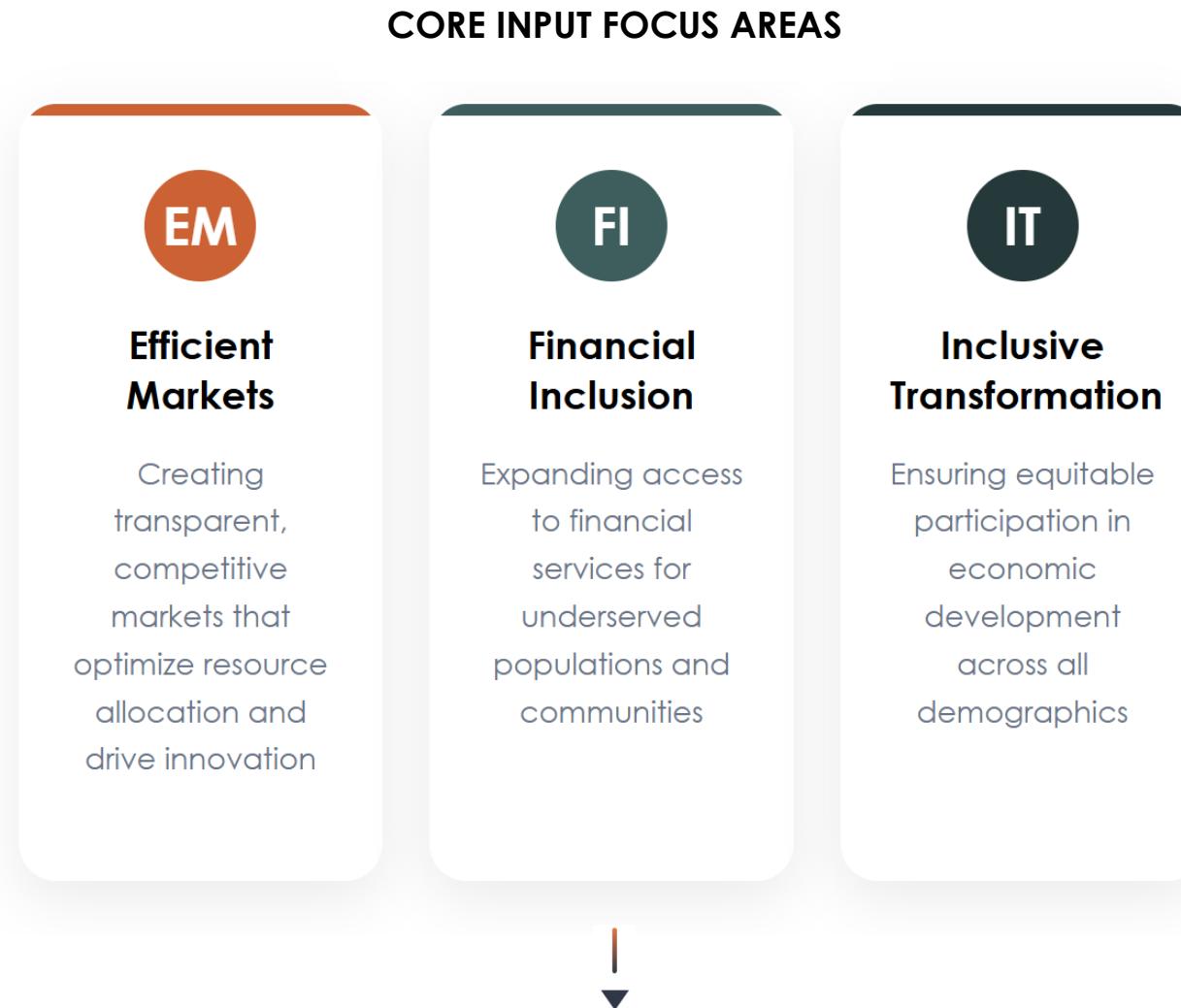
No reliance on point-forecasting - Market timing and point-forecasting simply doesn't work. Taquanta focuses instead on economic scenario planning and the sourcing of quality assets, which are likely to maintain their performance across these planned scenarios.

Diversification - When structuring portfolios, Taquanta aims to include asset classes and investment strategies that perform differently over various business cycles. This diversification technique can help reduce risk.

Long-term horizon - Taquanta believes a long-term strategy is the best way to build and preserve our clients' financial security. Every investment is made with a long-term view.

TAQUANTA'S APPROACH TO IMPACT

Taquanta's approach to impact is centred around five key Impact focus areas which are recognised by the Taquanta team as being crucial for generating sustainable impact for their clients, communities, shareholders, and employees.



CORE OUTPUT FOCUS AREAS

EG

Economic Growth

Measurable increases in economic output, productivity, and prosperity driven by our foundational impact areas

QL

Sustained, Improved Quality of Life

Long-term enhancement of living standards, well-being, and opportunities across communities

Our impact focus areas are organized into two distinct tiers based on our ability to influence outcomes through direct action.

Core Input Focus Areas represent areas where we can exercise direct control and implement immediate changes through our investment activities, CSI spending, and day-to-day business practices. These are the levers we can actively pull to create measurable impact.

Core Output Focus Areas encompass the broader, long-term outcomes that result from our responsible business and investment activities. While we cannot directly control these areas, they are positively influenced over time as an indirect output of our focused efforts in the input areas.

This method ensures we maintain clear accountability for what we can directly influence while recognizing the wider ripple effects of our responsible business practices.

By concentrating our resources and efforts on the input areas, we create sustainable pathways to achieving meaningful progress in the output areas.

TAQUANTA'S APPROACH TO ESG AND IMPACT IN PORTFOLIO MANAGEMENT

Taquanta firmly believes that considering ESG risks and opportunities is crucial in delivering long-term investment returns for its clients.

Taquanta's approach to the incorporation of ESG and Impact revolves around effectively incorporating ESG considerations into its investment analysis and portfolio construction, as well as prioritising the achievement of Impact objectives through the investments that it makes. Additionally, Taquanta leverages its investor rights to engage investee companies in dialogue and exercise its voting power at shareholder meetings to advance ESG and Impact priorities.

Approach to ESG and Impact

1

ESG Integration

ESG and Impact integration into the credit analysis process to ensure comprehensive risk assessment.

2

Issuer Engagement

Active engagement with the issuer to understand ESG practices and sustainability initiatives.

3

Feedback Collection

Systematic collection and analysis of issuer feedback on ESG requirements and expectations.

4

Disclosure Enhancement

Drive changes in disclosure practices to improve transparency and accountability standards.

5

Risk-Adjusted Returns

Improved assessment of risk-adjusted returns through comprehensive ESG factor integration.

6

Impact Monitoring

Monitor and measure impact outcomes to ensure alignment with sustainability objectives.

For fixed-income investments, Taquanta integrates ESG and Impact criteria into its investment process and dynamically engages with issuers. Where relevant, Taquanta also negotiates contract covenants and establishes guideline targets with issuer management in order to improve ESG and Impact performance. Taquanta continues to track and monitor ESG and Impact performance throughout the duration of the investment.

TAQUANTA'S ESG & IMPACT FRAMEWORK

Taquanta's ESG & Impact Framework is based around a customised tool designed to monitor, measure and report on ESG and Impact performance across the assets managed by Taquanta. The Framework supports Taquanta with advancing ESG and Impact objectives by serving as both a practical guide and implementable tool to proactively monitor, measure and report on ESG & Impact performance at both an Issuer level within our investments and the broader Taquanta asset management operations. The Framework is also useful in determining whether Taquanta is making progress towards its prioritised ESG and Impact goals by providing insight into its portfolio performance and overall ESG and Impact outcomes. The Framework is a user-friendly tool and standardised approach to monitoring, measuring and reporting on ESG and Impact performance in alignment with international and national best practice and industry-recognised standards and frameworks.

