



Alexander Forbes Retirement Fund

Integrated annual report

for the year ended 31 March 2025

Contents

03 About this report

05 2025 Snapshot

05 Highlights

07 Leadership messages

08 Message from the Chair of the Board of Trustees

09 Message from the Principal Officer

11 About the Fund

11 Overview

17 Operating model

21 Regulatory environment

23 Stakeholder engagement

27 How the Fund creates value

27 The Retirement Fund of the Future™

31 Material matters

35 Risk

39 Governance

43 Our Board of Trustees

49 Oversight of Fund management

51 Our investment objectives and underpinning principles

55 Fund performance and responsible investing

55 Fund performance

57 Responsible investing

69 Member impact

69 Insights driving member impact

73 Member engagement

81 Supplementary information

82 Summarised annual financial statements

85 King IV™ application register

91 Glossary and contact information

91 Glossary

93 Fund administration and contact information

Navigating our interactive report

Navigation tools at the top right of each page and within the report:

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About this report

The Board of Trustees of the Alexander Forbes Retirement Fund ('the Fund' or 'AFRF', also 'we' and 'our') is delighted to publish our third integrated annual report ('the report' or 'IAR'). **This report outlines the value the Fund has created for its members and stakeholders through sound operating principles.**

Scope and boundary

This report covers all the structures and operations of the Fund for the period from 1 April 2024 to 31 March 2025 and includes information about its strategic goals, operational background, material matters, risks, opportunities, performance and governance. We have endeavoured to provide concise and transparent commentary on the progress the Fund has made during the year. Any material events that occurred after this date and up to the Board's approval of the IAR on 3 December 2025 are included.

The Fund applies the principles of stakeholder inclusiveness and materiality to inform its approach to reporting. We endeavour to comply with the principles of accuracy, balance, clarity, comparability, completeness and reliability to select the information that is included in this report.

Reporting frameworks

The AFRF takes direction on reporting from the applicable regulatory requirements and best practice guidance.

Our regulatory context includes the following:

- Pension Funds Act and related regulations
- Financial Sector Regulation Act
- Income Tax Act

Circular PF130 issued by the then FSB, now the Financial Sector Conduct Authority (FSCA), updated to incorporate and embed the Treating Customers Fairly principles

- Guidance Note 1 of 2019 on sustainability of investments and assets (issued under Regulation 28 of the Pension Funds Act)
- Promotion of Access to Information Act
- FSCA surveys and requests for information

We apply the principles of the King IV Code™ of Corporate Governance and the sector supplement for retirement funds.

We have reviewed the following voluntary codes and frameworks to incorporate best practices and strengthen our governance and reporting, with certain components being aligned with this report and others evaluated for potential use in future reports:

- The International Integrated Reporting Framework (the <IR> Framework), January 2021
- The Principles for Responsible Investment (PRI)
- Code for Responsible Investing in South Africa (CRISA 2), 2022
- The United Nations Sustainable Development Goals (SDGs)
- The Johannesburg Stock Exchange (JSE) Sustainability Disclosure Guidance, June 2022
- The JSE Climate Change Disclosure Guidance, June 2022

Materiality

The identification of material matters is informed by the guiding principles of the <IR> Framework. This allows us to provide an account of how the Fund preserves and creates value in the short, medium and long term. Materiality considers the legitimate priorities and concerns of our stakeholders as they relate to our long-term sustainability and strategic objectives. Material matters are informed by trends and key developments in our external operating environment, the Fund's strategic objectives and our risk landscape. These topics are assessed and then ranked in terms of their likelihood of occurrence and potential impact on the Fund's ability to preserve and create value.

Forward-looking statements

This report contains certain unaudited forward-looking statements and targets. These, by their nature, involve risk and uncertainty as they relate to future events and may be influenced by factors outside of the Fund's control. There are various factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. The Fund cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The AFRF disclaims any intention and assumes no responsibility or obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason.

Data and metrics

The quantitative data and metrics in this report have been internally verified and are accurate for the period to 31 March 2025 unless an alternative timeframe is given. Comparative data for 2024 is also provided where possible and indicated next to each data point. Where we rely on our members to provide demographic data – for example, gender and age – the data reported on may be incomplete. We endeavour to collect and safely manage as much relevant data from our members as possible and report on this as appropriate. We are constantly working to improve the ways in which we report on data and metrics.

Trustee approval and assurance

The Board of Trustees confirms that the Fund continues to comply with the primary legislations governing its establishment and operation. Our attestation is informed by an annual internal compliance review, the external audit of the annual financial statements by Deloitte & Touche South Africa (Deloitte), and ongoing second- and third-line assurance activities.

In the Board's opinion, this report provides a fair and balanced account of the Fund's performance on those material matters which we have assessed as having a bearing on our capacity to create and sustain value. Although we believe this report has been prepared in accordance with the Integrated Reporting Framework, as updated in January 2021, we undertake to continually mature our level of integrated reporting over time.

The Board of Trustees applied its collective mind to the IAR and is comfortable that external assurance on the accuracy of non-financial information is not necessary at present. Our Financial Sector Transformation Council (FSTC) Level 4 rating, based on the financial statement information as at 31 March 2025, was independently verified by Diversifi and submitted to the FSTC in October 2025.

Deloitte audited our annual financial statements as at 31 March 2025 and have expressed an unmodified/unqualified opinion on them. This report was approved by the Board of Trustees on 3 December 2025 and signed on its behalf by:

John Liackman
Chair



2025 Snapshot

Highlights

As at 31 March 2025

Registered participating employers
1 518
(2024: 1 520)

Average replacement ratio of retirees
25%
(2024: 24%)

Active members
370 000
(2024: 339 643)

Average exit rate
13.60%
(2024: 20.7%)

Total assets under management
R142 billion
(2024: R120 billion)

Average preservation rate
21.25%
(2024: 21%)

Total benefits paid out to members
R16.5 billion
(2024: R12.8 billion)

Financial inclusion

Retirement longevity differentiator
Our members have pensions that last **4 years longer** than the average retail living annuity, providing additional years of income in retirement

Because of the AFRF umbrella or group scheme, members have an estimated **R130 billion** (2024: R112 billion) **more savings** than if they did so on their own.

Estimated **tax savings** using the AFRF umbrella or group retirement scheme: **R2.79 billion** per year (2024: R2.4 billion).

Estimated **fee savings** for a member using the AFRF umbrella or group retirement scheme: **R2.10 billion** per year (2024: R1.8 billion).

345 333 individuals with easier access to financial advice through various channels under group arrangements (2024: 317 336).

Member engagement

Counselled **9 833** members (2024: 6 810) through our enhanced retirement benefit counselling (eRBC). Of these, **94%** reported understanding their benefits (2024: 94%) while **94%** felt more confident about making decisions (2024: 94%).

We provided information on financial services to: **20 267** (2024: 5 962) individuals, including pre-retirement sessions and financial wellbeing days.

AF Rewards
Over **R26.8 million** in savings to members (2024: R16.7 million).





Leadership messages

Message from the Chair of the Board of Trustees



John Liackman

On behalf of the Board of Trustees, it is my privilege to present the integrated annual report for the Alexander Forbes Retirement Fund (AFRF). As we reflect on the past year, we do so with a sense of responsibility and optimism. The AFRF continues to navigate ever evolving geopolitical, economic, social, and environmental complexities, with foresight and a deep commitment to both the resilience of the Fund and to our members.

This report presents key reflections on the Fund's performance, strategic direction, and the values that continue to guide our journey.

Our strategic vision

The AFRF remains committed to long-term value creation, underpinned by robust governance, a diversified investment strategy, and continued commitment to sustainability. We continue to prioritise diversification in our approach to investing; a strategy that has enabled the Fund to weather market volatility and deliver stable outcomes for our members. While no major strategic shifts were made during the reporting period, the Fund maintained active oversight of global developments-including macroeconomic trends, which continue to shape our strategic positioning and inform decision making.

We continue to deepen our focus on sustainability and ESG integration, not as a short-term initiative, but as a long-term strategic commitment to positioning the Fund as the embodiment of a sustainable Retirement Fund of the Future™. The Fund's influence in the market, through our investment managers, allows us to drive meaningful change in environmental, social, and governance practices. We are proud of the strides that the Fund has made in this area and we remain committed to continuous improvement.

Global and local market dynamics

The past year has been marked by significant geopolitical and economic shifts, both locally and globally. Despite heightened uncertainty and risk, the Fund has demonstrated resilience and agility. Encouragingly, asset classes performed well, and funding levels improved, enabling trustees to enhance member benefits with even greater confidence.

During the reporting period, the implementation of the two-pot retirement system was a key regulatory milestone. While initially a source of uncertainty, the Fund's proactive planning and collaboration with its appointed administrator ensured a smooth transition, ensuring that member needs were met without compromising long-term sustainability. This experience underscores the Fund's ability to navigate complex regulatory changes while safeguarding member interests.

Cybersecurity has been identified as a material and evolving risk which impacts all organisations, including retirement funds. In response, the Fund has proactively strengthened its cybersecurity oversight through the Audit and Risk Management subcommittee, and enhanced collaboration with our appointed service providers to ensure robust systems and regulatory compliance in alignment with the Joint Standard on Cybersecurity and Cyber Resilience.

Embedding sustainable practices

During the reporting period, a key priority for the Fund has been the deepening of our commitment to sustainability. We have made meaningful progress in embedding environmental, social, and governance considerations into our strategy, oversight practices and our investment decisions. The Fund's engagement with its multimanager is increasingly influencing underlying asset managers to align with our sustainability objectives, recognising that responsible investing is not only a moral imperative but also a strategic one.

Transformation

Transformation is a critical part of the Fund's strategy. We recognise the importance of inclusive representation and succession planning within the Fund's governance structures. The introduction of alternate trustees has created pathways for emerging talent to gain experience and contribute meaningfully. This approach ensures continuity, diversity, and the development of future leaders.

The Fund is also committed to transformation within the broader investment industry. Through incubation programs and proactive engagement via our appointed multimanager, we are fostering the growth of emerging and diverse investment managers. Whilst there remains room for improvement, we are encouraged by the progress and talent emerging across the industry.

Transformation is a journey that we are committed to doing right, in a thoughtful and strategic manner that will ensure lasting impact for the Fund, our members and the wider industry.

Remaining member-centric

Trust is the foundation of our relationship with members and participating employers. Our members remain at the heart of everything we do. Recognising the financial literacy gaps in South Africa, we have implemented targeted education and engagement initiatives to empower members with the knowledge needed to make informed financial decisions. Through transparent communication and ongoing support, we are committed to building trust and promoting long-term financial wellbeing. Appropriate and transparent communication is essential to ensuring that retirement benefits are understood by both participating employers and fund members. With this in mind, we continue to offer enhanced retirement benefits counselling and other member communication and engagement avenues.

Closing

As we look ahead, our focus remains clear, to deliver sustainable value, foster inclusive transformation, and protect the long-term interests of our members. The AFRF is well-positioned to embrace the opportunities and challenges of the future, guided by strong governance, strategic foresight, and a deep commitment to responsible stewardship. On behalf of the Board of Trustees, I thank our members, participating employers, service providers, and other stakeholders for their continued trust and support.

John Liackman

Chair, Alexander Forbes Retirement Fund

Message from the Principal Officer



Nomonde Zwane

As we reflect on the past financial year, the AFRF continues to demonstrate resilience, innovation, and purpose in navigating a complex operating environment. Our commitment to responsible stewardship, member-centric governance, and sustainable growth remains unwavering. This integrated report outlines our strategic direction and the values that guide our decisions, all anchored in our fiduciary duty to serve our members with integrity and foresight.

Navigating the evolving regulatory and economic landscape

The regulatory and economic environment has presented both challenges and opportunities. Locally, the implementation of the two-pot system required operational adaptation, while globally, geopolitical shifts demanded strategic clarity.

We responded with agility, leveraging our centralised risk management framework and regulatory matrix to monitor, assess, and act on emerging risks. The Joint Standard on Cybersecurity and Cyber Resilience issued under the Financial Sector Regulation Act, came into effect on 1 June 2025. In response, the Audit and Risk Management sub-committee was tasked with setting out a cybersecurity roadmap for the Fund, which includes the development of an asset register and compliance roadmap reflecting our proactive stance on digital resilience and member protection.

Responsible investing

Responsible investing is deeply embedded in our governance and decision-making processes. The establishment of a dedicated Sustainability and Transformation Sub-committee reflects our commitment to ESG integration at the highest level.

We remain committed to responsible investment principles. The Fund relies on its appointed multimanager to integrate ESG considerations into investment decisions, in line with our policies; and to assess and integrate critical issues such as climate risk, transformation, and diversity and inclusion. Engagement, rather than divestment, remains our preferred strategy as we work collaboratively to drive meaningful change.

During the year, the Fund has utilised specialised tools (such as the Alexforbes Paragon Impact SDG grading) which has enabled us to assess and track our impact across our investment portfolios.

Transformation

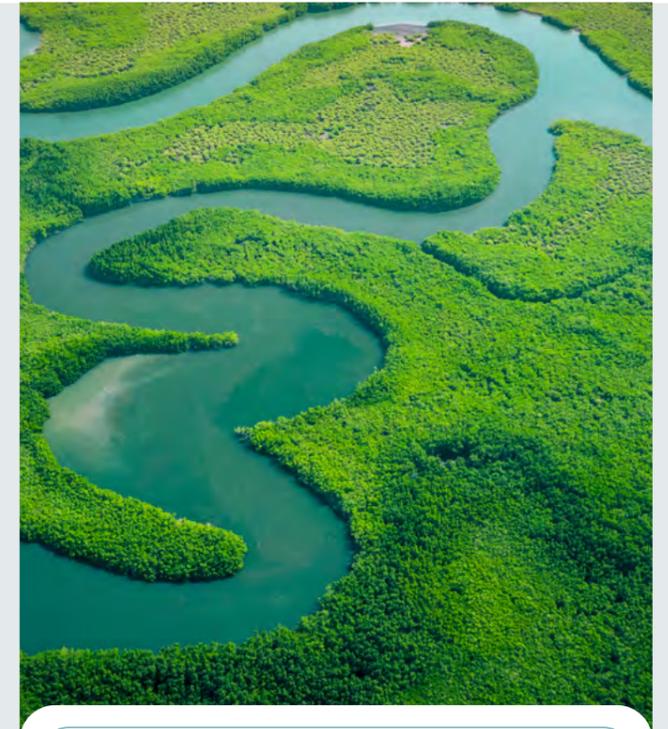
As a retirement fund, we believe that transformation is not only a compliance exercise; it is a strategic imperative. Over the past three years, we have made deliberate progress in enhancing board diversity and succession planning through our alternate trustee program. This approach balances developmental impact with the need for diversity across a spectrum of factors, including technical expertise, experience, qualifications, age, gender and race. Our approach enables enhanced governance, oversight and decision-making as a consequence of integrating diverse perspectives.

We remain committed to transformation across our investment value chain, acknowledging structural challenges within the industry, whilst maintaining directional progress. Our voluntary submissions to the Financial Sector Transformation Council (FSTC) reflect our dedication to transformation, transparency and real-world impact.

The Fund will continue the execution of its transformation strategy, but not at the expense of member outcomes or governance integrity.

Member Impact

Our members and participating employers are at the heart of our strategy. We continue to prioritise member engagement, risk-aligned portfolio offerings, and clear communication. Our governance structures and oversight processes ensure that members' assets are safeguarded, and their experience remains positive and empowering.



Closing

As we look ahead, the AFRF remains committed to navigating change with purpose, integrity, and resilience. Our strategic priorities are clear, to lead in sustainability, deepen transformation, strengthen governance, and deliver meaningful retirement outcomes for our members. We thank our stakeholders for their continued trust and partnership, and we look forward to building a future that reflects our shared values and aspirations.

Nomonde Zwane

Principal Officer, Alexander Forbes Retirement Fund



About the Fund

Overview

The AFRF is a **South African retirement fund established in 1997**

Since its inception, the AFRF has grown into one of the **largest umbrella funds in South Africa**

How the Fund works

A commercial umbrella fund is set up by a financial services company, which a number of unrelated employers choose to join. This is cost-effective as the employer groups share the fund expenses.

Members join the Fund when their employer decides to contribute to this Fund to provide employee benefits to their staff and support them in saving for retirement. The Fund receives contributions from both employees and employers, and the funds are managed and invested on behalf of the members with the aim of generating investment returns over time.

Retirement savings are made up of:



On retirement, members will likely use their retirement savings to set up a regular income. The income - which members will receive - depends on how much they have saved before retiring, any investment growth on their savings, and how much a retirement income costs at the time they convert retirement savings into a regular income.

