



## Stewardship and Engagement Activities

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## Foreword

Balondolozzi presents its 2024 and 2025 Stewardship Report as part of its ongoing commitment to responsible investing and the belief that effective stewardship supports both long-term financial performance and meaningful societal impact. Sustainable investment extends beyond risk management; it involves identifying opportunities that create lasting value for investors and the communities in which the firm operates.

At the core of Balondolozzi's approach is the integration of Environmental, Social, and Governance (ESG) factors into investment decision-making. This ensures that material risks and opportunities are carefully assessed across industries, aligning financial objectives with sustainable business practices. Through active ownership, the company engages with portfolio companies to advocate for responsible corporate behaviour, fostering long-term resilience and value creation.

Beyond investment strategies, Balondolozzi recognises the importance of direct impact. Its approach to impact investing channels capital towards businesses that deliver measurable social and environmental benefits alongside financial returns. Additionally, the bursary program, in partnership with The Alexandra Education Committee, provides academically talented students from underserved communities with access to quality education. The internship program further strengthens talent development by equipping graduates with the skills needed to become future portfolio managers, reinforcing the company's commitment to making a tangible difference.

This report provides an update on Balondolozzi's active ownership efforts, including proxy voting, company engagements as well as the progress made in driving meaningful change. As a long-term investor, the company remains dedicated to building resilient portfolios that contribute to a more sustainable and inclusive economy.

Balondolozzi extends its appreciation to investors and stakeholders for their continued trust and partnership. With this shared commitment, the firm will continue advancing responsible investing and driving meaningful, long-term positive change.

Sincerely,  
Balondolozzi Investment Team

## 2. Stewardship and Engagement Approach

Stewardship and engagement activities are key components Balondolozzi undertakes to enhance long-term value as well as promote sustainable business practices.

Balondolozzi’s engagement approach is through management meetings, investor calls, active participation in industry forums and mainly through proxy voting. These avenues afford the firm the opportunity to articulate its perspectives, concerns and expectations regarding the performance of various companies, strategic direction, governance and other pertinent issues.

The aim is to integrate diverse viewpoints gathered through these engagements into the firm’s investment decision-making process, thereby fostering an informed investment strategy approach.

While the fixed income team does not hold the ownership and voting rights typically associated with equity investors, the issues addressed through proxy voting remain highly relevant. The resolutions being voted on affect the governance, accountability, and long-term financial outcomes of the companies in which Balondolozzi invests. As such, the fixed income team closely considers these factors, recognising their importance in driving sustained corporate performance and supporting long-term return objectives.

## 3. Proxy Voting

Proxy voting serves as Balondolozzi’s primary method of engagement. The firm diligently exercises voting rights across all securities held, ensuring that decisions align with clients’ best interests and support sustainable business practices.

Balondolozzi’s proxy voting approach includes a thorough review of material issues, with particular focus on shareholder rights, corporate governance, and broader ESG considerations that may influence long-term investment value. During reporting seasons, the firm provides clients with detailed insights into its

voting decisions, outlining the rationale behind positions taken on company resolutions through structured report-back sessions. This level of transparency reflects Balondolozzi’s commitment to accountability and informed engagement with stakeholders.

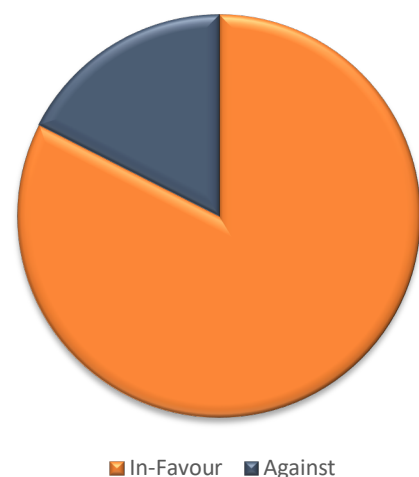
To further support accessibility and understanding, Balondolozzi discloses its annual proxy voting record to clients, with additional summaries available upon request.

### 3.1 Overview of Voting Activity in 2024

Last year, Balondolozzi participated in voting on 2,028 resolutions across more than 80 companies. The firm’s voting record reflects a strong emphasis on ESG considerations:

- Votes in Favor: 1,673 (82.5%)
- Votes Against: 355 (17.5%)

The pie chart below illustrates Balondolozzi’s voting decisions, highlighting the proportion of resolutions supported versus those opposed.