Apart from monitoring ESG and Impact performance in a manner that is consistent and in alignment with Taquanta's strategic objectives, the quantitative and qualitative data can be used to identify ESG and Impact investment performance trends, determine areas of risks within the portfolio, and improve levels of informed decision-making across the Issuer. The ESG and Impact data is shared with each of the Issuers to inform their own ESG and Impact performance in line with peers, which can also be communicated with their investors and other stakeholders. A comprehensive repository of quantitative and qualitative metrics has been determined and developed against Taquanta's strategic ESG and Impact priority areas and objectives. Each indicator contains guidance on the relevant level of reporting (whether at Issuer or Taquanta level), frequency of reporting annually, the required unit of measurement, and reference to the relevant recognised standard or framework.

TAQUANTA'S ESG & IMPACT METHODOLOGY

DATA COLLECTION

Our approach at Taquanta Asset Managers for collecting ESG and Impact data is comprehensive and multifaceted:

Annual Issuer and Operators Survey: Taquanta conducts in-depth surveys among the issuers and operators associated with its investments annually. This process is instrumental in gaining insights into their ESG practices.

Third-Party Data Providers: By leveraging specialized third-party data providers, we access a broad spectrum of ESG and Impact data. These providers meticulously gather information from company filings, public databases, and surveys, significantly enriching the depth and breadth of Taquanta's data pool.

Direct Engagement: Engaging directly with companies within the portfolio is an integral aspect of Taquanta's data collection strategy. Through various means such as meetings, surveys, and questionnaires, Taquanta endeavours to deeply understand their ESG and Impact strategies.

RECOGNITION AND ATTRIBUTION OF IMPACT

Taquanta is deeply committed to understanding and attributing impact in a transparent and meaningful manner. To achieve this, the company employs a variety of methodologies:

Theory of Change: The Taquanta Theory of Change clearly illustrates the causal effect of its activities and how they contribute to the Impact that Taquanta seeks to achieve. This is one important way in which Taquanta acknowledges the role that it plays in catalysing change, but also the myriad other factors and variables which affect these Impacts materialising as intended.

Impact Indicators: Taquanta rigorously identifies and tracks impact indicators for every investment. These indicators encompass both quantitative and qualitative measures, providing a comprehensive assessment of the investment's impact.

Attribution Modelling: Using attribution modelling, Taquanta estimates the contribution of its investments to specific impact outcomes. Acknowledging the complexity inherent in this process, Taquanta employs a range of attribution models tailored to the specific impact being measured.

DISCLOSURES

Transparency and accountability form the cornerstone of our reporting approach. In our ESG and Impact Report, Taquanta is committed to providing comprehensive disclosure on:

Methods for Recognition and Attribution: Elaboration on the methodologies derived from the survey data obtained from operators, enhancing the understanding of Taquanta's attribution processes.

Methodology Limitations: Recognising the inherent uncertainty in determining sustainability data, Taquanta underscores the need to interpret the report within this context.

Evidence Supporting Reported Information: Confirmation that the information presented is based on electronically obtained evidence, forming the basis for review and assessment in the report.

Responsibility of Issuers/Operators: Acknowledgment that the generation, collection, and presentation of selected impact indicators and associated ESG disclosures are the responsibility of the Issuers/Operators, emphasising the need for robust records and internal controls supporting the reporting process.

Report Timeline: The data for this report was gathered over Q4 2024 and Q1 2025. The data is collated, and the report is finalized during Q2 2025. As a result, any internal quantitative data that represents Taquanta will be as of 2024 and any look-through data representative of our issuers will be what was publicly available during the data gathering period reflecting the reports published in 2024 (which will be data as of 2023).

POLICIES & PRINCIPLES

Taquanta's ESG and Impact Policy helps the company avoid harm, safeguard value, and influence positive Impact through its investment activities. This involves adopting appropriate ESG and Impact policies, principles, and standards to manage any negative risks and impacts associated with investments made by Taquanta, and implementing systems to effectively manage and improve our performance in terms of the positive impact it is able to catalyse.

Taquanta adopts a team-based approach to overseeing ESG and Impact responsibilities, with specialised roles assigned to various bodies and individuals.

The Taquanta Audit and Risk Committee is responsible for approving and implementing appropriate ESG and Impact policies throughout the company and monitoring risk exposure.

The Taquanta Credit Committee is responsible for ensuring that the ESG and Impact policy is implemented across all portfolios and is integrated into credit approval for relevant investments.

The Chief Investment Officer (CIO) is responsible for the implementation of the ESG & Impact Policy. The CIO is responsible for research and making policy recommendations to the board committees.

Portfolio Managers and Analysts conduct individual asset/counterparty research and make investment decisions based on ESG and Impact considerations.

The Taquanta Board bears ultimate responsibility for carrying out the company's ESG and Impact Policy, which entails endorsing the policy and integrating it into the business strategy. The Board ensures that the policy aligns with the company's values and adheres to both internal and investor requirements.

When necessary, Taquanta may leverage third-party expertise, such as IBIS consulting, to advance the company's leadership and visibility and build capacity within the team. Taquanta will offer capacity building and training to ensure that ESG and Impact factors are effectively integrated into the investment lifecycle.

Taquanta adheres to the Codes for Responsible Investing in South Africa (CRISA). Although not a signatory to the United Nations Principles of Responsible Investing (UNPRI) registry, the company embraces the principles and incorporates them into its investment process.



The 17 United Nations SDG's

UN SDG'S as responsible investing principles

The 2030 Agenda for Sustainable Development, which is a plan of action for people, planet and prosperity, was adopted by all UN member states in 2015. At the heart of this sustainable development agenda are the 17 sustainable development goals (SDG's). The UN describes the SDG's as "recognizing that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests".

The 2030 Agenda for Sustainable Development, adopted by all UN member states in 2015, sets out 17 interconnected Sustainable Development Goals (SDGs) aimed at addressing global challenges such as poverty, inequality, climate change, and environmental degradation. The SDGs provide a widely accepted framework for assessing sustainability performance and impact, and form an important reference point for responsible investors.

Taquanta has identified its most direct and intentional contributions to **SDG 9 (Industry, Innovation and Infrastructure)** and **SDG 10 (Reduced Inequalities)**, reflecting our strategic focus on promoting financial inclusion, fostering economic development, and supporting inclusive transformation.



Our impact also reaches well beyond SDGs 9 and 10 alone. A significant portion of our portfolios is allocated to green, social, and sustainability bonds issued under the International Capital Market Association's (ICMA) Green and Social Bond Principles (GBP). These instruments are designed to finance projects with clear environmental or social benefits, and ICMA explicitly maps the use-of-proceeds categories of these bonds to multiple SDGs. As a result, Taquanta's investments in these markets contribute meaningfully to a broader range of SDGs, including:

Additional SDG Impact areas

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



Among others

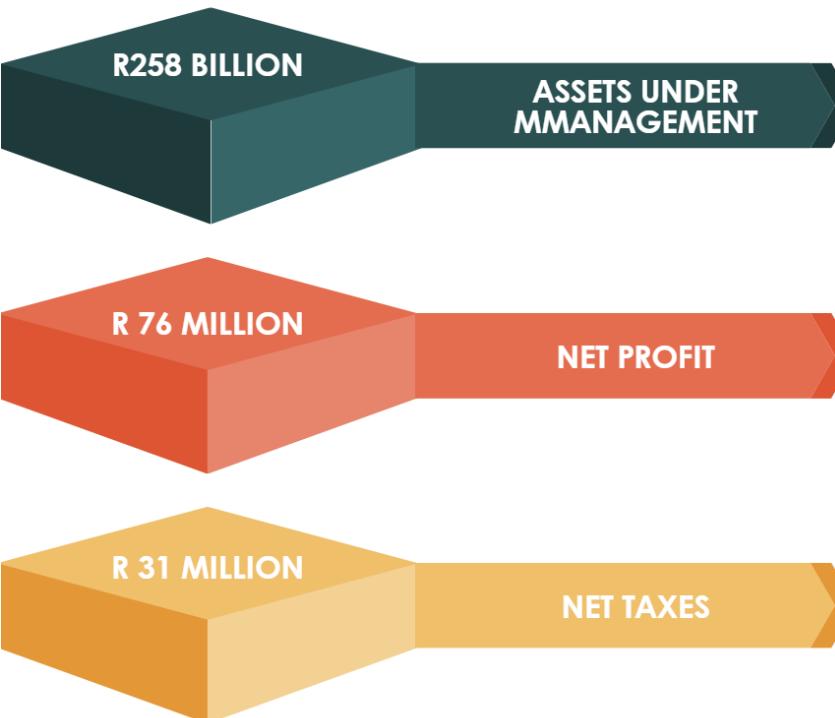
Our commitment to developing efficient markets, those that allocate capital transparently, equitably, and in support of sustainable development, underpins this broader SDG alignment. We aim to help ensure that financial markets support projects that generate measurable positive outcomes for people and the planet.