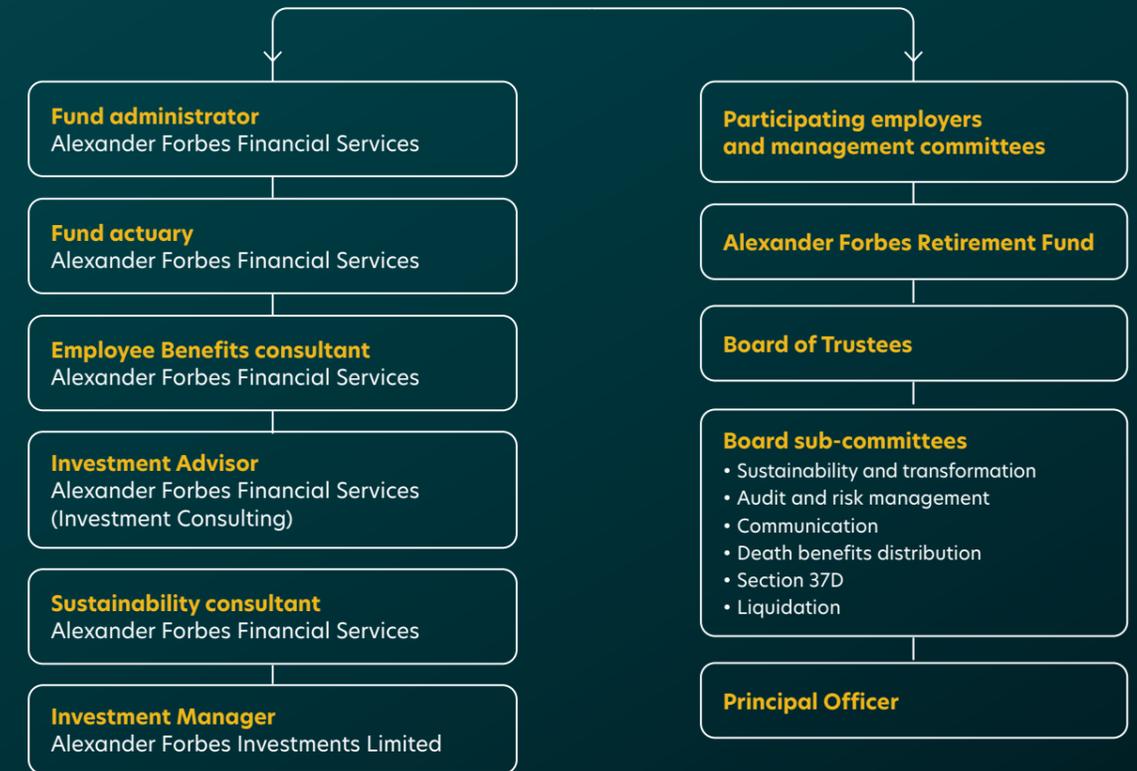
The AFRF offers flexibility to structure employee benefits cost-effectively while ensuring the highest administration and communication standards. Involvement by employer representatives is reduced, allowing employers to focus on their core business.

How the Fund is managed

A professional Board of Trustees assumes responsibility for dealing with the running of the Fund. Management committees (MANCO) may be established by each participating employer to oversee service delivery to their members. Both the Board of Trustees and each MANCO have a duty to protect members' interests.

The trustees manage the Fund according to the law and the general rules of the Fund. The trustees decide on the range of investment options to meet the different needs of the Fund's members. From this wide range, the MANCO then chooses the most appropriate options for their members.

In terms of the Pension Funds Act, pension funds can appoint an administrator to handle all day-to-day administrative duties. The AFRF is serviced by Alexforbes, which provides support as the sponsor, investment manager and administrator of the Fund along with consulting and actuarial support.



Services, solutions and benefits for members

- Investment options with attractive returns.
- Benefit plans and insurance solutions.
- Consulting and support covering retirement, healthcare, investments and financial advice.
- Enhanced retirement outcomes.

Overview continued

What sets the AFRF apart?

The AFRF is one of the largest umbrella funds in South Africa, with **1 518 participating employers** (2024: 1 520) and **370 000 active members** (2024: 339 643).

We offer a comprehensive range of services designed to help our members **maximise the value and benefits of their retirement savings.**

Umbrella fund advantages

An umbrella fund arrangement offers benefits such as reduced administrative work, lowered fiduciary and litigation risks, cost savings, and improved tools and technology. These benefit both employers and members participating in umbrella funds.

Benefits to members:

Reduced administration fees

Improved preservation

Improved investment outcomes

Improved engagement

Enhanced retirement benefit counselling

Benefits to participating employers:

Freeing employees to focus on core business

Maximising fiduciary time and effort

Reducing costs and enhancing fund offerings

Meeting objectives through one point of contact

Making it about the members

Responsible investing practices

The AFRF does not only help members save for retirement. We are committed to leading a change in investment practices. Our responsible investing approach considers things like environmental, social and governance (ESG) factors, as well as big themes like climate change and sustainable development. These factors help us make better investment choices, manage risks and achieve lasting investment success.

Integrated consulting approach

The AFRF's unique approach provides participating employers with multi-level consulting across retirement, healthcare, investments and financial advice. This holistic approach simplifies decision-making, empowers informed choices and promotes enhanced retirement outcomes for employees.

Quality services and expertise

The Alexforbes group is a reputable financial services provider with extensive experience in retirement, investment and insurance solutions. The group empowers the AFRF with in-depth knowledge of pension fund management, enhancing its ability to offer top-tier services.

Unbiased independence

The AFRF's independence from insurers, investment managers and other providers enables unbiased decision-making. Consultants are free to source, replace or reshape services to align with high standards, driving impactful collaborations to create quality solutions for clients across various industries.

Digital optimisation

Through digital tools, online portals and enhanced digital engagement strategies, the Fund offers a diverse range of access points for clients and members at any time. A prime example is the My Money Matters portal, providing tailored support, retirement benefit counselling and a simple access channel to financial advice. Digital Exits has also boosted active preservation decisions and deepened understanding of the impact of withdrawals on retirement outcomes.



One entry point



Integrated and multi-skilled teams



Real lifestage solutions



Impactful outcomes

As the Fund's sponsor, administrator, advisor and investment manager, Alexforbes supports the AFRF to deliver value to our members through its vision, purpose and values as set out below:

To be the **most impactful provider** of financial advice serving **both** institutional clients and individual customers.

Our vision

Our purpose

We pioneer **insight** to deliver **advice** and solutions that **impact** your life.

Our values

Our values are the **beliefs we live by**. They guide our **relationships, actions and behaviours**.



Integrity

We act with integrity. We are truthful, ethical and transparent.



Customer first

Our clients and members are at the centre of our business as we pioneer insight to deliver advice and solutions that impact their lives.



Care

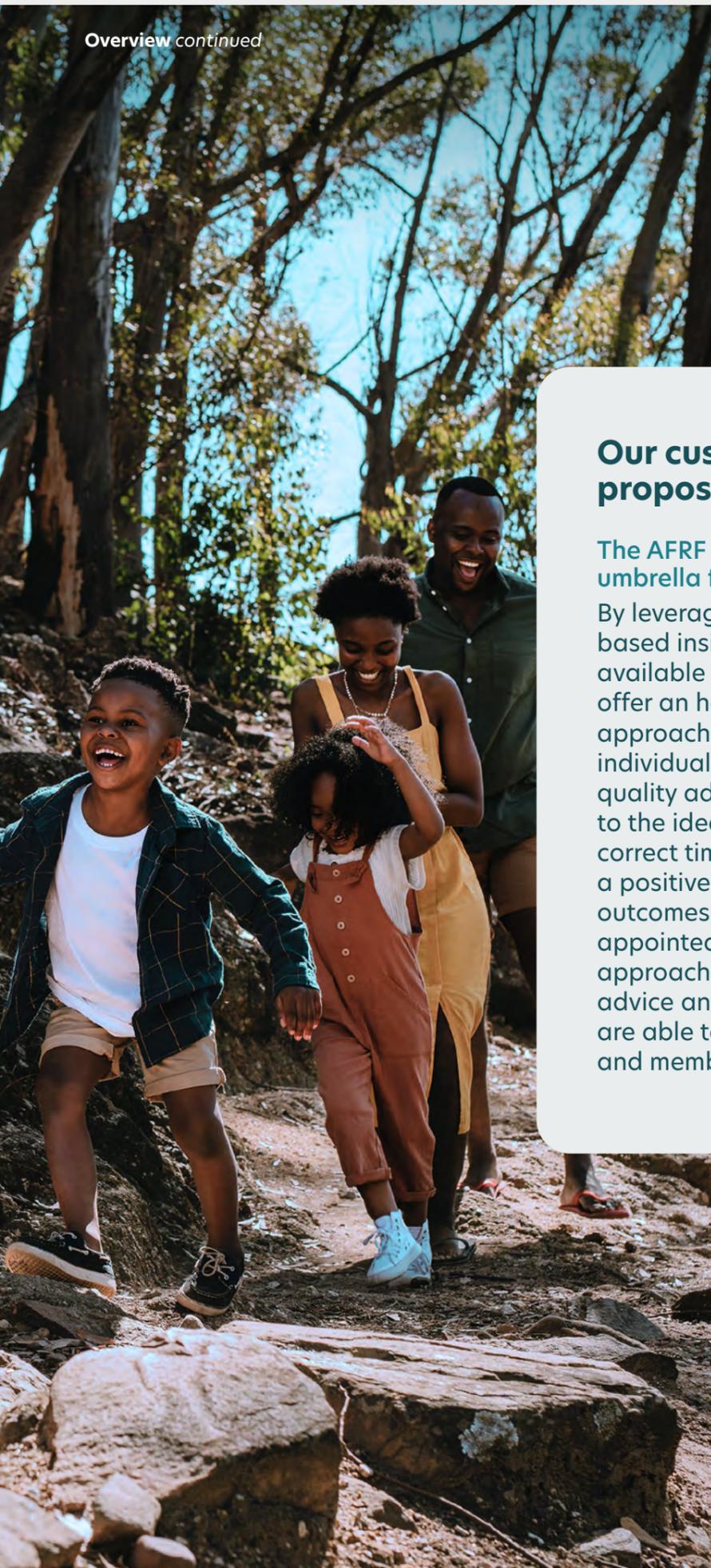
We care for one another, our clients, our communities and the environment.



Leadership

We all have leadership qualities and aim to drive growth in ourselves, in others and in our business. We lead by example.

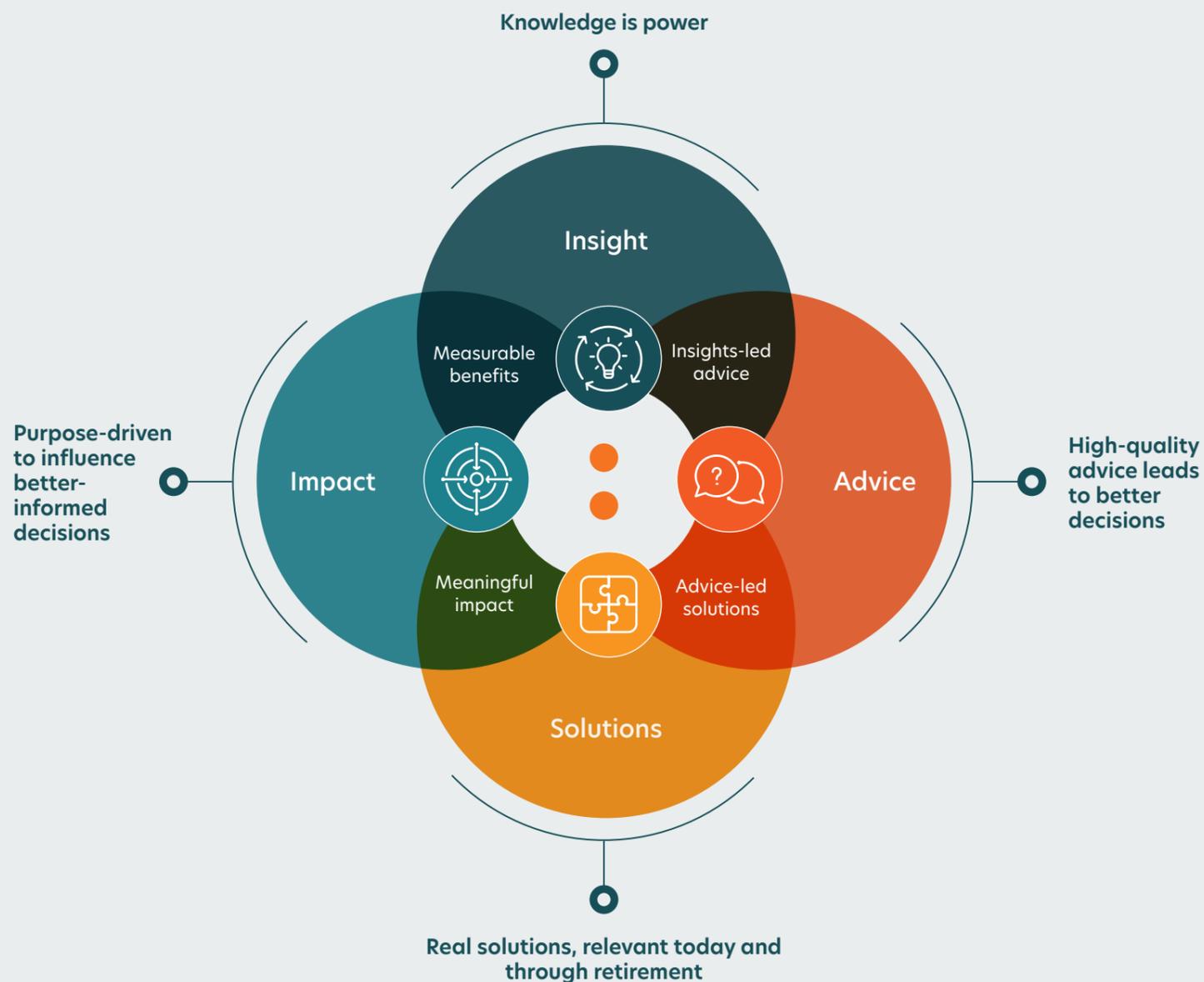
Overview continued



Our customer value proposition

The AFRF is an advice-led umbrella fund

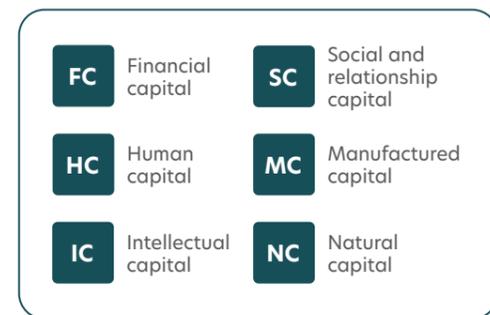
By leveraging the research-based insights and analytics available to the Fund, we can offer an holistic consulting approach to employers and individual members. High-quality advice ultimately leads to the ideal solutions at the correct time of life and can have a positive impact on retirement outcomes. We set out below our appointed service provider's approach, which underpins the advice and solutions which we are able to offer to employers and members.



Operating Model

All organisations interact with a range of resources and relationships in their activities. These resources and relationships are defined by the International Integrated Reporting Framework as types of “capital” and grouped into six categories.

The Fund’s operating model draws inputs from across these six capitals in varying degrees, and through its activities and outputs, converts them to outcomes for a range of stakeholders. The Fund’s activities can result in positive, neutral and negative outcomes in terms of effects on these various forms of capital, and some forms of capital may have more relevance for the Fund than others. The capacity of any organisation’s operating model to adapt to changes in each of these forms of capital over time, can affect the organisation’s longer-term viability.