Key areas of dissent primarily related to governance and transparency concerns. Balondolozzi voted against

resolutions where practices failed to meet expected standards of accountability, independence, or alignment with long-term value creation. The main reasons for dissent included:

- **Director Independence:** Long tenures, insufficient rotation, or excessive external commitments that risked compromising objectivity and board effectiveness.
- **Remuneration Policies:** Proposals lacking clear performance alignment, inadequate disclosure, or the absence of ESG-linked KPIs to incentivise sustainable value creation.
- **Dilutive Share Incentive Schemes:** Awards that were overly dilutive or insufficiently tied to measurable performance outcomes.
- **Political Donations:** Requests that lacked justification, transparency, or alignment with shareholder interests.
- **Climate-Related Reporting:** Climate reports with limited transparency or lacking credible progress toward decarbonisation commitments.

### 3.2 Overview of Voting Activity in 2025

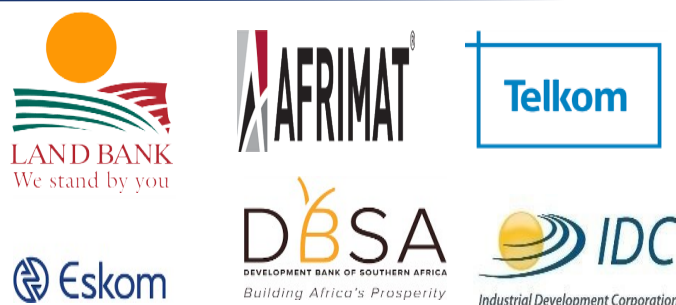
In 2025, Balondoloji participated in voting on 3,149 resolutions across more than 85 companies. The firm's voting record reflects a strong emphasis on ESG considerations:

- Votes in Favor: 2,846 (90.38%)
- Votes Against: 303 (9.62%)

## 4. Company Engagements

Balondoloji conducts a series of management engagements and investor calls with with portfolio companies and key issuers within fixed income. The interactions offer meaningful insights into corporate

strategy, financial health, governance practices, and ESG-related matters. Engagements continue to form a critical component of the firm's stewardship approach, supporting deeper risk assessment and contributing to responsible investment decision-making.



### a) Clarity on Financial and ESG Performance

Engagements with the IDC, Telkom, DBSA, and Eskom through investor calls provided meaningful insights into each issuer's financial position, strategic outlook, and operational resilience. These engagements also enable Balondoloji to assess safety, security, and sustainability measures directly, ensuring continued alignment with the firm's stewardship expectations. The information gathered strengthened the investment team's ability to make well-informed investment decisions.

### b) Governance and Debt Restructuring in Land Bank

Engagement with the Land Bank centred on governance developments and progress on resolving its historical debt default. Continuous discussions with management provided assurance regarding the implementation of the liability solution. Balondoloji's participation in the vote on the newly issued note supported the bank's restructuring efforts, as the issuer remains on track with interest payments under the new note.

### c) Governance Independence at Afrimat Limited

Engagement with Afrimat focused on governance, particularly board independence. Concerns raised

were regarding long-tenured directors serving for more than ten years, a factor that may affect perceived independence and board effectiveness. Management acknowledged these concerns and recognised the importance of ongoing board refreshment. While the dialogue was constructive, Balondolozzi will continue to monitor developments to ensure alignment with governance best practices.

Strengthening board independence remains a key factor for enhancing accountability, improving decision-making and supporting long-term investor confidence.

### 5. Participation and Collaboration

Balondolozzi actively participates in industry initiatives and collaborates with key stakeholders to advance sustainable business practices.

As a signatory to the UN PRI and an adherent subscriber to the CRISA 2 principles, the firm reinforces its commitment to responsible investing, sound governance, and effective stewardship. These frameworks guide Balondolozzi's engagement approach, ensuring that the firm consistently advocates for transparency, accountability, and long-term value creation across its investment portfolios.

### 6. Proxy Voting Breakdown/Analysis of key issues

Key areas of dissent primarily related to governance and transparency concerns. Balondolozzi voted against resolutions where practices failed to meet expected standards of accountability, independence, or alignment with long-term value creation. The main reasons for dissent included:

- 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 to subsidiaries and other related companies.

The bar chart below provides a breakdown of Balondolozzi's proxy voting outcomes for 2025, illustrating the distribution of votes cast in favour of and against shareholder and management resolutions.

The chart highlights the key ESG-related themes that typically shape the firm's voting activity, reflecting areas of heightened focus and concern across governance, remuneration, capital management and audit oversight. Votes cast against certain resolutions indicate instances where proposals were assessed as misaligned with sound governance practices, long-term shareholder value, or responsible investment principles, while votes in favour reflect support for resolutions that meet acceptable ESG, regulatory, and fiduciary standards.

In 2025, voting activity showed a significant improvement, with over 90% of resolutions supported, reflecting stronger alignment with governance and ESG standards and fewer instances requiring dissent.