Each of our key impact focus areas, Efficient Markets, Financial Inclusion, Economic Growth, Improved Quality of Life, and Inclusive Transformation, contributes to achieving the SDGs either directly or indirectly.

While SDGs 9 and 10 remain our central areas of influence, we recognise that all SDGs are interconnected and mutually reinforcing. Our commitment to responsible investing reflects a holistic approach to sustainable development, in which all of our investment decisions are guided by the ambition to create positive, systemic impact.

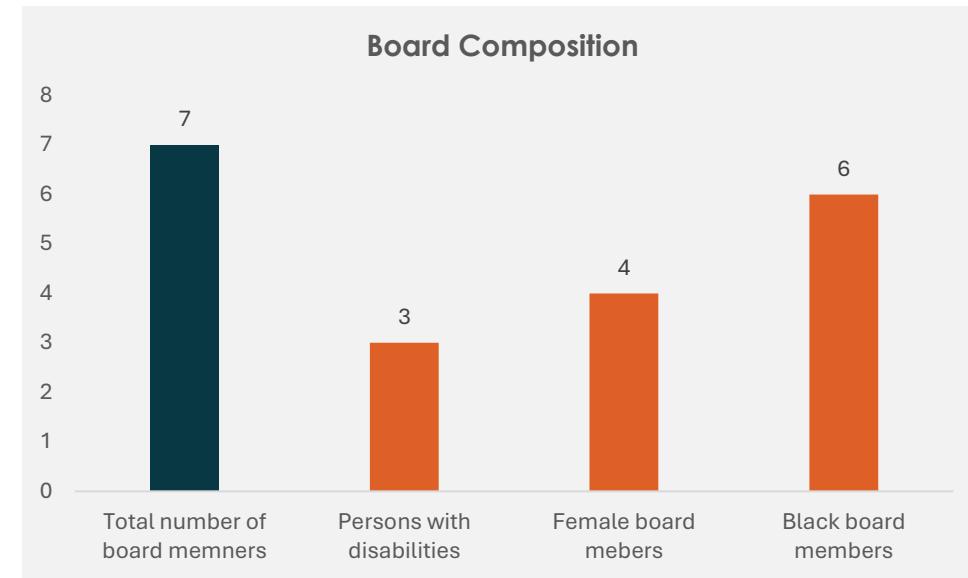
IMPACT OF TAQUANTA'S OPERATIONS

This report highlights both Taquanta's impact contributions, as well as the impact contributions of the assets under management by Taquanta. This section provides an overview of Taquanta's direct impact contributions as well as its impact contributions made through our portfolio.



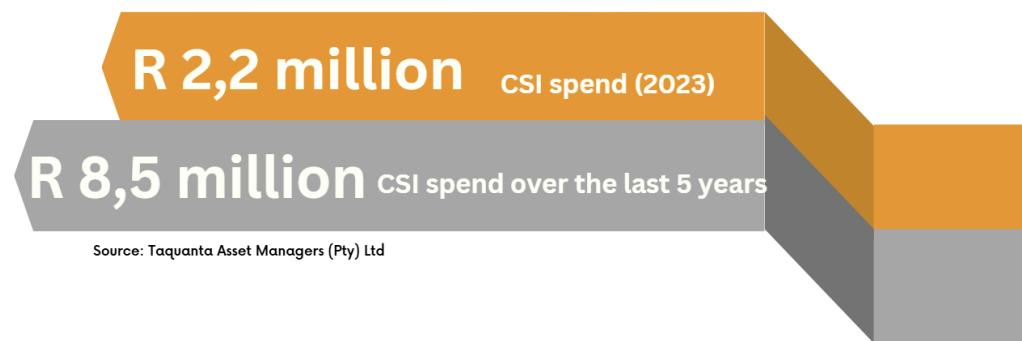
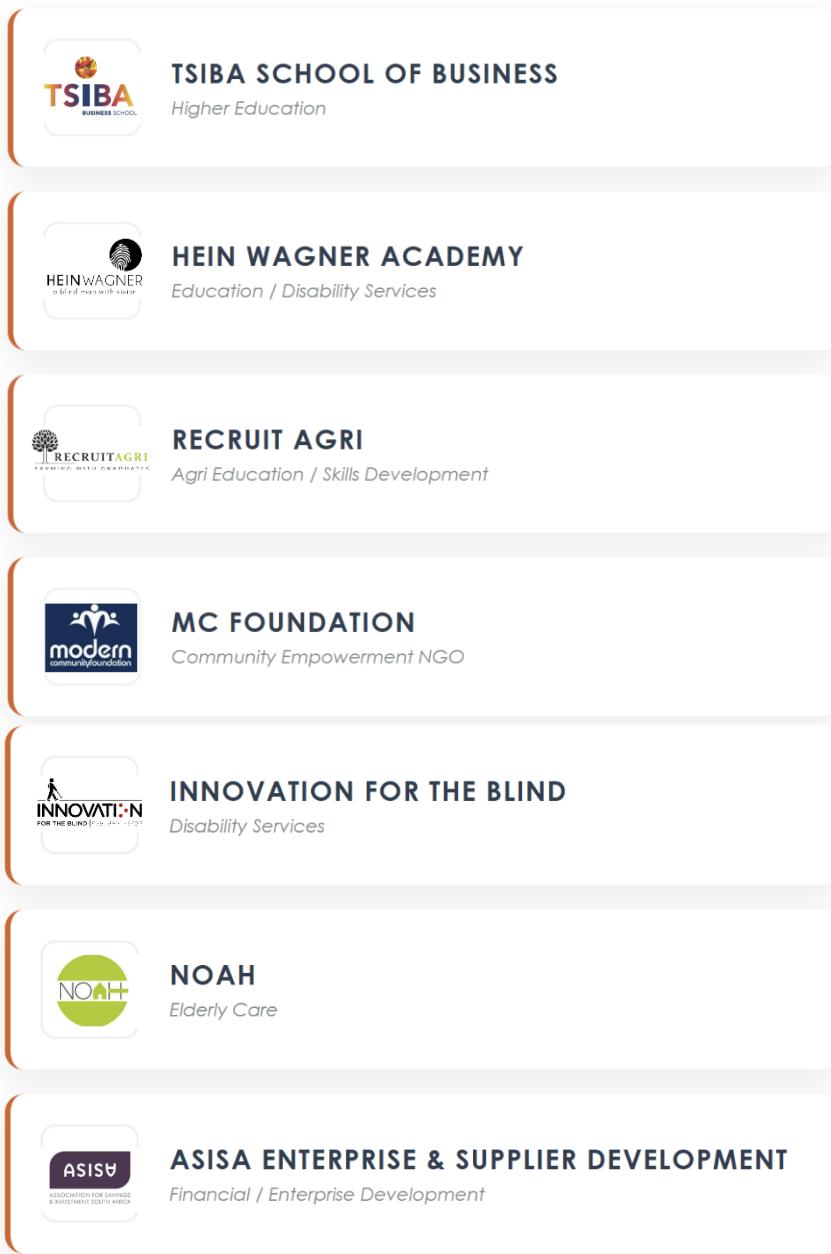
With over R250 billion in assets under management, Taquanta is able to inject a significant R31 million back into the South African economy through our taxation contribution. The average share of corporate income tax revenue as a proportion of total tax revenues in Africa is 18.8%. With the South African Government relying on 87% of its revenue from taxation, according to Stats SA, our contribution is important towards supporting government spending and fuelling the South African economy. Our tax contribution further provides available government revenue that can be spent on achieving numerous SDG's.