Key capital inputs

- FC** • Member contributions and fund transfers
• Investment returns reinvested
- HC** • Governance structures (Trustees, PO, MANCO)
• Service provider staff
- SC** • Strong relationships and efficient engagement with key stakeholders
- NC** • Responsible investment strategy ensuring growing integration of ESG
• Developments around environmental sustainability and social transformation
- IC** • Knowledge and expertise of participating employers and service providers
• Fund and service provider’s brand and reputation
- MC** • Facilities to support Fund and investment activities

Capital outcomes

- FC** • Investment performance over time and sustainable retirement benefits for members
- HC** • Strong governance ensures accountability over investments and monitoring of service providers
- SC** • Positive stakeholder engagements reinforce trust to retain and attract participating employers and members
- NC** • Better understanding of ESG dependencies and impacts from investment portfolio
- IC** • Continued evolution and strengthening of investment strategy
• Compelling track record of service providers from Alexforbes

Business activities



- Fund activities
- Participation options
- Investment portfolio choices
- Responsible investing

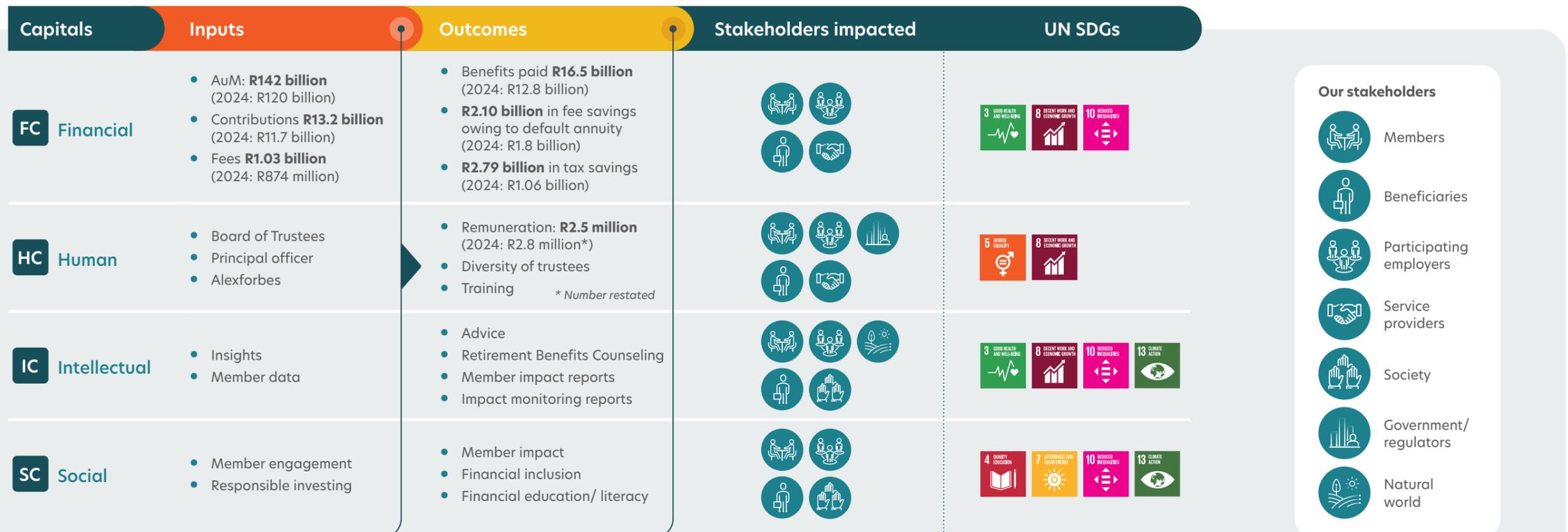
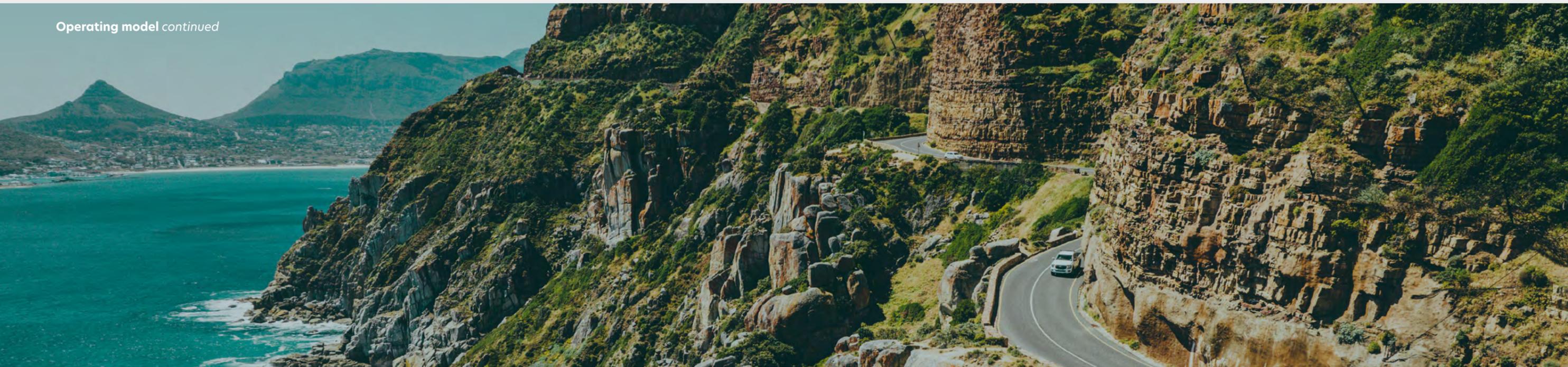
Grounded in:

- Strong governance
- Effective risk management
- Strategy - Retirement Fund of the Future™

Outputs

- ✓ Claims processed
- ✓ Benefit payments
- ✓ Investment portfolio performance
- ✓ Stakeholder engagement

Operating model *continued*



Whilst the remaining two types of capital (manufactured and natural capital) indirectly impact on, and are impacted by, the Fund, where these are relevant, they are embedded into the Fund's relationship with social capital.

Regulatory environment

Since the AFRF is entrusted with the financial goals and outcomes of our participating employers and members in pursuit of their reasonable benefit expectations, we adopt the highest standards of regulatory compliance. Compliance with retirement fund rules and laws helps us to uphold the highest legal and ethical standards in managing retirement savings. It helps identify and prevent misconduct, fraud and mismanagement, ultimately safeguarding the retirement benefits of members.

Compliance with legislation and regulation is the minimum standard expected of the Fund. We aim to exceed this standard to deliver meaningful benefits to our participating employers, our members and society.

Our approach to rules and regulations

Retirement funds follow complex rules that keep changing. To keep up with these changes and make sure we treat our customers fairly, we need to be quick to respond to change. Our strong governance practices serve to anticipate and prepare for changes.



Legislative monitoring: We monitor our regulatory universe to determine whether there are any changes that might affect the Fund and the members it serves.



Trustee discussions: If there are any new laws or changes to existing laws, these are discussed in the relevant sub-committee and by the Board of Trustees



Training: Education and training initiatives are rolled out to relevant stakeholders to ensure compliance with these new/changed rules



Compliance reviews: We continuously monitor compliance with the new/changed regulation



Industry collaboration: Usually through the Fund's sponsor, we remain affiliated, and regularly engage with, industry groups and regulators to maintain a holistic view of emerging regulation



International standards: We also make sure we follow important international rules, like those that protect the Fund from being involved in money laundering

Update on legal framework

A summary of rule amendment 4 (effective 1 October 2024) is set out below:

- Replacing the term "chairman" with chair.
- Removing the provision that allows for the transfer of unclaimed benefits into the Fund.
- Allowing members to transfer to another fund in which their employer participates, at the request of the employer.
- Allowing for estimated liquidation costs where a partial liquidation is followed, so members benefits can be paid between termination date and liquidation date.
- Allocating additional benefits of less than a R1 000 that are allocated to a deceased member's record to the data reserve account after attempts to pay the subsequent value have failed.
- Updating and clarifying certain of the two pot provisions inserted into amendment 3.

Key regulatory changes included the following:

- Amendments to tax and pensions laws to implement the two-pot reform were effective 1 September 2024.
- The Joint Standard on Cybersecurity and Cyber Resilience issued under the Financial Sector Regulation Act, which came into effect on 01 June 2025.
- Updated conduct standard issued by the FSCA to deal with section 14 transfers with the implementation of the two-pot system. Specific changes related to the forms to be completed for a transfer to ensure that each member's pots were identified.
- Conduct of Financial Institutions (COFI) Bill, which is expected to be presented to Parliament during 2026.
- Updates to the reports issued by the FSCA dealing with non-compliance reporting requirements for Regulation 28.



Two-Pot legislation

The two-pot retirement system came into effect on 1 September 2024, introducing significant changes to the way retirement savings are structured and accessed. Over the past year, we have implemented the required processes to ensure compliance with the new regulatory framework.

Preservation of Long-Term Savings

A portion of retirement savings is ring-fenced in a 'retirement pot', which cannot be accessed until retirement, helping to safeguard long-term financial security.

The two-pot system is expected to improve retirement outcomes in two ways:

Emergency Access

The 'savings pot' enables members to access a portion of their savings before retirement to manage financial emergencies, without compromising their core retirement savings.

How are we responding

The AFRF supports the implementation of the two-pot retirement system, recognising its potential to enhance long-term retirement outcomes for members.

The two-pot retirement system has been successfully implemented and is fully embedded within our processes. Supporting systems are in place and operating effectively, ensuring smooth administration. We continue to actively engage with members to promote understanding and ensure optimised outcomes.

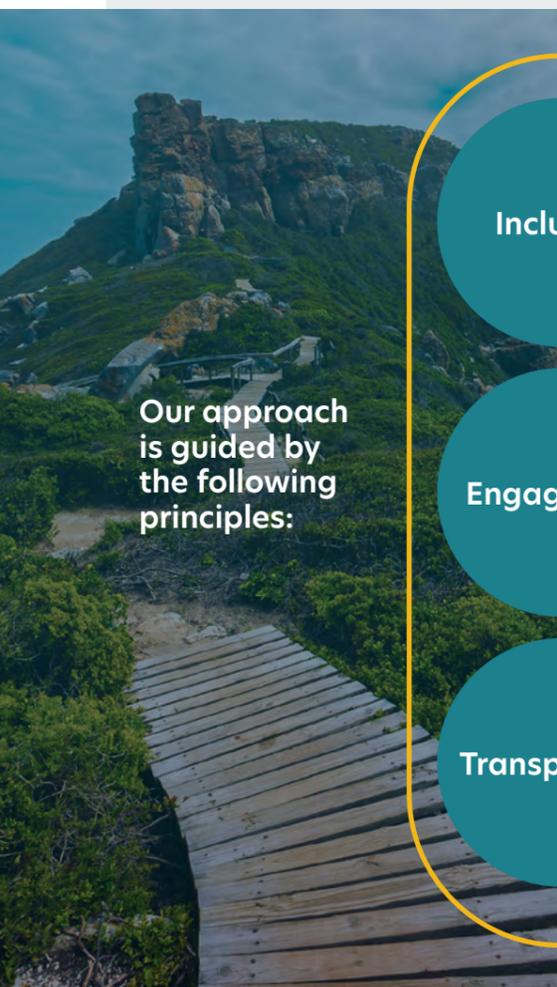
Key actions taken include:

- Our service provider, Alexforbes, conducted a survey to assess members' understanding and perceptions of the two-pot system.
- Survey findings highlighted debt repayment as a primary reason for withdrawals. In response, the Fund encouraged participating employers to explore a credit solution through Credit Gateway to support financial well-being.
- We engaged members on the tax implications associated with withdrawals from the savings pot to promote informed decision-making.

Stakeholder engagement

At AFRF, we are committed to making a meaningful impact on the individuals and groups connected to us. **We strive to collaborate closely and positively with all our stakeholders to build strong and enduring relationships.**

Regular engagement with stakeholders is essential for effective fund management and building trust. These interactions help us navigate risks by identifying and addressing key issues that influence our value creation strategy. They also enhance our understanding of stakeholder expectations, promoting greater transparency and accountability. The feedback we receive from stakeholders is vital for informed decision-making by our board, ensuring precise planning and forecasting.



Our approach is guided by the following principles:

Inclusion

- Saving towards a comfortable retirement is applicable to everyone
- Everyone has a role to play in ensuring the best possible outcome
- Everyone has the right to be heard

Engagement

- We believe in a proactive approach to all fund matters and timeous response to all stakeholder interactions

Transparency

- When we talk to stakeholders, we want our conversations to be honest and helpful
- This helps us improve our reputation and give more value to everyone involved

We deal with six categories of stakeholders:



Members and beneficiaries

The AFRF serves approximately 370 000 members. The majority do not engage their retirement fund arrangements consistently, and consequently, are at risk of poor decision-making.

Their concerns

- Understanding their retirement funding plans.
- The short-term impact of investment volatility on their portfolios.
- Ability to access their retirement funds to alleviate immediate financial circumstances.
- Impact of regulatory change on their retirement savings.
- Servicing matters related to withdrawal claims and benefit processing.
- Access to the Fund to address general queries.

How we engage

- We have a member engagement suite providing access to financial learning opportunities, an online portal, enhanced retirement benefit counselling (eRBC) and financial advice.
- Where proactive engagement has failed, we have a robust complaints process to ensure customers are treated fairly and issues resolved expeditiously.

Our response

- Our strategy enables the Fund to better connect with individual members.
- We implemented our member engagement suite across the participating employer client base to optimise adoption among their members.
- Our call centre, managed by Alexforbes, has been modernised to enhance the experience delivered to customers.
- Complaints are aggregated to identify trends and root causes, which are then escalated and addressed.
- Increased focus on treating customers fairly (TCF) by embedding and confirming our commitment to TCF principles at each sub-committee and board meeting.



Participating employers

The AFRF has a wide range of participating employer groups across various industries and regions. The quality of our relationships with these employers dictates our ability to impact members' lives through the delivery of our integrated best-advice model.

Their concerns

- Navigating the complexities of managing employer responsibilities in retirement fund participation arrangements.
- Changes in legislation.
- Administration of contributions, reporting and benefit payments.
- The impact of geopolitical and macroeconomic matters on the financial outcomes of their members.
- Investment performance in the context of volatile markets.

How we engage

- Our servicing consultants work closely with the Manco's of the various participating employers through a best practice framework endorsed by the trustees to overview benefit options, and adapt these to legislative changes, to provide the best outcomes for members.
- We have a systematic voice of the customer process that provides direct engagement with a representative sample of institutional clients to explore their concerns and aspirations.
- The sponsor hosts a series of employer engagement events where topics of relevance are discussed to provide our clients with insight to engage further as they see fit.

Our response

- When concerns are escalated, we close the loop and deliver appropriate actions and mitigate potential relationship losses.
- We provided insights to address recent changes in retirement fund regulations and how these changes may affect employers' contributions and compliance requirements.
- Developments within the macro and microeconomic environment is monitored on a regularly basis. The Trustees also monitor the performance of appointed asset managers and review the appropriateness of portfolios available.
- Identified areas of concern are discussed at Sub-Committee and board level and applicable processes/improvements are implemented to ensure that any concerns are dealt with.

Stakeholder engagement *continued*

Government and regulators

Our regulators make certain that we treat our clients and members fairly, protect their information and assets and act in the best interests of all our stakeholders.

Their concerns

- Ensuring legal and regulatory compliance in an increasingly complex regulatory environment.
- Timeous and transparent reporting and disclosures.
- Active participation in and contribution to policy development and best practice.
- Treating customers fairly.

How we engage

- The Fund's direct interaction with regulators is to the extent that information is requested from the Fund.
- Further formal and informal interaction takes place via our service providers on an ongoing basis, e.g. through status updates, participation in industry forums and policy discussions.

Our response

- Compliance with regulation is the minimum standard expected of the AFRF. We aim to exceed this threshold to deliver meaningful benefits to our members and society.
- Our philosophy is premised on regular, transparent and proactive engagement.
- We provide status updates to regulators as required.
- We give regulators advance notification of transactions or any other material items.
- AFRF, through the sponsor, contributes to industry dialogue by providing input and recommendations on matters affecting the sector.



Service providers

The Fund has a close-knit relationship with Alexander Forbes Financial Services (AFFS) and Alexander Forbes Investments Limited (AFIL) as both entities are integral service providers. Maintaining good relations is crucial for ensuring alignment of strategic objectives, financial performance and regulatory compliance, ultimately benefiting all stakeholders involved.

Their concerns

- Managing investment risk and returns in a challenging macroeconomic environment.
- Alignment and synergy between the Fund and the broader Alexforbes group.
- Delivering on agreed service levels, which now include transformation and ESG targets.
- Compliance with regulatory frameworks that apply to AFRF and our service providers is a shared concern.

How we engage

- Formal and informal engagements to communicate requirements and provide feedback on the services delivered.
- Regular communication and collaboration between leadership teams ensures ongoing alignment and addresses areas of concern.

Our response

- Decision-making processes are cooperative, particularly when addressing significant issues.
- A concerted effort is made to harmonise the Fund's strategic plans with the broader objectives of the Alexforbes Group and AFIL to foster seamless integration, whilst maintaining the improvement of member outcomes as the end objective.
- AFIL's financial performance is vigilantly monitored and maintained to complement the Fund's financial objectives.
- Stringent adherence to regulatory requirements is a shared responsibility, with the service provider providing compliance reports to the Trustees.
- Open and transparent communication channels are maintained to address concerns and make collective decisions.
- Our transformation policy and ESG requirements have been socialised with the asset managers, and are monitored, informing engagement with and through our multimanager where applicable.



Society

As a leader in the savings and investment industry, the AFRF contributes to improved retirement outcomes by promoting access to quality financial advice, informed decision-making, and well-designed products. Through research, industry collaboration, and continuous refinement of best practices, we aim to positively impact society.

