PUBLIC INVESTMENT
CORPORATION®
Est. 1911

CREATING **SUSTAINABLE VALUE** FOR THE FUTURE



INTEGRATED REPORT

2025


PUBLIC INVESTMENT CORPORATION INTEGRATED ANNUAL REPORT
CREATING SUSTAINABLE VALUE FOR THE FUTURE

PART ONE

INTRODUCTION



With over R3 trillion in assets under management, the PIC is one of the largest asset managers in Africa. Wholly owned by the South African government, the PIC serves public sector clients. It deploys its assets to actively drive the nation's developmental agenda, cultivating an environment conducive to responsible investing and job creation.

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* This Integrated Annual Report consists of two books:
The 2025 Integrated Annual Report and the 2025 Annual Financial Statements.

ABOUT THIS REPORT

Creating Sustainable Value for the Future

With a legacy spanning 114 years, the Public Investment Corporation (PIC) presents its 2024/25 Integrated Annual Report, looking firmly towards the future while remaining grounded in established and proven principles. This report outlines the PIC's commitment to "Creating Sustainable Value for the Future," aligning with its role as a steward of generational wealth. It also details the integration of environmental, social, and governance (ESG) aspects in its strategic decision-making, as well as meaningful stakeholder engagement to ensure enduring prosperity. At the heart of the PIC's actions is the desire to build a resilient future, responsibly, for the benefit of its clients, their members and their beneficiaries.

Scope and boundary

The PIC's Integrated Annual Report (IAR) is the primary communication and accountability instrument for its key stakeholders. It provides a review of the past financial year, detailing performance, strategy, governance, and sustainability practices. The IAR further focuses on the operating context, risks, opportunities, performance, and governance from 1 April 2024 to 31 March 2025. Material events after this date, until Board approval on 25 August 2025, are also included.

The principle of materiality was applied to determine the content of this report. Key issues are presented that could significantly affect the PIC's ability to create and sustain value over the short-, medium-, and long-term. Stakeholder feedback informs these determinations.

Reporting Compliance

This report was prepared in accordance with relevant regulations, standards, and best practices. It reflects the PIC's commitment to the principles of the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™) and the Protocol on Corporate Governance in the Public Sector. It complies with the International Integrated Reporting <IR> Council's Framework for corporate reporting, as updated in January 2021, and with the United Nations Principles for Responsible Investing (UNPRI), the United Nations Global Compact (UNGC), and the Code for Responsible Investing in South Africa (CRISA).

The PIC is a registered financial services provider (FSP), holding a Category II FSP licence under the Financial Advisory and Intermediary Services Act, No. 37 of 2002. The PIC invests on behalf of its clients, mainly pension, provident, social security, and guardian funds. Investments undertaken on behalf of these clients are based on investment mandates agreed to with each client and approved and regulated by the Financial Sector Conduct Authority (FSCA).

Its management of public funds and corporate governance is guided by the PIC Act, No. 23 of 2004, as amended, the Public Finance Management Act, No. 1 of 1999, the Companies Act, No. 71 of 2008, and the Financial Intelligence Centre Act, No. 38 of 2001.

Assurance

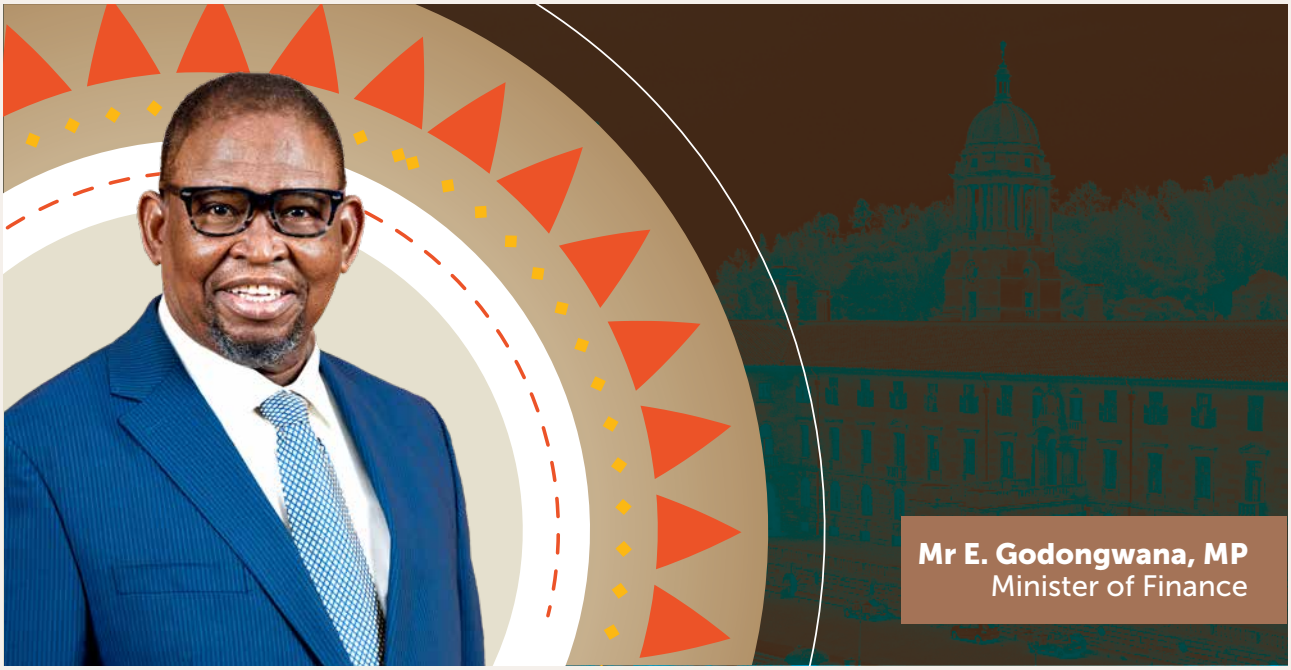
The PIC follows a combined assurance model to ensure alignment between the oversight and management of assurance functions. This model emphasises shared accountability among risk management, compliance, internal audit, external audit, and other assurance providers. It further builds reporting credibility and improves information gathering. As a public entity, the PIC is subject to the Public Audit Act, No. 25 of 2004, which requires external assurance on financial statements, performance against objectives, and legal compliance. During the reporting year, the Auditor-General of South Africa issued an unqualified opinion on the PIC's Annual Financial Statements for the seventh consecutive year.

Reporting Suite

The PIC's reporting suite for the year ended 31 March 2025 consists of two reports:

- **Integrated Annual Report** (IAR), which provides a detailed overview of how the PIC creates, preserves, or erodes value, in line with the <IR> Framework.
- **Annual Financial Statements** (AFS), which present the PIC's audited financial performance and risk position to enable stakeholders to assess its financial health and outlook.

MINISTER'S NOTE TO PARLIAMENT



Speaker of Parliament

It is my honour to present the Integrated Annual Report of the Public Investment Corporation SOC Limited (PIC) for the period 1 April 2024 to 31 March 2025 in line with section 65 of the Public Finance Management Act (Act No. 1 of 1999).

Mr. Enoch Godongwana, MP
Minister of Finance of South Africa
September 2025

Approval by the Board

The PIC Board of Directors fully acknowledges its responsibility for the integrity of this report. The Board confirms the report aligns with the <IR> Framework. The Board confirms that it has assessed the company's operating context, strategy, and value creation model. This report addresses all key issues that could significantly affect the PIC's ability to create value. The Board of Directors approved this report on 25 August 2025.

CHAIRPERSON'S REPORT

The year has been characterised by significant global challenges and notable successes for the organisation. Despite navigating a tough economic environment, the PIC has demonstrated remarkable resilience, achieving strong results and reinforcing its essential role in South Africa's social and economic development.

I am pleased to present the Chairperson's Report for the Public Investment Corporation (PIC) for the fiscal year ending March 2025.



Dr David Masondo, MP
Chairperson

Overview of Performance

The PIC's performance in recent years and, especially, the past decade, is attributable to our strong investment strategies, disciplined risk management, and the commitment of our entire team. A decade ago, assets under management (AuM) stood at R1.81 trillion.

When this Board was appointed in 2021, the AuM was R2.33 trillion. Since then, there has been consistent growth, with AuM increasing to a historic R3.049 trillion as of 31 March 2025. This upward trend highlights the long-term viability and strategic foresight of our investment approach, as well as our focus on accelerating growth. This success further demonstrates the positive effects of stronger governance, improved operational efficiencies and renewed focus on value creation.

It also shows the effectiveness of our disciplined investment strategies and unwavering commitment to preserving and growing our clients' assets. Despite the overall positive and solid performance, some portfolios slightly underperformed their respective benchmarks.

Market Environment

Amid trade fragmentation, the global economy demonstrated considerable resilience in 2024 and early 2025, avoiding a widespread recession while benefiting from a robust U.S. consumer spending. However, significant challenges persist. Global manufacturing, particularly in China and Germany, is under pressure due to subdued demand and new tariffs by the US administration, threatening growth among industrialised nations. Despite a strong services sector, the final quarter of our financial year revealed heightened uncertainty. This trend is expected to continue, resulting in possible slower economic growth and altered trade relationships.

The PIC successfully increased its total assets under management by 13.3%, consistently beating inflation in our top five client portfolios.

The PIC is not merely reacting to past challenges; it is proactively building a resilient, trustworthy, and sustainable institution.

In South Africa, we face critical structural challenges that cannot be overlooked. Low economic growth was exacerbated by the last phases of intermittent electricity during parts of 2024, and glaring inefficiencies in water, telecommunications, and logistics systems. With the unemployment rate increasing to 32.9% in the first quarter of 2025 - far surpassing that of our peers - we must address the slow growth trajectory head-on to enhance employment opportunities, reduce poverty, and narrow inequality.

The combination of high unemployment and persistent socio-economic disparities significantly restricts consumer spending and undermines investor confidence. These pressing global and domestic conditions create a complex environment for the PIC, demanding decisive investment decisions and robust risk management to fulfil our development mandate and our duty to deliver sustainable financial returns to our public sector clients effectively.

Our Strategic Imperatives

Sustainable Investing

The investment portfolios of the PIC's top five clients benefited from consistent growth over the past 12, 24, and 36 months. They outperformed CPI targets, highlighting the effectiveness of our strategy to generate real returns above the benchmarks of client investment mandates. This overall success is supported by a well-diversified asset allocation, proactive investment decisions, and disciplined portfolio management.

The PIC is committed to strong governance and stakeholder relations, continuously enhancing interactions with our clients, the owners of the funds we manage, who determine their risk appetite and expected returns.

The PIC remains dedicated to pursuing developmental investments, particularly through the Isibaya Fund, to drive transformation in line with client mandates.

Good Governance and Ethical Leadership

Governance remains a fundamental pillar of our institution. The PIC has finalised the implementation of the recommendations of the Mpati Commission of Inquiry and is committed to promoting transparency, accountability, and the highest standards of ethical conduct. This year, the PIC Board, working with the management team, achieved notable advancements in enhancing internal controls, strengthening investment committee oversight, and stakeholder engagement.

We take pride in establishing and continuously strengthening our ethics, whistleblowing, and risk management frameworks, which are essential for maintaining stakeholder confidence. The PIC is not merely reacting to past challenges; it is proactively building a resilient, trustworthy, and sustainable institution. This ongoing effort is vital, not only for the millions of public servants whose pensions and social security funds we manage, but also for reinforcing public confidence in the PIC as one of the largest asset managers on the African continent. It reflects our commitment to the responsible stewardship of national assets.

Catalysing Infrastructure and Green Growth

In an era defined by rapid urbanisation, climate change imperatives, and the pursuit of economic prosperity, the world faces substantial development challenges: bridging a multi-trillion-dollar infrastructure gap while simultaneously ensuring that development is sustainable and green.

The PIC is uniquely positioned to act as a powerful catalyst for both critical infrastructure development and a broader agenda for green growth within South Africa and across the African continent.

The PIC is refining its focus towards investments that can address South Africa's infrastructure funding requirements. This strategic change aims to align financial returns with socio-economic development, ultimately stimulating growth by investing in economic infrastructure, create jobs, and improve essential services.

Additionally, the PIC is actively supporting the nation's energy and industrial transformation. This support includes a US$17 million investment, which is part of a larger US$37 million commitment, in collaboration with the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC), for green hydrogen projects. This investment positions South Africa for reindustrialisation and enhances its competitiveness on the global stage.

South Africa's assumption of the Group of Twenty (G20) Presidency provides a platform to advocate for responsible investment, particularly in emerging markets, in line with its solidarity, equality, and sustainability themes.



Active Stewardship

The PIC remains deeply aware of the broader impact of our investment activities. Our approach to sustainable investing is to fully integrate ESG factors into our investment analysis. We believe that thorough research and our company-specific insights drive progress, allowing us to create sustainable value, manage risks, and uncover opportunities. This ensures that investments are aligned with responsible and ethical practices, supporting long-term financial returns while fostering positive environmental and social impacts. Our strong ESG monitoring and governance structures are designed to support investee companies to commit to the principles of the PIC Transformation Charter and the PIC climate change commitments.

Looking Ahead

South Africa's assumption of the Group of Twenty (G20) Presidency in December 2024 marked a historic moment for the country and the entire African continent. For the PIC, this leadership role presents far more than ceremonial significance; it provides a platform to advocate for responsible investment, particularly in emerging markets, in line with its solidarity, equality, and sustainability themes. It presents a strategic opportunity to steer the global financial architecture and advocate for the needs of marginalised communities while accelerating sustainable and inclusive development across the African continent and the world.

During South Africa's G20 Presidency, the focus will be on achieving global Sustainable Development Goals (SDGs) by integrating ESG principles into investments.

The PIC is contributing to the work of the G20 Finance Track led by the National Treasury and the South African Reserve Bank to enhance the international financial architecture, develop sustainable infrastructure, promote sustainable finance, and improve financial inclusion, particularly for women, youth, and small enterprises.

The PIC advocates for increased investment in sustainable infrastructure, aiming to foster partnerships between international investors, development finance institutions, and African governments.

Share Capital and Dividends

During the year under review, there were no changes to the authorised or issued share capital. The Board of Directors declared and paid a dividend of R145 million, which was duly approved by the Shareholder at the annual general meeting in December 2024. For a comprehensive understanding of the company's financial position, please refer to the 2025 Annual Financial Statements that is published alongside the Integrated Annual Report.

The PIC advocates for increased investment in sustainable infrastructure, aiming to foster partnerships between international investors, development finance institutions, and African governments.

Governance and Leadership Transition

This year marks a significant leadership transition at the PIC. I am pleased to welcome Mr. Patrick Dlamini as our new Chief Executive Officer, effective 1 July 2025. With nearly 30 years of senior management experience, including his role as CEO of the DBSA, Mr. Dlamini brings extensive strategic, ethical, and investment expertise to our organisation.

On behalf of the Board, I would like to extend our heartfelt thanks to Mr. Abel Sithole. His tenure brought credibility, growth, and stability to the PIC in the post-Mpati Commission era. Under his leadership, assets under management exceeded R3 trillion, and client confidence was restored.

Appreciation

It is a privilege to serve as Chairperson of the PIC Board, and I greatly benefit from the collective experience, strategic guidance, and unwavering commitment of my fellow Directors. Their insights and dedication ensure effective governance and oversight in all our affairs.

I would also like to express my sincere appreciation to the entire executive and senior management teams, as well as to all PIC employees. Their hard work, especially during what has been an exceptionally productive and demanding year, is directly reflected in the PIC's strong performance and the growth of our assets under management.

To all our valued stakeholders, including our Shareholder, clients, and regulators, your partnership, trust, and ongoing support are essential to our success and sustainability.

Sincerely,

Dr. David Masondo, MP
Chairperson



PART TWO

THE PIC AT A GLANCE



The PIC is the steward of the wealth of South Africa's public sector employees, diligently investing to generate sustainable financial returns and to advance long-term socio-economic impact. The PIC has a robust, diversified investment platform and offers a comprehensive suite of diverse asset classes and investment products.

OVERVIEW OF THE PIC

Creating Sustainable Value for the Future

The PIC is one of the largest asset managers in Africa, with assets under management (AuM) valued at over R3 trillion. Wholly owned by the South African government, its core focus is to deliver sustainable investment outcomes and social security provisions.

The PIC invests funds on behalf of the South African government and various public entities. Managing a diversified portfolio, it strives to deliver consistent, long-term returns, safeguarding the financial well-being of current and future generations of pensioners and beneficiaries.

The PIC has a dual mandate: to deliver sound financial returns for its clients and to make investments that drive positive developmental outcomes for its key stakeholders.

The environment within which the PIC operates is both complex and ever-evolving. In this context, the PIC makes strategic investments across major economic sectors, balancing the need for competitive financial returns with its commitment to sustainable development in South Africa and the rest of the African continent. This demands that the PIC's investment decisions generate social returns, including job creation, economic transformation, inclusivity and environmental sustainability. The PIC integrates sustainability principles in all investment processes to ensure it creates value that lasts.

The PIC's Purpose, Vision, and Mission



PURPOSE

Responsible investing today, transforming, protecting, and growing for tomorrow.



VISION

To be a global leader in impactful investing.



MISSION

To be a key player, not only in the region but also on the rest of the African continent, who consistently delivers on client mandates through direct and indirect investments that promote economic transformation, robust risk management, strategic partnerships, and resource mobilisation.

The PIC's Commitment to Ethics and Values

The PIC leverages the high-performance synergy of its diverse team of some 296 investment professionals. In turn, all employees are guided by the highest standards of ethical conduct, transparency, and accountability. The PIC's set of values – collectively known as TR^2AI^2L, ensures that all actions prioritise the best interests of clients and stakeholders and actively contribute to a sustainable and equitable future.



TR²AI²L

TRANSPARENCY



- We value creating a space for open communication, transparency and feedback above all else.
- We convey all necessary information to all our stakeholders.

RESPECT



- We respect human rights and the elimination of all forms of discrimination.
- We treat each stakeholder with respect and listen to their views.
- We listen to the views of our stakeholders and never disregard their opinions, no matter how different they are from ours.

RESULTS-DRIVEN



- We strive for results with passion, grit and determination.
- Our passion drives us to work with urgency and aspire for excellence in what we do.
- We motivate each other and are accountable to each other to deliver on our vision.
- We will always go above and beyond to make our customers successful. We believe in value creation for our stakeholders. We enable our clients to realise the investment objectives and deliver beyond stakeholder expectations.

ACCOUNTABILITY



- We are prepared to take accountability for our organisation and individual commitments and decisions.
- We are accountable to our organisation for our individual commitments and decisions, and to our stakeholders for every decision we make.

INTEGRITY



- We strive to do the right things at the right time and in the right way, in all that we do, taking responsibility for our actions.
- We behave and conduct our business ethically, openly, with honesty, integrity, and diligence in order to meet the expectations of our colleagues, clients and all stakeholders.
- The stakeholders we do business with are expected to share our commitment to integrity by doing business fairly, ethically and in compliance with all applicable laws and regulations.
- Ethical leadership starts at the top. It is the responsibility of the Board, EXCO and Senior Management to embed an ethical culture at the PIC.

INNOVATION



- We encourage and appreciate innovation and creativity.
- We consistently look for new ways to improve what we do, with emphasis on research and development.

LEAD BY EXAMPLE



- We live by the company values and model behaviour that we are proud of in all we do.
- We aim to outperform our benchmarks and play a leading role in terms of developmental investments and operational excellence.

The PIC's 114-Year Legacy

The PIC has been in existence since 1911. It has evolved over the years, assuming various names and investment mandates. Its most notable change was on 1 April 2005, when it was corporatised, in line with the Public Investment Corporation Act, No. 23 of 2004, as amended, and became a licensed FSP.

Below is a high-level presentation of PIC's history.

1911 to 1983

The Public Debt Commissioners

Management of funds earmarked for government debt redemption.

1983 to 2005

Public Investment Commissioners

The Institution serves as a hybrid with three distinct mandates:

- Pension Fund Manager;
- Short Term Insurer; and
- Trust Fund Manager.

2005 to 2009

Public Investment Corporation

The PIC was corporatised following the promulgation of the Public Investment Corporation Act, No. 23 of 2004.

Investment mandate changes to include management of segregated funds from the Government and other public institutions.

2010 to 2017

Significant change in GEPF's Strategic Asset Allocation to invest in:

- The rest of Africa; and
- Global (offshore).

GEPF launches Developmental Investments Policy and increases allocation to Developmental Investments and Private Equity Investments:

- Implementation of the Unlisted Investments model.

Unemployment Insurance Fund and Compensation Fund make allocation towards Social Responsible Investments.

Key Investment Activities and Markets

At AuM level, the PIC manages a broad, diversified investment portfolio encompassing listed equities, real estate, capital markets, private equity and impact investing.

The investment portfolio spans a wide range of sectors, including infrastructure, energy, and financial services across South Africa, the rest of Africa and offshore.

At the Corporate level, the PIC is a shareholder in various companies such as Harith Fund Managers (Pty) Ltd (46%), Harith General Partners (30%), and Bophelo Insurance Group (30%). Through shareholding in the Harith companies, the PIC is indirectly involved in managing the development-focused Pan African Infrastructure Development Fund (PAIDF). The PAIDF has successfully delivered infrastructure across Africa. The PIC has invested 7.21% in the South African Small and Medium Enterprise Fund. This investment supports equity investments in high-potential small and medium enterprises and provides mentorship and business support.



- Listed Equities
- Listed Bonds
- Listed Properties
- Money Markets
- Offshore (Global)
- Rest of Africa

- Private Equity
- Unlisted Properties
- Impact Investing
- Rest of Africa
- Private Debt
- Early-stage Funds

The PIC's Clients

The PIC exists for the benefit of its clients. For this reason, the PIC prioritises delivering returns in line with the mandate requirements of its clients and strengthening client relationships through structured and ongoing engagement.

The AuM as at 31 March 2025 totalled over R3 trillion, distributed amongst clients as follows:



87.80%
Government Employees Pension Fund (GEPF)

5.58%
Unemployment Insurance Fund (UIF)

2.32%
Compensation Commissioner Fund (CC)

2.04%
Compensation Commissioner Pension Fund (CP)

0.68%
Associated Institutions Pension Fund (AIPF)

1.59%
*Other

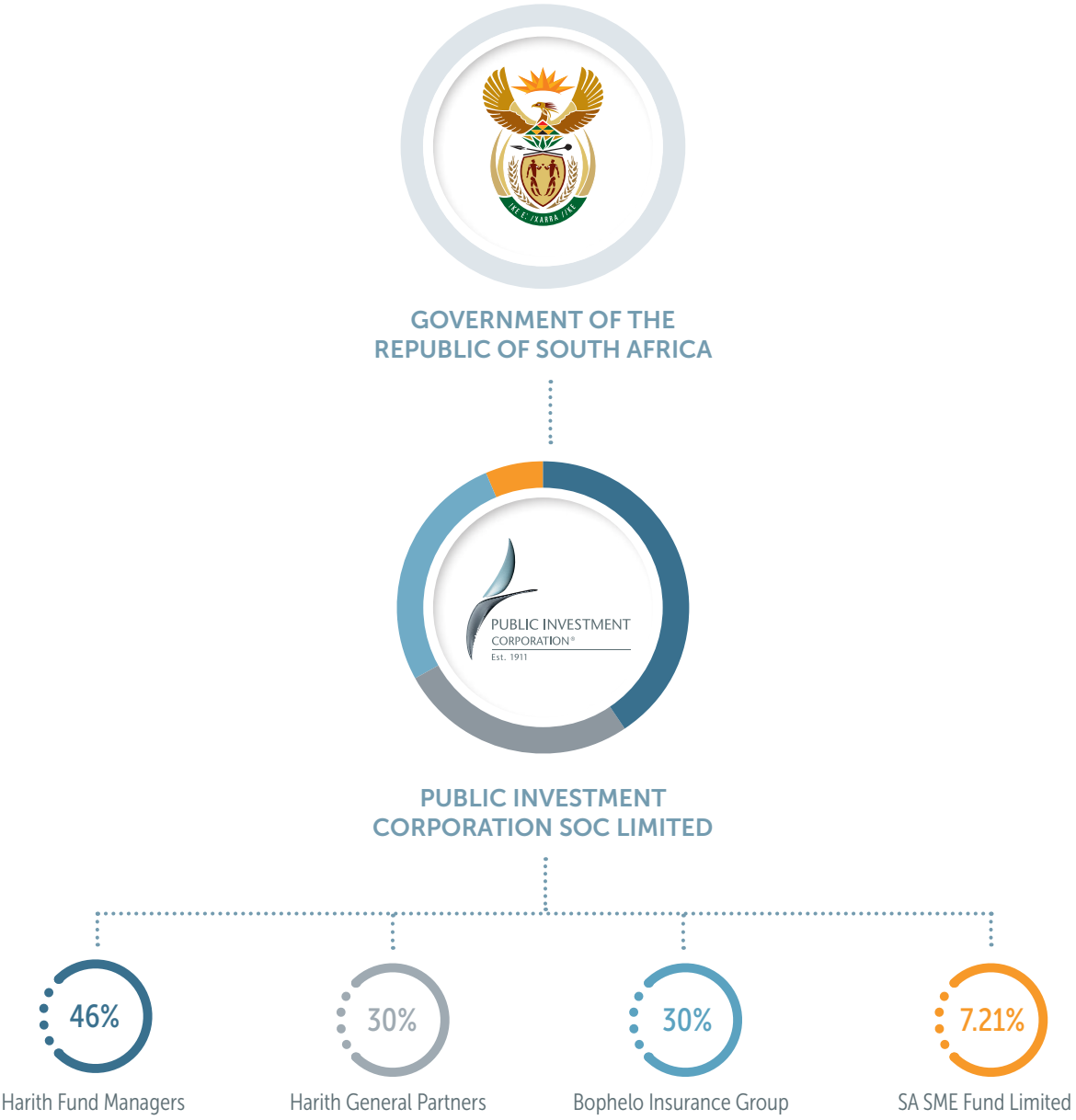
* Various clients with smaller portfolios.

2018 to date

Significant events defining this period include,

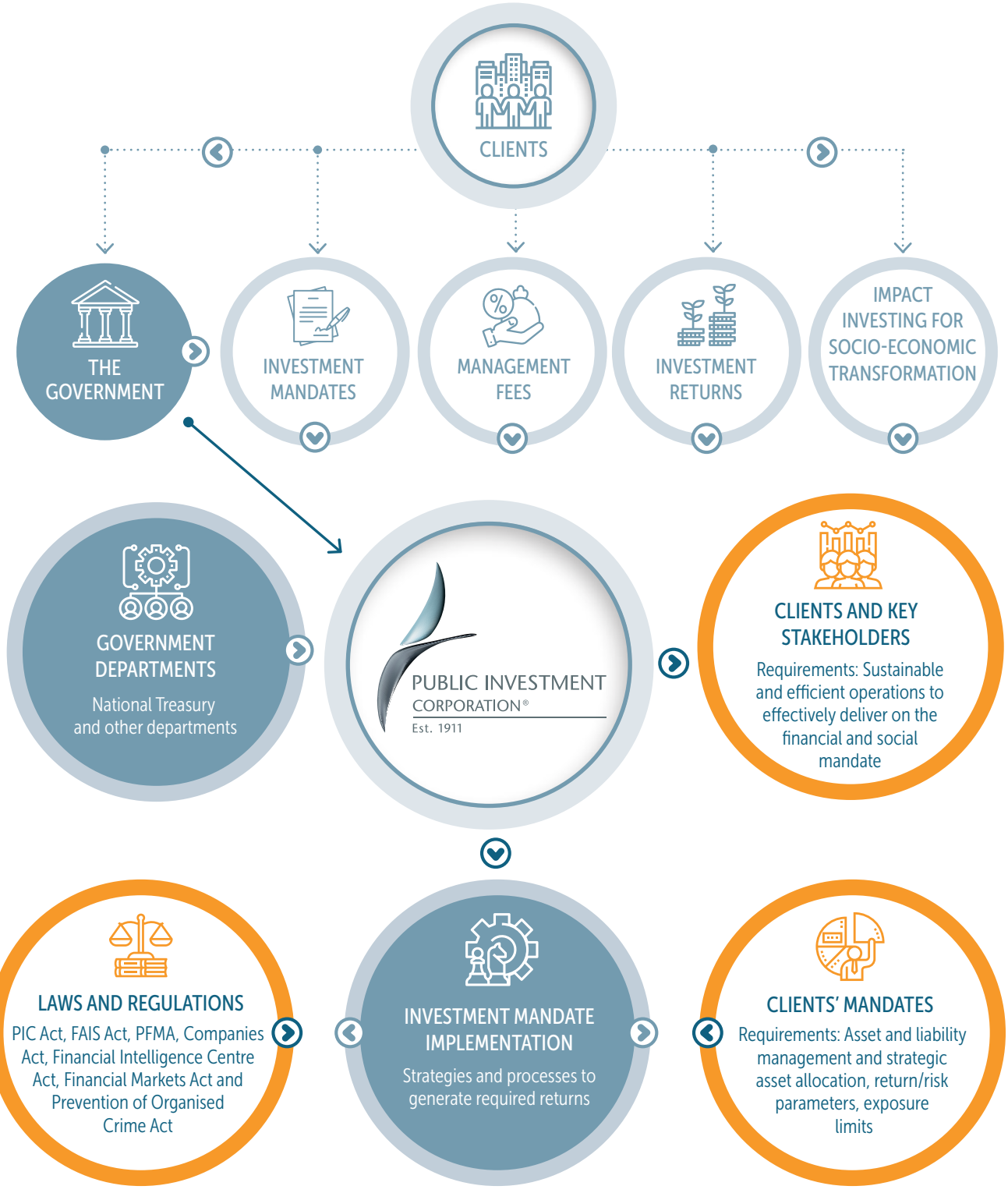
- 2018: Establishment of a Judicial Commission of Inquiry of the PIC.
- 2019: Amendment Act, No. 14 of 2019, is signed into law.
- 2022: GEPF and PIC sign a new Unlisted Developmental Investment mandate.
- 2020: Reconfiguration of PIC governance structures
- 2022: PIC assets grow to over R2 trillion.
- 2023: The PIC Board declared and paid a R141 million dividend to government, the PIC's sole Shareholder.
- 2024/25: AuM surpasses R3 trillion.

THE PIC'S GROUP STRUCTURE



THE PIC'S OPERATING MODEL

The PIC's business model centres on the strategic investment of client funds. For its services, the PIC charges clients competitive management fees, which are used to finance its operations. The Board provides oversight and guidance for investment activities and strategic implementation. The management's responsibility is to ensure the implementation of the investment strategies in line with client mandates. The model is designed to maximise efficiency and effectiveness and to enable seamless implementation.



VALUE CREATION MODEL

The PIC value creation model represents how we manage our resources and relationships to create sustainable value for all its stakeholders.

Financial capital
The PIC's financial capital comprises the funds entrusted by its clients. As a financial services provider, the Corporation's core function involves the creation and transformation of financial capital.

Human capital
The PIC's workforce, organisational culture, skill sets, and innovative practices are key drivers of its competitive standing. The Corporation strategically enhances its capabilities through consistent and targeted skills development initiatives.

Intellectual capital
The PIC's intellectual capital encompasses its intangible assets, including intellectual property, data, data management and protection, information governance, research and innovation. These assets are vital for maintaining trust across its stakeholder universe and competitive advantage. They constitute the intangible resources that bolster the PIC's brand and reputation, providing a strategic edge in the market.

Social and relationship capital
The PIC's stakeholder relationships are vital for its operational license and impact mandate. As a state-owned entity, it prioritises strong connections to drive socio-economic development.

Natural capital
The PIC's operational activities necessitate the use of natural resources, resulting in both direct and indirect environmental influence. While the Corporation's direct consumption of natural capital is relatively modest, its investment decisions hold the potential to significantly impact natural resources under the stewardship of its investee companies.

Manufactured and operational capital
The PIC's manufactured and operational capital comprises the physical and digital infrastructure essential for its business activities.

OUR CAPITAL INPUTS
The resources and relationships we rely on to sustain our business

FC
- R3 trillion AuM (2023/24: R2.69 trillion)
- Strong balance sheet, cash position and ability to leverage the balance sheet
- Strong regulatory capital position

HC
- Highly skilled and experienced staff
- R18.3 million invested in skills development
- 443 Employees (2023/24: 393)
- 30 New graduates hired
- 442 Employees trained and upskilled (2023/24: 301)
- R1.17 million Invested in employee and leadership learning and development

IC
- Deep investment knowledge and technical skills
- Strong, diverse Board and experienced management team
- Sector expertise
- Expert analysis
- Flexibility, adaptability and innovative approach
- Robust risk management and regulatory and legislative compliance
- Intellectual assets embedded in its technological architecture, processes, and protocols
- ESG Integration Framework

SC
- Strong brand and reputation
- Actively engages investee companies to promote ESG best practices
- Influential position in the industry
- Well-known and trusted brand
- Signatory to the UNPRI and UNGC and endorses CRISA
- ESG Integration Framework
- Implementing all recommendations of the Mpati Commission of Inquiry

NC
- Commitment to addressing climate change outlined in the position statement

BUSINESS ACTIVITIES
What we do

The PIC operates a robust, diversified investment platform, providing a comprehensive suite of financial services, comprising multiple broad asset classes:

LISTED EQUITIES | REAL ESTATE | CAPITAL MARKET | PRIVATE EQUITY | IMPACT INVESTING

Investments are executed in line with investment mandates, based on thorough analysis that encompasses market research, risk analysis, and ESG considerations, among others.

CAPITAL OUTPUTS
What we deliver

FC

- AuM grew by **13.30%** (2023/24: 3.54%)
- **GEPF:** Grew by **13.05%** (2023/24: 2.82%)
- **UIF:** Grew by **14.09%** (2023/24: 11.19%)
- **CC:** Grew by **20.34%** (2023/24: 9.26%)
- **CP:** Grew by **21.57%** (2023/24: 8.51%)
- **AIPF:** Grew by **16.67%** (2023/24: 0%)
- **All other clients:** Grew by **4.35%** (2023/24: 6.98%)
- **Benefit payment: R163 billion** (2023/24: R117 billion)
- **Listed equities:** Grew by **54%** to **R1,392 trillion** (2023/24: 1.4% to R900 billion)
- **Unlisted investments portfolio:** Allocated **R6.7 billion** to new investments (2023/24: R8.4 billion)
- Allocated **R5.5 billion** worth of unlisted property transactions (2023/24: R5.3 billion)
- **Early-stage Fund:** Allocated **R1.155 billion** (2023/24: R470 million)
- Dividend declared to Shareholder of **R145 million** (2023/24 R141 million)

HC

- **94.4%** Black employees
- **54%** Women employees (2023/24: 52%)
- **46%** Men employees (2023/24: 48)
- **5.64%** Employee turnover (2023/24: 6.87%)
- **15** Employees trained in Leadership and Management Development training (2023/24: 18)

IC

- A 114-year track record of delivering financial returns to public sector clients
- Sound investment knowledge and technical skills
- Artificial intelligence (AI) strategy and related policies
- Performed Proof of Concept for generative AI, to optimise business processes

SC

- Launched the Women Empowerment Fund and the Global Developmental Programme
- **R1.155 billion** in entrepreneurial funds distributed through PIC Early-Stage Fund
- **R2.49 million** invested in community support through the Corporate Social Investment (CSI) programme

MC

- Digital transformation strategy

OUTCOMES
Our impact

FC

- Provision of social security
- Controls over 10% of the JSE
- Direct and indirect exposure to almost all sectors of the South African economy, contributing to job creation and preservation
- Significant investor in major state-owned companies, contributing to South Africa's development

HC

- **81** Employee bursaries
- **50** Student bursaries as part of youth development initiatives
- Developing management and leadership programmes in partner with business schools
- Experienced Board providing strategic input and oversight

IC

- Provision of social security
- Increased efficiencies
- Improved work environment
- Protection of clients' information
- Augmenting financial outcomes for clients
- Asserting competitive advantage
- Protecting the PIC's reputation and earning trust with stakeholders

SC

- PIC Early-Stage Fund contributes to creating new industries, driving innovation, support job creation, unlock economic growth and promote gender equality
- Empowered black-owned businesses and black women-owned businesses
- **64 935** Total number housing financed
- **41** Farms funded
- **R4.1 billion** Invested in transport and logistics sector
- **2 420 MW** generated from renewable energy
- **R2 billion** Properties procurement spend on level 1 – 4 entities
- **3 353** Total number of SMEs supported
- **11 964** Total number of student beds
- **2 097** Total number of hospital beds

NC

- Responsible ESG metrics assess current environmental aspects of concern in investee companies, including climate change, energy and water scarcity and usage, biodiversity, destruction of natural habitats, pollution, environmental rehabilitation, and waste management
- Social issues areas of assessment include conditions of employment, minimum wages, diversity, health and safety, CSI and transformation-based on the Broad-Based Black Economic Empowerment (B-BBEE); and optimism

MC

- Secure cyber environment, and optimisation and automation of key processes

GOVERNANCE AT THE PIC

The PIC's Board Governance Structure

The affairs of the PIC are under the direction of its Board of Directors, in line with section 66 of the Companies Act, No. 71 of 2008. The Board creates value for clients by exercising strategic oversight over the affairs of the PIC, ensuring robust governance, and driving responsible investment practices. This entails ensuring alignment of the PIC's investment activities with long-term shareholder objectives and broader socio-economic development goals. The Board promotes a culture of accountability and transparency, cultivating and growing stakeholder trust.

The Board and its committees are structured to enable it to exercise effective oversight over the PIC.



The PIC Executive Committee Governance Structure

The Board has delegated some of its powers to the executive management (EXCO) of the PIC. Notwithstanding the fact that it operates under delegated authority, EXCO must ensure effectiveness of PIC operations and the strategic management of investments. The following diagram illustrates EXCO governance structures, each playing a vital role in both operations and investment activities.



Bursary Committee

Oversight of implementation of PIC's financial assistance for Studies Programme, Scheme/Fund.

Employment Equity Committee

Oversight of PIC's employment equity practices and implementation of Employment Equity Act.

SHE Committee

Monitoring the safety, health and environmental matters of PIC's employees and others.

Group Management Investment Committee (Unlisted Investments)

Overseeing implementation of investment strategy for unlisted investments (developmental investments, private equity, structured investments, properties and Multi-Management). Approve unlisted investments in line with the DoA and approved policies.

Group Management Investment Committee (Listed Investments)

Overseeing implementation of investment strategy for listed investments (listed equities, fixed income, dealing and offshore investments, listed property and Multi-Management). Approved listed investments in line with the DoA and approved policies.

Credit Committee

Overseeing implementation of investment mandates and strategy for all investments with credit instruments.

Asset Allocation Committee

Assist the PIC in determining and implementing a tactical asset allocation/positioning within the strategic investment approach/ framework for listed, unlisted and property investment.

Valuations Committee

Assist the PIC with management and review of the valuation methodology and calculation for fair values of listed, unlisted and property investments.

Board of Directors



Dr David Masondo
Chairperson

QUALIFICATIONS:

- PhD Political Economy
- Master of Arts (Honours)

EXPERTISE:

- Finance
- Economics
- Politics

BOARD COMMITTEES:

- Chairperson of the Directors' Affairs Committee



Ms Ntombifuthi Mtoba
Deputy Chairperson

QUALIFICATIONS:

- Doctor of Commerce (Honoris Causa)
- Chartered Accountant (SA)
- Bachelor of Accounting Science (Honours)
- Bachelor of Arts (Honours)
- Higher Diploma in Banking Law

EXPERTISE:

- Accounting
- Governance
- Strategy
- Investments
- Risk Management

BOARD COMMITTEES:

- Lead Independent Non-Executive Director
- Chairperson of the Audit Committee
- Member of the Directors' Affairs Committee
- Member of the Risk Committee



Prof Bonke Dumisa
Independent Non-Executive Director

QUALIFICATIONS:

- Doctor of Business Administration
- Master of Business Administration
- Master of Science in Industrial Relations and Personnel Management
- Master of Laws
- Bachelor of Commerce (Honours)
- Bachelor of Commerce in Accounting
- Bachelor of Laws

EXPERTISE:

- Business Administration
- Law
- Accounting

BOARD COMMITTEES:

- Member of the Investment Committees
- Member of the Risk Committee
- Member of the Information, Communication and Technology Governance Committee



Dr Mugwena Maluleke

Independent
Non-Executive Director

QUALIFICATIONS:

- Doctorate in Law
- Master in Business Management
- Master in Labour Law
- Bachelor of Arts
- Primary Teachers Diploma
- Project Management Programme
- Personal Finance Management
- Diploma in Negotiations

EXPERTISE:

- Business Administration
- Law
- Labour Relations
- Education

BOARD COMMITTEES:

- Chairperson of the Human Resources and Remuneration Committee
- Member of the Investment Committees
- Member of the Directors' Affairs Committee



Ms Barbara Watson

Independent
Non-Executive Director

QUALIFICATIONS:

- Bachelor of Social Science

EXPERTISE:

- Social Science
- Human Rights
- Governance
- Women's Empowerment of People with Disabilities

BOARD COMMITTEES:

- Chairperson of the Social, Ethics and Transformation Committee
- Member of the Human Resources and Remuneration Committee
- Member of the Directors' Affairs Committee
- Member of Unlisted Investment Committee



Ms Tryphosa Ramano

Independent
Non-Executive Director

QUALIFICATIONS:

- Chartered Accountant (SA)
- Bachelor of Accounting
- Postgraduate Diploma in Accounting
- 2021 Harvard Advanced Leadership Initiative Fellow

EXPERTISE:

- Accounting
- Finance
- Economics
- Investments
- Risk Management
- Corporate Governance
- Strategy

BOARD COMMITTEES:

- Chairperson of the Investment Committees
- Member of the Audit Committee
- Member of the Directors' Affairs Committee







Board of Directors



Mr Walter Hlaise

Independent
Non-Executive Director

QUALIFICATIONS:

- Masters in Public Administration
- BEd (Honours)
- Advanced Certificate in Education
- Advanced Certificate in Labour Law
- Management, Law and Policy
- Secondary Education Diploma

EXPERTISE:

- Education
- Labour Law

BOARD COMMITTEES:

- Member of the Audit Committee
- Member of the Social, Ethics and Transformation Committee
- Member of the Risk Committee



Ms Beverley Bouwer

Independent
Non-Executive Director

QUALIFICATIONS:

- Actuary
- Chartered Financial Analyst
- Bachelor of Economic Science
- Valuator (Defined Benefit and Defined Contribution Funds)
- FAIS Examinations
- Advanced Company Law

EXPERTISE:

- Actuarial
- Economics and Finance
- Risk Management
- Investments
- Company Law

BOARD COMMITTEES:

- Chairperson of the Risk Committee
- Chairperson of the Investment Committee: Listed Investments
- Member of the Group Investment Committee
- Member of the Audit Committee
- Member of the Directors' Affairs Committee



Dr Lufuno Mulaudzi

Independent
Non-Executive Director

QUALIFICATIONS:

- PhD in History
- Masters in Heritage Studies
- Postgraduate Diploma in Museum and Heritage
- Bachelor of Arts in History and Political Science

EXPERTISE:

- Administration
- Education
- Politics

BOARD COMMITTEES:

- Member of the Social, Ethics and Transformation Committee
- Member of the Human Resources and Remuneration Committee
- Member of the Information, Communication and Technology Governance Committee



Mr Frans Baleni

Independent
Non-Executive Director

Resigned: November 2024

QUALIFICATIONS:

- BA Social Science Development Studies
- Diploma in Political Science and Trade Unionism
- Project and Infrastructure Finance Programme
- Board of Directors Certificate in Management Development
- Certificate in Human Resources Management
- Certificate in Building on Talent Management

EXPERTISE:

- Human Resources
- Education
- Social Science
- Health and Safety
- Stakeholder Management
- Social Development

BOARD COMMITTEES:

- Chairperson of the Information, Communication and Technology Governance Committee
- Member of the Social, Ethics and Transformation Committee
- Member of the Risk Committee
- Member of the Directors' Affairs Committee



Executive Management



Mr Patrick Dlamini

Incoming Chief Executive Officer, Executive Director of the Board (ex-officio executive)

Appointed: June 2025, started in July 2025

QUALIFICATIONS:

- MSc in Global Finance (MSGF), HKUST-NYU Stern
- BCom
- Advanced Executive Programme
- EDP
- Advanced Specialist Financial Management Programme



Mr Abel Sithole

Outgoing Chief Executive Officer, Executive Director of the Board (ex-officio executive)

Term Ended: 31 July 2025

QUALIFICATIONS:

- Master of Arts (International Relations)
- Master of Philosophy (Futures Studies)
- Master of Business Administration
- Bachelor of Arts



Ms Batandwa Damoyi

Chief Financial Officer Executive Director of the Board

QUALIFICATIONS:

- Chartered Accountant (SA)
- Strategic Leadership Programme (GIBS)
- Certificate of Theory in Accounting
- Postgraduate Diploma in Management Accounting
- Bachelor of Science



Mr Kabelo Rikhotso

Chief Investment Officer
Executive Director of the Board

QUALIFICATIONS:

- Chartered Financial Analyst (CFA Institute)
- MCom (Financial Economics)
- BCom Honours (Financial Analysis and Portfolio Management)
- BSc (Mathematical, Physical and Statistical Sciences)



Ms Makano Mosidi

Chief Technology Officer

QUALIFICATIONS:

- Bachelor of Commerce (Financial Accounting and Computer Science)
- University Education Diploma (Accounting and Economics)



Mr August van Heerden

Chief Risk Officer

QUALIFICATIONS:

- Chartered Accountant (SA)
- Global Leadership Programme
- International Executive Programme INSEAD
- Advanced Diploma in Banking Law
- Bachelor of Accounting Science (Honours)
- Bachelor of Commerce
- Diploma in Financial Markets and Instruments

Executive Management



Ms Rubeena Solomon

Head: ESG
Acting Chief Operating Officer

From: 08 February 2024

QUALIFICATIONS:

- Master of Business Administration
- Bachelor of Commerce (Honours)
- Bachelor of Commerce
- Certificate in Corporate Governance
- Higher Certificate in Islamic Banking and Finance Law



*Mr Vuyani Hako

Chief Operating Officer

QUALIFICATIONS:

- Master of Business Management and Administration
- Business Management and Administration (Honours)
- Bachelor of Science in Town and Regional Planning
- Property Development Programme
- Executive Leadership Programme

** Resigned on 19 August 2024*

Company Secretary



Ms Bongani Maserumule

Company Secretary

QUALIFICATIONS:

- Admitted as Attorney and Conveyancer of the High Court of South Africa
- LLM: Commercial Law
- B Proc
- Certificate in Advanced Corporate Law
- Certificate in Board Leadership



PART THREE

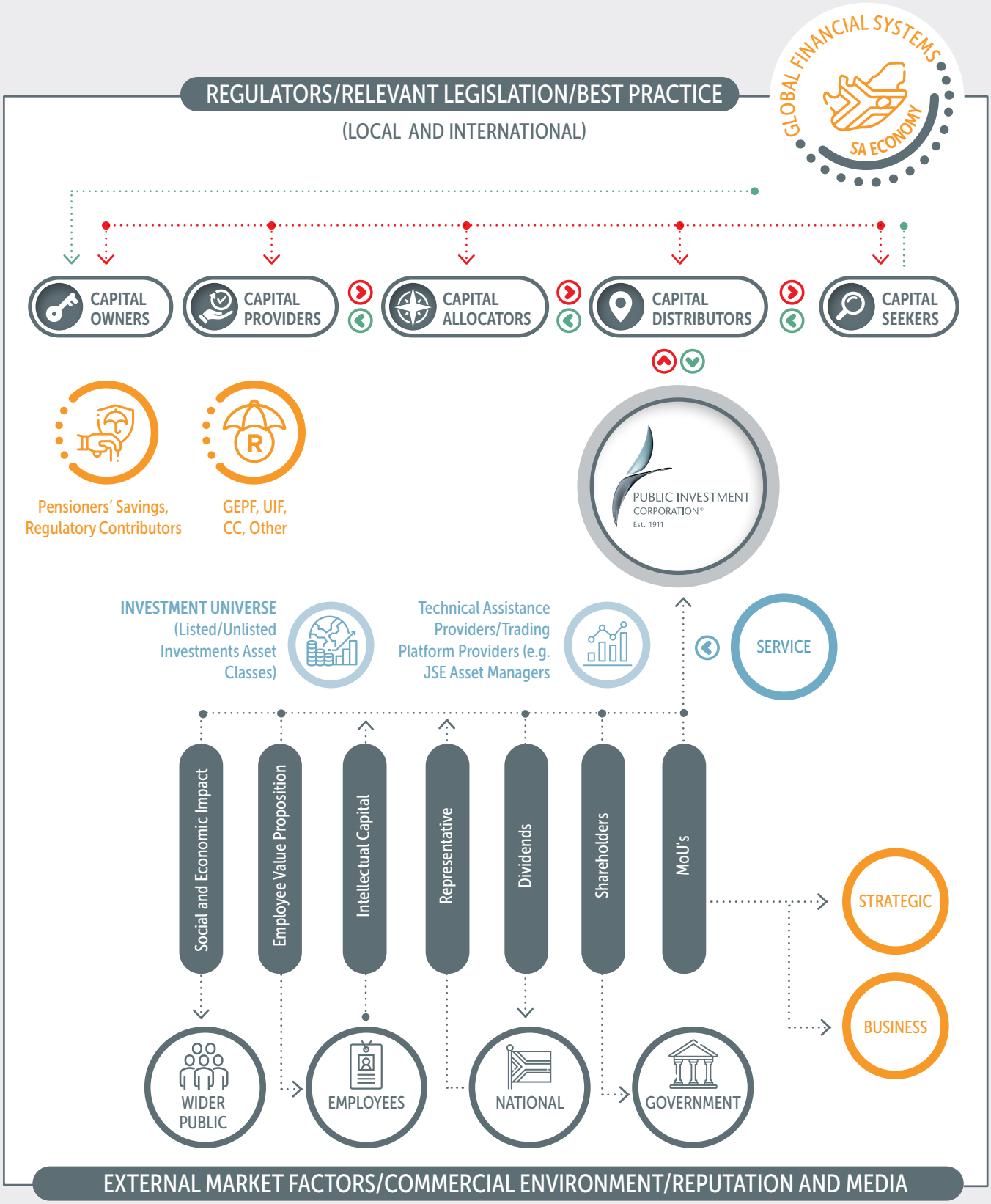
NAVIGATING THE PIC'S ENVIRONMENT



As a prominent institutional investor, the PIC holds a pivotal position within the financial ecosystem, strategically deploying capital to fuel economic growth and development. The Corporation acknowledges its duty to invest responsibly, generating returns while also contributing to a sustainable and resilient economy. By channelling funds into key sectors of the economy, the PIC actively drives progress and creates enduring value for all stakeholders.

THE PIC'S ECOSYSTEM

Successful execution of the PIC's investment strategy requires it to interact with various stakeholders. The schematic representation below illustrates the many stakeholders that the PIC interacts with in the asset management ecosystem.



THE PIC'S OPERATING CONTEXT

The PIC rigorously monitors the external economic environment to achieve and safeguard long-term sustainability across its investment markets. This contextual analysis is integrated into strategy development to enable the PIC to maintain agility in investment planning.

Market Backdrop For Financial Year 2024/25: Economic Review

Global economic conditions and outlook

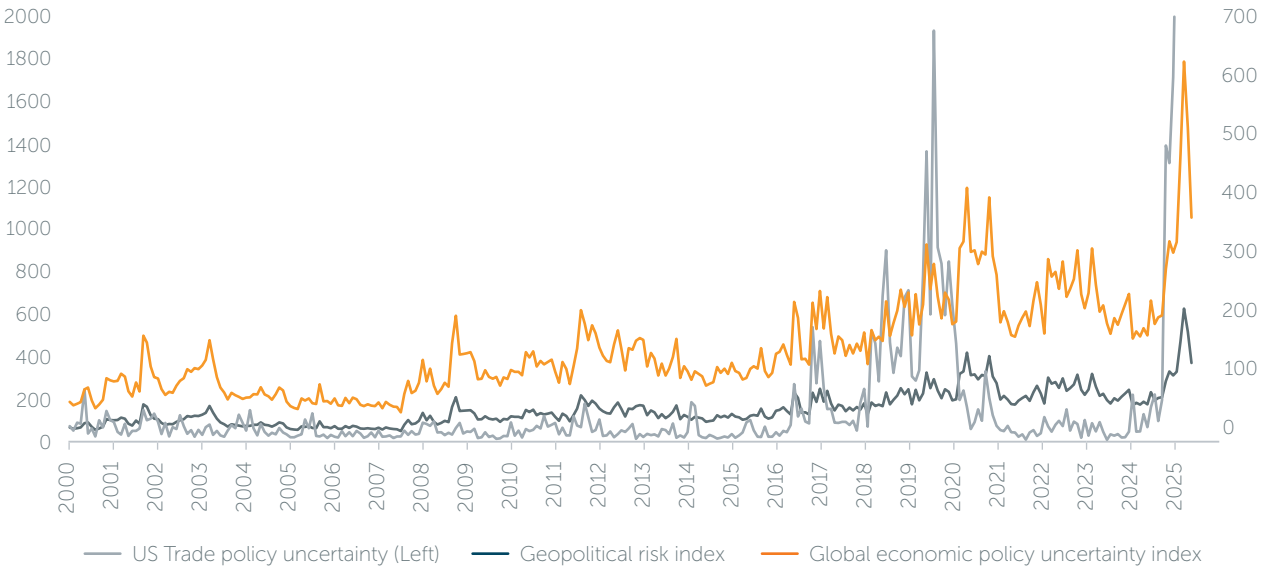
The global economy showed resilience throughout 2024 and early 2025, despite ongoing geopolitical tensions, elevated interest rates, and heightened uncertainty in the first quarter of 2025, following the start of US President Donald Trump's second administration.

While the US economy benefited from household consumption, global manufacturing faced pressure, particularly in China and Germany, due to subdued demand for manufactured goods. Services, however, remained strong. The combination of the existing manufacturing strain and new trade tariffs, especially those targeting China, continues to pose a significant risk to manufacturing nations.

A weaker Chinese economy negatively impacts emerging markets, particularly in an uncertain global environment where investors are risk-averse. The last quarter of the financial year (Quarter one 2025) was marked by uncertainty - a trend the PIC expect to continue through the remainder of the second Trump term.

This volatile environment makes predicting market movements difficult. It is also anticipated to have a negative impact on global investments. The PIC foresees lower short-term global economic growth, as uncertainty erodes business confidence, and increased trade frictions weaken global trade and reconfigure relationships.

GEOPOLITICAL AND TRADE POLICY DRIVE UNCERTAINTY



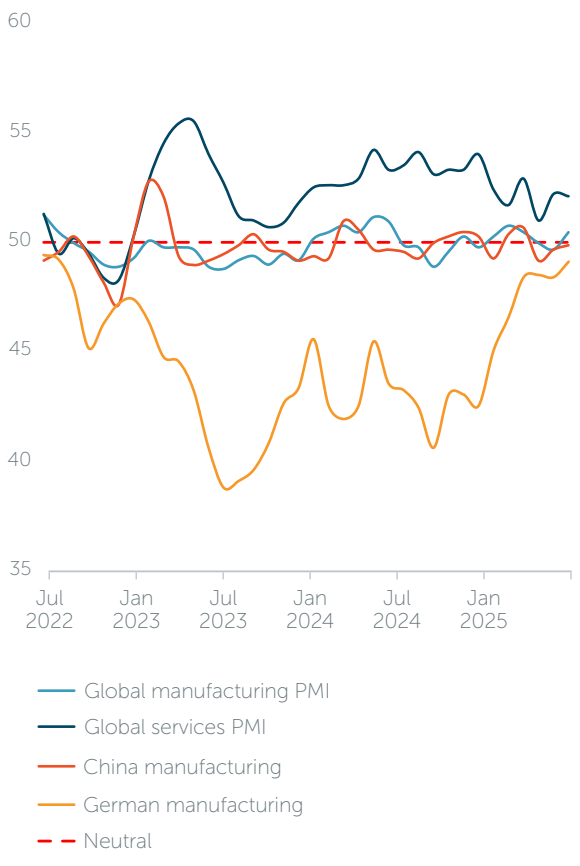
Source: PIC, Economic Policy Uncertainty

While the US economy benefited from household consumption, global manufacturing faced pressure, particularly in China and Germany, due to subdued demand for manufactured goods.

While lower global growth is anticipated, trade frictions are expected to increase inflation as producers pass costs on to consumers. Inflation was already decelerating slower than expected in the period under review, with core inflation remaining elevated in many economies, mainly due to persistent growth in services prices.

In response, central banks in both advanced and emerging market economies adopted a cautious approach to monetary policy easing, opting for shallower interest rate cuts. With higher tariffs under the Trump administration and heightened uncertainty, the PIC anticipates tighter financial conditions, leading to reduced capital flows into emerging markets. Domestic investors in these markets will need to fill the void as international investors avoid riskier emerging markets.

GLOBAL MANUFACTURING PMIs



Source: PIC, Bloomberg

With trade uncertainty expected to take centre stage, geopolitical tensions continue to pose a significant challenge, having dominated most of the financial year. These tensions remained elevated throughout, contributing to market volatility and economic uncertainty. The ongoing conflict in Ukraine continued to impact global energy markets, while Middle East tensions complicated trade as routes were disrupted.

Market sentiment fluctuated throughout the period. Initial optimism regarding central bank easing monetary policy waned as inflation proved more persistent than initially expected. Another major driver of market performance was the continued AI-driven rally in US technology firms, which also contributed to volatility, as any negative news led to significant negative market reactions. Ahead of the US elections in November 2024, the market was jittery, perhaps less so than in the current highly uncertain environment due to Trump's erratic policy positions.

Global economic growth is expected to reach 2.7%, according to World Bank projections, despite anticipated headwinds from US tariff implementations. These trade policy adjustments are expected to create an adverse supply shock. Significant risk of broader global trade fragmentation remains as supply chains reconfigure and market share dynamics shift – potentially triggering more widespread trade friction as nations position themselves defensively against changing economic conditions.

China's likely strategy to offset lost US market share by increasing exports to other countries may prompt additional protectionist measures globally, further complicating the outlook for already challenged manufacturing sectors. The uncertainty surrounding policy changes and retaliatory actions could substantially impact market sentiment, potentially affecting investment decisions and capital flows. These effects, however, may be less pronounced than during Trump's previous administration.

The biggest risk is more widespread global trade friction as market share shifts and countries battle to protect their economies, leading to lower global growth and inflation–stagflation. In this scenario, the hands of central banks would be tied, as cutting interest rates to support growth would not be an option in a high-inflation environment. This could mean higher interest rates and tighter global financial conditions for longer.

Significant risk of broader global trade fragmentation remains as supply chains reconfigure and market share dynamics shift – potentially triggering more widespread trade friction as nations position themselves defensively against changing economic conditions.

Global economic growth forecasts

REGION/COUNTRY	Estimate		Forecast			Percentage point difference from January forecast	
	2023	2024	2025	2026	2027	2025	2026
World	**2.8**	**2.8**	**2.3**	**2.4**	**2.6**	**-0.4**	**-0.3**
Advanced economies	**1.7**	**1.7**	**1.2**	**1.4**	**1.5**	**-0.5**	**-0.4**
United States	2.9	2.8	1.4	1.6	1.9	-0.9	-0.4
Euro area	0.4	0.9	0.7	0.8	1.0	-0.3	-0.4
Japan	1.4	0.2	0.7	0.8	0.8	-0.5	-0.1
Emerging markets	**4.4**	**4.2**	**3.8**	**3.8**	**3.9**	**-0.3**	**-0.2**
East Asia and Pacific	5.2	5.0	4.5	4.0	4.0	-0.1	-0.1
China	5.4	5.0	4.5	4.0	3.9	0.0	0.0
Indonesia	5.0	5.0	4.7	4.8	5.0	-0.4	-0.3
Thailand	2.0	2.5	1.8	1.7	2.3	-1.1	-1.0
Europe and Central Asia	3.6	3.6	2.4	2.5	2.7	-0.1	-0.2
Russian Federation	4.1	4.3	1.4	1.2	1.2	-0.2	0.1
Turkey	5.1	3.2	3.1	3.6	4.2	0.5	-0.2
Poland	0.2	2.9	3.2	3.0	2.9	-0.2	-0.2
Latin America and the Caribbean	**2.4**	**2.3**	**2.3**	2.4	2.6	-0.2	-0.2
Brazil	3.2	3.4	2.4	2.2	2.3	0.2	-0.1
Mexico	3.3	1.5	0.2	1.1	1.8	-1.3	-0.5
Argentina	-1.6	-1.8	5.5	4.5	4.0	0.5	-0.2
Middle East and North Africa	**1.6**	**1.9**	**2.7**	3.7	4.1	-0.7	-0.4
Saudi Arabia	-0.8	1.3	2.8	4.5	4.6	-0.6	-0.9
Iran, Islamic Rep.	5.0	3.0	-0.5	0.3	1.8	-3.2	-1.9
Egypt, Arab Rep.	3.8	2.4	3.8	4.2	4.6	0.3	0.0
South Asia	**7.4**	**6.0**	**5.8**	6.1	6.2	-0.4	-0.1
India	9.2	6.5	6.3	6.5	6.7	-0.4	-0.2
Bangladesh	5.8	4.2	3.3	4.9	5.7	-0.8	-0.5
Pakistan	-0.2	2.5	2.7	3.1	3.4	-0.1	-0.1
Sub-Saharan Africa	**2.9**	**3.5**	**3.7**	4.1	4.3	-0.4	-0.2
Nigeria	2.9	3.4	3.6	3.7	3.8	0.1	0.0
South Africa	0.8	0.5	0.7	1.1	1.3	-1.1	-0.8
Angola	1.0	4.4	2.7	2.6	3.2	-0.2	-0.3

Source: PIC, World Bank

Domestic economic conditions and outlook

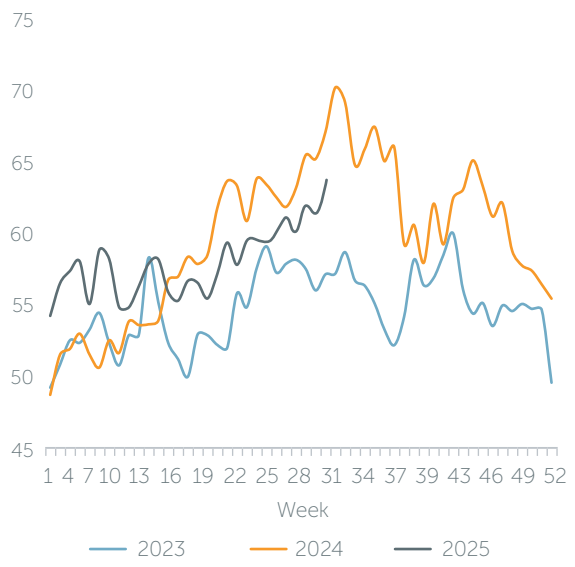
Given constraints in the global economy, the PIC anticipates a substantial impact on its domestic equity and property portfolios. The local economy has continued to face constraints, which include inconsistent power supply and poor infrastructure. Energy crises, by nature, increase operational costs and decrease productivity for many enterprises, reducing profitability and investor returns. Domestic companies, reliant on consistent power supply, may face disruptions, leading to a volatile equity market that hinders investment performance.

Similarly, infrastructure constraints, including inefficiencies in transportation and logistical operations, adversely affect the property market. Limited infrastructure development and maintenance issues can lead to reduced property values and rental incomes, affecting overall returns from property investments. Investments in commercial properties such as offices, industrial, and retail spaces, can experience diminished demand due to the higher operational costs and logistical challenges faced by tenants.

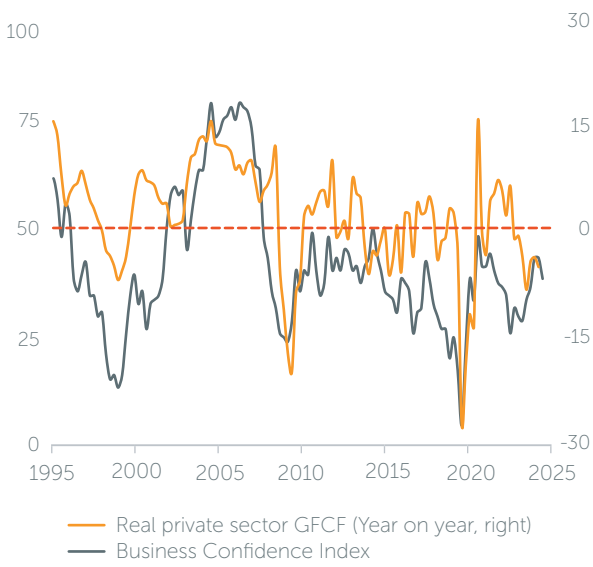
The PIC has taken proactive measures to mitigate these risks, with emphasis placed on diversifying investment portfolios to minimise exposure to sectors most affected by the energy crisis and infrastructure constraints. In addition, the PIC actively engages with policymakers to advocate for improved energy policies and infrastructure development to create a more conducive environment for economic growth.

While infrastructure constraints present significant challenges to economic growth and investment performance, the PIC remains committed to navigating these hurdles through strategic planning and diversification. The projected modest GDP growth underscores the need for continued vigilance and adaptation to ensure sustainable returns for its domestic equity and property portfolios.

ESKOM ENERGY AVAILABILITY FACTOR (EAF)



CONFIDENCE AND PRIVATE INVESTMENT



Source: PIC Research, Eskom NTCSA, BER, RMB, Stats SA
Note: GFCF = gross fixed capital formation

*Unemployment continues to hover near record highs, at approximately **33%**.*

*Youth unemployment surpassing **60%**.*

These structural challenges significantly constrain consumer spending and economic momentum, thereby impacting the PIC's retail and consumer-linked investments.

The unemployment rate rose to 32.9% as the economy shed ***291*** *thousand jobs in quarter one 2025.*



Source: PIC, Stats SA

The Quarterly Labour Force Survey for quarter one 2025 showed a total employment decrease of 291 000, leading to an increase in the unemployment rate to 32.9% from 31.9% in the previous quarter. In light of this trend, consistent growth, particularly through infrastructure investment, is required for any optimism in the employment outlook.

While steady employment in the formal private sector indicates a need for further GDP growth to maintain employment gains, the mining and manufacturing sectors have faced job cuts. Economic struggles and a lack of private-sector investment have hindered employment recovery. Mercedes-Benz South Africa has suspended manufacturing operations in their East London plant until the end of July as the weight of US tariffs impacts domestic production and global supply chains.

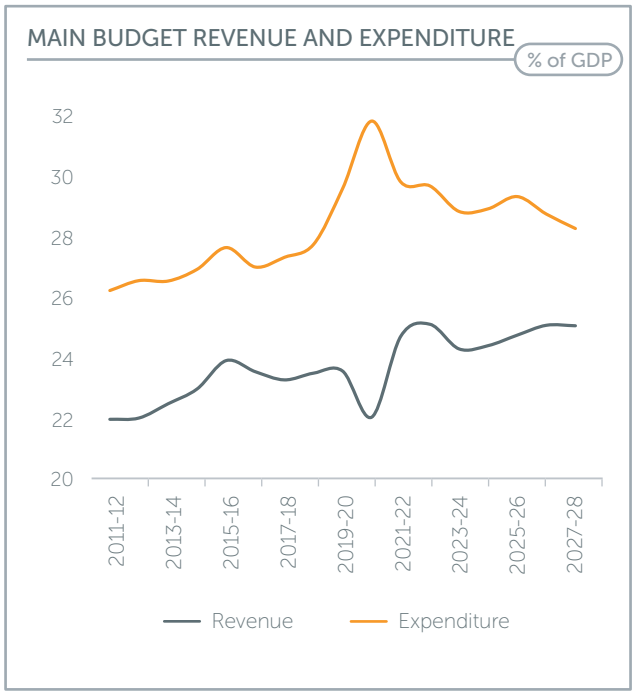
The automotive industry, which contributes significantly to South Africa's GDP and export revenues, could face immediate retrenchments of up to 3 000 workers due to the loss of local steel supply and a 25% tariff on the sector (and a 30% broad tariff on all South African exports to the US) by the Trump administration. However, there is a glimmer of hope as confidence is rising and load shedding, for the most part, seems to have been resolved.

South Africa's public debt is nearing all-time highs as a percentage of GDP, exacerbated by financial strain from state-owned enterprise bailouts, such as those for Eskom. This situation places significant pressure on government finances, impacting the PIC's bond holdings and the GEPF, its major client.