Being a leader in terms of transformation, Taquanta's board composition directly reflects our core values of Inclusivity and transformation. Taquanta is majority black-owned with direct shareholding owned by individuals and groups representing the previously disadvantaged. This illustrates Taquanta's commitment to inclusion within its management and decision making, which filters down thought the organization as a whole.



This data represents Taquanta's management as of December 2024

Initiatives supported by Taquanta's CSI activity



In 2023 TSIBA School of business had over 700 enrolled students. TSIBA has seen year on year improvements in numbers of enrolled students and graduates, signalling sustained institutional effectiveness.

Recruit-Agri actively participates in training the next generation of South African farmers.

We are on a quest to use corporate social investment (CSI) to make a meaningful impact on the social, environmental and economic well-being of our immediate community and society at large. Our primary focus is uplifting the education of previously disadvantaged individuals. To this end, we have contributed in excess of R8 million over the last five years. Taquanta plays an active role in uplifting the lives of South Africa's most marginalised and under-served citizens. To this extent, we support several initiatives in line with our values in the pursuit of making a real-world difference.

IMPACT CASE STUDY

Taquanta's 'Changing of the Guard' transformation initiative. Taquanta strongly believes that it is a business imperative to actively commit time, energy and other resources towards inclusive transformation aimed at the meaningful economic empowerment of those who have been disenfranchised by an unjust system. To that end, the company has put in place a multi-pronged approach to deliver against the objectives of true transformation of the industry, local communities and the nation.

Over the past decade, Taquanta has made significant strides in this respect, with its key focus areas summarised below. Taquanta is a majority black-owned business and has been since its establishment as an independent company. 58% of Taquanta's unencumbered direct shareholding is owned by individuals and groups representing previously disadvantaged individuals, and Taquanta is a Level 1 B-BBEE contributor. Taquanta believes that true transformation is not only based on demographic representation, but also economic empowerment in the form of ownership. As proponents of the benefits of an owner-managed business, the company is firmly of the view that true transformation is achieved when our team of professionals represent the demographics of the country and owns a meaningful proportion of the firm's equity. Further, the bench of management that has been developed over time is taking on more meaningful responsibilities within their roles. As a critical resource in the success of a financial services firm, human capital is a high priority focus area. We are not only focused on identifying and employing diverse talent, we are particularly committed to training and retaining young talent, in a manner that upskills and offers individuals an opportunity to grow.

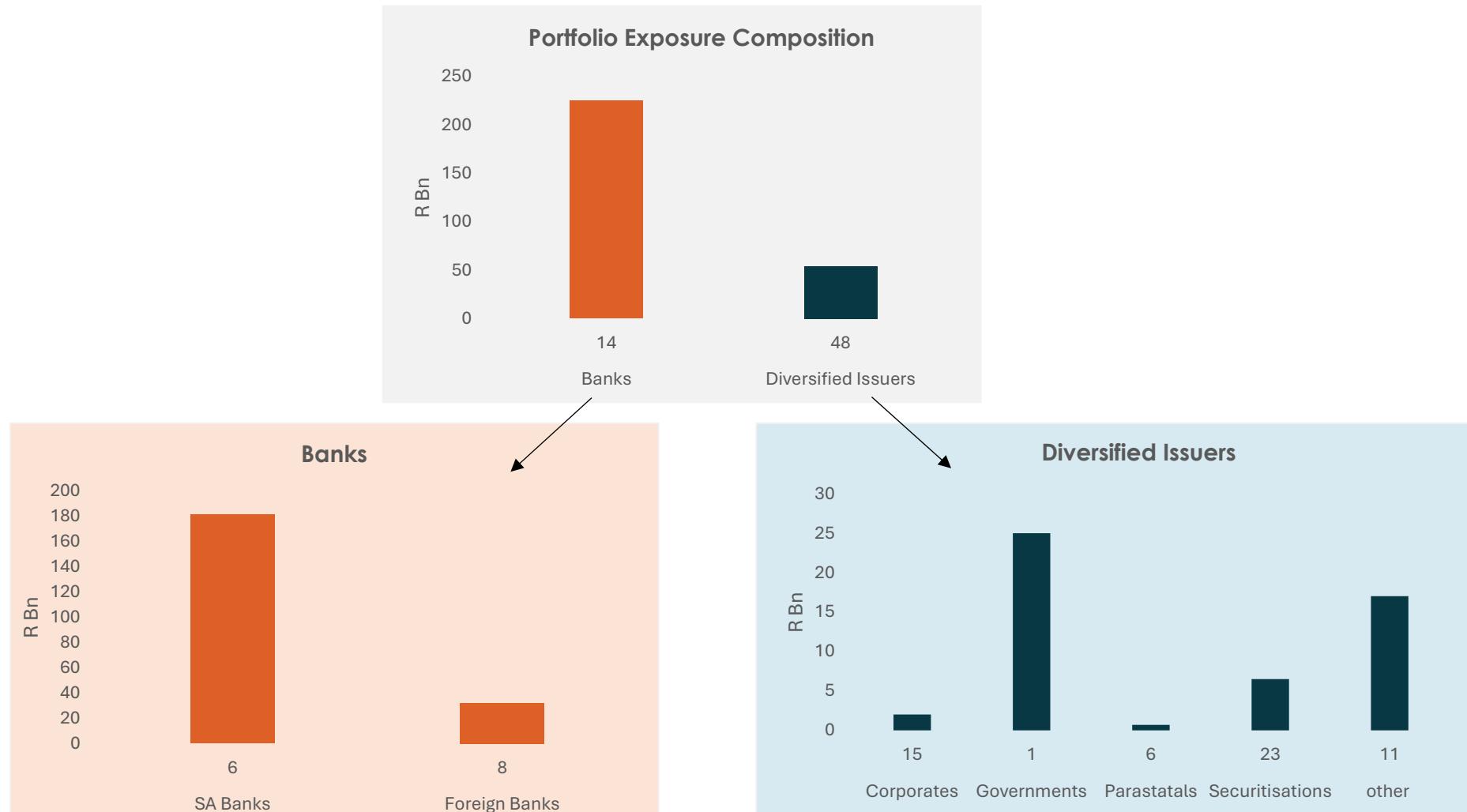
Taquanta's team-based approach to all endeavours, affords new talent exposure to the full investment process early on in their career. Further, Taquanta commits resources to ensure a supportive and collaborative environment through mentorship and other retention strategies. Taquanta's skills development initiatives include providing support – financial and otherwise – to employees looking to further their education; and sponsoring a student each year to enrol at the Tertiary School in Business Administration

("TSiBA"), in partnership with the Association for Savings and Investment South Africa ("ASISA") on the Investment Management Administration programme. Students who have interned at Taquanta through this programme have been offered permanent employment as part of Taquanta's staff complement. Having achieved independence from the Nedbank Group through a vendor finance deal in November 2007, which resulted in management acquiring roughly a 40% equity stake, Taquanta has set about planning and developing a new management team.

This strategy, which we have termed the "Changing of the Guard" is focused on ensuring a sustainable, deeply transformed business in which equity ownership and relevant skills, are gradually shifted to a "new guard" of management.