Their concerns

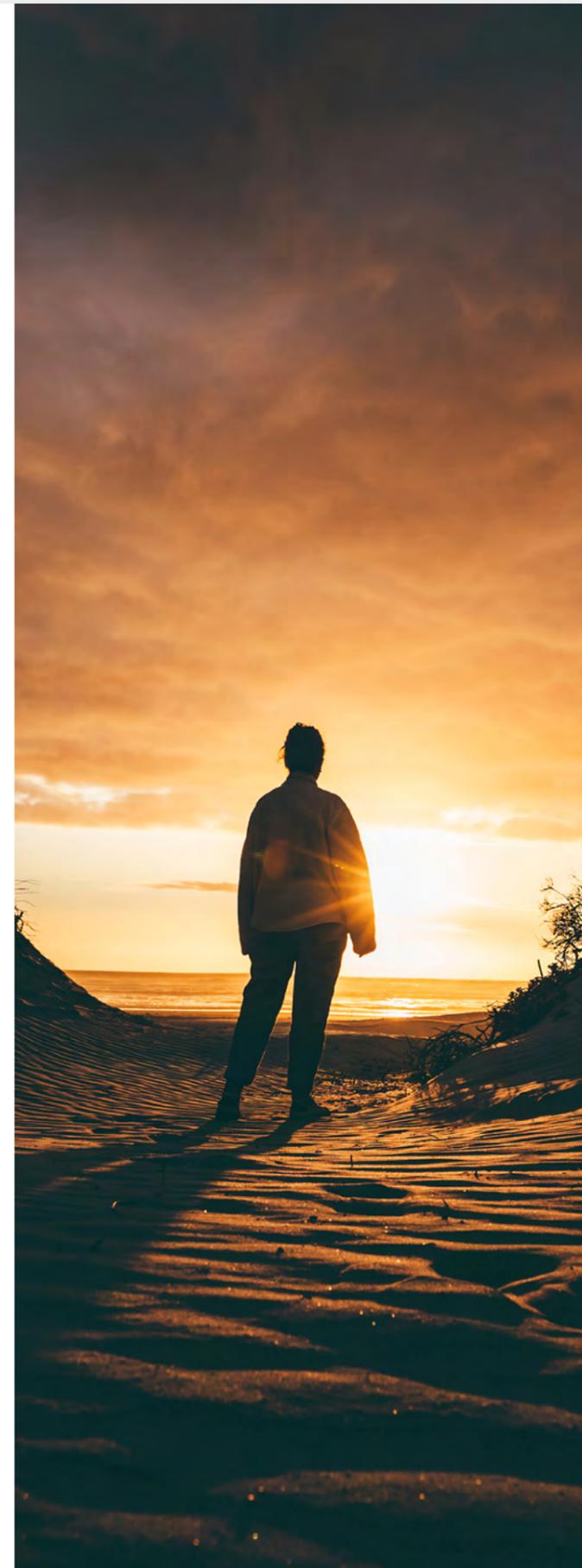
- Treating customers fairly (TCF).
- Responsible corporate citizenship in the Fund's dealings.
- Improved social and environmental outcomes using responsible investing through the value chain.
- Ethical practice, fairness and transparency at all levels of the Fund's operations.
- Promoting the public interest when engaging on matters of national impact such as climate change, the basic income grant and national social security.

How we engage

- Ongoing engagement with asset managers on ESG matters to influence meaningful change.
- We contribute to relevant policy matters, such as regulatory reform, through various professional bodies, directly with government and in public discourse.

Our response

- Upholding our TCF framework, embedding the principles into our governance and operations.
- Our primary mechanism to impact societal outcomes is in the delivery of our purpose by improving retirement outcomes and helping members to make better financial decisions.
- We provide insight to all stakeholders freely so that better decisions can be made.
- We participate with industry bodies to improve the regulatory environment for society, particularly our contribution to the two-pot system.
- We continue our journey of embedding ESG requirements as an opportunity to benefit our members as well as broader society.





How the Fund creates value

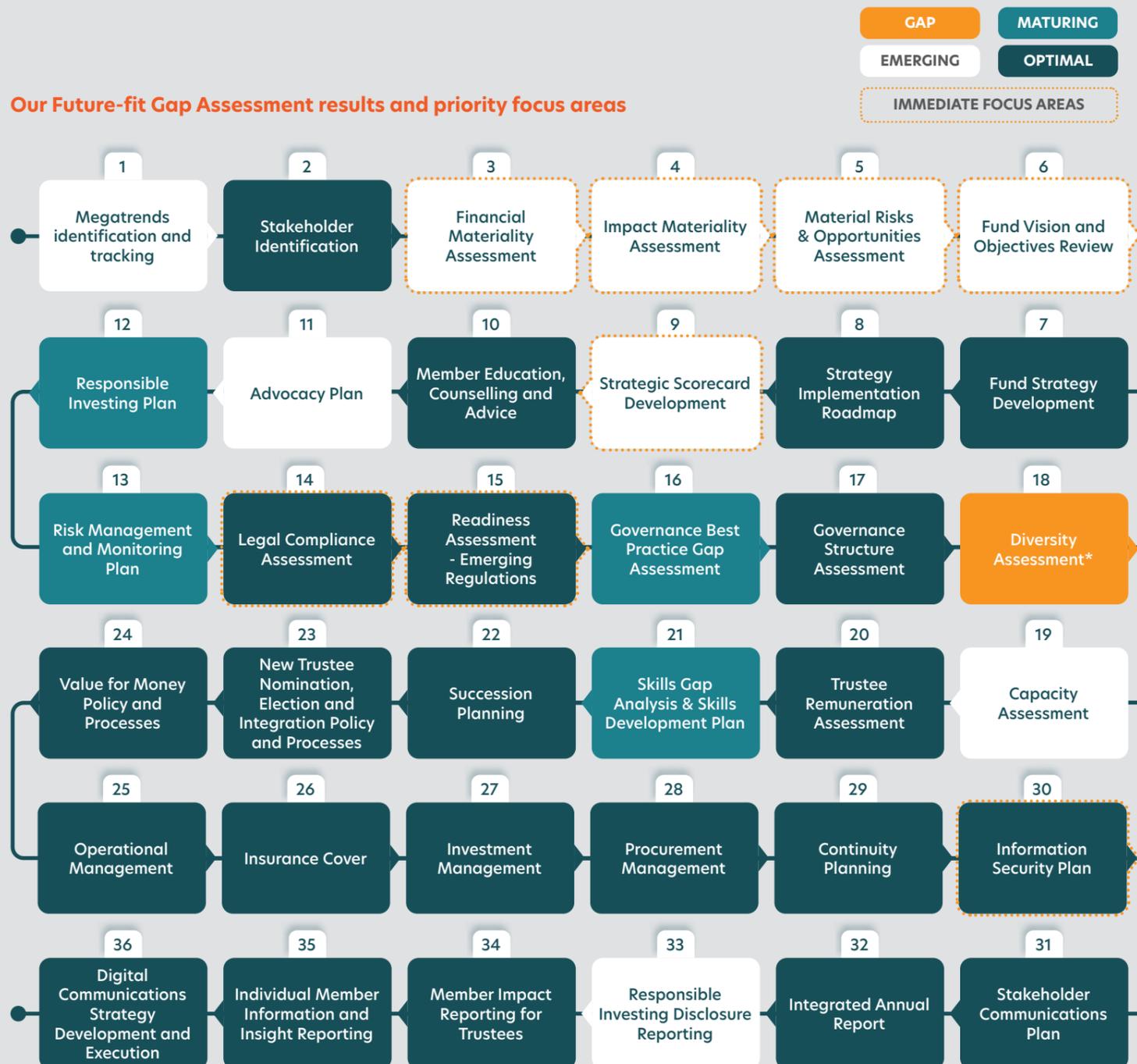
Retirement Fund of the Future™

Maturing our approach to sustainability

During the year under review, the Fund continued its progress towards becoming a more resilient, future-fit retirement fund, in line with the award-winning Retirement Fund of the Future™ concept. The work programme focused on priority areas that support long-term financial and broader retirement outcomes for members while strengthening the Fund's governance, risk oversight and preparedness for evolving sustainability-related expectations.

The sustainability landscape for retirement funds and other organisations is evolving. Developments reflected in public policy and regulatory workplans, including direction from the Department of Trade, Industry and Competition and future regulatory approaches signalled by the Financial Sector Conduct Authority, indicate that mandatory sustainability and climate-related disclosures will likely be introduced in South Africa and may impact the Fund, its investable universe and some participating employers over time. These developments reinforce the importance of the Fund's sustained focus on governance, transparency and risk management as core foundations. The Fund's pioneering approach to integrated reporting positions it well to navigate emerging policy and regulatory expectations.

Our Future-fit Gap Assessment results and priority focus areas



Strengthening governance and resilience

A significant area of focus during the year was the Fund's work to comply with the joint cyber security standard, in line with the Fund's future-fit maturity roadmap.

This work is more than a technical compliance exercise. Cyber risk has become a principal governance concern globally, given its implications for member protection, operational stability and financial resilience. By prioritising cybersecurity as a strategic governance matter, the Fund has strengthened its risk posture while supporting its long-term sustainability objectives.

The Fund also deepened its learning agenda during the year. Ongoing participation in the Alexforbes Impact Academy provided trustees with continued access to structured training on sustainability-related themes and emerging regulatory expectations. This approach supports the Fund's commitment to continuous learning and reinforces its ability to make informed decisions within an increasingly complex operating environment.

* Whilst the Fund has a number of policies and processes in place which speak to board diversity, this gap has been identified as a result of the Fund not having a formal process in place to assess board diversity across multiple diversity factors at regular intervals.

Retirement Fund of the Future™ *continued*

Enhancing our view on material matters

The Fund actively monitors relevant local and global policy and regulatory developments to ensure that its governance and reporting practices remain aligned with changing expectations. This includes regular structured updates from its advisors on a wide array of sustainability themes, including regulatory updates on the direction of travel for mandatory sustainability disclosures, including the potential application of disclosure requirements derived from IFRS S1 and IFRS S2 to pension funds in the future.

The Fund recognises that, as expectations mature, asset owners will need to demonstrate more robust processes for identifying financially material and impact-related risks and opportunities. To support this direction, the Fund will revisit its double materiality assessment during the next financial year. This process will be undertaken with reference to local and international best practice. The purpose of the updated assessment will be to determine the issues that are most material to the Fund's financial outcomes as well as those through which the Fund may generate wider social, environmental and economic impacts. These insights will inform the Fund's long-term strategy, governance approach, management practices and future stakeholder disclosures.

Consistently maturing in line with our future-fit roadmap

During the year, the Fund continued to align its activities with the multi-year maturity roadmap. The roadmap illustrates how the Fund intends to progress over time across the thematic domains that underpin a Retirement Fund of the Future.

In line with this roadmap, the Fund's focus in FY25 centred on three areas:

1 Immediate priorities: Strengthening cybersecurity governance and compliance, given its significance for member protection and operational continuity.

2 Regulatory preparedness: Tracking emerging sustainability-related disclosure requirements, assessing implications for the Fund and integrating these considerations into forward planning.

3 Capability building: Deepening trustee knowledge to enhance strategic decision-making within a rapidly evolving regulatory and sustainability context.

These activities collectively reinforce the Fund's long-term direction and support its ongoing transition towards a more resilient and future-fit operating model.

Towards becoming the Retirement Fund of the Future™

The AFRF supports the thinking that underpins the **Retirement Fund of the Future™** concept and have commenced with a process of integrating the **five strategic outcomes** to evolve our response to ensure that the Fund remains resilient and a best-in-class, future-fit retirement fund that can deliver sustainable growth and positive impact for our members, stakeholders, wider society and the natural environment.

1 Member-centric

- Sustainable, future-fit retirement funds recognise that safeguarding and improving the retirement outcomes of members is paramount to the fund's purpose.
- Prioritising member outcomes ensures that strategies, products and services are tailored to meet members' unique needs, fostering trust and satisfaction over the long term.

2 Strategic long-term thinking

- Retirement funds must embrace strategic long-term thinking to navigate an ever-changing financial and social landscape.
- This approach ensures sustainability and adaptability to emerging trends and challenges.

3 Impeccable governance

- Retirement funds must uphold the highest standards of governance to protect members' interests and enhance the credibility of the fund.
- Strong corporate governance builds trust and transparency and protects the fund registration as a pension fund organisation.

4 Impact-conscious

- Being impact conscious means actively managing the social and environmental effects of the fund's activities and investments.
- By assessing and mitigating negative impacts while promoting positive change, the Fund can ensure long-term value creation and sustainability for its members and society.

5 Transparent stakeholder communication

- Trustworthy retirement funds prioritise clear and open communication with members and other stakeholders to foster positive relationships.
- Transparent communication builds trust among stakeholders, including employers, regulators and particularly members.



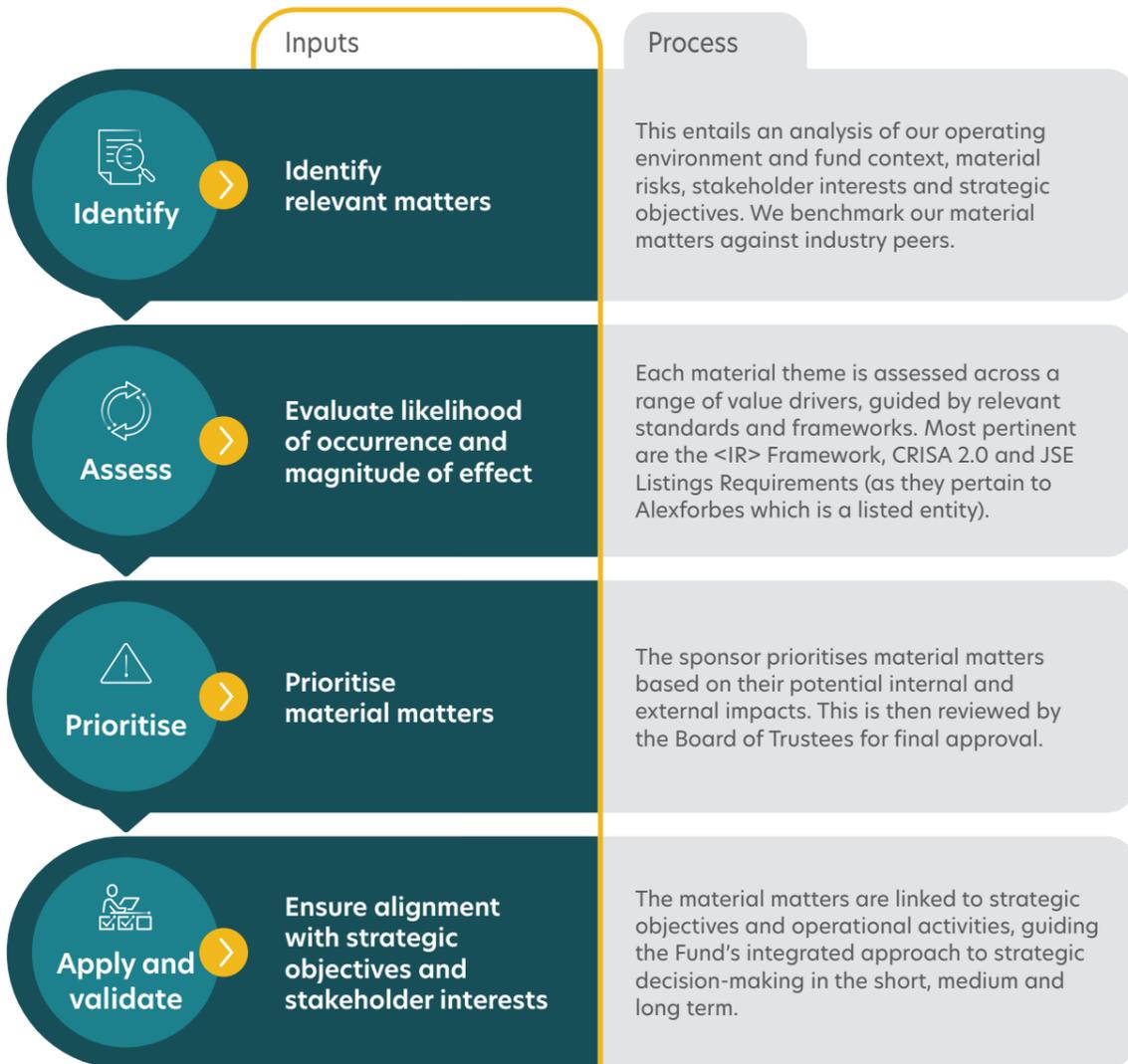
Material matters

Materiality determination process

Material matters are issues that have the potential to significantly influence the Fund’s ability to preserve and create value over the short, medium, and long term. The AFRF adopts an integrated approach to materiality, recognising that these matters may affect financial performance, environmental outcomes, and societal relationships. These factors are key when stakeholders evaluate the Fund’s overall performance and sustainability. Our determination process considers external risks and opportunities, stakeholder priorities, and the Fund’s strategic objectives. This ensures that our

focus remains aligned with what is most relevant to long-term sustainability and performance.