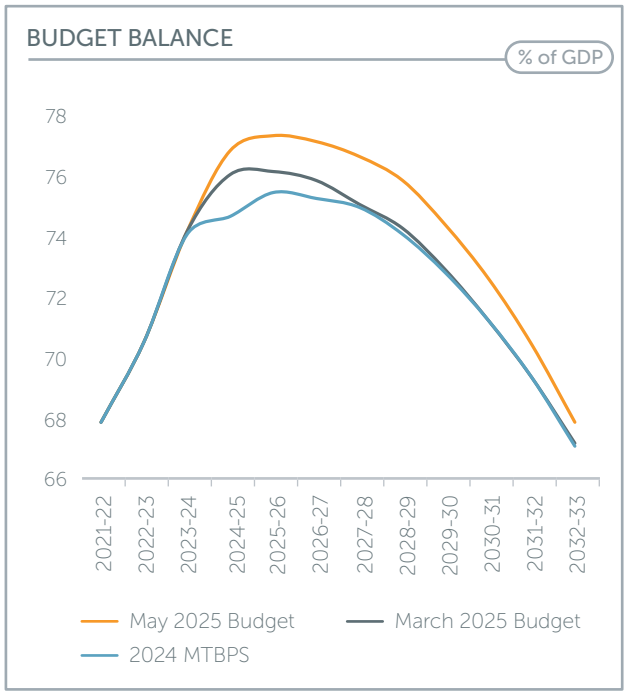
In the May 2025 Budget, the National Treasury has revised its 2025 GDP growth forecast to 1.4%, down from 1.9% in the March 2025 Budget.

The consolidated budget deficit is forecasted to narrow to 3.4% in the financial year 2027/28. The gross borrowing requirement for the financial year 2025/26 is projected at R588 billion. Risks to the fiscal outlook are balanced, with reduced risks from compensation, but potential downside risks are from lower growth and geopolitical issues.

The budget is expected to have a muted response due to the no VAT increase, which protects the poor. Investment implications suggest that maintaining a primary budget surplus and limiting borrowing could stabilise bond yields, while infrastructure stocks may improve if funding clarity is achieved. Overall market sentiment will be cautious, but the budget aims to restore investor confidence through State-Owned Enterprise reforms, fiscal prudence, and infrastructure funding.



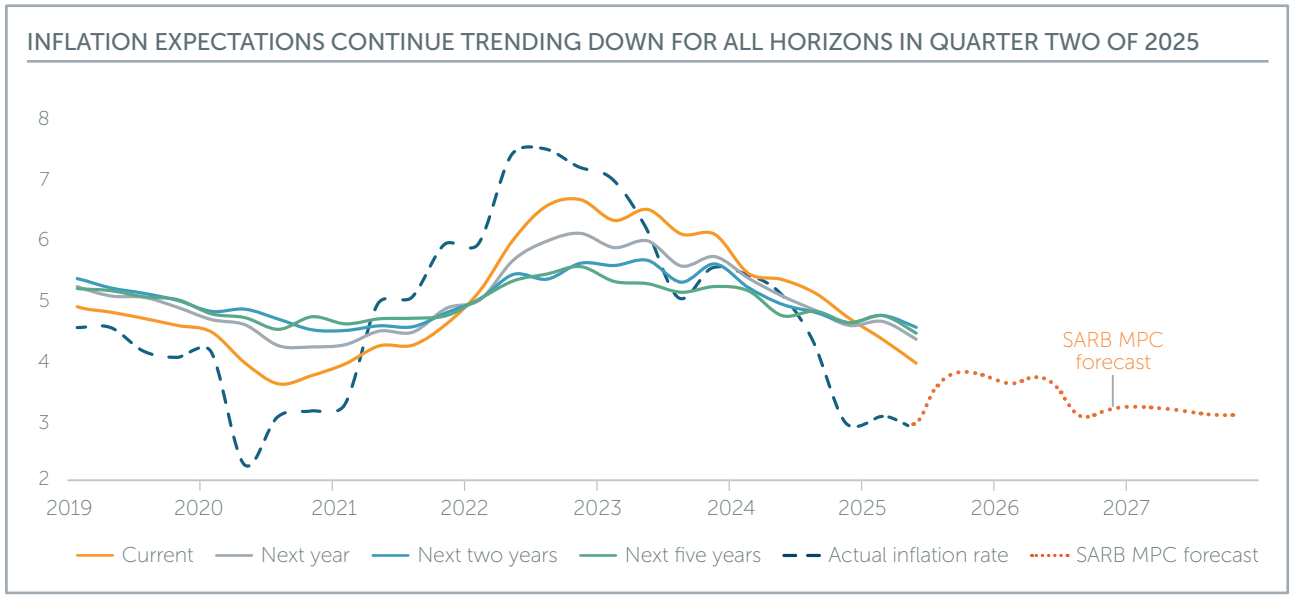
Source: PIC, National Treasury, Bloomberg



Source: PIC, National Treasury, Bloomberg

Inflation is currently within the South African Reserve Bank's (SARB) target range of 3-6%, averaging 3% in early 2025. However, potential risks from rising food prices, electricity tariff hikes, a lower target, and wage pressures may necessitate elevated rates. These developments could impact the PIC's fixed income returns and increase the cost of capital for developmental investments.

Inflation is expected to average below 4% in 2025, though electricity tariff hikes pose a risk. The potential escalation of conflict in the Middle East could disrupt oil supplies, impacting costs, economic growth, and monetary policy.

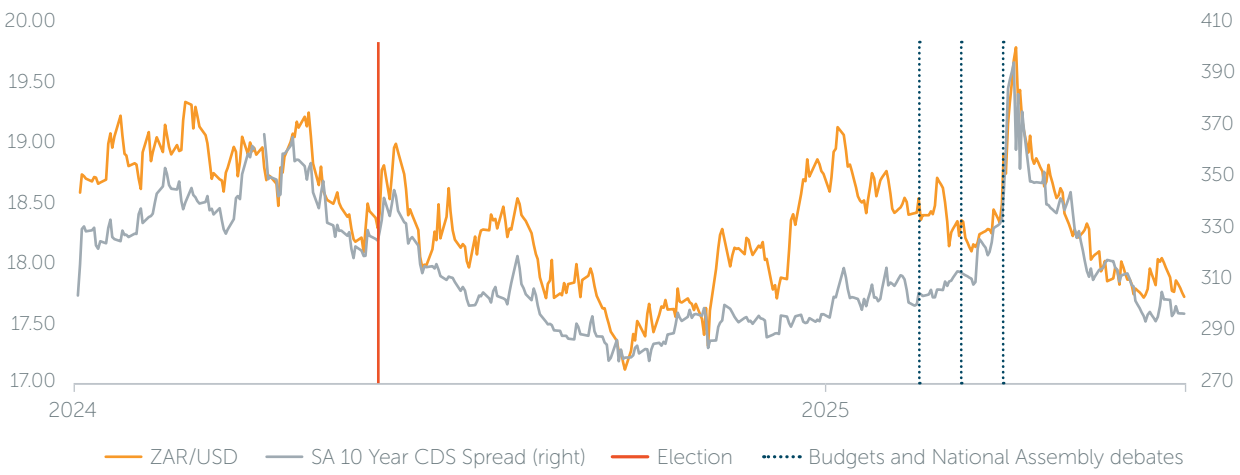


Source: PIC, BER, SARB, Bloomberg
Note: Forecast based on the SARB MPC meeting held in July 2025

The MPC revised its short-term repo rate outlook downward in line with adjustments to its inflation forecasts. The interest rate is projected to stabilise at a neutral rate of around 7.00% by the end of 2025.

In the May 2025 MPC meeting, the committee delved into two scenarios with a 3% inflation target, which suggests a gentler trajectory for interest rates compared to the baseline scenario. This approach envisions the policy rate dropping below 6%, anchoring inflation expectations at 3% by 2026 and gradually enhancing economic performance. The MPC views the 3% scenario as preferable and plans to assess it further in upcoming meetings to consolidate lower inflation and enable persistently reduced interest rates.

RISK PREMIUM AND RAND-US DOLLAR EXCHANGE RATE SPIKE AROUND UNCERTAINTY



Source: PIC, Bloomberg

South Africa's near-term economic fundamentals may likely remain constrained by structural impediments. However, the PIC expects improvement once key structural reforms and economic support interventions, like Operation Vulindlela, are accelerated and start to bear fruit later in the year. Looking ahead, the PIC expects the rand to conclude 2025 closer to our fair value at approximately R18/USD.

The PIC's view is that the currency is likely to trend sideways around this level over the medium-term forecast horizon. From an external view, any appreciation in a high beta emerging market currency such as the rand will continue as the Fed implements further rate cuts. However, high-frequency data indicate that the Fed may not cut rates by as much as the market was pricing in at the beginning of the year.

While South Africa faces numerous challenges, including inflationary pressures and external economic uncertainties, there is cautious optimism for the year ahead. The PIC expects the SARB's measured approach to adjusting interest rates, in response to both domestic and international influences, to stabilise the economic environment. Structural reforms and policy implementations are crucial and are expected to yield positive outcomes in the latter part of the year. As global monetary trends evolve, particularly with the Fed's rate decisions, the rand's trajectory will be closely monitored. The outlook suggests a period of adjustment with potential for gradual economic improvement, positioning South Africa to better navigate future economic landscapes.



THE PIC STAKEHOLDER UNIVERSE

Active stakeholder engagement and relationship management have become increasingly important in the life of any organisation. Successful stakeholder management is predicated upon the organisation's knowledge of its stakeholders, their interests, level of influence, the trust that they hold and the integrity with which they comprehend the organisation as a strategic partner.

Stakeholder management is intended to be an active process, not a matter of chance. A dedicated, strategic and coordinated approach to stakeholder management is crucial, providing the organisation with a uniform way of dealing with multiple stakeholders.

Stakeholder management is an important component of the PIC business model, as stakeholders are central to its long-term growth and sustainability. The Board subscribes to Principle 16 of King IV™, which states that: "In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time."

The Board further endorses the principles of fairness, accountability, responsibility, transparency where appropriate, integrity and competency in all its dealings with stakeholders, as embodied in King IV™, to the extent that these align with the legislation governing the PIC.

The Board acknowledges that good corporate governance and effective communication are essential to deliver the PIC's mandate and to protect its brand, reputation and relationships with all stakeholders. The SETCO oversees stakeholder engagement.

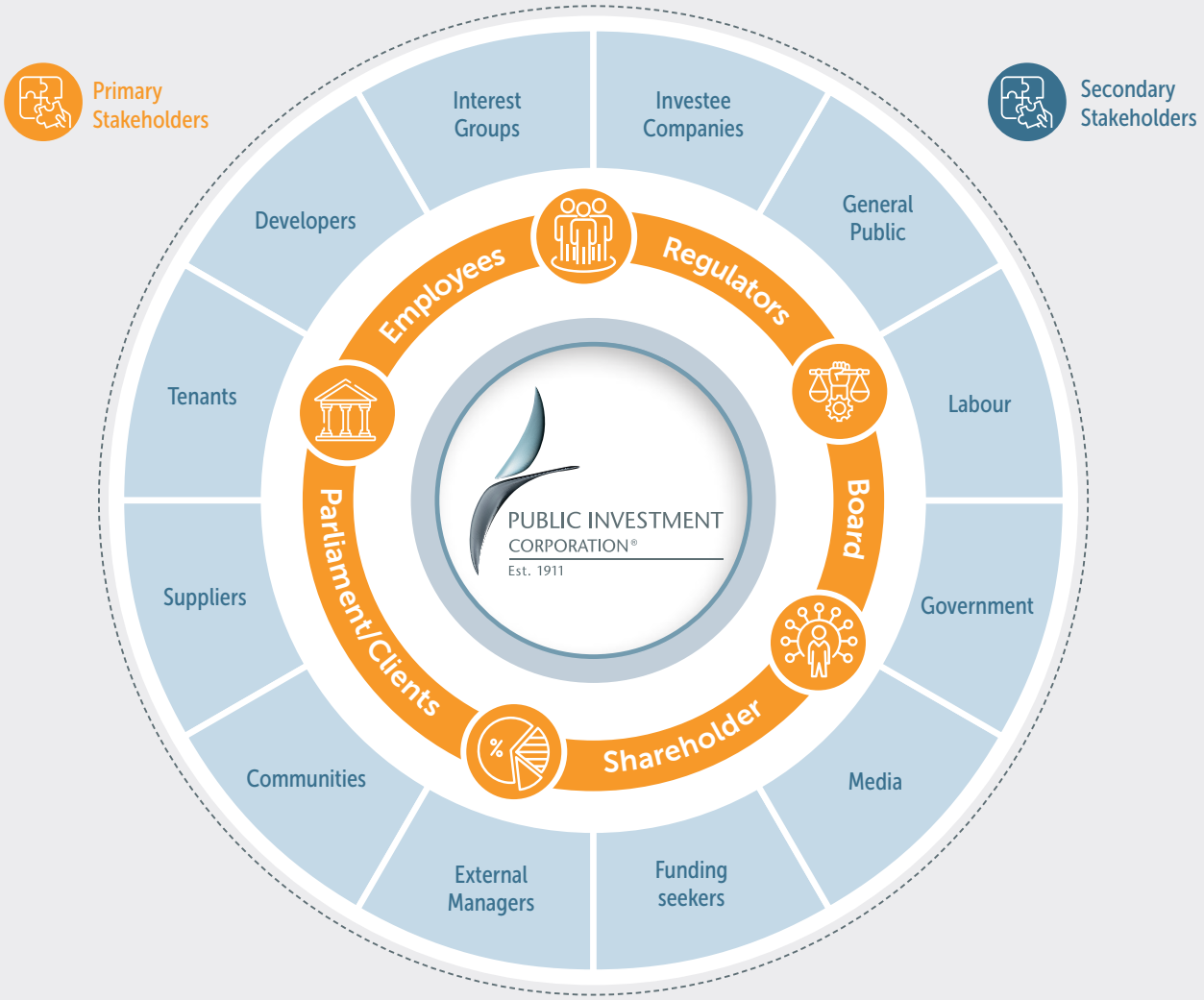
This 2024/25 Integrated Annual Report presents the theme "Creating Sustainable Value for the Future" – a theme that aligns with and embodies the core principles of South Africa's Presidency of the G20 in 2025. By focusing on sustainable value creation through responsible investment and responsiveness to stakeholder needs, the PIC supports the G20's global objectives: a world built on solidarity, equality, and sustainability for generations to come.

The PIC maintains a long-term investment approach, prioritising sustainability over short-term returns. For the PIC, sustainability means ensuring the long-term viability and growth of the assets entrusted to its custody through the growth of the underlying companies and organisations. For the G20, sustainability encompasses environmental, social, and economic sustainability on a global scale – principles that the PIC fully supports and are embedded in its investment strategy.

The PIC uses a Board-approved Stakeholder Management Framework to categorise its different stakeholders and how to engage each stakeholder under different circumstances. The PIC's stakeholders are divided into Primary Stakeholders and Secondary Stakeholders. The Primary Stakeholders are those without whom the PIC cannot exist.

For the PIC, sustainability means ensuring the long-term viability and growth of the assets entrusted to its custody through the growth of the underlying companies and organisations.

PIC Stakeholders at a glance:



Stakeholder Management at the PIC is based on the following principles:

- **Consultation:** The PIC shall consult with its stakeholders and be inclusive in undertaking its mandate. This entails that, as far as possible, the PIC should be responsive and reciprocal to its stakeholders.
- **Increasing access:** Access to the PIC goes beyond physical access but includes access through such platforms as normal electronic platforms and access to information as defined in terms of the Promotion of Access to Information Act (PAIA).
- **Ensuring courtesy:** In dealing with the stakeholders, the PIC shall strive to be courteous, impartial and objective.
- **Providing information:** The PIC shall provide stakeholders with information that is mutually beneficial to the PIC and stakeholders, for as long as such information does not compromise the PIC and/or is not confidential.
- **Openness and transparency:** The PIC shall, at all times, strive for openness and transparency in dealing with its stakeholders.

Engagements

Based on the above principles of stakeholder engagement, the PIC held regular engagements with various key stakeholder groups. These engagements aim to foster transparent and open relationships. Collaboration is central to the PIC's approach. The PIC actively engages with:



STAKEHOLDER	AREAS OF ENGAGEMENT
The Financial Sector Conduct Authority	› Compliance with various pieces of legislation, but most importantly, the FAIS Act. › Various compliance-related matters.
The South African Reserve Bank	› Investments in the financial sector – becoming significant owners in financial institutions by exceeding the limit of 15% shareholding in South African Financial Institutions (significant ownership). › Investments in foreign jurisdictions.
The Financial Intelligence Centre	› Money laundering prevention and the country's grey-listing.
Companies and Intellectual Property Commission (CIPC)	› Reporting of delinquent Directors in investee companies. › Amendments to the PIC's MOI.



National Treasury	› Rescheduling of the PIC from a Schedule 3B to a Schedule 2 Public Entity › Accountant General on accounting matters of investee companies affecting the UIF and CF's financial statements and audit outcomes.
Minister of Finance (as Shareholder)	› PIC Annual General Meeting.
Parliament	› Presentations to the Standing Committee on Public Accounts (SCOPA). › Presentations to the Standing Committee on Finance (SCOF) and the Select Committee on Finance (SeCOF). › Parliamentary questions.
Deputy Minister of Finance	› Matters related to his role as PIC Board Chairperson. › Parliamentary Matters. › G20 Matters and hosting of G20 events by the PIC.

STAKEHOLDER	AREAS OF ENGAGEMENT
 Clients	› Quarterly Client Investment Committee meetings. › Quarterly Exco-to-Exco meetings. › Quarterly Investment Liason Committee meetings. › Quarterly Communication Liaison Committee meetings. › Bi-annual Board-to-Board meetings. › Bi-annual Investment Committee-to-Investment Committee meetings. › Site visits with Trustees/Board members of clients to strategic investments – local and internationally. › Ad-Hoc meetings as and when required.
 Employees	› Executive management's meetings with employees and communication on key issues. › CEO's "Town Hall" meetings. › Regular communiques on issues of interest to employees.
 Media	› Various media statements and media queries responded to. › Media briefing on the publication of the PIC Integrated Annual Report and Annual Financial Statements. › Various thought-leadership/opinion pieces that were published in mainstream media. › TV and radio interviews and participation by PIC officials as subject experts at conferences.
 Listed Companies and Unlisted Companies	› Engaging on ESG and climate-related matters is an integral part of the PIC's approach to managing sustainability and demonstrating its commitment to promote positive environmental and social outcomes. Engagement enables the PIC to: • Understand how investees manage ESG risks. • Encourage transition plans. • Promote improved disclosure and accountability. • Support inclusive transition measures. • Support equitable and fair remuneration practices. • Transformation. • The PIC also engages externally with regulators, policymakers, sustainability bodies and peer investors to strengthen industry influence and drive systemic change. • Details on investee company engagements are available in the ESG report on pages 124 to 172.

Corporate Social Investments

The PIC is a committed, responsible corporate citizen. It has clear corporate values that recognise the broader interests of others and the communities in which it, or the companies it is invested in, operate. Transparency and sound corporate governance practices must be upheld across all business functions. The PIC takes a broader view of its role in society and recognises the importance of socio-economic development, ethics, safety, health and environmental management in its dealings.

The PIC's CSI programmes are aligned with its strategic focus on accelerating sustainable socio-economic development.

The PIC's CSI strategic focus areas are:

- Education and training;
- Socio-economic development; and
- Agriculture, conservation and the environment.

CSI activities are aligned with the National Development Plan (NDP), the United Nations' Sustainable Development Goals (SDGs) and King IV™.

These focal areas, adopted from the approved CSI Strategy, guide the coordination of initiatives into a coherent portfolio of projects aligned with the PIC's purpose and values.

The PIC collaborates through impactful partnerships to:

- Support food and water security;
- Expand early childhood development access;
- Empower youth through STEM education and job-readiness training; and
- Promote gender equality and address gender-based violence.
- HIV awareness and testing.

These efforts benefited thousands of individuals and demonstrated measurable contributions to the NDP and the SDGs, and alignment with King IV™.

A full report on the PIC's CSI initiatives is available on pages 173 to 185 of this report.



The PIC takes a broader view of its role in society and recognises the importance of socio-economic development, ethics, safety, health and environmental management in its dealings.

Value Creation for stakeholders

The PIC value creation model represents how resources and relationships are managed to create sustainable value for all its stakeholders. The full details of the value creation for different stakeholders are available on page 18 of this report.

The PIC's Legislative and Regulatory Environment

The PIC is regulated by various laws and regulations:





The PIC Act

This legislation establishes the PIC as a state-owned company with the main objective of serving as an FSP in terms of the FAIS Act. It was amended by the Public Investment Corporation Amendment Act, No. 14 of 2019. It provides for the PIC's governance arrangements, specifically concerning the appointment of the Board of Directors, Board composition, Board authority, and Board committees. It sets the PIC's investment objectives, which are mainly focused on delivering both social and financial returns. This investment mandate must be carried out in accordance with the investment policy and client mandates.

PFMA

The PIC is a public entity listed in Schedule 3B of the PFMA and is therefore required to comply with the PFMA's requirements. In addition to the PIC Act, the founding legislation of some public entities specifically directs them to invest monies not required for immediate use, with the PIC, which bolsters PIC operations.

The FAIS Act

The PIC is regulated by the Financial Sector Conduct Authority through the operation of the FAIS Act. The PIC is a Category I and II licensed FSP in terms of the FAIS Act. The PIC is required to comply with all aspects of the FAIS Act and to conduct its business within the limits of its FAIS license conditions.

As a financial service provider and institutional investor in various markets, both listed and unlisted, the PIC is regulated by various legislation in the jurisdictions where it conducts its business and must comply with exchange laws and regulations, as well as competition laws, among others, in the regions where it invests.

Other relevant laws and regulations

The investment operations of the PIC are regulated by the Financial Sector Conduct Authority (FSCA), as the corporation is an approved financial services provider under the Financial Advisory and Intermediary Services (FAIS) Act, No. 37 of 2002. In addition to these regulations, the PIC must also comply with a range of other South African legislation, including the Companies Act, No. 71 of 2008, the Competition Act, No. 89 of 1998, and the Financial Intelligence Centre Act (FICA), No. 38 of 2001. As an institutional investor, the PIC is also required to adhere to various exchange laws, regulations, and competition laws in the different jurisdictions where it conducts its business, both in listed and unlisted markets.

Refer to pages 228 to 231 for information on compliance governance.

COMMITMENT TO RESPONSIBLE INVESTING

Section 10 of the PIC Amendment Act requires that, when considering investments, the PIC should seek to invest for sustainable development. This is in line with the PIC's investment process, which integrates ESG and is aligned with its vision of being an impactful investor. This is further supported by Regulation 28 of the Pension Funds Act, No. 24 of 1956, which guides the PIC to "consider any factor which may materially affect the sustainable long-term performance of the asset, including, but not limited to, those of an [ESG] character", before and while invested in an asset.

The PIC remains committed to responsible investing and ESG through alignment with best practice principles and support for both local and international frameworks and guidelines. The PIC remains a signatory to the PRI and UNGC and continues to endorse CRISA 2.



Refer to the CRISA Principles and PIC Compliance statement on the website.

Approach To ESG

The PIC's approach to ESG is rooted in the belief that integrating ESG factors into investment processes supports long-term value creation and risk management. The PIC incorporates ESG analysis across asset classes, engages with investee companies to drive sustainable outcomes, and aligns with global frameworks to ensure responsible investment practices. Its stewardship activities focus on active ownership, including proxy voting and constructive engagement, to influence positive change and safeguard stakeholder interests.



For the PIC's climate change position statement, refer to the website.

The PIC is also acutely aware that climate change remains one of the most urgent and complex environmental challenges facing the global community. According to the United Nations Intergovernmental Panel on Climate Change's Sixth Assessment Report, significant reductions in greenhouse gas (GHG) emissions are required to avoid breaching global warming thresholds of 1.5°C and 2°C. Africa is especially vulnerable due to its reliance on climate-sensitive sectors, geographic exposure, and limited adaptive capacity. Against this backdrop, the PIC is enhancing its resilience and reducing emissions through a just transition energy strategy that supports national decarbonisation ambitions and long-term sustainability.

The PIC views climate change as a systemic financial risk that can undermine asset performance and value creation in the long term. It recognises the opportunity to unlock value by investing in green economy initiatives to reduce carbon emissions and to prioritise industries like renewable energy, sustainable infrastructure, and resource efficiency. The impact of climate change varies across different regions of the continent, and the PIC advocates for tailored solutions to meet the unique realities in respective territories. Through ESG integration, the PIC seeks to manage climate risks, capture opportunities, and contribute to a low-carbon future.

The PIC recognises the value of cooperating with global climate-related financial disclosures. It is preparing to align reporting obligations with the International Sustainability Standards Board (ISSB) and the International Financial Reporting Standards (IFRS) S2 Climate-related disclosures standard, which incorporates the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. These standards guide the organisation's climate risk governance, financial planning, and performance tracking, ensuring transparency and resilience in investment decisions.



The PIC recognises the opportunity to unlock value by investing in green economy initiatives to reduce carbon emissions and to prioritise industries like renewable energy, sustainable infrastructure, and resource efficiency.

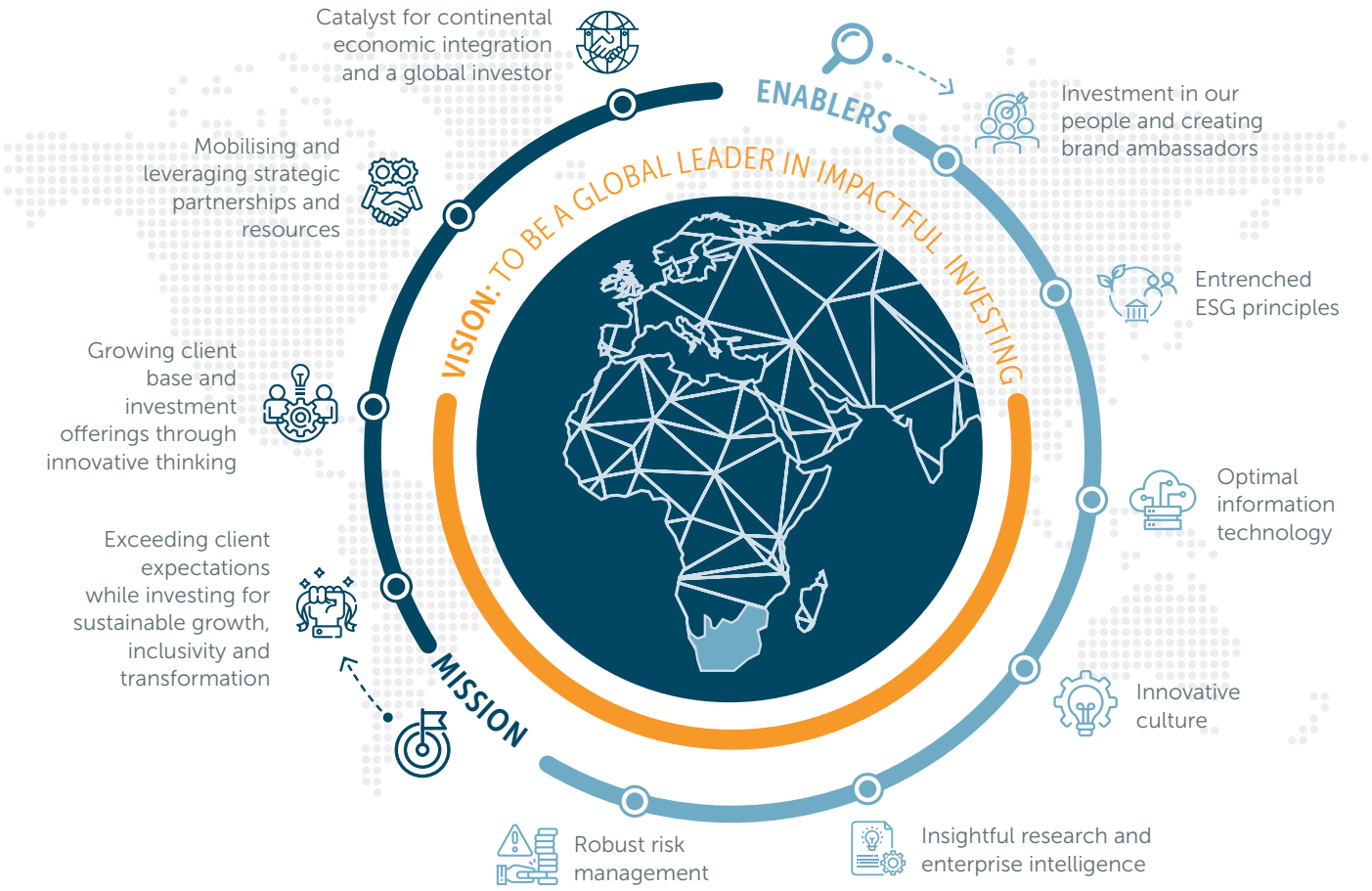
PART FOUR

VALUE CREATION AT THE PIC



With a mandate to manage substantial public sector funds, the PIC creates value by generating both financial returns for its clients and tangible social returns. Through strategic, impact-driven investments, the Corporation actively supports projects that encourage inclusive growth and align with the United Nations' Sustainable Development Goals, while integrating ESG considerations into its investment decisions.

THE PIC'S STRATEGIC APPROACH

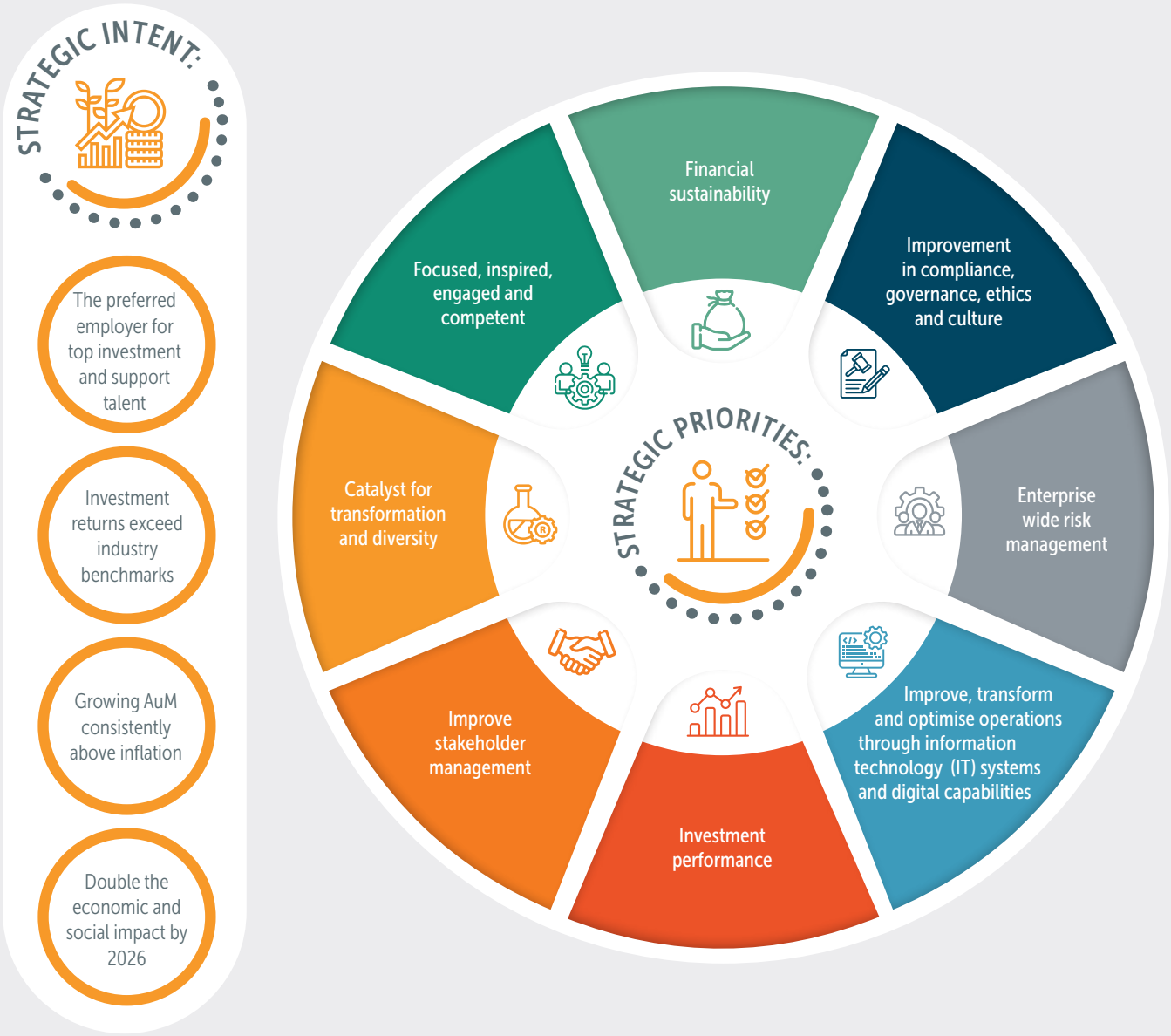


To be a key player, not only in the region but also on the rest of the African continent, who consistently delivers on client mandates through direct and indirect investments that promote economic transformation, robust risk management, strategic partnerships, and resource mobilisation.

To achieve its vision and mission, the PIC has identified key strategic enablers that strengthen its operational foundation and drive sustainable growth. These enablers are essential for the PIC to effectively deliver on client mandates and contribute to economic transformation.

- **Optimal information technology:** Leveraging advanced technology to enhance operational efficiency and data-informed decision-making.
- **Investment in our people and creating brand ambassadors:** Sustain a skilled and engaged workforce, promoting positive representation of the PIC.
- **Entrenched ESG principles:** Integrating environmental, social, and governance factors into all investment decisions, ensuring responsible and sustainable practices.
- **Innovative culture:** Encouraging creative thinking and adaptability to navigate evolving market dynamics.
- **Insightful research and enterprise intelligence:** Providing comprehensive analysis and data to support informed investment strategies.
- **Robust risk management:** Implementing rigorous risk assessment and mitigation processes to safeguard client assets.

The PIC's vision, mission, key enablers, and values are intrinsically linked to its core purpose and strategic approach, creating a cohesive framework that guides its operations and investment activities.



Foundational Pillars for Sustainable Investment and Value Generation

The PIC recognises that human capital, information and communications technology (ICT) systems, effective risk management and good corporate governance are the foundational pillars of organisational performance.



Prioritising, investing in, and effectively managing these areas is key to strengthening the PIC's resilience to deliver consistent, sustainable value to its clients.



Unpacking The PIC's Strategic Intent

Preferred employer in financial services

The PIC aims to be a preferred employer in the financial services industry, attracting the best talent among professionals in investment management, corporate finance, legal and other corporate services. Supported by a performance-driven culture – The PIC Way – exceptional talent is the driving force behind organisational performance. This requires continuous innovation to attract and retain the best minds suitable for its core business functions.

Investment returns exceed industry benchmarks

Clients hold significant agency in choosing where to invest, and the PIC aims to be the partner of choice. Therefore, the PIC is committed to achieving returns that not only match, but also surpass the best in the industry. The PIC targets risk-adjusted returns over the long term.

Growing AuM consistently above inflation

The PIC aims to grow assets under its management. It does this by seeking above-benchmark returns in the current AuM and by incrementally adding new clients to its portfolio. The acquisition of new clients and growing current portfolios above the rate of inflation ensures a continuous upward trajectory and consistent asset expansion.

Committed to making a positive economic and social impact

The PIC strives to amplify its influence in driving inclusive economic growth, development and transformation. The PIC's commitment extends beyond generating financial returns. It includes making a positive societal impact and measures its success, and that of its investee companies, on developmental criteria such as job creation, employment equity, economic inclusion for the youth, women and people with disabilities, and protecting the environment.

MANAGING RISK AND OPPORTUNITY

Risk management focuses on identifying, assessing, measuring, prioritising and responding to risks that affect the PIC's strategic, investment and operational objectives. Risk management minimises the probability of negative events and maximises the potential for credible investment opportunities.

Strategic risks identified by the Board and EXCO, which together form the organisation's risk profile, are monitored quarterly to ensure appropriate responses to risks are developed, continuously updated and enhanced in line with a changing business environment.

Enterprise Risk Management

In a complex financial services environment, risk management evolves and mitigation strategies are regularly reviewed and modified to remain effective. The PIC has developed an Enterprise Risk Management Framework (ERMF) to manage risk throughout the organisation. The ERMF stipulates that risks are to be identified, measured, managed, reported and monitored constantly. It defines the risk appetite and tolerance, focusing on a risk-aware culture and on developing the capability and tools to identify, assess, mitigate, monitor and report existing and emerging risks.

The ERMF is based on a robust and strong corporate governance structure, and is closely aligned with the King IV™ principles, the ISO 31000 and the frameworks of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The PIC uses a top-down and bottom-up approach to identify, assess and mitigate risks. The top-down approach entails conducting risk workshops with the Board, together with senior management. This risk management approach then cascades to the rest of the organisation. The bottom-up approach involves conducting risk assessments in every division and function of the PIC, thereafter engaging the Board. Both approaches identify key risks that may impede the achievement of the PIC's strategic objectives.

The ERMF process is set out below:



The PIC continues to monitor principal risks, which are listed below, to assess their influence on strategic objectives. Controls to manage these risks are embedded in the business units and functions to ensure strategic objectives are achieved.



Strategic risk

Strategic risk is defined as making inappropriate strategic choices, being unable to successfully execute selected strategies, or being unable to adapt to changes in the external business, political or socio-economic environments.



The PIC has low-risk appetite and tolerance for:

- Inability to execute and achieve the strategy and outcomes aligned with the corporate plan;
- Inability to safeguard the stability and sustainability of the organisation;
- Ineffective or inefficient decision-making processes; and
- Inability to evolve, adapt and remain relevant as one of the biggest asset managers on the continent.



Credit risk

Credit risk refers to the probability that a borrower and/or counterparty may fail to meet its financial obligations. For the PIC, credit risk encompasses not only the potential for default on interest or principal repayments but also the risk of credit deterioration that could impair the value of its investments, reduce expected returns, or constrain its ability to meet client mandates and developmental objectives.



The PIC has low tolerance for credit risk-taking beyond client-specified credit risk parameters and the PIC's investment philosophy and criteria. All credit exposures must be aligned with the risk-return objectives of its clients, with a strong emphasis on capital preservation, recoverability, and prudent risk-adjusted returns.



Market risk

Market risk refers to the potential impact of changes in market variables on the value of a portfolio or investment. It represents the expected or unexpected fluctuations in the mark-to-market value of assets due to volatility, correlations, and movements in market prices. These movements may result from changes in equity prices, interest rates, credit spreads, foreign exchange rates, commodity prices, or other market indicators.



The PIC has low tolerance for risk-taking beyond client-specified risk parameters.

Furthermore, the PIC has a measured appetite for market risk, aligned with client mandates and the strategic objectives of each portfolio/client. Market risk is accepted where it is expected to generate appropriate risk-adjusted returns, but the PIC does not tolerate excessive or unmanaged market risk that could result in material loss of capital or deviation from client benchmarks as defined in the client mandates.



Fund Liquidity risk (Assets under Management)

Fund liquidity risk is the risk that a portfolio cannot meet the reasonable liquidity demands of PIC clients in terms of either meeting redemption requests or meeting a fund's investment objectives because of insufficient liquidity in the assets in which it invests.



The PIC has low tolerance for risk-taking beyond client-specified risk parameters. In the absence of client-set liquidity risk parameters, it will strive to liquidate 5% of the total client portfolio value in 10 business days, due to the size of its portfolio.



Liquidity risk (Corporate)

Liquidity risk, in respect of PIC Corporate, is the risk that the PIC becomes unable to meet its short-term financial obligations, as they fall due, without incurring significant losses.



The PIC shall hold sufficient liquid assets to meet the FAIS Act regulatory requirements of financial soundness by ensuring that:

- Its current assets exceed current liabilities; and
- Its liquid assets are equal to or greater than the regulatory liquidity limit of 8/52 weeks (15.3%) of annual expenditure.



Operational risk

Operational risk refers to losses from inadequate or failed processes, people and systems or external events.



The PIC has zero appetite for:

- Non-continuation of business operations following a disaster;
- Internal and external fraud by employees and other stakeholders;
- Unauthorised disclosure of client information;
- Fraud, bribery and corruption by both employees and third parties; and
- Non-compliance with labour legislation.



Information technology

Information technology and cyber risk refer to financial loss, disruption or damage to the PIC's reputation and business operations from failures of information technology systems.

RISK APPETITE STATEMENT

The PIC has a low appetite for:

- Unavailability of systems that support critical business and investment functions;
- Legacy applications that are incapable of coping with dynamic cybersecurity threats, client and/or stakeholder expectations; and
- Solutions and systems that do not adhere to approved architecture standards and policies.



Cyber Risk

Cyber risk refers to the potential for financial loss, operational disruption, or reputational damage resulting from the failure of information technology systems, cyber-attacks, or the misuse of digital assets and data. The Board ensures that EXCO integrates cyber risk into the PIC strategy and takes appropriate measures to manage this risk while promoting business agility and the ability to recover swiftly should there be a cyber-attack.

RISK APPETITE STATEMENT

The PIC has zero appetite for damage and interruption to its assets through threats arising from malicious attacks.



Legal and regulatory risk

Legal and regulatory risk refers to loss due to actual or proposed changes to, or non-compliance with, laws, regulations, rules, mandatory industry practices, and internal policies and procedures.

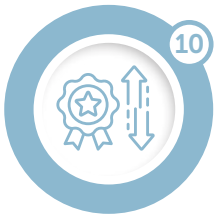
RISK APPETITE STATEMENT

The PIC has zero tolerance for:

- Failure to abide by contractual obligations;
- Failure to comply with court orders and processes; and
- Loss of its Financial Advisory and Intermediary Services licence.

The PIC has a low appetite and tolerance for:

- Non-compliance with laws, regulations, policies and other requirements imposed by regulatory bodies;
- Compliance breaches that may cause financial loss or penalties and imprisonment related to non-compliance; and
- Mandate breaches unless approved or noted by the client.



Reputational risk

Reputational risk refers to the risk of loss of credibility due to internal or external factors related to, or resulting from, other risk categories.



The PIC takes reputational risk and client satisfaction very seriously and has zero risk appetite for:

- Comments to the media that are damaging to the PIC's brand; and
- Inadequate client query management processes, resulting in late responses to client queries or mandatory reporting to clients outside of the approved Service Level Agreement.



ESG risk

ESG risk refers to the PIC's inability to identify, measure and monitor Environmental (including climate risks), Social and Governance risks in line with global practices and standards.



The PIC's tolerance is low for risk-taking beyond what is prescribed in client mandates.



Model risk

Model risk refers to the potential loss the PIC may incur from decisions based principally on the output of models, due to errors in the development, implementation or use of such models.



The PIC has a low appetite for model errors and non-compliance with the Model Risk Policy.

Control Environment Assessment

A methodology from the Committee of Sponsoring Organisations Framework is used to assess the robustness and effectiveness of internal controls. The control environment describes the standards, processes and structures for carrying out internal control assessments. The assessment covers the following areas:



Governance

Effective and ethical leadership by governing forums to achieve defined outcomes, which include organisational performance, ethical culture, legality and sound internal controls.

Integrity and Ethics

The ability to exercise honesty and strong moral values within the organisation.

Monitoring and Oversight

Incorporating and optimising assurance services from all assurance providers to enable an effective control environment and support the integrity of information used for internal decision-making by management and Board committees.

Organisational Structure, Recruitment and Staffing

How management establishes, with Board oversight, structures, reporting lines and appropriate authorities and responsibilities, in pursuit of attracting, developing and retaining competent individuals.

Risk Identification and Management

How the organisation identifies risks and analyses these to determine how they should be managed.

Addressing Changes

Identification and assessment of changes that could significantly affect internal control.

Technology Controls

The organisation selects and develops general control activities over technology to support the achievement of objectives.

Risk Profile Summary

Key strategic risks identified by EXCO and approved by the Board are consistently monitored and adjustments are made as risks migrate. In the year under review, the Board and its committees reviewed principal risks to ensure that appropriate controls were in place. The risk matrix below shows various levels of residual risks.

PIC Risk Heatmap

LIKELIHOOD	RESIDUAL RISK RATING				
5 Almost certain >90%	5 #10 Information technology risk #2 Financial sustainability risk	10 #3 Strategy execution risk	15	20	25
4 Highly probable 51% – 70%	4	8 #8 Culture risk	12 #7 Human capital risk	16	20
3 Possible 31% – 50%	3	6 #6 Anti-bribery and corruption risk	9	12	15 #1 Investment performance risk #11 Cyber risk
2 Unlikely 11% – 30%	2	4 #5 Reputational risk	6	8	10 #9 Compliance risk (Regulatory and Mandate Compliance)
1 Rare	1	2 #4 ESG/climate risk	3	4	5
IMPACT	1 Negligible	2 Minor	3 Moderate	4 Major	5 Critical

Low: 1 - 8 Moderate: 9 - 14 Critical: 15 - 25



Emerging Risks

As part of the enterprise risk management process, the operating environment is continuously scanned to identify, assess and ensure proactive management of potential threats. The Risk Department leads emerging risk identification, receiving input from EXCO, Board committees, the Board and the Economic Research team. Once identified, risk mitigation measures are formulated, and each emerging risk is allocated to a risk owner (EXCO member).

Emerging risks are recorded in a risk register. This register identifies, analyses and tracks the impact of each emerging risk on the PIC. EXCO and the Board ensure they understand and oversee management of emerging risks to cultivate a risk-aware culture that encourages proactive risk identification and management. Risks are monitored quarterly, and response plans are developed with risk owners and reported to EXCO, the Risk Committee and other Board committees.



- **Geopolitical risks:** International political developments and events, alongside uncertainty regarding bilateral trade policies and relationships, which could affect the South African economy and the PIC.
- **Instability in the Government of National Unity (GNU):** Policy differences between the GNU partners are likely to impact the country's economic and political stability.
- **AI-enhanced cyber-attacks:** The risk of artificial intelligence being used to develop more sophisticated cyber-attacks against the PIC.
- **Infrastructure risk** is exacerbated by:
  - Deteriorating rail and road infrastructure that impedes trade and economic growth; and
  - Poor service delivery by municipalities, irregular electricity supply, inconsistencies in water supply, sanitation and housing, the poor state of roads and general municipal infrastructure.
- **Climate change and severe weather events** are increasing, affecting lives, infrastructure and food security.
- **Rising cost-of-living** as a result of higher food and fuel prices and higher interest rates erode household incomes and consumption.

Outlook

The Risk Department has identified key initiatives to proactively improve risk management and contribute to the organisation's performance and long-term success. These multi-year initiatives will be embedded further in the next financial year:

Performance management

Following the successful implementation of the Global Investment Performance Standards (GIPS), the current verification process by an independent, qualified service provider will be completed in quarter two of 2025/26. Further technology investments will be made to enhance performance insights.

Credit risk

Continuously investing in our people, processes and technology and creating an appropriate structure.

Portfolio risk

Providing enhanced insight and assurance across the entire portfolio by using improved data analysis.

Enterprise Risk Management (ERM) Technology

The current project to implement a new ERM tool will be completed in quarter two of 2025/26.

Data management

Conduct data-driven risk management methods, including the use of AI.



ACCELERATING IMPACT IN 2025/26

To further transform the Risk Department into a proactive, data-driven, and forward-looking function that leads the organisation in adopting Artificial Intelligence (AI) and data innovation responsibly, while enhancing the control environment and managing associated risks effectively we will:

- Embed AI and advanced data analytics into our core risk management processes - identification, measurement, monitoring, and reporting;
- Establish and implement AI guidelines and related risk frameworks;
- Take the lead and be at the forefront of addressing data-related risks at the PIC; and
- Strengthen the control environment through the implementation and use of data and relevant AI tools.

APPROACH TO INVESTMENTS

Investment Philosophy

The PIC is a long-term, active asset manager that aims to deliver superior risk-adjusted returns to grow client portfolios sustainably well into the future.

Investment mandates are negotiated individually with each client in line with their investment profile and risk appetite, and client mandates guide all the PIC's investment decisions. As with private sector asset managers, the PIC's investment performance is measured against market-related benchmarks. The PIC's competitive edge is in its fee structure - it charges significantly lower fees than most private asset managers.

Financial and Social Returns

FINANCIAL RETURNS

ALPHA GENERATION
Provide sustainable longer-term financial returns to clients in line with the set benchmarks.

DIRECT INVESTMENT APPROACH
Impact investing for real socio-economic transformation, across all PIC investment activities in listed and unlisted investments.

SOCIO-ECONOMIC TRANSFORMATION
Transforming and contributing to the economy to improve sustainability through impact investing.

SUSTAINABLE INVESTING (ESG)

Incorporating ESG issues produces sustainable portfolio returns in the long-term

ENVIRONMENT
Protecting the environment to sustain the creation of wealth.

SOCIAL
Sharing the wealth is an insurance for sustained wealth creation.

GOVERNANCE
Good governance enhances financial performance.

Supported by Robust Risk Management (People, Systems and Processes)

RISK MANAGEMENT
Efficient use of risk budget by avoiding risks that do not provide commensurate returns, results in low volatility portfolio.

DIVERSIFICATION
Well-diversified portfolios produce stable distribution of returns.

TIME HORIZON
The PIC is a long-term investor and believes that, in the long-term, markets revert to their mean. Investment strategies will generally be long-term based and will avoid ad-hoc decision-making based on short-term factors.

MARKET EFFICIENCY
Markets differ in efficiency at macro, sector and asset levels, providing opportunities to generate excess returns over related benchmarks through asset allocation. Investment strategies will reflect a mix of active and passive investments, with passive investments being emphasised in more efficient markets.

VALUATION AND ANALYSIS
Valuation and analysis based upon fundamentals generally produce superior return/risk results. Investment strategies will focus on fundamentally-based processes.

COST
The PIC believes that managing the costs of investing, adds significant value to the production of excess returns. Investment strategies will be used cost-effectively.



The Corporation's investment philosophy is to generate sustainable long-term financial returns for clients, anchored by robust risk management processes and ESG principles.

The PIC is of the view that emerging investment themes in the unlisted investment environment in South Africa and Sub-Saharan Africa present value-creation opportunities in the long term. These themes are potential avenues for generating sustainable alpha in the medium- to long-term.

The PIC recognises that financial markets are sometimes inefficient due to behavioural biases that cause discrepancies between intrinsic values and market prices. For this reason, its listed investment strategy is biased towards investing in high-quality companies at attractive valuations that are expected to outperform the market over time. A strict sell discipline is enforced when there is no longer fundamental value in the share.

The PIC selects external fund managers with diverse investment styles to exploit such mispriced opportunities. This, in turn, allows the PIC to construct robust externally-managed solutions for clients in both public and private markets, locally, in the rest of Africa and offshore.

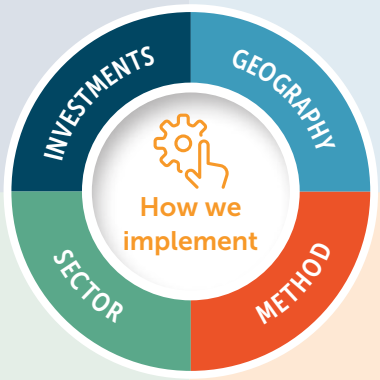
Incorporating an established ESG policy into the investment process contributes to investment decisions that create a sustainable portfolio and sustainable returns.

The PIC believes the efficient use of a risk budget through prudent management of risks, in line with risk management policies that offer sufficient or commensurate long-term returns, produces stable asset and portfolio returns over time. Properly managing the costs of investing generates excess returns, which are beneficial to client portfolios.

Delivering on Our Mandate

STRATEGIC OBJECTIVES

1. Invest to stimulate economic growth in South Africa and the rest of Africa
2. Meet and exceed client benchmarks (financial returns)
3. High-development impact (transformatioin, ESG, key development indicators)



Debt, hybrids, equity
- Strategic asset allocation

Infrastructure and all other sectors
- Key sectors of the economy
- Applicable exclusions

South Africa and the rest of Africa
- Reasonable geographic dispersion
- Rest of Africa, mainly through indirect investments for physical presence

Direct and Indirect
- Directly in large projects/companies
- Indirect through third parties for broader reach (fund of funds and intermediaries)

Investment risk and return objectives

The PIC's investment risk and return objectives are determined by client mandates. The PIC's intention is to either match or exceed benchmark returns set by and agreed with clients.

Strategic asset allocation

Asset allocation is informed by each client's risk profile and offers a reasonable probability of consistently achieving long-term investment returns. Allocation is reviewed periodically to ensure alignment with clients' objectives, including liquidity for liabilities, downside risk protection, income generation, and asset growth.

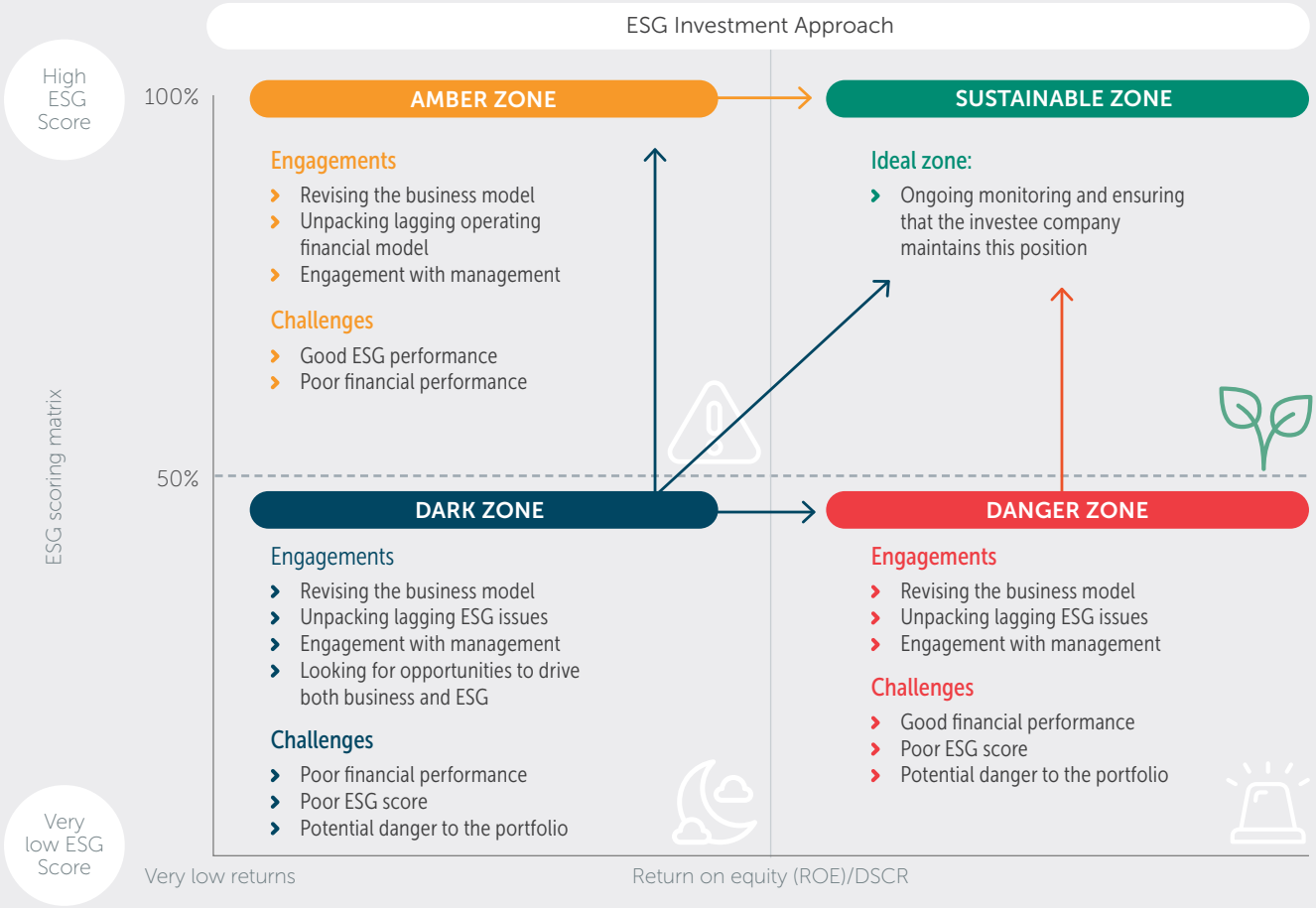
Asset allocation monitoring and compliance

Asset class weights are monitored daily, and where there is a breach, such breaches are reported and remedial actions are taken simultaneously in line with the client's mandate.

Tactical asset allocation

Tactical asset allocation is a responsibility entrusted to the Asset Allocation Committee. This committee considers macro (top-down) and fundamental (bottom-up) views to implement a tactical asset rebalancing strategy. The rebalancing strategy seeks to exploit short- and medium-term pricing inefficiencies among asset classes for the benefit of clients' strategic asset allocations. All tactical positions are kept within the strategic asset allocation ranges defined in client mandates.

Embedding Environmental, Social and Governance



Our Key ESG Objectives

Action		Outcome
	ESG objectives provide support for our mission to achieve long-term, sustainable and balanced investment returns.	

1 ESG INTEGRATION	Consider material ESG factors to gain insight into risks and opportunities that affect performance, aiming to provide better risk-adjusted returns.	A strong in-house team applies a proprietary methodology, based on both international and local norms and dialogue with companies, to ensure reliable qualitative and quantitative assessment of companies.
2 ACTIVE OWNERSHIP	Encourage the management of investee companies to make positive changes that improve investment outcomes and promote long-term value creation through proxy voting and engagement.	Enhanced ownership measures include: › 100% annual general meeting voting on resolutions to consider ESG factors; › Zero % abstentions on the total number of resolutions voted on at annual general meetings; and › Proactive engagement programmes on specific strategic ESG topics.
3 COLLABORATION	Participate with like-minded investors to improve the behaviour of investee companies.	Join and participate in ESG collaboration initiatives, especially those linked to PIC strategic themes and leverage strategic partnerships with leading industry bodies and universities.
4 DISCLOSURE	Encourage improved transparency of material matters.	Report on material ESG factors to improve the quality of sustainability and ESG information for informed investment decisions and aligned outcomes.
5 PROMOTION	Encourage adoption and application of best practices through highlighting ESG accomplishments.	Engage with stakeholders on positive ESG accomplishments to build a progressive brand reputation. Continue to publish dedicated content on ESG investing to enhance ESG presence in the market.
6 LEADERSHIP	The PIC demonstrates thought leadership in areas such as Special Purpose Acquisitions (SPAs), working groups, impact investing, and transformation.	Disseminate best practices to investees and other investors. The PIC seeks to establish or be a member of forums that bring together asset owners and managers to share their experiences and convictions.

The PIC's commitment to ESG is demonstrated by its signing of the Principles for Responsible Investment (PRI), the UNGC and its endorsement of CRISA and UN SDGs.

The PIC integrates ESG factors into its investment processes, as these factors are considered to materially affect the long-term financial performance of its investments. The PIC's commitment to ESG is demonstrated by its signing of the Principles for Responsible Investment (PRI), the UNGC and its endorsement of CRISA and UN SDGs. In addition, the PIC is a member of the 2X Challenge, which supports gender equality and economic empowerment for women. Memoranda of Understanding on ESG principles have been signed with strategic partners.

Guided by the PIC Transformation Charter and the approved implementation plan, each investment undertaken by the PIC considers B-BBEE and transformation imperatives. Where applicable, the PIC assesses the developmental impact of its investments on communities where the investments are based or operate.

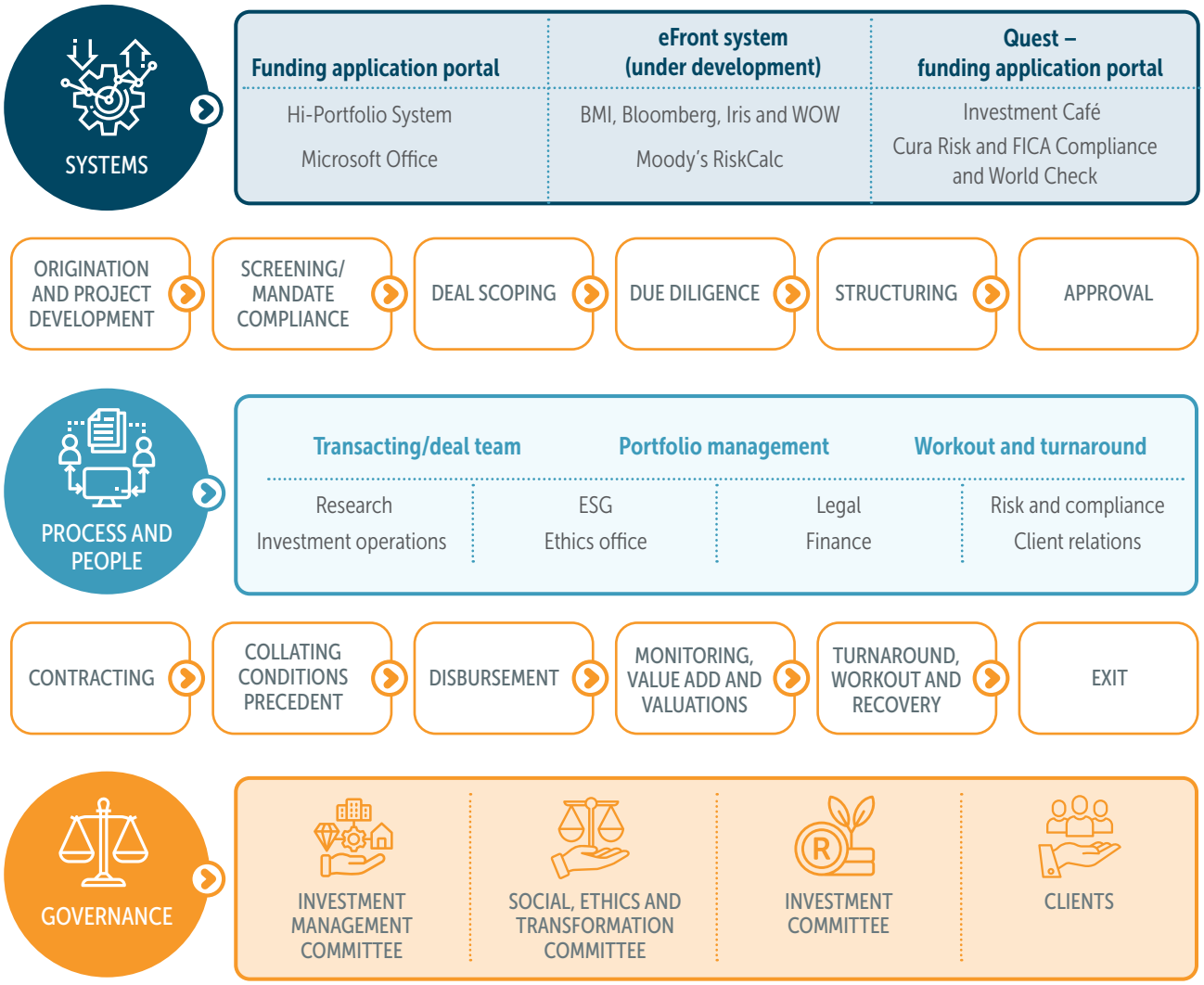
For more on the PIC's Transformation Charter and its targets, please visit the PIC website.



Manager Selection Process

1. Documents prepared for the selection process.
2. Due diligence questionnaires are shared with managers following the conclusion of a non-disclosure agreement, negotiated by the PIC legal division with all external managers (potential bidders).
3. Valid bids are received by the relevant closing date.
4. The initial technical evaluation is done based on written submissions.
5. Managers who meet the minimum score are invited to participate in an on-site/online due diligence (DD) meeting with the ESG, risk and legal departments.
6. Managers who have a final evaluation score (post-online/onsite due diligence) that meets the minimum requirement are reviewed in the portfolio construction process (if the purpose of selection was to create a buy-list panel of approved managers, contracts are subsequently finalised by the PIC legal division).
7. Portfolio construction process determines the recommended managers (excluding developmental managers).
8. All new appointments are recommended to the Portfolio Management Committee and Investment Committee (IC) for consideration. Submissions by the externally managed funds, ESG, legal and risk departments (independent assessments).
9. With IC approval received, IC resolution allows legal and compliance to assist in onboarding the manager .
10. Counterparty due diligence checks are performed, and confirmation with the Manager, its shareholding and all representatives of the entity, is done, based on the PIC processes using developed checklists.
11. Investment management agreement is negotiated with entities, including investment guidelines and incorporating conditions of IC approval.
12. Investment administration and risk departments require IC resolution and signed investment management agreement to onboard the manager, including opening of necessary accounts and portfolios.
13. Disbursement.

INVESTMENT PROCESS



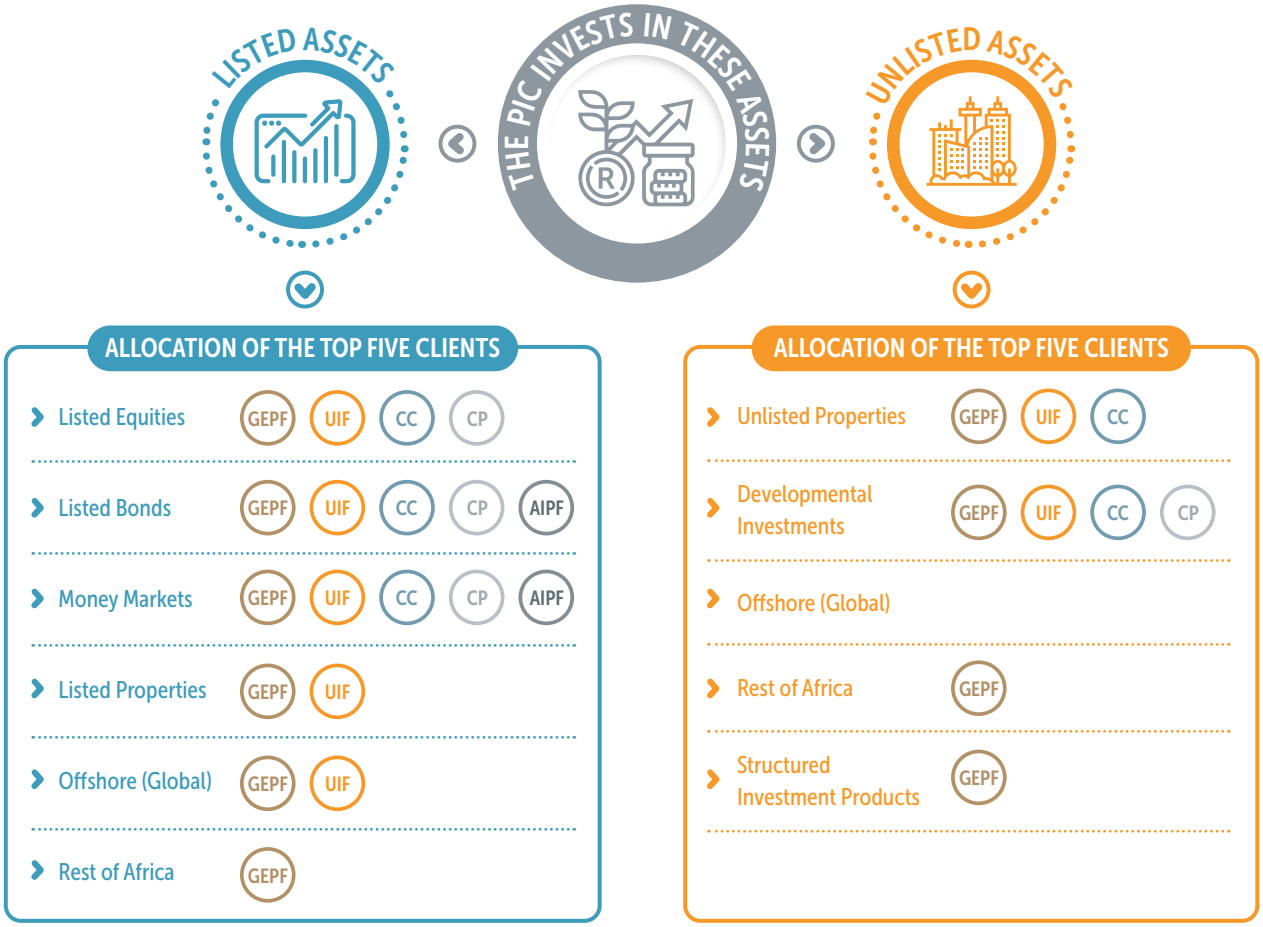
Note: eFront, Quest and Investment Café are currently being implemented and will replace Hi-Portfolio System. These systems will support front-, middle- and back-office processes.

Client Expectations

Client Investment Mandate

The PIC invests according to discretionary investment mandates concluded with each client. The mandate outlines each client's investment objectives.

Approved by the FSCA, the mandates are informed by actuarial asset and liability studies commissioned by each client. The complexity of managing these mandates depends on various factors that include the size of the portfolio, risk parameters and strategic asset allocation. At a broad level, the PIC invests in the following asset classes:



PART FIVE

CORPORATE AND PORTFOLIO PERFORMANCE



The PIC strives for sustained investment performance, underpinned by robust risk management and compliance, to generate both financial returns and mandated social impact.