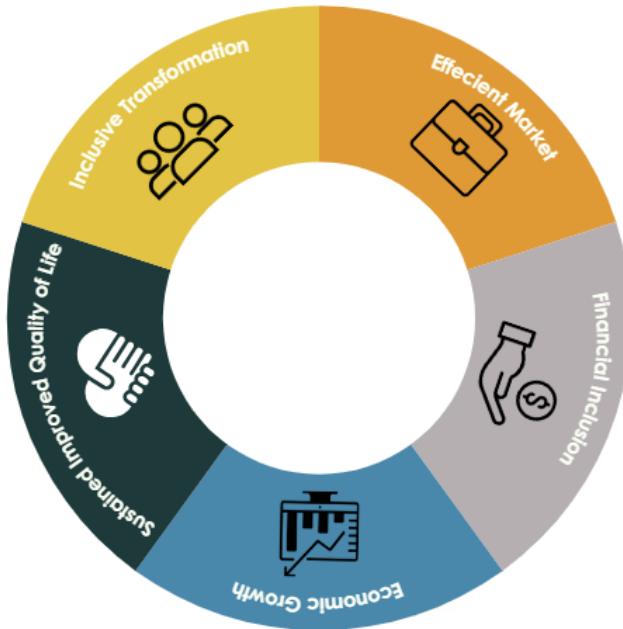
FIXED INCOME PORTFOLIO REVIEW

Taquanta manages assets valued at more than R250 billion. 14 banks exist in Taquanta's portfolio and account for the majority of the portfolio's value (around 80%), exceeding a value of R200 billion. As a result of Taquanta's portfolio comprising of predominantly cash and fixed income banking instruments, this report is catered towards these assets, as this it is a representation of our portfolio as a whole.



THE IMPACT OF OUR INVESTMENTS

The Impact areas described in this section make up the priority impact focus areas identified by Taquanta within the context of our fixed-income investment portfolio. This section highlights Taquanta's impact contributions driven by our investment activities as a whole.

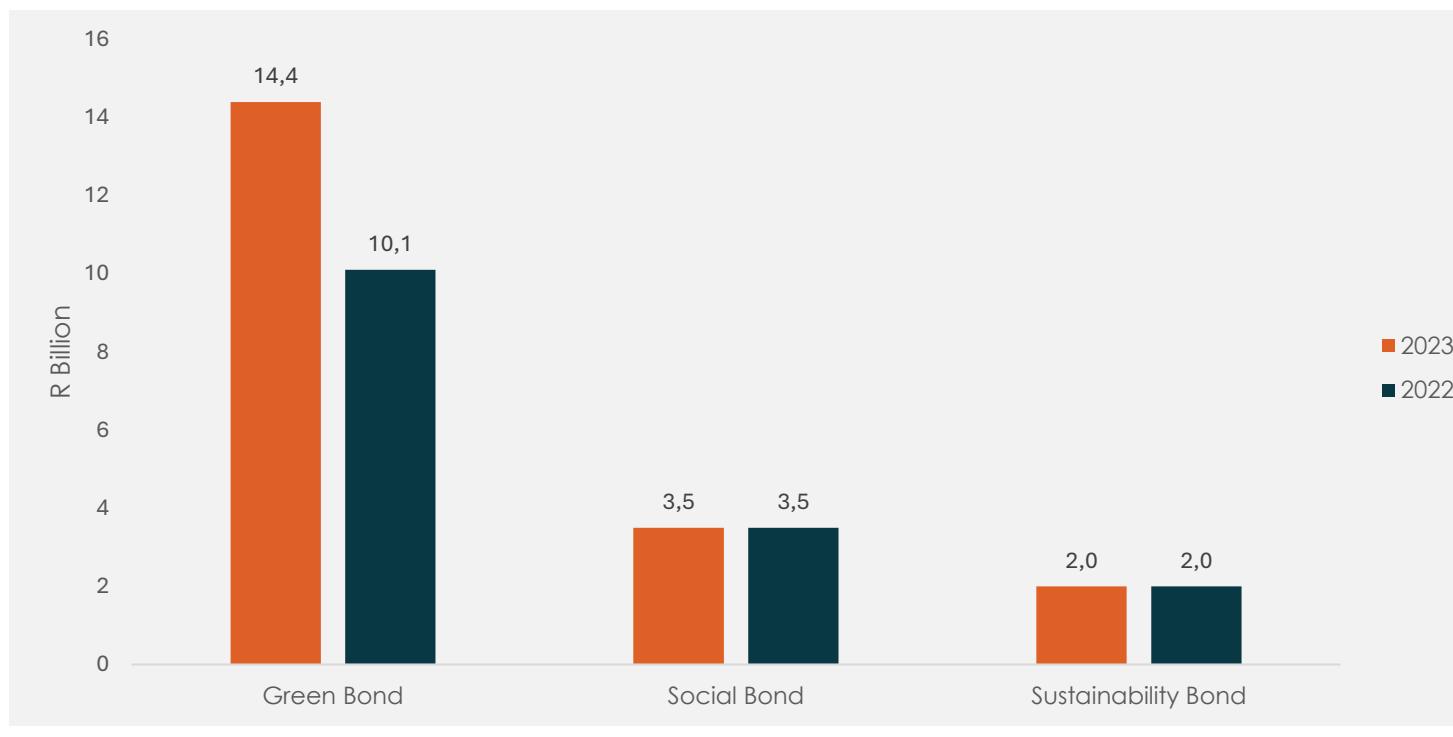


As a specialist fixed income investment manager, Taquanta offers a diverse set of solutions across the fixed income spectrum, ranging from professional short-term liquidity management to duration management strategies. Our fixed-income solutions are offered to clients both in the form of pooled funds or segregated portfolios customised to each client's investment objectives. The companies and figures described in this section comprise 80% of Taquanta's fixed-income issuers and are representative of the portfolio as a whole.

Where applicable, reported amounts were converted from British Pounds to South African Rands at prevailing rates.

EFFICIENT MARKETS

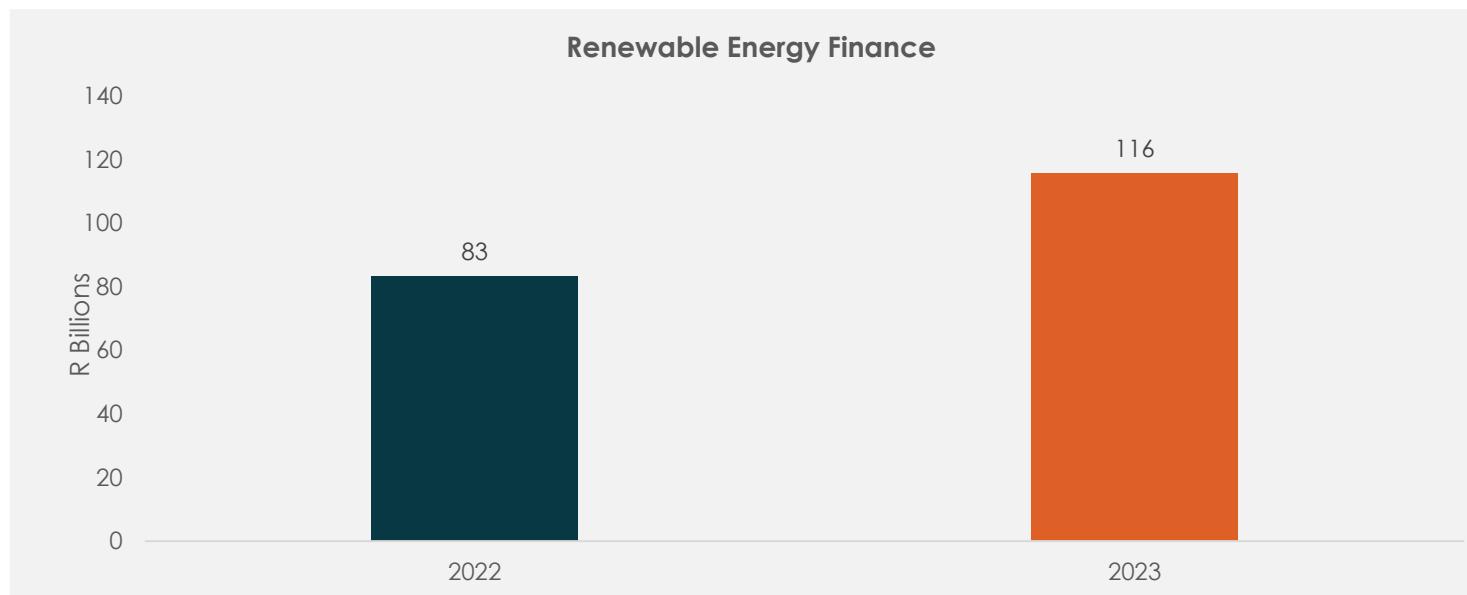
Taquanta facilitates access to cash and finance for businesses through banking services, which catalyses new market activity. This leads to more efficient markets where information and resources are allocated more effectively, and South African businesses can grow and thrive. Taquanta is a substantial supporter of the four major South African banks, which account for a significant portion of our portfolio. These banks are instrumental in providing liquidity, allocating capital, disseminating market information, managing risk, and facilitating price discovery in the financial markets. Through our strategic investments and support, we contribute to making the South African financial markets more efficient, effective, and secure, which, in turn, bolsters economic stability and growth.