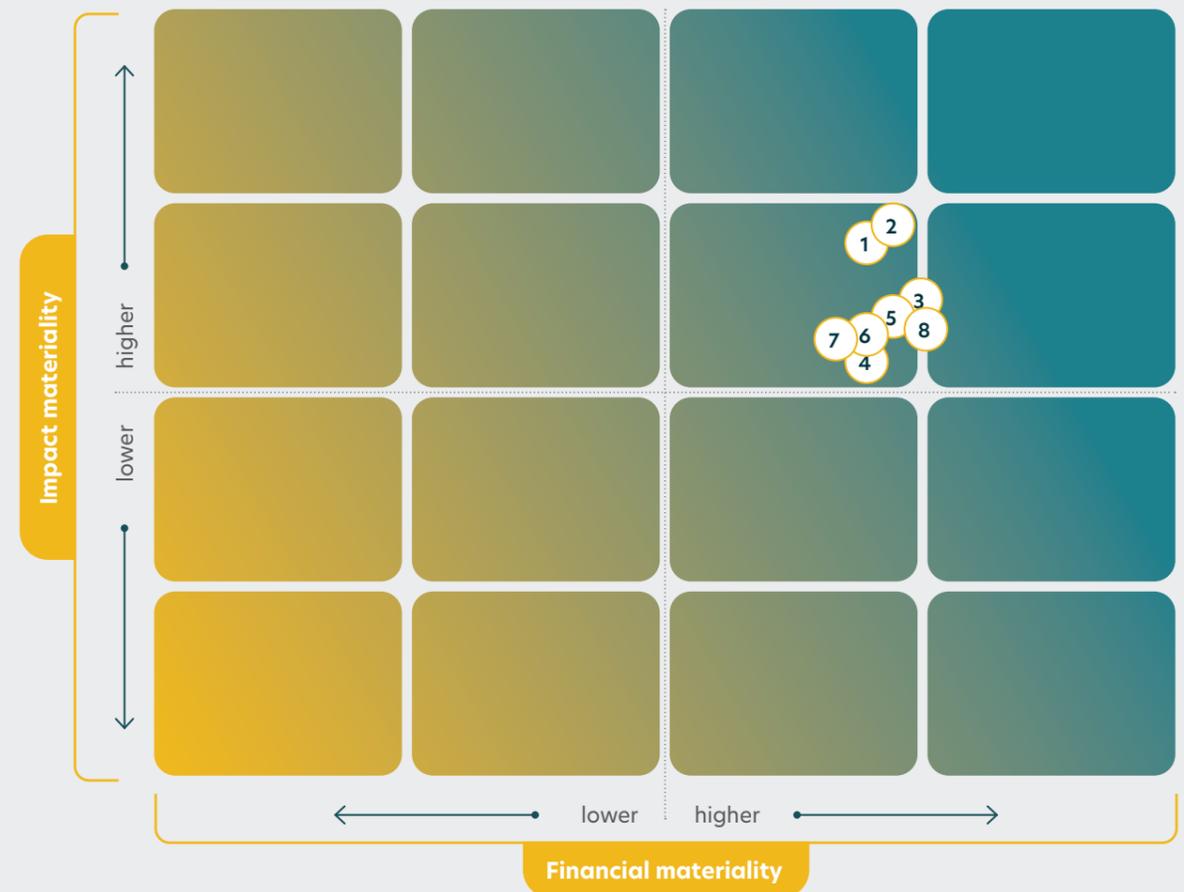
We gather input from the sponsor, administrator and auditor, thoroughly review all feedback, then the Board of Trustees approves the key matters on which to focus. This process helps us prioritise what is important to our Fund and stakeholders, guiding our strategy to manage risks and seize opportunities. In the coming year, we intend to undertake a comprehensive materiality process aligned with global standards and best practice to inform strategic decision making and enhance transparency.



Our material matters

The following material matters were identified and prioritised by the board and the sponsor. They are ranked in order of importance as determined by the process outlined alongside.

- 1 Effective and efficient management of the Fund
- 2 Fiduciary oversight to ensure fund performance has a sustainable financial impact on members
- 3 Member education including financial literacy and retirement benefit counselling and capacitating employer management committees for the effective monitoring of delivery to members
- 4 Measurable benefits that create member impact
- 5 Oversight of responsible investing outcomes with a focus on stewardship
- 6 Manage risks and compliance
- 7 Maintain good governance, accountability and ethical practices
- 8 Manage and respond to stakeholder interests



Material matters continued

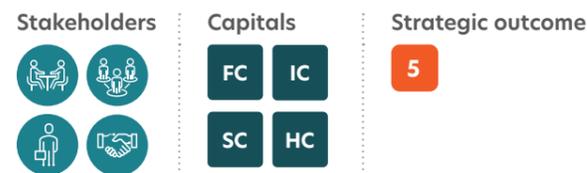
1 Effective and efficient management of the fund

We rely on the Alexforbes group to deliver efficient and effective systems that support the operational activities and day-to-day functioning of our Fund. This includes their approach to modernising and automating internal systems and customer engagement channels and the enhanced collection and centralisation of client data. Our commitment to operational excellence enables improved governance and ensures the highest level of transparency, data protection and security.



3 Member education including financial literacy and retirement benefit counselling and capacitating employer management committees for the effective monitoring of delivery to members

The benefits of our financial solutions are maximised when MANCOs understand the impact of these on members' retirement outcomes, and when our members are capacitated to make informed decisions on the solutions and options available. MANCO and member education and engagement, through the promotion of financial literacy and our retirement benefit counselling, support better outcomes for our members and our Fund.



5 Oversight of responsible investing outcomes with a focus on stewardship

Our focus on responsible investing to ensure that the impact of our investments contributes positively to sustainable outcomes over the long term via our investment manager Alexander Forbes Investments. Through our responsible investing approach and stewardship framework, we are committed to supporting a just transition for climate change, mitigating negative environmental impacts and creating a positive impact in society.



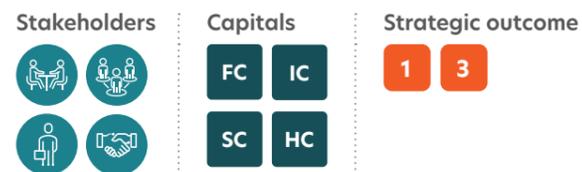
7 Maintain good governance, accountability and ethical practices

We are committed to maintaining good governance and accountability by providing ethical leadership and full transparency. This includes the composition of the Board of Trustees, alternate trustees, and the selection and appointment of the principal officer, and transformation of the board by way of succession planning. Strong ethical practices are imperative in our dealings with all stakeholders.



2 Fiduciary oversight to ensure fund performance has a sustainable financial impact on members

Our fiduciary duty to ensure that performance of our Fund delivers as reliable as possible financial returns and long-term wealth creation for our members. The trustees of the Fund are committed to exercising the necessary skill, care, diligence and prudence and to act in the best interest of the Fund and its members. This includes managing the Fund effectively and efficiently and preserving the assets of the Fund while ensuring benefits are paid to members.



4 Measurable benefits that create member impact

We are committed to delivering measurable benefits to our members. Our member impact report provides unique insights into the financial wellbeing of our members that ensures our approach delivers reasonable retirement outcomes based on the inputs to achieving them (contribution rate to retirement, investment return, length of service and preservation, alignment of investment strategy and annuity options on retirement). Our Impact Analytics reporting provides additional information on our investment portfolios.



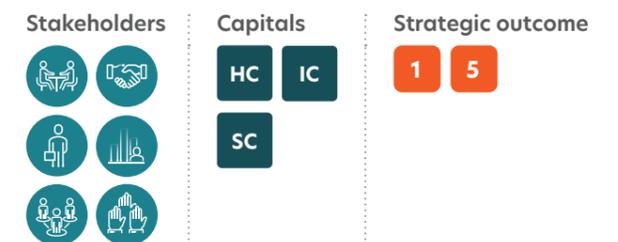
6 Manage risks and compliance

Our commitment to ensure compliance with current and emerging regulations and best practice. This also involves our risk management and mitigation structures and processes that enable us to identify and monitor current and emerging risks.



8 Manage and respond to stakeholder interests

Managing and responding to stakeholder interests, especially the interests of our members, is imperative to supporting the purpose of our Fund. Stakeholder relationships with participating employers and members, government and regulatory bodies and the Alexforbes group must all be managed and responded to appropriately.

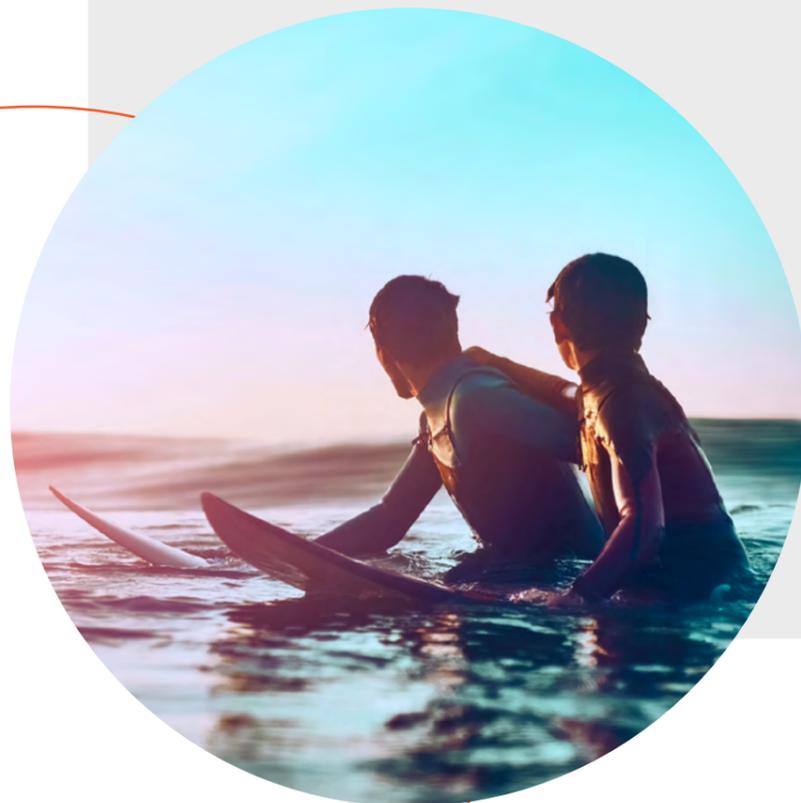


Risk

Risk management policy

The Fund's risk management policy outlines the governance framework through which the board oversees and addresses key risks. It provides a structured approach to identifying, assessing, and mitigating risks that may affect the Fund's ability to deliver on its core mandate – ensuring members receive adequate retirement benefits and extending benefits to eligible dependants in the event of a member's death.

The task of risk identification and assessment is entrusted to the Audit and Risk Management sub-committee (ARM). Its findings and assessments are reported to the Board of Trustees, who carries overall responsibility for the final assessment of key risks and for oversight of ongoing risk management and monitoring.



Risk identification and assessment process

Risk identification

Risks are identified through a comprehensive approach involving various sources, which include:

- Legislative parameters such as the Pension Funds Act and Income Tax Act
- Industry regulators' guidance and best practices
- Pertinent legal cases and rulings
- Reports furnished by third-party entities, encompassing auditors, actuaries, administrators, investment consultants and investment managers

Risk assessment and categorisation

The risks are assessed against factors such as:

- The potential impact of the risk on the Fund and its members
- The likelihood of the risk materialising
- Existing control and mitigation mechanisms
- The presence of insurance coverage, indemnities, or other protective measures

Based on the assessment, risks are categorised as follows:

Green: risks that are no longer a cause for concern, having been effectively managed or eliminated.

Amber: risks under active management that may necessitate further action or continued monitoring.

Red: risks demanding immediate attention, intervention and ongoing scrutiny

Risk register

All identified risks are documented in a dedicated register. This repository includes:

- Detailed descriptions of each identified risk
- The ARMs assessment of the risk's current status
- A summary of the measures implemented or planned for risk mitigation
- Evaluation of the potential impact on the Fund and its members
- A clear allocation of responsibility to manage each risk
- Prescribed intervals for re-evaluating these risks

Risk monitoring

Immediate action plans are promptly initiated in response to 'red' risks. For 'amber' and 'red' risks alike, cautious monitoring is upheld, with regular status updates provided during sub-committee and trustee meetings.

The risk identification and assessment process is conducted at least once every three years. 'Amber' and 'red' risks are reviewed at each ARM risk meeting and the status reported at each quarterly trustee meeting, ensuring timely responses to emerging challenges.

Risk continued

Material risks

Many of the risks that could materially affect the AFRF's ability to generate value over the short, medium, and long term originate from the external environment. While these factors are largely outside the Fund's control, they are continuously monitored. Where appropriate, we implement measures to manage their actual or potential impact on operations, strategy, and member outcomes.

Here are our current top concerns being managed through the risk monitoring process:



ESG and transformation

There is a need for the consideration of ESG factors and transformation to be embedded in the operation of the Fund to ensure that related risks can be identified and managed or mitigated.

Practical application and implementation are required as the process is undertaken. As sustainable investment and ESG continue to mature and evolve within the industry, there is a greater scope for change, driven by increased legislative and best practice guidelines.

Mitigating measures

Owing to the scope, impact and dynamic nature of ESG risks, the Board Sustainability and Transformation subcommittee (STSC) was established to manage and monitor broad sustainability and transformation within the Fund's operations and to engage with the multimanager on the implementation plans of these aspects in the Fund's investments. On the investment front, this has involved enhancing the Investment Policy Statement by introducing specific policies to embed and monitor key ESG and transformation considerations. These include the Responsible Investment Policy (with a transformation approach), Climate Policy, and Engagement Policy.

Stakeholders



Capitals



Two-Pot retirement system

The introduction of the Two-Pot retirement system required substantial changes to the way that retirement funds operated. Ensuring we help members make well-informed decisions about their retirement and financial futures.

Mitigating measures

The trustees continue to review and engage with the Fund's administrator and service providers on the following risk areas:

- Communication
- Member impact

Heightened member engagement and retirement benefits counselling is key to ensuring that members are equipped with information to make informed decisions, and specifically in this context, the impact of early access to retirement savings on the long-term outcomes, and other potential sources for short-term financial needs.

Stakeholders



Capitals



Section 14 transfers

Section 14 transfer is the transfer of retirement savings from one retirement fund to another in terms of Section 14 of the Pension Funds Act. As multiple parties are involved, timeous notification, communication and receipt of documentation and asset transfer timeframes can be challenging. Delays in notification and finalisation of transfers between funds remains an industry problem.

The single most contributing factor to delays in the process is the requirement for funds to obtain tax directives from SARS where members tax affairs are not in order.

Mitigating measures

The trustees engage regularly with the administrator to ensure they manage compliance with Section 14 transfers and automate processes where possible to mitigate delays.

The Fund governance team also continue to provide training and assistance in managing backlog projects, escalations (including to the FSCA) and providing reporting on the different areas at trustee meetings so these can be monitored and addressed.

Ongoing communication to participating employers and members emphasises the need for members to ensure that their tax affairs are in order with SARS.

Stakeholders



Capitals



Section 13A contributions and supporting information

Section 13A of the Pension Funds Act requires that employers pay contributions for a particular month within seven days after month-end, that they provide member schedules in respect of contribution payments to the Fund and that interest (at the legislated rate) is paid on late contributions.

There are a few employers struggling with regular cashflow in the tight economic conditions that fall into arrears and do not inform members. This is a concern, as failure to pay contributions can result in risk cover lapsing, a loss of investment return, delays in updating benefits for members who leave service, and it is a criminal contravention for which the employer directors can be held liable.

Mitigating measures

Mitigation measures for financial strain and impact on cashflow and payment of contributions was proactively addressed through the servicing consultants to employers to mitigate arrear contributions and ultimately preserve existing benefits in the Fund for members. Measures such as lower contribution rates, redefining pensionable salary, temporary suspension or reduction of contributions except for risk expenses are all options available for the employer to engage with members on.

These options are continuously communicated through the servicing consultants and MANCO communications. Contraventions are and will continue to be reported to the FSCA and notifications issued to employers and members.

Stakeholders



Capitals



Cybersecurity & Cyber Resilience

The Joint Standard on Cybersecurity and Cyber Resilience issued under the Financial Sector Regulation Act, which came into effect on 01 June 2025. These are guidelines on how to manage and mitigate cybersecurity risks. The standards also outline the measures and best practices that must be adopted to ensure robust cybersecurity and resilience against cyber threats.

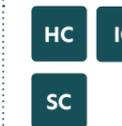
Mitigating measures

A thorough review of the fund's Cyber Risk Management Framework and Strategy has been conducted by the Audit and Risk Management subcommittee. The framework ensures the governance of information security and technology, ensuring that the Fund can identify cyber related risks, and the necessary controls required to maintain these risks. The Fund's ability to anticipate, prevent, contain and recover from cyber incidents is core to the operational resilience and is highlighted in the framework. The ARM will be responsible to oversee the implementation of best practices for managing cyber risk and safeguarding IT systems and information assets by the Fund as defined in the Cybersecurity Framework and Strategy of the Fund.

Stakeholders



Capitals





Governance

The AFRF recognises that sound governance is crucial to sustainable value creation and preservation. The Fund adheres to established governance principles, supported by robust internal controls, risk management practices, and compliance processes. This framework enables effective oversight, informed decision-making, and accountability.

The AFRF offers an established governance framework and management structure with three levels:

- A professional Board of Trustees sets the parameters for participation and ensures compliance with retirement fund laws.
- A MANCO at employer level allows employers and members to determine benefit structures and monitor service delivery.
- An annual general meeting where the Board reports on the Fund's performance and changes to its structure to MANCO representatives.

Governance structure and duties

The AFRF is governed by a board of six trustees, made up of three independent external trustees appointed by the board and three internal trustees appointed by the sponsor (Alexander Forbes Financial Services (Pty) Ltd). Trustees are appointed in line with the rules of the Fund. External trustees are required to be independent (i.e. may not be employees of the sponsor or any of its subsidiaries) to align with governance best practice and the rules of the Fund. The chair is an independent external trustee (although this

practice is not a legal requirement, it is good governance and expected to continue).