This approach, leveraging advanced technologies, innovative strategies and continuous improvement, allows the Corporation to excel across asset classes, meet evolving client needs and integrate ESG factors into the investment processes. By strategically deploying capital into key sectors, the PIC encourages economic growth, cultivates a sustainable economy and creates enduring value for all stakeholders.

CHIEF EXECUTIVE OFFICER'S REVIEW

This report is presented at a time when the world continues to face significant risks due to escalating geopolitical tensions, the conflicts involving Russia and Ukraine, and Israel and Palestine and more recently between Israel and the United States with Iran.

It gives me great pleasure to present the Chief Executive Officer's Report for the financial year that ended on 31 March 2025.



Mr Abel Sithole
CEO

This report coincides with an important time in South Africa's history: South Africa's G20 Presidency, which runs from December 2024 to November 2025. For the duration of its G20 Presidency, South Africa has adopted a theme that focuses on three areas: Solidarity, Equality, Sustainability.

The PIC's Integrated Annual Report theme for the 2024/25 financial year is "Creating Sustainable Value for the Future" – a theme that aligns with and embodies the core principles of the G20 theme. By focusing on sustainable value creation through responsible investment and responsiveness to stakeholder needs, the PIC supports the G20's global objectives: a world built on solidarity, equality, and sustainability for generations to come.

The alignment is a perfect fit in that the PIC is a long-term investor, whose focus is on long-term sustainability rather than short-term returns. For the PIC, sustainability means ensuring the long-term viability and growth of the assets entrusted to its custody through the growth of the underlying companies and organisations. For the G20, sustainability encompasses environmental, social, and economic sustainability on a global scale – a principle the PIC fully supports and that is embedded in its investment strategy.

By advocating for solidarity, the G20 aims to foster an inclusive, people-centric future, directly challenging the fragmentation and inward-looking policies that have characterised recent global discourse. This theme underscores the necessity of collective action and shared responsibility to address complex global challenges, promoting unity over division. The G20 theme provides a powerful global policy framework that legitimises and accelerates the integration of ESG principles into mainstream investment. For an asset manager committed to responsible investing, aligning with this theme demonstrates leadership, mitigates risks, identifies new investment opportunities in sustainable sectors, advances economic transformation, creates and protects jobs, and contributes to a more resilient and equitable global economy – all of which serve PIC's clients' long-term best interests.

The PIC supports the G20's global objectives: a world built on solidarity, equality, and sustainability for generations to come.



The PIC diversified into the affordable rental housing sector, investing R500 million in Divercity Urban Property Group.

Portfolio performance

During the year under review, the PIC grew assets under management (AuM) to R3.049 trillion by 31 March 2025 from R2.691 trillion the previous financial year. Surpassing the R3 trillion mark is a significant and historic milestone for the PIC. It is a testament to the PIC's consistent performance and ability to generate returns for its clients, net of benefit payments. The growth in AuM is reflected across all the clients' portfolios. In this respect, the portfolio of the Government Employees Pension Fund (GEPF), the PIC's single largest client (88% of AuM), grew to R2.677 trillion (2024: R2.368 trillion); the Unemployment Insurance Fund (UIF) grew to R170 billion (2024: R149 billion); the Compensation Commissioner Fund (CC), grew to R71 billion (2024: R59 billion); the Compensation Commissioner Pension Fund (CP) grew to R62 billion (2024: R51 billion); the Associated Institutions Pension Fund (AIPF) to R21 billion (2024: R18 billion); and finally the rest of the clients' combined growth increased to R48 billion (2024: R46 billion). More information on the performance is listed on pages 90 to 94 of this report.

Listed equities were a significant contributor to the growth of the portfolio, delivering positive returns for various clients. This class grew by 22.5% to R999 billion, compared to R900 billion the previous year. The performance would have been much greater had it not been for a drag by the internal listed equities, which underperformed its benchmark by 0.55% and the listed property portfolio by 0.28%. Notwithstanding, the underperformance of the listed property portfolio, the value of the unlisted property portfolio increased to R55 billion (2024: R51.8 billion). Comprising both directly- and indirectly held properties, the unlisted property portfolio is diversified across geographies and sectors: industrial/specialised (16%), office (24%), retail (60%). During the same period, the PIC diversified into the affordable rental housing sector, investing R500 million in Divercity Urban Property Group. Divercity develops and provides affordable rental housing in selected, strategic areas across the country. The above performance was achieved within a context of both the global and domestic economic and political environments.

Global Economy

The global economy demonstrated resilience throughout 2024 and into early 2025, even in the face of persistent geopolitical tensions and elevated interest rates. However, the first quarter of 2025 brought increased uncertainty with the onset of a new political administration in the United States, under President Donald Trump.

The combination of tariffs and increased trade frictions, especially in an already strained manufacturing environment, presented a significant challenge for manufacturing-dependent nations due to subdued demand for manufactured goods. However, service-dependent countries remained strong.

A weaker Chinese economy, in turn, posed a risk to other emerging markets, especially given the prevailing risk-off sentiment in an unpredictable global landscape. The heightened uncertainty observed in the first quarter of 2025 is expected to persist throughout the remainder of the Trump administration's second term, making market predictions challenging and likely dampening global investment prospects. This environment suggests a period of lower global economic growth, as uncertainty erodes business confidence and trade relations are reconfigured amid escalating trade frictions.

Domestic Economy

South Africa's economic growth outlook remained constrained by a combination of global and domestic uncertainties, leading to persistent market fluctuations. Key internal challenges included ongoing difficulties with energy supply and significant limitations in transport and logistics infrastructure. These constraints severely impacted the country's economic activity and growth potential.

Adding to this complex environment, the perceived fragility of the first national government coalition, under a Government of National Unity constituted in 2024, raises concern. Internal ideological differences and the need for broad consensus among its eleven constituent parties can lead to governance delays and policy uncertainty. This fragility contributes to investor hesitancy and reduced consumer spending, further dampening the economic outlook.

Given these constraints, the PIC anticipates a substantial impact on its domestic equity and property portfolios. The PIC remains well-positioned to navigate the global and domestic environments, by amongst other measures, maintaining a diversified portfolio across asset classes and sectors; practising proactive investment decision-making, informed by sound research, clear strategy and tactics; and disciplined portfolio management.

Factors contributing to delivery on the Mandate

Besides economic factors – domestic and global - the PIC is aware that the successful delivery of its legislative, regulatory and clients' mandates is predicated upon other factors. These include the skills required across its investment and support teams. At financial year end, the number of PIC employees stood at 443 (2024: 393). The workforce is diversified across gender and race: women (55%) and males (45%); Africans (86.23%), Whites (5.64%), Indians (4.29%) and Coloureds (3.84%). Of these employees, 2.5% are people with disabilities.

Organisational culture remains crucial if the PIC is to continue to perform according to its various mandates and realise its objectives. During the year under review, the organisation continued to reinforce the PIC values through various interventions with the aim of ensuring that employees are ethical, transparent and accountable in conducting their work.

The delivery of the mandate is further directly linked to the robustness of the PIC's information communication technology (ICT) infrastructure. ICT is key to ensuring operational efficiency for the PIC and management of information, which is critical to investment decision-making. The report on ICT is on pages 193 to 197. It is sufficient to state at this point that significant focus has been placed on IT, with substantial financial resources deployed to ensure world-class IT support.

Impact of investments

At the end of the financial year, the capital committed towards the Isibaya Fund exceeded R100 billion across a portfolio of 145 companies operating in several sectors of the economy. The Fund's focus is on developmental investments to generate both financial and social returns for clients and stakeholders. These types of investments are crucial for economic growth, as funds are often deployed to directly invest in the various sectors of the economy. During the year under review, the PIC facilitated 200 556 jobs across the unlisted portfolio, up from 190 258 in the previous year. These jobs span a range of sectors and reflect the PIC's commitment to inclusive economic development.

ESG is an integral part of the investment process. This ensures the sustainability of our investments and the companies in which we are invested. During the year under review, the PIC exercised its oversight responsibilities on investee companies. Detailed ESG activities undertaken during the year under review are set out in pages 124 to 172 of this report.

Reflections

This is my last report as the CEO of the PIC. I would like to thank the Board and the government of the Republic of South Africa, through the Ministry of Finance, for having granted me the privilege to lead one of the foremost asset managers on the African continent and globally. It was an honour to have steered this great organisation to the point where its AuM has surpassed the R3 trillion mark, with over R44.5 billion in new investment in the economy through the unlisted portfolio, including property. It is instructive to point out that my appointment came at one of the most difficult periods in the history of the PIC; it was preceded by rancorous changes in the Board and executive, and the release of the Report of the Judicial Commission of Inquiry



PIC's Workforce grew to **443** (2024: 393)



55%
Women



2.5%
People with disabilities

The PIC remains committed to delivering on its mandate, growing the assets of its clients and returning both financial and social benefits for stakeholders.



into Public Investment Corporation (Mpati Commission), chaired by retired judge Lex Mpati. It was, therefore, that as the first post-Mpati Commission CEO, it would fall to me, with the guidance of the Board and assistance of PIC colleagues, to lead the implementation of the Commission's recommendations. Though largely completed, the implementation of the recommendations is subject to assessment and verification by the Shareholder, who is delegated to oversee their implementation by the President, who appointed the Commission.

The Mpati Commission Report made a total of 243 recommendations. Without dealing with the specifics, these recommendations were successfully implemented, with the assistance of the Board and the Implementation Panel, chaired by the late retired Judge Yvonne Mokgoro. In that period, the PIC made appointments to crucial executive positions; reconfigured and strengthened internal governance structures and processes; and ensured that future investments are made in line with the Commission's recommendations. There remains work to address some of the historical investments, which preceded my tenure but continue to be an ongoing burden.

The PIC has proven its resilience over the past years, having notably grown assets under its management since its corporatisation in 2005. Despite the many challenges it confronts, the PIC remains optimistic about growth prospects of its AuM. In the coming financial year, focus will be placed on entrenching a culture of accountability among staff; deploying capital to investments that unlock value for clients; accelerating investment in IT infrastructure, which is one of the key enablers of the PIC's business; and continued investment in human capital. Most important, the PIC remains committed to delivering on its mandate, growing the assets of its clients and returning both financial and social benefits for stakeholders.

At this point, I would like to thank the PIC Board and my colleagues at the PIC: those who constituted the executive committee and the rest of the employees for their support during my five-year tenure. Without them, it would have been impossible to achieve anything significant. The board oversaw and provided strategic guidance and advice. The PIC clients are its lifeline, and without them, the purpose for which the PIC exists would be meaningless. In this regard, I would like to thank the clients for their unwavering support, without which it would have been impossible to realise our investment objectives, to safeguard and grow their assets for their benefit and that of their beneficiaries, and to build a better South Africa – a more equal society that stands together in solidarity and strives towards a sustainable future. May the PIC continue to live the G20 values of Solidarity, Equality and Sustainability.

Mr Abel Sithole
CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER'S REVIEW

The PIC delivered a resilient financial performance for the year ended 31 March 2025, with revenue increasing by 4% to R1.308 billion. This was supported by a substantial 13.30% growth in assets under management (AuM), which rose from R2.691 trillion to R3.049 trillion.



Ms Batandwa Damoyi
CFO

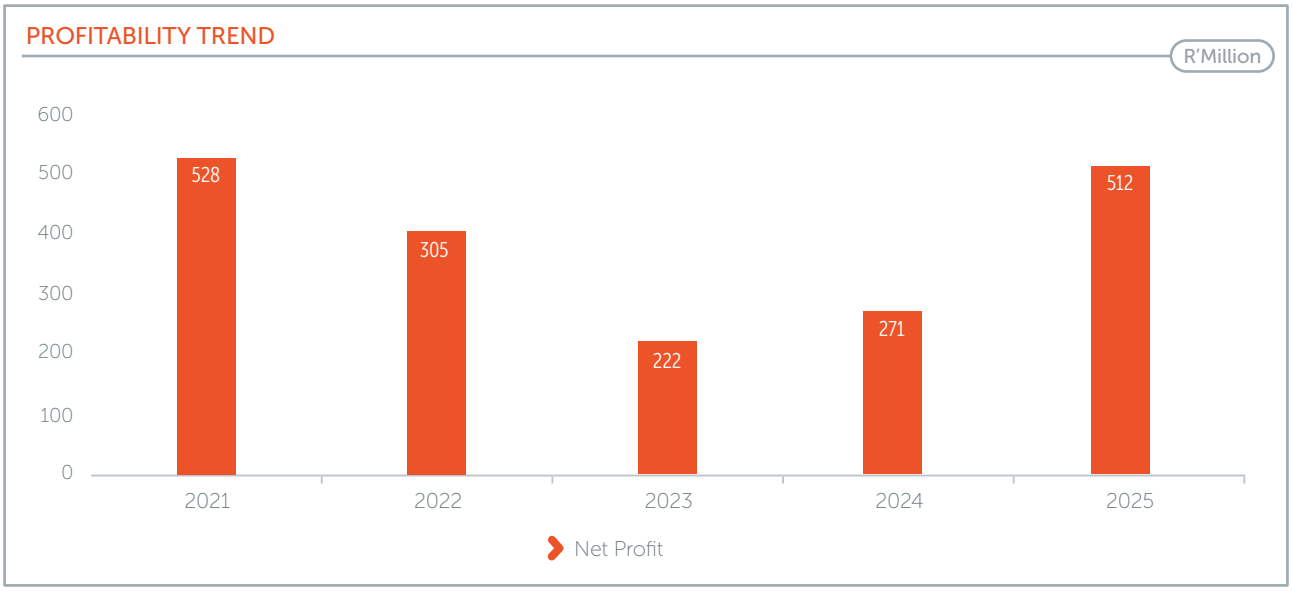
The increase in revenue is linked to growth in management fees, which remain relatively lower than the market.



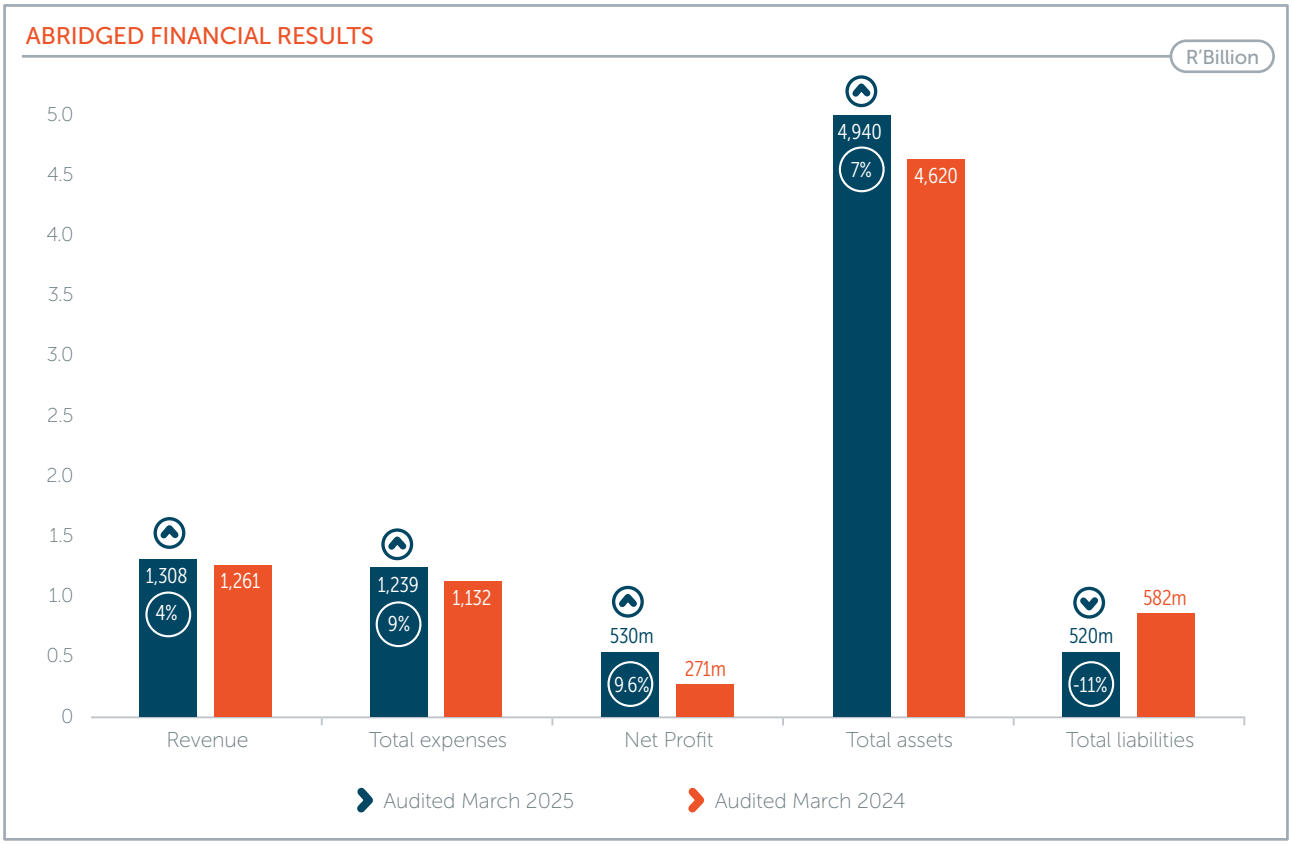
Income from investments in associates saw a significant increase to R50 million from R557 thousand in the prior year.

Net profit rose by 89% to R512 million, reflecting effective reinvestment strategies of funds held in the PIC Operating Fund (PICOF) and portfolio outperformance. The PICOF returned 15.94% during the period, outperforming its composite benchmark by 0.38%. The other positive contributor to the net profit was investment income, which increased by 10% year on year. Income from investments in associates saw a significant increase to R50 million from R557 thousand in the prior year.

PROFITABILITY TREND



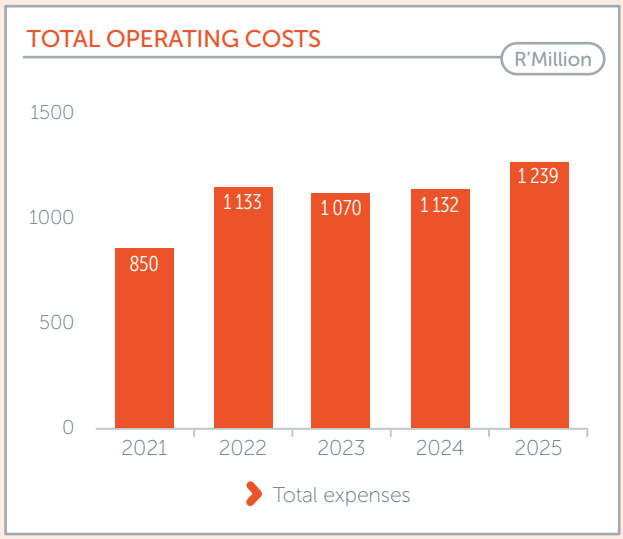
ABRIDGED FINANCIAL RESULTS



The PIC remains dedicated to improving its processes and leveraging technology to reach best practice standards in its systems and overall operations. The PIC believes that all these efforts are imperative to ensure long-term sustainability.

Operating costs and efficiency

The PIC remains committed to effectively managing its operating costs. Total expenses for the year under review were R1.239 billion, representing a 9% year-on-year increase from R1.132 billion in the previous year.



The increase was predominantly driven by IT expenditure and higher employee costs. This has prompted the PIC to manage costs more stringently, as revenue and expenses have not been increasing at a similar rate, and costs have risen more significantly. The significant investment in IT systems is crucial for the PIC and reflects ongoing efforts to implement new systems that enhance operational efficiency and ensure full compliance with regulatory requirements in the asset management industry. The increase of 12% in employee costs is a result of two factors: the combination of the annual Consumer Price Index (CPI) adjustment and the strategic recruitment of specialised talent. Employee costs constitute approximately 60% of the PIC's total operating expenses. Operating in a competitive market characterised by a scarcity of skilled resources and competition from private asset managers necessitates the PIC offering competitive remuneration.

Consequently, the PIC often spends more to onboard new employees than it does on those leaving the organisation.

Balance sheet strength and asset growth

Despite cost pressures, the Company maintained a robust financial position with total assets of R4.919 billion and equity of R4.399 billion. Liquidity remained adequate, with R560 million in cash and cash equivalents and the Company met all capital adequacy benchmarks. These results affirm the PIC's financial sustainability and its capacity to execute its mandate effectively. They further highlight the importance of operational efficiency and strategic cost management going forward.

Dividends

The PIC continues to deliver value to its Shareholder, demonstrating a consistent commitment to declaring dividends in recent years. For the current period, a dividend of R145 million has been declared, representing an increase from the previous years: 2024 (R141 million) and 2023 (R99 million). Consistent dividend declaration is a significant achievement for a state-owned company and reflects effective financial management and robust profit growth.

The PIC continuously strives to grow and demonstrate its health as an organisation by balancing value creation for both its Shareholder and broader stakeholders. This involves prudently managing client mandates while simultaneously delivering consistent dividends to the shareholder, all while maintaining long-term sustainability for the benefit of the rest of the stakeholders.

Outlook

Looking ahead, the PIC will focus on cost efficiency and client growth in pursuit of sustainable value creation. Amongst others, this will entail increasing revenue, primarily by expanding mandates with existing clients and securing new ones. Efforts will focus on boosting management fees to enhance overall financial performance. Simultaneously, the PIC remains committed to cost containment – diligently managing expenditures and ensuring that it spends only on what is necessary. In this regard, there is a need to continue to strengthen the organisation's compliance framework.



Ms Batandwa Damoyi
Chief Financial Officer

CHIEF INVESTMENT OFFICER'S OVERVIEW

This overview provides a broad outline of the PIC's investment activities for the 2024/25 financial year. The financial year under review presented a dynamic and challenging environment for global and South African asset managers alike, reminiscent of the 2023/24 conditions.



Mr Kabelo Rikhotso
CIO

While the global recovery continued, South Africa grappled with its unique constraints, demanding a nuanced approach to investment strategy. The year was marked by persistent macroeconomic headwinds, including weak economic growth, high fiscal deficits and high unemployment rates.

Domestically, the prudential limits set by the South African Reserve Bank's Prudential Authority (PA) on holdings per stock presented a persistent challenge throughout 2024/25, impacting the PIC's ability to effectively manage exposures in financial stocks. These limits remain and create structural portfolio positions that may not fully reflect the PIC's optimal investment views. Notwithstanding a weak domestic environment, the local equity market delivered solid returns of 22.9%, SA-listed properties 19.8% and the SA bond index registered a return of 20.2%.

There were pockets of resilience and positive developments. In particular, there was sustained progress in the economic reform agenda, under Operation Vulindlela, with a focus on five priority areas: electricity, freight logistics, water, telecommunications, and the visa system. South Africa made significant progress towards securing its removal from the Financial Action Task Force (FATF) greylisting, completing all 22 action items contained in the Action Plan adopted when South Africa was placed on the grey list in February 2023. South Africa also assumed the G20 Presidency from 1 December 2024 through to November 2025, under the theme "Solidarity, Equality, Sustainability". These milestones are expected to counter strong economic headwinds, unlock economic growth, catalyse investment and enhance the country's economic competitiveness.

Globally, ongoing geopolitical uncertainties, including the protracted conflicts in Ukraine and the Middle East, further complicate the investment landscape. Donald Trump's return to the presidency and

The local equity market delivered solid returns of 22.9%, SA-listed properties 19.8% and the SA bond index registered a return of 20.2%.

Asset class performance over various periods

Asset Class	March 2025	3 Months	6 Months	1 Year	3 Years	5 Years
JSE All Share Index	3,6%	5,9%	3,7%	22,9%	9,4%	19,1%
Resources (RESI20)	19,5%	32,3%	18,7%	19,9%	-5,6%	13,5%
Industrials (INDI25)	-0,6%	3,7%	2,7%	18,4%	14,6%	13,7%
Financials (HJI15)	0,2%	-1,7%	-4,6%	22,7%	4,6%	13,7%
JSE Listed Property Index	0,9%	-3,51%	-4,31%	19,8%	11,7%	19,0%
Fixed Income						
JSE All Bond Index	0,2%	0,7%	1,1%	20,2%	9,8%	11,7%
JSE ILB index	0,0%	0,7%	1,5%	8,9%	6,5%	9,3%
STeFi Composite	0,6%	1,9%	3.9%	8,4%	7,5%	6,2%
Offshore Equities						
Developed Markets	-4,6%	-2,1%	-2,5%	5,6 %	5,9%	14,4%
Emerging Markets	0,4%	2,4%	-5,9%	5,6%	-1,2%	5,4%
S&P 500	-5,8%	-4,6%	-2,6%	63,8%	7,4%	16,8%
Offshore Bonds						
Developed Markets	0,7%	2,8%	-3,3%	1,9%	-3,2%	-3,2%
Emerging Markets	-0,5%	2,3%	0,2%	6,7%	3,2%	3,4%
Africa						
Equities	6,8%	16,6%	14,2%	31,6%	2,5%	7,4%
Bonds	2,4%	5,7%	1,9	20,8%	-3,6%	3,9%

the subsequent announcements of changes to trade policy and "Make America Great Again" rhetoric spooked markets and continue to cause market volatility and uncertainty. By all accounts, it appears that the world is marching towards a multipolar form, which will be conditioned by the friction generated by tariffs. The rapid advancement and integration of Artificial Intelligence (AI) spurred a significant technology boom, especially within US stock markets. We maintain a cautious outlook on these valuations, as any substantial misses in earnings expectations could trigger a sharp market correction. The S&P 500 recorded returns of 6.8% while emerging market equities delivered returns of 5.6% in US dollar terms. Emerging market bonds outperformed those from developed markets (1.9%), at 6.7% in US dollar terms, as shown in the table above.

From an investment perspective, this landscape demanded a cautious yet opportunistic approach. In this regard, investment strategies focused on downside protection, diversification, and a deep understanding of sector-specific dynamics, which proved critical. While uncertainty persisted, the underlying potential of the South African economy, coupled with careful risk management, presented avenues for long-term value creation. The year under review underscored the need for active management, rigorous due diligence, and a focus on companies with strong fundamentals, resilient business models, and the ability to adapt to evolving market conditions.

Our investment philosophy remains rooted in balancing long-term value creation with prudent risk management. We continue to draw from global best practices, including multi-asset and multi-manager approaches leveraged by top-tier funds, locally and internationally. Our approach aligns asset allocation, liability management, and sustainability, and positions us well to generate risk-adjusted returns even in uncertain times.

During the year under review, the PIC successfully navigated these complexities, growing assets under management (AuM) to R3.049 trillion from R2.691 trillion the previous

PIC AuM growth by major client (R'billion)

CLIENT	BMV	INFLOW	OUTFLOW	MARKET MOVEMENT	EMV	GROWTH INCL. FLOWS	GROWTH EXCL. FLOWS
GEPF	2,368	77	(152)	384	2,677	13.05%	16.22%
UIF	149	2.2	0	19	170	14.09%	12.62%
CC	59	2.4	(0.3)	10	71	20.34%	16.78%
CP	51	2.1	(0.1)	9	62	21.57%	17.65%
AIPF	18	0.2	(0.9)	4	21	16.67%	20.56%
Smaller clients	46	8.5	(10)	4	48	4.35%	7.61%
TOTAL	**2,691**	**92**	**(163)**	**429**	**3,049**	**13.30%**	**15.94%**

- *BMV= Beginning Market Value*
- *EMV= End Market Value*

financial year. This marked a year of solid growth (R358 billion or 13.3%), including net outflows of R71 billion. The PIC's AuM was allocated as follows: 87.8% GEPF, 5.5% UIF, 2.3% CC, and 2.0% CP, with the remaining 2.3% with other clients.

The GEPF listed portfolio delivered a return of 16.95% (16.22% above reflects the inferred AuM growth) over the past 12 months, despite this occurring during a strategic allocation transition scheduled for completion by 2027 in line with the mandate. The ongoing transition to a new investment mandate has led to an unintended overweight position in cash and an underweight allocation to local equities. This positioning resulted largely from the sell-down of local equities to fund allocations to global managers. Additionally, from a sector allocation perspective, returns were negatively impacted by restrictions imposed by the South African Reserve Bank (SARB) on significant ownership limits within the financial services sector. The constraints in financial services holdings necessitated an application to change the benchmark (i.e. reduce financial sector weighting) to enable the investment team to apply investment views in the sector. From a tactical asset allocation (TAA) perspective, the house view has been to maintain overweight positions in local equities and conventional bonds, whilst remaining underweight in local cash.

Despite the various constraints the PIC faced, certain asset classes delivered strong results. Conventional bonds and inflation-linked bonds returned 20.19% and 9.01% respectively, both outperforming their respective benchmarks and contributing positively through selection effects. The global asset classes also generated positive returns, with global equities and bonds delivering returns exceeding 4%, outperforming their respective benchmarks and contributing 17 basis points to relative performance. Conversely, the Africa-listed equities portfolio experienced negative excess returns, thereby detracting from overall performance.

UIF's listed portfolio recorded a return of 15.52% in financial year 2024/25, against its composite benchmark of 14.84%, resulting in an outperformance of 0.68%. The positive alpha was primarily driven by asset allocation and security selection, with global equity contributing 0.66%. In addition, an overweight position in nominal bonds and an underweight position in inflation-linked bonds contributed 0.10% and 0.02%, respectively.

The CC and CP portfolios delivered returns of 16.63% and 16.68%, underperforming their respective benchmarks by 0.29 and 0.13 percentage points. This underperformance was primarily driven by top-down asset allocation decisions, particularly within the money market and equity segments. Both portfolios maintained an overweight position of approximately 2.5% in cash and money market instruments, which detracted from overall performance as these assets lagged the returns of other domestic asset classes.

Most client portfolios delivered strong returns relative to their CPI+ targets over the 12-month period. Notably, the GEPF Total Listed portfolio achieved an annualised return of 16.95%,

As part of facilitating B-BBEE and skills development in the stockbroking industry, the PIC allocated 71.9% of total brokerage fees to firms that are 51%-owned or have a 30% management control by historically disadvantaged individuals.

By the end of the financial year under review, R268 billion (87%) of the R308 billion allocated to domestic firms was managed by black-owned entities with more than 51% black ownership and 30% black management control.

outperforming its CPI+5.5% benchmark by 8.30%. Similarly, the UIF Total Listed portfolio returned 15.52%, exceeding its CPI+3% target by 9.36%. Other portfolios, including the CC Fund and CP Fund, also delivered robust results, surpassing their respective CPI+3.5% targets by 9.97% and 10.03%, respectively.

Over the 24-month period, all top client portfolios remained well ahead of their CPI+ targets. However, performance over the 36-month period was mixed, with some portfolios continuing to exhibit strong returns, whilst others underperformed relative to their targets.

Whilst some clients may have short-term underperformance relative to benchmarks, the PIC's goal remains to deliver sustainable equity returns for all clients over the medium- to long-term (measured over a three to five-year rolling period).

Despite the aforementioned constraints, the Listed Equities division delivered positive returns for various clients, with listed assets growing by 22.5% to R999 billion (compared with 1.4% in 2023/24). Over and above significant holder restriction in the financial sector, the portfolio also experienced a significant cash drag resulting from an approximate.2% overweight in cash. The excess cash arose from the sell-down of local equities undertaken to fund global manager allocations, which could not be deployed timeously as requisite SARB and Prudential Authority were pending. Importantly, this elevated cash exposure has been reduced significantly in recent months, which should help stabilise active returns going forward.

As part of facilitating B-BBEE and skills development in the stockbroking industry, the PIC allocated 71.9% of total brokerage fees to firms that are 51%-owned or have a 30% management control by historically disadvantaged individuals. Through listed investments, we drive racial and gender transformation in investee companies through proxy voting, the nomination of board members, and liaison with members to appoint competent executive teams that are racially and gender diverse. Over the past year, we aimed for a 50:50 gender split between women and men when proposing board nominations. We further aim to ensure that all companies we invest in provide equal opportunity to women and historically disadvantaged individuals.

Through the Multi-Management Public Markets, the PIC has allocated capital to 15 global and 25 domestic asset managers, with an asset split of R325 billion and R308 billion, respectively. For the year under review, the PIC issued Requests for Proposals for the Women Empowerment Fund and the Global Developmental Programme. Allocations were made to three asset managers under the Women Empowerment Fund and three under the Global Developmental Programme. As an anchor investor in many black-owned firms, the PIC has enabled experienced black professionals to build credible asset management track records. At the start of the Developmental Manager Programme in 2009, black-owned firms managed only 17% of the R65 billion in externalised assets. By the end of the financial year under review, R268 billion (87%) of the R308 billion allocated to domestic firms were managed by black-owned entities with more than 51% black ownership and 30% black management control. Financial statements of incumbent black managers reveal that the PIC contributes between 15% and 75% of the revenue of these firms. This emphasises the PIC's important role in developing and sustaining black asset managers in South Africa.

Unlisted Investments (Isibaya Fund, Multi-Management Private Markets and Early-Stage Fund, excluding Unlisted Properties) allocated R6.1 billion to new investments in the year under review. Collectively, the teams (excluding unlisted properties) had allocated R19.2 billion (76.8%) of the R25 billion given by GEPF on 1 April 2022 and on course to deploy the full amount before the 5-year investment period. Since April 2022, the portfolio has returned an Internal Rate of Return (IRR) in excess of 15% in rand terms. This is above the weighted average benchmark of 9%.

As at 31 March 2025, the Isibaya Fund capital committed to the Isibaya Fund exceeded R100 billion across 145 portfolio companies on behalf of the GEPF, the UIF and the CP. The portfolio comprises 18% housing investments, 14% manufacturing investments, 14% financial services, 9% renewable energy, 9% in Multi-Management Private Markets and 7% in health.

Through the Multi-Management Public Markets, the PIC has allocated capital to 15 global and 25 domestic asset managers, with an asset split of R325 billion and R308 billion, respectively.

By 31 March 2025, through Multi-Management Private Markets, the PIC concluded three transactions: Adenia Capital Fund V, Alterra Africa Accelerator Fund, and the SA SME Fund of VC Funds I. These investments facilitated approximately 75,136 jobs. In terms of transformation, all South African-domiciled fund managers supported by the PIC fall within B-BBEE levels 1 to 4.

Through the Early-Stage Fund, the PIC catalyses projects in their infancy; creates new industries; drives innovation, which is one of the values of PIC; supports job creation, particularly for youth and women; and unlocks economic growth while generating financial returns. By providing much-needed capital for start-ups and entrepreneurs, the PIC charted a course of excellence by leading institutional capital into the early-stage and venture capital market. The PIC hopes that other institutional investors will follow suit, thus growing the pool of available funds for this segment of businesses. During the period under review, the PIC allocated R1.1 billion in six investments, with black ownership averaging 63%, black management 56% and women management 42%. These statistics are higher than the targets outlined in the PIC's Transformation Charter; at least 50% black ownership and management and 30% women management.

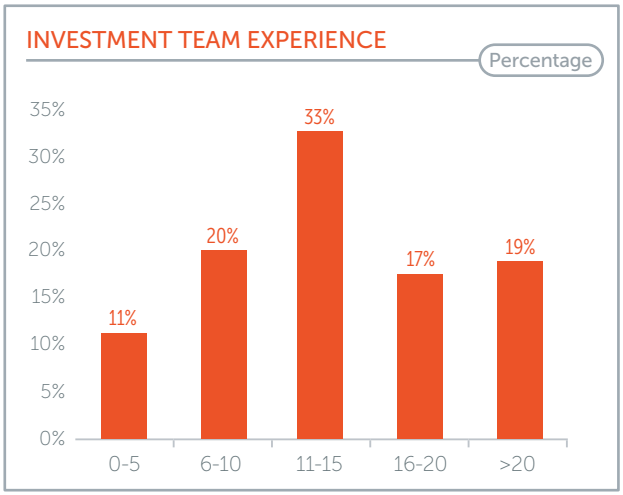
The PIC started the unlisted investments division to achieve financial returns and socio-economic objectives, which are imperative but cannot be achieved solely through investment in traditional assets such as listed equities and bonds. Over the past 10 years, the total unlisted portfolio assets under management have grown from R45 billion to R73 billion. This growth is driven by new investments concluded and enhanced management of the existing portfolio. The total value of the portfolio is at R116 billion, which includes capital paid back plus unrealised valuation. The active portfolio is made up of 153 investments, diversified by location, sector, industry and instruments. The Multiple of Invested Capital (MOIC) of the active portfolio is 1.2 times. Since inception of unlisted investments, 49 transactions have been exited. Initially, these transactions were at R29 billion at the time of investment and they were exited at a total value of R49 billion, with a MOIC of 1.7 times.

During the year under review, the PIC concluded R5.5 billion worth of unlisted property transactions, taking the portfolio's total value to R54 billion. The portfolio is spread across South Africa, the rest of Africa and globally. Fifty one percent of the portfolio is in retail, 20% in office, 21% in specialised, 5% in industrial, 2% in student accommodation and 1% vacant land. Significant transactions concluded during the financial year include the Century City (R1 billion), Gateway Real Estate Africa (R879 million) and Diversity (R500 million).

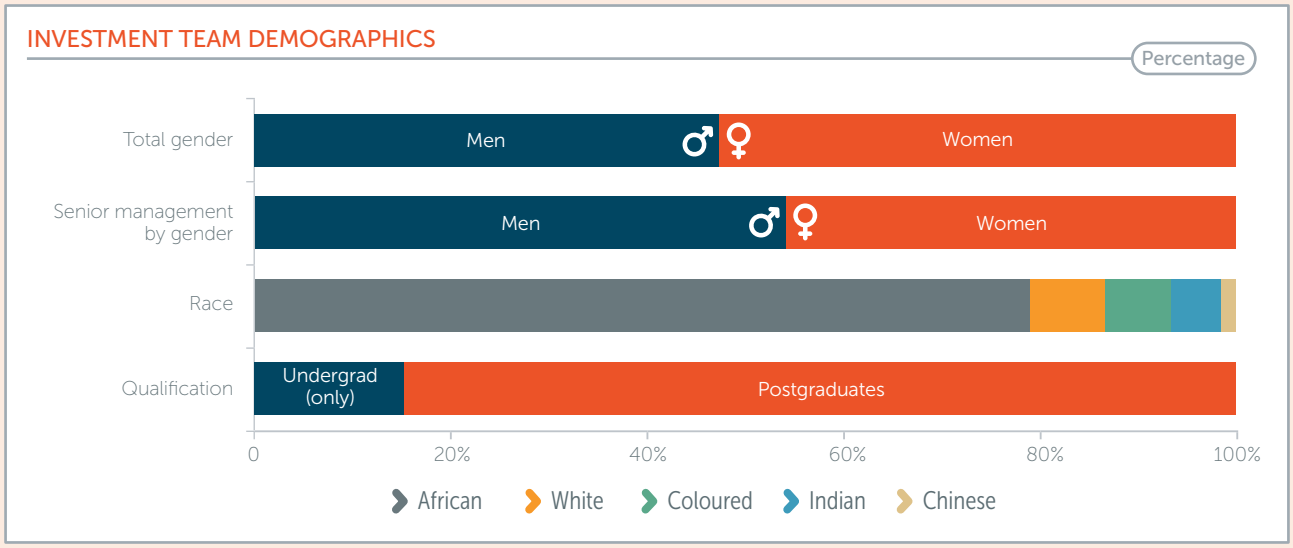
We know that responsible investing lies at the heart of sustainable performance. Guided by international standards and local regulatory frameworks, the PIC has embedded ESG principles across its investment processes. Part of the investment process includes rigorous due diligence for new investments, active stewardship, and strategic engagement with investee companies to unlock long-term value and mitigate systemic risks.

The PIC is an active shareholder. In this regard, during the year under review, the PIC ESG Unlisted team voted at all investee company meetings and engaged with investee management at 174 meetings, voted on 2,990 resolutions, held 104 company engagements and engaged on 251 ESG matters. In the same period, the PIC ESG Unlisted team engaged on 315 ESG-related matters across 73 investee companies. This reflects a decrease from 448 matters and 85 investees during the previous year. Engagements were distributed across the ESG pillars.

Through unlisted investments, Multi-Management Public Markets and ESG, the PIC embodies the theme of South Africa's G20 Presidency: *Solidarity, Equality, and Sustainability*. Amongst others, this is done by driving transformation of the financial services sector in SA, and funding businesses owned and managed by historically disadvantaged individuals (African, women, youth and people with disabilities). The PIC continues to seek purpose-driven investments, align capital to Sustainable Development Goals (SDGs) and position the organisation as a proactive contributor to SA's just transition and global sustainability efforts.



All this work would not have been achieved without the incredible, talented and dedicated team of investment professionals. At the end of the year under review, the PIC's investment team headcount stood at 181 out of 443 employees. PIC's investment team broadly reflects the demographics of the country, with 80% of staff being



African, followed by White (8%), Coloured (6%), Indian (6%), and Chinese (1%). Women represent 52% of the investment team and 45% of senior management. Approximately 70% of the professionals had over 10 years of industry investment experience, with a quarter of these having been at the PIC for over a decade. 36% of the team have more than 15 years' industry experience.

Notwithstanding notable achievements, the financial year had its share of challenges. These include resignations of a few senior investment professionals, capacity constraints amidst cost-containment and delays in getting approval from the SARB for global and Africa transactions. Automation and AI adoption will go a long way in addressing capacity constraints and enhancing overall organisational efficiency.

Focus in the 2025/26 financial year will be placed on these key strategic targets for the new fiscal year, in order to:

- **Listed Investments:** Adding value and outperforming client investment return objectives and benchmarks. This will entail enhancing coverage of the top 60 companies, including selected investments into the rest of Africa and bolstering the capability to invest in global equity markets.
- **Unlisted Investments:** Accelerating investments into economic and social infrastructure that will support economic growth and the inclusion of marginalised communities. This will include increased investments in renewable energy, transmission networks, water infrastructure, student accommodation, and affordable housing. There will be increased focus on directing funding to businesses owned by women, young people and previously disadvantaged groups. The PIC will work closely with investee companies in the portfolio to improve operations, ensure sound governance and support business stability.
- **Unlisted Properties:** There will be a drive to prioritise projects that stimulate local economic participation, creating jobs, and expanding access to essential services, particularly in underserved areas. Strengthening delivery through dedicated teams, enhanced governance and agile operations management to accelerate the delivery of key objectives. The PIC believes in partnerships. For this reason, there will be collaboration with strategic partners in pursuit of new investment opportunities and to optimise the PIC's portfolio. As part of diversification, focus will be placed on building a balanced pipeline of region-specific projects across all nine provinces and aligning investments with local economic priorities and inclusive growth goals.

Looking ahead, the PIC remains committed to its mandate of generating sustainable, risk-adjusted returns for its clients while contributing to the socio-economic development of South Africa. The PIC anticipates continued volatility in global markets and persistent challenges within the domestic economy, mirroring the uncertainties of the previous year. However, its disciplined investment approach and focus on diversification, active management, and responsible investment principles will enable the organisation to navigate these uncertainties and achieve our long-term objectives. The PIC will continue to explore opportunities in key sectors, including infrastructure, renewable energy, and technology, while remaining vigilant in managing risk and prioritising investments that align with our values and deliver long-term, sustainable value for our clients, in line with our investment plan for the year. As always, the PIC will diligently find opportunities to benefit all stakeholders.



Mr Kabelo Rikhotso
Chief Investment Officer

PERFORMANCE AGAINST KEY STRATEGIC OBJECTIVES

	STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2024/25			ACTUAL PERFORMANCE 31 MARCH 2025	ACTUAL PERFORMANCE (Achieved/Not achieved)	PERFORMANCE COMMENTARY
	FINANCIAL EFFICIENCY (25%)					**FINANCIAL EFFICIENCY (25%)**		
1a	PIC's financial sustainability and going concern through efficient operations and cost containment.	Total employee costs ratio (cost to company excluding PICeeds/total income) (where X is the ratio).	x = 40%			36%	Achieved	Cost to company were maintained in line with budget as a result of disciplined cost containment measures.
1b		Total costs/total income (where X is the ratio).	x = 80%			78%	Achieved	Expenses were maintained in line with budget as a result of disciplined cost containment measures.
	INTERNAL BUSINESS PROCESSES/OPERATIONAL EFFICIENCY (20%)					**INTERNAL BUSINESS PROCESSES/OPERATIONAL EFFICIENCY (20%)**		
	Improve compliance and governance.	Submit all PFMA submissions within the stipulated deadline.	Submit all PFMA submissions within the stipulated deadline.			Submitted all PFMA submissions within the stipulated deadline.	Achieved	Management implemented monitoring controls that were preventative to ensure that all PFMA submissions were made within the stipulated deadlines per the PFMA and also based on instructions from the National Treasury.
		Achieve an unqualified audit opinion with no material findings on performance information, annual financial statements, compliance and AuM.	Achieve an unqualified audit opinion with no material findings on performance information, annual financial statements, compliance and AuM.			PIC achieved an unqualified audit opinion with a material finding.	Not Achieved	PIC achieved an unqualified audit opinion with a material finding on performance information and selective legislative requirements.
2a		Ethical Behaviour - % of action taken when unethical conduct is confirmed.	80% of management actions are initiated within 1 month of the unethical conduct being confirmed.			100%	Achieved	One report in the first quarter and the actions required to address the recommendations were started within one month. One report in the second quarter and the report did not require consequence management. Five investigation reports were issued in quarter three with one requiring consequence management. The consequence management actions started within one month. Five reports are issued in quarter four, with three requiring consequence management. The consequence management actions started within one month.
		% of employees who have completed Ethics Awareness Training.	100% of PIC employees to complete Ethics Training per annum.			100%	Achieved	100% of eligible employees have completed Ethics awareness training.

	STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2024/25			ACTUAL PERFORMANCE 31 MARCH 2025	ACTUAL PERFORMANCE (Achieved/Not achieved)	PERFORMANCE COMMENTARY
	INTERNAL BUSINESS PROCESSES/OPERATIONAL EFFICIENCY (20%)					**INTERNAL BUSINESS PROCESSES/OPERATIONAL EFFICIENCY (20%)**		
2b	Improve, transform and optimise operations through IT systems and digital capabilities.	The number of processes automated and optimised.	At least 50% of Isibaya processes are automated and optimised.			97%	Achieved	Automation of various processes in the Isibaya value chain is in progress, with an average percentage of 97%.
2c	Improve Enterprise-Wide Risk Management practices.	Reduce PIC risk exposure and improve the internal control environment (Measured by a reduction in the Risk Index and the control environment rating).	At least 10% reduction in the Risk Index from the prior year and a satisfactory control environment rating.			As at 31 March 2025, the risk index reduction is -2.93% and need improvement control environment rating.	Not Achieved	1) The Risk Index reduced by -2.93% in quarter four 2024/2025 financial year. 2) The control environment rating was rated as need improvement for quarter four 2024/2025 financial year.
2d	Improve on a rating of "Good" on the Corporate Governance matrix as of 31 March.	Assessment against PIC's Corporate Governance Matrix ratings as per the PIC internally generated ESG assessment.	ESG rating score = 75%			75%	Achieved	ESG rating of 75% has been achieved.
	CUSTOMERS / STAKEHOLDERS (45%)					**CUSTOMERS / STAKEHOLDERS (45%)**		
3a	Meet Client Benchmark Portfolio Returns and compliance with Client Risk Parameters (over a period of 36 months).	**Listed Investments** α is defined as Total Individual Fund Return for the Top 5 Funds Individual Fund Benchmark Return.	Individual Top 5 Funds α = 0 (meet Benchmark)			α = - 0.42%	Not Achieved	The top five listed composite funds delivered a +8.49% return over the 36 months to March 2025, underperforming its blended benchmark by 0.42% on a gross basis. The primary driver of this underperformance was local equities, which were impacted by both stock selection and asset allocation decisions. Structural underweights in financial stocks have continued to weigh on relative performance in both the short and long term. To address this, a new benchmark is being developed to cap exposure to the financial sector, aiming to resolve these structural constraints.
3b	Meet Client Benchmark Portfolio Returns (Unlisted Investments excluding Properties) (over a period of 36 months).	**Unlisted Investments** (excluding Properties) (Measured by GEPF Hurdle Rate (x)).	IRR = Weighted Hurdle rate.			3.92% (IRR) < 9.45% (Weighted Hurdle rate).	Not Achieved	Valuation declined due to the impairment of non-performing assets. The values used are based on the approved valuation for the year ending 31 March 2025.
			MOIC = 1			1.11x	Achieved	Multiple on Invested Capital of 1.11x was achieved as at 31 March 2025. The Multiple on Invested Capital is based on the 31 March 2025 valuations.
3c	Meet Client Benchmark Portfolio Returns (Measured as per IPD returns calculation = customised for the PIC unlisted properties portfolio structure) (over a period of 36 months).	**Property Investments** Measured as Total Return (Capital and Income) (X) = MSCI RE (formerly IPD) adjusted by weighting the portfolio returns as customised for the PIC's clients' portfolio structure.	X = MSCI RE			TR = 3.92% BM = 9.73%, Relative = -5.81%.	Not Achieved	Total Return over three years of 3.92% was below the benchmark of 9.73%, reflecting an underperformance of -5.81%. The reduction of inflation from 7.07% in 2022/3 to 2.73% in 2024/5 has kept the weighted benchmark relatively high over three years. The GEPF portfolio relative performance over one year has increased by 10.49% and the 2025 one-year return is 8.49% with a benchmark of 8.80% reflecting a -0.31% relative performance.

	STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2024/25			ACTUAL PERFORMANCE 31 MARCH 2025	ACTUAL PERFORMANCE (Achieved/Not achieved)	PERFORMANCE COMMENTARY
	CUSTOMERS / STAKEHOLDERS (45%)					CUSTOMERS / STAKEHOLDERS (45%)		
3d	Catalyst for transformation and diversity to facilitate transformation through investment activities, both in Listed and Unlisted Investments.	**Multi-Management (Public Markets)** A minimum of X% (percentage) of the total AuM allocated to domestic firms should be managed by transformed managers with BEE Level 1 – 3 and with at least 51% Black Ownership; and at least 30% Black Management Control (X%). This excludes non-SA allocation.	X = > 40% - 50% AuM of allocations to domestic firms should be managed by external BEE managers with at least 51% Black ownership, and 30% management control.			At 31 March 2025, 87.19% of the allocations to domestic firms are allocated to BEE firms with 51% black ownership and 30% black management control.	Achieved	At 31 March 2025, 87.19% of the allocations to domestic firms are allocated to BEE firms with 51% black ownership and 30% black management control.
		Listed Investments (Brokerage) Percentage of brokerage allocated to designated BEE broker firms used as a percentage of total brokerage paid (BEE Brokers must be BEE Level 1 – 3 and certified by an independent rating agency; at least 51% Black Ownership; and at least 30% Black Management Control.	At least 90% of brokerage spend shall be to brokers on level 1 – 3 BEE rating.			98.73% of brokerage were paid to brokers on a level 1 - 3 BEE rating.	Achieved	Aim to increase brokerage spend to level 1 - 3 BEE Brokers.
			At least 60% of the total brokerage shall be paid to brokers with 51% Ownership by HDIs and 30% Management Control by HDIs.			72.08% of total brokerage were paid to brokers with at least 51% Ownership by HDIs and 30% Management Control by HDIs.	Achieved	Aim to increase brokerage spend to brokers with at least 51% Ownership by HDI's and 30% Management Control by HDIs.
3e	Catalyst for transformation and diversity to facilitate transformation through investment activities both in Listed and Unlisted Investments.	**Multi-Management (Private Markets)** (Measured by X% (percentage) of the approved funds during the Financial Year allocated towards BEE – transformed External Managers) (To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs).	60% of all the approved funds are allocated to BEE Managers.			71.3% of all the approved funds were allocated to BEE Managers.	Achieved	71.3% of all the approved funds were allocated to BEE Managers.
			30% - 40% women participation within Management and Board Level.			Average women % participation at Management and Board level within transactions approved is 42.75%.	Achieved	Average women % participation at Management and Board level within transactions approved is 42.75%.
		Isibaya (Unlisted Investments) (Measured by approved Isibaya transactions).	30% - 40% women participation within Management and Board Level.			Average women % participation at Management and Board level within transactions approved is 24.55%.	Not Achieved	Average women % participation at Management and Board level within transactions approved is 24.55%.
			Minimum women ownership 30%.			Average women % ownership within transactions approved is 16.99%.	Not Achieved	Average women % ownership within transactions approved is 16.99%.
		Property Investments (Unlisted) (Measured by approved transactions for new developments/acquisitions of property investments) (Women participation refer to participation in management and Board Level).	At least 15% of the approved unlisted property BEE transactions must have ownership by black women.			100%	Achieved	One BEE debt funding Deal (Project Mountain) for R621 million, which was 100% black-owned and 10% black woman-owned.

	STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2024/25			ACTUAL PERFORMANCE 31 MARCH 2025	ACTUAL PERFORMANCE (Achieved/Not achieved)	PERFORMANCE COMMENTARY
	ORGANISATIONAL CAPACITY – HUMAN CAPITAL MANAGEMENT (10%)					ORGANISATIONAL CAPACITY – HUMAN CAPITAL MANAGEMENT (10%)		
4a	Ensure PIC functions are adequately capacitated in line with its internal transformation and EE plan.	1. Implement Organisational Design as per approved priorities for 2024/25. 2. Filling of critical roles per EE Plan. 3. Women representation at Senior Management level (measured as X%). 4. Increase number of employees with disabilities.	80% of critical vacancies filled in line with the EE Plan.			100%	Achieved	100% of roles filled with employees from designated groups as defined by the EE Plan.
			Maintain a minimum of 30% women at Senior Management level based on the Paterson grading scales.			44.4%	Achieved	44.4% of Women at Senior and Top Management level is comprised of women.
			2% of employees with disabilities as a percentage (%) of overall total staff.			2.5%	Achieved	2.5% of employees live with disabilities. 11/443 of employees are comprised of people with disabilities.
4b	Focused, inspired, engaged and competent people.	Further implementation and internalisation of the Revitalising, Brilliant Basics and Beyond Programme.	Team Connect1 effectiveness Level 3.			Team Connect methodology launched, coaches trained. Team Connect is aligned to performance management objective.	Not Achieved	Team Connect methodology launched, coaches trained. Team Connect aligned to performance management objective.
			Performance management implemented in the organisation.			78% Performance Contracting recorded. Performance Moderation Principles developed and approved for implementation.	Not Achieved	78% Performance Contracting recorded. Performance Moderation Principles developed and approved for implementation.
			Succession management complete, up to date and implemented for mission-critical roles.			Succession management template developed and approved by Exco, shared with relevant leaders for completion. Successors identification completed for some areas.	Not Achieved	Succession management template developed and approved by Exco, shared with relevant leaders for completion. Successors identification completed for some areas.
			Talent forum operational and talent policy implemented.			Talent Guidelines approved and socialised with employees. Talent Forum is established and operational.	Achieved	Talent Guidelines approved and socialised with employees. Talent Forum is established and operational.
			Implementation of all 2023 survey action plans.			61.5%	Not Achieved	8/13 interventions implemented (61.5%).

NATIONAL TREASURY INSTRUCTIONS ON FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE

Fruitless and wasteful expenditure

Figures in Rand thousand	2025	2024
Opening balance	**349**	**-**
Add: Fruitless and wasteful expenditure confirmed	20,020	349
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(580)	-
Closing balance	**19,789**	**349**

2025

* Leave payout on termination of four employees was inaccurately calculated. This led to a leave payout overpayment for two employees, amounting to R12,387 and R18,515, respectively. The PIC is in the process of recovering these overpayments.
* A counteroffer payment to one employee was inaccurately calculated. This led to a counteroffer overpayment to the employee by R200,000. The PIC is recovering the overpayment in monthly installment from 1 April 2025.
* South African Revenue Services (SARS) interest payment of R16,318,913. On 26 March 2025, the PIC entered into a voluntary disclosure agreement with the South African Revenue Service (SARS) in terms of which PIC applied for relief afforded by the Voluntary Disclosure Relief programme (the VDP) that is administered by SARS in accordance with the Tax Administration Act (No. 28 of 2011).
* R3,470,329 Unlisted Investment System licence costs, which represent 19.5% of the total license costs of R17,796,560 for the year ended 31 March 2025. The 19.5% represent inactive licence usage by users.
* Of the R349,000 fruitless and wasteful expenditure disclosed in 2024, R145,060 has been recovered in the current year.

Reconciling items

Figures in Rand thousand	2025	2024
Fruitless and wasteful expenditure that was under assessment in 2023/2024	-	-
Fruitless and wasteful expenditure that relates to prior years and identified in 2024/2025	16,319	-
Fruitless and wasteful expenditure for the current year	3,701	349
Total	**20,020**	**349**

Irregular expenditure

Figures in Rand thousand	2025	2024
Opening balance	**1,240**	**89**
Add: Irregular expenditure confirmed	2,366	1,151
Less: Irregular expenditure condoned	(1,151)	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**2,455**	**1,240**

2025

* R23,000 relates to a transaction that was approved by an employee in the absence of a formally signed Delegation resulted to a breach of the Public Finance Management Act (PFMA).
* R148,142 relates to a transaction that was approved based on an inadequate number of quotations, resulted to a breach of PFMA.
* R1,752,095 relates to employees acting allowances payment that was not based on the Delegation of Authority (DOA) resulted to a breach of PFMA.
* R49,290 relates to a transaction incurred without following the DOA, resulted to a breach of PFMA.
* R392,528 relates to a transaction incurred without following the Corporate SCM policy and the DOA resulted to a breach of PFMA.
* An amount of R49,132.42 was identified as potentially irregular expenditure due to non-compliance with the Preferential Procurement Regulations (2022) in quotations below R30,000. The matter has been referred to National Treasury for assessment.
* R1,151,000 was condoned by the board by regularising the unapproved payscales in 2024/25.

Reconciling items

Figures in Rand thousand	2025	2024
Irregular expenditure that was under assessment in 2023/24	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	-	-
Irregular expenditure for the current year	2,366	1,151
Total	**2,366**	**1,151**

CLIENT PORTFOLIO PERFORMANCE

ASSET CLASS COMPOSITION AuM (R)

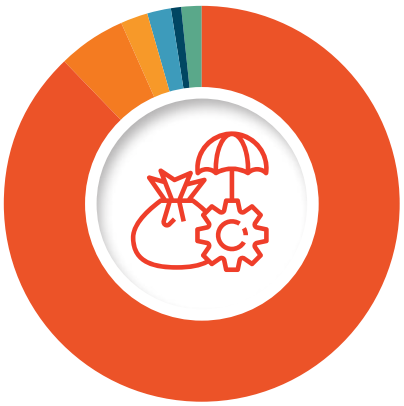


- 45.68% Local Listed Equity
- 31.94% Local Listed Bonds
- 3.95% Cash and Money Markets
- 2.29% Property (Listed)
- 1.63% Property (Unlisted)
- 8.83% Offshore Equity
- 1.46% Offshore Bonds
- 1.35% Africa Equity Listed
- 0.91% Africa Equity Unlisted
- 1.96% Local Unlisted

TOTAL: R3.049 trillion

The PIC's Major Clients and AuM:

CLIENTS UNDER MANAGEMENT AuM (R)



- 87.80% Government Employee Pension Fund (GEPF)
- 5.58% Unemployment Insurance Fund (UIF)
- 2.32% Compensation Commissioner Fund (CC)
- 2.04% Compensation Commissioner Pension Fund (CP)
- 0.68% Associated Institutions Pension Fund (AIPF)
- 1.59% *Other

* Various clients with smaller portfolios.

The PIC's Major Clients and AuM (R'billion)

CLIENT	BMV	INFLOW	OUTFLOW	MARKET MOVEMENT	EMV	GROWTH INCL. FLOWS	GROWTH EXCL. FLOWS
GEPF	2,368	77	(152)	384	2,677	13.05%	16.22%
UIF	149	2.2	0	19	170	14.09%	12.62%
CC	59	2.4	(0.3)	10	71	20.34%	16.78%
CP	51	2.1	(0.1)	9	62	21.57%	17.65%
AIPF	18	0.2	(0.9)	4	21	16.67%	20.56%
Smaller clients	46	8.5	(10)	4	48	4.35%	7.61%
TOTAL	**2,691**	**92**	**(163)**	**429**	**3,049**	**13.30%**	**15.94%**

BMV = Beginning Market Value EMV = End Market Value

Top 5 Clients Performance Summary

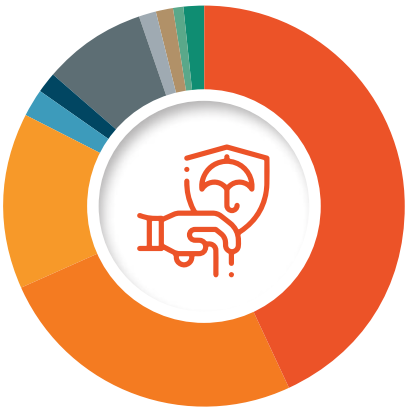
	12 MONTHS			24 MONTHS (ANN.)			36 MONTHS (ANN.)		
PORTFOLIO	FUND	BMK	REL.	FUND	BMK	REL.	FUND	BMK	REL.
	%	%	%	%	%	%	%	%	%
PIC TOP 5 CLIENTS LISTED	16.86	17.69	-0.83	10.97	11.46	-0.49	8.49	8.91	-0.42
GEPF Total Listed	16.95	17.88	-0.78	10.97	11.56	-0.53	8.45	8.95	-0.46
GEPF – Offshore	5.53	4.25	1.23	15.28	12.58	2.40	14.82	11.94	2.57
GEPF Offshore Equity	5.58	5.07	0.49	17.08	15.12	1.70	15.76	13.52	1.98
GEPF Offshore FI	4.59	0.27	4.30	7.85	1.27	6.50	10.78	4.34	6.18
GEPF – Africa Listed Equity	-12.04	22.33	-28.10	-15.93	-0.39	-15.60	-7.95	3.53	-11.10
GEPF – Africa FI	19.39	3.22	15.67	28.22	17.93	8.73	25.79	13.32	11.00
GEPF – Local Listed	19.06	19.85	-0.66	10.94	11.49	-0.49	8.06	8.51	-0.41
UIF Total Listed	15.52	14.84	0.68	11.27	11.10	0.17	9.23	9.51	-0.28
UIF – Offshore	6.80	2.47	4.33	17.48	13.69	3.79	16.02	13.39	2.63
UIF – Local Listed	16.42	16.43	0.00	10.68	10.64	0.04	8.59	8.79	-0.20
CC Fund	16.63	16.93	-0.29	10.61	10.48	0.13	8.50	8.48	0.01
CP Fund	16.68	16.82	-0.13	10.77	10.69	0.09	8.65	8.65	0.01
Associated Institution	17.37	17.13	0.24	11.26	11.03	0.23	9.47	9.31	0.16
PICOF	15.94	15.57	0.38	11.27	11.17	0.10	8.63	8.37	0.27
FUND vs CPI+ TARGETS									
GEPF Total Listed vs CPI+5.5%	16.95	8.66	8.30	10.97	9.86	1.10	8.45	10.74	-2.29
UIF Total Listed vs CPI+3%	15.52	6.16	9.36	11.27	7.36	3.91	9.23	8.24	0.99
CC Fund – Listed vs CPI+3.5%	16.63	6.66	9.97	10.61	7.86	2.74	8.50	8.74	-0.24
CP Fund – Incl Unlisted vs CPI+3.5%	16.68	6.66	10.03	10.77	7.86	2.91	8.65	8.74	-0.09
Associated Institution vs CPI+3%	17.37	6.16	11.21	11.26	7.36	3.89	9.47	8.24	1.23
PICOF vs CPI+3%	15.94	6.16	9.79	11.27	7.36	3.90	8.63	8.24	0.39

BMK = Benchmark REL = Relative ANN = Annualised

The top five listed clients delivered strong and consistent absolute performance over the 12-, 24-, and 36-month periods. This sustained performance is supported by well-diversified asset allocations, proactive investment decisions and disciplined portfolio management. The top five client returns exceeded their respective Consumer Price Index (CPI) targets for most of the timeframes under review, reinforcing the portfolios' ability to generate real returns over time. This performance is particularly significant, given the evolving macroeconomic environment and varying inflationary pressures. The portfolios benefited from strategic exposure to growth-oriented listed equities, complemented by stable contributions from fixed income and other defensive assets. The continued outperformance against CPI targets highlights the strength and effectiveness of the investment strategy in delivering inflation-beating returns, ensuring long-term value preservation and growth for clients.

Despite outperformance against CPI targets, funds such as GEPF and UIF performed slightly below their respective benchmarks on a relative basis.

Government Employee Pension Fund (GEPF) asset allocation:



- 49.61% Local Listed Equity
- 29.00% Local Bonds
- 1.62% Cash and Money Market
- 2.40% Property (Listed)
- 1.83% Property (Unlisted)
- 9.56% Offshore Equity
- 1.66% International Capital Market
- 1.54% Africa Listed Equity (Excluding South Africa)
- 1.03% Africa Unlisted Equity (Excluding South Africa)
- 1.76% Local Unlisted

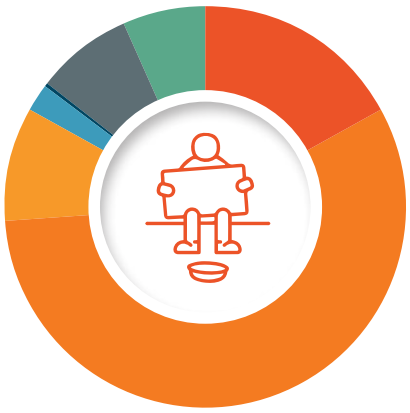
TOTAL: R2.677 trillion

The GEPF makes up 87.80% of the PIC's total AuM. The highly diversified portfolio includes equities, bonds, property, cash and money market instruments.

The equities asset class consists of local listed equities, local unlisted equities, international equities and equities from the rest of Africa. Bonds are further diversified into local listed bonds, local unlisted bonds and offshore bonds.

Property assets include both listed and unlisted properties, with the latter held either directly or indirectly. Beyond these, the portfolio also features investments in Fund of Funds and unlisted developmental investments.

Unemployment Insurance Fund (UIF) asset allocation:

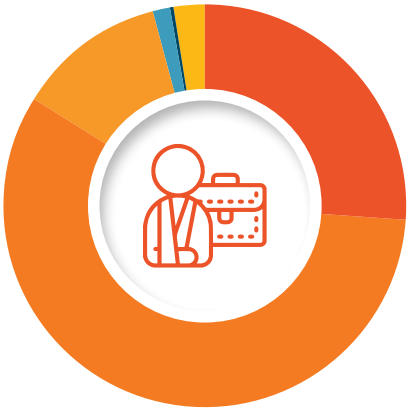


- 17.05% Local Listed Equity
- 56.84% Local Bonds
- 9.41% Cash and Money Market
- 2.13% Property (Listed)
- 0.21% Property (Unlisted)
- 7.93% Offshore Equity
- 6.43% Local Unlisted

TOTAL: R170 billion

The Fund's assets comprise inflation-linked bonds, property, listed domestic and international equities, cash and money market investments and socially responsible investments.

Compensation Commissioner Fund (CC) asset allocation:



- 26.13% Local Listed Equity
- 57.78% Local Bonds
- 12.12% Cash and Money Market
- 1.24% Property (Listed)
- 0.39% Property (Unlisted)
- 2.36% Socially Responsible Investment

TOTAL: R71 billion

The CC portfolio comprises nominal bonds, inflation-linked bonds, listed equities, cash and money market assets and socially responsible investments.

Compensation Commissioner Pension Fund (CP) asset allocation:



- 26.15% Local Listed Equity
- 8.23% Cash and Money Market
- 64.39% Local Bonds
- 1.23% Property (Listed)

TOTAL: R62 billion

The CP portfolio accounts for 2.04% of AuM and is made up of listed equities, nominal bonds, inflation-linked bonds, cash and money market investments.

Associated Institutions Pension Fund (AIPF) asset allocation:



- 17.50% Cash and Money Market
- 82.50% Conventional Bonds

TOTAL: R21 billion

LISTED INVESTMENTS PORTFOLIO

During the year under review, the Listed Investments division continued to support the PIC's vision of being a global leader in impact investing, contributing to inclusive growth by:

- Supporting infrastructure projects undertaken by other state-owned companies.
- Exceeding benchmark returns for clients.
- Driving transformation in the asset management industry through the External Manager Programme. Through this programme, the PIC allocates listed mandates to qualifying Broad-Based-BEE asset managers. The aim is to grow assets while driving transformation of the asset management industry.
- Integrating ESG principles across investment processes, including directly engaging with investee companies and actively voting in investee companies
- Driving transformation in investee companies via active engagement and dialogue with senior management and the Board. The PIC continues to champion increased racial and gender diversity across its investee companies.

Listed Equities

Listed Equities Performance

The Listed Equities division delivered positive returns for various clients, with listed assets growing by 22.5% to R999 billion (1.4% 2023/24). The internal listed equities portfolio underperformed its underlying benchmark by an annualised 0.55% over three years to 31 March 2025 (on an absolute basis, the portfolio delivered 25.18% over the three-year period). This was largely due to the inability to add to the financial sector, given regulatory limits set by the SARB. The Listed Property portfolio underperformed over this period by 0.28% on an annualised basis.

