

Balondoloji's ESG Integration Principles

1. Balondoloji's ESG Philosophy and Commitment

Balondoloji is committed to integrating Environmental, Social, and Governance (ESG) factors into its investment approach, recognising that effective management of ESG risks and opportunities supports long-term value creation. The firm aims to deliver strong financial performance while upholding responsible governance and sustainability principles.

ESG considerations are embedded in both top-down and bottom-up research, complementing traditional financial analysis and guiding buy, hold, and sell decisions. Companies with inadequate ESG performance are closely monitored, as weak sustainability practices may expose them to future financial, operational, or reputational risks that could negatively impact long-term returns.

As a signatory to the UN-supported Principles for Responsible Investment (UN PRI) and an adherent to CRISA 2, Balondoloji promotes transparency, accountability, and active stakeholder engagement. These frameworks guide the firm's responsible investing efforts, supporting sound governance and contributing positively to society and the environment.

2. ESG Integration

Balondoloji evaluates qualitative ESG factors through a quantitative lens, using ESG criteria as a screening tool that complements traditional financial metrics to guide its investment decisions.

The approach to ESG at Balondoloji Investment Services is firmly rooted in ESG integration, paired with active ownership. By prioritising ESG integration, the firm seamlessly incorporates Environmental, Social, and Governance factors into its investment decision-making processes.

Simultaneously, active ownership enables the firm to

engage with portfolio companies on their ESG practices, advocating for improvements and driving positive change from within. This balanced approach ensures that Balondoloji maintains flexibility in portfolio construction while effectively managing and enhancing ESG performance across its investments.

Balondoloji conducts a comprehensive ESG analysis aimed at identifying issues material to the investment outcome. The investment team integrates ESG factors into its processes, with a strong focus on materiality. Companies within the investment universe are evaluated using the most relevant ESG issues within each sector, focusing on the ESG risks and opportunities that are most impactful for each company and sector.

3. Relevant Sustainable Development Goals (SDGs)

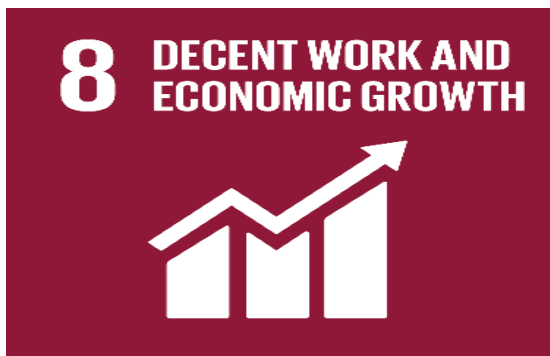
- **SDG 4 - Quality Education:** Balondoloji promotes access to quality education through its partnership with the Alexandra Education Committee (AEC). The firm funds bursaries for learners from underserved communities and provides ongoing mentorship from its analysts and portfolio managers.



- **SDG 7: Affordable and Clean Energy:** Balondoloji advances cleaner energy access through investments in lower-emission LPG infrastructure.



- **SDG 8: Decent Work and Economic Growth:** The firm contributes to inclusive economic growth through its annual graduate programme, which creates pathways for young professionals. Additionally, investments supporting SMME financing help drive job creation, business resilience, and broader economic participation.



- **SDG 13: Climate Action:** The firm also demonstrates its commitment internally with a rooftop solar installation that reduces reliance on grid electricity and supports climate-aware operational practices.



4. Proxy Voting Overview

Balondoloji exercises voting rights for all securities held and remains committed to using this responsibility to influence outcomes constructively as an active shareholder.