The Board of Trustees, supported by the principal officer, oversee the Fund's operations, providing strategic direction and leadership. They delegate detailed planning and policy implementation to the Fund's service providers.

The trustees must always act in the best interests of the Fund and its members. Their duties include:



The Fund must appoint an independent principal officer whose duties include:

- Signing relevant documents on behalf of the Fund
- Acting as liaison person with the FSCA, including communicating new trustee appointments and submitting documents (such as rule changes, transfer documents, financial statements, annual reports and valuation documents)
- Informing members of rule changes
- Managing and monitoring service provider delivery to the Fund

Where the Fund's rules allow, some responsibilities are delegated to sub-committees, to support efficient management, compliance and strategic alignment within AFRF. The committees each consider issues within their respective mandates and make recommendations for board approval.

Board sub-committees

Sustainability and transformation sub committee (STSC)

The STSC comprises of at least two Fund trustees, including one external trustee and the principal officer. Meetings are held as needed, with a minimum of two each year.

The STSC has a dual role:

- **Sustainability:** It oversees, implements, and tracks the Fund's environmental, social, and governance (ESG) plan, ensuring alignment with the broader sustainability initiatives of investment managers and reporting back to the trustees.
- **Transformation:** The STSC adheres to the retirement fund scorecard from the FSTC and relevant guidelines, aiming to meet and exceed minimum transformation standards for impactful outcomes.

The STSC's responsibilities include:

- Transforming the board's composition and developing alternate trustees in line with the FSTC scorecard objectives.
- Reviewing and monitoring the broad-based black economic empowerment (B-BBEE) credentials and transformation policies of service providers, considering their overall ESG practices.

Communication sub-committee (CSC)

This sub-committee focuses on communication strategies and initiatives related to fund members and stakeholders. It handles member communications, updates and engagement efforts.

The CSC is composed a minimum of two fund trustees, with at least one being an external trustee. Meetings are scheduled as needed, but a minimum of two meetings occur each year.

The CSC is responsible for:

- Developing and overseeing strategies for effective communication with AFRF members, keeping them well informed about their retirement benefits, which are articulated in the Communication Policy and Strategy Document and adopted by the board.
- Ensuring the plan to deliver communication to members meets the objectives set out in the Communication Policy and Strategy Document.
- Reviewing all communication material to be distributed in terms of the communication plan and making sure that all communication is in line with the objectives of the Communication Policy.
- Establishing channels for feedback from members and stakeholders to improve communication strategies.
- Liaising with the administrator with regard to a timetable for the implementation of the communication plan as well as the application of the communication budget in meeting this plan.
- Providing feedback to the trustees at board meetings on the communication plan its development.

These responsibilities aim to enhance transparency, engagement and trust between the AFRF and its members and stakeholders.

Audit and risk management sub-committee (ARM)

This committee oversees the financial audits and risk management of the Fund, reviewing financial statements, valuations, and all risk-related matters to ensure compliance and monitor financial integrity.

The ARM sub-committee consists of at least two fund trustees, including one external trustee and the principal officer, meeting a minimum of twice a year.

The ARM sub-committee's responsibilities include:

- Reviewing financial statements, audits, and valuations for accuracy and compliance.
- Identifying, assessing, and mitigating risks related to the Fund's operations and regulatory compliance.
- Ensuring adherence to all relevant legal and regulatory requirements, including reporting and transparency.
- Monitoring the effectiveness of internal controls and governance processes.
- Providing regular reports and recommendations to the board on financial and risk matters.
- Overseeing the audit process, including auditor selection and review of findings.
- Ensuring the Fund's financial integrity and stability.

These responsibilities collectively aim to safeguard the financial health and compliance of the AFRF while protecting the interests of its members.

Death benefits distribution sub-committee (DCSC)

The DCSC oversees the distribution of benefits under the fund's rules in the event of a member's death, managing the process to ensure compliance with relevant regulations. The committee consists of at least two members, including one trustee, and typically meets quarterly.

The DCSC's responsibilities include:

- Assessing factors for distributing death benefits, such as beneficiaries' age, relationship to the deceased, dependency, financial circumstances, the deceased's wishes, and payment methods. These factors serve as guidelines and do not restrict the sub-committee's discretion.
- Establishing standard guidelines for death benefit distribution, including minimum trust amounts, maximum age of dependency for minors, and trust termination ages, while ensuring these guidelines do not limit discretion.
- Reporting any inconsistencies between the Fund's practices and the rules, relevant legislation, or rulings from the Office of the Pension Funds Adjudicator (OPFA).
- Ensuring compliance with all applicable laws and reviewing complaints lodged with the OPFA or regulatory authorities.
- Confirming who is responsible for communicating death benefit decisions to beneficiaries.
- Reporting problematic decisions or trends at each Board meeting.
- Assisting the trustees in managing the investigation of death claims and assigning specific tasks.
- Deciding how and to whom death benefits should be allocated upon a member's death.

Section 37D sub-committee

The Section 37D sub-committee oversees the withholding of a member's benefit at the employer's request and the circumstances under which deductions may be made, such as in cases of divorce or housing surety settlements, as outlined in the Fund's rules and section 37D of the Act. The sub-committee consists of two members, including at least one trustee, and typically meets quarterly.

The responsibilities of the Section 37D sub-committee include:

- Regularly liaising with the administrator regarding the status of section 37D claims and assessing the controls in place to monitor them.
- Evaluating requests from participating employers to withhold benefit payments, considering any correspondence from the affected member.
- Instructing the administrator when section 37D provisions are met, allowing for deductions, or when benefits should be released to the member.
- Reviewing complaints lodged with the OPFA or regulatory authorities concerning section 37D withholdings and deductions.
- Reporting at Board of Trustees on the status of section 37D claims.

These responsibilities aim to manage and facilitate member access to retirement benefits while ensuring legal and regulatory compliance.

Liquidation sub-committee*

This sub-committee consists of at least two fund trustees, including one external trustee. It operates primarily through correspondence, with ad hoc meetings as needed.

The liquidation sub-committee is responsible for:

- Assessing requests from participating employers to terminate their participation in the sub-fund, leading to de-registration or liquidation.
- Evaluating quotes for the liquidation of a sub-fund and approving the liquidator.
- Determining the additional documentation required for placing a sub-fund into liquidation or appointing a liquidator.
- Monitoring applications for legislative exemptions and the status of sub-funds with such exemptions.

* This committee held no meetings during the period under review.

The MANCO of the participating employers comprises employer and member representatives who play a vital role in monitoring service delivery between the Fund, its administrator, and its members. Members have the right to elect at least 50% of MANCO members.

Our Board of Trustees

External trustees



John Liackman (70)
Chair

- BEconSci
- Over 45 years of experience in investment finance
- Over 18 years of experience as an independent trustee

Appointed: 13 March 2007



Sandile Khumalo (47)

- LLB
- LLM (International Business Law)
- Diploma in Corporate Law
- Diploma in Advanced Banking Law
- Over 20 years of experience as an advocate
- Over 12 years of experience as an independent trustee

Appointed: 1 May 2013



Nazley Sallie (55)

- Post Grad -Financial Planning
- LLM
- MBA
- Chartered Principal Executive Officer
- Over 30 years of industry experience, over 8 years as trustee

Appointed: 1 January 2024



Luyanda Mbatha (31)
Alternate

- Over 6 years of experience as a Section 26 trustee to various funds

Appointed: 1 May 2023



Nomonde Zwane (42)
Principal officer

- BCom(Econ)
- MPhil (Development Finance)
- MBA
- Over six years as a principal officer

Appointed: 1 March 2021

Internal trustees



Karusha Moodley (46)

- BCom (Hons)
- CA(SA)
- Over 20 years of experience in finance
- Over 3 years of experience as a trustee

Appointed: 1 October 2022



Fiona Rollason (52)
Vice Chair

- BA
- LLB
- LLM
- Over 19 years of experience as a trustee
- Over 20 years industry experience

Appointed: 1 March 2006



John Anderson (47)

- BCom (Hons) (AcSci)
- FASSA and Fellow of the Institute and Faculty of Actuaries
- Over seven years of experience as a trustee

Resigned: 30 June 2025



Ziningi Kutama (41)
Alternate

- Over 17 years of experience in investments and banking
- LLB
- Admitted Attorney of the High Court of SA
- Post Graduate Diploma in Business Administration
- Post Graduate Diploma in drafting and interpretation of contracts

Appointed: 01 April 2023



Michael Prinsloo (51)

- BCom, CFP
- Over 21 years industry experience

Appointed: 1 July 2025

Subcommittee membership:

- Audit and risk management
- Sustainability and transformation
- Communication
- Death (S37C)
- S37D
- ▲ Liquidation

Principal officer

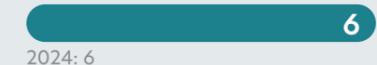
Trustee diversity

The Board of Trustees brings together a complementary set of skills, experience, and perspectives, aligned with the profile and needs of the Fund's membership. In line with good governance practices, the board actively promotes diversity across multiple dimensions including gender, race, age, knowledge, and professional background to support balanced decision-making and effective oversight.

The appointment of alternate trustees supports the Fund's transformational and developmental objectives. These alternate trustees will serve on sub-committees and transition to trustee positions as current terms conclude or vacancies arise, thereby transforming the board to better align with the Fund's demographics. This strategy aims to meet and exceed our Financial Sector Transformation Council (FSTC) scorecard targets. The assessment of the initial alternate trustee appointments is heavily weighted to black female candidates, which will improve this transformational aspect of the management of the Fund. An additional developmental alternate external trustee was appointed effective 1 September 2025.

Trustee and PO diversity Financial Sector Transformation Council (FSTC) targets

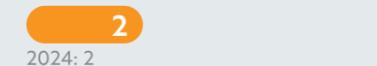
of board members



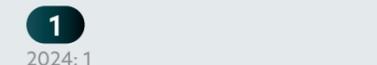
black board members



#black female board members



of management (principal officer)



Board principles and processes

Skills and experience

A detailed skills and experience matrix encompassing governance, finance, legal, compliance, and sustainability is central to the trustee selection process. The skills and experience of current trustees are assessed against the Fund's needs to identify gaps, informing professional development, succession planning, and nomination priorities. Not all requirements will or should be met at the trustee level; organisational and management capabilities and any need for external expertise are also considered.

Beyond technical expertise, experience, and diversity, alignment with the Fund's purpose, vision, and strategic direction is a key consideration in the nomination and selection of trustees.

Collectively, the Board of Trustees brings over 100 years of industry experience to the governance and oversight of the Fund. This experience supports sound decision-making and ensures the Fund meets its financial and legal obligations, while positioning itself for resilience and sustainability. Each trustee contributes specialised knowledge in key areas, enhancing the Fund's ability to manage complexity and deliver on its mandate.

Nominations and appointments

Board members are appointed and elected through a formal and transparent process. Subject to Fund rules:

- the board is responsible for appointing external trustees, which includes evaluating candidates' fitness and conducting reference checks. Trustees must demonstrate integrity, competence, responsibility, accountability, fairness, and transparency.
- the sponsor is responsible for appointing internal trustees.
- upon appointment, terms and conditions are formalized in a letter, and new trustees undergo a comprehensive induction program to understand the Fund's business environment.

Board tenure

Trustees are appointed for terms of up to five years, in accordance with the Fund's rules and as confirmed by the board. Terms typically span three or five years. Reappointment is subject to a formal nomination process that considers each trustee's performance, contribution, attendance, and the evolving needs of the Fund.

Any vacancies need to be filled within the prescribed period as set out by the FSCA from time to time or as required in terms of the rules of the Fund should this period be less than the prescribed period.

Succession planning and alternate trustees

Board succession is a continuous focus for both emergency preparedness and long-term sustainability. To build a reliable leadership pipeline, the Fund's rules provide for alternate trustees, ensuring continuity in fund management and promoting board transformation.

Trustee and principal officer remuneration

External trustees and the independent principal officer are remunerated by the Fund.

The rate of remuneration is determined in terms of the rules of the Fund and adjusted annually. The rate paid is competitive and aligned with industry rates and benchmarked by the sponsor against funds of a similar nature and complexity and are aligned with rates charged by external trustees of sponsored funds, and is adjusted annually for inflation. The rate is standard for all external trustees and chairperson(s) are not remunerated at a differentiated rate.

Appointed independent sub-committee members and the principal officer are paid at rates benchmarked for the specific function. The total remuneration paid in any year is disclosed in the Fund's annual financial statements. Internal sponsor appointed trustees are remunerated by the sponsor in the course of their employment.

Conflicts of interest

The Fund aims to minimise conflicts of interest but acknowledges that some are unavoidable. To manage these conflicts, the Fund requires service providers and trustees to disclose any potential conflicts, which is a standard item on the agenda at each trustee meeting. The Fund recognises a potential conflict involving the administrator, multimanager, and asset consultant due to their affiliation with Alexforbes, which the board addresses through its risk management framework.

Training and ongoing learning

Board members are appointed as professional trustees and are expected to hold appropriate qualifications relevant to their areas of expertise. They are required to demonstrate a clear understanding of their fiduciary responsibilities and to participate in ongoing training and development to remain informed.

The board has fully embraced the FSCA Trustee Toolkit initiative and monitors individual trustees' compliance with the conduct standard. The trustees also expect the principal officer to comply with the requirements. The Fund is a subscriber to the Alexforbes Impact Academy to keep abreast with key developments in fiduciary and sustainability topics, with regulatory developments and updates also being a standard trustee meeting agenda item. All training undertaken by trustees that supports their responsibilities is documented in the Fund's records, with full details provided.

The board evaluates its performance annually, as well as the performance of its sub-committees and service providers, including a review of associated costs. This evaluation helps track progress and assess skill and development needs. The principal officer's performance is also assessed annually.

Improvement measures are implemented where necessary to enhance overall board effectiveness. The Board has applied its mind and is satisfied that all sub-committees possess the collective knowledge, skills, and experience required to discharge their responsibilities. Regular discussions are held at both Board and sub-committee levels to evaluate performance and identify opportunities for continuous improvement in fulfilling their respective mandates.



Board focus areas in 2025

Enhancing ESG integration

The Board continued to strengthen ESG integration through dedicated governance structures and strategic oversight. The now well-established Sustainability and Transformation Committee provides focused leadership on ESG matters, ensuring that sustainability remains embedded in the Fund's strategic direction. Through our responsible investing philosophy, we aim to align portfolio selections with sustainability goals and ethical considerations using ESG tools such as the Alexforbes Paragon Impact SDG grading. Ongoing engagement with the multimanager supports the implementation and monitoring of ESG practices, reinforcing our commitment to long-term value creation and responsible stewardship.

Transformation and continuity

Transformation remains a strategic priority, with the board taking a deliberate and balanced approach to diversity, equity, and inclusion. The alternate trustee program has enabled succession planning while enhancing board diversity, with a focus on gender and racial representation. The board reaffirmed its commitment to transformation principles and emphasised that appointments are made based on both transformation goals and capability.

Adapting to regulatory changes

The board maintained a proactive stance in navigating regulatory changes, supported by a centralised risk and regulatory matrix implemented through the ARM sub-committee. Key developments included the implementation of the two-pot system, the evolving ESG disclosure landscape, and the strengthening of cybersecurity governance.

Engaging with employers

Compliance with Section 13A of the Pensions Fund Act remains a critical focus area for the board, putting strategies in place to ensure that participating employers meet their responsibilities of paying retirement contributions on time. The board is cognisant of the economic environment employers operate in and continuously works on improving the process by providing various options that help prevent employer terminations owing to non-payment of contributions.

Employers are encouraged to engage with the Fund to discuss cash flow challenges and understand the options available to them.

Treating Customers Fairly

TCF remains central to the board, by integrating TCF principles into the operations of the Fund, ensuring that customer outcomes are consistently prioritised in decision-making, governance, and day-to-day practices. The board continues to reinforce the importance of TCF by regularly emphasising its outcomes in meetings, demonstrating an ongoing commitment to fairness, transparency, and responsible stakeholder engagement.

Board and subcommittee attendance

Committee member	Investment meetings**	Trustee meetings	Annual investment workshop	Annual general meeting	Sustainability and transformation sub-committee (STSC)	Communications sub-committee (CSC)	Audit and risk management sub-committee (ARM)	Section 37C and 37D sub-committee (Section 37C and D)
John Liackman	4/4	4/4	1/1	1/1	4/4		2/3	
Sandile Khumalo	4/4	4/4	1/1	1/1		1/2		
Nazley Sallie	4/4	4/4	1/1	1/1		2/2	3/3	
Karusha Moodley	3/4	4/4	1/1	1/1	4/4		3/3	
Fiona Rollason	4/4	4/4	0/1	1/1		2/2	2/3	4/4
John Anderson ^R	4/4	4/4	1/1	1/1	2/4		3/3	
Nomonde Zwane	4/4	3/4	1/1	1/1	3/4	2/2	3/3	
Ziningi Kutama ^A	4/4	4/4	1/1	1/1	3/4		3/3	4/4
Luyanda Mbatha ^A	4/4	4/4	1/1	1/1		2/2	2/3	4/4
Michelle Scholtz								4/4
Kevin Prinsloo ^R								4/4

** AFRF has consciously chosen not to establish an investment sub-committee. This decision is based on the belief that investments play a pivotal role in delivering the desired outcomes for all members and, therefore, all trustees must be aware and actively engaged in investment discussions.