To fully understand the listed equities performance, it helps to focus on the various sectors comprising this portfolio. Financials performed best over the 12 months (28.3%). Industrials (21.4%) and Resources (18%) lagged. Non-life insurance was the best-performing subsector locally, with a 12-month return of 62%, followed by Construction and Materials (44.3%), in anticipation of a cyclical recovery, while Precious Metals and Mining (42.5%) was boosted by geopolitical tensions. Alternative Energy declined by 51.3% due to regulatory pressures and low natural gas prices. Chemicals declined by 36.5% due to lower natural gas and ammonia prices. Industrial Metals dropped by 24.2% due to inflationary cost pressures and falling commodity prices.

The PIC intensified its research on the JSE top 60 companies, spanning valuation models, deep-dive research and periodic updates to enable appropriate investment decisions. Investments continued in companies listed on the JSE that support the South African economy and transformation.

Global Market Context

Over the past 12 months, Morgan Stanley Capital International (MSCI) reported that emerging markets and South Africa returned 8.6% and 31.2% in dollar terms, respectively, compared to MSCI's world performance of 7.5%. The past 12 months were characterised by heightened and persistent geopolitical uncertainty. Ongoing conflicts in Ukraine, Gaza and the Eastern DRC, as well as economic sanctions against the countries involved in these conflicts, continue to impact globally. Surprising election outcomes in multiple countries across the globe resulted in several changes to the global growth outlook. The most influential of these was the beginning of President Trump's second term in the United States of America in January. The first two and a half months of his term were marked by an increase in geo-economic uncertainty as a raft of trade tariffs and other economic and financial changes were instituted by the USA.

Chinese housing markets continue to struggle, with the overall economy finding it difficult to emerge from a deflationary period. Despite multiple rounds of stimulus that helped push other segments of the economy into growth, the Chinese government remained reticent to stimulate the housing market, indicating a departure from historical norms. In the Euro area, economies continued to struggle, with the German economy remaining in recessionary territory. This was countered by robust growth from the USA, India and Japan over this period.



Non-life insurance was the best-performing subsector locally, with a 12-month return of 62%, followed by Construction and Materials (44.3%).

The International Monetary Fund estimated in January 2025 that the global economy will grow at a healthy 3.3% in 2025 and 2026

The PIC's goal remains to deliver sustainable equity returns for all clients over the medium to long-term. Events beyond the PIC's control may periodically occur that fundamentally alter the outlook for investments. In such cases, the PIC increases exposure to selected stocks or sectors if prices decline meaningfully.

Contribution to B-BBEE, Transformation and Job Creation

The PIC shares concerns about slow transformation in the financial services sector. Its internal policies stipulate that at least 60% of the equities brokerage allocation must be channelled to brokers whose black economic empowerment credentials meet set requirements. As part of facilitating B-BBEE and skills development in the stockbroking industry, the PIC allocated 71.9% of total brokerage fees to firms that are 51%-owned or have a 30% management control by historically disadvantaged individuals during the 2024/25 financial year.

The PIC remains focused on driving racial and gender transformation in investee company boards and among executive teams. It does so through proxy voting, the nomination of board members and liaison with members on the appointment of competent, race- and gender-diverse executive teams.

OUTLOOK

The International Monetary Fund estimated in January 2025 that the global economy will grow at a healthy 3.3% in 2025 and 2026, after weakened potential growth since Covid-19. Inflation is set to moderate to 4.2% in 2025 and 3.5% in 2026, according to the agency. Subsequent events, such as the advent of an aggressive trade war between the USA and the rest of the world, a potential USA-driven end to the Russia-Ukrainian conflict (even as the EU pledged support for the Ukrainian cause), and the ongoing conflict in the Middle East have dampened investor sentiment around global economic growth. At the same time, Europe has embarked on a re-militarisation phase, with Germany approving a €500bn defence and infrastructure budget, its first since World War II.

With this in perspective, the PIC sees a volatile global macro environment in 2025 that is likely to be negative for growth in the US and China, even as Europe emerges from the stagnation of previous years. Markets are likely to respond with uncertainty to the continued unpredictable comments from President Trump regarding major global events, although some of these reactions are likely to be transitory.

Given this backdrop, it becomes increasingly important for the PIC to maintain its long-term fundamental approach to investing. While it is likely that shorter-term performance metrics may look volatile during this time, the PIC's intense focus on longer-term value promises to deliver stable long-term returns for its clients.

Fundamentals in the listed property sector continue to improve. The office subsector is showing signs of bottoming, larger shopping centres are returning to ordinary trading, and high-end logistics remain in demand.

Global equities have entered a period of extreme uncertainty with an increased probability of trade wars and a heightened risk of inflation and rising interest rates, which will put pressure on equity markets. The PIC's fair-value models suggest that the JSE All Share Index is largely fairly valued, with a preference for financials and non-consumer industrials sectors.

ACCELERATING IMPACT IN 2025/26

During the 2025/26 financial year, the focus of Listed Equities will be on:

- Adding value and outperforming client investment return objectives and benchmarks.
- Enhancing coverage of the top 60 companies, including selected investments in the rest of Africa.
- Bolstering the capability to invest in global equity markets.

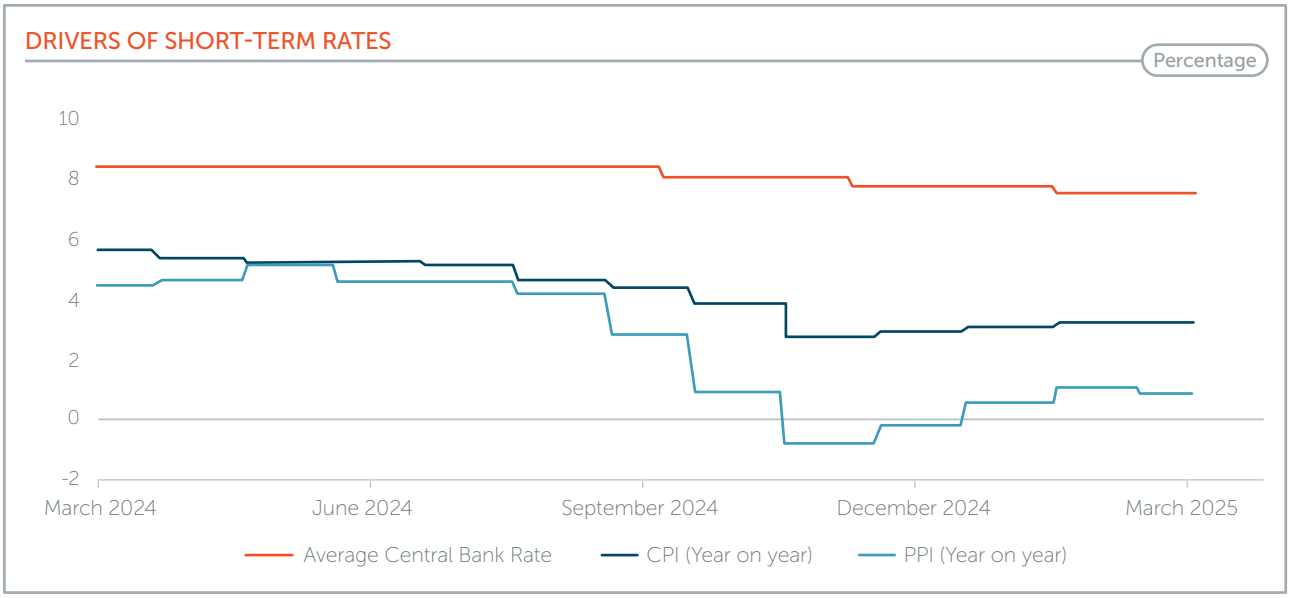
FIXED INCOME ASSETS

Global inflationary data signalled progress towards reigning in inflation towards targeted levels. Monetary policy adapted to these developments, with central banks initiating the interest rate-cutting cycle.

Central banks in developed markets began cutting short-term interest rates in response to price stability and fears of recession. The US Fed cut the Fed Funds Rate by 100 basis points during financial year 2024/2025, although slightly behind the Fed's own projections. The outcomes of Fed decisions set the direction for global capital markets.

The interest rate cutting cycle echoed through local markets, with the South African Reserve Bank cutting the Repo Rate by 75 basis points, ending the year under review at 7.50% from an opening of 8.25%.

Domestic short-term interest rates declined notably due to these developments. The 12-month Johannesburg Interbank Average Rate traded lower by 104 basis points from an opening of 9.13% and closed the year under review at 8.09%.



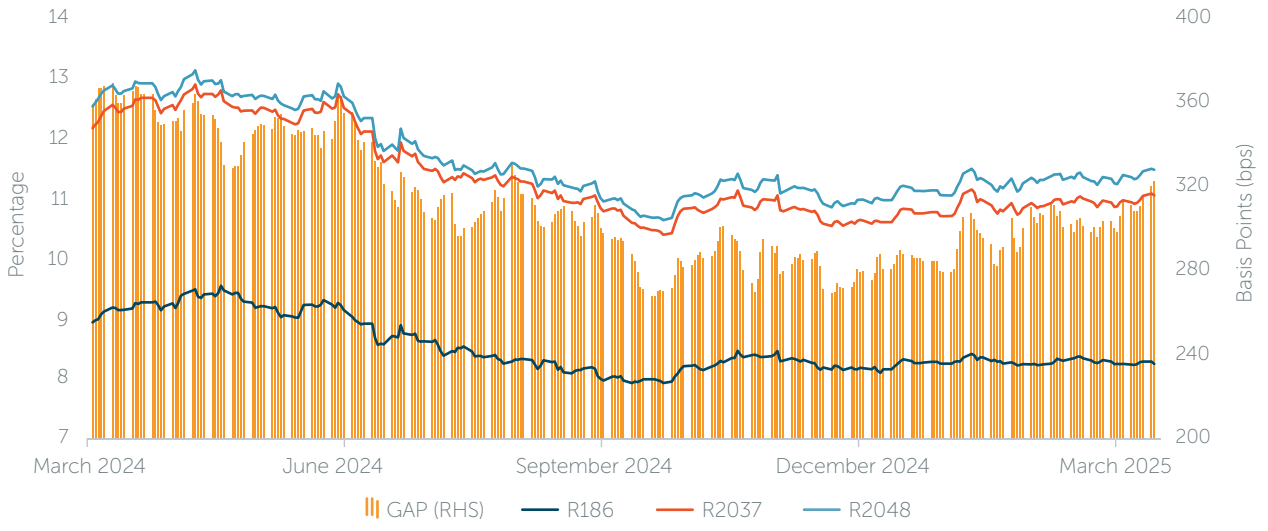
Source: PIC, Bloomberg

South African Government Bonds benefited from the interest rate-cutting cycle, with the ultra-long end of the curve delivering impressive returns during the period under review. Domestic nominal yields declined despite unsupportive domestic fundamentals. A renewed search for yield, combined with foreign buying of South African Government Bonds, provided impetus to domestic yields.

National Treasury continued to hold both conventional and inflation-linked bond switch auctions to mitigate redemption risk, given the maturity profile of issuances nearing maturity. The market was largely supportive of the switch auctions, given the value realised from longer-dated conventional bonds in exchange for shorter-dated bonds that mostly traded within range.

The spread between the R2048/R186 narrowed by 34 basis points, opening financial year 2024/2025 at 363 basis points and closing at 329 basis points.

CONVENTIONAL BONDS CURVE



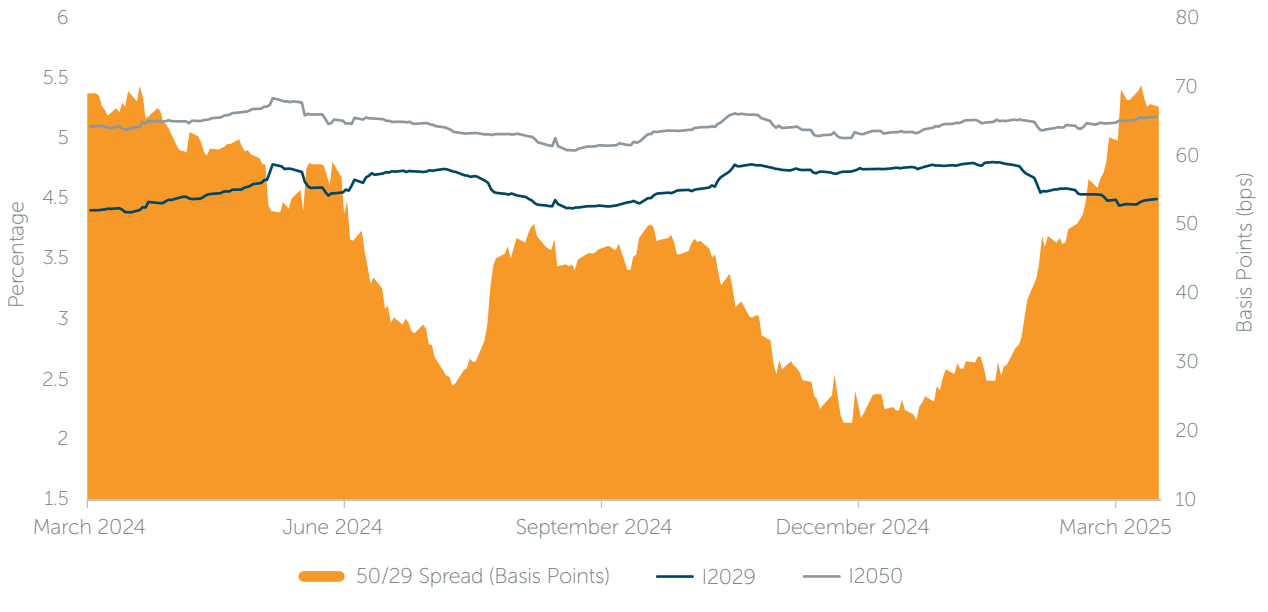
Source: PIC, Bloomberg

Global monetary policy expectations were revised during the year, with fewer cuts priced in. The hawkish tone of the Fed at its policy meeting in December 2024 caused US Treasuries to lose ground and trade much weaker.

Domestic monetary policy decisions towards the end of the year underwhelm the market, suggesting an unfulfilled opportunity to spur growth, despite seemingly subdued inflation. The SARB's Monetary Policy Committee erred on the side of caution, citing an elevated inflation outlook risk notwithstanding domestic inflation remaining consistent in the lower range of the target band.

Real yields were somewhat volatile during the year under review, as evident in the spread between the I2050 and the I2029 bonds. The spread traded as low as 22 basis points from an opening of 70 basis points, closing at 68 basis points.

INFLATION-LINKED BONDS CURVE



Source: PIC, Bloomberg

Fixed-Interest Assets Performance

8.36% Cash-led performance from 8.32%

8.98% Inflation-linked bonds from 5.70%

20.27% Conventional bonds from 4.09%

Fixed Income Performance

Fixed interest assets were all in positive territory. Conventional bonds led gains, returning 20.27%, while inflation-linked bonds followed with an 8.98% return. Cash returned 8.36% for the period under review.

Bond Portfolio Activity

Switch auctions throughout the year saw National Treasury buy back both conventional and inflation-linked bonds close to maturity, selling back longer-dated bonds along the nominal and real yield curves.

Corporate spread tightening has elevated spread risk, with credit yields pricing below similar tenure South African Government bond yields. This has limited the opportunity for credit enhancement to contribute positively to returns.

Domestic fixed-income outlook

Revisions to the expected inflation rate outlook in the US are closely monitored by capital markets, particularly since expectations have shifted to only one 25-basis-point cut by the US Fed in 2025, compared to previous projections of four cuts. The December 2024 minutes of the Federal Open Market Committee were marked by the prevalence of caution from the Fed, which may likely be directional for global markets and lead to ensuing pressure on developed market bond yields.

Domestically, the fiscal metrics remain challenging. The unexpected quarter three GDP print, although disappointing, was not enough to deter the performance of domestic bond yields. Global tides may put pressure and extend the sell-off witnessed in the latter part of quarter four 2024. Domestic monetary policy outcomes will be topical, with caution remaining the dominant approach from the SARB.

The projected implementation of trade tariffs in the US may elevate a risk-off trade affecting emerging market assets. The first quarter of 2025 will be vital in influencing capital markets; the Fixed Income division anticipates domestic yields may remain range-bound and vulnerable in the near term.

State-Owned Entity Developments

LAND BANK

The Land Bank successfully implemented a Debt Restructuring Solution on 16 September 2024, resolving a default status that began in April 2020. Scheduled repayments to all affected lenders will occur every six months until 31 March 2028. However, the Bank achieved notable milestones in the four years since the event of default. During the year under review, total outstanding debt was reduced by over 60% to R17 billion, from R45.2 billion in April 2020. The Bank resumed lending activities in October 2022 through the Blended Finance Scheme in conjunction with the Department of Agriculture.

Debt was reduced by over **60%** to **R17 billion**, from R45.2 billion

SANRAL

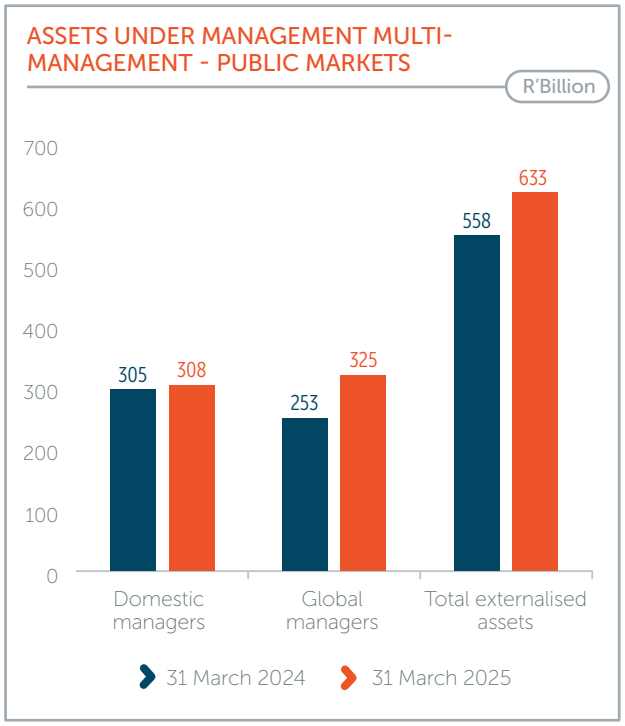
SANRAL successfully repaid the HWAY24 bond, which matured on 7 December 2024. The PIC's exposure to HWAY24 was R4.1 billion. The SZ25 bond matures on 30 September 2025, with PIC exposure at R2.9 billion. Indications are that SANRAL has sufficient liquidity to cover the repayment of this upcoming maturity.

MULTI-MANAGEMENT (PUBLIC MARKETS)

Assets under Management

The PIC is one of the largest asset allocators of funds in South Africa. Its Multi-management (Public Markets) division managed assets totalling R633 billion at year-end, spread across various domestic and non-domestic listed asset classes.

Through the PIC Externally Managed Funds Programme, capital was allocated to 25 domestic managers and 15 global firms, with an asset split of R308 billion and R325 billion, respectively.



The Multi-management (Public Markets) division has both an alpha-generation and socio-economic return objective: to enable these managers to deliver sustainable, over-benchmark returns to client portfolios, as well as clear transformation goals. The B-BBEE Developmental Manager Programme, introduced by the PIC in 2009 to transform the local asset management industry, has increased the participation of black asset managers in the savings, investments and asset management industry. Notwithstanding this achievement, there is still a greater need for representation of black women, particularly as Shareholders, in board governance structures and senior investment roles.

As part of its ongoing efforts to transform the asset management industry, during the 2024/2025 financial year, the PIC issued Requests For Proposals (RFPs) in respect of the Women Empowerment Fund and the Global Developmental Programme. Following a thorough evaluation of the RFPs, the PIC allocated investment funds to three asset managers on behalf of its clients, under the Women Empowerment Fund.

Similarly, three managers were approved to be allocated funds totalling US$305 million in the Global Developmental Programme. It is anticipated that further allocations will be made to domestic managers to enable them to manage global assets.

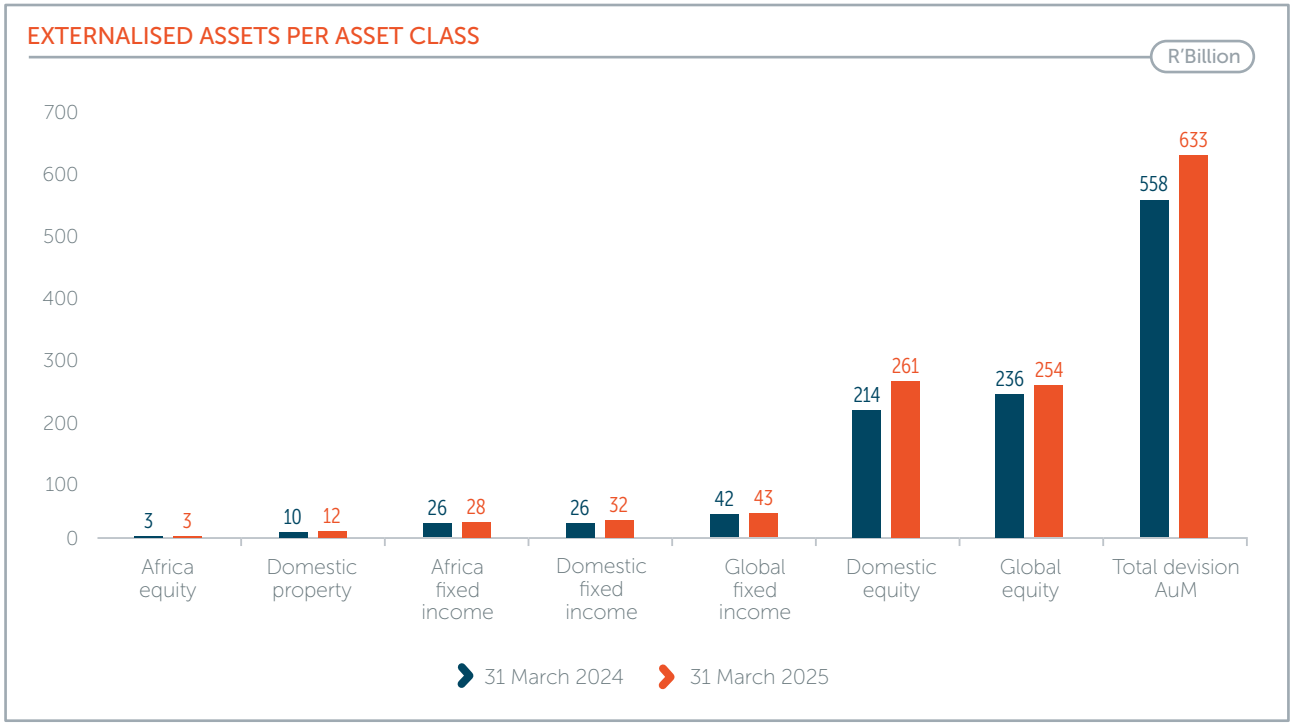
Externalised assets grew from R558 billion in March 2024 to R633 billion in March 2025, with the most significant increase again being in global equity assets over the 2024/2025 financial year. While absolute returns in this asset class were positive, the growth in global equity assets was boosted predominantly by the continued implementation of the GEPF transition plan, with new allocations to emerging markets and regional China managers being finalised during 2024/2025.

Domestic asset classes were the best performing over the financial year, with domestic equity, fixed income and property assets growing in excess of 20% in 2024/2025.

The division continues to focus on the optimisation of client solutions across asset classes by implementing the necessary rebalancing actions and effecting changes in client mandates.



Domestic asset classes were the best performing over the financial year, with domestic equity, fixed income and property assets growing in excess of 20% in 2024/2025.



Transformation Statistics of Incumbent Managers

The PIC believes that women investment professionals enhance diversity in thought leadership, offer differentiated solutions to investment challenges and significantly contribute to decision-making that achieves the desired societal impact. The PIC remains committed to drive the increased participation of women in the asset management industry, particularly in investment roles, through targeted actions like the Women Empowerment Fund. An assessment of ownership statistics in domestic firms reveals that the median black women ownership among the 25 domestic firms to which capital has been allocated is only 16%. The median representation of black professionals is 79%, while black women professionals constitute only 25% of investment teams. Black representation at management control level is considered satisfactory, however, the representation of women requires urgent attention and adjustment to align with the aspirational PIC targets outlined in the PIC Transformation Charter.

SOUTH* AFRICA MANAGER STATISTICS	BLACK OWNERSHIP	BLACK WOMEN OWNERSHIP	BOARD REPRESENTATION		EXECUTIVE MANAGEMENT		INVESTMENT TEAM	
			BLACK	BLACK WOMEN	BLACK	BLACK WOMEN	BLACK	BLACK WOMEN
Minimum	3%	0%	25%	0%	50%	0%	44%	0%
Average	**82%**	**16%**	**80%**	**50%**	**80%**	**29%**	**79%**	**25%**
Median	**78%**	**28%**	**81%**	**49%**	**83%**	**35%**	**78%**	**28%**
Maximum	100%	100%	100%	100%	100%	100%	100%	100%

* Across 25 domestic firms.

Ownership statistics in domestic firms



16% Median black women ownership among the 25 domestic firms

79% Median representation of black professionals

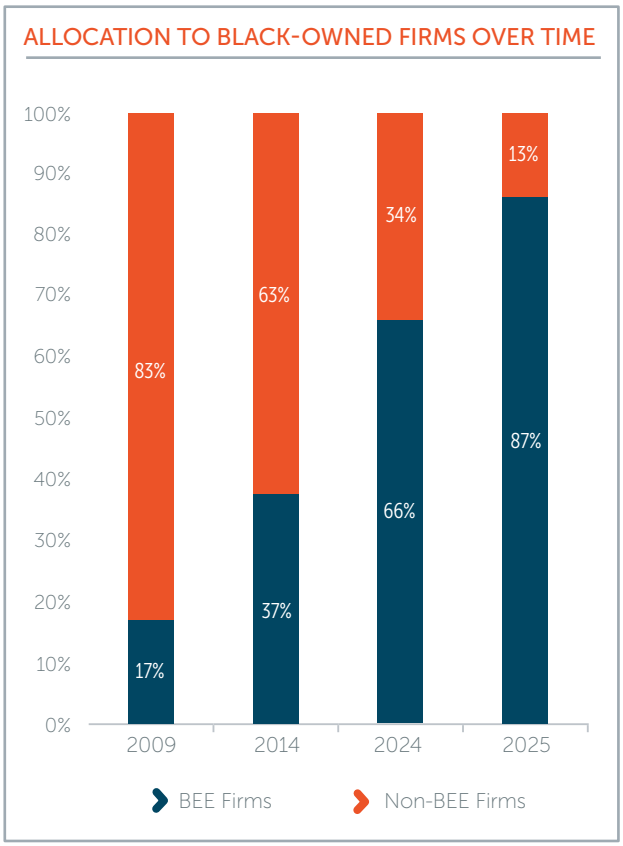
25% Black women professionals

PIC Contribution to B-BBEE Firms in the Asset Management Industry

As an anchor investor in many black-owned firms, the PIC has enabled experienced black professionals to build credible track records. At the inception of the Developmental Manager Programme in 2009, black-owned firms managed only 17% of the R65 billion externalised assets. By the end of the 2024/2025 financial year, R268 billion (87%) of the R308 billion in externalised assets allocated to domestic firms was under the management of black-owned entities, with more than 51% black ownership and 30% black management control.

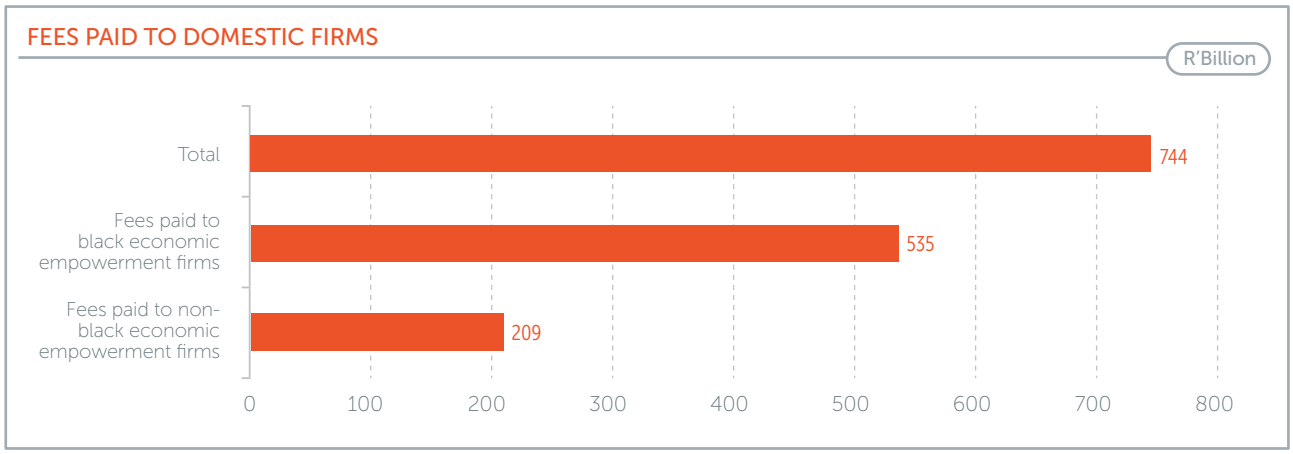
Further analysis indicates the PIC's significant contribution to the viability of black-owned firms through revenue generation. A historical assessment of the financial statements of incumbent black-owned managers reveals that the PIC's revenue contribution can range from 15% to 75% of a firm's revenue, depending on the stage in its lifecycle and business size.

The total fees paid by the PIC for portfolio management services of domestic assets for the financial year were R744 million, with R535 million (72%) paid to B-BBEE firms. The fees comprised both base and performance fees. However, the proportion of fees linked to performance has decreased year-on-year to March 2025, as a result of a challenging market environment.



17% In 2009 Black-owned firms managed only R65 billion externalised assets

87% End of the 2024/2025, Black-owned firms managed R268 billion of the R308 billion assets allocated



The PIC acknowledges that managers demonstrating the highest success rate typically have diversified revenue streams and multiple investment offerings. The factors hindering black-owned firms from diversifying revenue streams are extensive. While certain regulatory changes may have been intended to positively influence these firms, the amendments to Regulation 28 are having the opposite effect. The increased offshore allowance is causing a higher outflow of assets in favour of global firms, adversely impacting the domestic industry. The global allocations made to domestic managers represent the PIC's initial response to these challenges.

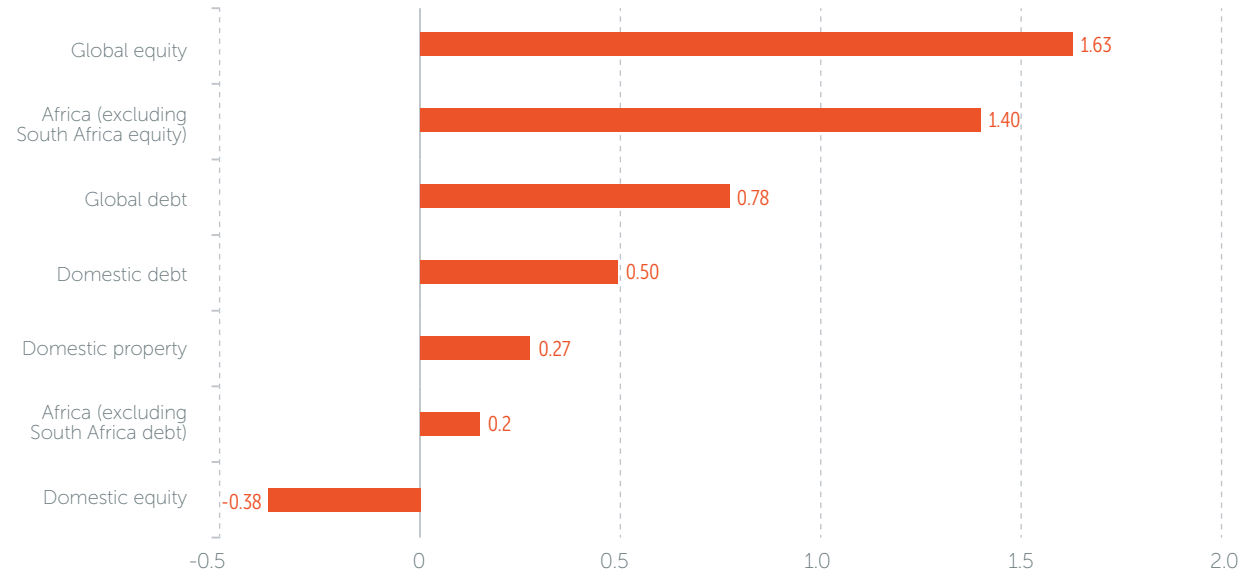
Multi-management (public markets) divisions delivers on client promise

The results of a disciplined investment process are the delivery of positive risk-adjusted returns on behalf of clients, over their specified time horizon. The three-year information ratios (IR) on the underlying external composites of the largest clients indicate satisfactory performance, with all composites delivering positive information ratios, indicating higher returns relative to risk taken. The global equity, Africa debt, global fixed-income and domestic fixed-income composites all exceed the 0.5 IR target, while the Africa equity composite demonstrates a positive trajectory towards this target. The domestic equity and property composites are, however, lagging relative to the target.

The PIC undertakes active monitoring of managers and strategies to make early intervention possible to avoid negative consequences on its delivery to clients.

Its alpha generation process is based on clear principles of portfolio construction, focusing on depth in strategy and manager research and intentionally seeking diversified sources of alpha and risk.

THREE YEAR INFORMATION RATIO TO MARCH 2025



During the 2025/26 financial year, focus will be on:

ACCELERATING IMPACT IN 2025/26

- Continued value creation for clients by introducing performance-enhancing strategies, executed by high-performing asset managers selected by the PIC team.
- Researching alternative sources of alpha and thematic investment ideas to provide diversification to solutions.
- Enhanced engagement with the industry to align with the objectives of the PIC Transformation Charter.
- Continued support of industry in targeted domestic strategies and global mandates.

UNLISTED INVESTMENTS PORTFOLIO: ISIBAYA

At 31 March 2025, capital committed to the Isibaya Fund exceeded R100 billion across 145 portfolio companies on behalf of the GEPF, the UIF and the CC.

Rebuilding an underperforming economy requires a multifaceted approach. The Isibaya Fund is well-positioned to drive productivity gains and promote long-term sustainable economic resilience. Its diversified portfolio enhances long-term returns by capturing growth opportunities across various sectors and geographies, while mitigating the effects of market downturns in other sectors.

Funds deployed by the Isibaya portfolio are in line with the PIC's client investment mandates and global best practices, underpinned by impartiality, diversification, transparency and ESG principles.

The Isibaya Fund invests in social and economic infrastructure that plays a crucial role in economic growth by providing essential services and nurturing human capital development. Its social infrastructure investments include projects in education, healthcare, affordable housing and student accommodation. These not only enhance the quality of life, but also improve productivity, innovation, competitiveness and profitability, by building a skilled, healthy, well-balanced workforce.

In contrast, investments made in economic infrastructure span efficient transport networks, reliable power supply and water resources, reducing transaction costs for businesses, encourage foreign investment and facilitate trade, all of which contribute to sustainable economic growth.

UNLISTED INVESTMENTS PORTFOLIO SECTOR SPLIT



- 18% Housing
- 14% Manufacturing
- 14% Financial Services
- 9% Renewable Energy
- 9% Funds of funds
- 7% Health
- 29% Other

Outlook

The Isibaya Fund aims to build on its current progress to deliver strong financial returns while supporting measurable social and economic outcomes. Although the local economy continues to face structural challenges, slow growth and infrastructure backlogs, there are signs of improvement in the investment environment.

Recent changes in the energy sector, such as the removal of licensing limits for embedded generation, Eskom's restructuring, and the creation of the National Transmission Company, are setting the stage for a more stable and diversified energy supply. These changes are expected to encourage investment in renewable energy and grid infrastructure, helping to improve energy availability and support local industry.

In transport and logistics, changes to Transnet's operating model and the rollout of the National Rail Policy are opening the freight network to more participants. This should help lower transport costs, improve efficiency, and support upgrades to rail corridors and ports.

Water infrastructure is also receiving attention through the establishment of the National Water Resource Infrastructure Agency, which is responsible for better planning, funding, and maintenance of key water systems.

Beyond infrastructure, there are still areas of potential growth. Investment in affordable housing, student accommodation, healthcare and education facilities remains important, given the country's demographics and demand for basic services. The digital sector is also expanding, with broadband networks and data centres helping to improve access and support economic activity.

Sectors such as manufacturing, financial services and small business funds continue to add value to the portfolio by broadening its scope and supporting business development.

Looking ahead, the Isibaya Fund will continue to invest in sectors that align with national development needs. The Unlisted Investments division will focus on careful capital allocation, risk management and active oversight of the businesses it supports, with the aim of improving performance, governance and transformation. Environmental, social and governance standards will remain a core part of how investments are evaluated.



During the 2025/26 financial year, focus will be on:

- In the 2025/26 financial year, the Unlisted Investments division will follow a clear strategy to expand the reach of the Isibaya Fund across key sectors that support South Africa's development. The Fund plans to increase investment in renewable energy, transmission networks, water infrastructure, student accommodation, and affordable housing to help address service delivery shortfalls and support economic activity.
- At the same time, funding will be directed to businesses owned by women, young people and previously disadvantaged groups, with particular attention given to rural and underserved areas.
- ESG standards will continue to guide investment decisions, with a focus on projects that meet climate and social goals.
- The team will work closely with companies in the portfolio to improve operations, ensure sound governance, and support business stability under current economic conditions.
- The Fund will also continue to improve the way it tracks and reports on development results, transformation progress and financial performance, in line with the requirements of its clients and stakeholders.



The portfolio currently reflects this broad approach, with investments across infrastructure, manufacturing, renewable energy, financial services, and other sectors, as shown in the accompanying chart on page 104.

CASE STUDY

AFREXIMBANK



African Export-Import Bank (Afreximbank)

African Export-Import Bank (Afreximbank) is a Pan-African supranational multilateral financial institution established in 1993 by African governments, the African Development Bank, African private and institutional investors, and non-African investors.

Its purpose is to facilitate, finance, promote and expand intra-African and extra-African trade. Headquartered in Cairo, Egypt, Afreximbank maintains a strong presence across the continent with branches in several African cities, such as Harare, Kampala, Abidjan, Abuja and Yaoundé.

Supporting the African Continental Free Trade Area (AfCFTA)

Afreximbank plays a crucial role in supporting the implementation of the African Continental Free Trade Area (AfCFTA), which aims to facilitate intra-African trade and economic integration. The Bank supports the implementation of the trade agreement through both financial and non-financial means, undertaking various initiatives to mitigate trade challenges on the continent, which include:

AFCTA Adjustment Facility Fund

In 2023, the Bank established the US$10 billion AfCFTA Adjustment Facility Fund to assist AfCFTA member states in transitioning to the new liberalised and integrated trading environment and to address necessary infrastructure and supply chain requirements for implementing the trade agreement.

Pan African Payment and Settlement System (PAPSS)

To enable seamless local currency payment and settlement across borders, the Bank launched the PAPSS, a continent-wide payment and settlement platform. Over ten central banks, regional payment network operators (known as "switches"), and 90 commercial banks have since signed onto it.

Afreximbank-Africa Collaborative Transit Guarantee Scheme

In 2023, the Bank launched an innovative transit guarantee solution providing a technology-enabled transit guarantee that will streamline the movement of goods across multiple borders, reducing the costs and time taken to export and import goods.

In 2018, the PIC, acting on behalf of the GEPF, committed US$100 million to the Bank by subscribing for Class B ordinary shares. Recognising the Bank's consistent performance against expectations and its pivotal role in facilitating African trade, the GEPF, through the PIC, committed an additional US$100 million to the Bank in 2024 by subscribing for additional Class B shares.



This additional investment aims to support the Bank's vision of transforming trade across the continent through expansion and diversification, while upholding standards as a highly sophisticated, responsible and profitable global multilateral financial institution.

CASE STUDY





Infinite Partners

Infinite Partners, a South African private fund manager established in 2022, emerged as a separate entity from Ethos Private Equity Limited, and its operations include the continued management of Ethos Mid-Market Fund I.

Infinite Partners (acting as the general partner) and the PIC (on behalf of GEPF), acquired approximately 40% of shares in a fibre holding company (Fibre Holdco) through a parallel partnership investment structure. Fibre Holdco holds interests in fibre network operators (FNOs) Evotel and LinkLayer, and Net Nine Nine (Net99), an internet service provider (ISP) that has a portfolio of infrastructure network assets.

Established in 2015, Evotel is an open-access fibre-to-the-home (FTTH) wholesale network infrastructure provider that serves all major and regional ISPs. The company has unlocked strategic locations in secondary towns across Gauteng, North West, Free State, Northern Cape, Mpumalanga and KwaZulu-Natal. Evotel recently incorporated fibre-to-the-business as part of its product offering, experiencing substantial growth in this segment. Net99, an ISP founded in 2020, provides fibre-to-the-home network access and first rolled out its network to Kagiso (west of Johannesburg) in October 2021. Net99 operates in Gauteng, Free State, Mpumalanga, and the Northern Cape, through its network infrastructure asset company.

Established in 2019, LinkLayer is an open-access FNO operating on the North Coast of KwaZulu-Natal, providing fibre-to-the-home to Tier 1 areas, catering for mid- to high-LSM households in Ballito, North Beach, New Germany and Umhlanga, among others.

The GEPF's investment in Fibre Holdco is about R395 million. Part of the investment is earmarked for supporting the expansion of fibre network infrastructure in underserved communities and townships. The consolidation of the companies through Fibre Holdco presents opportunities for scale and efficiencies across the fibre value chain. At the same time, the investment in broadband technology aligns with GEPF's mandate to drive inclusive economic participation and growth driven by consumer demand for connectivity due to e-learning, e-commerce and other digital demands.

Part of the investment is earmarked for supporting the expansion of fibre network infrastructure in underserved communities and townships.



CASE STUDY

Pele Green Energy – 10 years of impact investing

Pele has been working in the Western Cape community of Touwsrivier since 2011.

CPV1, a 36MW power plant, represents Pele Green Energy's first asset. It was among the first of 28 independently owned renewable energy facilities to receive a licence to generate power and supply the national grid. The power plant's main shareholders are Pele Green Energy (Pty) Ltd (majority shareholder), the PIC and the Touwsrivier Solar Community Trust. CPV1's social obligations are executed through Knowledge Pele. The PIC's steadfast commitment and support for Pele and Knowledge Pele's vision in Touwsrivier have been integral to its success.

To fund industrial development, Knowledge Pele has successfully raised additional investments from commercial banks and development financiers, assuming direct risk for the financial and social success of these projects.

Pele and its implementation partner, Knowledge Pele, take a long-term view of community development that aligns with CPV1's Power Purchase Agreement. What differentiates this project is the introduction of key community assets: the Four Rooms of Freedom smart college, a community college set up to provide training programmes and vital community hub facilities, and the Touwsrivier Commercial Hydroponic Farm, a controlled environment agriculture project employing local residents.

The seed funding from CPV1, while catalytic, was insufficient for long-term sustainable change. Coupled with the long-term commitment to drive socio-economic development, Pele prioritises partnerships that bring additional community funding through grants and impact investing. Strategic partners, such as Investec and the Industrial Development Corporation, have provided critical grant funding to expand Pele's Green Industrial Investment Strategy, specifically committing to developing and expanding the Touwsrivier Commercial Hydroponic Farm. This highlights the value of co-investments in the energy sector. The farm has created 20 jobs since inception in 2021.

The Touwsrivier Community Development Trust is a part-owner of the hydroponic farm and Four Rooms of Freedom, the community smart college. The ownership model with the Trust guarantees that, beyond having community buy-in, Pele has also partnered with the community in its own development to further the sustainability agenda.

In 2025, Knowledge Pele will publish the ten-year Impact Report on Touwsrivier. It will serve two main purposes: to assess the impact of implementing socio-economic programmes over the past decade in Touwsrivier, and explore how these programmes remain relevant over the lifecycle of Pele's engagement in Touwsrivier.



Coupled with the long-term commitment to drive socio-economic development, Pele prioritises partnerships that bring additional community funding through grants and impact investing.

PELEGREEN ENERGY

Research-led:

Extensive research was carried out between 2013 and 2015 to ascertain the needs and assets of the community.

Human-focused:

The socio-economic investment focus has been on the development of human capabilities to enable participation of the community in the social and economic life of the country.

Infrastructure-backed:

Investments in social infrastructure (clean energy for schools) have been introduced to create an enabling context for human capital development.

Green Industrial Investment:

Building sustainable local industries creates opportunities for working-age people to participate gainfully in the economy without needing to leave their home community.

2013 - 2015

- Needs and assets mapping study: *200 participants.*
- Community household census: *1100 households surveyed.*



2016 - 2017

Initiation of Human Capital Programmes:

- Bursary.
- Work Experience Programme.
- Accredited enterprise training.



2018 - 2019

- Touwsrivier Primary School taken off the grid.
- Steenvliet Primary School taken off the grid.
- De Kruine High School taken off the grid.



2020

COVID-focused projects introduced as mitigant to food insecurity, requirement for household and schools' sanitation and lack of PPE at local clinics.



2021

Touwsrivier Commercial Hydroponic Farm is launched, employing 20 people.



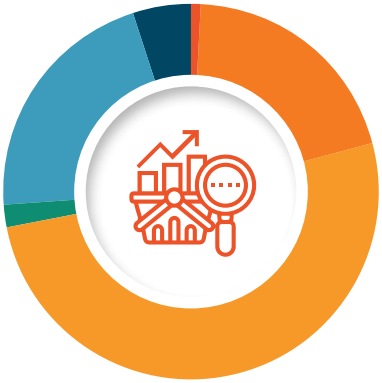
UNLISTED PROPERTIES

Portfolio Overview

The PIC's property portfolio consists of listed and unlisted property assets. Unlisted property investments, managed on behalf of the GEPF, the UIF and the CC, comprise directly and indirectly held property investments valued at R54 billion. These properties are located in South Africa, the rest of Africa and globally.

As an impact investor, the PIC's Unlisted Properties division adopts an integrated approach to sustainable practices, promoting social equity, driving economic development and ensuring long-term resilience. With a diverse mandate, the PIC plans to expand investments to advance meaningful social development in communities, focusing on township retail and affordable housing. The PIC will support existing 'smart city' precincts by strategically pursuing new opportunities that facilitate broader sectoral diversification. It further aims to achieve a broader impact by having a presence in all nine provinces and seeking real estate opportunities that leverage broader economic activities to deliver financial and social returns. This illustrates the PIC's commitment to sustainable and equitable growth.

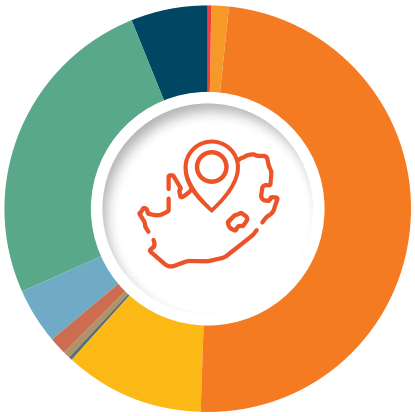
SECTOR BY MARKET VALUE



- 1% Vacant land
- 2% Student Accommodation
- 20% Office
- 21% Specialised
- 51% Retail
- 5% Industrial



GEOGRAPHICAL SPLIT BY MARKET VALUE

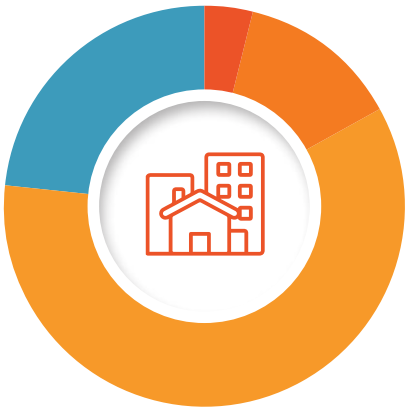


- 0.34% Eastern Cape
- 1.37% Free State
- 49% Gauteng
- 11.17% KwaZulu-Natal
- 0.16% Mpumalanga
- 0.46% Limpopo
- 13.65% North West
- 4.40% Return on assets
- 25.52% Western Cape
- 5.93% ACSA (National and offshore interest)

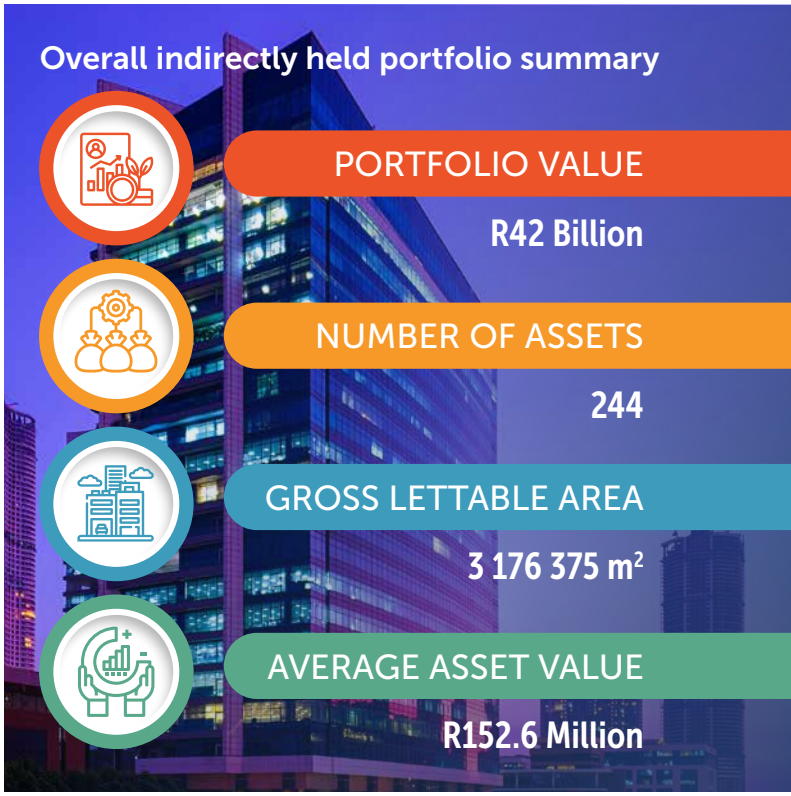
Indirectly held portfolio summary

- 3.38% Vacancies Benchmark: 6.9%
- 38.62% Cost effectiveness Benchmark: 65.3%
- 20.27% Average Loan to value

PORTFOLIO COMPOSITION



- 1% Industrial
- 2% Retail
- 20% Office
- 21% Specialised (including mixed used)



Directly held portfolio summary

42% Of gross lettable area covered by Top 10 Tenants

3.30 Weighted Average Lease Expiry years by rent

LARGEST TENANTS



TOP GEOGRAPHIC EXPOSURES



- 65% Gauteng
- 11% KwaZulu-Natal
- 16% Western Cape

Overall directly held portfolio summary

PORTFOLIO VALUE
R18 Billion

AVERAGE ASSET VALUE
R121.5 Million

NUMBER OF ASSETS
147

VALUE PER SQUARE METER
R12 911 m²

GROSS LETTABLE AREA
1 334 260 m²

Top 5 exposures in directly held and indirectly held portfolio

The top five exposures of the Unlisted Properties portfolio demonstrate the PIC's diversified and impact-oriented approach, which primarily features community-based, directly held retail centres. This is to promote community cohesion and provide convenience and services, while creating investment and employment opportunities that benefit the broader community.

#	DIRECTLY HELD PROPERTIES	VALUE (R'MIL)
1	Deloitte Building	R 1 788.00
2	Central Square	R 1 255.00
3	Oceans Umhlanga Retail	R 835.00
4	Vangate Mall	R 684.00
5	Tshwane Regional Mall	R 619.00
	Subtotal Top 5	**R 5 181.00**

#	INDIRECTLY HELD PROPERTIES	VALUE (R'MIL)
1	Pareto	R 12 383.00
2	Victoria and Alfred Waterfront	R 9 299.00
3	ACSA	R 3 231.00
4	Attacq Waterfall Investment Company	R 4 251.00
	Subtotal Top 4	**R 29 164.00**



The indirect portfolio features innovative and world-class investments, notably in Pareto, whose diverse property holdings include the Pavilion Shopping Centre in Durban, Menlyn Park Shopping Centre in Pretoria, Cresta Shopping Centre in Randburg, the Victoria and Alfred Waterfront in Cape Town and the Attacq Waterfall Investment Company in Waterfall in Gauteng.



Significant transactions concluded during the financial year under review include:

- Century City, totalling **R1.006 billion**
- Gateway Real Estate Africa **R879 million** (US$48 million)
- Divercity **R500 million**

Successfully delivering on the portfolio's strategic plans presents an opportunity for the demonstration of the PIC's capability in managing and executing complex, multi-stakeholder developments.

Outlook

Pipeline Diversification Across Provinces

The goal is to operate across all nine provinces and to diversify across sectors. This will not only contribute positively towards enhancing portfolio resilience but also support a broader positive impact on communities by driving inclusive development and further stimulate economic participation.

Long-Term Growth Linked to Socio-economic Development

By aligning investments with broader economic activities and social development, the portfolio is positioned to benefit from macro-level urbanisation trends and infrastructure investment, especially in underserved areas. However, these are typically longer-dated projects, therefore, a strategic balance will need to be achieved between impact and return realisation.

Risks and Execution Challenges

Successfully delivering on the portfolio's strategic plans presents an opportunity for the demonstration of the PIC's capability in managing and executing complex, multi-stakeholder developments. To meet the challenges associated with deal and project-level complexities, the PIC will implement a proactive stakeholder engagement strategy and adopt agile planning and risk management frameworks. This includes leveraging data-driven decision-making to improve project execution and accountability. These actions will ensure the PIC is well-positioned to deliver sustainable, impactful outcomes across all related business areas.



To deliver on its vision for inclusive, sustainable growth, Accelerating Impact 2026 will focus on the following key strategic areas.

- Strengthen delivery through dedicated teams, enhanced governance and agile operations management to accelerate the delivery of key objectives.
- Prioritise projects that stimulate local economic participation, create jobs, and expand access to essential services, particularly in underserved areas.
- Collaborate with strategic partners and pursue opportunities that exist within investments already held, as part of the PIC's portfolio optimisation strategy.
- Build a balanced pipeline of region-specific projects across all nine provinces, aligning investments with local economic priorities and inclusive growth goals.

CASE STUDY



Divercity Urban Property Fund

The PIC targets high-potential, well-located properties that deliver consistent, long-term returns. This was the motivation for investing in Divercity Urban Property Fund, which develops affordable, high-quality housing in strategic urban areas that generate stable cash flows and significant social impact.

The Divercity Urban Property Group manages and operates the Fund and its assets and is a pioneer in addressing South African housing challenges. Divercity's focus is to provide affordable rental housing in strategic locations in high-density urban precincts while ensuring social, environmental, and economic sustainability.

During the year under review, the PIC invested R500 million into the Fund, with a long-term view and commitments to support Divercity's goal of developing an additional 2 500 rental units. This partnership aims to reduce South Africa's housing shortage and to deliver high-quality properties within well-located and vibrant precincts.

Divercity's Vision and Impact

Divercity's affordable housing developments are designed for urban precincts with essential amenities such as schools, healthcare facilities, and public transport. This contrasts sharply with the typical South African model of affordable housing, which often places lower-income communities on the urban periphery, removed from essential services and job opportunities.

Divercity aims to provide attractive returns for institutional investors, while delivering significant social and environmental impact, and its broader mission seeks to create inclusive, resilient cities through urban development.

Divercity's portfolio includes flagship projects like Jewel City in Johannesburg, Barlow Park in Sandton, and The Herringbone in Cape Town.

The multifamily rental sector, where institutional landlords own and manage apartment buildings, is well-established in other countries. It is still in its early stages in South Africa and may soon change, based on recent research sponsored by Divercity, Absa, and the South African Multifamily Residential Rental Association, which reveals the sector's untapped potential in the country.

Also, research by MSCI Real Estate (benchmark provider for unlisted real estate) has highlighted that the Divercity investment is the first of its kind in South Africa. MSCI's review of the past five years of the multifamily sector investment data demonstrates consistent performance, low volatility, and predictable returns. This compelling data confirms the growing appeal of the multifamily rental sector to institutional investors, marking a key turning point for housing investments in South Africa.

Conclusion

The collaboration between Divercity and the PIC marks a pivotal moment in South Africa's affordable housing sector. With the backing of a major institutional investor, Divercity is well-positioned to accelerate its mission of developing high-quality, affordable rental housing in strategic urban areas. This partnership sets a new standard for impactful, sustainable development that benefits both investors and the broader South African community. The PIC is proud to be part of this investment, which aligns with its commitment to driving economic transformation, fostering inclusive growth, and contributing to the creation of resilient, thriving communities across South Africa.

PIC invested **R500 million** into the Fund

Divercity's goal: developing an additional **2 500** rental units.

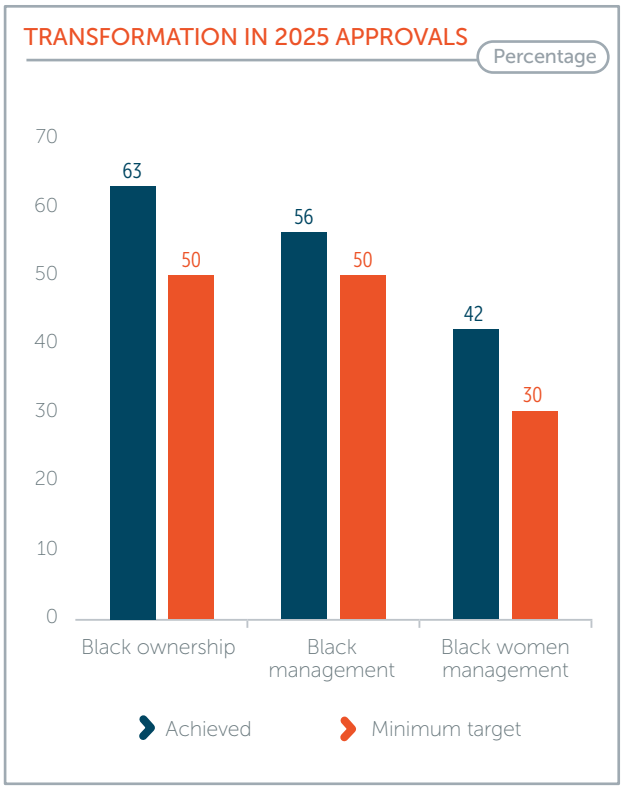
The collaboration between Divercity and the PIC marks a pivotal moment in South Africa's affordable housing sector.

PIC EARLY-STAGE FUND

Building on a Strong Foundation of Sustainable Value Creation

The PIC's Early-Stage Fund (ESF) was established to catalyse projects in their infancy, create new industries, drive innovation, support job creation (particularly for youth and women), unlock economic growth, and promote gender equality while generating sustainable financial returns. In this way, the PIC is leading institutional capital into the early-stage and venture capital market to attract institutional investors, thereby growing the pool of available funds.

During the year under review, the ESF established a strong foundation to deploy investments, and it achieved significant milestones in closing the funding gap in capital available for early-stage businesses. For financial year 2024/2025, the Fund outperformed the R850 million target for approved allocations (a target set by PIC clients) by 31% and secured approvals of R1.1 billion for six investments. These investments are expected to yield high risk-adjusted returns, while advancing transformation objectives. Of the transactions approved in the financial year 2024/2025, black ownership averaged 63%, black management averaged 56% and women management of 42%. These statistics are higher than the targets outlined in the PIC's Transformation Charter – 50% black ownership and management, and 30% women management.



The PIC will have exposure to around 100 companies through the funds in its portfolio that operate in various sectors outlined below

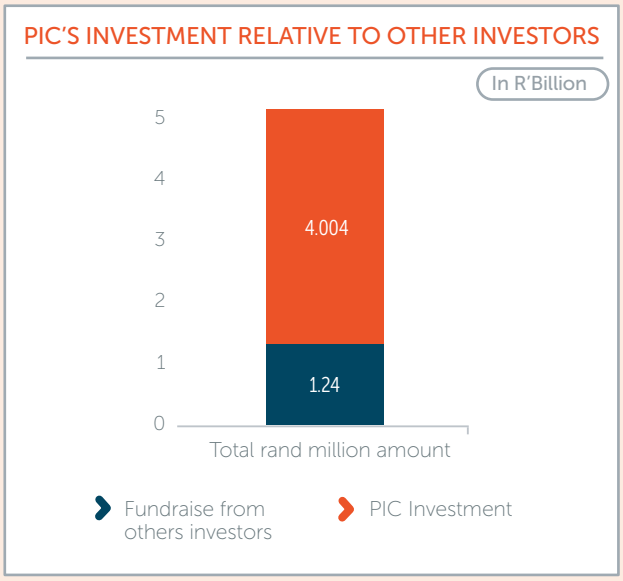
The Fund's investments will bolster innovation, entrepreneurship and collaboration in line with the Startup20 theme – a G20 initiative seeking to bring together stakeholders to find solutions to support start-ups. These investments are intended to support the South African economy's transition towards the Fourth Industrial Revolution, while striving to deliver optimal economic and social impact.

- e-commerce
- Green Economy
- IoT Solutions
- Argitech and processing
- Edtech
- Water and Mobility
- Fintech and AI
- Cybersecurity
- Green Hydrogen
- Biotech
- SaaS* and IoT
- Telecoms Infrastructure
- Health Tech
- Energy and tech-hardware
- Insure-tech

*SaaS: Software-as-a-service

The approved investments demonstrate the PIC's commitment to inclusive growth since the ownership structure and composition of management teams of investee companies meet the requirements of the PIC Transformation Charter. These transactions are now at legal contracting and disbursement stages. Initial disbursement happens after all conditions precedent have been fulfilled to the PIC's satisfaction. Disbursements happen over time as and when disbursement milestones are met, which means that fund transfers take place over a timeline pre-agreed to with the investee company.

The ESF is an anchor investor (first-mover) in the following fund managers for whom funding was approved: IDF Capital, Edgegrowth Ventures, Digital Africa Ventures, Mamor Capital, and Climate Fund Managers. As an anchor investor in five fund managers (out of eight fund managers in the portfolio), the PIC is charting a path of sustainable value creation in the early-stage ecosystem. The ESF is empowering these portfolio funds to crowd in additional funding, i.e. offering other potential investors an opportunity to co-invest with the PIC. Since inception, the ESF has approved allocations of R1.2 billion to funds, excluding R300 million allocated to Climate Fund Managers, which is raising a US$1 billion green hydrogen value chain fund. The PIC's catalytic R1.2 billion will be matched with up to R4 billion raised from other Limited Partners in reaching the funds' cumulative target of R5.2 billion over the medium-term. Thus, PIC contributed 21.1% towards the total capital raise of these funds.



An inclusive and gender focused approach in deployment: A portfolio view of the cumulative impact achieved by the ESF since its inception (2023/2024 to date).

The Early-Stage Fund has approved R1.6 billion (9 transactions) to date into high-potential **venture capital fund managers**, fostering a robust and inclusive VC ecosystem. Of this amount R855 million has been to **majority women-owned and women-managed business.**

On average, the **fund managers are 70% black-owned**, with an average of 76% **black representation** in fund management, teams – comprising **African**, **Coloured**, and **Indian** professionals, showcasing broad-based transformation.

Out of nine transactions approved to date, five **are majority women-owned businesses and women-managed**, and an **additional one is a women-led** fund managers, highlighting the Public Investment Corporation's commitment to gender transformation in the Venture Capital Ecosystem.

Two **out of eight** funds allocated to are with first-time, **women-owned fund managers,** reflecting strong support for emerging voices and inclusive innovation in early-stage investing.

Sustainable Partnerships for an Inclusive Future

Fundraising for the ESF began in financial year 2024/2025 and is ongoing, with the objective of securing an additional R3 billion for early-stage businesses. The Fund actively engages with existing and new stakeholders, as well as potential investment partners, to deliver a comprehensive suite of financial and non-financial solutions and interventions.

The ESF is a robust investment support mechanism, designed to increase the number of new entrepreneurs, particularly from previously disadvantaged groups, to run viable early-stage businesses.

Below are examples of some beneficiaries the ESF allocated capital



Mamor Capital Ventures (Mamor) is a 100% black- and woman-owned fund manager. Mamor seeks investment opportunities that are post-revenue, have proven market traction, and can unlock digital inclusion and promote connectivity in the venture capital space. Mamor Capital was established in 2017 as a permanent capital investment vehicle. In 2022, the company launched Mamor Capital Ventures. The fund's investment thesis is anchored on the anticipated growth in Africa's digital economy, driven by its fast-growing consumer market and the expectation of high growth in mobile data consumption.

According to the Global System for Mobile Communications Association, the Sub-Saharan Africa telecommunications market is expected to grow to 613 million mobile subscribers in 2025, from 520 million in 2023. This indicates a unique opportunity for start-ups in this market.

Value-add and impact

Mamor's management and Investment Committee members bring extensive experience in the telecoms industry and vast industry networks and stakeholder base. The Mamor team benefits from venture partners who are specialists in assisting with growth strategies and business development. This collective expertise is crucial, enabling Mamor to add significant value to its portfolio companies. As part of its overarching strategy, Mamor embraces a gender-lens investing approach. Through this strategy, the fund aims to invest 30% of its portfolio into women-led or women-managed companies.

Non-Financial Support: The PIC ESF team will offer non-financial support to investee companies, which includes access to markets and offering business support. Business support includes developing and implementing growth strategies, improving governance, and build competencies in the management team.

Criteria	Description
Fund name	Mamor Venture Fund I
Description	Invest in early-stage companies in the telecoms, payment industry and ecommerce marketplaces and platforms.
Targeted fund size	R550 million (Hard cap R950 million)
Approved amount	R120 million
Funding spectrum	Seed to Series A
Number of investee portfolios	Up to 23 potential investment opportunities
Targeted First & Final close	First Close: March 2026 Final Close: September 2027
Transformation	B-BBEE level 1; 100% black ownership; 100% women management

Investment Summary



Digital Africa Ventures Fund Managers (DAV) is a B-BBEE Level 1 and 100% black women-owned venture capital fund manager. DAV is a value-oriented investor, backing seed and pre-series A post-revenue technology businesses that solve local problems and have the potential to scale. DAV targets startups founded by local black women and men, addressing market access and network barriers.

Founded in 2020, DAV has demonstrated its ability to fully deploy its investor mandate, with notable investments in its portfolio, including Locstat and TUNL (South Africa's logistics start-up of the year, 2023 – Startup Club ZA).

DAV sees growth potential in Africa, underpinned by a young and growing population. This population dynamic presents opportunities to establish a consumer base ready for innovative solutions. DAV's geographic focus is largely on South African businesses. DAV aims to bridge the gap between underrepresented business founders and capital by leveraging growth in African technology adoption across smartphone and internet networks, where innovative solutions can thrive.

Value add and Impact

The fund manager leverages the entrepreneurial and angel investing backgrounds of its founders and partners. Its main investment themes include:

- **Women founders:** Only 2% of Africa's venture capital raised in 2023 went to all-women founding teams;
- **Diverse teams:** Studies show that diverse teams tend to outperform non-diversified peers.
- **Local founders:** They are critical to solving local problems and presenting locally-relevant solutions with global applicability.

DAV provides non-financial support to its investee companies, which stand to benefit from its know-how in governance, customer acquisition strategies, stakeholder reporting, further capital raising, regulatory compliance, networking and resourcing for growing teams.

Criteria	Description
Fund name	Digital Africa Ventures Fund II
Strategy	Invest in early-stage businesses operating in digital technology. Backs of underrepresented founders who aim to solve local problems.
Target fund size	R280 million (Hard cap of R380 million)
Funding amount	R120 million
Stage of investment	Seed to Series A
Expected number of investments	Up to 20 potential investment opportunities
Targeted First and Final close dates	First Close: 31 December 2025 Final Close: 31 December 2026
Transformation	B-BBEE Level 1, 100% black women-owned and 51% women-managed.

Outlook

Venture Capital and its global ecosystem are growing as a vital pillar for innovation and technological advances. Pitchbook estimates that US$386 billion was invested in venture capital globally in 2024, which marks an increase from US$358 billion in 2023. While the 2024 figures are modest in comparison to the global peak of US$748 billion invested in 2021, it still represents substantial activity, representing over 40 000 deals dominating the activity in North America, Asia, and Europe. The top five verticals by volume of deals were Artificial Intelligence (AI) and Machine Learning, Software-as-a-Service, Manufacturing, Fintech and Cleantech. On the African continent, where venture capital is still a nascent industry, 2024 activity culminated in 487 venture capital deals being concluded, totalling US$3.6 billion (African Venture Capital Association's 2024 report), with the key vertical being Financials and Fintech and emerging verticals being ClimateTech, AgriTech and AI. Almost 70% of the deal activity emanated from Nigeria, South Africa, Egypt and Kenya.