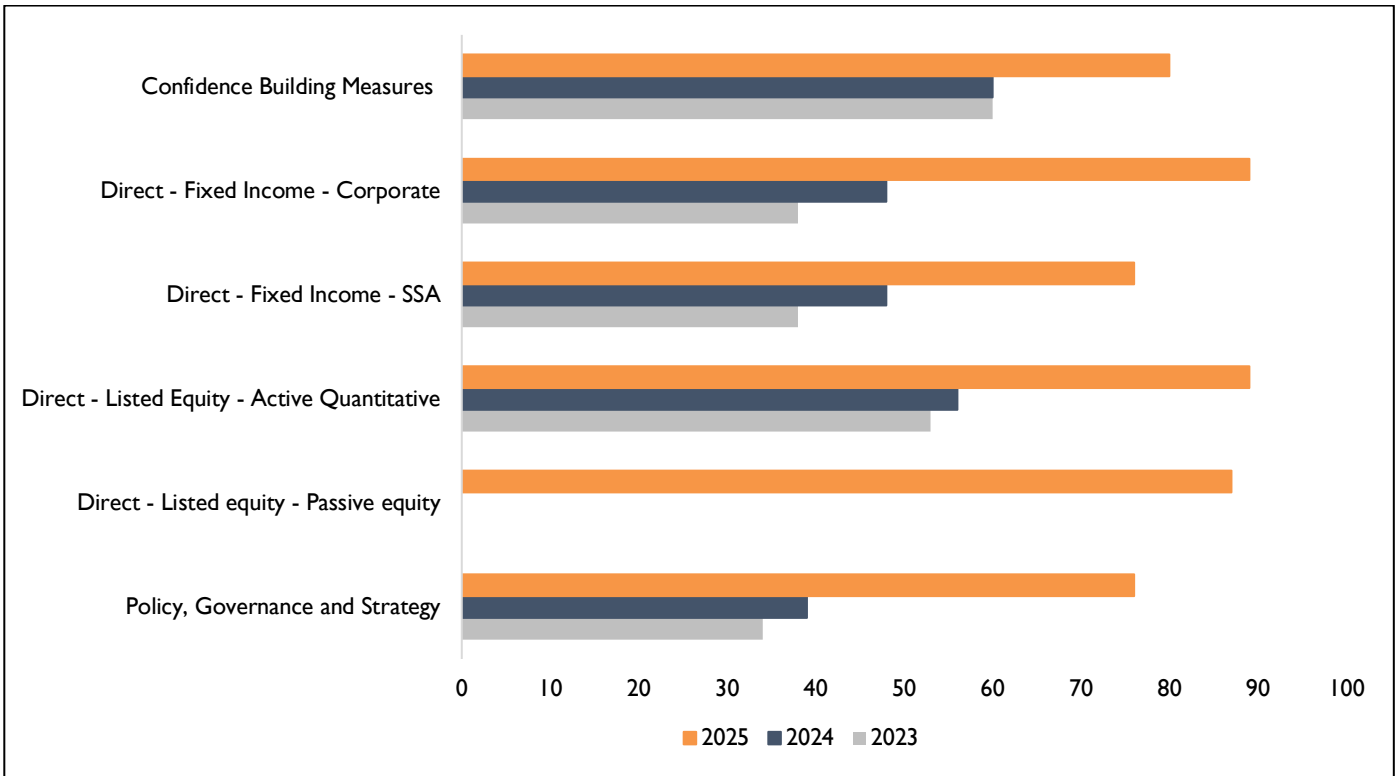
In a typical year, Balondoloji participates in voting on more than 2,000 resolutions across over 80 companies. Our voting record consistently reflects a strong emphasis on ESG-aligned stewardship, with the majority of votes cast in favour of resolutions, generally exceeding 80%, and the balance representing votes against where proposals do not align with sound governance, shareholder value, or sustainability considerations.

Key areas of dissent include:

- Independent directors with compromised Independence.
- Remuneration policies and implementation reports not linked to performance.
- Share schemes that may have a dilutive impact on existing shareholders.
- Political donations.
- Endorsing climate change report's consistency and progress on decarbonisation pathway.
- Lack of rotation for external auditors (5 years), particularly not demonstrating independence and periodic refresh.
- Lack of rationale and transparency for financial assistance resolutions.

5. UN PRI Scorecard Summary

Balondoloji's 2025 UN PRI assessment reflects strong improvement and alignment with responsible investment best practices across various modules. The firm achieved high module scores above PRI medians.



The firm's comprehensive approach to ESG integration, coupled with active ownership strategies, underscores its dedication to responsible investing. This dual focus seeks to achieve sustainable financial returns while addressing critical environmental, social, and governance challenges, ensuring that investments contribute positively to society and the planet.