^A Alternative trustees.

^R Resigned.

MANCO duties

Each participating employer may appoint and elect a MANCO which consists of employer and member representatives of the participating employer. The members have the right to elect at least 50% of the MANCO representatives. The MANCO plays a crucial role in making decisions on the benefit structure applicable to the participating employer, monitoring service delivery between the employer and the Fund and its administrator and its members. The MANCO must meet (except for Base offering clients) at least once per year to review:

- the benefit structure of their participation within the framework of the Fund
- the costs and rates applicable to their participation and benefits provided through the Fund
- their investment strategy
- reports regarding their participation, such as the administration report and in respect of the comprehensive offering, a cash flow report and financial assessment

Each MANCO also acts as the communication channel to members and as a conduit of members' concerns.

Risk benefits

- Request and obtain risk benefit quotes
- Select and structure most appropriate risk benefits

Investment choice

- Choose an appropriate default solution (excl Base)
- Monitor strategies against objectives

Member education

- Educate members on benefits
- Inform members of available services

Service delivery

- Review efficiency, professionalism and competitiveness of offering
- Maintain integrity of achieving long term retirement goals

Claims assistance

- Assist with processing of death benefits
- Remind members to update nominated beneficiary details

Contributions

- Monitor that the employer pays the required contributions and advise members where this is not the case

Oversight of Fund management

The Board is entrusted with the strategic oversight of the Fund, ensuring its long-term sustainability, integrity and alignment with stakeholder expectations. This includes safeguarding the Fund's assets, reputation and operational resilience through sound governance practices.

Performance monitoring

The Board of Trustees conducts regular reviews to ensure service providers remain aligned with the Fund's objectives. This includes performance assessments of both multimanager and single investment manager portfolios, as well as audits to verify regulatory and policy compliance.

Data protection and cybersecurity

The Fund recognises its duty to safeguard members' data and uphold confidentiality. Service level agreements outline the Fund's data protection requirements and include clauses for legal protection in the event of a breach. We implement measures to ensure data privacy and strengthen information security across all operations. While the Fund does not own the underlying technology and information systems, we rely on Alexforbes to provide secure and effective data management, guided by a robust IT governance framework that is regularly monitored for compliance and performance.

The Fund has implemented a cybersecurity and cyber resilience framework as referenced in the Joint Standard on Cybersecurity. This regulatory framework will serve as a benchmark for evaluating the adequacy and effectiveness of existing safeguards, ensuring the continued protection of Fund, member, and employer data.

During the year, we received 0 complaints (2024: 0) from regulatory bodies regarding consumer data, privacy, and ethics. During the reporting period there were 10 substantiated incidents (2024: 8) of personal information breaches, which were investigated, and appropriate notifications and assistance were provided to the affected individuals.

Modernisation and automation

Following the implementation of the two-pot retirement system, the AFRF has continued to prioritise operational efficiency, cost reduction, and enhanced member service. The Board of Trustees remains committed to encouraging service providers to modernise and automate their processes to meet evolving member needs.

Our administrator has made ongoing enhancements to its administration platform, further reducing manual intervention and improving system responsiveness. These improvements are informed by real-world data and insights gathered during the initial rollout and subsequent months of the two-pot system. Continuous optimisation of administrative and operational processes has led to more efficient bulk and individual claims processing, streamlined contribution reconciliations, and improved service delivery.

Automation has significantly reduced errors, strengthened internal controls, and enhanced transparency in reporting. These efforts have also resulted in a marked decline in errors and omissions claims, delivering measurable cost savings for the Fund and reinforcing our commitment to operational excellence and member expectations.

Responsible procurement

In line with the Fund's transformation policy, the board prioritises the procurement of services that support local economic development and align with South Africa's broad-based black economic empowerment (B-BBEE) objectives.

Service providers are evaluated on their B-BBEE status, and where capabilities are equal, preference is given to those with stronger transformation credentials. Strategic partnerships are expected to include a clear transformation strategy aligned with the fund's goals.

The Fund performs strongly in managing its procurement processes and actively supports transformation by working with B-BBEE Level 3 and above suppliers, with most being Level 1.

However, due to the way the scorecard is structured and the nature of the fund's operations, it is difficult to allocate a meaningful portion of procurement to Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs). Doing so without proper due diligence could affect their eligibility and service quality.

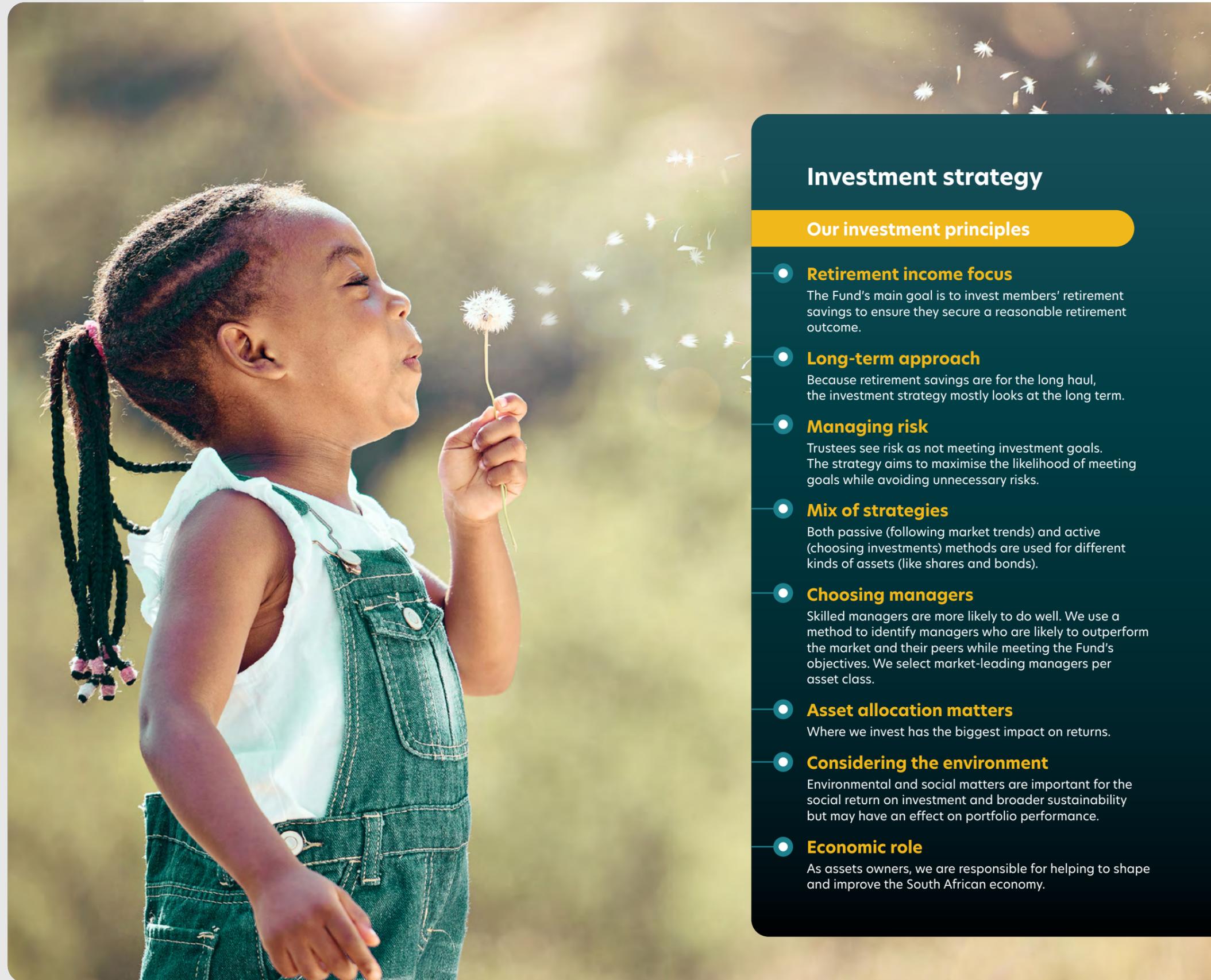
As a result, while the Fund remains committed to inclusive procurement, its score in this area is unlikely to improve significantly under the current conditions.

Preferential procurement FSTC targets	Alexander Forbes Provident Fund	Alexander Forbes Pension Fund
B-BBEE procurement spend from all suppliers based on B-BBEE Recognition level as % of total measured procurement spend	Target: 80% Actual 134.50%	Target: 80% Actual 133.16%
B-BBEE procurement from all suppliers that are QSEs/EMEs based on B-BBEE recognition levels as a % of total measured procurement spend	Target: 25% Actual 0.33%	Target: 25% Actual 0.23%
B-BBEE procurement spend from all suppliers that are at least 51% black-owned based on B-BBEE recognition levels as % of total measured procurement spend	Target: 25% Actual 47.85%	Target: 25% Actual 39.35%
B-BBEE procurement spend from all suppliers that are at least 30% black woman owned based on B-BBEE procurement recognition levels as % of total measured procurement spend	Target: 12.5% Actual 0.07%	Target: 12.5% Actual 0.07%

Treating customers fairly

Service providers are assessed on their alignment with TCF principles, and the board ensures compliance with all legal communication requirements to maintain transparency and trust.

1. Members are confident that the fund prioritises **fair treatment** in its culture and management
2. **Member needs** inform the fund's benefit design, including investment, annuity, group insurance and preservation strategies.
3. Members receive **clear information** throughout their membership, from joining to exiting the fund.
4. Any **advice** given to members considers their evolving circumstances over their membership period.
5. Fund performance and service **meet member expectations**, maintaining high standards.
6. Members encounter **no unreasonable obstacles** during their membership, even during complaints, benefit claims or changes in products, benefits or providers, if applicable.



Our investment objectives and underpinning principles

The trustees have a statutory and fiduciary duty to manage the Fund's assets in a responsible and prudent manner, with the primary objective of safeguarding and advancing the long-term interests of members.

Our primary objectives are:

Retirement income security

To provide members with a variety of portfolios that have the greatest likelihood of securing a reasonable pension at retirement, based on each member's unique circumstances and saving ability. This involves delivering acceptable investment returns at an acceptable level of risk and with reasonable costs.

Stability near retirement

To offer members portfolios that provide less volatile returns, particularly as they approach retirement, with the aim of generating an income stream that maintains their standard of living post-retirement.

Investment strategy

Our investment principles

- Retirement income focus**

The Fund's main goal is to invest members' retirement savings to ensure they secure a reasonable retirement outcome.
- Long-term approach**

Because retirement savings are for the long haul, the investment strategy mostly looks at the long term.
- Managing risk**

Trustees see risk as not meeting investment goals. The strategy aims to maximise the likelihood of meeting goals while avoiding unnecessary risks.
- Mix of strategies**

Both passive (following market trends) and active (choosing investments) methods are used for different kinds of assets (like shares and bonds).
- Choosing managers**

Skilled managers are more likely to do well. We use a method to identify managers who are likely to outperform the market and their peers while meeting the Fund's objectives. We select market-leading managers per asset class.
- Asset allocation matters**

Where we invest has the biggest impact on returns.
- Considering the environment**

Environmental and social matters are important for the social return on investment and broader sustainability but may have an effect on portfolio performance.
- Economic role**

As assets owners, we are responsible for helping to shape and improve the South African economy.

Default and other investment strategies

According to retirement fund regulations, trustees are required to offer a default investment option for members who do not actively select their own investment strategy. This default plan must be straightforward, cost-effective and easy for members to understand.

The default investment strategy selected by the trustees for the **Core and Comprehensive** plans is the **Alexander Forbes Balanced Goals-based LifeStage model**.

This model aims for higher investment growth (CPI + 5%) when members are more than five years away from retirement. As members approach retirement, the strategy gradually reduces risk and adjusts for lower expected investment growth.

The strategy diversifies investment risk across:

- **Asset classes** (various types of investments)
- **Investment styles** (different methods or approaches to investing)
- **Asset managers** (professionals managing the investments) This diversified approach is designed to mitigate exposure to any single risk, providing members with an optimal chance of securing a reasonable pension at retirement, based on their contributions and length of service.



Base offering

For our Base offering, the trustees have chosen the **AF Retirement Navigator portfolio** as the default option for most members in this category. This portfolio is designed to focus on longterm growth while smoothing returns, offering a low-volatility investment experience that aims to provide stable returns, making it a suitable choice for the average member profile.

Core offering

Employers/MANCOs have the flexibility to select an alternative investment strategy instead of the fund's default choice. They can opt for one of the following portfolios:

- **Any of the AF Goals-Based LifeStage models** (Balanced, Specialist, or Passive)
- **Shari'ah High Growth or Shari'ah Medium Growth**

Members also have the option to opt out of the employer or MANCO's default strategy and can choose from a range of trustee-approved portfolios to tailor their investment according to their preferences.

Comprehensive offering

For the comprehensive offering, employers/MANCOs have the option to choose an alternative investment strategy instead of the default. They can select from:

- **AF Goals-Based LifeStage models** (Balanced, Specialist, or Passive)
- **Shari'ah High Growth or Shari'ah Medium Growth** portfolios
- **AF Retirement Navigator** portfolio
- **Clarity™**
- **An investment strategy chosen by the management committee** from the trustee-approved portfolio range

Additionally, individual members may opt out of the default investment strategy to choose a portfolio that better suits their specific investment needs.

Customised offering

This option allows varying degrees of customised investment flexibility according to the size of the assets under management, starting from R300 million. Qualifying employers or MANCO's that select this offering have the flexibility to create their own **tailored investment strategy** and select any portfolios, provided they are approved by the trustees and available on the Alexander Forbes Investments Limited platform.

To implement this customized investment option, employers are required to work with an investment consultant for expert guidance. The MANCO is responsible for selecting the default investment strategy for the scheme under this offering.

Managing investments

The primary aim of our investment strategy is to help members achieve a secure and sustainable retirement income. AFRF's approach involves thoughtful decision-making to cater to the diverse needs of members.

Asset allocation

Effective asset allocation is key to achieving investment objectives. The Fund carefully decides how much to allocate to different asset types such as equities, bonds, cash, property, and real assets (like infrastructure projects).

Managing investment risk

Acknowledging and mitigating risks is an essential part of our investment approach to protect members' savings. A comprehensive strategy ensures a well-diversified, professionally managed investment portfolio that aims to deliver sustainable returns while meeting the retirement needs of our members.

The board believe the best way to meet these needs is to be invested in a multimanager pooled portfolio which optimally combines exposure to more than one investment manager and reduces risk, thereby providing an additional layer of diversification.

Multimanager

The Fund has established a long-term partnership with our appointed investment manager which is responsible for selecting investment managers based on philosophy, expertise, past performance and their ability to meet benchmarks and provide suitable portfolios.

The performance of these investment managers is regularly reviewed to ensure they meet the set standards.

Single investment manager portfolios

The Fund provides a number of best investment view single-manager global portfolios that meet the Fund's criteria in terms of its investment policy statement.

The Fund, in collaboration with the multimanager, uses a rating system to assess single-manager portfolios, categorizing them as A or B+ managers. If a manager's rating declines to B, the trustees notify the management committee, and members are encouraged to consider switching to alternative portfolios. If a manager's rating falls further to C, the assets are promptly reallocated to AF Active Balance Life Stage High Growth portfolio to safeguard members' investments.

Monitoring investment performance

We take a proactive approach to monitoring portfolio performance against established targets. The overall investment strategy and the performance of multimanager are regularly reviewed to ensure the fund's investments continue to deliver strong returns for our members.

This may result in changes to portfolio construction or offering from time to time, based on discussions between the trustees, its asset consultants and the multimanager. This process ensures that the investment options offered to members are diverse, well managed and aligned with the fund's goals.