Here in South Africa, the venture capital ecosystem has grown to a cumulative R10.7 billion in active portfolios according to the Southern African Venture Capital and Private Equity Association's 2024 Venture Capital Industry Survey, which covers 2023 activity. The value of deals concluded per annum almost tripled from R1.1 billion in 2022 to R3.2 billion in 2023, with industry players reporting almost R1 billion in dry powder at the time. Series B were the largest stage invested in by value, while earlier stage deals (pre-Seed, Seed, and Series A) accounted for 53% of active deals. This signals a growing pipeline for the venture capital fund managers that the PIC has allocated to. ICT, FinTech and Software account for 39% of the deal activity, leaving ample room for other verticals to grow and expand.

Investor confidence in venture capital is projected to grow on the back of Africa and South Africa's economic outlook being positive. This should see sustained year-on-year growth in the extent of venture capital investment. Shaped by global shifts and South Africa's Just Transition Framework and the Climate Change Act that was recently assented to, we anticipate a rise in the values invested in ClimateTech and related industries. Given the growing activity in data centre development activity, we also anticipated a rise in AI investment and AI leveraged solutions. South Africa's health ecosystem, which is characterised by unmet health needs, will continue to drive investment in health-related startups.



South Africa's economic activity is largely spread between Gauteng, Western Cape and KwaZulu-Natal. Within venture capital, Western Cape has the lion's share of deal activity (56%), followed by Gauteng (33%). To promote equitable spatial economic activity, the ESF will issue a Request for Proposals from intermediaries investing in township and rural-based businesses. This open tender process is expected to conclude at the start of the next financial year and is likely to attract a high number of applications. This initiative seeks partnerships with qualifying intermediaries such as non-bank financial institutions and VC fund managers to support township and rural businesses. A focus will be placed on gender-lens investing and the inclusion of youth and people with disabilities.

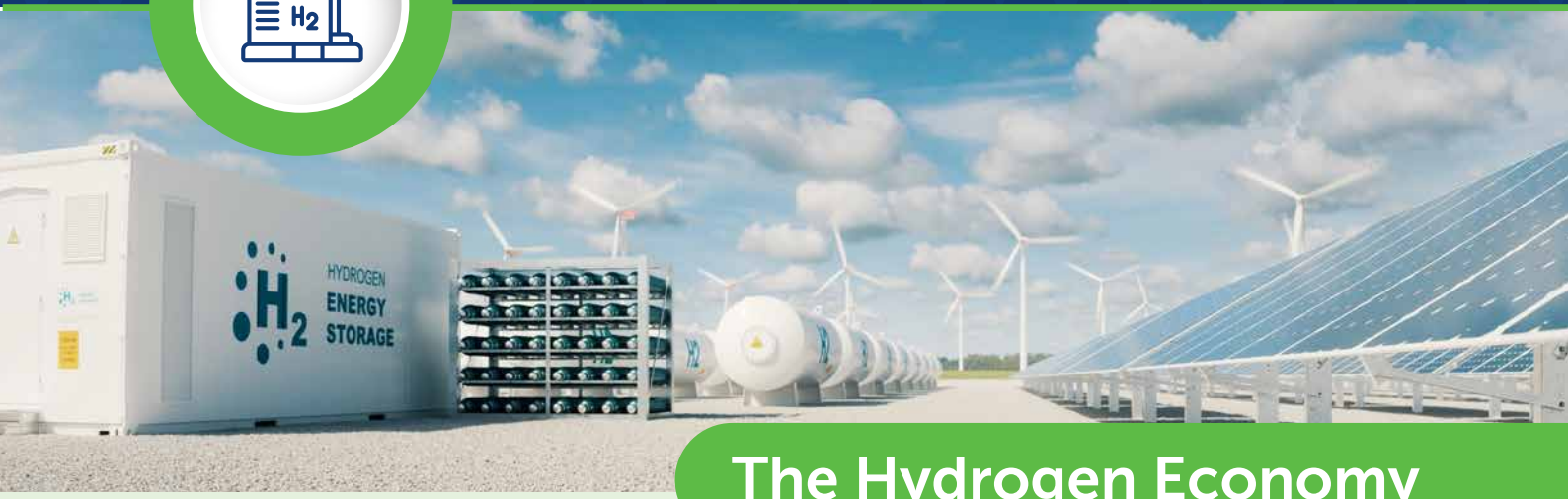
Tourism, which contributed 8.2% to GDP in 2023, is projected to reach 10.8% by 2034. It is a labour-intensive sector, supporting 2–4 jobs per R1 million spent. Structural barriers to financing tourism are largely tied to capital structuring. The PIC's tourism strategy, in partnership with the Department of Tourism, aims to deliver blended finance solutions to drive inclusive economic growth and job creation.

Overall, the South African venture capital outlook is positive based on growth trends, transformation of the ecosystem, and increased corporate participation. The ESF's cumulative approvals of R1.6 billion, coupled with anticipated allocations from other Limited Partners, will deepen South Africa's position as venture capital leader on the continent over the next few years.



The top five verticals by volume of deals were Artificial Intelligence (AI) and Machine Learning, Software-as-a-Service, Manufacturing, Fintech and Cleantech.

CASE STUDY



The Hydrogen Economy

Climate change presents a global challenge requiring urgent intervention. The global economy needs to transition rapidly to low-carbon solutions. The path to net-zero emissions requires substantial capital allocations to low-carbon investments to limit the adverse effects of global warming and meet the global climate goals.

South Africa, historically reliant on coal for energy production, is facing significant pressure to reduce its greenhouse gas emissions and transition towards a low-carbon economy. It is anticipated that the just transition to a low-carbon economy will benefit South Africa by driving economic growth, creating jobs and increasing the country's energy security, while addressing the serious threat of climate change.



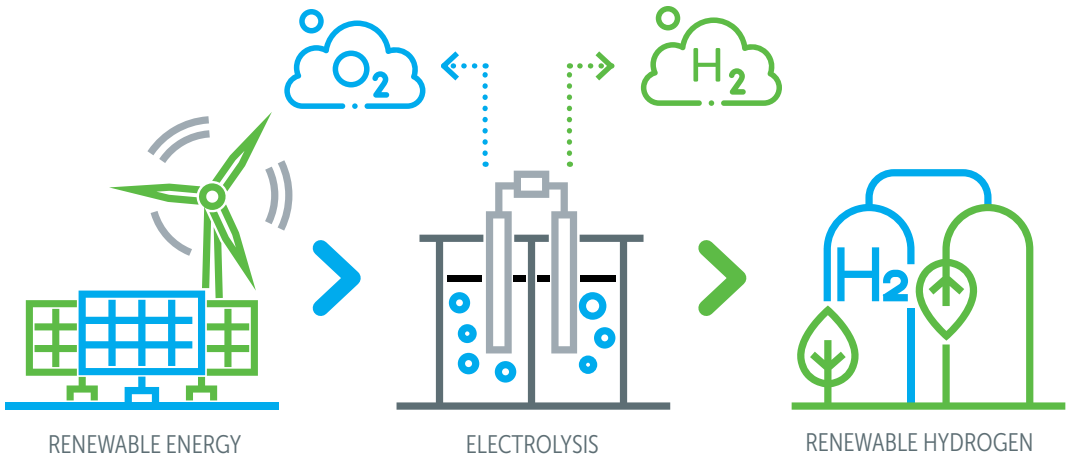
Source: PIC, Bloomberg

Hydrogen, particularly green hydrogen, is emerging as a key component of the country's energy future and is seen as a vital element to achieving net-zero transition.

Green hydrogen is produced through a process called electrolysis of water. This involves splitting water molecules into hydrogen and oxygen using electricity, as shown in the diagram below. The electricity used for electrolysis must come from renewable sources like wind, solar or hydropower to classify the hydrogen as "green". This ensures the production process is free of greenhouse gas emissions.

The green hydrogen can be used for energy storage, transportation, industrial purposes and electricity generation.

GREEN HYDROGEN PRODUCTION VIA ELECTROLYSIS



Source: Hydrogen Council

South Africa's hydrogen sector is still emerging, but the country has immense potential due to its renewable energy capacity, land availability, and government support.

In June 2025, the PIC, in partnership with the Industrial Development Corporation and the Development Bank of Southern Africa, announced a R656 million investment into the SA-H2 fund, a new blended finance initiative managed by Climate Fund Managers and Invest International, aimed at boosting green hydrogen projects and accelerating South Africa's energy transition.

Key opportunities

Green Hydrogen Production:
South Africa can produce green hydrogen at scale, potentially exceeding domestic demand and serving export markets.

KEY OPPORTUNITIES INCLUDE:

Export Opportunities:
South Africa is strategically positioned to supply green hydrogen to Europe and Asia, where demand is rising.

Government Policy and Regulations

Hydrogen is included in South Africa's Integrated Resource Plan and the Hydrogen South Africa Strategy, which promotes both domestic use and export. Supportive policies such as the Renewable Energy IPP Procurement Programme aid development.

Challenges and Barriers to Hydrogen Adoption

Despite potential, scaling hydrogen faces obstacles in South Africa:



High upfront capital costs:

Building hydrogen production plants, storage facilities, and infrastructure requires substantial investment. Many hydrogen projects in South Africa struggle to secure the necessary funding due to the associated high risk and long repayment periods.



Technology risk:

While hydrogen production from renewable energy is technically feasible, large-scale commercial applications are still developing. The technologies involved, including electrolysis and storage solutions, are not yet fully mature, adding a layer of uncertainty.



Regulatory and policy challenges:

The regulatory framework for hydrogen production and trade is still evolving. There is a need for clearer policies, incentives, and standards to attract domestic and international investment for the hydrogen sector.



Market uncertainty:

Hydrogen is not yet widely used in South Africa, and there is uncertainty about future demand. Export markets, such as Europe, are seen as a key avenue for growth, but international competition is fierce.

Climate Fund Managers (US$1 billion SA-H2 Fund)

The PIC supports South Africa's Presidency of the G20 and has identified four key research areas aligned to the G20 Agenda, including listed and unlisted financial instruments to fund infrastructure on the continent.

The ESF has approved R300 million towards the Climate Fund Managers' SA-H2 at first close - a fund focused on green hydrogen value chain projects in South Africa. The aim is to allocate additional capital in the second round of fundraising, which is expected to close in September 2027. The fund is targeting a fund size of $1 billion (R18 billion) towards infrastructure projects that will contribute significantly to create green jobs, cultivate sustainable development and reducing inequality in Africa.

SA-H2 is an innovative blended finance fund that is focused on green hydrogen investment opportunities in South Africa. Through its broad stakeholder relationships on the continent and in Europe, the Fund will leverage development finance investment to mobilise private capital flows to emerging markets.

The fund is split between the development fund, which will focus on project preparation, and the construction fund, which will focus on projects at financial investment decision – i.e. before construction and implementation. Investing early in this nascent green hydrogen economy can generate significant long-term returns and deliver a positive environmental impact. An investment in the fund will also help unlock much-needed infrastructure investments in South Africa, with long-term potential and sustainable benefits. It allows the PIC to invest directly, or co-invest, in some projects once they reach the commercialisation stage.

In its efforts to participate and grow South Africa's hydrogen economy, the PIC seeks to partner with various stakeholders, including, but not limited to, the national government, provincial government, local government, developmental financial institutions, commercial banks, industry associations, investee companies seeking to grow and develop the sector, institutions of higher learning and research centres.

Investment in hydrogen projects aligns well with the PIC's commitment to sustainable investing and ESG principles and supports, for example, the GEPF's Developmental Mandate by contributing to job creation, sustainable energy production and reducing carbon emissions.

PART SIX

ESG AND SUSTAINABILITY PERFORMANCE



The PIC embeds ESG principles into its investment process across all asset classes, ensuring positive and sustainable returns.

This commitment extends to rigorous ESG quality reviews, active proxy voting, and proactive engagement with investee companies. The Corporation firmly believes that upholding the highest standards of business ethics and sound corporate governance is fundamental to generating long-term value for its clients.

LISTED ESG PERFORMANCE

The PIC believes there should be a clear link between the financial performance and growth outlook of investee companies and their implementation of ESG principles. The PIC has embedded ESG in its investment processes and uses it as a tool to monitor, measure and report on the impact of ESG activities in investee companies.

ESG Policies

The PIC's ESG policies integrate environmental protection into its investment strategy, aiming to sustain wealth creation and mitigate the effects of climate change. The Corporation actively assesses ESG risks, including those pertaining to climate change across its diverse investment sectors. It further engages in comprehensive due diligence, ongoing monitoring and engagement with investee companies.

The PIC's investment activities align with global ESG frameworks to ensure that material ESG risks are effectively managed. It continues to assess and strengthen its ESG policies and engagement practices to comply with evolving regulatory requirements, industry best practices and shareholder expectations.

During the year under review, the PIC focused on enhancing value through continued active ownership or shareholder activism, policy updates, and regulatory alignment. Amendments to the Companies Act, particularly on governance and remuneration disclosure, were integrated into internal ESG policies. The PIC also strengthened its approach to managing conflicts of interest, advanced its climate change voting approach and continued to engage investee companies on a broad range of ESG issues.

ESG Governance

Governance structures help support, oversee and guide the PIC's ESG response. The Board retains ultimate oversight of ESG risks on a quarterly basis, supported by several committees:

GOVERNANCE BODY	ROLES AND RESPONSIBILITIES
Board	Oversees strategic ESG alignment, approves ESG policies and targets, and ensures robust ESG governance.
Executive Committee	Implements Board strategy, drives internal sustainability and climate action, and oversees stakeholder engagement.
Audit Committee	The Audit Committee ensures the integrity and assurance of ESG disclosures and internal controls while coordinating with other committees to uphold transparency and stakeholder trust.
Risk Committee	Embeds ESG risks into risk frameworks and oversees climate transition, and physical risk analysis.
Investment Committees	Integrates ESG into due diligence and identifies sustainable investment opportunities.
SETCO	Advocates for a just energy transition and supports the integration of ESG considerations into social impact objectives. Approves the submission of reporting to the UNGC and PRI.
Asset Allocation Committee	Integrates considerations of revolving ESG market risks and trends.

ESG responsibilities are embedded into the terms of reference for relevant committees, ensuring oversight and accountability for sustainability-related risks and opportunities. ESG performance metrics are also linked to remuneration frameworks, aligning incentives with achieving responsible investment and corporate sustainability objectives.

ESG risk identification and integration are a coordinated effort between the ESG, Deal, Legal, Risk and Research divisions:

DIVISION	ROLES AND RESPONSIBILITIES
ESG	Leads ESG analysis, climate change strategy, engagement with investee companies, and data collection to drive sustainable investment decisions.
Risk	Integrates ESG risks into broader risk management processes.
ESG and Research	Tracks trends and provides insights on ESG and related investment opportunities.
Deal	Assesses ESG risks and opportunities during investment evaluations.
Legal	Advises on ESG regulation and embeds ESG considerations into legal documentation.

The PIC also invests in capacity building through engagement with experts, ensuring divisions remain informed about sustainability, climate science, legislation and best practices.

ESG Strategy

The PIC has an ESG strategy that integrates environmental, social, and governance factors into its investment processes. This strategy is designed to identify and manage ESG risks and opportunities across the investment portfolio, ensuring alignment and compliance with sustainability objectives and regulatory requirements. The ESG framework encompasses climate risk management, active engagement with investee companies, and continuous monitoring of ESG performance.

In the short-term (5 years), the organisation monitors emerging regulatory developments and market shifts, integrating key risks into decision-making. Over the medium-term (10 years), the PIC actively aligns investment considerations, research and development, noting sustainability risks such as transitional risks and opportunities arising from climate-related developments. In the long-term (15 years), the PIC aims to build a low-carbon, sustainable operating model that will be informed by scenario analysis and evolving stakeholder expectations.

The PIC is currently formulating a dedicated climate strategy that enhances its capability to identify and manage both physical and transition risks across short-, medium- and long-term horizons. The strategy considers regulatory, technological and market disruptions, as well as risks from extreme weather events, water stress and ecosystem degradation. Guided by its Climate Change Position Statement and Africa's Just Transition priorities, the PIC ensures its strategy reflects the continent's socio-economic context. Flexibility and iterative adaptation are core to the strategy, enabling the PIC to respond to evolving data, science and policy.

ESG risk management

The PIC's approach to ESG is anchored in its ESG Framework. Emphasising the identification and management of ESG risks and opportunities, the PIC aligns its risk management practices with global and local frameworks, including the PRI, the UNGC, and CRISA 2. By adopting these standards, the PIC promotes transparency, ethical conduct, and long-term sustainability, while enhancing its ability to identify, assess, and mitigate material ESG risks across its investment portfolio.

Guided by the IFRS Sustainability Disclosure Standards, the PIC continues to enhance its assessment and disclosure of climate-related risks and opportunities across sectors critical to the South African economy. These include both physical and transition risks, shaped by the country's vulnerability to severe climate change conditions and the country's reliance on carbon-intensive energy.

The PIC draws on a range of tools and resources to assess climate risk, including insights from leading think tanks and multi-stakeholder bodies. This approach enables the PIC to manage climate-related impacts strategically while identifying sustainable investment opportunities. Some of the key risks identified are illustrated on the next two pages:



National climate change risks and opportunities

TRANSITION OPPORTUNITIES

South Africa's transition to a low-carbon economy presents significant opportunities:

- **Renewable energy investment:** Utilising the country's abundant natural resources can enhance energy security and sustainability.
- **Green industrialisation:** Advancing clean industry value chains can drive long-term economic growth and environmental resilience.
- **Job creation and workforce development:** Implementing upskilling and reskilling initiatives can expand employment opportunities and equip the workforce for evolving market demands.

PHYSICAL RISKS

South Africa is highly vulnerable to physical risks associated with climate change:

- **Rising frequency and severity of extreme weather events:** Droughts, floods, and wildfires cause substantial economic losses, with estimated annual damages of ~USD163.3 million.
- **Water scarcity and agricultural disruptions:** Extreme weather patterns reduce water availability, threatening agricultural productivity, food security, infrastructure, and livelihoods.
- **Shifts in climate patterns:** Changes in average rainfall and temperature impact ecosystems and biodiversity, exacerbating environmental and societal challenges.

TRANSITION RISKS

South Africa's transition to a low-carbon economy presents several challenges:

- **Stranded assets and financial risks:** Dependence on a carbon-intensive grid may render certain assets economically unviable, leading to financial losses.
- **Workforce displacement:** Job losses in energy-intensive industries necessitate comprehensive re-skilling and up-skilling strategies to support affected workers.
- **Trade and competitiveness pressures:** Shifting global demand and the introduction of carbon pricing mechanisms could impact the competitiveness of South African exports, posing risks to economic stability.

The 'Triple Challenge' of poverty, inequality, and unemployment not only amplifies climate-related risks and opportunities but is also directly shaped by South Africa's exposure to them.

Prioritised climate change risks and opportunities



Droughts have profound social, economic, and financial impacts, hence a priority risk identified by the PIC. While it affects much of the country, the highest risk areas identified by PIC include the Western and Northern Cape, Eastern Cape, North-West, Gauteng and Limpopo provinces. Between 1900 and 2020, they caused an estimated US$2.5 billion in damages and affected 21 million people[1]. Rising drought frequency intensifies water scarcity, strains infrastructure, disrupts agriculture, mining and energy production, and threatens biodiversity, ecosystems, public health, and social stability.



Flooding causes extensive infrastructure damage with significant economic and financial costs. PIC has identified that the highest flood risk areas include the Western Cape, KwaZulu-Natal, Limpopo and Eastern Cape. Between 1900 and 2020, flash floods caused US$123 million in damages, while riverine floods resulted in US$1.6 billion in losses[1]. From 1980 to 2013, over 483,000 people were affected[1]. Increasing flood risks also accelerate waterborne disease outbreaks, straining public healthcare systems.



PIC acknowledges the risks associated with carbon pricing mechanisms, such as CBAM and domestic carbon taxes. These transition risks could increase manufacturing costs and affect exports. CBAM alone may lower total exports by 4%, including a 44% drop in cement, 31% in iron and steel, and 16% in aluminium, placing R52 billion (2022 data) worth of exports at risk[2]. This can result in the loss of revenue, trade disadvantages, and higher costs for carbon-intensive industries.



Shifting consumer preferences and stricter climate laws, e.g., National Determined Contributions (NDC's) may reduce global demand for carbon-intensive products. Estimates suggest that coal exports could decline from 70 million tonnes in 2020, to 54 million tonnes in 2030 and 49 million tonnes in 2035[3]. As a result, the PIC identified the associated drivers relating to (i) lower thermal coal exports, (ii) declining demand for internal combustion engine (ICE) vehicles in favour of new energy vehicles (NEVs), and (iii) potential reductions in PGM demand due to reduced ICE use. Key impacts include revenue loss, reduced profitability, stranded assets, and job losses for companies reliant on affected products, while new market opportunities may emerge for high-demand alternatives (green hydrogen).



South Africa can transition to a renewables power system, using its wind and solar resources to cut emissions and improve reliability. The World Bank suggests shifting to a low-carbon economy could double GDP by 2050, with 2.3% annual growth. The PIC has identified green industrialisation, critical minerals, and clean energy demand, offering opportunities in energy generation, EVs, battery storage, and hydrogen production. Benefits include lower electricity costs, reduced carbon pricing exposure, compliance with NDCs, improved air quality and public health. By 2030, an estimated 1.5-3 million jobs could be created across 12 value chains, including 120,000-200,000 in South Africa[4]. Upskilling and reskilling fossil fuel workers will enhance job security, driving long-term economic growth and sustainability.

Source:
1. *World Bank Group. (2021).*
2. *SARB. Occasional Bulletin of Economic Notes.*
3. *Institute for Energy Economics and Financial Analysis (2022).*
4. *National Business Initiative (2024).*

ESG in investment processes

The PIC integrates ESG risk considerations across its investment processes through the following interventions:

Voting:

Proxy voting is used to support resolutions that advance ESG risk management. This includes consideration of climate risk, such as setting carbon reduction targets, enhancing climate disclosures and adopting low-carbon strategies.

Active Engagement:

The PIC engages directly with investee companies to strengthen ESG and climate governance, support low-carbon transitions and promote accountability and best practices, while remaining mindful of the socio-economic dimensions of the transition.

Monitoring and contracting:

ESG and climate performance, emissions and disclosures are continuously monitored to assess risks to portfolio performance. ESG and climate-related expectations are embedded into contracts with investees to ensure alignment with sustainability objectives and regulatory requirements.

Due diligence:

ESG and climate risks and opportunities are assessed during due diligence on potential investee companies to identify material exposures. This process helps prioritise areas that may require intervention, and it supports informed investment decisions.

Stakeholder engagement

Engaging on ESG and climate-related matters is an integral part of the PIC's approach to managing sustainability and demonstrating its commitment to promote positive environmental and social outcomes. Engagement enables the PIC to:

- Understand how investees manage ESG risks.
- Encourage transition plans.
- Promote improved disclosure and accountability.
- Support inclusive transition measures.

The PIC also engages externally with regulators, policymakers, sustainability bodies and peer investors to strengthen industry influence and drive systemic change.

Climate Regulation Updates

Climate-related regulations, alongside emerging global frameworks, are playing an increasingly influential role in how asset managers identify, assess and manage risks. These regulations require greater transparency in climate-related financial disclosures, drive the integration of environmental risks into investment decision-making and promote the reallocation of capital toward sustainable assets.

Adapting to evolving climate policies is important to preserve asset value, manage transition risks and identify opportunities in the low-carbon economy. Through the proactive integration of climate-related regulations into investment processes, the PIC enhances portfolio resilience, ensures alignment with evolving regulatory requirements and contributes to sustainable economic development.



The Climate Change Act

The South African Climate Change Act (No. 22 of 2024) was signed into law by President Cyril Ramaphosa in 2024, marking a significant step in the country's commitment to address climate change. The Act establishes a comprehensive legal framework for climate governance, mandating the integration of climate risk management into national and sectoral planning. It introduces carbon budgets, sectoral emission targets, and adaptation measures, calling businesses and government entities to align their strategies with South Africa's climate ambitions.

The PIC is acutely aware that, in particular, carbon budgets and sectoral emission targets will have significant implications for asset managers in portfolio risk management, investment strategy and regulatory compliance. These developments are expected to materially impact asset managers:

- **Carbon budgets:** High-emission sectors will be allocated carbon budgets, limiting allowable emissions over time. Non-compliance may result in penalties or operational constraints, raising transition risks. For the PIC, this heightens the need for greater awareness and understanding of transition risks and proactive engagement with investees to support low-carbon transitions; and
- **Sectoral emission targets:** The Act mandates progressive emission reductions across sectors such as energy, mining and transport. This will necessitate greater energy efficiency and emissions management, along with potential capital investments in renewable energy, carbon capture technologies, and infrastructure that reduces emissions, presenting both risks and new investment opportunities.

Although some provisions are yet to come into force, the PIC is actively considering their implications to safeguard and enhance investment portfolio value.

Carbon Border Adjustment Mechanism (CBAM)

The European Union's Carbon Border Adjustment Mechanism (CBAM) places a carbon price on imports such as iron, steel, aluminium, cement, fertilisers, hydrogen, and electricity. South African exporters to the EU will need to disclose and pay for embedded emissions, raising operational and compliance costs.

Analysis by the SARB suggests that under a worst-case scenario, South Africa's GDP could decline by 9.3% and exports by 10.1% by 2050 if global carbon taxes are widely adopted.

The PIC is monitoring the potential effects of CBAM on exposed sectors and continues to engage investees on emission reduction strategies, the need to integrate carbon tax risks into risk management and identify climate-aligned opportunities that consider socio-economic consequences and drive long-term value creation.

Value-enhancing activities in financial year 2024/25

During the year under review, the following were achieved:

- Reviewed all ESG policies to align with both best practice and the prevailing regulatory landscape.
- Strengthened the ESG Policy regarding Non-Executive Directors with perceived conflicts of interest as a result of earning consultancy fees whilst serving on an investee company board as a Non-Executive Director.
- Strengthened the PIC's approach to voting on climate change matters through emphasising the importance of long-term client interests and adherence to established climate reporting frameworks. The PIC aims to hold companies accountable by its voting rights and encourages robust climate reporting and transparency regarding financial risks associated with climate change.

LISTED INVESTMENT PORTFOLIO ESG PERFORMANCE

The PIC recognises that ESG factors can potentially pose significant risks to investments, while sound ESG practices can positively influence long-term sustainability and returns of investee companies.

ESG considerations are fundamental to the analysis and assessment of investment decisions relating to the Listed Portfolio. To ensure effective oversight, the PIC employs an in-house ESG scoring metric, validated by third-party data. Further oversight is achieved through the ESG division's robust evaluation of governance structures of investee companies, including the functionality and focus of their social and ethics committees.

The PIC's ESG metrics assess current concerns among investee companies regarding the environment, including climate change, energy and water scarcity and usage, biodiversity, the destruction of natural habitats, pollution and waste management. On social issues, areas of assessment include conditions of employment, minimum wages, diversity, health, and safety, CSI and transformation, based on B-BBEE. Governance factors include corporate governance and oversight at board and management levels; executive remuneration, strategic direction and oversight, compliance, anti-bribery and cybersecurity. These assessments are followed by engagements with the relevant investee companies.

The PIC seeks to support and enhance its investment rationale for investee companies through appropriate levels of engagement and exercising its voting rights. During the year under review, the PIC voted at all investee company meetings.

YEAR TO DATE VOTING RECORD 1 APRIL 2024 TO 31 MARCH 2025

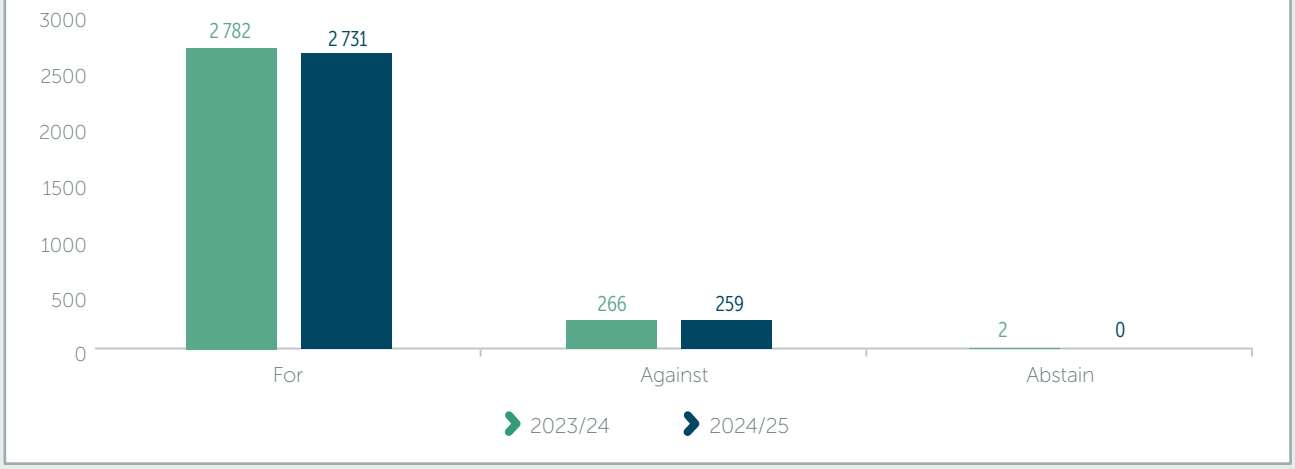
174
Separate meetings voted at

2 990
Total resolutions voted on

104
Engagements held

251
ESG Matters Engaged on

PROXY VOTING

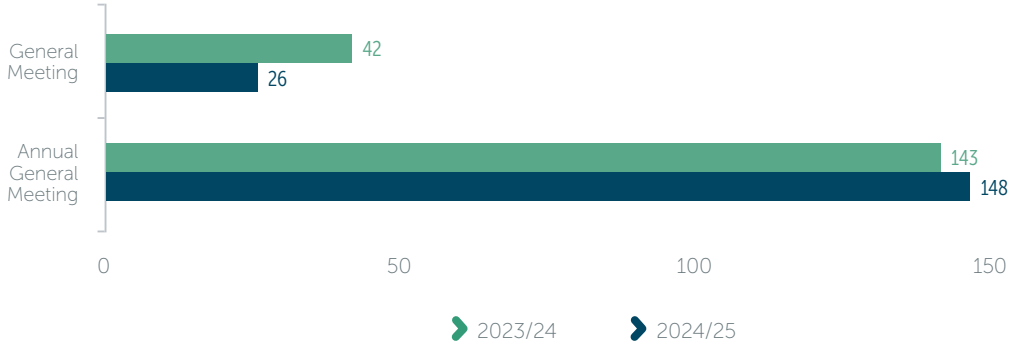


ENGAGEMENTS PER PILLAR



- 10% Environment
- 69% Governance
- 10% Social
- 11% Transformation

MEETINGS



ENGAGEMENT MATTERS



- 19% Transformation
- 6% Strategy
- 25% Remuneration Policy
- 6% Succession Planning
- 13% Board Composition
- 6% Community Development
- 5% Climate Change
- 13% Other
- 7% Corporate Governance

PIC external managers / multimanager public market active stewardship statistics

DOMESTIC MANAGERS

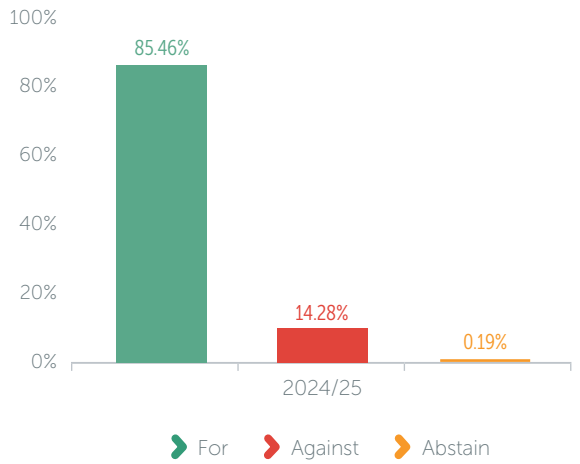
YEAR TO DATE VOTING RECORD 1 APRIL 2024 TO 31 MARCH 2025

1 172
Separate meetings voted at

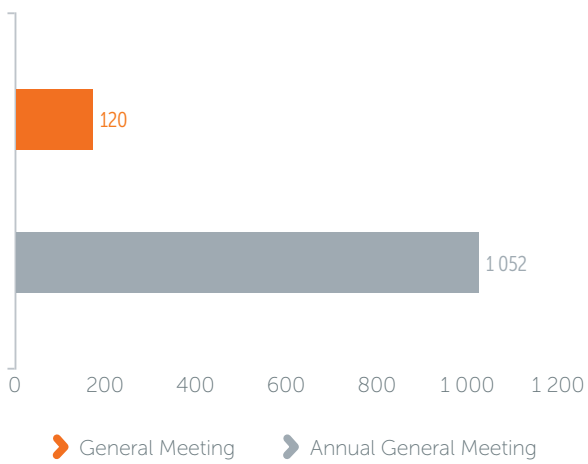
21 967
Total resolutions voted on

In the reporting period, the 21 Domestic External Managers (EMs) voted at 1 172 shareholder meetings (Annual General Meetings (AGM) and General Meetings (GM)) on a total of 21 967 resolutions. They voted in favour of 18 774 resolutions (85.46%), against 3 137 (14.28%) and 41 abstentions (0.19%). External managers have been accorded a discretionary mandate, which empowers them to exercise discretion in voting. The following illustrations provide a summary of the proxy voting results.

ANALYSIS OF FINANCIAL YEAR 2024/25 VOTES: RESOLUTION

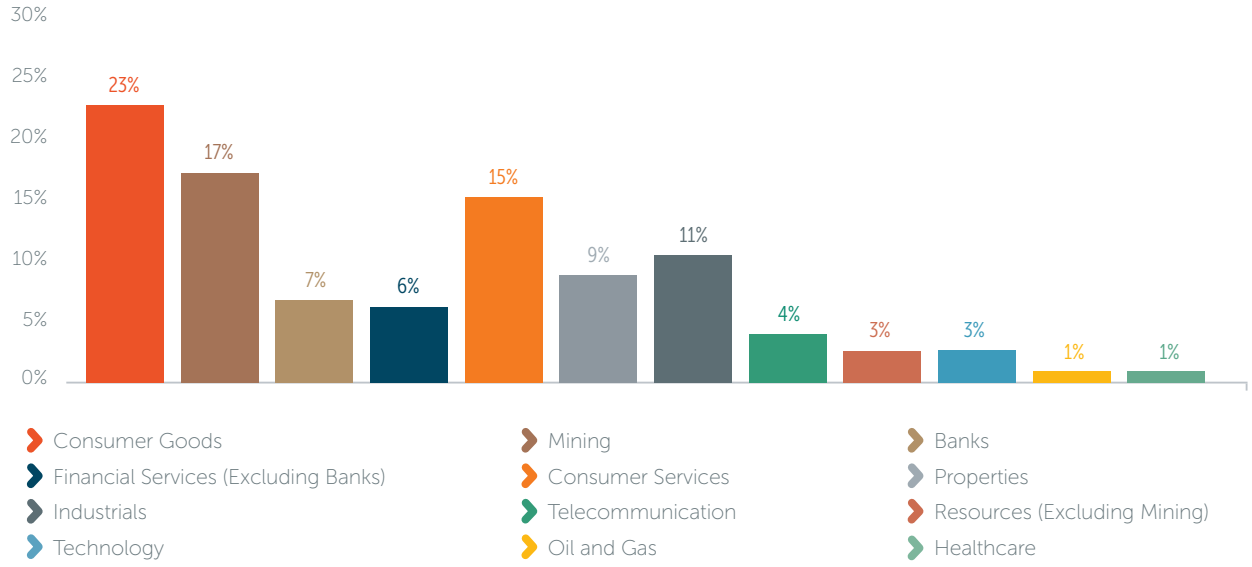


ANALYSIS OF MEETINGS PER TYPE: MEETINGS



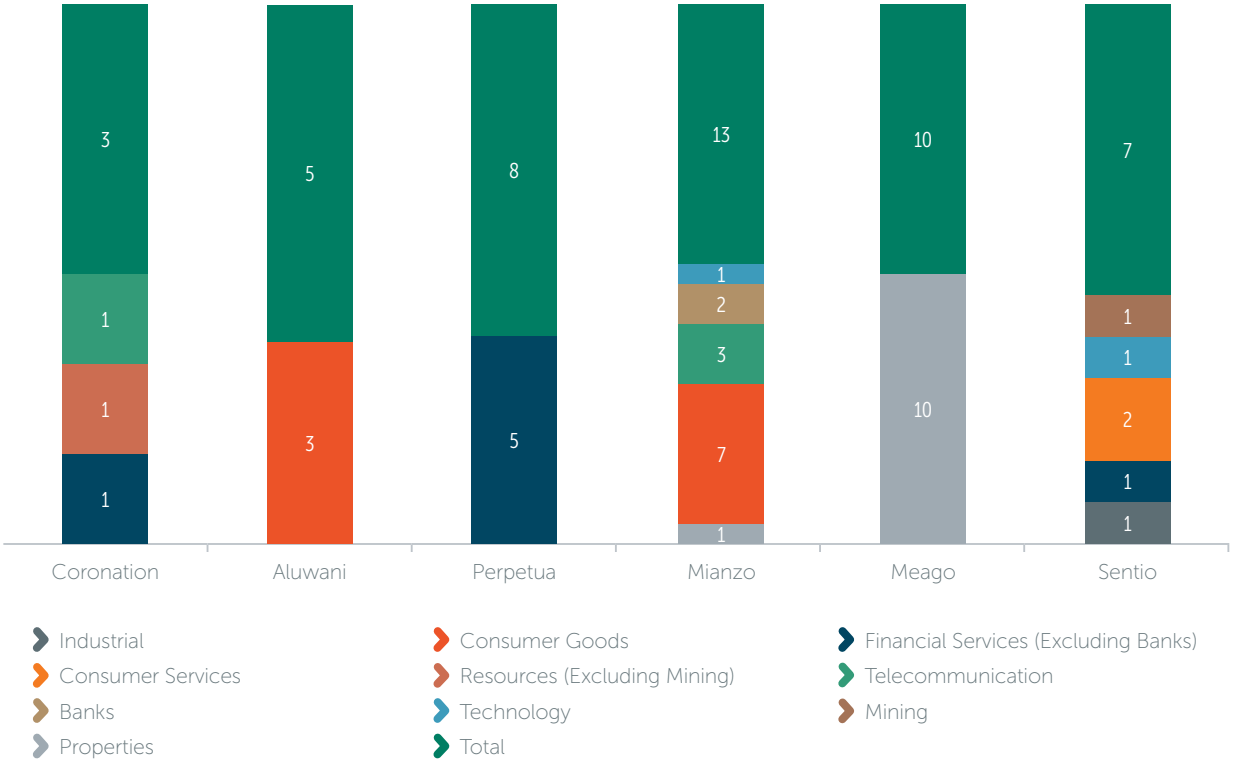
ANALYSIS OF AGAINST VOTES

The 14.28% of resolutions voted against in the reporting period were mostly in Consumer Goods, followed by Mining and Consumer Services sectors, respectively. Healthcare, Oil and Gas and Technology had the least number of votes against. The chart below shows the against votes, by sector:



ABSTENTIONS PER MANAGER AND SECTOR

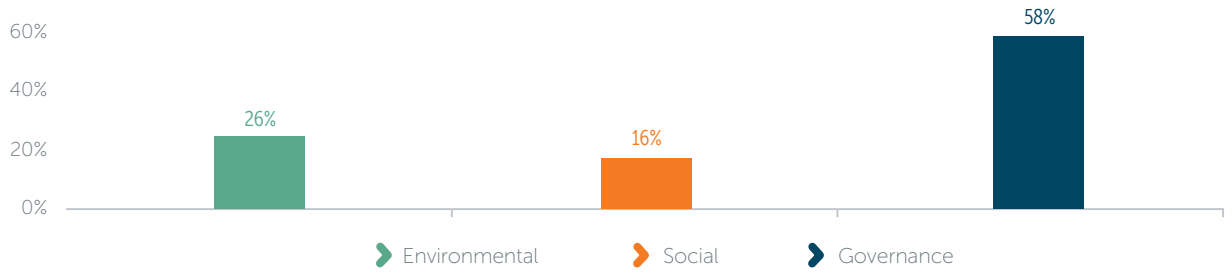
The chart below illustrates abstentions by manager and sector.





ENGAGEMENTS BY PILLAR

During the year under review, governance accounted for the majority of engagements at 58% (1 498 of 2 576), followed by environmental at 26% (662 of 2 576), and social at 16% (416 of 2 576). Below is a breakdown of engagements by pillars:



ENGAGEMENTS BY SECTOR

The top three sectors engaged by domestic external managers were mining, consumer goods and financial services (excluding banks).



- 14% Mining
- 11% Consumer Goods
- 8% Financial Services (Excluding Banks)
- 6% Banks
- 6% Consumer Services
- 6% Industrials
- 5% Properties
- 5% Telecommunications
- 3% Healthcare
- 3% Resources (Excluding Mining)
- 2% Technology
- 1% Oil and Gas

PIC global external manager proxy voting and engagements

During 2024/25, the three offshore external managers – BlackRock, Goldman Sachs and Robeco – voted on 35 759 shareholder resolutions, employing a proxy voting system that differs from the local one, as indicated in the corresponding meanings below:

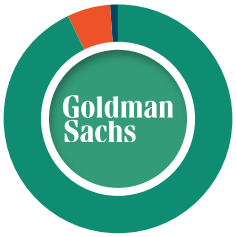
- 'For' - in favour of the proposal.
- 'Against' - not in favour.
- 'Abstain' - do not wish to cast a vote.
- 'Withhold' - similar to abstain and therefore needs only a single vote to earn a 'plurality'. In these cases, 'against' votes are meaningless, leaving the option to vote for or withhold.

PROXY VOTING: 2024/25



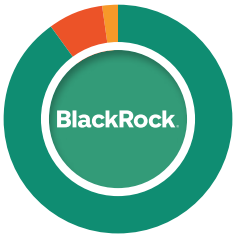
Robeco

For	Against	Abstain	Withold	Other
89%	10%	0%	1%	0%



Goldman Sachs

For	Against	Abstain	Withold	Other
93%	6%	0%	1%	0%



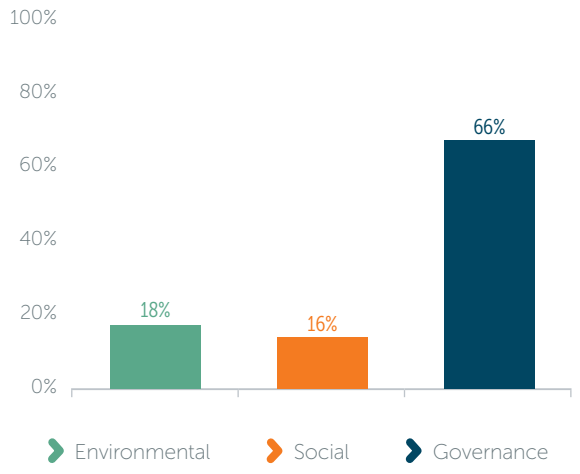
Black Rock

For	Against	Abstain	Withold	Other
90%	8%	2%	0%	0%

BlackRock

During the financial year, governance topics accounted for the majority of Blackrock's engagements at 66% (163 of 247), followed by Environmental aspects at 18% (45 of 247) and Social aspects at 16% (39 of 247).

ENGAGEMENTS BY PILLAR

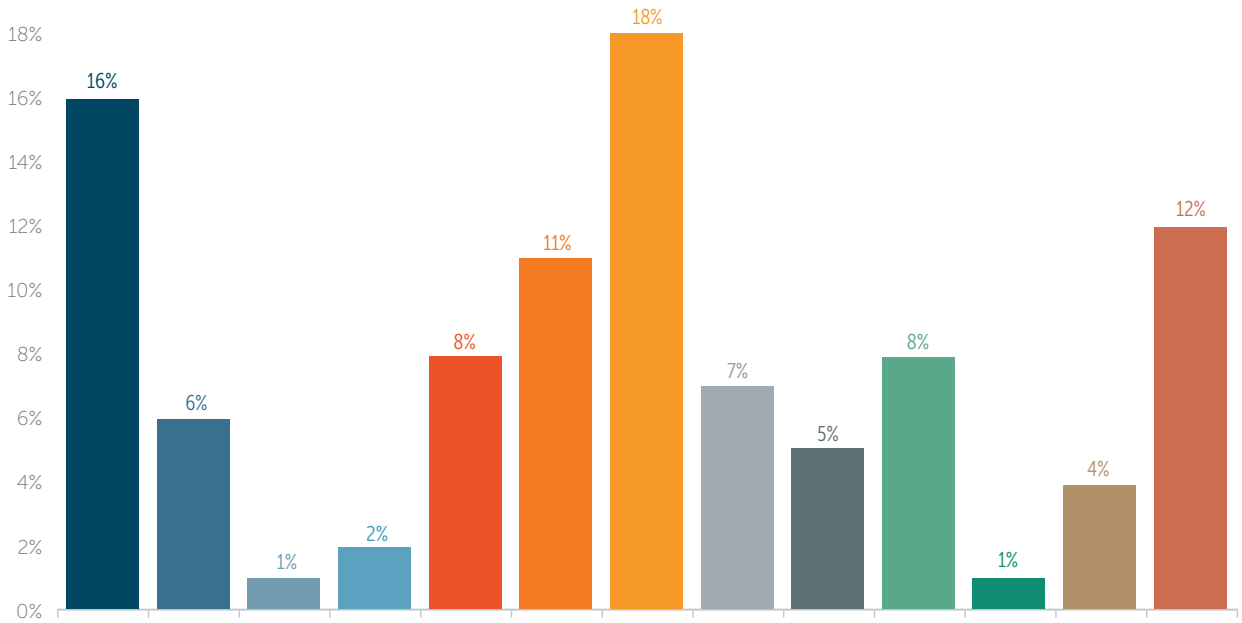


ENGAGEMENTS GEOGRAPHICALLY



16% Americas
17% EMEA
67% Asia Pacific

ENGAGEMENTS BY THEME

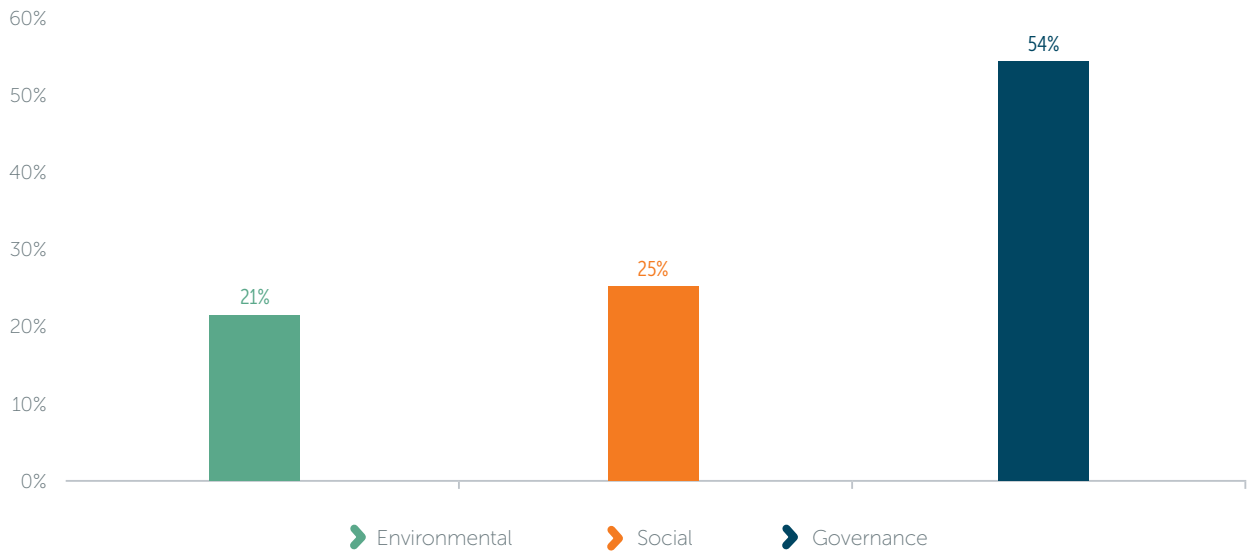


- E-Climate Risk Management
- E-Water and Waste
- G-Board Composition and Effectiveness
- G-Board Gender Diversity
- G-Business Oversight/Risk Management
- G-Corporate Strategy
- G-Executive Management
- G-Governance Structure
- G-Other
- G-Remuneration
- G-Sustainability
- S-Human Capital Management
- Other ESG Issues

Goldman Sachs

During the reporting period, Governance topics accounted for the majority of the Goldman Sachs engagements, at 54% (117 of 215), followed by Social aspects at 25% (53 of 215) and Environmental concerns at 21% (45 of 215).

ENGAGEMENTS BY PILLAR

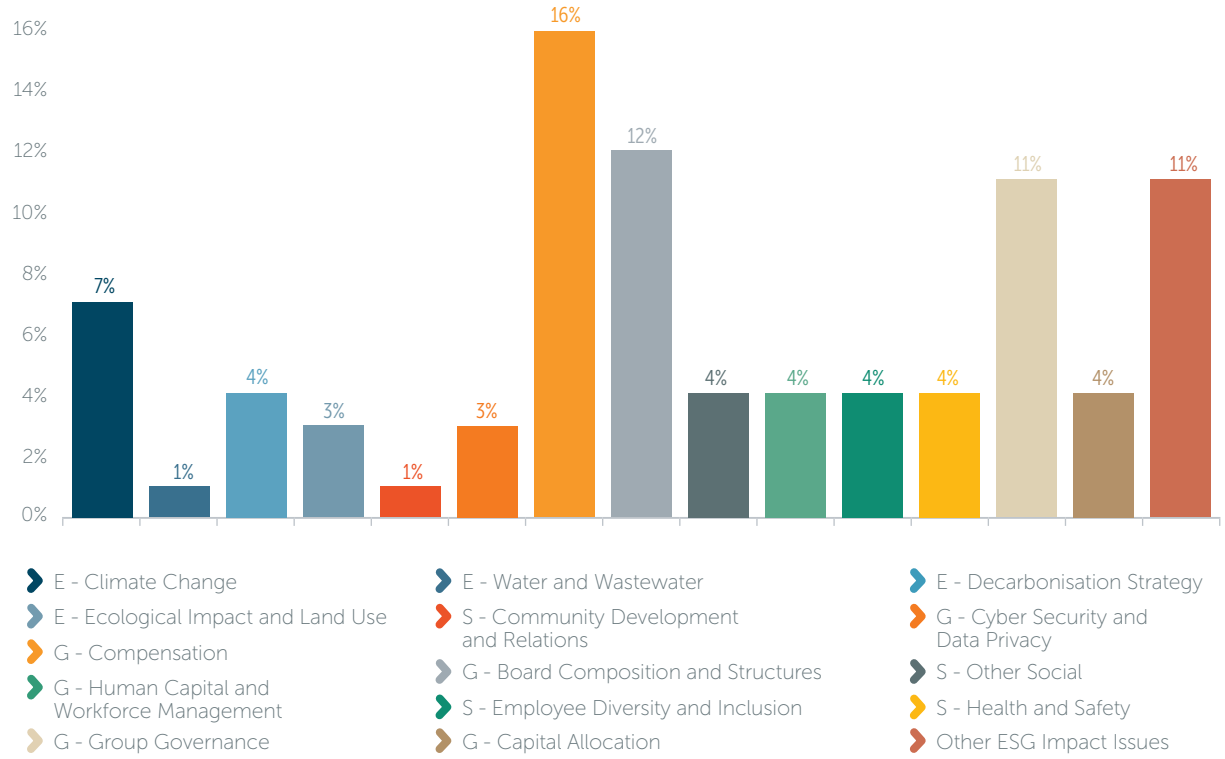


ENGAGEMENTS BY SECTOR



- 17% Financials
- 18% Industrials
- 13% Consumer Discretionary
- 12% Other
- 9% Information Technology
- 8% Banks
- 6% Communication Services
- 5% Consumer Staples
- 5% Energy
- 4% Utilities

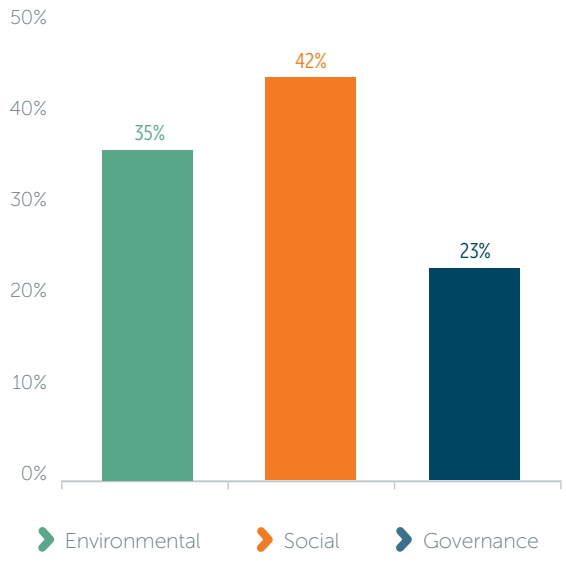
ENGAGEMENT BY THEME



Robeco

During the reporting period, Social topics accounted for the majority of Robeco's engagements at 42% (318 of 757), followed by Environmental aspects at 35% (265 of 757) and Governance at 23% (174 of 757).

ENGAGEMENTS BY PILLAR



ENGAGEMENTS GEOGRAPHICALLY



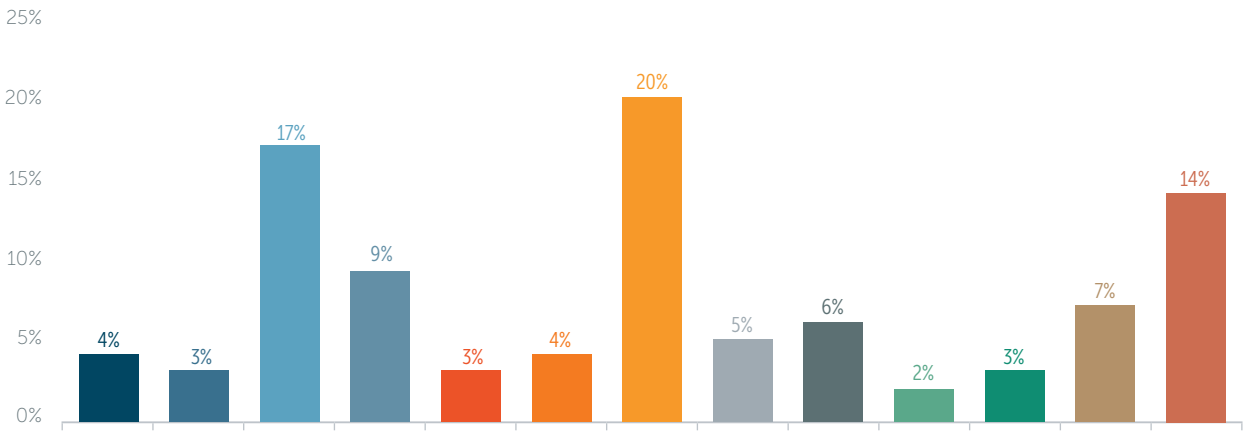
- 37% North America
- 23% Asia ex-Japan
- 17% Europe
- 23% Other

ENGAGEMENTS BY SECTOR



- 10% Financials
- 14% Industrials
- 21% Consumer Discretionary
- 10% Information Technology
- 5% Health Care
- 12% Materials
- 4% Communication Services
- 10% Consumer Staples
- 8% Energy
- 5% Utilities
- 0% Other
- 0% Real Estate

ENGAGEMENT BY THEME

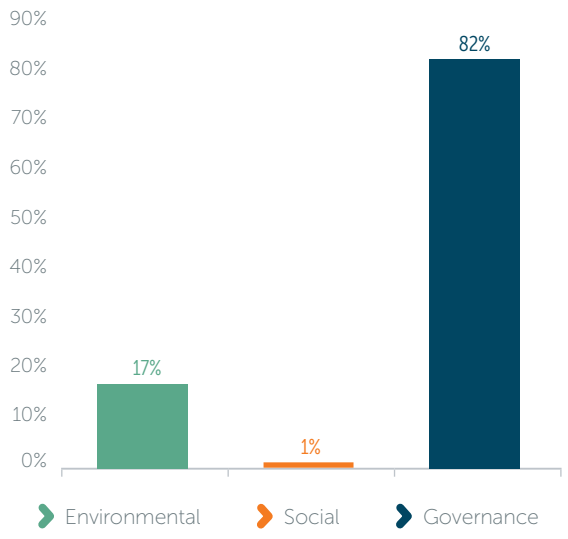


- E - Biodiversity
- E - Climate and Nature Transition of Financial Institutions
- E - Net Zero Carbon Emissions
- G - Corporate Governance
- G - Tax Transparency
- G - Fashion Transition
- S - SDG Engagement
- S - Fashion Transition
- E - Acceleration to Paris
- G - Global Controversy Engagement
- S - Just Transition in Emerging Markets
- S - Modern Slavery in Supply Chains
- Other ESG Impact Issues

Allianz

During the reporting period, Governance accounted for the majority of Allianz's engagements at 82%, followed by Environmental topics at 17% and Social at 1%.

ENGAGEMENTS BY PILLAR



ENGAGEMENTS GEOGRAPHICALLY



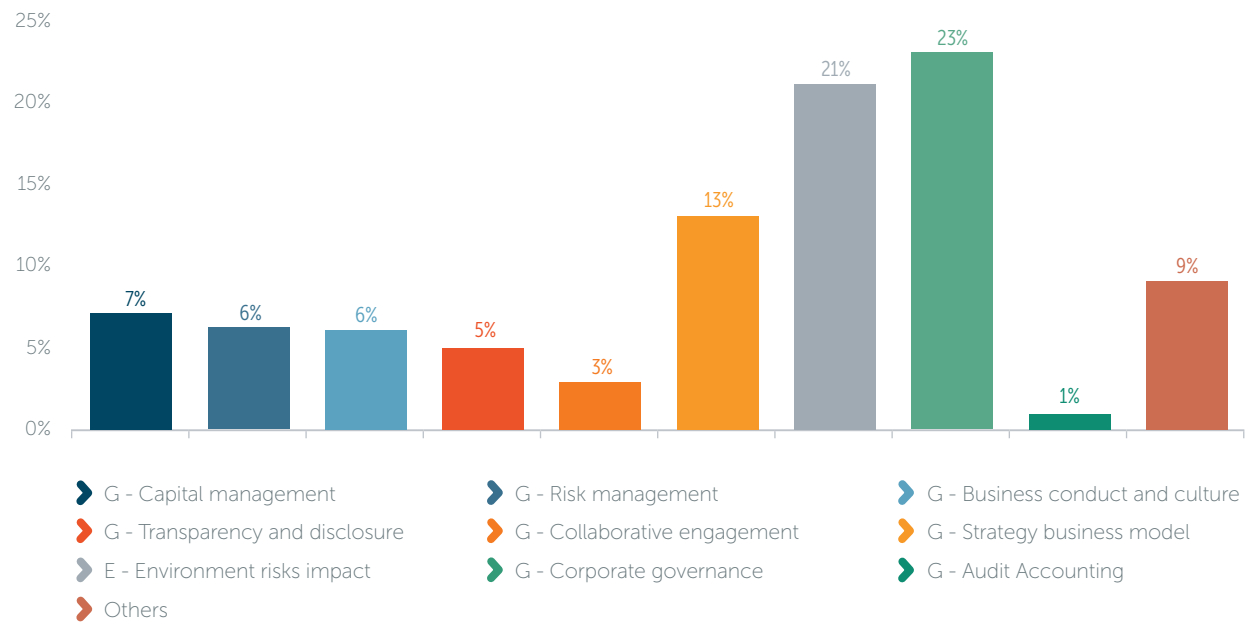
- 46% America
- 34% EMEA
- 15% Asia Pacific
- 5% Other

ENGAGEMENT BY SECTOR



- 27% Financials
- 11% Industrials
- 14% Consumer Discretionary
- 2% Communication Services
- 9% Information Technology
- 15% Health Care
- 4% Materials
- 5% Consumer Staples
- 5% Utilities
- 1% Energy
- 7% Other

ENGAGEMENT BY THEME





CASE STUDY



Barloworld's Strategic Acquisition and Governance Challenges

Barloworld, a prominent industrial processing, distribution and services company, entered negotiations with a consortium of investors through a newly established special purpose vehicle, Newco. The consortium sought to acquire all issued ordinary shares in Barloworld, excluding treasury shares and those held by Consortium members and affiliates.

The PIC's engagement

As a 21.97% shareholder in Barloworld, the PIC, acting on behalf of its clients, held several engagements with the company's Board to raise material corporate governance concerns.

These are related to the proposed transaction process and the role of executive leadership. The concerns included:

- **CEO exclusivity and conflict of interest**
  The PIC raised concerns over the board granting exclusive rights to the CEO to lead the proposed takeover. The PIC questioned whether the CEO was fulfilling his fiduciary responsibilities and acting in the best interests of the company and its stakeholders, given that he was a potential beneficiary in the transaction.
- **Board oversight and independence**
  The PIC expressed concern over the board's delayed response in addressing the CEO's conflict of interest. A Steering Committee was only formed after a conditional offer was received, raising questions about the effectiveness and independence of the Board's decision-making processes.
- **Transformation and future risk considerations**
  The PIC also flagged risks related to the transformation agenda and potential socio-economic consequences of the transaction. Despite the Consortium's expressed intention to increase B-BBEE ownership, the PIC continued to engage the concerned parties to ensure the transaction was genuinely broad-based. The PIC raised concerns regarding possible job losses due to future operational changes under new ownership.

Key players

- **Newco:** Jointly owned by Entsha, a South African company linked to Barloworld's Chief Executive Officer (CEO), and Gulf Falcon Holding Limited, part of the Zahid Group.
- **Dominic Sewela:** Barloworld CEO with a 0.23% minority stake in the company prior to the proposed transaction.
- **Zahid Group:** A Saudi Arabia-based conglomerate holding an 18.9% stake in Barloworld.
- **Entsha:** Set to hold 51% of the voting and economic rights in Newco.

Outcome

In light of these governance and social concerns, the PIC voted against the re-election of certain board members at Barloworld's AGM and opposed the takeover transaction at the General Meeting. The PIC remains committed to upholding ESG principles as integral to building sustainable and inclusive businesses. While the PIC supports meaningful empowerment of historically disadvantaged groups, it advocates for transactions that are truly broad-based to benefit women, persons with disabilities and local communities.

UNLISTED ESG AND SUSTAINABILITY PERFORMANCE

The PIC's Unlisted Investments portfolio, encompassing Isibaya, Properties, Research and Project Development, and Fund of Funds, plays a crucial role in driving the national development agenda and fostering inclusive economic growth by generating both financial and social returns.

Social returns include broad benefits like job creation, empowerment initiatives and the transformation of companies and sectors where the PIC deploys capital. The Unlisted investment mandate is executed through direct investments, co-investments and strategic partnerships, as well as indirect investment approaches. The PIC integrates ESG considerations across its unlisted portfolio to enhance long-term value creation and contribute to a resilient and equitable economy. The integration of these considerations reflects the fact that there is an inherent interconnectedness between sustainable practices and the financial success of companies.

ESG considerations in the face of climate-related infrastructure damage

Extreme weather events are becoming more frequent and intense, increasing risks to property, infrastructure and communities, particularly in rural and low-income areas. During the last quarter of the year under review, KwaZulu-Natal experienced severe flooding, strong winds and torrential rainfall that led to the declaration of a provincial state of disaster. The events resulted in the loss of 22 lives and caused more than R3.1 billion in damage to homes, roads and essential services such as electricity and water infrastructure.

The intensifying climate risk calls for the development of resilient infrastructure, as infrastructure failure often translates into broader social and economic vulnerability. In many ways, when power, transport or housing systems are compromised, affected communities face reduced access to essential services and income-generating activities.

The PIC portfolio has not been immune to these climate risks. During the reporting period, hailstorms damaged over 60% of the panels at several PIC-funded solar energy plants. Repairs were immediately initiated, but the event served as a reminder of the real and growing operational risks posed by climate change.



Generating social returns and advancing diversity through transformation

In the year under review, the PIC adopted a Transformation Charter to guide its commitment to meaningful and measurable transformation across its Corporate and AuM portfolios. The Charter sets ambitious targets that exceed legislative transformation requirements, positioning the PIC as a driver of inclusive economic growth.

In terms of the Charter, the PIC prioritises the inclusion of historically underrepresented groups, with a strong emphasis on black women, youth and people with disabilities. Transformation is tracked across ownership, leadership and management structures, with a specific focus on increasing diversity at senior levels. These commitments align with the Enhanced Recognition categories for Black Persons and the UNGC's Women's Empowerment Principles.

Transformation is embedded in investment processes, from pre-investment due diligence through to post-investment engagement. The PIC actively seeks out investments that support sustainable job creation, infrastructure development and access to essential services. Financial performance is evaluated alongside social returns, ensuring that investments deliver long-term impact for communities. The ESG division continually assesses and monitors the effects of investments on society and the environment, enabling the PIC to respond proactively to both risks and opportunities.



Employment opportunities

From the PIC's inception in 2005 to 31 March 2025, companies supported by PIC investments have enabled the creation and sustainability of 200 556 jobs. Of the jobs created, about 75 136 jobs were through general funds that are sector agnostic, with 31 433 of these in agriculture and 12 819 in mining. These jobs were a direct consequence of capital provided by the PIC, which allowed investees to expand operations, launch new projects, or maintain existing ones.

Based on disaggregated data reported by investee companies, 49 456 of the total jobs were held by women (from 53 004 in financial year 2023/24), representing approximately 26% of the total. Men accounted for 85 757 jobs (down from 92 308 in financial year 2023/24), or 44%, while 65 343 jobs (34%) were reported without gender disaggregation (compared to 39 555 in financial year 2024).

Jobs facilitated
200 556
(2024: 190 258)

Jobs occupied by women: **49 456**
(2024: 58 395)

Jobs occupied by men: **85 757**
(2024: 92 308)

Through its investments since inception, the PIC, on behalf of its clients, has contributed meaningfully to the facilitation of **200 556 jobs** across the following sectors, compared to 190 258 in the previous year. These jobs span a range of sectors and reflect the PIC's commitment to inclusive economic development.



Performance by sector

Agriculture

Agriculture is the cornerstone of economic and social development globally. It produces the food, fibre and bioenergy that sustain life, while providing employment and income, particularly in rural areas. The sector spans crop cultivation, livestock farming, aquaculture and agroforestry. It is central to provide food security and contribute to climate resilience.

Agriculture drives exports and sustains jobs. South Africa is one of the continent's most diverse agricultural producers, benefiting from varied climates, fertile soils and well-developed infrastructure. Climate variability, water scarcity and inequalities in land ownership continue to undermine the sector's full potential.

PIC investments across the agriculture, forestry and fisheries value chain help unlock the sector's potential. PIC funding is directed to businesses involved in production, processing and food manufacturing, which enhances the sector's productivity and competitiveness. These investments also deliver strong social returns through job creation and stimulate local economic activity and inclusive rural development.

During the year under review, investments in Agriculture facilitated the creation of 31 433 jobs. This revitalises rural areas where agricultural operations are located and contribute to more equitable economic participation. Many of these jobs are underpinned by pay structures that meet or exceed statutory minimum wages and reinforce the PIC's commitment to social equity and decent work.

In addition, these investments contribute to the realisation of several Sustainable Development Goals. Sustainable agriculture supports SDG 2 (Zero Hunger), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Climate-smart farming practices and resilient infrastructure are helping to drive long-term sustainability in the sector.

The PIC Transformation Charter strengthens this impact by prioritising equity and redress. Strategic mechanisms such as Trusts as ownership structures for farmworkers, employees and emerging farmers are increasing participation and driving transformation in the sector. This approach helps to shift entrenched patterns of exclusion and create a more inclusive and resilient agricultural landscape.

PIC'S strategic interventions across the agricultural value chain



CASE STUDY



School vegetable gardens

AFGRI, one of the PIC's investee companies, promotes school vegetable gardens programmes as a practical response to food insecurity and community upliftment.

Produce from these programmes is used for school feeding schemes, enabling schools to redirect part of their budgets to compensate community members who maintain the gardens. In Limpopo, communal land is also made available to locals to grow and sell produce, creating opportunities for township-based entrepreneurship.

Beyond providing nutrition, the gardens promote food security, healthier eating habits and environmental awareness. They also serve as platforms for agricultural learning and social cohesion, linking schools and communities through shared purpose and self-sufficiency.