Source: Taquanta Asset Managers (Pty) Ltd

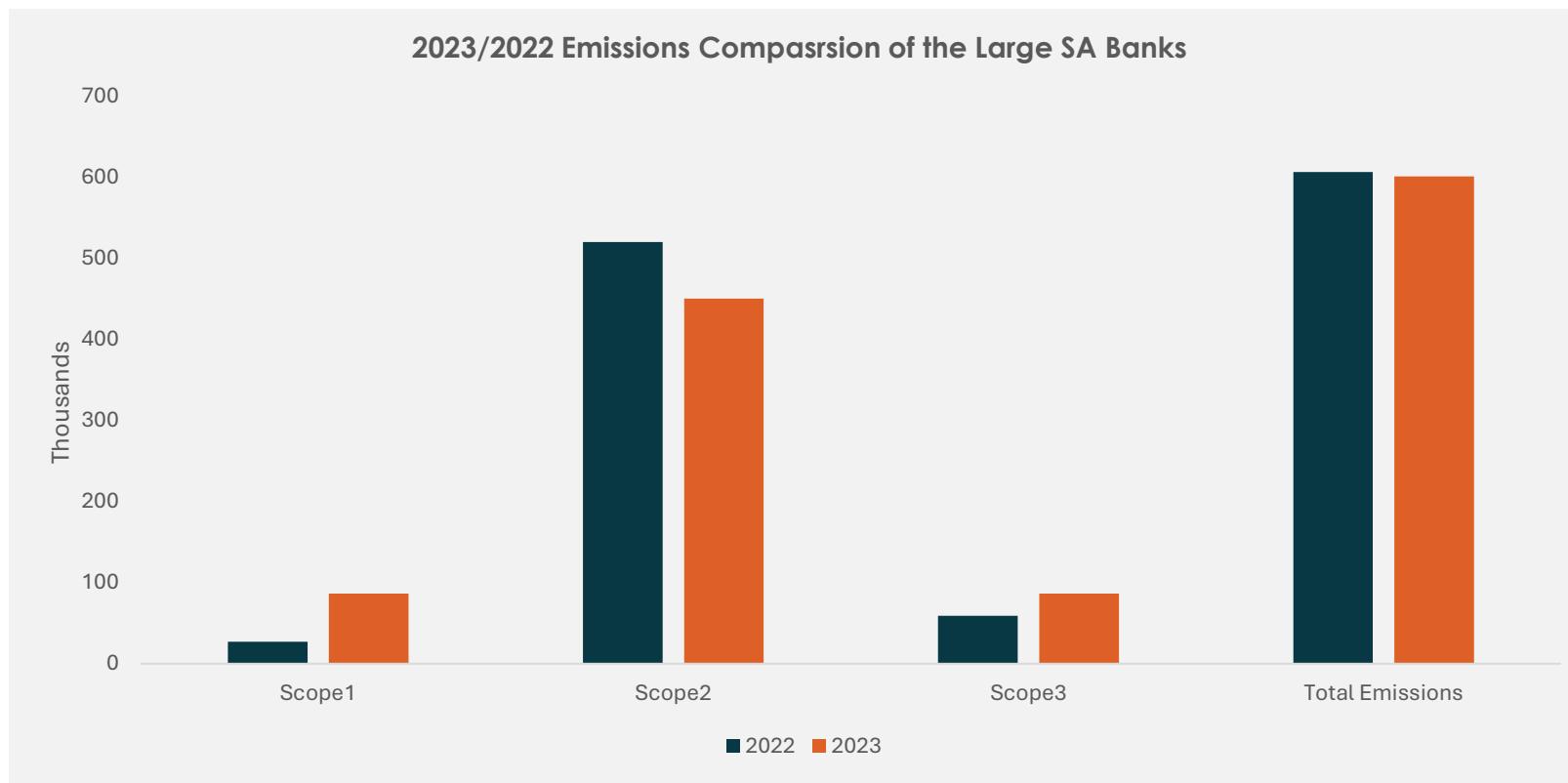
Taquanta does not offer green/social/sustainable bonds, it can only invest in such bonds on behalf of clients.

Taquanta's commitment to sustainable finance is underscored by its substantial exposure to various types of sustainable bonds within the South African banking sector. Our portfolio boasts a robust investment of over R1.5 billion in green bonds, signifying a steadfast dedication to environmentally friendly initiatives. Additionally, Taquanta has allocated over R2.6 billion to social bonds, amplifying its support for projects that address social challenges and foster inclusive development. Complementing these, an additional R400 million is directed towards other sustainability-linked bonds, demonstrating a comprehensive approach to sustainable investing. These sustainable bonds actively contribute to the realization of impactful projects, particularly in the realms of green energy and affordable housing. By channelling financial resources into green bonds, Taquanta is directly supporting its issuers in contributing to the transition to a more sustainable and eco-friendly energy landscape. Simultaneously, investments in social bonds reinforce the commitment to addressing societal needs, notably in providing financing solutions for affordable and inclusive housing projects. In aligning with the United Nations Sustainable Development Goals (SDGs), Taquanta recognizes the pivotal role sustainable bonds play in driving progress. The investments made in sustainable bonds align particularly with SDG targets 9.1, focusing on the development of resilient infrastructure; 9.4, emphasizing sustainable industrialization; and 10.2, promoting social, economic, and political inclusion. As Taquanta contributes to the achievement of these targets, it not only demonstrates its commitment to responsible finance but also plays an active role in advancing global sustainability objectives.



Since our first edition of this Impact report last year, we have seen a general increase in commitments by our issuers in working to find renewable energy. The chart above shows the financing made available for renewables by the 4 large banks.

We are pleased to note some progress in reducing environmental impacts, particularly through a reduction in Scope 2 emissions—the largest contributor to reported emissions. This may reflect increased reliance on alternative power sources in response to loadshedding. However, this improvement is tempered by slight increases in Scope 1 and Scope 3 emissions, and overall emissions have remained largely flat year-on-year. While the downward trend in Scope 2 is encouraging, the current pace of emissions reductions across all scopes is insufficient to align with net zero trajectories. Accelerated and more comprehensive action will be required by issuers to achieve meaningful decarbonisation and meet their long-term climate targets.



Source: Issuer Annual Reports

FINANCIAL INCLUSION

Through its investments in banks and other financial service providers, Taquanta enhances access to financial services for populations historically excluded from the formal economy. This includes individuals and Small, Medium, and Micro-sized Enterprises (SMMEs) who may have struggled to obtain credit, transact securely, or build financial resilience.

By supporting institutions that extend credit and affordable housing finance, Taquanta helps remove structural barriers to economic participation, catalysing new market activity and contributing to inclusive economic growth, job creation, and poverty reduction.

Taquanta's indirect support of SMME financing and affordable housing loans further reinforces our commitment to financial inclusion. By actively directing capital towards issuers that provide affordable housing loans (typically under R750,000) and SMME financing, we empower underserved communities with access to formal financial systems and economic opportunity.