Education

The PIC's commitment to education continues to drive meaningful social impact, particularly through financial assistance that enables disadvantaged students to access higher education. Guided by SDG 4: Quality Education, investments in education support tuition, digital access, accommodation and broader student well-being, whilst removing financial barriers that often hinder academic opportunities.

This approach contributes to long-term socio-economic upliftment by enhancing human capital, promoting social mobility and supports inclusive growth. It lends further support for broader development goals such as poverty reduction, gender equality, transformation and environmental sustainability. Empowered students are better positioned to enter the workforce, earn higher incomes and contribute to the economy.

In financial year 2024/25, the PIC's education-focused investments created **1 818** jobs, up from 1 700 in the previous year.

These gains reflect continued investment in institutions and initiatives that expand educational access and generate employment and support long-term development.



CASE STUDY

Sustainability awareness initiatives

Fundi is a specialist education fund and management company. It places sustainability at the core of its operations, blending innovation, education and community engagement to reduce its environmental footprint and promote responsible practices. As a PIC investee company, Fundi has invested in energy-efficient infrastructure and is exploring renewable energy sources to power its facilities. Fundi also plays an active role in its surrounding communities, participating in clean-up initiatives and supporting local sustainability projects in collaboration with grassroots organisations. This integrated approach helps build a culture of environmental accountability while strengthening community cohesion.

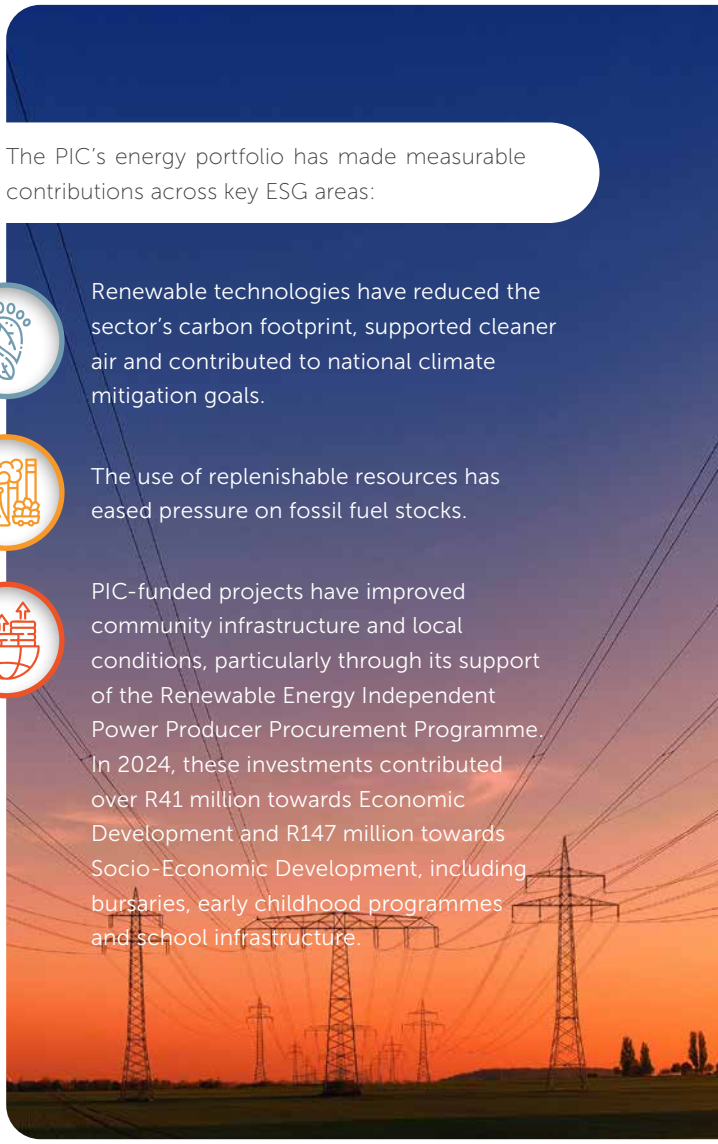
Energy

South Africa's energy sector remains heavily dependent on coal, which accounts for approximately 85% of the country's electricity generation. This reliance contributes to high levels of greenhouse gas emissions, which are 1.5 times the global average per capita. To address energy insecurity and reduce emissions, the government has committed to diversify the energy mix in pursuit of 33% electricity generation from renewable sources by 2030. While the transition is underway, affordability, infrastructure limitations and the socio-economic implications of moving away from coal remain crucial concerns.

Renewable energy, particularly solar photovoltaic technology, is rapidly expanding and now constitutes a major portion of global clean energy growth. The PIC has made 18 energy investments, most of which are in solar and wind power technologies. Collectively, these investments have delivered over 2 100MW of capacity, of which 1 800MW stems from renewables.

The PIC has supported energy projects with over **2 300MW** of capacity, including 2 100MW from renewables across three technologies.

Wind (861MW), Photovoltaic (783MW), Concentrated Solar Power (425MW), Gas (40MW), Hydro (10MW). The remaining 202MW comes from the Kelvin Coal Power Station.



The PIC's energy portfolio has made measurable contributions across key ESG areas:

Renewable technologies have reduced the sector's carbon footprint, supported cleaner air and contributed to national climate mitigation goals.

The use of replenishable resources has eased pressure on fossil fuel stocks.

PIC-funded projects have improved community infrastructure and local conditions, particularly through its support of the Renewable Energy Independent Power Producer Procurement Programme. In 2024, these investments contributed over R41 million towards Economic Development and R147 million towards Socio-Economic Development, including bursaries, early childhood programmes and school infrastructure.

CASE STUDY

Karoeshoek's Ilanga CSP1 plant withstands extreme winds

On 8 March 2025, the 100 MW Ilanga Concentrated Solar Power (CSP) plant, in which the PIC has exposure through the GEPF, was struck by unusually strong storm winds. Based in Upington, Northern Cape, the plant saw several sections of its solar field affected. No injuries were reported.

Ilanga CSP1 is a semi-peaking plant. It offers both dispatchability and operational flexibility, which enables quick isolation of damaged subfields, allowing the plant to return to full functionality within 48 hours. This rapid recovery illustrates the plant's structural resilience and highlights the importance of investing in energy infrastructure that can withstand climate-related shocks.



Oil and Gas

While renewable energy continues to dominate the energy discourse, the role of oil and gas in South Africa's energy future remains significant. At the 2024 Africa Oil Week, the Minister of Mineral and Petroleum Resources reaffirmed government's support for the sector, positioning it as a key contributor to national development goals. This policy shift was reinforced by the introduction of a Petroleum National Plan and the draft Petroleum Bill, which is yet to be approved by Parliament.

Efforts to diversify the country's energy mix have included the Liquefied Petroleum Gas (LPG) Rollout Strategy, approved by Cabinet in 2022. This initiative aims to reduce pressure on the electricity grid and promote cleaner alternatives to coal and paraffin, particularly for cooking and heating. LPG offers lower carbon monoxide emissions and burns more cleanly than other household fuels, thus presenting a more environmentally friendly and efficient thermal energy solution for households.

The PIC has five investments in the oil and gas sector. Through Sunrise Energy, the PIC supports an LPG terminal located at the Port of Saldanha. Operated under an exclusive Transnet concession, this modular facility can expand with market demand over the next three decades. An adjacent cylinder-filling facility supplies LPG to the local market, contributing to regional energy security and economic development.

The ESG contributions of these investments include:

- Pollution reduction through improved environmental monitoring and repair technologies.
- Sustainable resource use in extraction, processing and distribution.
- Climate action initiatives aligned with SDG 13.
- Community engagement, including infrastructure, education and health investments.
- Job creation and inclusive growth, with 765 jobs supported across the portfolio, 92% of which are at TotalEnergies Marketing South Africa.
- Poverty alleviation and economic upliftment in host communities.

Housing

In South Africa's Constitution, access to housing is enshrined as a fundamental human right that must provide spatial justice and security of tenure. The National Development Plan (NDP) recognises that apartheid-era spatial patterns continue to drive inequality and inefficiency. In response, it proposes mixed-use housing strategies and urban densification to improve access to services and economic opportunities for low-income households.

Urbanisation is accelerating and is expected to reach **72%** for the South African population by 2030.

This will place increased pressure on infrastructure and basic services.

According to the 2022 Census, **40%** of the population resides in metropolitan areas.

Meanwhile, over 2.4 million households are registered on the National Housing Needs Register, illustrating the scale of the country's housing backlog. Affordability remains a critical issue, driven by the rising cost of living, high unemployment and limited entry-level stock. Public investment has largely sustained housing activity in the lower-value segment of the market.

Through its investments, the PIC is addressing these systemic challenges by supporting the development of integrated human settlements. Its focus spans affordable rental housing, housing finance and inner-city developments and provides alternatives for those excluded from subsidised housing, mortgage finance from commercial lenders, or those seeking settlement closer to economic centres.

Over the past decade, the PIC has partnered with commercial banks, development finance institutions and asset managers to back property entrepreneurs and catalyse inclusive housing delivery. While supply constraints persist, the PIC's approach aligns with SDG 11: to make cities and human settlements inclusive, safe, resilient and sustainable.



Financial Services

South Africa's financial services sector is navigating a complex and highly regulated environment. While economic growth remains subdued, with GDP growth projected at below 1.5% for the financial year 2024/25, the sector continues to demonstrate resilience. High interest rates and inflation have constrained household spending, yet South African banks have maintained strong capital buffers and solid profitability. Tighter credit conditions persist, although financing in strategic areas such as renewable energy is expected to expand in response to the country's electricity crisis.

At the same time, the sector is undergoing accelerated digitalisation. Financial institutions are increasingly adopting digital platforms, with an emphasis on customer self-service and innovation. South Africa's presence on the Financial Action Task Force grey list may pose risks to capital flows and investor sentiment, but opportunities remain, particularly in digital transformation and green finance.

The PIC's investments in the sector span fintech, banking, developmental finance, asset and mortgage finance, investment services and SME lending. Through these vehicles, the PIC is shaping the financial landscape to support inclusive growth and economic empowerment. In addition to financial returns, these investments seek to deliver social outcomes such as job creation, transformation and financial inclusion, especially for underserved communities.

Investments in companies such as AfricInvest Financial Inclusion Vehicle, Resultant Finance, Trade Capital Finance and Ezemali have helped unlock access to finance through innovative microfinance models and digital platforms tailored to reach individuals and small enterprises. These investee companies play a critical role in bridging the gap in financial access across South Africa.



In the financial year under review, the PIC added two new investments to its rest-of-Africa portfolio:

A **US$40 million** investment in Africa50, a pan-African infrastructure investment platform designed to close the continent's infrastructure gap.

A **€30 million** investment in AfricInvest Financial Inclusion Vehicle, a permanent capital vehicle that promotes digital transformation across commercial banks, insurers, fintechs and disruptive financial service providers.

Overall, the financial services investment portfolio sustained 21 295 jobs, an increase of 9 548 jobs from the prior year, largely driven by the addition of AfricInvest Financial Inclusion Vehicle.

- **40%** Men
- **60%** Women

Source: South African Banking Outlook 2024 - S&P Global.
Source: The Financial Sector Outlook Study - FSCA.



Information and Communications Technology

South Africa's ICT sector is undergoing rapid transformation, fuelled by advances in 5G connectivity, artificial intelligence, cloud computing and the Internet of Things. These innovations are reshaping traditional industries and unlocking new opportunities for digital growth. Increasing demand for digital platforms, mobile services and internet access has created strong momentum for infrastructure upgrades and expanded service offerings across the country.

The PIC's investments in ICT are designed to help democratise access to digital technologies and support innovation at scale. Through its long-standing partnership with Convergence Partners, the PIC continues to support projects that extend connectivity and promote inclusive digital access across Africa.

Despite its growth potential, the sector still faces barriers including skills shortages, gaps in digital inclusion, cybersecurity risks and inadequate infrastructure. Targeted investments are addressing these issues by building enabling infrastructure and fostering digital entrepreneurship.

Key development indicators from PIC's ICT investments include:

- Over 60 000 kilometres of fibre installed across Africa, improving broadband accessibility, quality and affordability.
- Over one million homes connected to fibre infrastructure.
- More than 3 000 people employed through ICT-related investments.
- 800 schools passed for infrastructure development, improving access to educational opportunities.
- Over 22 million digital licences paid.
- More than 500 000 solar kits distributed to communities.

These achievements reflect the PIC's commitment to digital inclusion, skills development and socio-economic transformation through strategic investment in the ICT sector.

Early-Stage Funding

South Africa's startup ecosystem is gaining momentum, with a steady increase in early-stage tech ventures, supported by progressive policies and growing venture capital activity. Investments in digital innovation, including fintech and health-tech, are creating new growth opportunities and contributing to socio-economic development. Recent policy measures such as improved tax incentives for research and development, as well as support for electric vehicle manufacturing and streamlined regulatory processes, have strengthened investor confidence in the early-stage funding space.

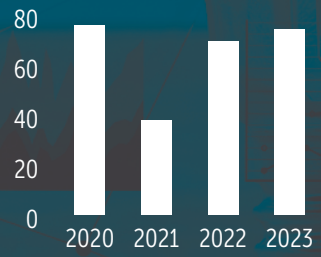
R3.28 billion
invested in 2023 into:

- **94** entities
- **184** investment rounds
- **72** funds involved

R2.08 billion
funds raised from co-investors

R91 million
exits in 2023

NUMBER OF ACTIVE FUND MANAGERS



Source: SAVCA VC Survey 2024

South Africa's startup ecosystem continues to benefit from a more diverse pool of venture capital, supported by public submissions and market research. This is driving innovation and improving deal flow, with both the number and size of early-stage funding rounds showing notable growth compared to the previous year.

In line with this momentum, the PIC increased its exposure to venture capital through the Early-Stage Fund. In the financial year under review, five indirect investments were approved. The PIC remains focused on expanding its venture capital presence through a combination of direct and indirect investments. Building strategic partnerships with local stakeholders and maintaining active engagement with the startup community are key to enhancing deal flows and improving investment outcomes.

Mining and Beneficiation

Mining remains a cornerstone of South Africa's economy, playing a vital role in job creation and the supply of minerals that are essential to the global energy transition. The Global Investor Commission on Mining 2030, supported by the PRI and United Nations Environment Programme (UNEP), emphasises investor influence in driving progress across climate action, labour practices and sustainable value chains. Institutional investors, such as the PIC, have a significant responsibility to advance a socially and environmentally responsible mining industry.

In 2024, the sector achieved a historic low of **42 fatalities**, a **24%** improvement from the previous year.

This is attributed to collaboration between the government, industry bodies and organised labour. Despite this progress, the sector faced a difficult year. Declining commodity prices, high energy costs, power outages, infrastructure constraints and exchange rate volatility negatively impacted productivity and financial performance. The platinum group metals sector, in particular, experienced significant retrenchments. In contrast, favourable market conditions in the chrome, coal and iron ore sectors supported job growth.

The number of Mining jobs for PIC related investment is **12 819** as at 31 March 2025.

The industry continues to absorb unskilled labour and remains critical for economic development in mining-dependent communities.

The PIC supports responsible mining through direct investments and its exposure to hydrogen-focused venture capital funds. These funds unlock the hydrogen value chain and facilitate investments in clean energy storage, transportation and industrial applications.

In 2024/2025, **1 193 jobs** sustained (an increase of 123 jobs to the previous financial year) in growth-stage companies, contributing to the upskilling of workers for a low-carbon economy.



Properties

As the world leans towards eco-friendly real estate, South Africa is keeping pace. The country's involvement in international agreements such as the African Continental Free Trade Area reflects its commitment to reduce carbon emissions and promote sustainability. Demand is rising for properties equipped with alternative energy solutions like solar panels and geothermal systems, driven by energy security concerns and a desire to reduce reliance on traditional power sources. Properties with these features are becoming increasingly attractive to buyers.

The Western Cape is expected to continue outperforming other regions, with property prices likely to rise above the rate of inflation. The sector showed signs of improvement in late 2024 after the South African Reserve Bank reduced the repo rate by 50 basis points to 7.75%. While this has created cautious optimism among industry professionals, GDP growth, inflation, interest rates, and investor confidence remain key factors shaping the commercial real estate market.

The PIC has exposure to this sector both locally and internationally. The PIC's property strategy aims to drive economic growth while promoting good governance, prioritising people and caring for the environment. During the period under review, the Unlisted Property Strategy continued to increase exposure to rural and township retail investments. Alongside Reimagine Social Impact Retail Fund, Temo Mezzanine Finance and Shenge, the PIC is pursuing additional investments to grow this portfolio of resilient assets.

The indirectly held property portfolio comprises 14 investee companies, with most domiciled in South Africa. Only Gateway Real Estate Africa is resident in Mauritius. Divercity Urban Property Group, a R500 million investment, was added to the investment portfolio during the reporting period.

For the financial year 2024/25, the portfolio sustained **5 953 jobs** (2023/24: 4 628 jobs), an increase of 1 325 jobs.



CASE STUDY



The V&A Waterfront

The V&A Waterfront is an iconic mixed-use destination in the oldest working harbour in Cape Town. With Table Mountain as its backdrop, this 123-hectare development welcomes millions of people each year.

Since its inception, the V&A Waterfront has transformed how it conserves energy and water, manages waste and construction and engages with its community on further development and conservation. Efforts range from reducing single-use plastics and recycling to grey water usage and community empowerment.

Recognised as one of Africa's greenest precincts, the V&A Waterfront is home to 22 green-rated buildings. It serves as a continental platform for promoting art and design, supporting entrepreneurship and innovation, advancing sustainability and enabling social and economic change.

Recognised as one of Africa's greenest precincts, the V&A Waterfront is home to
22 green-rated buildings

Investment highlights include:

- Installing water meters across the neighbourhood, fitting water-efficient toilets and urinals, using sensor-operated taps and integrating borehole and grey water use. These efforts, alongside leak detection systems, have cut water consumption by 62%.
- Diverting 37% of waste annually and signing the global Plastics Pact to reduce single-use plastics by 50% by the end of 2025.
- Installing electricity meters for tenants to monitor usage, using seawater cooling in some areas and generating solar power onsite.
- Developing a waste-to-energy pyrolysis plant that can thermally combust most waste, providing around 60% of the electricity needed for the precinct's desalination plant.
- Ongoing construction of a desalination plant with the capacity to produce 3.3 million litres of fresh water a day, to complement the city's water supply.



Student accommodation

Student accommodation remains a critical element within South Africa's education infrastructure. Rising numbers of university enrolments and an expanding youth population continue to drive the need for quality student housing. New developments are embracing sustainable building practices, including energy efficiency and green certification.

Collaboration between property developers and academic institutions has strengthened. This partnership model not only addresses capacity constraints, but also ensures that projects support environments conducive to learning and student well-being. Projects are strategically located near major universities, reflecting evolving demand. For example, the Gauteng Partnership Fund, to which the PIC has exposure, along with the National Empowerment Fund, launched a R56.5 million student accommodation development in Pretoria Gardens to meet growing demand.

The PIC regards student accommodation as an enabler of learning.

Through three investments, the PIC has supported the creation or management of around **17 008** student beds, including those under refurbishment.

These investments span Gauteng, the Western Cape, KwaZulu-Natal, Limpopo and the Eastern Cape provinces.

The Gauteng Partnership Fund, to which the PIC has exposure, along with the National Empowerment Fund, launched a **R56.5 million** student accommodation development in Pretoria Gardens.

The social impact of these investments is evident in the number of jobs created during construction and operation. As of 31 March 2025, the PIC had supported approximately **2 000 jobs** through three transactions with **766** being permanent and **1 234** temporary.



- **766** Permanent
- **1 234** Temporary

Road Infrastructure, Transport and Logistics

South Africa's transport sector underwent significant transformation during the reporting period, driven by regulatory reform, sustainability efforts and new partnerships. The promulgation of the Economic Regulation of Transport Act, No. 6 of 2024, established the Transport Economic Regulator. It regulates road, rail, maritime and aviation economic modes. Its role includes setting price controls, monitoring tariffs and ensuring fair access to transport infrastructure to promote competition and protect consumers from unfair pricing.

On the sustainability front, the government announced plans to invest R1 billion in local electric vehicle and battery manufacturing. This initiative supports the transition to electric vehicle manufacturing by 2035 and aims to attract investments in line with the country's Electric Vehicles White Paper, released in 2023.

In September 2024, the PIC entered into a Memorandum of Understanding with United Arab Emirates-based International Resources Holding (IRH). The agreement seeks to unlock value in South Africa's mining, green energy and transport and logistics sectors. One of its priorities is to expand export infrastructure and capacity.



During the reporting period, PIC investments facilitated **9 088 jobs** (financial year 2023/24: 9 507). Of these, **92%** of employees were black.

Employment of women totalled **1 642**, with **83%** of them being black women.

Construction

The construction sector develops infrastructure delivery, economic upliftment and job creation across a wide spectrum of skills in South Africa – from entry-level jobs to skilled professionals. Although the sector continued to face economic headwinds, several pockets of resilience emerged, driven by strategic investments and policy efforts aimed at revitalising the industry.

The South African government launched a blended finance risk-sharing platform to attract private investment into public infrastructure. This includes a credit guarantee vehicle aimed at reducing risk for developers and lenders, with an initial focus on independent transmission projects and potential expansion into other sectors. At the same time, private developers and property companies continued to channel capital into mixed-use precincts.

These public and private initiatives have had a positive impact on employment. From October 2023 to December 2024, jobs in the construction sector increased from 1 322 000 to 1 359 000, reflecting a gradual rebound.



The PIC's investments in the construction sector have supported this momentum. During the year under review, PIC-related projects facilitated 2 058 jobs, demonstrating the sector's resilience and continued relevance in driving inclusive economic recovery.

From October 2023 to December 2024, jobs in the construction sector increased from 1 322 000 to **1 359 000**, reflecting a gradual rebound.



Multi-management Private Markets (Fund of Funds)

The multi-management private markets structure has enabled the PIC to gain indirect access to a wide range of jurisdictions and sectors through investments in funds that operate across different unlisted markets. As a limited partner, the PIC also benefits from co-investment opportunities alongside these funds, allowing closer alignment with portfolio companies.

During the period under review, the PIC invested in three generalist funds: Adenia Capital Fund V, Alterra Africa Accelerator Fund and the SA SME Fund of VC Funds I.

These investments facilitated approximately 75 136 jobs. In terms of transformation, all South African-domiciled fund managers supported by the PIC fall within B-BBEE levels 1 to 4.



Virunga Africa Fund I

The PIC, on behalf of its clients, committed US$30 million to the Virunga Africa Fund I. Managed by Admaius Capital Partners, the fund aims to generate returns through investments in a diversified portfolio of attractive opportunities across four key sectors: healthcare, education, fast-moving consumer goods and financial services. Its geographic footprint spans Morocco, Tunisia and Sub-Saharan Africa.

The Virunga Africa Fund I follows a buy-and-build strategy to create platforms that can scale into regional champions. This approach supports both commercial returns and meaningful impact through active ownership.

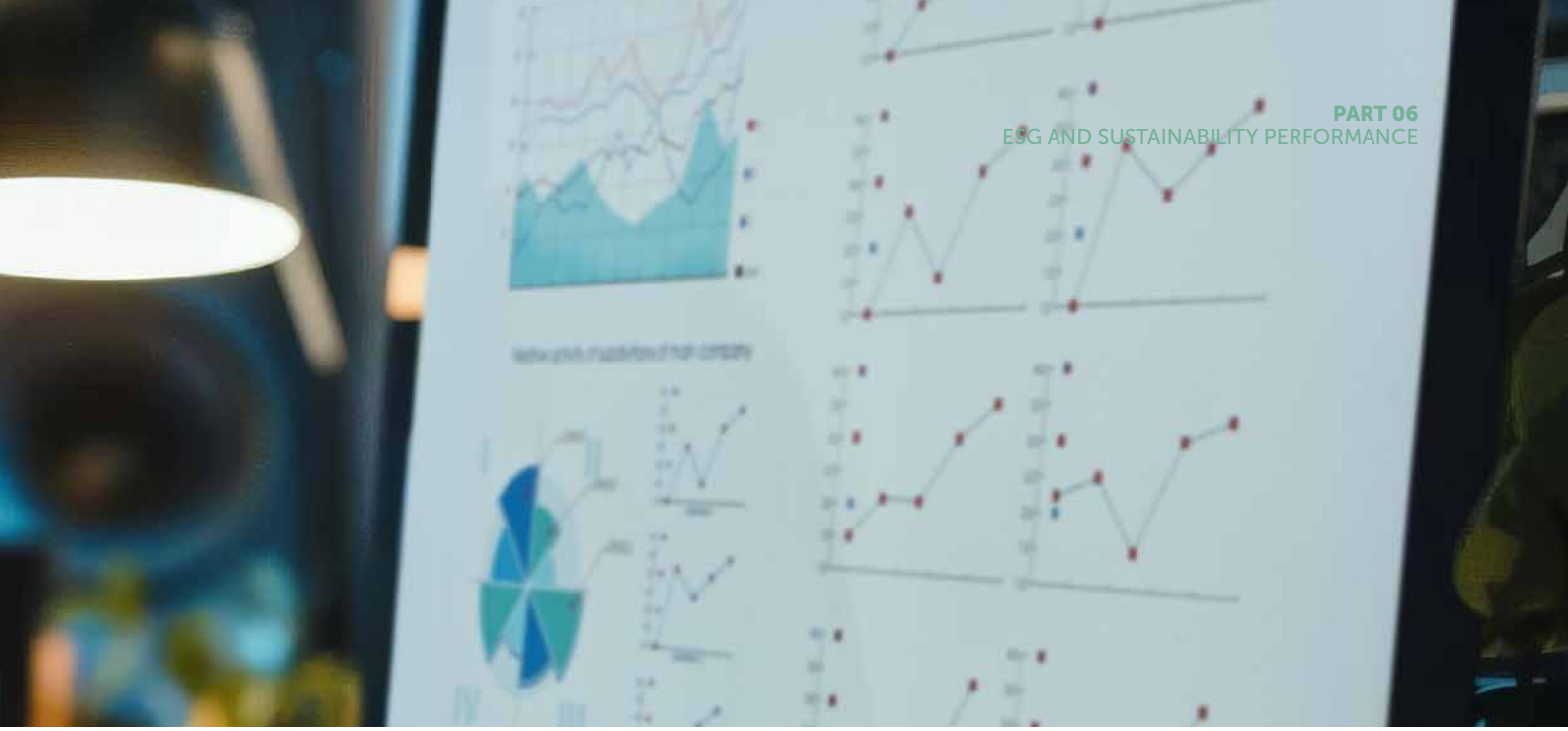
Admaius Impact Thesis: Aligned with UN SDGs:



SDG 5 Gender Equality
(A gender lens investment approach):
We seek to empower women with new technologies and opportunities for economic participation, and invest in businesses that promote women's rights and inclusive work practices.



SDG 8 Decent Work and Economic Growth
(A private sector development focus):
We look to encourage private sector growth and development through entrepreneurship and digital innovation, investing in businesses that drive local economies forward.



The manager has a specific impact thesis which is the lens through which it assesses and engages with our portfolio companies. Across all investments this includes gender equity and private sector development in line with two core UN SDGs. These two SDGs are supplemented by another company-led goal, which varies by thematic sector.

Pre-investment, the manager assesses alignment to these goals and to the extent the manager has ownership or controls they work with each company to encourage impact initiatives and associated KPIs in line with this thesis.

To support the emphasis on impact, the company updated their assessment methodology and screening process during 2024. This work culminated in the enterprise-wide Operating Principles for Impact Management disclosures, which is in the process of submission for formal review in 2025.

ADDITIONAL UN SDG VARYING BY SECTOR



Admaius - Supporting Decent Work and Economic Growth



Admaius believes that sustainable economic growth is fueled by quality job creation. For this reason, Admaius anchors its impact thesis to UN SDG 8: Decent Work and Economic Growth - a commitment to supporting private sector development through meaningful employment opportunities, quality skills development and digital innovation.

The Fund directly and indirectly supports **2 742** full time jobs.

In 2024, the Manager and Fund portfolio companies supported 233 additional full time employee roles.

Portfolio employment figures

Company	Country	DIRECT Contribution		INDIRECT Contribution	Average country / region youth unemployment rate (%)
		FTEs as of Q4 2024	New FTEs over 2024*	Multiplier / cascading effect on local employment and jobs	
Admaius	Pan-African	22	7	Direct investment into 7 African businesses supporting 233 new* FTE roles in 2024.	5.5
Onafriq	Pan-African	741	44	› $8bn transactions and 15.9m users in 2024. › 675 000 loans made to SMEs via Baxi agents in 2024 worth $13.8 million.	5.5
Power Brands	Tunisia	571	9	1 359 local suppliers over 2024.	8.6
Parkville	Egypt	501	66	Large number of local suppliers.	3.3
Saint Christopher	Senegal	43	18	› 163 new students enrolled in 2024. › 182 students graduating in 2024.	1.7
Tres	Rwanda	24	5	136 new towers built in 2024 (55% in rural areas), enabling first-time access to online education and the digital economy.	6.5
TPG	South Africa	44	4	131 SME suppliers (79% of total).	17

A Spotlight on Women: Gender Lens Investing (2X) Global

In 2024 Admaius became a proud member of 2X Global, a leading membership and field-building organisation dedicated to unlocking gender-smart capital at scale.



The manager seeks to invest in businesses that promote women's rights to workplace equality, encourage inclusive work practices, in line with its impact thesis and SDG 5 (Gender Equality).

Within the ranks of the manager, it achieved gender parity for the first time in 2024 and various portfolio company highlights are outlined in the table below.

Firm and Portfolio Highlights

Admaius	89% Leadership Women	50% Workforce Women	
Onafriq	38% Women board (vs. 10% at our initial time of investment in 2021)	42% Leadership / Management Women	39% Workforce Women
Parkville	~90% Women Customers	41% Workforce Women	
Saint Christopher	58% Women students ("customers")	42% Workforce Women	
Tres	43% Women board (including 2 Admaius women)		
TPG	44% Leadership Women	34% Workforce Women	Women CEO
ChillBev	42% Workforce Women		



Firmwide Initiatives – The Analyst Programme

In 2024, Admaius continued with the second analyst training program, hiring two Kigali-based analysts to the investment team.

Admaius re-launched its analyst training programme, designed to provide hands-on experience in investment analysis, structured training and practical deal exposure. Analysts undergo different skills development phases to prepare them for a career in Private Equity.

The programme focuses on four key components:

Analyst Training Sessions:
Weekly training sessions – held in-person, remotely or online – covering areas such as financial analysis, valuation techniques, and modeling. Analysts also take part in FMVA certification and Damodaran valuation classes, further strengthening their analytical capabilities.

ESG Training:
This year's program covered a dedicated ESG and impact component, aimed at helping analysts understand ESG integration within African Private Equity. Exploring ESG due diligence (ESG DD) methodologies and different approaches to assessing sustainability risks and opportunities.

Hands-on Experience:
To reinforce learning, analysts are staffed on live deals, actively contributing to investment analysis and deal execution.

Mentorship Program:
Each analyst is paired with a mentor, who provides ongoing career guidance, feedback, and professional development support and ensuring analysts are progressing effectively and adapting well to the demands of the role.



Healthcare

The healthcare sector in South Africa remains complex yet promising, with transformative trends emerging in 2024. President Cyril Ramaphosa signed the National Health Insurance (NHI) Bill into law on 15 May 2024 with the intention to promote equitable access to quality healthcare for all South Africans. The NHI aims to overhaul the current two-tier health system and provide comprehensive health coverage irrespective of socio-economic status. The constitutionality of various provisions of the legislation is currently under legal challenge before the court.

The private healthcare sector is also undergoing consolidation to improve economies of scale and strengthen bargaining power with suppliers. Technological innovation continues to shape the sector, with growing adoption of digital health solutions such as telemedicine and electronic health records. These tools are designed to improve patient outcomes and relieve pressure on a resource-constrained system.

Infrastructure investments are also gaining momentum. The Presidential Health Compact 2024–2029 outlines strategic initiatives to enhance the health system and improve the quality of care. These developments are expected to generate jobs and support healthcare workforce development.

The PIC has directly and indirectly invested in:

49 hospitals, medical centres and three clinics.

With more than **6 000 beds** across South Africa.

These investments have supported more than **8 000 jobs**.



Manufacturing

The manufacturing sector makes significant contributions to national output, employment and industrial development. For 2024, manufacturing accounted for 13% of South Africa's gross domestic product. Nominal GDP for the sector is forecast to grow at an average rate of 5.7% per year over the next decade. Growth prospects are largely driven by localisation and workforce upskilling, which enhance competitiveness, attract new investment and create much-needed employment. The sector spans a broad range of industries: automotive, food and beverages, chemicals, machinery and equipment, and textiles.

It also generates demand for other goods and services, thereby stimulating economic activity in logistics, construction and retail.

Despite the challenges of global competition, infrastructure gaps and fluctuating demand, the sector remains a vital enabler of economic growth, industrialisation and diversification. Government support through productivity and sustainability initiatives continues to strengthen its foundation.

In the year under review, PIC investments in the sector helped create 7 907 jobs. These investments are aligned with the Sustainable Development Goals, particularly SDG 8, which focuses on decent work and economic growth, and SDG 9, which promotes industry, innovation and infrastructure.

PIC investments in the sector helped create **7 907 jobs**.

CASE STUDY



Brewing a Better World – Promoting Environmental Sustainability

At Heineken, the "Brewing a Better World" strategy places sustainability and responsibility at the centre of business operations. The company acknowledges that its activities impact both the environment and society in positive and negative ways. Since 2021, Heineken has anchored its efforts in the Brew a Better World 2030 strategy to drive the transition towards a net-zero, fairer and more balanced world.

Heineken's ambitions are aligned with global sustainability standards, including the UN Global Compact. This informs the company's approach to managing environmental challenges, while unlocking opportunities that benefit the business and its stakeholders. Addressing sustainability is not only a moral imperative, but also supports the long-term success of the company.

A key outcome has been responsible water use. Highlights include:

Conducting water audits at key sites:
In March 2024, global Heineken sustainability teams visited local sites. Together with site teams, they identified improvement opportunities and initiated action plans to reduce water use.

Partnering with municipalities:
Heineken works with local municipalities to assess and monitor the quality of incoming water. Sites have implemented water quality maps to enhance monitoring and management.

Innovating responsibly:
Cleaning practices are under review to optimise water use across operations.

Unlisted investments: Engagements and proxy voting

During the reporting period, the unlisted ESG division engaged on 315 ESG-related matters across 73 investee companies. This reflects a decrease from 448 matters and 85 investees during the previous year. Financially distressed companies currently within the PIC's Turn-around and Value Add (TOVA) portfolio, which may be undergoing business rescue, liquidation, or litigation, were excluded from the engagements dataset.

Engagements were distributed across the ESG pillars as follows:

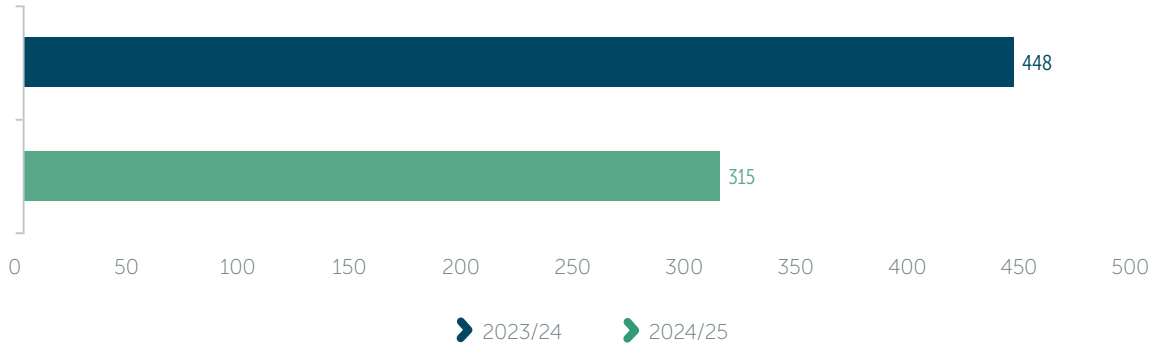
ENGAGEMENTS PER PILLAR



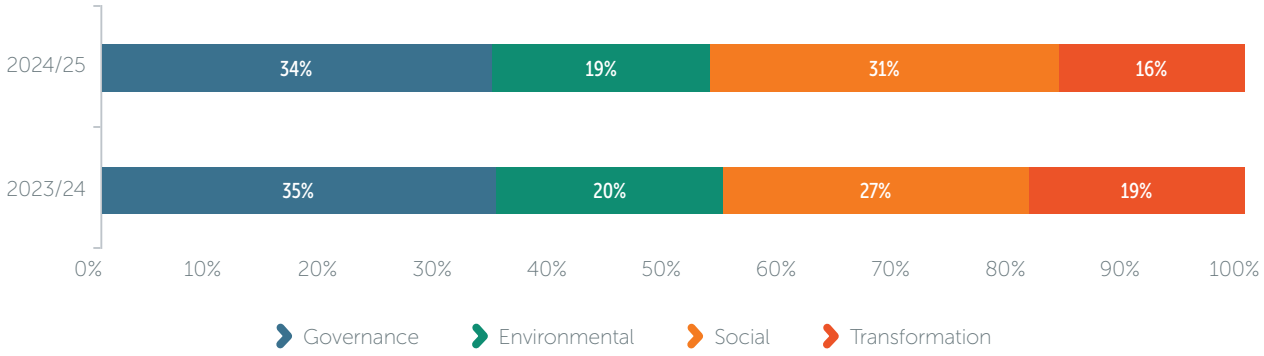
- **34%** Governance (2024: 35%)
- **31%** Social (2024: 27%)
- **19%** Environment (2024: 20%)
- **16%** Transformation (2024: 19%)

These engagements reflect the PIC's ongoing efforts to address both risks and opportunities across its unlisted portfolio and support improved ESG practices among investee companies.

ENGAGEMENTS



ENGAGEMENTS COMPOSITION TREND





VOTING RECORD PERIOD: 1 APRIL 2024 TO 31 MARCH 2025

The PIC has a well-established approach to responsible investing, which includes:

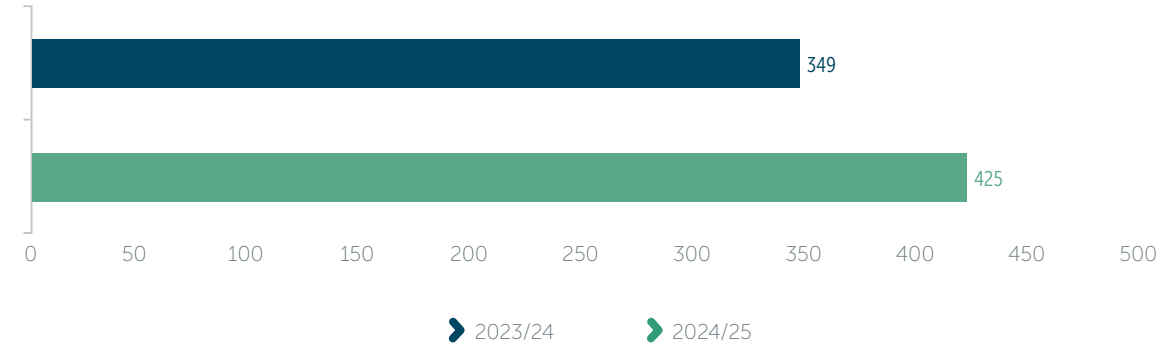
- Exercising voting rights.
- Engaging with investee companies.
- Conducting ESG quality reviews.
- Influencing the ESG landscape through shareholder activism.

The PIC votes at all company meetings. During the financial year under review, the PIC voted on **425** resolutions compared to **349** in the financial year 2023/24, at **51** investee companies (compared to **42** companies in the financial year 2023/24).

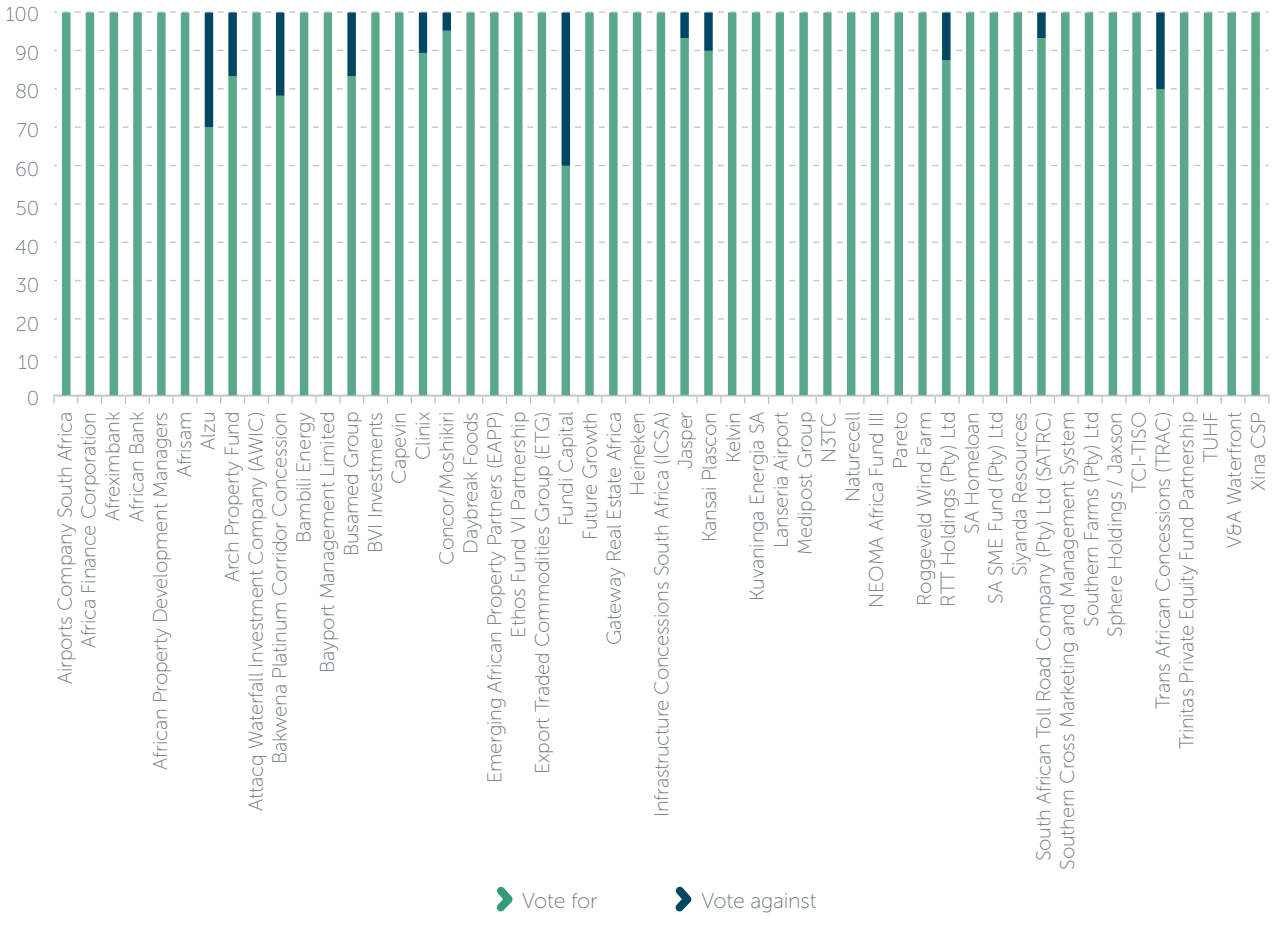
The table and graph below show proxy voting trends:

Voting pattern	2020	2021	2022	2024	2025
Voted for	221	256	344	315	403
Voted against	14	17	21	33	22
Abstained	9	1	6	1	0
Companies voted on	60	34	69	42	51
Total resolutions	**244**	**274**	**371**	**349**	**425**

TOTAL RESOLUTIONS VOTED ON



VOTING SPLIT PER INVESTEE



Transformation performance

Global businesses recognise and consider diversity and inclusivity as strategic imperatives, with more organisations embedding these into their corporate visions and strategies. Business leaders increasingly understand the value of transformation, as well as diverse and inclusive workforces and supplier networks, which bring broader perspectives and greater agility in rapidly evolving markets.

The PIC's engagement with investee companies increasingly centres on encouraging boards to treat transformation as a strategic priority. Transformation is more than representation; it requires cultivating inclusive environments where people from historically disadvantaged backgrounds can thrive. This means:

- Promoting the employment of women, youth, persons with disabilities and historically disadvantaged individuals across all company levels.
- Strengthening inclusion at Board and Executive Management levels.
- Supporting retention, development and succession planning for underrepresented individuals.

The PIC adopted a Transformation Charter, with targets that go beyond thresholds set out under the gazetted B-BBEE Sector Codes. Transformation progress is monitored as a crucial ESG requirement for South African investee companies. Legacy transactions, however, present challenges due to limited contractual flexibility, often making it difficult to introduce transformation targets. Where possible, investee companies are required to submit three- to five-year transformation plans.



*B-BBEE certificates are valid for 2024/25, and some are already in their 2025/26 period.
50% of Unlisted Investments for the 2025 financial year are rated between a Level 1 and Level 3.
29% did not disclose in time and are still undergoing verification.

Performance is evaluated using B-BBEE ratings (Levels 1 to 8), which serve as a measure of progress. The PIC encourages all underperforming companies to achieve at least Level 3, to be aligned with the mandates of PIC clients.

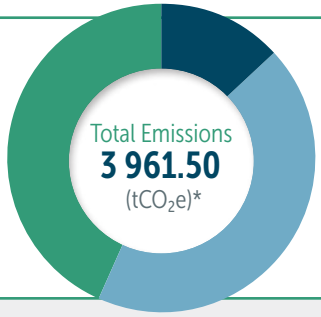
ESG PIC CORPORATE

Climate impact

As a responsible investor, the PIC seeks to measure and manage climate-related impacts to promote resilience and alignment with global sustainability standards. In the 2023/2024 financial year, the PIC quantified its operational emissions for the first time, tracking Scope 1, 2 and relevant Scope 3 categories in line with the Greenhouse Gas (GHG) Protocol.



Financial year 2023/2024 emissions snapshot



Scope 1
13.17%
521.60
Emissions
(tCO_2e)

Scope 2
43.56%
1 725.81
Emissions
(tCO_2e)

Scope 3
43.27%
1 714.10
Emissions
(tCO_2e)

Key Scope 3 contributors for the PIC include

Business travel
28.93%

Fuel- and energy-related activities
13.38%

Waste generation and purchased goods
0.95%

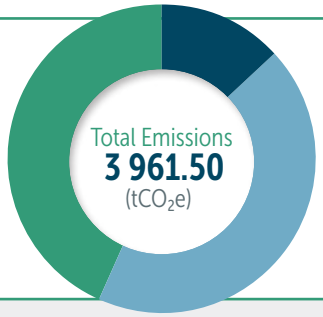
** Tonnes of carbon dioxide equivalent*

Recognising that Scope 2 and certain Scope 3 categories are the main drivers of emissions, the PIC is prioritising the adoption of renewable energy, improved energy and resource efficiency and business travel optimisation.

The PIC operates from a 4-Star Green-rated building and is assessing the installation of solar PV to further reduce emissions. It also plans to expand Scope 3 reporting boundaries to include additional categories, enhancing transparency and alignment with frameworks, such as Partnership for Carbon Accounting Financials (PCAF), Task Force on Climate-related Financial Disclosure (TCFD) and IFRS. The organisation is in the process of defining a decarbonisation roadmap and setting decarbonisation targets for Scope 1 and 2 emissions. This will be accompanied by enhanced disclosures on climate risk, opportunities and risk management across assets under management.



TOTAL EMISSION (SCOPE LEVEL)

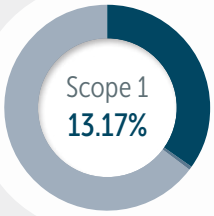


Scope 1
13.17%
521.60
Emissions
(tCO_2e)

Scope 2
43.56%
1 725.81
Emissions
(tCO_2e)

Scope 3
43.27%
1 714.10
Emissions
(tCO_2e)

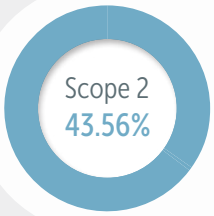
TOTAL EMISSION (SCOPE LEVEL)



Fugitive Emissions
4.59%
181.89
Emissions
(tCO_2e)

Mobile combustion
0.07%
2.72
Emissions
(tCO_2e)

Stationary combustion
8.51%
336.98
Emissions
(tCO_2e)



Electricity (location-based)
43.56%
1 725.81
Emissions
(tCO_2e)



Category 1 – Purchased goods and services
0.07%
2.78
Emissions
(tCO_2e)

Category 3 – Fuel and energy-related activities
13.38%
530.21
Emissions
(tCO_2e)

Category 5 – Waste generation in operations
0.88%
34.94
Emissions
(tCO_2e)

Category 6 – Business travel
28.93%
1 146.17
Emissions
(tCO_2e)

Total energy and water consumption

1 740 252 kWh

636 KL



CORPORATE SOCIAL INVESTMENT

Strategic context

The PIC is a committed, responsible corporate citizen. It has clear corporate values that recognise the broader interests of others and the communities in which it, or the companies it is invested in, operates. Transparency and best corporate governance practices must be upheld across all business functions.

The PIC takes a broader view of its role in society and recognises the importance of socio-economic development, ethics, safety, health and environmental management in its dealings.

As one of the largest asset managers on the African continent, the PIC is committed to investing in the development of South Africa and the rest of Africa. The PIC's objective is to align its CSI initiatives with corporate strategy to contribute to overall strategic intent and deliver positive social benefits to the community.

CSI focus areas

The PIC's CSI focuses on three broad areas:

- Education and training;
- Socio-economic development; and
- Agriculture, conservation and the environment.

These focal areas, adopted from the approved CSI Strategy, guide the coordination of initiatives into a coherent portfolio of projects aligned with the PIC's purpose and values.

CSI performance during financial year 2024/2025

During the 2024/2025 financial year, CSI initiatives were implemented in line with the PIC's strategic focus areas on education and training, socio-economic development, agriculture and environmental sustainability.

Through impactful partnerships, the PIC supported food and water security initiatives, expanded access to early childhood development, empowered the youth through Science, Technology, Engineering, and Mathematics (STEM) education and job-readiness training, promoted gender equality and addressed gender-based violence. These efforts benefited thousands of individuals and demonstrated measurable contributions to the NDP and the SDGs, and alignment with King IV™.

CASE STUDY

Mandela Day: Fighting hunger, one meal at a time

The PIC partnered with the Rise Against Hunger Foundation in the "Mandela Day: Fighting Hunger, One Meal at a Time" initiative.

PIC employees assisted with packaging meals for distribution at Early Childhood Development (ECD) centres across South Africa. Held on 18 July 2024, it supported the theme of Food and Nutrition and directly benefited children in underserved rural communities. The initiative was a resounding success, benefiting hundreds of children and their communities.



Contribution to the NDP

- Promotes access to education by improving nutrition in ECD centres.
- Encourages civic responsibility through employee volunteerism.
- Strengthens human capital development.
- Demonstrates effective partnerships between sectors.

Alignment with King IV™

- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 5:** Organisational Performance.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs

CASE STUDY

Sustainable farming in Durban: Food and water security

The PIC partnered with Food and Trees for Africa (FTFA) to launch a CSI initiative aimed at improving food and water security.

Unveiled during Arbour Month (September 2024) at Durban's Khula Nathi food garden, the project enhances sustainable farming through infrastructure development and technical support.

The Khula Nathi community garden is led by young black farmers and produces vegetables, staples and poultry, with plans to scale up to commercial agriculture and create youth employment. FTFA's support helped make the garden self-sustaining, supplying food to 80 households and donating surplus to vulnerable families.

A key element of the project was the installation of two new boreholes at market gardens in eThekwini to ensure year-round water access for irrigation. Khula Nathi is a word in isiZulu that means "grow with us". There is a clear intention to nurture the partnership and grow the initiative by establishing two more gardens and planting 600 fruit, nut-bearing and indigenous trees across the region.

A broader vision for sustainable development

In addition to Khula Nathi, two other community gardens have benefited from PIC's support:

- Sthak'Imvelo, led by Mveli Mkhungo, supplies organic produce to local markets, including Greenheart Organics. With a newly installed borehole, the garden can expand operations and further contribute to local food security.
- Hopebridge for Vulnerable Communities provides food to school feeding schemes, a food bank for the elderly and child-headed households.

The PIC's contribution included the installation of boreholes, provision of essential gardening equipment, seeds, plants, infrastructure repairs and technical training to ensure the long-term sustainability of the gardens.

The project included an orchard and tree planting ceremony, reinforcing the PIC's commitment to climate resilience and environmental stewardship.





Contribution to the NDP

- Rural Development and Food Security.
- Promoting sustainable agriculture.
- Creating youth employment opportunities.
- Supporting environmental protection.

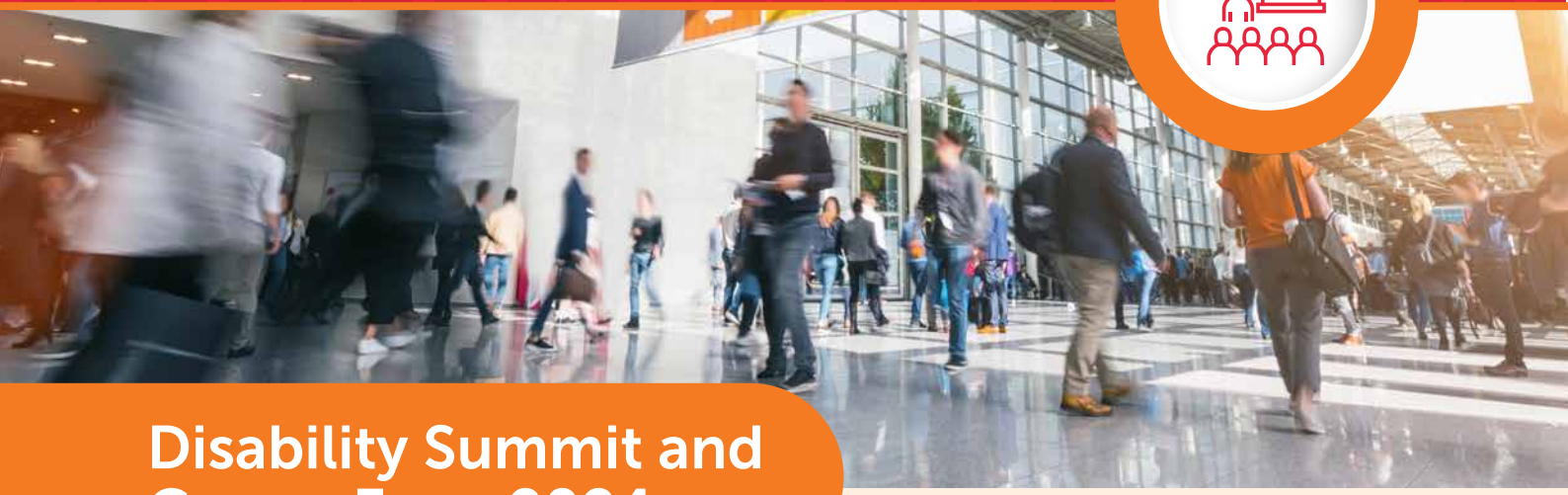
Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 6:** Innovation and Technology.
- **Principle 16**: Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY



Disability Summit and Career Expo 2024

The PIC participated in the Disability Summit and Career Expo 2024, hosted by Disability Connect at the Nasrec Expo Centre in Johannesburg. The event tackled critical issues around workplace disability, including accessibility, reasonable accommodation, legal compliance, inclusive hiring practices and mental health.

In South Africa, students and graduates with disabilities often face limited access to employment opportunities and workplace support. The Expo served as a vital platform to bridge this gap, bringing together over 1 200 learners, 200 graduates and entrepreneurs with disabilities. Participants at the Expo connected with corporate exhibitors offering bursaries, skills development programmes and job opportunities.

The PIC used the platform to showcase its commitment to inclusion by promoting key Youth Programme initiatives such as the Bursary Programme, Graduate Development Programme and Vacation Work Programme. These initiatives reinforce the organisation's dedication to driving access for people with disabilities and to empower other designated groups, including women.

Philani Makhado, a Risk Analyst at the PIC, emphasised that his participation at the Summit provided valuable insights into how to better integrate people with disabilities into the workplace, deepening the organisation's understanding of their needs and the importance of a culture rooted in dignity and mutual respect.

As an equal-opportunity employer, the PIC remains committed to advancing inclusion and access for people with disabilities across all areas of its business.

Contribution to the NDP

- Inclusive economic growth.
- Reduces inequality.
- Supports human resource development and enhances social cohesion through workplace transformation.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY

Primestars Matric Math and Science Programme

The PIC, in partnership with Primestars, successfully concluded the 2024 Matric Math and Science Revision Programme.

The programme was aimed at supporting learners from under-resourced schools in Mpumalanga, North West and the Northern Cape in preparing for final grade 12 examinations in two critical subjects: mathematics and physical science.

This initiative forms part of Primestars' long-standing commitment to educational upliftment in disadvantaged communities, using innovative teaching models to improve access to quality learning.

Programme overview and impact

The programme delivered intensive revision support to approximately 450 Grade 12 learners at the following schools:

- **Mpumalanga:** Mehlwana Secondary School (Ogies) – 100 to 150 students;
- **North West:** Tshepagalang Secondary School (Lethlabile) – 100 to 150 students; and
- **Northern Cape:** Gamagara High School (Gamagara) – 100 to 150 students.

Learners received high-quality revision materials aligned with the national curriculum, including textbooks and past exam papers, both in hard copy and on a digital, zero-rated platform provided by Primestars. The programme employed a blended learning approach that combined:

- **Edutainment model:** Educational films delivered via cinema-style screenings and mobile learning hubs to engage learners interactively and memorably.
- **On-screen and on-site tutoring:** Video tutorials led by experienced educators, with in-person support to assist students throughout the sessions.
- **Digital access:** Learners could log onto a dedicated online portal to access learning content, exam preparation resources and live chat support.
- **Logistical support:** A travelling team ensured the smooth delivery of the programme, bringing necessary AV equipment to rural schools.
- **Nutritional support:** Learners received refreshments during the sessions, supporting concentration and well-being during intense study periods.

Strategic alignment

This initiative aligns closely with the PIC's CSI objectives by addressing persistent challenges in the South African education system, particularly the shortage of foundational skills in Science, Technology, Engineering, and Mathematics (STEM) subjects and the barriers faced by learners in disadvantaged communities. This initiative contributes to the PIC's desire to build a generation of future-ready leaders and problem-solvers who are equipped to participate meaningfully in the country's economy.

Contribution to the NDP

- Promotes access to education by improving nutrition in ECD centres.
- Encourages civic responsibility through employee volunteering.
- Strengthens human capital development.
- Demonstrates effective partnerships between sectors.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 5:** Organisational Performance.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY

Early Childhood Development: Phakamisa Pre-School

The PIC's CSI initiatives have not gone unnoticed. The Minister of Finance recognised the transformative impact of the PIC's CSI projects contained in the IAR for 2023/24 and expressed his delight in a letter to the PIC, an extract of which is copied below:

Lastly, I thank the PIC for its contributions to the economic and socio-economic development, as well as the Corporate Social Investment (CSI) initiatives undertaken in 2023/24. I also commend the PIC's flagship project to remove barriers to education caused by inadequate infrastructure and resources.

Yours sincerely

ENOCH GODONGWANA, MP
MINISTER OF FINANCE
DATE: 28/11/2024

In South Africa, only a third of children under six are enrolled in early learning programmes, and just 45% of three- to five-year-olds meet age-appropriate developmental milestones (2022 SA ECD Census). These challenges are most acute in rural areas, with limited municipal support. Operating from a deteriorating mud structure, Phakamisa Pre-school in Alfred Nzo - South Africa's poorest municipal district - exemplified this crisis.

The PIC partnered with Impande Yotshani (Impande) to build a compliant, sustainable ECD centre. The new brick-and-mortar facility, constructed with local labour and materials, replaced the unsafe structure that has now been demolished. The new facility offers a secure, inspiring environment for young learners.

The centre features two age-appropriate classrooms, sanitation facilities connected to a French drain, a JoJo water tank, hand-wash basins, a separate teacher toilet, and a kitchen meeting Education Department standards. An on-site office provides a dedicated space for professional parent-teacher engagement and administrative functions. Outdoor play is encouraged through a fenced grass area with fruit trees. Teaching and learning resources, educational toys, books and child-friendly furniture were also supplied.

The centre's inauguration in early 2025 was a milestone event that reflected community pride and ownership. Attended by the local Chief, the Principal, parents and children, the event was marked by celebration and represented a turning point for the community.

Beyond the classroom, the project boosted the local economy through job creation and procurement from nearby suppliers. The new facility now meets government registration requirements and will soon apply for registration with the Department of Basic Education, a key step toward accessing subsidy funding.

Impande's support for Phakamisa will now focus on ensuring that the ECD programme offered is of high quality. In this regard, ECD practitioners will receive accredited training, mentoring, and participate in learning groups to strengthen teaching capacity and ensure the centre's long-term sustainability.

On the other hand, the PIC's support for the Phakamisa ECD Centre reflects the PIC's broader commitment to inclusive development. It demonstrates how targeted infrastructure investment, local partnerships and a focus on early learning can contribute to national development outcomes and long-term social impact.



Contribution to the NDP

- Supports early learning outcomes.
- Promotes local economic growth and enhances public health.
- Provides nutrition in schools.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 5:** Organisational Performance.
- **Principle 16**: Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY



Strengthening Early Childhood Development in the Eastern Cape

In 2024, the PIC launched a strategic initiative to improve early childhood education in the Alfred Nzo District Municipality, Eastern Cape. Delivered in collaboration with the Development Bank of Southern Africa (DBSA), the initiative provides essential training for ECD practitioners and improves infrastructure for young learners.

This dual-focused programme offers tangible benefits for both educators and children. It includes the installation of outdoor playground equipment and the construction of a new brick-and-mortar ECD facility with sanitation infrastructure at Gxwaleni Primary School.

Addressing the ECD deficit

This intervention responds to the 2022 National ECD Census, which revealed that 3.3 million of South Africa's five million children aged 0–5 were not enrolled in any early learning programme. The study revealed that, among those enrolled, only 45% of children aged 3–5 were developmentally on track. In February 2025, the Minister of Basic Education, Siviwe Gwarube, highlighted foundational learning as a critical entry point for educational improvement. The PIC's investment directly contributes to this national priority by creating a more stimulating learning environment at Gxwaleni Primary and building the skills of ECD educators.

Empowering educators

In addition, the PIC is co-sponsoring an ECD Practitioner Training Programme, which will be implemented by Impande. Thirty young educators from the Alfred Nzo District will be trained through an 18- to 20-month accredited programme aligned with the Ntataise FETC ECD Level 4 qualification. The programme combines theoretical learning with practical experience and on-site mentorship. Additional components include the use of a WhatsApp Help Desk and interactive training app to support digital learning; collaboration with Siyakwazi – an organisation supporting children facing barriers to learning, including living with disabilities - to build disability inclusion capacity; and assistance for centres seeking registration with the Department of Basic Education. The programme also promotes strong institutional governance, child protection and HR systems, supported by stakeholder learning groups that engage government departments and civil society.

Improving learning environments

In addition to educator training, the PIC provided outdoor play equipment to complement the newly built 115m^2 brick-and-mortar facility at Gxwaleni, which will accommodate 58 learners. Recognising the critical role of play in child development, age-appropriate jungle gyms and other equipment were installed to support cognitive, motor skills and social learning.

The opening event brought together key stakeholders, including representatives from the PIC, DBSA, Impande and the Eastern Cape Department of Education, to celebrate the collaborative effort behind the centre's development. The event also marked a turning point as children transitioned from a shared classroom to their new ECD facility.

BEFORE



AFTER







Contribution to the NDP

- Improves early learning access and quality.
- Reduces inequality in rural education.
- Supports educator development.
- Fosters community partnerships.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3**: Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY



Community Initiatives in Nyanga: 16 Days of Activism and World AIDS Day

To support the 16 Days of Activism for No Violence Against Women and Children and World AIDS Day, the PIC partnered with the Etafeni Day Care Centre Trust to implement targeted initiatives in Nyanga township in Cape Town, Western Cape province. One of South Africa's most underserved communities, Nyanga is marked by high levels of crime, unemployment, HIV prevalence (28%) and gender-based violence.

Established in 2001, Etafeni offers education, welfare support and skills development to vulnerable women, children and youth. Its work stems from the needs of working parents who seek a safe space for their children while they are at work. The PIC-supported interventions addressed social, health and economic challenges through four key programmes: the 16 Days of Activism and World AIDS Day Campaign, accredited sewing training for women, the Fit for Life, Fit for Work Programme and the Men's Conference.

Promoting health awareness and access to services

A key component of the initiative was a health awareness campaign, which included door-to-door education and community-based screenings for HIV, TB, diabetes and mental health. Over 5,000 households were reached. This effort helped reduce stigma, encouraged early diagnosis and connected residents to essential services.



Empowering women through accredited skills training

The PIC funded a five-month accredited sewing programme for 15 women from disadvantaged backgrounds. In addition to learning practical sewing skills, participants received training in life skills and financial literacy. After graduation, they entered a three-month incubation phase to establish micro-enterprises or cooperatives. This initiative helped shift participants from dependency to financial independence.

Supporting youth employment and skills development

To address high youth unemployment in the area, the PIC sponsored 25 individuals for a year-long Fit for Life, Fit for Work programme. This comprehensive intervention included job readiness training, career guidance, entrepreneurship support and psychosocial services. The programme targets individuals up to the age of 45 who are not in education, employment or training, and incorporates modules on behavioural change, communication, job applications and digital literacy. Participants receive ongoing mentorship to support their transition into the labour market.

Engaging men in the fight against gender-based violence

The second Annual Men's Conference, hosted by Etafeni and sponsored by the PIC, focused on preventing gender-based violence and promoting men's health. Day one featured keynote speakers, police officers and social workers discussing toxic masculinity, fatherhood and the emotional and economic impacts of GBV. Breakaway groups and performances deepened the engagement. Day two shifted focus to men's health and financial resilience, with input from African Bank and community health advocates. The conference closed with award ceremonies and information-sharing on local support services.



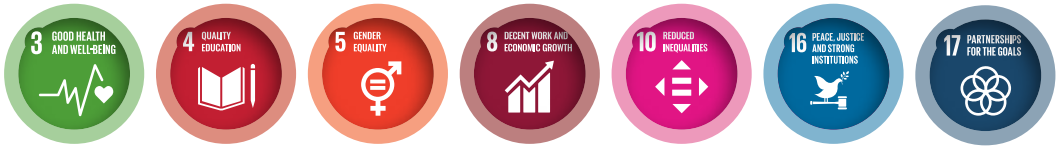
Contribution to the NDP

- Reduces poverty and inequality.
- Strengthens public health.
- Promotes social cohesion.
- Enhances education and skills development.
- Encourages community-led development.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs



CASE STUDY



Empowering boys to prevent gender-based violence

PRIMESTARS

In support of the 16 Days of Activism Against Gender-Based Violence, the PIC partnered with Primestars to implement the "What About The Boys" programme. Rolled out in rural schools across Limpopo and Mpumalanga, the initiative forms part of the PIC's CSI strategy to combat gender-based violence (GBV) by empowering young boys through education, mentorship and behavioural change.

Reshaping attitudes through education

"What About The Boys" is a national programme targeting high school boys in underserved communities, aiming to challenge harmful gender norms, promote emotional health and foster mutual respect. It aligns with Pillar 2 of the National Strategic Plan Against GBV, focusing on prevention and social cohesion. Primestars uses an edutainment approach that combines educational films with interactive discussions and mentoring. With support from the PIC, the Department of Basic Education and the Presidency, the programme reaches learners in areas that need it most.

Real impact on rural communities

In 2024, the PIC visited Vhusendeka Secondary School in Limpopo and AD Nkosi Secondary School in Mpumalanga. Hundreds of learners attended cinema-style screenings of a powerful film addressing toxic masculinity and were each given a "Good Men's Guide." These sessions encouraged open discussion around healthy relationships, emotional well-being and positive masculinity. Learners also took the "#DoBetter" pledge, as a commitment to challenge harmful behaviours and become allies in preventing GBV. The programme is further supported by a zero-rated digital platform, which ensures ongoing access to learning resources and support networks.







Building a generation of changemakers

This initiative marks a critical shift in how gender-based violence is addressed — not only by empowering victims but also by transforming attitudes and behaviours among young men. By promoting dialogue, mentorship and accountability, the PIC is investing in a future where equality and mutual respect are the norm.

Strengthening social impact through partnership

The PIC's support of this initiative is part of its broader commitment to building safe and inclusive communities. As Mr Deon Botha, Head of Corporate Affairs, noted: "The PIC believes in empowering communities through education and mentorship. Initiatives like this create the foundation for long-term societal change, and we are proud to be a part of the fight against gender-based violence."

A call to action

As South Africa continues its campaign against GBV, "What About The Boys" stands as a beacon of hope. The PIC's investment in boy-focused education and behavioural transformation shows the power of targeted CSI to reshape communities from the ground up.



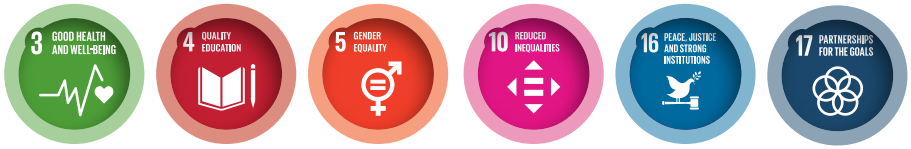
Contribution to the NDP

- Promotes social cohesion.
- Addresses gender-based violence.
- Improves educational outcomes and empowers youth as active citizens.

Alignment with King IV™

- **Principle 1:** Ethical Leadership.
- **Principle 3:** Corporate Citizenship.
- **Principle 4:** Sustainable Development.
- **Principle 16:** Stakeholder Inclusivity.

Alignment with SDGs



PART SEVEN

DRIVING OPERATIONAL EXCELLENCE



The PIC is steadfast in driving operational excellence, a strategic imperative achieved by empowering its human capital and embracing digital transformation.

Through continuous investment in talent development, the cultivation of a high-performance culture and the strategic adoption of innovative technologies, the PIC streamlines its processes, enhances efficiency, and elevates service delivery. This integrated approach not only strengthens internal capabilities but also ensures organisational agility in a dynamic environment, optimising value creation and enabling the PIC to meet its mandate with greater effectiveness.

HUMAN CAPITAL: DRIVING SUSTAINABLE VALUE



For professionals, at the PIC, human capital actively drives sustainable value creation. Strategic management, alongside investment in its workforce, directly influences the PIC's ability to achieve its business objectives, short-term operational efficiency and long-term strategic success.

The PIC aims to cultivate and retain a skilled, engaged and diverse workforce that actively contributes to its overall performance and the fulfilment of its mandate to deliver consistent returns for clients. The PIC's global vision for impactful investing relies on its people. To secure this, the organisation invests in developing and incentivising talent.

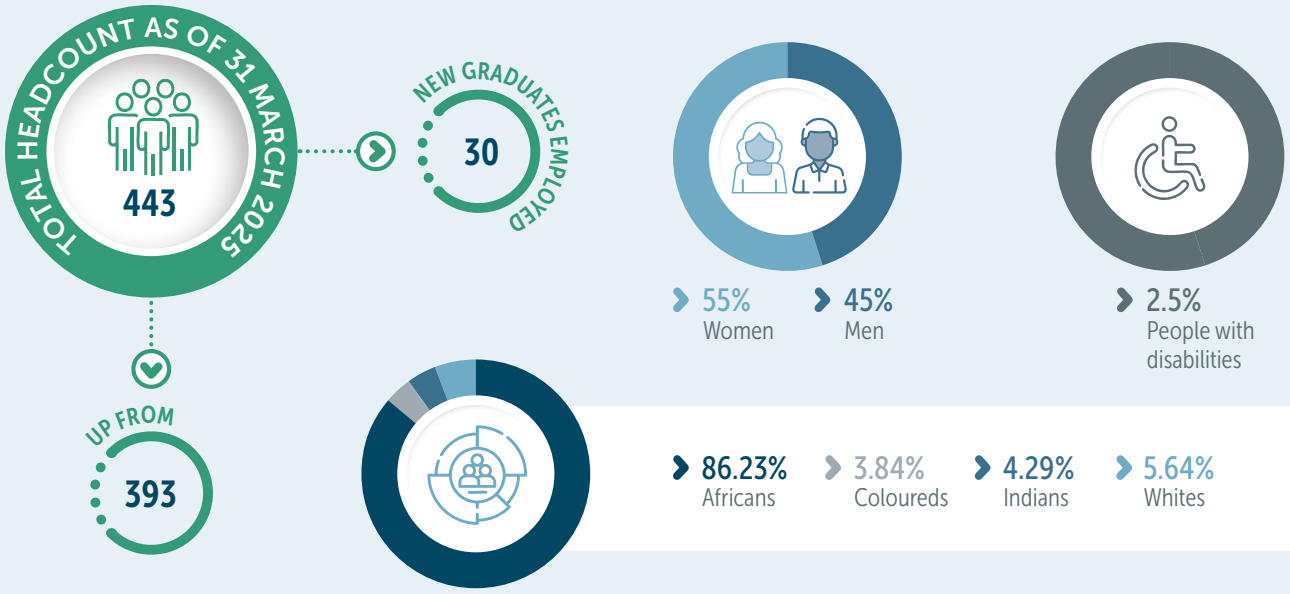
During the year under review, the PIC focused on the efficiencies of the Human Capital function through the review and alignment of people management data to enhance its reporting. The organisation prioritised resourcing for optimum capacity and productivity through the filling of critical roles.

Value-enhancing activities in financial year 2024/25

Some of the human capital initiatives during the year under review include:

- Continued rollout of leadership and management programmes to capacitate leaders across management levels.
- Recruited 30 graduates through the PICeeds programme: PIC's flagship graduate programme.
- Established a Performance Management Committee and Talent Management Forum, with the Performance Committee endorsed by the Executive Committee, to entrench a high-performance culture and revitalise the organisation.
- Commenced succession management across all business units. This new strategy will allow the PIC to sustain and develop new skills to support its strategic vision.
- Focused on maintaining diversity, equity and inclusion in the workplace. Representation of women in leadership and management roles remains a strategic priority for the PIC, with women in 44.4% of Senior and Top Management level positions. Representation of national demographics is maintained in the workforce.
- The PIC recorded a significant overall reduction in turnover. The current turnover stands at 5.64%, a 3.26% reduction from 2023/24 (8.9%). This reduction is attributed to its compelling employee value proposition offerings.

Demographics



The PIC headcount increased from 393 to 443 by the end of March 2025, including 30 graduates under the PICeeds programme. The increase is part of an attempt to capacitate the organisation in line with its approved structure.

Skills and talent development

Skills Programmes

Investments in employee development through various learning and development interventions were undertaken to keep up with developments in the asset management and financial services sector. During the year under review, over R18 million was invested in skills development, in the form of employee training interventions, graduate development and unemployed youth bursaries. In this regard:

- 308 employees, representing 69.5% of the workforce, participated in various training interventions, of which 175 were women, the majority of whom were black (155). The majority of women trained were in middle and senior management.
- 106 employees with bursaries were enrolled for various qualifications through institutions of higher learning.
- 50 students were funded for bursaries in the 2024 academic year as part of the unemployed youth bursaries.

The PIC has continued to partner with Business Schools at various academic institutions to develop employees in management and leadership programmes.

Graduate Development Programme

The PIC's flagship graduate programme, known as the PICeeds, has been a success story since inception. The programme runs for two years and seeks to equip tertiary graduates with asset and investment management skills and build a talent pipeline for the PIC. During the period under review, a total of 30 graduates were recruited through the programme and placed in various departments within the PIC.

Employee health and wellness

Employee health and wellness are vital for continued productivity and effectiveness. The PIC firmly believes in an appropriate work-life balance. During 2024/25, health checks were conducted, prioritising mental health interventions. Employees and their dependents continue to have access to the company-provided Employee Wellness Programme services.

During the year under review, over R18 million was invested in skills development, in the form of employee training interventions, graduate development and unemployed youth bursaries.



- Support the business with the implementation of process efficiencies and automation to enhance organisational effectiveness.
- Integrate human capital data accumulation and analysis.
- Enhance the Employee Value Proposition, including remuneration practices, recognition, rewards and wellness programme.
- Implement an annual succession plan to include mission-critical roles, career progression and promotions.
- Continue with Leadership and Management Development programmes.
- Embed performance management processes.

REMUNERATION REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

The President of South Africa signed both the Companies Amendment Act, No. 16 of 2024, and the Companies Second Amendment Act, No. 17 of 2024 (together the "2024 Companies Act Amendments") on 25 July 2024. Anticipating the proclamation of the effective date of these amended Acts, the PIC presents its Remuneration Report for the Financial Year ended 31 March 2025, in accordance with section 30B (2) of the 2024 Companies Act Amendments for the Shareholder to note.

The PIC's vision is to be a global leader in impactful investing. Achieving this vision relies on several variables, key among them are the calibre and commitment of its people. The PIC, therefore, constantly nurtures its human capital through development and incentives that attract, advance, and retain top talent.

During the year under review, the revised organisational structure was implemented. A "relationship by objective" approach, which strives to create an enabling environment and culture where people feel valued, culminated in the launch of an organisation-wide revitalisation programme. Themed "Brilliant, basics and beyond," this programme focused on culture and leadership, high performance, and talent management.

Both the programme and its accompanying theme align with the Board-approved human capital strategy, which seeks to create the values-based, ethical, high-performance culture necessary for a world-class PIC.

Remuneration philosophy and practices

The PIC's remuneration philosophy reinforces and rewards exceptional performance that aligns with its values, vision, mission, and strategic objectives. This approach is based on competitive remuneration and a comprehensive value proposition, designed to reward performance and reinforce behaviour that drives strategy execution.

The PIC's remuneration structure includes a total guaranteed package, short- and long-term incentives, and other benefits. Short-term incentives are performance-based bonuses contingent on corporate, divisional, and individual achievements within a financial year. Long-term incentives aim to retain valued skills and are based on sustained performance over three years. Other benefits include long-service awards for employees whose tenure at the PIC extends from five to 40 years.

During the year under review, 335 employees received short-term incentives, 102 received long-term incentives, and 73 received long-service awards. The number of employees who have received long-service awards is testimony to the PIC's high employee retention levels. Eligible employees received inflation-linked salary increases. These are delinked from performance management and aim to ensure that the PIC remains market competitive and continuously enhances its value proposition.

Remuneration governance

The Board has delegated its responsibilities for remuneration governance and the setting of remuneration principles and parameters for the PIC to the Human Resources and Remuneration Committee. This includes the development and implementation of a human resources strategy adopted by the Board. The Board acknowledges it remains responsible for ensuring compliance with remuneration principles, including approving the financial affordability of the remuneration and incentives pool to keep the PIC's risk exposure at acceptable levels.

The Human Resources and Remuneration Committee is satisfied that:

- The PIC remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium-, and long-term.
- The remuneration report fairly provides the material disclosures of the PIC's Remuneration Policy and its implementation.
- The Remuneration Policy achieves its stated objectives and future focus.

Implementation report

The total remuneration received by each Director and prescribed officer in the company.

The PIC Board comprises the following Directors:

1. Dr David Masondo
   (Board Chairperson and Non-Executive Director)
2. Ms Ntombifuthi Mtoba
   (Deputy Chairperson and Non-Executive Director)
3. Mr Abel Sithole
   (Chief Executive Officer and Executive Director)
4. Mr Kabelo Rikhotso
   (Chief Information Officer and Executive Director)
5. Ms Batandwa Damoyi
   (Chief Financial Officer and Executive Director)
6. Mr Frans Baleni
   (Non-Executive Director)
7. Prof Bonke Dumisa
   (Non-Executive Director)
8. Mr Walter Hlaise
   (Non-Executive Director)
9. Ms Tryphosa Ramano
   (Non-Executive Director)
10. Ms Barbara Watson
    (Non-Executive Director)
11. Dr Mongwena Maluleke
    (Non-Executive Director)
12. Dr Lufuno Mulaudzi
    (Non-Executive Director)
13. Ms Beverley Bouwer
    (Non-Executive Director)



Non-Executive Director's Emoluments for the Financial Year ended 31 March 2025.

Dr David Masondo
(Deputy Minister of Finance)

Total **0**

- 0 Meeting attendance
- 0 Retainer Fees

Ms Tryphosa Ramano

Total **1 757**

- 1 356 Meeting attendance
- 401 Retainer Fees

Ms Beverley Bouwer

Total **1 865**

- 1 472 Meeting attendance
- 393 Retainer Fees

Dr Mongwena Maluleke

Total **1 351**

- 958 Meeting attendance
- 393 Retainer Fees

Prof Bonke Dumisa

Total **1 440**

- 1 216 Meeting attendance
- 224 Retainer Fees

Ms Barbara Watson

Total **1 119**

- 171 Meeting attendance
- 402 Retainer Fees

Ms Ntombifuthi Mtoba

Total **1 268**

- 689 Meeting attendance
- 579 Retainer Fees

Mr Frans Baleni

Total **1 258**

- 865 Meeting attendance
- 393 Retainer Fees

Mr Walter Hlaise

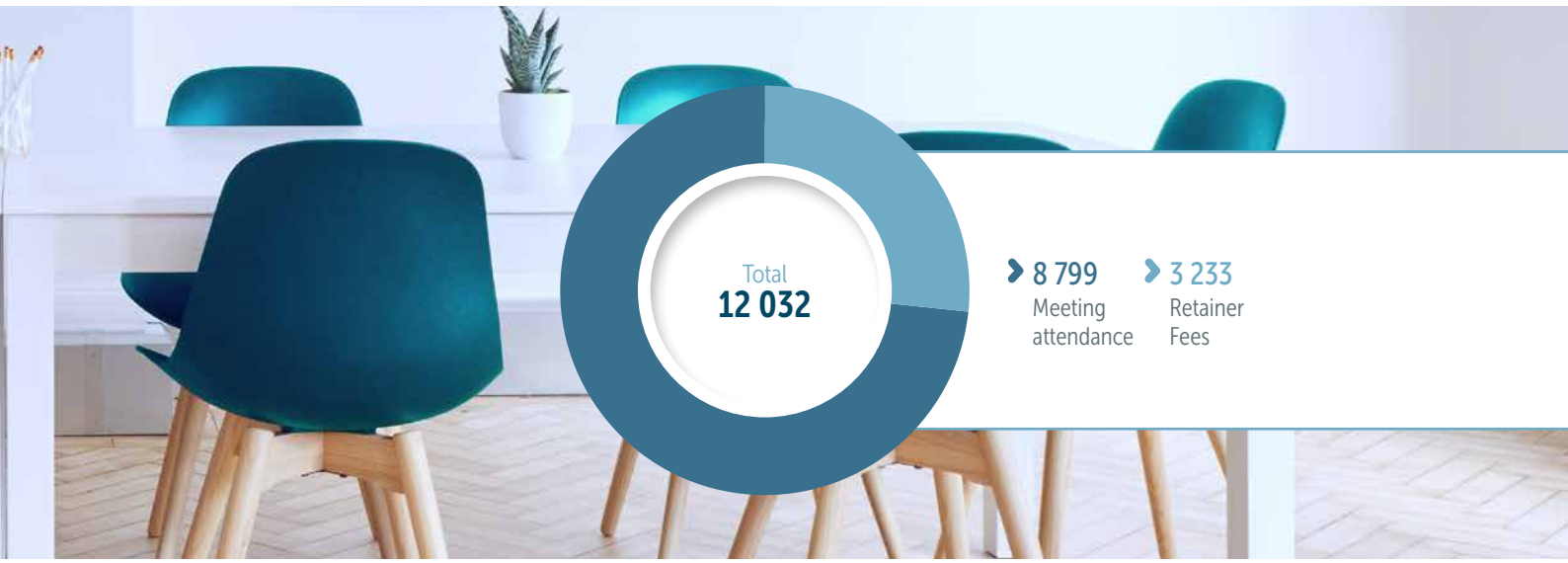
Total **1 063**

- 839 Meeting attendance
- 224 Retainer Fees

Dr Lufuno Mulaudzi

Total **911**

- 687 Meeting attendance
- 224 Retainer Fees



Total **12 032**

- 8 799 Meeting attendance
- 3 233 Retainer Fees

The following Executive Directors are considered Prescribed Officers of the company, and the table below details their emoluments for the financial year ended 31 March 2025.

Figures in Rand Thousand	Emoluments	Short-term Incentives allocations	Long-term Incentives allocations	Other	Total
Mr Abel Sithole	10 184	2 546	1 273	12	14 015
Ms Batandwa Damoyi	6 300	1 260	630	12	8 202
Mr Kabelo Rikhotso	8 139	2 035	1 017	12	11 203
Total	**24 623**	**5 841**	**2 920**	**36**	**33 420**

The total remuneration of the employee with the highest total remuneration in the company. The employee with the highest total remuneration earned a total remuneration of R14.015 million (CEO) for the financial year ended 31 March 2025.

The total remuneration of the employee with the lowest total remuneration in the company. The employee with the lowest total remuneration earned a total of R141 760.00 (Refreshment Coordinator) for the financial year ended 31 March 2025.

The average total remuneration of all employees, the median remuneration of all employees and the remuneration gap reflecting the ratio between the total remuneration of the top 5% highest-paid employees and the total remuneration of the bottom 5% lowest-paid employees of the company.

Description	Amount (R)
Average Total Remuneration of All Employees	1 304 000.93
Median Total Remuneration of All Employees	1 062 646.38
Average Total Remuneration of the Top 5 Highest Paid Employees	7 672 506.66
Average Total Remuneration of the Bottom 5 Lowest Paid Employees	161 891.63
Remuneration Gap Ratio	47.39:1



INFORMATION COMMUNICATION TECHNOLOGY

Recognising the critical role of technology in driving operational efficiency and safeguarding client assets, the PIC views its IT infrastructure as a vital form of both manufactured and intellectual capital. This encompasses not only the physical and digital systems that facilitate business activities, but also the intangible intellectual assets embedded in the organisation's technological architecture, processes, and protocols.

The financial services sector is one of the biggest benefactors of technology, particularly digital capabilities of the Fourth Industrial Revolution (4IR) in modernising operations, lowering operational costs and enhancing competitiveness. The PIC has similarly begun to realise gains in productivity and improved user experience through its digital strategy. By continuously enhancing and simplifying these ICT assets, the PIC ensures robust data security, streamlines operations, and advances innovation, contributing to sustainable value creation for its clients.

Value-enhancing activities in financial year 2024/25

The PIC is deriving value from its journey towards digital transformation, which began with the adoption of cloud services, choosing platform-as-a-service to ensure robust engineering and software-as-a-service where feasible. This also included the promotion of automation to replace routine tasks with high-quality intellectual work by its professionals.

The PIC also introduced an AI strategy and related policies, aiming to leverage AI's transformative power to bolster operational efficiency and strategic decision-making. During the year, the PIC conducted proof-of-concept exercises for various capabilities aimed at enhancing its intellectual capital. Lessons learned from this exercise will inform future scaling. One key initiative included a proof of concept with generative AI, demonstrating its potential in optimising various business processes.

AI has also been used to significantly improve some processes, including approval workflows, and has reduced bottlenecks. Corporate performance management has been automated with analytics, enabling more precise tracking of key performance indicators and facilitating better-informed strategic decisions aligned with audit requirements. These advancements underscore the PIC's commitment to integrating innovative technologies within its operational framework, ensuring continuous improvement and excellence.

The PIC employs the three lines of defence model to manage risks and ensure robust governance of IT, including cloud computing and cyber security. IT risk management is conducted according to the PIC's Enterprise-Wide Risk Management Framework, which utilises a risk-based approach aligned with compliance requirements prescribed by financial regulators, including Joint Standard 1 of 2023 (FSCA & Prudential Authority) and Joint Standard 2 of 2024 (FSCA & Prudential Authority).

During the period under review, the Information Communication and Technology Governance Committee (ICTGC) regularly monitored the management of IT and related risks.

The King IV™ Report on Corporate Governance for South Africa assigns the Board the responsibility for overseeing information security, ensuring that it is integrated into the organisation's overall governance framework. Furthermore, the introduction of the Cyber Crimes Act in South Africa has emphasised the importance of robust information security measures. To enhance the Board's understanding and management of information security, the PIC implemented a comprehensive one-year training programme, significantly improving the Board's knowledge and capabilities in this critical area.

The PIC also introduced an AI strategy and related policies, aiming to leverage AI's transformative power to bolster operational efficiency and strategic decision-making.



IT Focus

The fundamentals for a digital PIC are in place, achieved through a number of initiatives:

- Continued use of a cloud environment, which is stable, consistently available and working optimally with capabilities for new systems and product upgrades.
- A zero-trust cybersecurity approach that includes:
  - 24/7 monitoring of the IT environment for information security events.
  - Conducting cybersecurity simulation exercises, leveraging AI security capabilities to reduce detection and prevention time for cybersecurity incidents.
  - Regular assessments for information security threats in the IT environment.
  - Improved analysis of security vulnerabilities by adopting new technologies.
- Significant investment in implementing modern critical connectivity infrastructure, with capabilities such as AI, for an optimised user experience.
- Improved IT engagement across the business due to the implementation of a new IT support tool, which enhanced collaboration channels.
- Investment in AI-enabled endpoint devices for an end-to-end optimised experience.
- Strategic upgrade of the organisation's Corporate Finance System to leverage more functionality in the new system and utilise the latest technology. The impact of this is expected in the next financial year.

Achievements in process optimisation and automation:

- Optimised and automated disbursement process for unlisted investments for improved overall efficiency and responsiveness of the investment process. This ensures a nimble fund application process and required transparency.
- Introduced a software-defined network to further enhance the PIC's infrastructure and support the growing demands of AI. This technology ensures robust, flexible and high-performance network connectivity essential for AI operations.
- Migrated to a leading cloud security platform, which significantly enhances the PIC's cybersecurity posture by providing comprehensive protection and secure access to its cloud-based applications.
- Adopted modern tools for analysing security data that enable more efficient and effective identification, monitoring and mitigation of security threats. These advanced tools allow the PIC to process large amounts of data quickly and accurately, providing deeper insights into potential vulnerabilities.
- Significantly strengthened its information security teams by hiring additional skilled professionals and providing advanced training to its existing staff. This strengthened team is dedicated to maintaining a secure IT environment and is equipped to respond swiftly to emerging cyber threats, ensuring the overall resilience and security of the organisation's digital infrastructure.

Optimisation and acceleration of investment processes

The PIC's portfolio for unlisted markets, known as Isibaya, remains a major focus area to improve optimisation, transparency, predictability and speed. Efforts were implemented to reduce fund approval processes from approximately two years to less than 12 months, a change that will be further enhanced through automation and digitisation.

This optimisation and automation of private equity processes have been achieved through a combination of maturing off-the-shelf solutions and complementing them with the PIC's in-house development initiatives. This has significantly reduced manual interventions, improved data accuracy and expedited decision-making. It has also led to better management of investment portfolios and enhanced overall performance.

Investee companies can now forward reports in any format, resulting in efficiencies and improved stakeholder experience.

Applicants now experience a much faster and more transparent deal approval process. The PIC clients benefit from improved automation in capital withdrawal processes, which are now quicker, more transparent, and reduce administrative burdens, enhancing employee welfare.

There is consistent use of the previously implemented solutions in investments, which include the declaration of interest and meeting management solution, enhancing the predictability of quality outcomes.



Following the approval of new investment mandates, the PIC has revised relevant portfolio benchmarks for accurate monitoring and reporting. Overall, its private equity investment process is now more efficient and transparent, freeing teams from mundane administration tasks.

Compliance

The PIC introduced a mandate compliance dashboard to improve compliance and efficiency. This dashboard supports data-driven decisions and ensures adherence to portfolio mandates, enhancing the accuracy and efficiency of monitoring and reporting, bolstering analytical capabilities. The company has automated personal trading activities, streamlining compliance and reducing the risk of insider trading. These advancements are integral to the PIC's commitment to operational excellence and robust governance.

Internal audit

The PIC performed a proof of concept for an auditing solution using digital technologies. This innovative tool enables continuous audits, ensuring scrutiny of all transactions in contrast to traditional sampling methods. By auditing 100% of the data, the tool greatly enhances accuracy and significantly reduces the risk of fraud. This advancement not only strengthens compliance measures but also showcases the PIC's commitment to leveraging cutting-edge technology to safeguard stakeholders' interests and maintain the integrity of its operations.

Finance department

The PIC has upgraded from an old finance and procurement system to the latest solution, creating a robust platform for AI integration. This transition enhances operational efficiency and opens avenues for advanced data analytics and machine learning applications.

The new system is complemented by a standalone budgeting system and an IFRS reporting framework, ensuring precision and compliance with international standards. A new tool for an improved asset and portfolio valuation process was also introduced. These improvements facilitate more informed decision-making and provide a streamlined approach to financial management, further empowering the PIC to uphold its commitment to excellence and innovation.

Risk department

In risk management, the PIC is actively working on automating market risk reports using the latest technologies. This initiative aims to enhance the accuracy and timeliness of risk assessments, allowing for real-time data analysis and more informed decision-making.

By integrating advanced algorithms and machine learning models, the PIC is improving market risk reporting quality while simultaneously automating operational risk management. The ongoing efforts to streamline these processes reduce manual intervention, minimise human error, and embed a more robust and efficient risk management framework.

Ethics management

The PIC has made significant strides in ethics management by enhancing the automation of the declaration of interest process. This improvement ensures that the previously time-consuming task is now completed within minutes, boosting efficiency and ensuring timely compliance. Such automation is part of the PIC's broader effort to uphold the highest standards of integrity and transparency, reinforcing the company's dedication to ethical practices and governance.

Distinct Data Management Office, and Data Driven Innovation and Engineering teams have been established to lead all programme activities. Looking ahead, this setup should expedite the organisation's investment research.

The PIC is already implementing the approved focused approach on data utilisation across various technologies.

The introduction of the AI policy and strategy has set the PIC on the right path to keep up with trends for improved innovation. The PIC has prioritised more cases and looks forward to continuing to improve innovation, employee productivity and welfare.





The future is powered by data and related digital capabilities like AI. The PIC's data has unique characteristics, offering opportunities for effective and strategic data management.

The PIC has therefore taken measures to enhance its data management and analytics capabilities.

A dedicated Data Management Office and Data-Driven Innovation and Engineering teams have been established to lead Data and Artificial Intelligence-related programs. Looking ahead, this setup is expected to accelerate the PIC's transformation using digital technologies.

The PIC is already implementing the approved targeted data utilisation approach across various technologies.

With all digital fundamentals firmly in place, the PIC IT division will focus on AI to enhance services across stakeholder journeys. These include client self-reporting and monitoring, automated compliance, AI-powered risk management, AI-enabled ESG insights and integrated reporting and monitoring throughout the investment process.

PART EIGHT

HOW WE ARE GOVERNED



The PIC maintains a robust governance framework, which allows the Corporation to navigate complex challenges, uphold its fiduciary duties, and safeguard stakeholder interests. By creating a culture of transparency, accountability, and integrity at all levels, the PIC strengthens its strategic decision-making, promotes long-term sustainability, and reinforces its commitment to responsible investment and national development.

GOVERNANCE AT THE PIC

The PIC Board considers good corporate governance essential to fulfil its fiduciary duties, to achieve strong and sustainable performance and to promote confidence as well as trust in the PIC's work. The Board works proactively with executive management to foster a corporate culture of effective governance.

The PIC's governance approach prioritises transparency, accountability, efficiency, and effectiveness. A strong governance framework is crucial for the PIC to achieve its objectives, build trust with stakeholders, and ensure long-term sustainability. By adhering to ethical standards and best practices and adapting to the evolving environment, the PIC manages its resources to meet strategic and governance goals.

The PIC's governance framework

The PIC's governance framework, policies and practices ensure that the PIC Board and management fulfil their mandate and responsibilities with the highest integrity, ethics and accountability. The Board established committees to regularly review and recommend to Board, for approval, frameworks and policies in their domains. The Board ensures alignment with regulatory changes and developments in corporate governance practices.

The Board has adopted a stakeholder-inclusive approach, guided by its commitment to the principles of King IV™. The PIC entrenches effective governance and pursues transformation in its own governance structures and those of its investee companies through its policies, terms of reference, procedures and processes.

The duties and responsibilities of the Board, as individuals and as a collective, are determined by the Companies Act, 71 of 2008, as amended, the PIC's Memorandum of Incorporation (MoI), the Public Finance Management Act, No. 1 of 1999, as amended (PFMA), the Public Investment Corporation Act, No. 23 of 2004, as amended, and common law.

The PIC is an FSP in terms of the Financial Advisory and Intermediary Services (FAIS) Act, No. 37 of 2002, as amended. As a custodian of considerable assets on behalf of its clients, the organisation conducts its business with prudence, diligence, integrity, transparency and ethical conduct. This requires doing the right things at the right time and in the right way. Corporate governance remains integral to effective due diligence, efficient allocation of funds and post-investment monitoring and support for investee companies. Investment activities and achievements contribute to the well-being of workers, pensioners, present and future, and their beneficiaries.

The Board has ensured that the provisions of the Companies Amendment Act, No. 16 of 2024, and the Companies Second Amendment Act, No. 17 of 2024, which came into effect on 27 December 2024, have been duly incorporated into the Board Charter, the Terms of Reference of Board Committees, and all relevant internal policies and governance documents. In addition, targeted training sessions were conducted to familiarise Directors and relevant stakeholders with the amendments, thereby promoting effective implementation and ongoing compliance.

The role of Parliament

As a state-owned entity, the PIC's activities are overseen by various parliamentary committees. Among these is the Standing Committee on Public Accounts, which considers Annual Financial Statements, business performance and ethical conduct of all executive organs of state, constitutional institutions and other public bodies. It reviews the PIC's Annual Financial Statements and audit reports submitted by the Auditor-General of South Africa (AGSA).

Other committees, such as the Standing Committee on Finance in the National Assembly and the Select Committee on Finance in the National Council of Provinces, review non-financial information in the integrated annual reports, oversee service delivery and consider entities' performance against key performance indicators included in their corporate plans.

The role of the Minister of Finance

In addition to appointing Board members, the Minister of Finance annually concludes a shareholder's compact with the PIC, ensures that the PIC's Annual Performance Plan and Corporate Plan align with its mandate and the government's priorities, and directs the development and implementation of strategic priorities and policies.



Conflict of interest management, director independence and ethics

The PIC manages public funds, so it is crucial that it maintains, and is seen to maintain, the highest standards of competency, ethics and integrity. The principles that govern the management of conflicts of interest are addressed in several governance documents, including the Board-approved Compliance Framework and Manual, the Code of Conduct, the Code of Ethics and the Conflict-of-Interest Management Policy. Collectively, these documents indicate when a conflict of interest may arise and set out procedures for managing it. They further obligate the Board and employees to act ethically, responsibly and lawfully, adhere to best practices, practice integrity, treat client assets with prudence and communicate with stakeholders fairly and honestly.

The Companies Act places a duty on Directors to avoid conflicts of interest. Directors must ensure that their own interests, decisions and actions do not take precedence over the interests of the PIC. This is managed through the Code of Conduct and Conflict of Interest Management Policy, which sets out the Board's responsibilities for identifying, avoiding, declaring and resolving actual, potential or perceived conflicts of interest. In accordance with the Companies Act and the Board Charter, PIC Directors must not participate in any decision or action that prioritises their interests over those of the organisation.

While the responsibility for promoting ethics spans all governance and functional areas, primary responsibility for management, oversight and coordination of ethics reside with the PIC Ethics Office. This office is overseen by the CEO and has direct, independent access to the Board through the Chairperson of the SETCO.

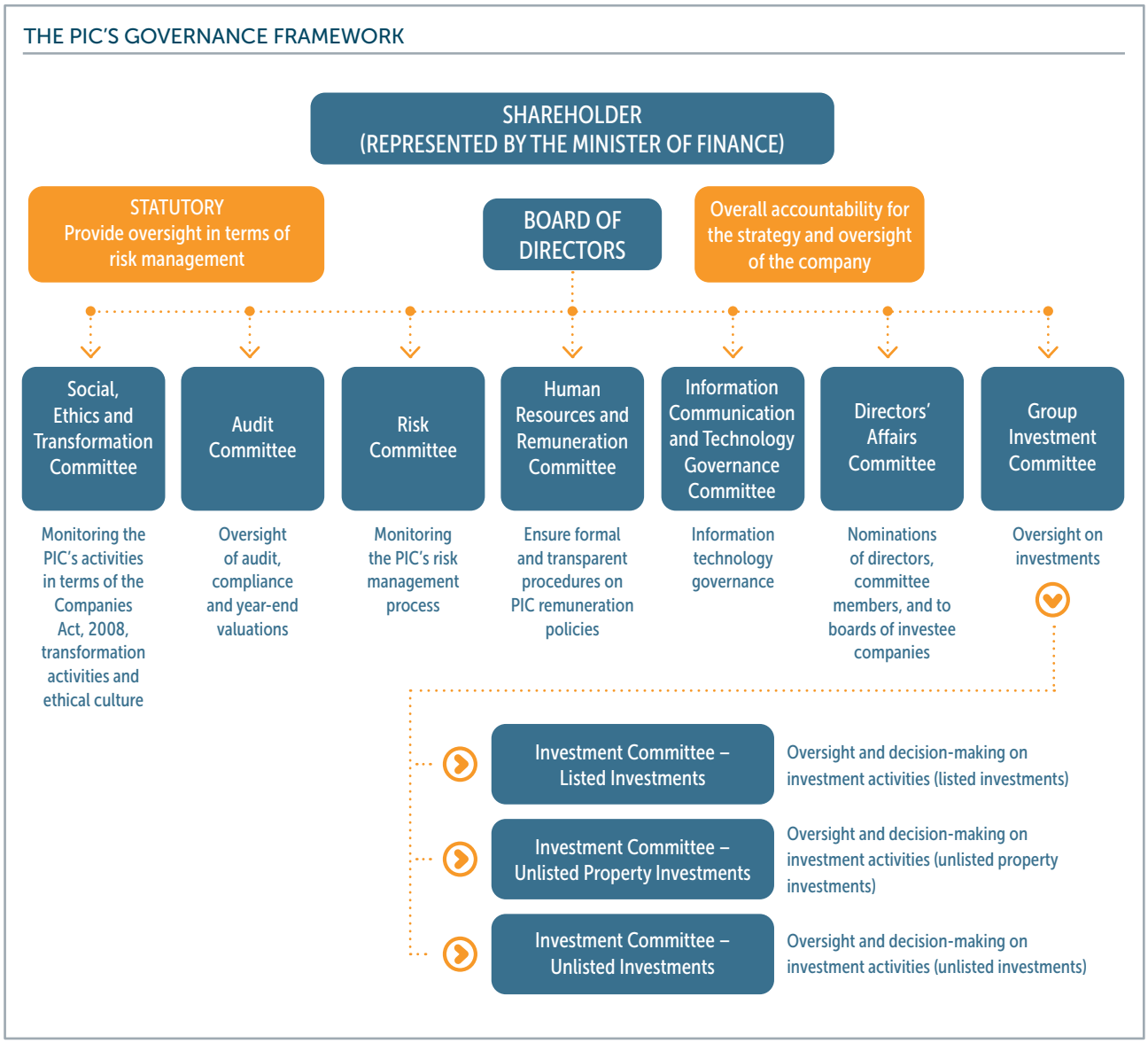
Board governance structure

The PIC's constitution provides that its business and affairs must be controlled and managed by the Board.

The Board reports to the Minister of Finance, the Shareholder representative on behalf of the South African government. Section 6(1) of the PIC Act requires the Minister, in consultation with Cabinet, to appoint Board members, including the Chairperson. Section 7 of the PIC Act authorises the Board to establish committees to assist it in discharging its responsibilities and duties.

The Board's committees assist in the efficient performance of its functions and the achievement of governance outcomes. The Board appoints committee members for their skills and experience. Each committee operates under Board-approved terms of reference, which outline delegated authorities and responsibilities. From time to time, the Board establishes committees for specific time-bound projects.

The diagram below depicts the PIC's governance framework:



Company Secretary

The Company Secretary, through the Chairperson, is accountable to the Board on all matters relating to the proper functioning of the Board and its committees. Details about the Company Secretary's experience and qualifications appear on page 28 of this report.

Executive management

In accordance with the PIC Act and MoI, the executive management team, under the leadership of the CEO, is responsible for the day-to-day policy decisions and management of the PIC, except for those areas entrusted to the Board and its committees.

In addition to the CEO, the executive management team comprises the Chief Financial Officer, Chief Investment Officer, Chief Technology Officer, Chief Risk Officer and Chief Operating Officer.

The PIC Board's Role and Responsibilities

The Board performs three major roles in a company:

Direction
Steers the strategic direction of the Corporation

Control
Monitors the management of the Corporation

Support and Advice
Advisory role



The Board's commitment to executing its strategy

The Board oversees the affairs of the PIC, including strategy development and monitoring of management's execution of the strategy. The Board is accountable for organisational performance and achieves this through reporting and disclosure.

The PIC has identified the following strategic drivers to achieve organisation-wide performance, which are delegated in line with policies:

- Improving PIC's financial sustainability and going concern status through efficient operations and cost containment.
- Monitoring compliance and governance.
- Improving, transforming and optimising operations through IT systems and digital capabilities.
- Improving enterprise-wide risk management practices.
- Maintaining a rating of "Good" on the corporate governance matrix.
- Meeting client benchmark portfolio returns and compliance with client risk parameters.
- Meeting client benchmark portfolio returns and achieving required money multiples.
- Being a catalyst for transformation and diversity to facilitate transformation through Listed Investments activities.
- Being a catalyst for transformation and diversity to facilitate transformation through Unlisted Investments activities.
- Ensuring adequate PIC capacitation.
- Employing focused, inspired, engaged and competent people.



Value-preserving activities in financial year 2024/25

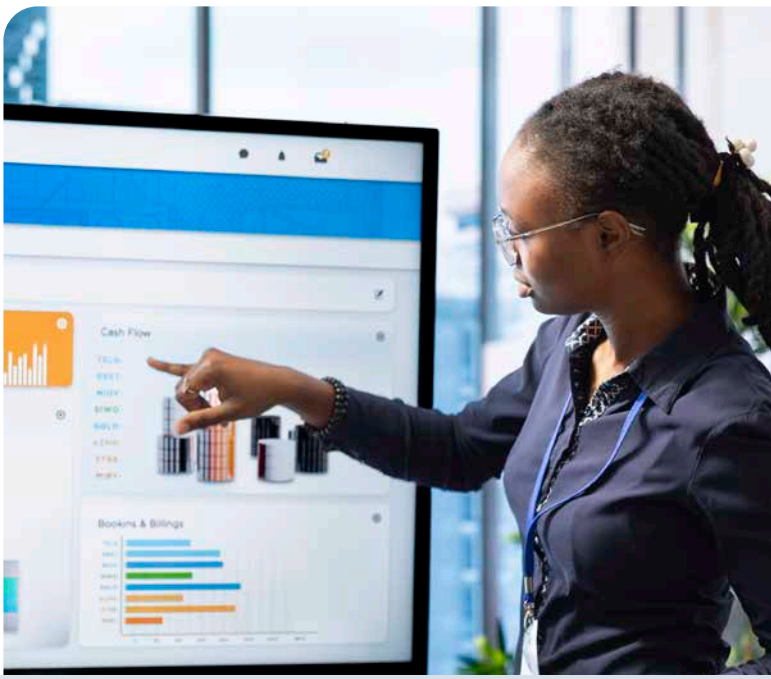
The Board received and considered detailed reports from management and the Chairpersons of Board committees on PIC operational and financial performance and deliberations at meetings. In addition to routine matters during financial year 2024/25, the Board:

- Approved the revised PIC Investment Governance and Operational Model by clustering the investment functions into five core departments, established Investment Sub-Committees, reporting into an overarching Group Investment Committee, and established Management and Group Management reporting to the respective Investment Sub-Committee.
- Approved the PIC's Annual Performance Report.
- Approved the financial year 2024/25 PIC IAR.
- Approved the financial year 2024/25 Audited AFS.
- Approved the financial year 2025/26 Shareholder's Compact.
- Approved the financial year 2025/26 to financial year 2027/28 Corporate Plan.
- Considered employee relations matters involving executive management.
- Oversaw the implementation of the revised organisational structure and monitored the filling of crucial vacant positions such as heads of investment departments and the spokesperson.
- Employed a permanent CFO.
- Facilitated external evaluation of its committees.
- Approved its revised Remuneration Policy.
- Ensured the holding of the AGM.
- Approved a revised Investment Strategy.
- Approved a sector-specific strategy relating to mining exploration.
- Received and considered progress reports on the PIC's performance against client mandates.

Mpati Commission of Inquiry

The Board reported previously that, following the publication of the Mpati Commission Report in March 2020, it had established an advisory panel led by the late Justice Yvonne Mokgoro to assist with the implementation of its recommendations. The panel's term ended on 31 December 2021, and it submitted its final report to the Board on 31 January 2022.

As of 31 March 2025, the PIC had implemented all 243 recommendations from the Mpati Commission of Inquiry for which the PIC is responsible.



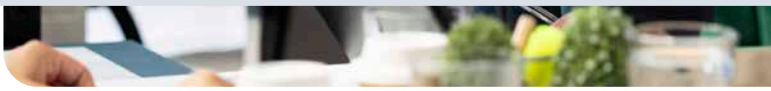
Outlook

In the financial year 2025/26, the Board will continue to work with executive management, focusing on:

- Streamlining and automating investment processes and operational processes.
- Monitoring the implementation of client mandates.
- Monitoring cost containment and PIC sustainability.
- Improving the performance management system and monitoring performance against key performance indicators.



- Setting the direction and tone for a workplace culture aligned with the PIC's purpose, values, strategy and mandate.
- Promoting ethical, responsible and lawful decision-making.
- Promoting an inclusive workplace, where the PIC holds itself to account.
- Supporting a risk-based anti-bribery and corruption programme.
- Declaring and managing actual, potential or perceived conflicts of interest.
- Creating lasting social, environmental and economic value without risking returns for clients.



Stakeholder management

Stakeholder management is an important component of the PIC business model, since stakeholders are key to its long-term growth and sustainability. The Board subscribes to Principle 16 of King IV™, which states that: "In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time."

The Board further endorses the principles of fairness, accountability, responsibility, appropriate transparency, integrity and competency in all its dealings with stakeholders, as embodied in King IV™, to the extent that these align with the legislation governing the PIC.

The Board acknowledges that good corporate governance and effective communication are essential to deliver the PIC's mandate and to protect its brand, reputation and relationships with all stakeholders. The SETCO oversees stakeholder engagement.

Guided by its Stakeholder Management Framework, the PIC maintained regular engagement with stakeholders throughout the year under review, as explained on pages 38 to 42 of this report.



Detailed information on engagements with listed and unlisted investee companies are detailed under the ESG section on pages 124 to 172.

External audit and assurance

The Board, as the Accounting Authority and in accordance with Section 55 of the PFMA, prepares financial statements for each financial year and submits these to the Shareholder within two months of the financial year-end. The Companies Act further requires the PIC to appoint an auditor and to have financial statements audited.

The Shareholder confirmed the reappointment of AGSA to perform the external audit for the financial year ending 31 March 2025, in accordance with the PIC MoI, during the 2023/24 AGM. The Audit Committee, in line with Section 94(7) of the Companies Act, oversees the AGSA's role in audit reporting, determines its terms of engagement and fees, and assesses its effectiveness and performance. The AGSA's work complements the work of the PIC's internal assurance providers. The Audit Committee also monitors the independence of the external auditors assigned by the AGSA to perform the PIC audit. The AGSA attends all Audit Committee meetings and presents the final audit report and the implications of audit findings to the Board.

Details of AGSA's work are included in the Audit Committee report on pages 4 to 6 of the Annual Financial Statements.

All these drivers are mutually reinforcing and support investment performance, which, in turn, is driven by a clear investment strategy and a business model. The above drivers inform medium-term strategic goals and objectives. The Board constantly monitors the implementation of the strategy.

Corporate performance and reporting

The Board, on recommendation of the Human Resources and Remuneration Committee (HRRC), annually evaluates corporate performance. It further evaluates and approves the performance scores of all Executive Directors. The performance of other executive management members is evaluated by the CEO as part of the employee performance review process.

The Board also considers the outcomes of the short-term and long-term incentive schemes, based on the PIC's performance score and recommends awards for executive management to the Shareholder for consideration and approval.

During the year under review, the Board approved the 2025/26 scorecard, which will be rated during 2026/27. The scorecard is based on the key performance indicators, contained in the Shareholder's Compact and the Corporate Plan and agreed to with the Shareholder at the beginning of each financial year. The scorecard contains information on PIC performance objectives for financial sustainability, how the organisation met the financial expectations of clients, improved ethical behaviour and leadership, transformation, ESG integration, staff turnover, the retention of critical skills, and skills development impact.

To monitor progress against the scorecard, the Board receives quarterly management reports with detailed and comprehensive analysis of financial and operational performance, including variance between budgeted and actual figures, activities and prospects and management's performance against key performance indicators.

The Board is satisfied that it complied with its annual workplan-aligned duties and responsibilities during the reporting period.

Board processes

Board composition complies with the MoI and the PIC Act. The PIC Act provides that:

- The Board comprises ten non-executive members and three executive members.
- The Minister must designate the Deputy Minister of Finance, or in consultation with Cabinet, any other deputy minister in the economic cluster, as Chairperson of the PIC Board.
- The CEO or a person of similar designation shall be one of the Executive Directors.

The Deputy Minister of Finance, Dr David Masondo, was appointed Chairperson of the Board. Abel Sithole, CEO, Batandwa Damoyi, CFO, and Kabelo Rikhotso, CIO, are Executive Directors in accordance with the PIC MoI.

The Shareholder appointed Ms Damoyi as the CFO and an Executive Director in accordance with Paragraph 7.3.1 of the PIC's MOI and Section 6(1)(b) of the PIC Act, effective 1 April 2024.

Skills, knowledge and experience

The skills of individual Directors and the combined capabilities of the Board were externally evaluated in August 2023, with Directors rated favourably. The Board remains satisfied that, as a collective, it is highly curated with a balance between Executive Directors and Non-Executive Directors and an appropriate mix of knowledge, skills, experience and authority. The diversity encourages robust debate at Board and Board committee levels and ensures that there is a clear separation of responsibilities so that no individual has unfettered decision-making powers.

The Board supplements its skills and experience with the expertise of management and external subject matter experts and advisers.

Board induction and development

On joining the PIC Board, Directors participate in a comprehensive induction programme tailored to their needs and the committee positions they will hold. In addition, newly appointed Directors complete a skills analysis form that helps the Company Secretary to develop training and development programmes suitable for them, individually and collectively. All Directors may seek guidance from the Company Secretary, internal legal and independent external professional advice at the organisation's expense on any matter relating to the PIC and their duties.

Evaluating board performance

Board evaluations typically determine the effectiveness with which roles are executed and whether members act in the best interests of the PIC to promote the highest standards of corporate governance.

The PIC performs a Board evaluation every second year. The Directors' Affairs Committee (DAC) oversees the performance evaluation of the Board, its committees and individual Directors. Following the Board evaluation and recommendations by the Institute of Directors South Africa (IoDSA), the Board approved a revised governance structure and operational structure for PIC's investments portfolio.

Delegation of Authority

During the year, the Board reviewed its charter and approved revised terms of reference for all committees to ensure focused oversight and alignment with the DoA, amendments to the Companies Act and best practice.

Board and committee meeting attendance

Before the start of each financial year, the Board and committee meetings are scheduled in line with the key financial reporting dates, the Board Charter and committees' terms of reference. A meeting pack is distributed to Directors a week before each meeting, containing the agenda, minutes of previous meetings, updates on matters arising from previous meetings and documents to be tabled.

All Board committees establish an annual workplan for each financial year to ensure that all matters, including those in the committees' terms of reference, are covered by meeting agendas.

Additional meetings may be convened with approval of the Board, or a Board committee Chairperson, or at the request of other committee members, or the Board Chairperson. Additional meetings may be convened for the Audit Committee, or the external or internal auditors, subject to approval by the Audit Committee Chairperson. All committee members must receive fair and reasonable notice of such a meeting.

Chairperson

The Board Chairperson and the Chairpersons of each committee are responsible for the effective running of their meetings and must ensure that all Directors/committee members play a full and constructive part.

For all Board and Board committee meetings, a quorum is achieved when most members are present in person or participate through teleconference, video conferencing, or virtual platforms. However, a quorum cannot be established unless the Non-Executive Directors form the majority.



The next Board evaluation will be conducted during the 2025/26 financial year.

The Board

Board members

The current Board was appointed from 1 November 2021 until 31 October 2024. The Minister of Finance extended the current Board's term until the appointment of the new PIC Directors is finalised. As of 31 March 2025, the Board comprised nine Non-Executive Directors and three Executive Directors. The Board is diversified in terms of gender, race and age.

TOTAL WOMEN



- 4 Black
- 1 White

TOTAL MEN



- 7 Black
- 0 White

Non-Executive Directors	DATE OF APPOINTMENT
Dr David Masondo, Chairperson*	1 November 2021
Ntombifuthi Mtoba, Deputy Chairperson*	1 November 2021
Barbara Watson*	1 November 2021
Prof Bonke Dumisa*	1 November 2021
Mugwena Maluleke*	1 November 2021
Tryphosa Ramano*	1 November 2021
Beverley Bouwer*	1 November 2021
Walter Hlaise*	1 November 2021
Frans Baleni***	1 November 2021
Dr Lufuno Mulaudzi*	1 November 2021
Executive Directors	**DATE OF APPOINTMENT**
Abel Sithole*	1 August 2021
Batandwa Damoyi**	1 April 2024
Kabelo Rikhotso	15 February 2023

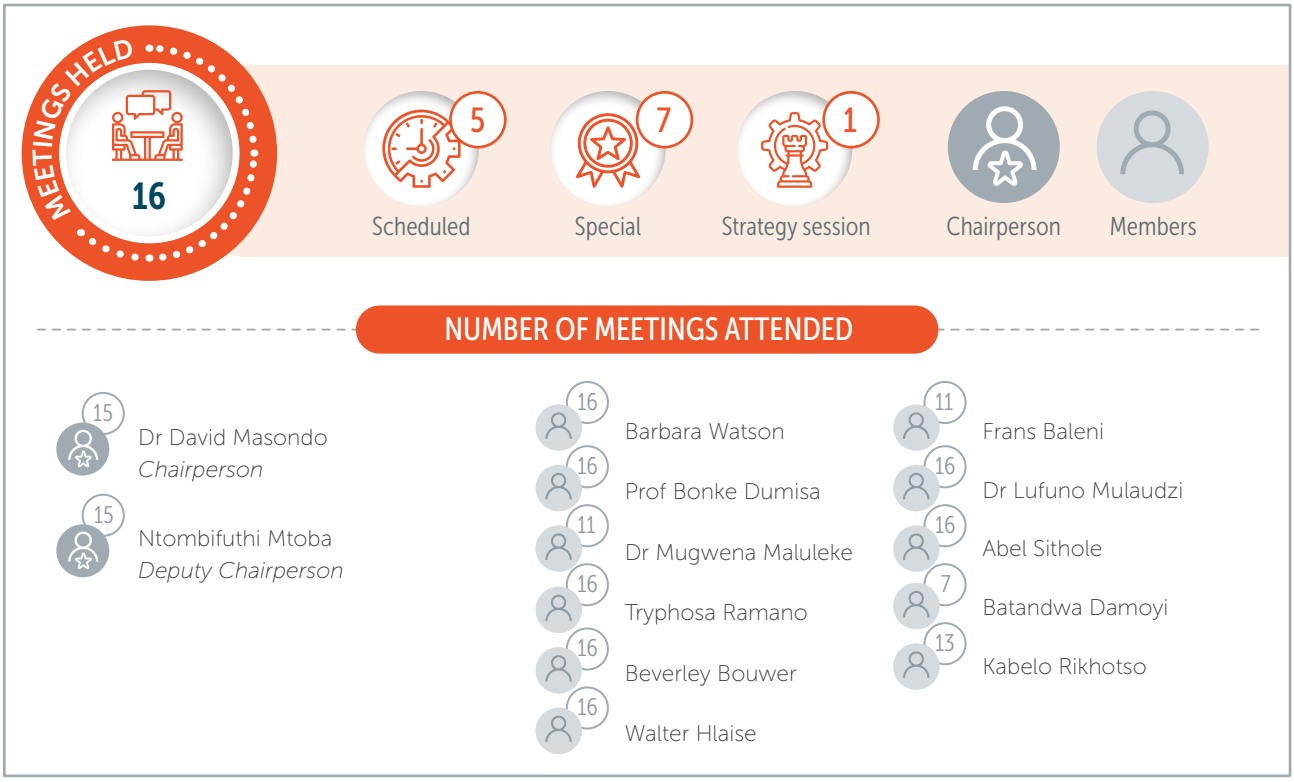
** Members reappointed from 1 November 2024 until 30 April 2025.*
***Member appointed from 04 September 2024 until she ceases to be a PIC CFO.*
****Member resigned from the PIC Board effective 30 November 2024*

Chairperson

The Board acknowledges the recommended practice of King IV™ to appoint an Independent Non-Executive Director as Chairperson. The Chairperson of the Board, Dr David Masondo, being the Deputy Minister of Finance, is not an Independent Director. His appointment is in accordance with Section 6(1A) of the PIC Act. The roles and responsibilities of the Chairperson are documented in the Board Charter and are separate from those of the CEO.

Meeting attendance summary

The Board ordinarily meets six times during a financial year and biannually with the Boards of its major clients. The number of Board meetings includes a two-day Board Strategy session and attendance at the Annual General Meeting.



Board Committees

The Board delegates certain roles and responsibilities to individual Directors and standing or ad hoc Board committees and Board sub-committees. The roles and responsibilities of the Board, committees and sub-committees are recorded in the Board Charter and the terms of reference for each committee.

During the year under review, the Board had seven Board committees, all of which were chaired by Non-Executive Directors. Composition, meeting attendance and activities for the reporting period are detailed below.

Audit Committee

The Audit Committee was established in terms of Section 72 of the Companies Act and, as a statutory committee, in terms of Section 84(4)(c) of the Companies Act. Its statutory duties, in terms of Section 94(7) of the Companies Act, are to oversee internal financial controls and accounting systems, internal audit, external audit, Annual Financial Statements and the Integrated Annual Report.

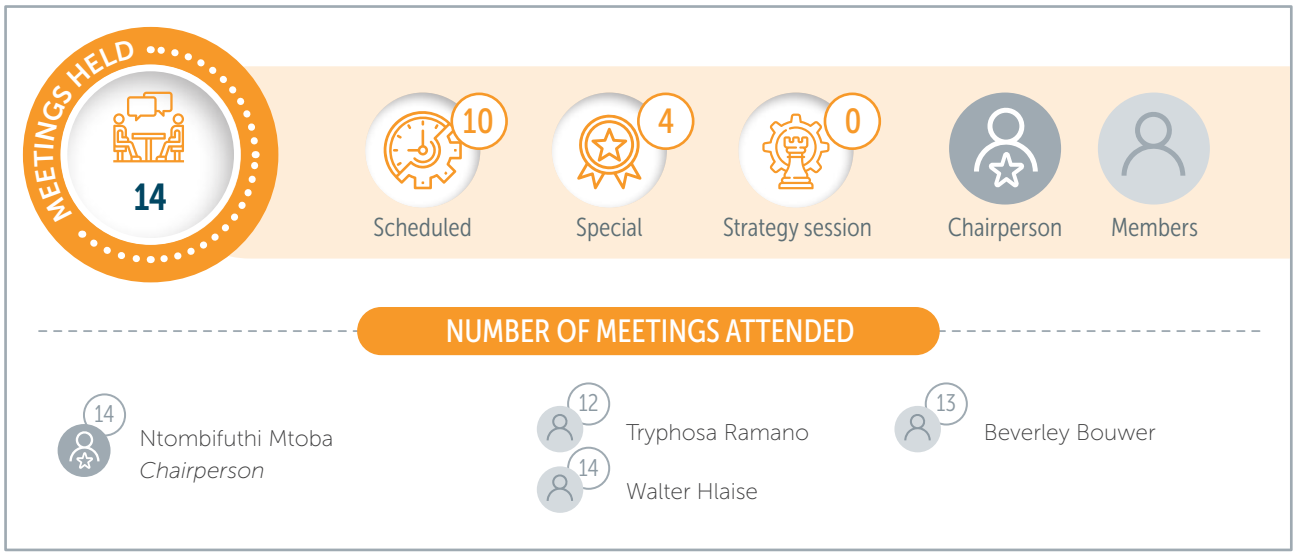
The committee's purpose, role and key activities during the reporting period are detailed on page 4 of the Annual Financial Statements.

Composition and meeting attendance summary

Members of the Audit Committee are appointed at the AGM by the Shareholder. All three members are required to be both Non-Executive and Independent Directors as per sections 94(2) and 94(4) of the Companies Act and paragraphs 14.1, 14.2 and 14.3 of the MoI.

Further requirements are that:

- Members shall appoint a Chairperson from among their ranks (Paragraph 14.4 of the MoI).
- Most members shall be financially literate, with at least one having recent and relevant financial experience.
- At least one member shall be a member of the PIC's Risk Committee.
- The Chairperson of the Board shall not be eligible for membership.
- The committee shall meet at least eight times in a financial year or more frequently if required. Four of the eight scheduled meetings shall be for year-end valuations, while the other four shall be held:
  - Before the start of the annual external audit.
  - After the completion of the external audit.
  - Before Board approval of the Annual Financial Statements, following the annual external audit.



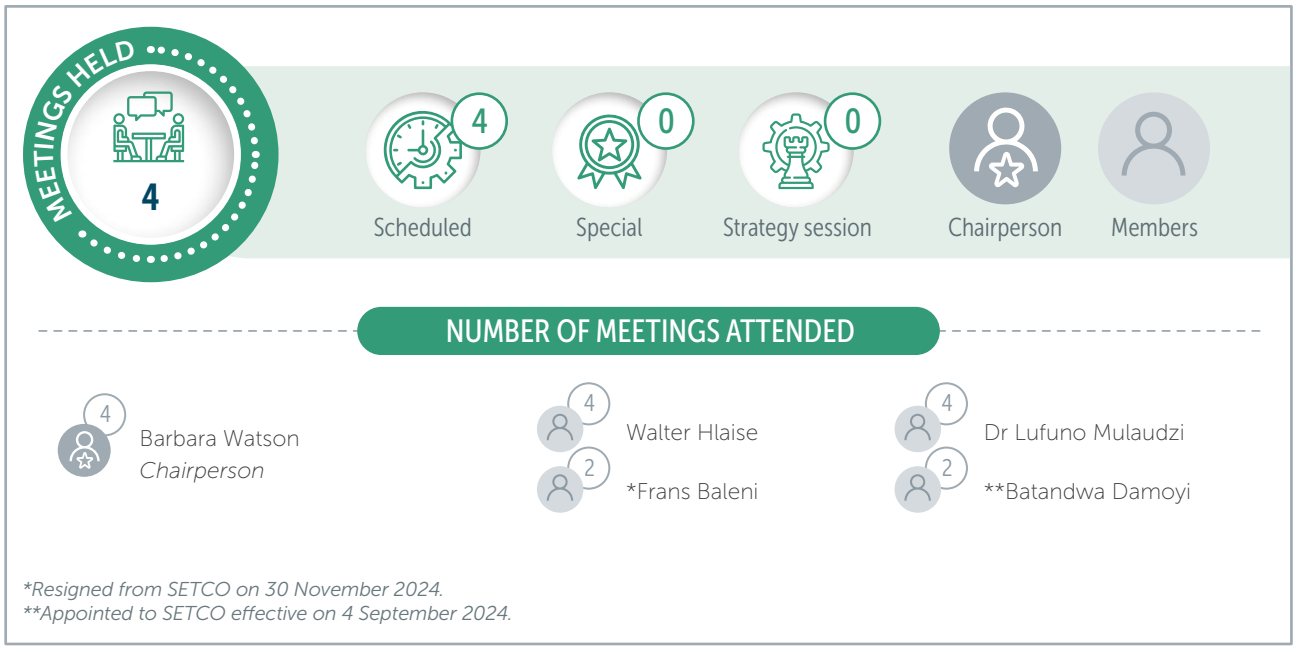
Social, Ethics and Transformation Committee

The SETCO was established in terms of Section 72 of the Companies Act and, as a statutory committee, in terms of Section 72(4) of the Companies Act, read with Regulation 43 of the Act. The SETCO oversees and reports on the PIC's ethics, sustainable development, transformation and stakeholder relationships, and ensures that the PIC is and remains a good and responsible corporate citizen. To fulfil its dual mandate, the committee reports quarterly, or when required, to the Board and annually to the Shareholder at the AGM.

SETCO's purpose, role and key activities during the reporting period are detailed on page 234 of this report.

Composition and meeting attendance summary

- The SETCO comprise a minimum of five members, including Non-Executive Directors and Executive Directors, with the majority being Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as SETCO Chairperson.
- SETCO members must have sufficient qualifications, capacity, knowledge and experience.
- The Board Chairperson may be a SETCO member, but not its Chairperson.
- The SETCO meets quarterly or more frequently if needed.



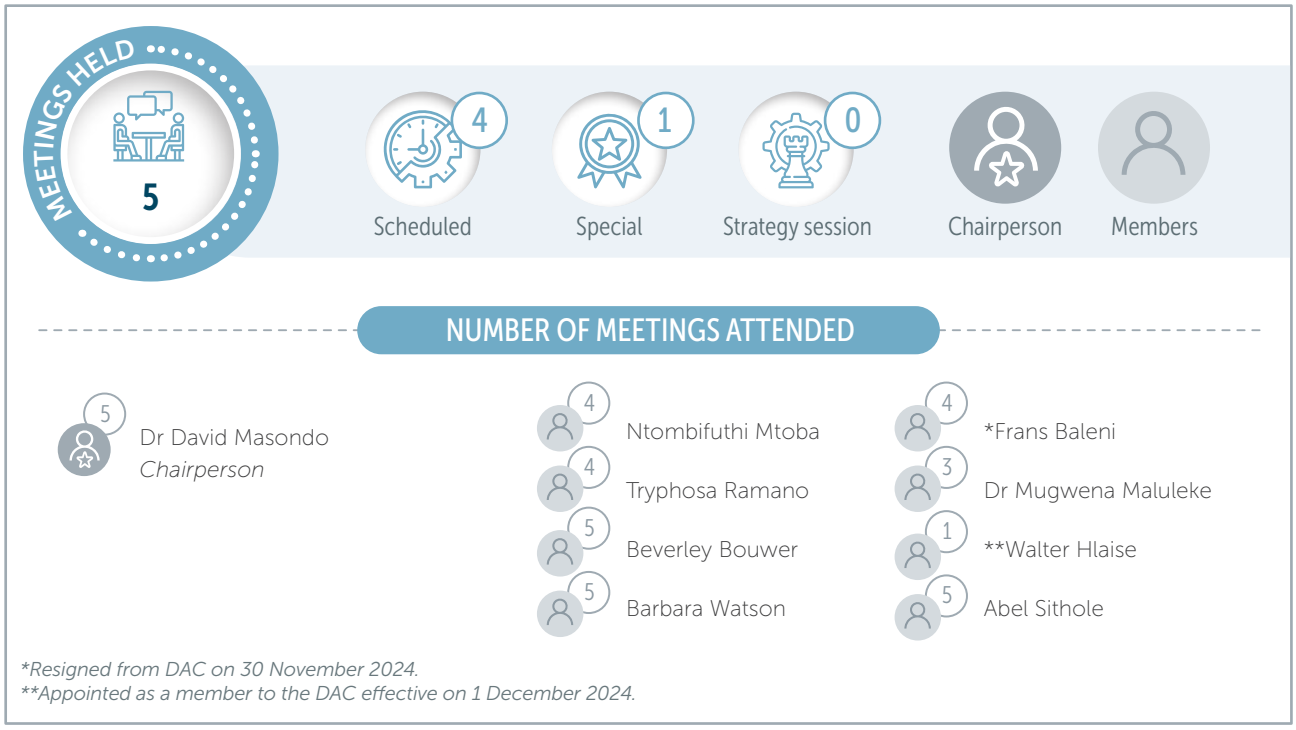
**Resigned from SETCO on 30 November 2024.*
***Appointed to SETCO effective on 4 September 2024.*

Directors' Affairs Committee

The DAC was established in terms of Section 72 of the Companies Act and assists the Board in oversight of corporate governance, director evaluation and remuneration and the nomination of directors for appointment to investee company boards. The committee assists the Board to identify qualified individuals for nomination and appointment to the PIC Board or to investee company boards, and must ensure that the nomination process is transparent.

Composition and meeting attendance summary

- The DAC comprises the Chairperson of the Board, the Chairpersons of Board committees and an Executive Director.
- The Board Chairperson shall be the DAC Chairperson.
- Members must have sufficient qualifications, capacity, knowledge and experience.
- It shall meet at least quarterly or more frequently if required.



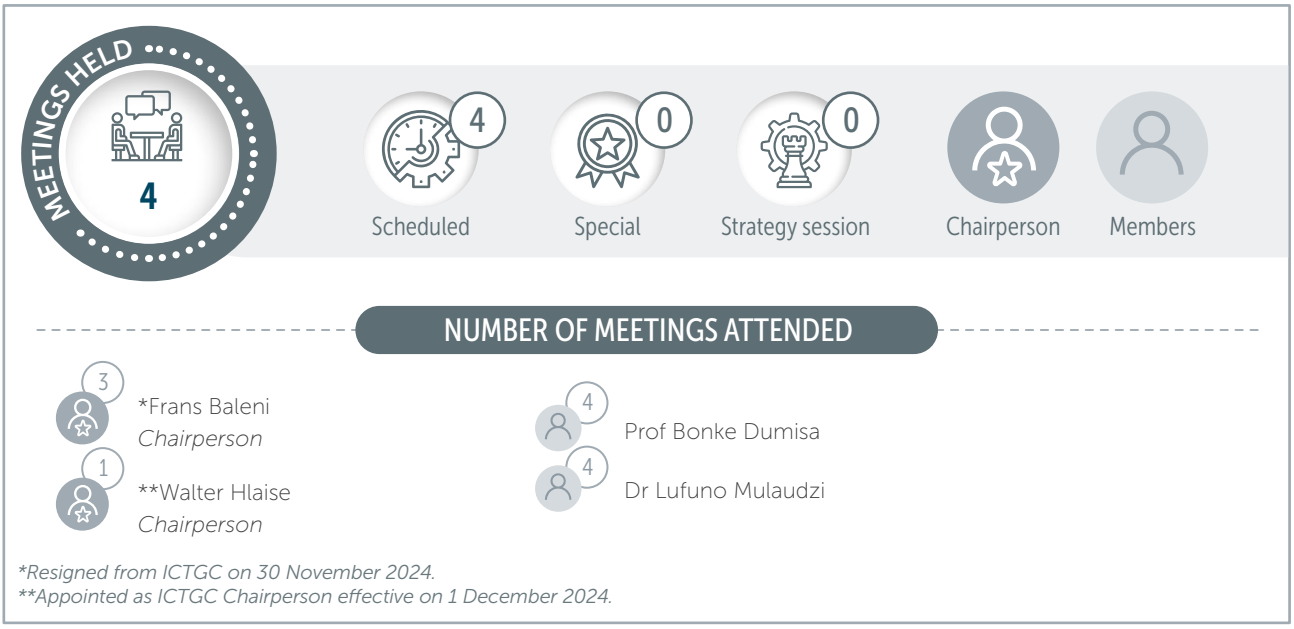
**Resigned from DAC on 30 November 2024.*
***Appointed as a member to the DAC effective on 1 December 2024.*

Information Communication and Technology Governance Committee

The Information Communication and Technology Governance Committee (ICTGC) was established in terms of Section 72 of the Companies Act and oversees technology and information governance. It also ensures that the PIC's technology and systems support the setting and achievement of strategic objectives to operate competitively. The committee assists the Board to oversee the development and implementation of the Information Technology Governance Charter, policies and processes to enhance the PIC's performance and sustainability.

Composition and meeting attendance summary

- The ICTGC has a minimum of four members, the majority being Independent Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as the ICTGC Chairperson.
- ICTGC members must have sufficient qualifications, knowledge and experience.
- The ICTGC shall meet at least four times in a financial year or more frequently if required.
- During the period under review, the committee was mandated by its terms of reference to have at least five members. A vacancy arose on 15 February 2023. In February 2024, the committee's terms were revised to stipulate a minimum of four members.