Global SMME Statistics

90%

of Businesses Globally

60-70%

of Global Employment

South Africa Focus

60%

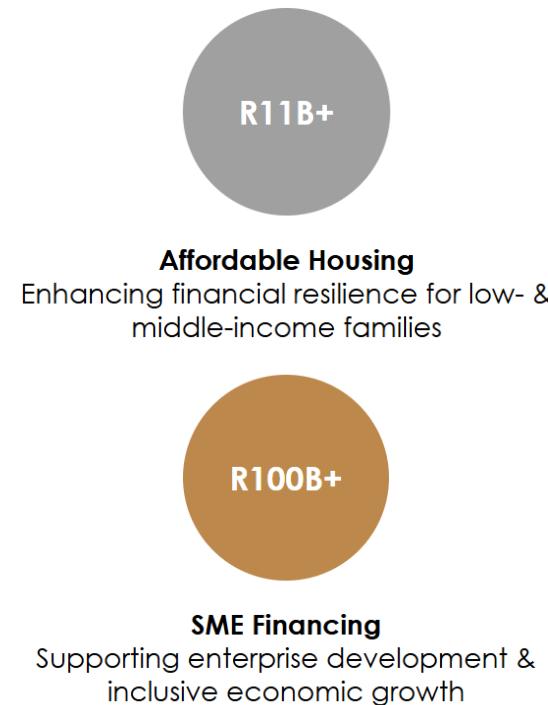
of SA Businesses

90%

of New Jobs by 2030

SMMEs are particularly vital in South Africa, driving job creation through their agility and innovation, positioning them as key contributors to economic transformation.

Source: Giri and Chaparro, 2023



Data reflects collective issuer contributions to Financial Inclusion

Taquanta's approach is rooted in the principle that financial access is a cornerstone of inclusive and sustainable development. By investing in institutions that expand reach to underserved sectors, we help strengthen the capacity of the financial system to deliver broad-based socioeconomic benefits.

INCLUSIVE TRANSFORMATION

Taquanta contributes to inclusive transformation by paying taxes, increasing returns for shareholders, engaging in corporate social investment (CSI) work, and supporting community initiatives. They strive for inclusive transformation the development of a highly skilled workforce and promote diversity and inclusion in all aspects of their business.

Through its commitment to inclusive transformation, Taquanta promotes effective corporate social investment initiatives and diversity in employment, ownership, and management. By dedicating resources to social projects and striving to increase the representation of black persons in leadership roles, Taquanta contributes to building a more inclusive and equitable South African society while also fostering a stronger, diverse talent pool within the organisation.

Taquanta's investments align with our values and the SDG's that are incorporated in our impact focus areas. Taquanta's clients actively use their influence and resources to positively impact society.

Our clients contribute towards a total CSI spend of R835 million, helping to invest back into our communities to achieve a positive impact on social, economic and environmental well-being. Taquanta's clients support a total black owned business procurement spend of R34 billion, ensuring greater use and support of majority black-owned suppliers and contractors.

ECONOMIC GROWTH

Taquanta's impact strategy is anchored in three core focus areas—Efficient Markets, Financial Inclusion, and Inclusive Transformation—which together lay the groundwork for our fourth and overarching outcome: Economic Growth. By supporting efficient financial markets through our investments in major South African banks, we help facilitate the flow of capital, improve price discovery, and enhance financial stability. Simultaneously, our commitment to financial inclusion ensures that underserved individuals and SMMEs gain access to the formal financial system, enabling greater participation in economic activity. Our support for inclusive transformation—through empowerment, skills development, and broad-based ownership—strengthens human and social capital across communities.

These three pillars are not isolated initiatives but interconnected enablers that collectively drive inclusive and sustainable economic growth. Efficient markets provide the infrastructure, financial inclusion expands participation, and transformation empowers

individuals and communities. The outcome is a more dynamic, resilient, and equitable economy—one where capital is better allocated, opportunities are more widely distributed, and long-term development is more sustainable. Economic growth, in this context, is not merely an objective but a tangible result of our strategic investment approach and impact philosophy.

SUSTAINED IMPROVED QUALITY OF LIFE

Approximately 33% of Taquanta's ownership is attributed to the Disability Empowerment Concerns (DEC) Trust, a prominent South African non-profit organisation that champions the rights of persons with disabilities.

DEC Trust stands as one of the leading advocates for disability rights in South Africa.

Their beneficiaries are primarily disabled individuals, with a significant representation of youth, women, and people residing in rural areas.

DEC Trust is a proud member of Disabled People's Organisations South Africa

(DPO SA), the umbrella organisation for disability rights groups in South Africa. Moreover, DEC Trust holds membership in the Global Disability Rights Network. In the realm of disability rights advocacy, DEC Trust enjoys a respected and influential position, having played a pivotal role in safeguarding and promoting the rights of persons with disabilities in South Africa.

DEC Trust's overarching mission is to advance and safeguard the rights of persons with disabilities within South Africa.

To fulfil this mission, the trust engages in a range of activities, including:

- **Lobbying and advocacy:** DEC Trust actively lobbies and advocates for the rights of individuals with disabilities at all levels of government. The trust also strives to enhance public awareness regarding the rights of persons with disabilities.
- **Legal support:** DEC Trust offers legal assistance to individuals with disabilities who have experienced rights violations. Furthermore, they work towards advocating for legal reforms that enhance the well-being of individuals with disabilities.
- **Capacity building:** DEC Trust places considerable emphasis on strengthening the capacity of disability rights organisations within South Africa. The trust offers training to individuals with disabilities, equipping them with the knowledge and tools necessary to advocate for themselves.

DEC Trust has distributed a total of R100 million to its beneficiary entities, with a substantial portion of these funds being derived from Taquanta's dividends.

Notably, over the past five years, Taquanta has provided R76 million in dividends to DEC Trust, and the trust, in turn, has dispersed R71.5 million to its beneficiaries.



CASE STUDIES

This section highlights several case studies that fall under each of Taquanta's impact focus areas to describe real world impact that Taquanta contributes through our issuers and the social initiatives that we support.

EFFICIENT MARKETS

Case study: South African banks green and sustainability bond contribution towards renewable energy and sustainable development.

Green bonds play a crucial role in promoting renewables and sustainable development by providing a specialized financial instrument to channel funds towards environmentally friendly projects. Green bonds contribute to the achievement of global sustainability goals, such as those outlined in the United Nations Sustainable Development Goals (SDGs). By focusing on projects that align with these goals, green bonds become a powerful tool for driving positive environmental and social outcomes.

The banks within Taquanta's portfolio issue several green and sustainability linked bonds exceeding a value of R26 billion.

These green bonds have contributed towards the development of over 20 renewable energy projects in wind and solar across South Africa. These projects boast a collective installed capacity of 3000 MW - leading to an annual reduction of 7 million tons of CO₂ emissions (the equivalent of the average CO₂ annual emissions of roughly 2 million people)

Additionally, sustainability linked bonds issued by the banks contributed towards green buildings and affordable housing in South Africa. These bonds have contributed towards 1 193 newly built affordable units and provided 3 539 applicants access to affordable housing.



Konkoonsies II Solar farm funded by green bonds

Image: BTE Renewables

The sustainable bonds have also funded the development of several Green Star rated & International Finance Corporation EDGE-certified green buildings. This has enabled savings of 3 140 tonnes of CO₂eq/year of emissions as well as contributed towards electricity generation at 490,21 kWh/m².

The bonds issued by the banks contribute both towards renewable energy, helping the country transition towards a more sustainable future as well as towards developing sustainable housing and buildings.

ECONOMIC GROWTH

Case study: The South African banks' role in job creation

In the context of South Africa's persistent and alarming unemployment rates, the role of the country's banks, particularly those in Taquanta's portfolio, emerges as a crucial factor in addressing and mitigating this pressing issue. As of Q1 2025 South Africa's staggering unemployment rate of 32.9%, as reported by Stats SA, signifies a critical need for comprehensive and concerted efforts to foster inclusive and sustainable employment opportunities across the nation.