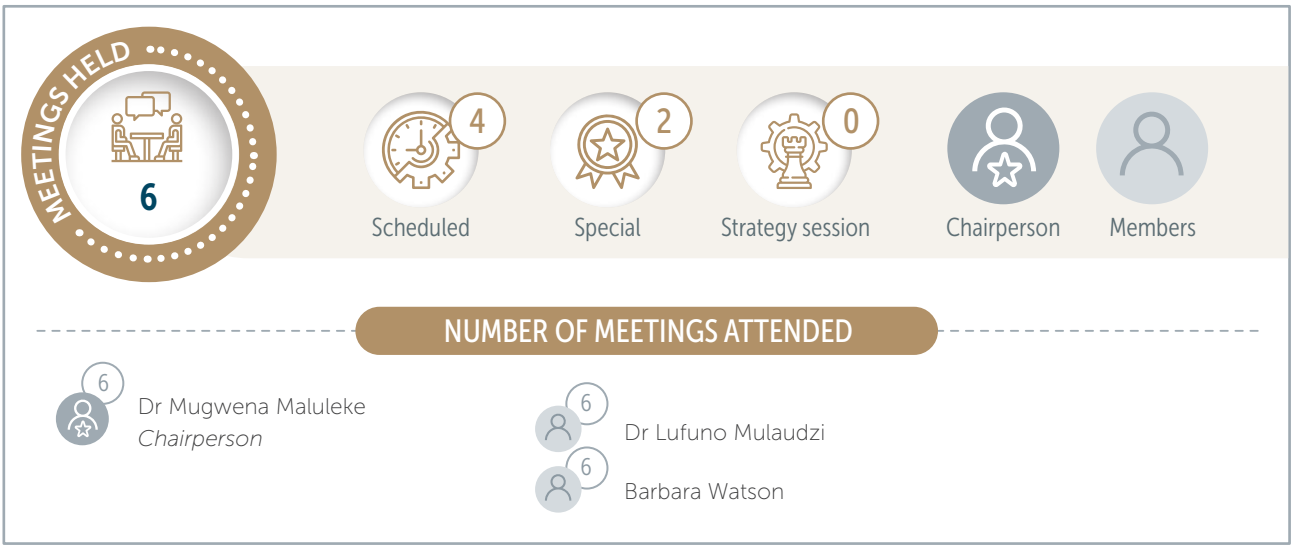
**Resigned from ICTGC on 30 November 2024.*
***Appointed as ICTGC Chairperson effective on 1 December 2024.*

Human Resources and Remuneration Committee

The HRRC was established in terms of Section 72 of the Companies Act. The committee assists the Board to oversee the development and implementation of the board-adopted human resources strategy and the governance of remuneration, the establishment of a remuneration policy and setting remuneration principles and parameters.

Composition and meeting attendance summary

- The HRRC has at least three members, all Non-Executive Directors.
- The Board Chairperson may be a member of the committee, but shall not be its Chairperson.
- The Board shall appoint a Non-Executive Director as the committee Chairperson.
- Members must have sufficient qualifications, knowledge and experience.
- The committee shall meet at least four times in a financial year or more frequently if required.



Risk Committee

The Risk Committee was established in terms of Section 72 of the Companies Act to assist the Board with oversight of current risk exposures and future risk strategy. It assists the Board to oversee and approve the enterprise-wide risk management practices and related matters.

Composition and meeting attendance summary

- The Risk Committee has at least three members, all Non-Executive Directors.
- At least one committee member shall be a member of the Audit Committee.
- The Board Chairperson is not eligible to be a committee member.
- The Board shall appoint a Non-Executive Director as the Risk Committee Chairperson.
- Members must have sufficient qualifications, knowledge and experience.
- The committee shall meet at least four times in a financial year or more frequently if required.





Scheduled



Special



Strategy session


Chairperson


Members

NUMBER OF MEETINGS ATTENDED



Beverley Bouwer
Chairperson



Ntombifuthi Mtoba



Walter Hlaise



*Frans Baleni



Prof Bonke Dumisa

**Mr Baleni ceased to be a member on 30 November 2025.*

Investment Committee – Listed and Unlisted Investments

The Investment Committee was established in terms of Section 72 of the Companies Act to ensure the integrity and efficiency of PIC investment processes, consider and approve new investments, consider the extension and disposal of existing investments and make recommendations to the Board about investments outside its delegated authority.

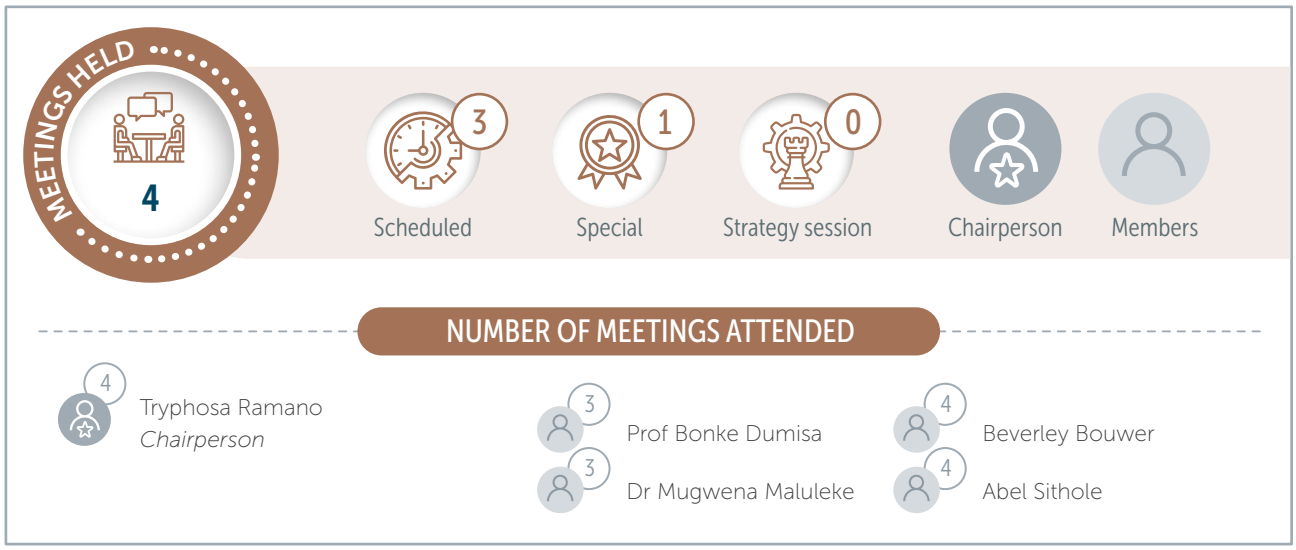
The committee has two sub-committees, one focused on unlisted investments and another on listed Investments.

Investment Committee – Unlisted Investments

The Investment Committee – Unlisted Investments assists the Board to execute its statutory duties and its oversight of unlisted investment activities based on investment mandates and the Board-adopted investment strategy.

Composition and meeting attendance summary

- The Investment Committee – Unlisted Investments has a minimum of five members, consisting of Non-Executive Directors and Executive Directors, most of whom shall be Non-Executive Directors.
- The CFO is excluded from being appointed to the Investment Committee – Unlisted Investments, but may attend meetings as an invitee.
- The Board shall appoint a Non-Executive Director as Chairperson of the Investment Committee – Unlisted Investments.
- Members of the Investment Committee – Unlisted Investments must have sufficient qualifications, capacity, knowledge and experience.
- The Investment Committee – Unlisted Investments, shall meet at least six times in a financial year or more frequently if required.

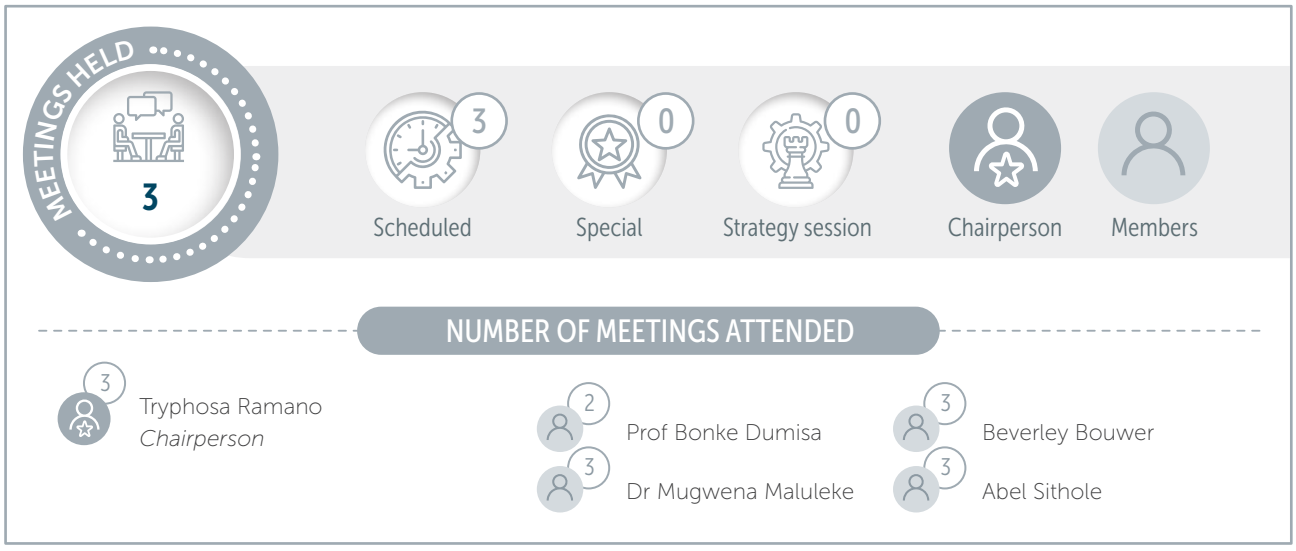


Investment Committee – Listed Investments

The Investment Committee – Listed Investments assists the Board to execute its statutory duties and its oversight of listed investment activities, based on investment mandates and the Board-adopted investment strategy.

Composition and meeting attendance summary

- The Investment Committee – Listed Investments has a minimum of five members, consisting of Non-Executive Directors and executive directors, most of whom shall be Non-Executive Directors.
- The CFO is excluded from membership of the Investment Committee – Listed Investments, but may attend meetings as an invitee.
- The Board shall appoint a Non-Executive Director as the Investment Committee – Listed Investments Chairperson.
- Members of the Investment Committee – Listed Investments must have sufficient qualifications, capacity, knowledge and experience.
- The Investment Committee – Listed Investments shall meet at least six times in a financial year or more frequently if required.



New Investment Committees Structure

To enhance PIC efficiencies and strengthen governance, on 4 April 2024, the Board reviewed the investments governance structure and operating model. This was to implement several reforms based on the Mpati Commission recommendations and observations, that arose during the Board evaluation. The review resulted in the establishment of a second layer of oversight on investment processes through:

- Establishing an overarching Group Investment Committee (GIC) and three investment sub-committees: Investments Committee - Unlisted Investments, Investment Committee - Unlisted Properties Investments and Investment Committee - Listed Investments, with Board-approved terms of reference.
- Establishing two Group Management Investment Committees: Group Management Investment Committee - Unlisted Investments, Group Management Investment Committee - Listed Investments and three sub-committees: Management Investment Committee - Listed Investments, Management Investment Committee - Unlisted Investments and Management Investment Committee - Unlisted Property Investments, under the PIC EXCO, with approval of the committee's terms of reference.
- Review of the DoA to the investment and group management committees.

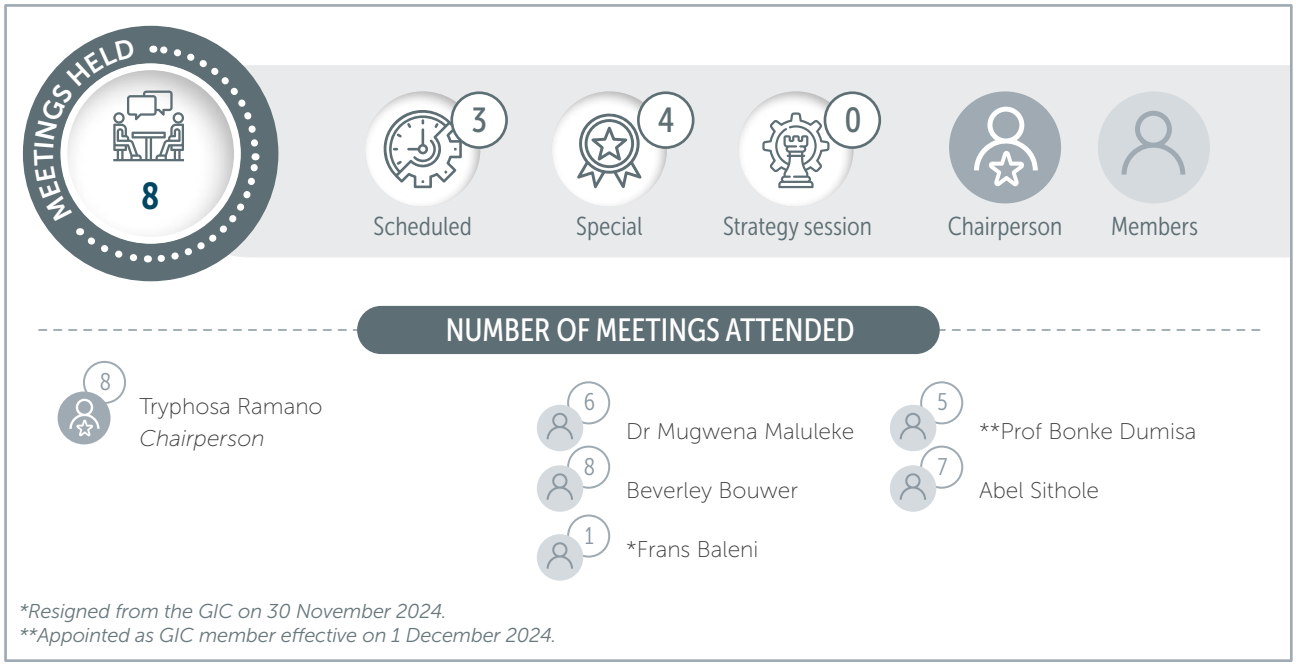
The new investments committees held their first meetings in July 2024. Composition, meeting attendance are reported below:

Group Investment Committee

The Group Investment Committee (GIC) assists the Board in executing its statutory duties and its oversight responsibilities regarding investment activities. The investment sub-committees are accountable to the Board through the GIC.

Composition and meeting attendance summary

- The GIC has a minimum of three members, consisting of Non-Executive Directors and Executive Directors, most of whom shall be Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as Investment Committee – Listed Investments Chairperson.
- GIC members must have sufficient qualifications, capacity, knowledge and experience.
- The GIC shall meet at least six times in a financial year or more frequently if required.



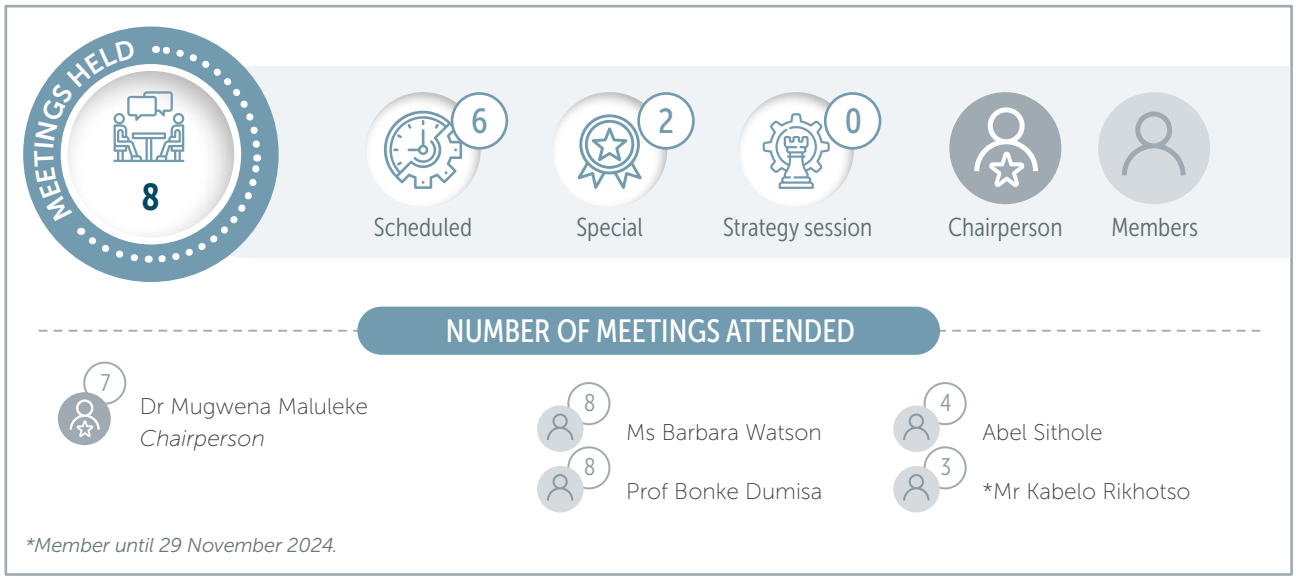
**Resigned from the GIC on 30 November 2024.*
***Appointed as GIC member effective on 1 December 2024.*

Investment Committee-Unlisted Investments

The Investment Committee-Unlisted Investments assists the Board in executing its statutory duties and its oversight responsibilities regarding investment activities.

Composition and meeting attendance summary

- The Investment Committee-Unlisted Investments has a minimum of three members, consisting of Non-Executive Directors and Executive Directors, most of whom shall be Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as Investment Committee-Unlisted Investments Chairperson.
- Members of the Investment Committee-Unlisted Investments must have sufficient qualifications, capacity, knowledge and experience.
- The Investment Committee-Unlisted Investments shall meet at least eight times in a financial year or more frequently if required.

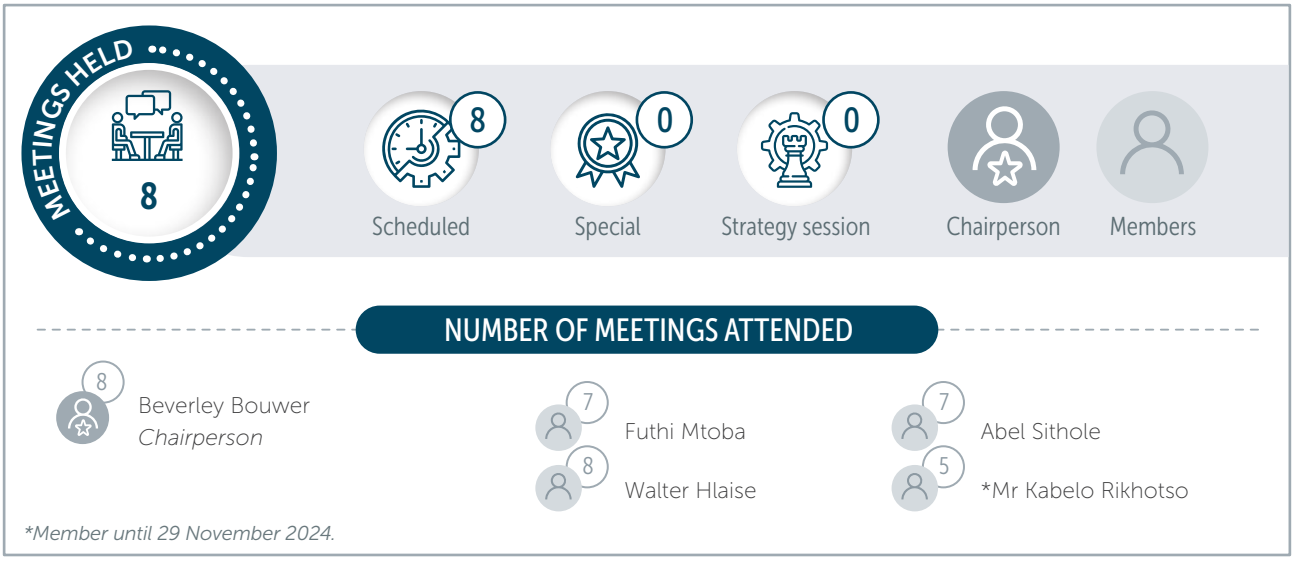


Investment Committee-Listed Investments

The Investment Committee-Listed Investments assists the Board in executing its statutory duties and its oversight responsibilities regarding investment activities.

Composition and meeting attendance summary

- The Investment Committee-Listed Investments has a minimum of three members, consisting of Non-Executive Directors and Executive Directors, most of whom shall be Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as Investment Committee-Listed Investments Chairperson.
- Members of the Investment Committee-Listed Investments must have sufficient qualifications, capacity, knowledge and experience.
- The Investment Committee-Listed Investments shall meet at least eight times in a financial year or more frequently if required.



Investment Committee-Unlisted Property Investments

The Investment Committee-Unlisted Property Investments assists the Board in executing its statutory duties and its oversight responsibilities regarding investment activities.

Composition and meeting attendance summary

- The Investment Committee-Unlisted Property Investments has a minimum of three members, consisting of Non-Executive Directors and Executive Directors, most of whom shall be Non-Executive Directors.
- The Board shall appoint a Non-Executive Director as Chairperson of the Investment Committee-Unlisted Property Investments.
- Investment Committee-Unlisted Property Investments members must have sufficient qualifications, capacity, knowledge and experience.
- The Investment Committee-Unlisted Property Investments shall meet at least eight times in a financial year or more frequently if required.





Scheduled



Special



Strategy session


Chairperson


Members

NUMBER OF MEETINGS ATTENDED

4 **Frans Baleni *Chairperson*	7 Beverley Bouwer	5 Abel Sithole
3 ***Prof Bonke Dumisa *Chairperson*	7 Dr Lufuno Mulaudzi	3 *Mr Kabelo Rikhotso

**Member until 29 November 2024.*
***Resigned from the Investment Committee-Unlisted Properties Investments on 30 November 2024.*
****Appointed as Investment Committee-Unlisted Property Investments Chairperson effective on 1 December 2024.*



King IV™ 2024/25 compliance disclosure report

This report is to be read in conjunction with the rest of the Integrated Annual Report, particularly the corporate governance statement on pages 198 to 220, the Audit Committee report on pages 4 to 6 of the Annual Financial Statements, the SETCO report on pages 234 to 239 and the HRRC report on pages 187 to 192.

The PIC has adopted and implemented the principles of King IV™, as outlined on the next page. The Company remains committed to sound corporate governance and anticipates the issuance of King V, with the intention to align its practices and ensure compliance upon its release.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP



PRINCIPLE 1

Ethical leadership

The accounting authority should lead ethically and effectively.

- The Board continued with ongoing monitoring of compliance with the Code of Ethics Policy, the Board of Directors Code of Conduct Policy, the Declaration of Interest Policy and Guidelines and the Gift Policy.



PRINCIPLE 2

Organisational ethics, values and culture

The accounting authority should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

- Directors set the overall tone for ethical leadership of the Board.
- The PIC continued with the periodic review of its policies and governance documents to ensure alignment of policies and compliance with legislation.
- Periodic reviews of the Code of Ethics Policy, the Board of Directors Code of Conduct Policy, the Declaration of Interest Policy, and the Guidelines and Gift Policy to guide ethical conduct across all activities of the Board.
- The SETCO, through the Ethics Office, ensures that PIC ethics are managed effectively.
- All Directors and employees must sign an annual pledge to adhere to the Code of Ethics Policy.
- All the PIC Directors and employees must complete an annual Declaration of Interest.
- Policies are published on the PIC website.
- PIC employee contracts refer to all policies and attendance of training.
- Suppliers must sign conflict of interest forms before entering into a contract with the PIC.
- A fraud and whistleblowing hotline is in place:





0800 205 098



www.pic.gov.za/pic/links/whistle-blowers



PRINCIPLE 3

Responsible corporate citizenship

The accounting authority should ensure that the organisation is and is seen to be a responsible corporate citizen.

- The SETCO oversees the PIC's corporate citizenship performance.
- The Board reviewed and approved the PIC's vision and mission in August 2024. The Ethics Office facilitated a review of PIC values. The new values were approved on 18 December 2023.
- A culture survey has been conducted during 2023 and the results were presented to and adopted by the Board on 14 June 2024.
- All investment transactions with a high reputational risk are assessed by the Ethics Office and considered by the SETCO.
- A Politically Exposed Persons Register is in place and reviewed monthly.
- The Board approved a transition and climate change position statement for the PIC on 26 May 2023.
- Quarterly reports on PIC corporate social investment and community involvement are submitted to the SETCO (see page 234).

STRATEGY, PERFORMANCE, REPORTING AND VALUE CREATION



PRINCIPLE 4

Strategy, implementation and performance

The accounting authority should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

- The Board oversees the PIC's strategy and its execution.
- Annual management and Board strategic sessions are held to review strategic direction.
- Key performance indicators are reviewed and approved annually by the Board, as is the corporate balanced scorecard.
- The Minister of Finance annually concludes a Shareholder's Compact with the PIC, ensures that the PIC's Annual Performance Plan and Corporate Plan align with the Corporation's mandate and the government's priorities and provides direction on developing and implementing strategic priorities and policies.
- The PIC submits quarterly reports on its performance against key performance indicators included in the Corporate Plan to National Treasury, in accordance with the PFMA.
- Strategic risks are assessed quarterly by the Risk Committee and annually by the Board.
- The Board oversees the risk management process, guided by the Risk Committee.
- The Board takes account of the legitimate interests and expectations of its clients and broader stakeholders in decision-making in the best interests of the PIC.
- PIC transformation needs are embedded in the strategic objectives of the PIC and reflected in its Employment Equity Plan.
- The Board approved a Transformation Charter, which outlines how the PIC will actively advance transformation through its investment activities when executing its operational plans, investment strategies and policies.
- A comprehensive communications strategy is in place and is supported by a Stakeholder Management Framework and Stakeholder Engagement Plan.
- The Board, with assistance from the Audit Committee, performs annual solvency and liquidity tests.



PRINCIPLE 5

Reporting and disclosure

The accounting authority should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.

- The PIC's IAR sets out its strategic initiatives, business model, material matters and risks and opportunities.
- The Audit Committee reviews the integrity of the report.
- The Board approves the report, including the Annual Financial Statements.
- The report, Annual Financial Statements and corporate governance disclosures (proxy voting reports) are published on the PIC website.
- Presentations to Parliament and media statements are published on the PIC website.
- Regular meetings and quarterly reports facilitate engagement with Shareholder, clients, external asset managers, investee companies and potential investors.

GOVERNING STRUCTURES, DELEGATION AND ADEQUATE AND EFFECTIVE CONTROL



PRINCIPLE 6

Role and responsibilities of the accounting authority

The accounting authority should serve as the focal point and custodian of corporate governance in the organisation.

- Corporate governance remains the responsibility of the Board.
- The Board annually reviews the PIC's Corporate Plan.
- An internal King IV™ gap analysis is conducted periodically and reviewed by the Audit Committee.
- The Board Charter and annual workplan are reviewed annually. The last review took place in March 2024.
- All Board committees operate under Board-approved terms of reference and the Board-approved Delegation of Authority Framework.
- The number of Board and Board committee meetings and attendance of Directors at these meetings are disclosed on pages 198 to 220.
- All Directors have the right to independent professional advice at the PIC's expense to ensure that they fulfil their governance roles.
- The Company Secretary is pivotal to ensuring good corporate governance.



PRINCIPLE 7

Composition of the accounting authority

The accounting authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

- Directors are appointed by the Minister of Finance in consultation with Cabinet, in line with Section 6(1) of the PIC Act.
- An assessment of Directors' skills and competence is performed through thorough background checks before appointment.
- Newly appointed Directors are asked to complete a skills-analysis form that assists the Company Secretary to develop an appropriate training and development programme for Directors, individually and collectively.
- The Board comprises nine Non-Executive Directors and three Executive Directors, namely the CEO, CFO and CIO.
- In line with the MoI, Non-Executive Directors shall hold office for three years, subject to annual review at or outside the AGM, and shall not serve more than three consecutive terms. A Non-Executive Director may be reappointed only if an independent assessment finds that the member is still independent.
- Newly appointed directors receive a formal letter of appointment signed by the Minister of Finance.
- Directors participate in a comprehensive induction programme when appointed to the PIC Board. This is tailored to their background and the committee positions they will hold.
- All Directors are required on appointment, and thereafter annually, or whenever their disclosure circumstances change, to submit a declaration of interest form, disclosing all financial interests held by the Director and/or related parties. This is a legal duty in terms of Section 75(4) of the Companies Act.
- The Chairperson of the Board is appointed in accordance with Section 6(1A) of the PIC Act, while the deputy Chairperson is elected by the Board.
- The roles and responsibilities of the Chairperson are documented in the Board Charter and are separate from those of the CEO.



PRINCIPLE 8

Committees of the accounting authority

The accounting authority should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with the balance of power and the effective discharge of its duties.

- Appropriate governance structures are in place, namely, Board committees.
- The Board has delegated certain powers to the Board committees through the Delegation of Authority Framework. The corporate DoA and investments DoAs were last reviewed in March 2025.
- Board committees assist the Board in discharging its corporate governance responsibilities and report to the Board quarterly or when necessary.
- The Audit Committee oversees the effectiveness of the PIC's assurance functions and services and the integrity of the Annual Financial Statements and other external reports.
- The composition, duties and responsibilities of the Board committees are set out in their terms of reference.

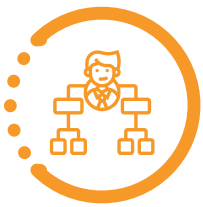


PRINCIPLE 9

Evaluations of the performance of the accounting authority

The accounting authority should ensure that the evaluation of its performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness

- The PIC performs a Board evaluation every second year. The DAC oversees the evaluation of the Board, its committees and individual Directors. The Board appointed the Institute of Directors of South Africa to assess and evaluate its effectiveness and performance in October 2023. The next Board evaluation will be in November 2025.
- While the Board acknowledges the recommended practice of King IV™ to appoint an Independent Non-Executive Director Chairperson, the Chairperson of the Board, Dr David Masondo, being the Deputy Minister of Finance, is not an Independent Director.
- Ntombifuthi Mtoba, elected deputy Chairperson by the Board in accordance with the MoI, is an Independent Non-Executive Director.
- The Audit Committee annually assesses the performance of the CFO.



PRINCIPLE 10

Appointment and delegation to management

The accounting authority should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

- The Board has delegated certain powers to management and management committees through the Delegation of Authority Framework. The corporate DoA and the investments DoAs were last reviewed by the Board in March 2025.
- The role and responsibilities of the Board Chairperson and the CEO are separate.
- In accordance with the MoI, the CEO is appointed by the Board, with the approval of the Minister, in consultation with Cabinet.
- The CEO is not an Audit Committee member.
- The Board monitors the CEO's performance.
- The CEO's conditions of employment, termination and membership of Boards outside the PIC are stipulated in his/her employment contract.

GOVERNANCE FUNCTIONAL AREAS



PRINCIPLE 11

Risk governance

The accounting authority should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

- The Board oversees risk management, guided by the Risk Committee.
- The Board ensures that operational, financial, market and credit risks are consistent with the PIC's Enterprise Risk Management Framework and are within the risk appetite.
- The Risk Committee and the Board assess strategic risks quarterly and annually, respectively.
- The Board annually reviews the Enterprise Risk Management Framework.



PRINCIPLE 12

Technology and information governance

The accounting authority should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

- IT governance is formally delegated to ICTGC and is governed by a Board-approved Information Technology Governance Charter.
- The ICTGC, through the Board-approved Delegation of Authority Framework and its terms of reference, directs, controls and measures the PIC's IT activities and processes and keeps the Board apprised of technology and information performance and requirements.
- The risk management process considers IT risks.
- The Board has delegated management the responsibility to implement and execute effective technology and information management and to oversee the integration of people, technologies, information and processes across the PIC.
- The Board annually reviews the IT strategy.
- IT and information management policies are in place.
- A Disaster Recovery Plan is in place and its effectiveness is tested periodically.



PRINCIPLE 13

Compliance governance

The accounting authority should govern compliance with applicable laws and has adopted non-binding rules, codes and standards in a way that supports the organisation to be ethical and a good corporate citizen.

- The Board has delegated compliance governance to the Audit Committee.
- The PIC, as a financial services provider, has appointed a Compliance Officer.
- The PIC established a regulatory universe to ensure compliance with laws and regulations.
- The Board approves policies that give direction on compliance.
- The Board annually reviews and approves a Compliance Audit Plan. Compliance audit reports are submitted quarterly to the Audit Committee.
- The PIC's Compliance department monitors regulatory, mandate and legal compliance.



PRINCIPLE 14

Remuneration governance

The accounting authority should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

- The PIC's Remuneration Policy for employees, approved by the Shareholder in June 2022, was reviewed and submitted to the Shareholder for consideration and approval.
- Non-Executive Director fees are approved in accordance with Section 66(9) of the Companies Act and the Policy on Non-Executive Directors' Fees. The Shareholder approved Non-Executive Director fees by special resolution at the AGM on 02 December 2024.
- Directors' remuneration is disclosed on pages 76 to 77 of the Annual Financial Statements.
- The views of the HRRC on whether the Remuneration Policy achieves its stated objectives and future focus, the use and justification of remuneration benchmarks and public access to the policy are included in the human resources report on pages 187 to 192.



PRINCIPLE 15

Assurance

The accounting authority should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

- The Audit Committee annually reviews and approves an Internal Audit Charter.
- An independent quality assessment of the PIC's internal audit function, covering 1 April 2017 to 31 March 2022, was performed by the audit firm Mazars in 2022. The next independent quality assessment is due in 2027.
- The Audit Committee annually approves the risk-based external and internal audit plans.
- The committee monitors external and internal audit findings.
- The external and internal audit functions contribute to combined assurance, thereby giving comfort to the PIC's ability to achieve the objectives of an effective control environment and the integrity of its information and reports.
- The PIC follows a combined assurance approach to increase the effectiveness of assurance activities by the functionaries in the three lines of assurance.
- The PIC's Combined Assurance Forum and Combined Assurance Framework ensure ongoing review of the approach, model and processes.
- The Audit Committee approves the appointment of the head of internal audit.

STAKEHOLDER RELATIONSHIPS, TRUST, GOOD REPUTATION AND LEGITIMACY



PRINCIPLE 16

Stakeholders

In the execution of its governance role and responsibilities, the accounting authority should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

- The SETCO manages stakeholder relations.
- Operationally, stakeholder engagement is the responsibility of the CEO, CIO, Head of Corporate Affairs, stakeholder management department, Client Relations department and EXCO.
- The Board approves the PIC Stakeholder Management Framework, Client Relations Management Policy and Communications Strategy.
- The Audit Committee and the SETCO Chairpersons, and the external auditors attend the AGM.
- The Board annually meets with the Boards of the PIC's major clients, this being the GEPF, UIF and the Compensation Fund, while management regularly meets with the management teams of these clients.



PRINCIPLE 17

Responsibilities of institutional investors

The accounting authority of an institutional investor should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.

- The PIC, as an FSP and an asset manager, invests funds on behalf of its clients under FSCA-approved mandates.
- The Board exercises oversight responsibility through its nominated Directors to the Boards of companies in which the PIC invests on behalf of its clients.
- The Board approved the following policies to set the direction for responsible investing:
  - ESG Policies and Guidelines on Listed and Unlisted Investments;
  - Nominee Directors' Governance Policy;
  - Corporate Social Investment Strategy;
  - Investment Philosophy and Strategy; and
  - Politically Exposed Persons Guideline.
- Annual assessments are conducted of PIC compliance with the CRISA 2 and the UNGC.

COMPLIANCE GOVERNANCE

Compliance forms a cornerstone of the PIC's operations, acting not merely as an obligation but as a fundamental driver of value creation and preservation. By diligently adhering to all applicable regulatory frameworks, legal requirements, investment mandates, and ethical principles, the PIC safeguards its reputation, maintains its license to operate, and fosters the trust of its clients and other stakeholders.

This commitment to a strong compliance culture mitigates potential risks, enhances operational efficiency, and underpins the sustainable management of the PIC's diverse capitals, ensuring the long-term delivery of its mandate and the protection of the assets entrusted to its care.

The Board recognises governance and compliance as interconnected and acknowledges its responsibility for ensuring adherence to applicable laws and regulations. While governance establishes the organisation's approach to risk, ethics, and business practices, compliance ensures that employees and stakeholders align with established norms, laws, and regulations.

The Board, through the Audit Committee, the Risk Committee and various investment governance committees, considers compliance reports quarterly and other pertinent matters on an ad hoc basis.

The Compliance Function operates under a robust governance structure, reporting directly to the Board of Directors via the Audit Committee and administratively to the Chief Executive Officer. The division is led by the Head: Compliance, who ensures compliance initiatives are aligned with strategic objectives and regulatory requirements.



Approach to compliance at the PIC

The PIC's compliance framework is structured around four fundamental pillars: Regulatory Compliance, Legal Compliance, Mandate Compliance, and Anti-Money Laundering. These four pillars work cohesively to ensure the division meets its key objective of assisting the PIC in managing compliance risks and providing assurance to stakeholders that the PIC is aware of and takes steps to comply with applicable legislations, client mandates, policies, procedures and best practices relevant to the PIC.

REGULATORY COMPLIANCE



- Monitor and review the PIC's compliance with legislation, policies, and procedures and report findings to EXCO, Board and regulators (where applicable), including reporting irregularities.
- Track the progress of business units in addressing compliance findings previously identified and reported through compliance audit reports.
- Maintain and monitor compliance with the PIC's FAIS license conditions.
- Compile and submit regulatory reports to the FSCA, the SARB-PA and JSE.
- Perform daily pre- and post-trade monitoring of PIC holdings in listed equity stocks to ensure compliance with the rules that govern these stocks, such as the Companies Act (multiple of 5% rule), and ensure disclosure/reporting to regulators, investee companies and the market.
- Conduct daily monitoring of collective investment schemes funds against the Collective Investment Schemes Control Act and Regulation 28, and ensure disclosure/reporting to Stakeholders.

LEGAL COMPLIANCE



- Identify, review and maintain the PIC regulatory universe, including risk rating of applicable legislations in terms of their impact on PIC operations.
- Monitor and report on regulatory developments to business, Management and the Board, including an analysis of possible regulatory compliance threats/risks.
- Draft and maintain compliance risk management plans for legislation applicable to the PIC and assist in recommending the necessary control measures.
- Provide training and awareness to business on legislative and policies requirements.
- Develop, maintain and implement compliance policies and procedures.
- Provide compliance advice or guidance to business.

MANDATE COMPLIANCE



- Develop and maintain measures to comply with client mandate requirements.
- Monitor client mandate compliance daily to ensure that potential breaches are timeously detected and corrected by management.
- Prepare and present mandate compliance reports to committees and clients.
- Prepare AuM reports for submission to regulators, i.e. the SARB (Prudential Authority) and the FSCA.
- Manage the provision of daily and weekly positions to the portfolio managers to assist in investment decision-making.
- Guide, advise and support the business in implementing the client mandate requirements.

ANTI-MONEY LAUNDERING COMPLIANCE



- Perform and monitor the duties relating to Anti-Money Laundering (AML)/Combating the Financing of Terrorism/ Counter Proliferation Financing, as required by the FICA and related legislation.
- Assess FICA know your client documents for clients, investee companies and their beneficial owners, and issue FICA compliance certificates to clients/investee companies/ transactions that are compliant.
- Perform initial and ongoing risk-rating of clients and investee companies using the FICA risk rating matrices, to ensure continuous compliance with FICA.
- Identify, analyse and report suspicious and/or unusual transactions and terrorist properties to the Financial Intelligence Centre.
- Screen new and existing clients, investee companies and their beneficial owners against the United Nations Security Council list and related sanctions lists, and report any matches to the authorities as required by FICA.
- Review and maintain the Risk Management and Compliance Programme, including incorporating legislative changes, and provide guidance on implementation.

Compliance policies, procedures, and standards in place

The Compliance division has established a comprehensive suite of policies, procedures, and standards to guide compliance with regulatory obligations. These include, amongst others, the Compliance Charter and the Compliance Framework, which have been approved by the Board.

These policies are reviewed and updated regularly to reflect the internal context and address the changing external regulatory environment / emerging risks.

Overview of relevant laws, regulations, and standards affecting the PIC

The PIC maintains a regulatory universe that serves as a centralised repository of applicable regulatory requirements, to promote awareness and streamlined compliance risk management processes. This universe ranks legislation based on its impact on the business:

	Regulatory instrument	Description
1	Public Investment Corporation Act No. 23 of 2004	It establishes the PIC as a state-owned company and sets out the PIC's business objectives as well as its governance arrangements and reporting duties, its fiduciary duties towards clients and their beneficiaries
2	Companies Act No. 71 of 2008	It sets a governance framework of the PIC, including ownership, management and financial reporting.
3	Financial Advisory and Intermediary Services Act No. 37 of 2002	It sets the PIC's FSP licensing conditions, including governance measures, client relations and reporting duties, and its fiduciary duties towards clients.
4	Public Finance Management Act No. 1 of 1999	It mandates prudent financial management by organs of state, including sound governance practices, robust internal control measures and reporting duties.
5	Financial Intelligence Centre Act No. 1 of 2017	It requires financial institutions to implement measures to assist in preventing and combating money laundering, terrorism and proliferation financing activities, including a risk-based approach in managing business relationships and transactions with clients.
6	Financial Sector Regulation Act No. 9 of 2017	It sets the prudential and conduct regulation of financial institutions, as well as systemic regulation to enhance financial stability. It also sets the overarching regulatory framework for the financial sector, including a licensing framework, shareholding limits in financial institutions, and dispute resolution mechanisms.
7	Financial Markets Act No. 19 of 2012	It regulates financial markets, including the licensing and regulation of market infrastructures, control of securities trading and custody, and prevention of market abuse, to promote fair, efficient, and transparent markets.
8	Protection of Personal Information Act No. 4 of 2013	It requires businesses to handle personal information in a very responsible manner, by, among others, implementing measures to safeguard it and use it for relevant purposes.
9	Preferential Procurement Policy Framework Act No. 5 of 2000	It sets a public procurement framework in line with section 217(2) of the Constitution, with a duty to establish a preferential procurement policy with specific goals and preferential point scoring.
10	Employment Equity Act No. 55 of 1998	It promotes equity in the workplace by, among others, prescribing the advancement of historically disadvantaged people, equal opportunities and fair treatment in the workplace.
11	Income Tax Act No. 58 of 1962	It provides for the levying and payment of income tax. Other tax matters are dealt with in other tax laws.

Value-creating activities in financial year 2024/25

- Successful execution of the 2024-2025 Compliance Annual Plan approved by the Board.
- Mandatory compliance training in FAIS, FICA and FMA completed by all employees across all departments.
- Proactive monitoring of regulatory updates to ensure timely adoption of new laws and regulations.
- Implemented and digitised compliance risk management processes across business operations.
- Streamlined the process for the identification and monitoring of Politically Exposed Persons (and Prominent Influential Persons).
- In collaboration with the IT division, introduced a mandate compliance dashboard designed to support data-driven decisions and ensure adherence to portfolio mandates. This tool enhances the accuracy and efficiency of monitoring and reporting, bolstering our analytical capabilities.
- Automated the employee personal trading disclosure process, streamlining compliance and reducing the risk of insider trading and other market abuse practices. These advancements are integral to our commitment to operational excellence and robust governance.

Outlook

Anticipated regulatory changes and proactive steps we are taking to prepare for them

The Compliance division provides regular updates to management and the Board regarding the upcoming regulatory requirements to enable PIC to stay ahead of regulatory developments and maintain a proactive compliance posture.

Regulatory developments include the following:

- Companies Amendment Act 2024;
- Joint Standard: Cybersecurity and Cyber Resilience Requirements 2024;
- Joint Standard: Information Technology (IT) Governance and Risk Management 2023
- Climate Change Act 2024;
- Public Procurement Act 2024; and
- Employment Equity Amendment Act 2022.

Compliance monitors and interprets these evolving regulations to ensure timely updates to relevant policies and procedures.

In addition, the division continues to monitor and report to stakeholders, developments regarding the FATF grey-listing of South Africa as these have far-reaching implications for the country's economic reputation, access to global markets and the ability to attract investment.

Areas the PIC is working to improve

While the Compliance division has made significant strides this year, there are several areas where improvements are being made:

(i) Process efficiencies - specific focus on automating manual processes, thereby reducing human errors and streamlining processes.
(ii) Effectiveness of monitoring - expanding the scope of monitoring to include more real-time tracking of regulatory and mandate changes.
(iii) Employee engagement - enhancing accessibility of the Compliance division and compliance training to support greater engagement and entrench a culture of compliance across the PIC.

Engagements with Regulatory Bodies

The PIC continues to hold regular engagements with regulators as one of its key stakeholder groups. This helps in fostering transparent and open relationships.



- Strategic drive to enhance the efficiency, effectiveness, and reach of the compliance function in ensuring adherence to all relevant laws, regulations, client mandates, and internal policies.
- Leverage technology and automation to streamline processes to achieve operational efficiencies.

RISK COMMITTEE REPORT

The Risk Committee comprises four Independent Non-Executive Directors. The members of the Risk Committee meet the independence requirements of Section 94 of the Companies Act and of King IV™. Members have an appropriate mix of knowledge and experience to carry out their duties.



Ms Beverley Bouwer
Chairperson: Risk Committee

The Risk Committee Chairperson reports to the Board on the committee's activities and the matters discussed at each meeting, highlighting the status of the risk profile and any key items that the committee believes require action and providing recommendations for their resolution.

Purpose of the Risk Committee

The Risk Committee is independent and does not assume the functions of management. It supports the Board in discharging its duties. It also assists the Board in approving the PIC's Enterprise Risk Management Framework. Its duties include:

- Overseeing that management has identified and assessed all PIC risks and has established a risk management infrastructure capable of addressing them;
- Overseeing, with Board committees, strategic, operational, financial, credit, market, liquidity, cyber, information technology, regulatory, reputational and other emerging risks that may arise from time to time;
- Overseeing adherence to client mandates and regulatory requirements of the FAIS Act, the Financial Intelligence Centre Act, the Public Finance Management Act and the Financial Markets Act through management's quarterly reports; and
- Overseeing and reporting quarterly on the risk profile to the Board.

Each member's qualifications and experience are set out in their profiles on pages 22 to 28.



By overseeing and diligently monitoring the organisation's risk profile, the Risk Committee ensured that policies are sufficiently robust to identify and measure key risks.

Key focuses for the year ended 31 March 2025

During the year under review, the Risk Committee met quarterly. It considered the risk profile of the organisation and provided oversight of the PIC's risk appetite. In this regard, the Committee:

- Reviewed and recommended to the Board the Enterprise Risk Management Framework and the Risk Appetite Framework;
- Reviewed and recommended to the Board all risk management policies that were due for review during the past financial year and ensured that these were fit for purpose;
- Reviewed and recommended to the Board the newly developed Third-Party Risk Management Framework to ensure a structured approach in identifying and managing third-party risks. The Third-Party Risk Management Framework was approved by the Board at its sitting in November 2024;
- Reviewed the top and emerging risks and ensured that mitigants are appropriate;
- Monitored the risk appetite quarterly to ensure that the Risk Appetite Framework guides all assumed risks;
- Considered the Market/Financial Risk, Liquidity Risk, Concentration of Risk, Portfolio and Attribution, and Operational Risk reports quarterly;
- Assessed and monitored impairments of AuM;
- Reviewed mandate compliance quarterly to ensure that PIC transactions adhere to approved client mandates;
- Considered legal risk and received reports from the Investment and Corporate Legal departments;
- Received and considered reports providing insight into the reputational risk of the PIC;
- Considered and approved the Chief Risk Officer's Balanced Scorecard; and
- Reviewed the effectiveness of PIC internal controls and risk management processes, including the robustness of processes, systems and the control environment.

Conclusion

By overseeing and diligently monitoring the organisation's risk profile, the Risk Committee ensured that policies are sufficiently robust to identify and measure key risks. The PIC has set the tone at the top and fostered a risk-aware culture that encourages transparent risk-taking and maintains a balanced risk appetite.

The Risk Committee is confident that it has satisfactorily discharged the roles and responsibilities of its terms of reference. I thank members for their dedication and contribution during the year under review.

BE Bouwer

Ms Beverley Bouwer
CHAIRPERSON: RISK COMMITTEE

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The Social, Ethics and Transformation Committee (SETCO) is pleased to present its report for the financial year ended 31 March 2025. The SETCO is a statutory committee under sections 72(4) to (10), read with Regulation 43, of the Companies Act No. 71 of 2008.



Ms Barbara Watson
Chairperson: SETCO

The recent amendments to the Companies Act, which underscore the enhanced importance of ethical conduct, social responsibility, and stakeholder engagement, necessitate SETCO's crucial governance role to ensure the PIC's adherence to superior ethical standards, its positive societal contribution, and fostering meaningful transformation. The Committee's functions are outlined in its Board-approved terms of reference.

During the period under review, the SETCO reviewed its terms of reference to align it with the amended Companies Act No. 71 of 2008 and approved the revised workplan.

Each member's qualifications and experience are set out in their profiles on pages 22 to 28. Refer to page 210 for further details on the composition of the committee and a summary of meeting attendance.

The SETCO is tasked by the Board with the responsibility of monitoring and reviewing the PIC governance documents and policies concerning ethics, social development, responsible corporate citizenship, sustainable development, stakeholder relationships, and transformation, as well as safety, security, health, environmental, social, labour and employment practices. In addition, it oversees ethics and reputational risks referred by Board committees, such as those responsible for investment, human resources, internal audit and risk. These committees provide reports to the SETCO to enable monitoring of the PIC's ethics-related activities and reputational risks.

During the year under review, the SETCO actively monitored the PIC's adherence to relevant legislation and best practices, including the UNGC, the OECD recommendations on anti-corruption, the Employment Equity Act, and the Broad-Based Black Economic Empowerment Act. Through regular engagements with management and robust review processes, the committee ensured that the PIC remains a responsible corporate citizen, committed to creating long-term value for its clients and that it positively contributes to South African society.

The SETCO's oversight and monitoring function ensures transparency, accountability and integrity in all investment decisions and interactions with PIC stakeholders, as well as the daily operations of the PIC.

The SETCO exercises oversight and monitors performance against the measures and targets agreed with PIC Management in all of the following areas: Workplace (including employment equity; fair remuneration; and the safety, health, dignity and development of employees.

Key focus areas for financial year 2024/2025

Ethics review

The SETCO provides ongoing oversight of the management of ethics within the PIC, monitoring activities related to ethics and ensuring its integration into operations. The PIC Code of Ethics continues to guide the PIC in maintaining the highest standards of ethical behaviour, upholding ethical standards in all activities and complying with applicable laws. Drawing valuable lessons from the Mpati Commission of Inquiry, the PIC continues to strengthen its ethical framework and governance structures, actively implementing measures to enhance accountability and transparency across the organisation. The PIC is committed to embedding enduring safeguards. A key focus for the SETCO during the year under review was enhancing an ethical culture within PIC business practices. Accordingly, this report provides further details on the Committee's activities and performance in addressing these concerns.

The Ethics office successfully implemented 16 of the 17 interventions from the 2019 - 2024 Ethics Strategy and Management Plan by 30 June 2024. The outstanding intervention relates to the recognition and reward that form a part of the PIC revitalisation programme.

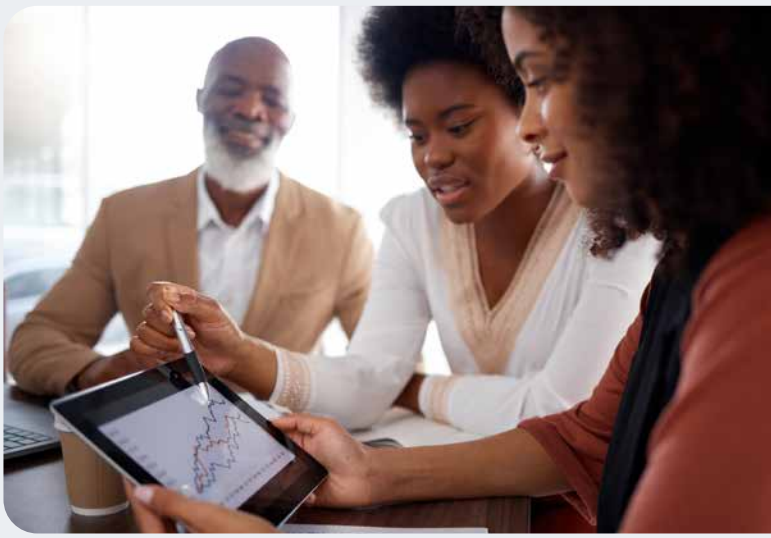
Following an ethics risk assessment conducted between July and December 2023, a new Ethics Strategy and Management Plan (2024 – 2027) was developed and recommended by EXCO and the SETCO, and subsequently was approved by the Board in December 2024.

The new Ethics Strategy and Management Plan was communicated to all PIC employees. Their feedback was solicited during a town hall session facilitated by the Ethics Office and hosted by the CEO. The plan includes 14 interventions, of which three (21%) were implemented in the last quarter of the year under review, ahead of expectations. Implementation of the remaining interventions is expected in the first half of the current year.

Ethics and Reputational Risk Assessment in Investment Opportunities

To proactively address ethical and reputational risks, the Investment Committee decided to involve the Ethics Office earlier in its evaluation of investment opportunities.

In May 2024, the Investment Committee pivoted its process by integrating the assessment of ethics and reputational risk as it relates to investment opportunities. This proactive approach increased referrals of high-reputational-risk investments to the SETCO. For the year under review, the Ethics Office undertook 45 investment assessments, identifying seven as high risk. The PIC's internal policy and processes dictate that risks exceeding a defined threshold are referred to the SETCO. The Committee then evaluates these cases, with the authority to endorse the proposed position, recommend approval with mitigations, or advise declining a transaction, based on elevated reputational risks. During the year under review, the SETCO recommended rejecting one of the seven high-risk transactions. The remaining six were deemed manageable and were recommended for approval, contingent on implementing additional mitigation actions to address potential ethical and reputational risks.



The SETCO's oversight and monitoring function ensures transparency, accountability and integrity in all investment decisions and interactions with PIC stakeholders, as well as the daily operations of the PIC.

Policy review

To ensure ongoing compliance and best practice, the PIC policies undergo continuous monitoring and review to align these with the current legislative amendments. The Ethics Office reviews and amends relevant policies and processes and submits these to the SETCO for review. During the year under review, the SETCO reviewed and recommended for approval, the implementation of Anti-bribery and Anti-Corruption actions, to align with the Prevention and Combating of Corrupt Activities Act 12 of 2004, in particular section 34(a).

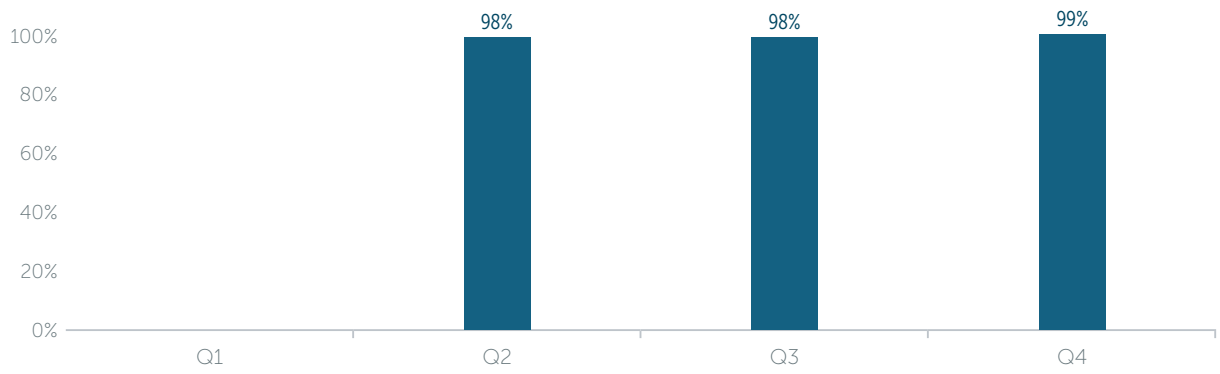
The following policies, processes and guidelines were reviewed and recommended for approval by SETCO:

- Anti-Bribery and Corruption Policy and Procedures.
- Whistleblower Policy.
- Code of Ethics.
- Ethical Conduct Guideline for Associated Parties.
- Process for Referrals of Ethics and Reputational Risks Identified in Investments.
- Stakeholder Management Framework.

Ethical conduct

- The annual ethics training was implemented in December 2024, achieving a 100% completion rate.
- 55 gifts were declared, 48 were approved, and 7 were rejected.
- The annual conflicts of interest declarations were rolled out on 22 July 2024, and the completion rate for the year ended 31 March 2025 is at an impressive 99%.

ANNUAL DECLARATION OF INTEREST TRACKER



The PIC maintained its commitment to employee growth and skills enhancement, investing over R18 million in skills development initiatives during the period under review.

Ethical Reporting Channels

The three Ethics reporting channels recorded 35 allegations of unethical and questionable behaviour. Out of the 35 incidents reported, one was concluded and closed; the others are still in progress. The breakdown of the reported allegations is as follows:

NUMBER OF ALLEGATIONS REPORTED



- 3% — 1 — Conflicts of interest
- 26% — 9 — Fraud and corruption
- 8% — 3 — Non-compliance with policies and processes
- 6% — 2 — Recruitment irregularities
- 46% — 16 — Unethical business practices
- 11% — 4 — Uncategorised

Human capital review

From SETCO's vantage point, the development and empowerment of human capital are integral to the PIC's long-term success and its broader societal impact. Recognising the dynamic nature of the asset management and investment sector, the SETCO actively oversees initiatives focused on fostering a diverse, skilled, and adaptable workforce. While acknowledging the existing programmes in employee training, graduate development, and youth bursaries, this section underscores the SETCO's commitment to the continuous enhancement of these efforts to ensure the PIC remains at the forefront of talent development and inclusive opportunities.

At the end of the year under review, the PIC's total headcount stood at 443 employees, reflecting an increase from the previous count of 393. This growth includes the intake of thirty graduates recruited during this period. The demographic profile of the workforce highlights a significant African majority at 86.23%, followed by White employees at 5.64%, Indian employees at 4.29%, and Coloured employees at 3.84%. Gender representation indicates a workforce composed of 55% women and 45% men. Furthermore, the representation of people with disabilities within the workforce is currently 2.5%.

The PIC maintained its commitment to employee growth and skills enhancement, investing over R18 million in skills development initiatives during the period under review. This investment facilitated various learning interventions aimed at keeping employees abreast of developments within the asset management and investment sector, encompassing direct employee training, graduate development, and bursaries extended to unemployed youth. During the quarter ending December 2024, 233 employees, which constitutes 49.67% of the total workforce, engaged in various training interventions.

A cornerstone of the PIC's talent development effort is the flagship graduate programme, PICeeds, which has consistently proven successful. This two-year programme focuses on equipping tertiary graduates with the necessary skills to establish a robust talent pipeline of Asset Management and Investment professionals for various departments within the PIC. Reflecting its ongoing success and contribution to talent acquisition, the programme recruited a total of 30 graduates during the period under review.

Safety, Health and Environmental (SHE) review

The SETCO's oversight responsibilities include monitoring the SHE framework, which it considers integral to the PIC's operational integrity and stakeholder well-being. The SETCO maintains a focus on the continuous need to strengthen a proactive safety culture and minimise operational risks.

The PIC's SHE Policy is designed to foster a strong safety, health, and environmental culture to mitigate work-related accidents and illnesses. The SHE Office oversees compliance to ensure the PIC's business operations protect the well-being of personnel, safeguard property, and minimise environmental impact.

The SHE Office identifies, manages and monitors risks, reporting to the SETCO quarterly. During the year under review, the office ensured that all fire equipment was regularly serviced, as per the annual service plan and conducted training for existing and new staff to reinforce the importance of a safe working environment.

Constituted in terms of the Occupational Health and Safety Act (OHSA), the PIC's SHE Committee ensures the initiation, promotion, maintenance, and review of measures safeguarding the health and safety of PIC employees. The SHE Committee assists executive management in recognising employee and public safety, health and environmental consequences, including mitigation strategies. The SHE Committee has an independent role and does not assume the operational functions of PIC management.

During the period under review, there was one injury on duty, which was reported to the SETCO and other relevant Board committees to ensure accountability and implementation of lessons learned. In addition, the injury on duty was reported to the relevant government departments as per the legislation.

To improve SHE awareness, the SHE Office conducted training for managers, existing and new staff during the year to ensure that all staff understand the importance of a safe working environment.

CSI review

A robust CSI programme is integral to the PIC's ethical and societal mandate, aligning with national and global development goals. The SETCO emphasises the continuous need to optimise impact in empowering marginalised groups and building societal resilience.

The PIC integrates CSI into its core mandate, ensuring alignment with the NDP and the United Nations SDGs. By directing 1% of net profit after tax toward transformative initiatives, the PIC fosters inclusive growth and long-term societal resilience.

The CSI programme focuses on key areas such as education, socio-economic development, agriculture, and environmental sustainability. A core priority is empowering marginalised groups, particularly women, the youth, and persons with disabilities, to foster inclusive growth.

Collaboration is central to the PIC's approach. The PIC actively engages with:

- Non-profit and public benefit organisations (NPOs/PBOs);
- Non-governmental organisations (NGOs); and
- Government and community stakeholders.

Through these partnerships, the PIC ensures that funding delivers measurable, scalable impact, particularly in underserved communities.

The PIC remains steadfast in its mission to bridge societal gaps through responsible investment, targeted programs, and empowerment initiatives. By addressing systemic challenges, the PIC not only transforms lives but also strengthens South Africa's sustainable development trajectory.

For detailed insights into the PIC's CSI projects, refer to pages 173 - 185 of this report.

Transformation review

Acknowledging its ongoing oversight of transformation as a pillar of the PIC's strategic objectives, the SETCO plays a vital role in guiding and monitoring the implementation of the Transformation Charter. While recognising the foundational principles and implementation plans established, the SETCO remains committed to continuous evaluation and improvement in driving meaningful transformation across the PIC's investment activities and portfolio companies. The following section outlines the key tenets of the Transformation Charter and the progress monitored by the SETCO to foster a more inclusive and equitable economy.

The PIC's Transformation Charter, approved by the SETCO and the Board in August 2022, outlines the guiding principles for advancing transformation through investment activities. The Transformation Implementation Plan, detailing business unit activities and alignment to charter principles, was also approved. The SETCO monitors the progress of these initiatives quarterly. The PIC prioritises transformation objectives in its engagements with portfolio investee companies.

The Transformation Charter guides the PIC in promoting socio-economic development, sustainable economic growth, productive employment, and reduction of poverty and inequality, while generating sustainable financial returns for its clients. Investments must advance economic transformation and contribute to building an inclusive economy. Investee companies are expected to understand the PIC's investment approach and commitment to diverse racial and gender representation at the highest leadership

levels. Their business operations, including procurement spend, and employment statistics, should demonstrate a commitment to creating entrepreneurial opportunities for women, the youth, and people with disabilities.

The Charter aims to advance the PIC's transformation agenda among investee companies and stakeholders, promoting gender equality, the youth, people with disabilities, and women's empowerment under the Employment Equity Act, the B-BBEE Act, and the Codes of Good Practice.

In line with the Transformation Charter, the PIC encourages Board compositions to be 50% gender diverse, fostering the inclusion of women in corporate decision-making. Diversity enhances Board effectiveness and is a sign of an effective nomination process. Boards with less than 50% representation of either gender should set targets for gender diversity and report on progress. Diversity brings additional perspectives and improves decision-making quality.

The PIC encourages equal gender representation in all Board committees. The PIC encourages the top management of investee companies to be 50% gender diverse, with at least 30% of women being historically disadvantaged individuals.

The PIC advocates for Board and top management compositions to be at least 50% racially representative, comprising historically disadvantaged individuals. Boards reflecting societal diversity enjoy greater legitimacy among stakeholders. Boards should set targets for racial diversity and report on progress. The PIC further encourages the inclusion of people with disabilities and youth in Board compositions where candidates are suitably qualified.



Accelerating impact in financial year 2025/26

- Continue monitoring the implementation of the Ethics Strategy and Management Plan.
- Finalise the implementation of the interventions of the Anti-Bribery and Corruption (ABC) Procedures Implementation Plan to ensure alignment with the Prevention and Combatting of Corrupt Activities Act 12 of 2004, in particular section 34(a).
- With the new demands and requirements for the Ethics Office to be involved in the Investment Process, ensure the capacitation of the Ethics Office and automation of ethics processes to optimise efficiencies.
- The SETCO will accelerate impact by ensuring that the untransformed and poorly transformed investees set targets and timelines for progress, which will be actively monitored and reported to the PIC.

Conclusion

Throughout the year, the SETCO's proactive oversight and strategic monitoring significantly contributed to the PIC's success in advancing social development and transformation. The SETCO plays a crucial role in reinforcing ethical standards, maintaining good stakeholder relationships, and embedding responsible ESG principles, which together strengthen the PIC's commitment to sustainable and equitable growth.

I thank the Board and SETCO members for their efforts and meaningful contributions throughout the year, which have enabled SETCO to discharge the duties set out in its terms of reference. I also acknowledge the role of the Ethics Office, management and staff in enabling the PIC to do justice to its position as one of Africa's largest asset managers.

Ms Barbara Watson
CHAIRPERSON: SETCO

PART NINE

ANNEXURES TO THE REPORT



The PIC operates under a crucial dual mandate, requiring it to both generate competitive financial returns for its clients, primarily government employees' pension and social security funds, and to contribute significantly to South Africa's socio-economic development and transformation.

ACRONYMS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
AuM	Assets under management
AIPF	Associated Institutions Pension Fund
B-BBEE	Broad-Based Black Economic Empowerment
CBAM	Carbon Border Adjustment Mechanism
CEO	Chief Executive Officer
CRISA	Code for Responsible Investing SA 2
CC	Compensation Commissioner Fund
CP	Compensation Commissioner Pension Fund
CPI	Consumer Price Index
CSI	Corporate Social Investment
DAV	Digital Africa Ventures Fund Managers
DAC	Directors' Affairs Committee
DoA	Delegation of Authority
ECD	Early Childhood Development
ERMF	Enterprise Risk Management Framework
EXCO	Executive management
FNO	Fibre network operators
FAIS Act	Financial Advisory and Intermediary Services Act
FICA	Financial Intelligence Centre Act
FSCA	Financial Services Conduct Authority
FSP	Financial services provider
GEPF	Government Employees Pension Fund
GNU	Government of National Unity
HRRC	Human Resources and Remuneration Committee
ICTGC	Information Communication and Technology Governance Committee IoDSA
IoDSA	Institute of Directors South Africa
IAR	Integrated Annual Report
ISSB	International Sustainability Standards Board
IFRS S2	International Financial Reporting Standards (IFRS) S2 Climate-related disclosures standard
TCFD	Task Force on Climate-related Financial Disclosures
ISP	Internet service provider
IC	Investment Committee
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
Mamor	Mamor Capital Ventures
NHI	National Health Insurance
PADIF	Pan African Infrastructure Development Fund
PCAF	Partnership for Carbon Accounting Financials
PES	PIC Early-Stage
PRI	Principles for Responsible Investment
PMFA	Public Finance Management Act, 1 of 1999, as amended
PIC Act	Public Investment Corporation Act, 23 of 2004, as amended
PIC	Public Investment Corporation SOC Limited
SETCO	Social, Ethics and Transformation Committee
SAGB	South African Government Bonds
SARB	South African Reserve Bank
SDG	United Nations Sustainable Development Goals
UIF	Unemployment Insurance Fund
UNGC	United Nations Global Compact

GENERAL INFORMATION

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Asset Management

Directors
Dr David Masondo
(Chairperson) (Non-Executive Director)

Ms Ntombifuthi Mtoba
(Deputy Chairperson) (Non-Executive Director)

Mr Patrick Dlamini
(Chief Executive Officer) (Executive Director)

Mr Kabelo Rikhotso
(Chief Investment Officer) (Executive Director)

Ms Batandwa Damoyi
(Chief Financial Officer) (Executive Director)

Ms Barbara Watson
(Non-Executive Director)

Ms Beverley Bouwer
(Non-Executive Director)

Prof Bonke Dumisa
(Non-Executive Director)

Dr Lufuno Mulaudzi
(Non-Executive Director)

Dr Mugwena Maluleke
(Non-Executive Director)

Ms Tryphosa Ramano
(Non-Executive Director)

Mr Walter Hlaise
(Non-Executive Director)

Registered office and business address
Menlyn Maine Central Square
Corner Aramist Avenue and Corobay Avenue
Waterkloof Glen Extension 2
Pretoria
0181

Postal address
Private Bag X187
Pretoria
South Africa
0001

Holding and ultimate holding company
Public Investment Corporation SOC Limited, incorporated in the Republic of South Africa

Auditors
Auditor-General of South Africa

Company Secretary
Ms Bongani Maserumule

Company registration number
2005/009094/30

Company Annual Financial Statements
The Company's Annual Financial Statements were prepared under the supervision of the Company's CFO, Ms Batandwa Damoyi.

Address of Company Secretary
Menlyn Maine Central Square
Corner Aramist Avenue and Corobay Avenue
Waterkloof Glen Extension 2
Pretoria
0181

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Directors: Dr David Masondo (Chairperson), Ms Futhi Mtoba (Deputy Chairperson) | Ms Beverley Bouwer, Prof Bonke Dumisa, Mr Walter Hlaise, Dr Mugwena Maluleke, Dr Lufuno Mulaudzi, Ms Tryphosa Ramano, Ms Barbara Watson | Mr Patrick Dlamini (Chief Executive Officer), Mr Kabelo Rikhotso (Chief Investment Officer) | Company Secretary: Ms Bongani Maserumule.

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NOTES


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