The financial sector, with its significant impact on the broader economy, becomes a focal point for addressing unemployment challenges. The South African banks within Taquanta's portfolio take centre stage in this narrative, playing a pivotal role in contributing to long-term employment stability. These banks collectively generate an impressive 131,637 jobs, showcasing their substantial contribution to the labour market.

What makes this contribution even more noteworthy is the banks' commitment to diversity and inclusivity. With an average of 84.5% of employees being black and 59.5% being women, the banks in Taquanta's portfolio are actively working towards creating a workforce that reflects the diverse demographics of South Africa. This emphasis on diversity not only aligns with societal values but also underscores the banks' dedication to creating opportunities for historically marginalized groups.

By providing a substantial number of jobs and prioritizing diversity, these banks are not merely addressing unemployment on a quantitative level but are also making significant strides in promoting equitable opportunities. This aligns with the broader societal

goal of fostering an inclusive and sustainable job market that can contribute to the overall well-being and prosperity of the South African population.

FINANCIAL INCLUSION

Case Study 1: Supporting Employee Financial Wellness and Credit Improvement

Through its investments in structured credit instruments, Taquanta provides capital to entities that design and deliver employee-focused financial wellness programmes across South Africa. These programmes are especially impactful for employees in the public sector and large corporates, aiming to promote long-term financial health and responsible credit use.

The supported initiatives include:

Credit education and credit score rehabilitation tools, enabling individuals to understand and improve their credit standing.

Debt counselling and consolidation services, helping reduce the burden of high-interest debt and streamline monthly obligations.

Access to interactive financial education platforms, which build financial capability and awareness.

The results achieved by these initiatives include:

On average, each customer had nearly **R4,000 more in their pocket every month**, the equivalent of a full grocery bill, a school fee payment, or even starting a savings plan. That's R48000 per year in restored financial breathing room.

Credit score improvements of up to 124 points. A credit score jump of 124 points could mean the difference between paying a sub-prime 25% interest rate on a loan versus just 15% for example. This would equate to a savings of +- R13,000 on a R50,000 loan over 3 years. It could be the gateway to affordable home, car, or education finance, a 45% average reduction in debt commitments relative to previous monthly obligations.

By investing in these types of financial wellness providers, Taquanta contributes to improving household financial resilience, expanding access to credit, and supporting social mobility.

Case Study 2: Advancing Urban Regeneration and Entrepreneurial Property Development

Taquanta supports access to affordable and innovative property finance by investing in impact-driven urban development finance vehicles. These vehicles target non-traditional entrepreneurs, many of whom are excluded from conventional banking services, and empower them to refurbish and convert properties in urban centres.

These initiatives provide:

Specialist loans and mentorship for new entrepreneurs looking to enter the affordable housing sector.

Financial and technical support to navigate zoning, compliance, and construction challenges.

Guidance to ensure projects incorporate energy efficiency, affordability, and social utility.

The impact of these investments include:

Empowering **nearly 400 SMEs**, many of whom operate in underserved or previously marginalised areas.

Creating **over 230 jobs**, contributing to local economic development.

Facilitating **social impact projects valued at more than R1.4 billion**, rejuvenating neglected urban areas into thriving mixed-use spaces.

One such project in a coastal city illustrates this transformation: a once-dilapidated building with no formal plans was redeveloped into **42 quality residential units** alongside local commercial enterprises. This development not only revitalised a declining precinct but also exemplified how entrepreneurial vision, when matched with the right funding, can deliver sustainable urban renewal.

Through such investments, Taquanta actively supports financial inclusion, job creation, and the realisation of Sustainable Development Goals (SDGs) 8 and 10, decent work, economic growth, and reduced inequalities.

INCLUSIVE TRANSFORMATION

Case study: Taquanta's 'Changing of the Guard' transformation initiative

Taquanta strongly believes that it is a business imperative to actively commit time, energy and other resources towards inclusive transformation aimed at the meaningful economic empowerment of those who have been disenfranchised by an unjust system. To that end, the company has put in place a multi-pronged approach to deliver against the objectives of true transformation of the industry, local communities and the nation. Over the past decade, Taquanta has made significant strides in this respect, with its key focus areas summarised below.

Taquanta is a majority black-owned business and has been since its establishment as an independent company. 58% of Taquanta's unencumbered direct shareholding is owned by individuals and groups representing previously disadvantaged individuals, and Taquanta is a Level 1 B-BBEE contributor.

Taquanta believes that true transformation is not only based on demographic representation, but also economic empowerment in the form of ownership. As proponents of the benefits

of an owner-managed business, the company is firmly of the view that true transformation is achieved when our team of professionals represent the demographics of the country and owns a meaningful proportion of the firm's equity. Further, the bench of management that has been developed over time is taking on more meaningful responsibilities within their roles.

As a critical resource in the success of a financial services firm, human capital is a high priority focus area. We are not only focused on identifying and employing diverse talent, but we are also particularly committed to training and retaining young talent, in a manner that upskills and offers individuals an opportunity to grow. Taquanta's team-based approach to all endeavours, affords new talent exposure to the full investment process early on in their career. Further, Taquanta commits resources to ensure a supportive and collaborative environment through mentorship and other retention strategies.

Taquanta's skills development initiatives include providing support – financial and otherwise – to employees looking to further their education; and sponsoring a student each year to enrol at the Tertiary School in Business Administration ("TSiBA"), in partnership with the Association for Savings and Investment South Africa ("ASISA"), in the Investment Management Administration programme. Several students who have interned at Taquanta through this programme have been offered permanent employment as part of Taquanta's staff complement.

Having achieved independence from the Nedbank Group through a vendor finance deal in November 2007, which resulted in management acquiring roughly a 40% equity stake, Taquanta has set about planning and developing a new management team with a strong focus on previously disadvantaged individuals. This strategy, which we have termed the "Changing of the Guard" is focused on ensuring a sustainable, deeply transformed business in which equity ownership is gradually shifted to a "new guard" of management.

WAY FORWARD

At Taquanta, our ability to deliver investment alpha is driven by innovation, teamwork, and decades of experience in asset structuring and sourcing. These strengths have enabled us to build an exceptionally efficient investment platform - one that continues to serve as a key driver of value for our clients. As one of the largest funders of South Africa's banking sector, we benefit from priority access to a diverse pipeline of high-quality assets across the fixed-income spectrum.

This advantage is supported by our robust credit process and a deeply integrated ESG and Impact framework. Together, these form the foundation of our investment philosophy: to unlock consistent excess yield while advancing long-term environmental and social outcomes.

Our primary objective remains clear - to extract yield through careful credit selection and structured solutions. This yield not only enhances our fixed-income portfolios but also boosts returns in broader multi-asset strategies. However, our ambitions extend beyond financial performance. We believe in using our capital responsibly to influence real-world outcomes, supporting inclusive economic growth, environmental resilience, and improved social equity.

The ESG and Impact Policy continues to play a central role in guiding our investment approach. In 2025, we reaffirm our commitment to:

- Avoiding harm and preserving value,
- Proactively managing ESG and impact risks, and
- Driving positive outcomes through targeted investment and issuer engagement.

We have strengthened our systems to better measure and report on impact, enabling more transparent communication with our clients, partners, and stakeholders. Our ESG and Impact framework is not static and it evolves in line with global best practices, our own learning, and the changing needs of the investment landscape.

As we move forward, ESG and Impact considerations will remain deeply embedded in our credit analysis, risk management, and decision-making processes. We will continue to engage constructively with issuers, encouraging improved ESG practices and disclosures that align with sustainable development goals and responsible investment principles.

Our commitment is unwavering to demonstrate that responsible investing can deliver superior, risk-adjusted returns, while also contributing to a more sustainable and inclusive future. We are proud of the progress we have made, but also understand that the journey is far from over.

Looking ahead, we are excited to deepen our efforts and expand our ability to demonstrate the transformative power of fixed income investing. This report reflects not only where we are, but where we are headed. We thank you for your continued partnership and invite you to continue the journey with us as we push the boundaries of what responsible fixed-income investment can achieve.