Fund performance and responsible investing

Asset allocation

31 March 2025

	Local	Africa	Global	Combined
Equity excluding property	36.9%	0.8%	32%	69.7%
Property	1.6%	0.0%	0.5%	2.2%
Bonds	13.1%	0.0%	1.4%	14.5%
Inflation linked bonds	0.4%	0.0%	0.0%	0.4%
Cash	2.8%	0.0%	1.9%	4.7%
Commodities	0.7%	0.0%	0.1%	0.7%
Alternatives	6.2%	0.3%	1.3%	7.8%
Total	61.7%	1.1%	37.2%	100%

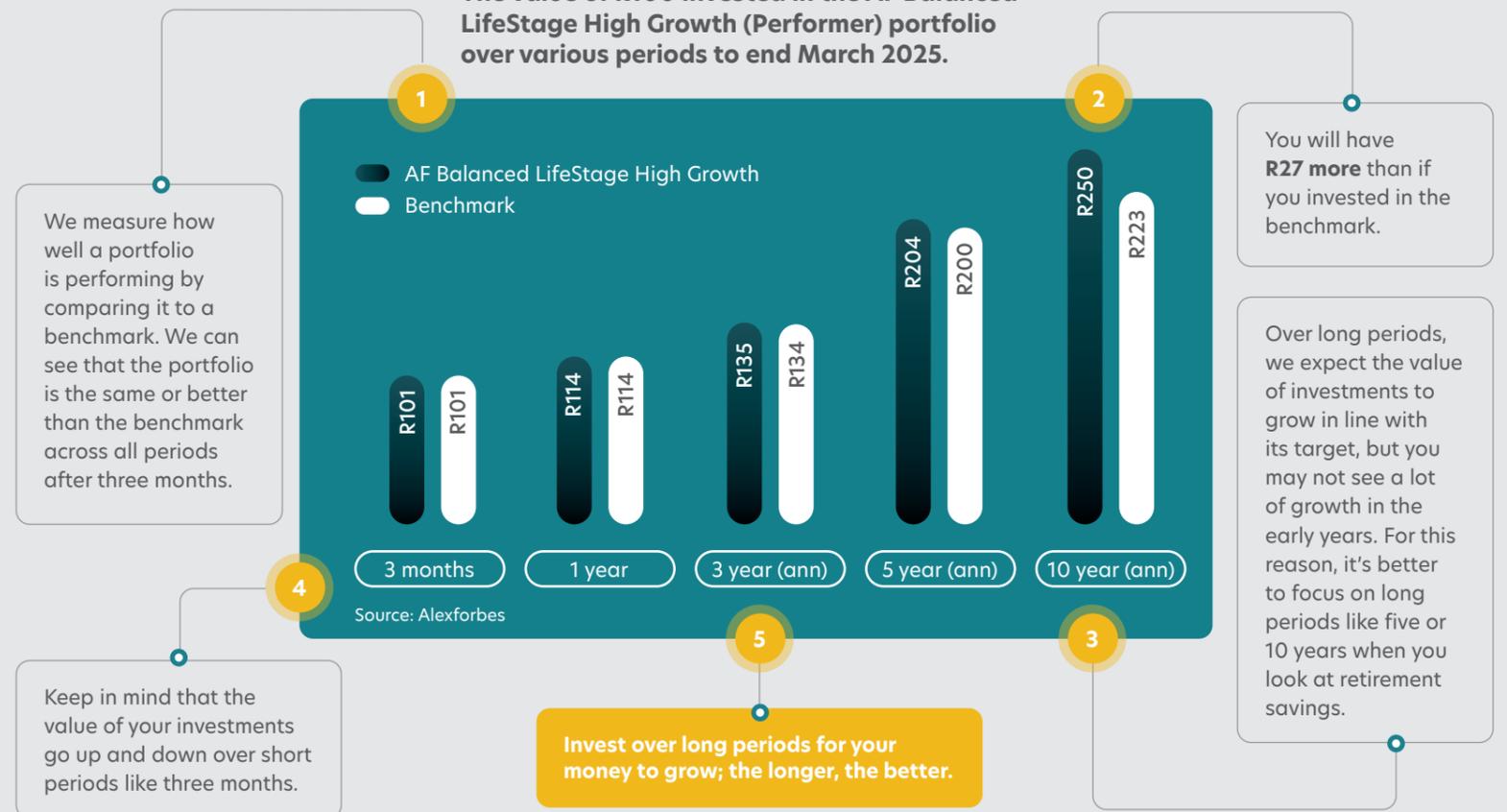
Top 10 equity holdings as a percentage of the AF Balance LifeStage High Growth portfolio

Naspers	3.6%
Standard Bank Group	2.3%
FirstRand Limited	2.1%
Prosus	2.0%
British American Tobacco Plc	1.7%
Anglogold Ashanti	1.7%
Anheuser-Busch Inbev	1.3%
MTN Group	1.3%
Gold Fields	1.3%
Capitec Bank Holdings Ltd	1.2%
Total	18.5%

Fund Performance

Growth portfolios	Past returns			% of AFRF total assets as at 31 March 2025
	1 year	3 year	5 year	
AF Balanced LifeStage High Growth portfolio	13.97%	10.64%	15.33%	69%
Benchmark	14.03%	10.31%	14.82%	
AF High Growth portfolio	14.41%	10.96%	16.11%	5%
Benchmark	14.17%	10.20%	15.21%	
AF Passive Bold portfolio	13.72%	9.65%	15.20%	1%
Benchmark	14.28%	9.95%	15.51%	

The value of R100 invested in the AF Balanced LifeStage High Growth (Performer) portfolio over various periods to end March 2025.



Responsible investing

Our approach to responsible investing

Our approach to responsible investing considers returns in tandem with its the impact on environmental, social, and governance (ESG) factors. Our investment decisions are guided by ESG principles, focusing on opportunities that are financially sound and ethically responsible.

Through the Responsible Investment Policy, we outline our ESG management strategies, core beliefs, and overarching responsible investment framework. It also incorporates key elements, including our investment approach to impact investing, climate, engagement, and transformation, ensuring a cohesive and robust approach to sustainable investing. During the year, separate Climate and Engagement policies were adopted to expand on these specific areas further.

Beliefs

The Fund holds a set of beliefs which are central to our Responsible Investing strategy and which broadly cover overarching ESG principles, fiduciary duty as trustees, active ownership and stewardship and impact and climate change.

Our partnerships and signatories

At AFRF, we are committed to responsible investment practices and endorse several recognized codes and standards that align with our approach to responsible and sustainable investing.

Code for Responsible Investing in South Africa (CRISA)

Launched in 2011, CRISA encourages institutional investors and service providers in South Africa to integrate ESG issues into their investment decisions. We endorse CRISA and its latest iteration, CRISA 2, which aims to reaffirm a framework of principles for stewardship and responsible investment as a key component of the South African governance framework.

UN Principles for Responsible Investment (UNPRI)

Although the Fund is not a signatory to UNPRI, it aligns with its principles, which emphasise the fiduciary duty of institutional investors to consider environmental, social and governance (ESG) factors in their investment decisions. Given the Fund's investment approach, we partner with a multimanager that is both aligned with and a signatory to the UNPRI. The Fund's investment beliefs and practices reflect the UNPRI's principles, advocating for responsible investing that extends beyond financial returns.

United Nations Sustainable Development Goals (SDGs)

Our activities primarily contribute to SDGs 8 and 10, with secondary goals being SDGs 3, 4, 5, 7 and 13. Through our RI approach, a focus on shaping SDG outcomes involves broadening the analysis of our financially material ESG issues to include a parallel analysis of the most important outcomes to society and the environment at a systemic level.



Our responsible investing framework

Integrating ESG practices

Through the fund's responsible investing framework, we are progressively incorporating an ESG overlay into our investment process. The AFRF's responsible investing framework is built on five pillars that are aligned with the CRISA 2 responsible investing codes.

Integration of ESG factors

Asset managers are expected to integrate ESG factors into their investment processes.

This integration is aimed at achieving better risk-adjusted returns and improved member outcomes.

The AFRF has established reporting and monitoring mechanisms to ensure asset managers adhere to its ESG policy.

We use an ESG rating framework to assess the performance of asset managers, with the highest-rated managers preferred.

Active ownership and stewardship

The Fund seeks to influence positive market behaviour through its activism.

We have adopted proxy voting guidelines that show our asset managers how to vote on shareholder resolutions related to specific ESG issues.

In addition, the multimanager monitors and reports on their asset managers proxy voting records related to ESG issues.

An engagement policy empowers the Fund to influence corporate decisions through asset managers.

Collaboration and capacity building

The AFRF collaborates with industry bodies to promote ESG principles and expects its multimanager to align with PRI and CRISA 2 principles.

We actively engage with the multimanager, discussing ESG issues, receiving feedback from investment managers regarding the due diligence process and addressing concerns through ongoing engagement.

Governance

Responsible investment governance is overseen by various stakeholders, including the Board of Trustees, STSC, investment consultants, principal officer, multimanager and investment managers.

Each stakeholder has defined roles and responsibilities to ensure ESG integration takes place.

Transparency and communication

The AFRF supports disclosure and transparency, making its responsible investment policy available to members and reporting on our performance through annual reports.

Regular reporting on ESG activities is expected from the multimanager, and proxy voting results are available upon request. Engagement activities by asset managers are reported annually.

In addition to implementing our five-pillar responsible investing framework, AFRF is integrating ESG practices through our impact and transformation approach.

Investing in private markets that deliver measurable impact

Alongside traditional asset classes, the Fund invests in private market investments where members' investments contribute directly to meaningful outcomes for the communities and the people to whom the programme is able to contribute. The private markets portfolio aligns with relevant SDGs, with a particular emphasis on the South African National Development Plan (NDP) 2030. These focus areas present a clear direction on where to steer the fund's efforts to create maximum, intentional impact.

Transformation policy

Our Responsible Investment Policy, which integrates our transformation policy, is designed to drive positive change within South Africa's asset management sector and broader society. We have adopted a deliberate and inclusive approach to promoting diversity by expanding opportunities for black professionals, with a focus on empowering women within the financial services industry.

In line with this commitment, the policy's key strategic intent includes increasing the pipeline of black investment professionals, including women, promoting inclusivity in brokerage services and supporting top-rated majority black-owned investment management firms.

Our transformation policy serves as a strategic road map. It has three main objectives:

- Expanding the pool of black investment professionals.
- Facilitating the growth of majority black-owned investment firms.
- Empowering start-up and emerging asset managers, especially those led by black entrepreneurs, by providing them with opportunities to establish strong track records.

Our multimanager is implementing the policy by selecting investment experts who are aligned with these transformation goals. We work with the multimanager to ensure:

- Ongoing monitoring of the performance and adherence to these objectives is conducted.
- Encouragement is provided to investment experts to engage with black-owned stockbroker firms.
- Comprehensive reporting mechanisms are established to track progress and compliance.

Our responsible investing road map

Following the ESG gap analysis conducted in 2024, AFRF has made significant strides in embedding its ESG implementation and transformation plan. During the year, we continued to integrate ESG considerations into our investment processes, supported by structured monitoring and engagement mechanisms. The Trustees and STSC continue to oversee progress, with regular input from our investment consultants to ensure alignment with strategic objectives.

Our responsible investing road map encompasses several key components:

- Transformation: fostering diversity and inclusivity.
- Impact: aligning investments with societal and environmental impact.
- Climate: addressing climate-related risks and opportunities.
- Metrics and deliverables: measuring and reviewing our progress under these components

At AFRF, responsible investing is not just a concept, it's a tangible commitment with a clear path forward. In the upcoming year, we plan to focus on the following actions:

- Review our impact policy, assess the multimanager's impact evidence (including ESG fact sheets), and review our SDG reporting.
- Scrutinise the multimanager's climate policy, evaluate carbon reporting for default portfolios, and review the climate policies of underlying managers in the default portfolio.

Our commitment to climate change

As part of our commitment to environmental responsibility, climate change risk is an issue we have decided to take a proactive approach to. The AFRF endorses the objectives of the Paris Agreement, aiming to limit global temperature increases.

Our climate change investment policy is integrated into our investment philosophy and demonstrates our commitment to sustainability and risk-led ESG integration. Acknowledging climate change as a national priority, our approach aligns with our RI investment framework and aims to incorporate climate considerations.

The AFRF is committed to integrating climate change considerations throughout our investment strategy. While not adopting explicit emission targets, we engage with asset managers on responsible investment, expecting emissions to decrease as regulations evolve. As a Fund, we expect our appointed multimanager to incorporate climate considerations into its investment strategies, engage directly with asset managers on climate-related issues, and ensure that proxy voting on these matters aligns with our investment objectives. Our multimanager's approach to climate change has been assessed and is suitably aligned with the fund's climate change policy.

Responsible investing *continued*

Selecting and monitoring asset managers

Our appointed investment manager employs a rigorous process for evaluating and selecting investment managers, prioritizing their capabilities, track record, and commitment to responsible investment principles. The selection process includes a thorough assessment of each manager's alignment with the CRISA principles, their status as a UNPRI signatory, and their integration of environmental, social, and governance (ESG) factors into their investment practices.

Continuous Monitoring

Once managers are appointed, they are subject to ongoing monitoring to ensure adherence to responsible investment practices. Our multimanager Alexander Forbes Investments, acting on our behalf, conducts regular due diligence, engages with managers, and assesses their efforts in ESG integration and active ownership. The Fund's investment consultant plays a key role in this process, evaluating manager performance and their contributions to achieving responsible investment outcomes.

Emphasis on Transparency and Accountability

The AFRF places strong emphasis on transparency and accountability in its ESG monitoring practices. Appointed asset managers are required to submit regular reports detailing ESG-related activities, including proxy voting outcomes and engagement initiatives. Through the appointed multimanager, there is continuous communication with managers, enabling the AFRF to address concerns proactively and drive improvement in alignment with the Funds responsible investment objectives.

Stewardship through proxy voting and engagement

Stewardship reflects the responsible management of assets to deliver sustainable, long-term value. Proxy voting is a key mechanism in this process. The AFRF, through its multimanager investment approach, applies robust proxy voting guidelines aligned with global best practices, including the principles of CRISA and the UNPRI.

These guidelines ensure that our appointed asset managers maintain a sound governance approach to proxy voting and proxy voting guidelines form part of the investment management agreements. Oversight is maintained through regular engagements, due diligence reviews, and comprehensive reporting on voting activities - reinforcing transparency and alignment with the Fund's investment objectives.

Our multimanager works closely with asset managers to ensure they meet these expectations and maintain deep insight into the companies they invest in. This includes identifying material ESG risks that may affect long-term value. Proxy voting and engagement remain central to AFRF's investment strategy, supporting sustainable practices and value creation across the portfolio.

AF Balanced LifeStage High Growth (Performer) portfolio proxy voting

In 2025, the multimanager reported voting on over 6 643 resolutions (2024:6 552) through our appointed asset managers, covering equities in our local market.

	M&G	Ninety One	Allan Gray	Truffle	Aluwani	Total Performer
No of resolutions	2 173	710	1 263	1 659	838	6 643
No of resolutions voted for	1 961	691	1 166	1 440	633	5 891
No of resolutions voted against	208	18	88	219	143	676
No of abstentions	2	0	9	0	3	14

In line with a rigorous governance approach, our multimanager ensures that each appointed asset manager adheres to sound proxy voting practices. Proxy voting guidelines are stipulated within our investment management agreements, and managers report regularly on engagement outcomes through report back meetings, due diligence and ESG engagement meetings.

Key issues and voting trends

Remuneration: Executive remuneration remains a key topic, with nearly a quarter of dissenting votes tied to remuneration policies and outcomes.

Board accountability: There is increasing expectations for enhanced oversight and diversity on boards. This is signalled by the elevated levels of shareholder opposition to director re-elections.

Climate Policy Alignment: Although climate-related proposals remain limited in number, their continued presence reflects a growing area of stakeholder concern that is expected to gain prominence over time.

Abstentions

Abstentions remained marginal. They typically arose when disclosure was incomplete on a specific issue or when a conflict of interest suggested that abstaining would be the most prudent course of stewardship.



Responsible investing *continued*

Investment portfolio ESG performance and impact

Ultimately, investment processes should evolve to a point where the impact of any investment on society and the economy can be measured. The AFRF is committed to integrating both impact and financial performance within its investment strategy to drive transformative change in the industry, and broader society.

The Fund actively monitors the social, economic and environmental impacts of its investments, expecting detailed impact performance reports from its multimangers. These insights guide engagement with asset managers to optimize the risk/return profile and amplify impact outcomes. In addition to traditional asset classes, the Fund has embraced private market investments that contribute directly to selected National Development Plan (NDP) and Sustainable Development Goals (SDG) indicators, driving tangible benefits for communities and individuals.

The ESG performance of an investment portfolio offers a comprehensive view for trustees of the Fund to assess investment impact by taking into account broader ESG considerations beyond just looking at the financial

return. This information is key to helping trustees exercise their fiduciary responsibility.

The AF Balanced High Growth (Performer) portfolio stands as the primary focus of our ESG impact analysis since it is the largest portfolio of the default investment strategy as well as the largest individual member selected portfolio, representing 90% of total fund assets.

Measuring ESG impact at the portfolio level, however, presents unique challenges, as there are limited off-the-shelf tools readily available for this purpose due to data unavailability.

Recognising this, AFRF has initiated a dedicated effort to measure and understand the ESG impact within our portfolios, beginning with AF Balanced High Growth (Performer). Our current approach to impact measurement enables us to look at Performer through three different impact lenses:

1 | Listed Assets ESG Performance

This assesses the ESG integration within listed companies within Performer, with a particular emphasis on gender diversity, ESG integration practices, and Weighted Average Carbon Intensity (WACI) as a measure of climate impact.

Gender diversity

We are pleased to see strong female representation on South African boards, reflected in our Balanced High Growth and Performer portfolios, with female board representation in the 30-35% range. Globally, 50-55% of companies meet or exceed the 30% diversity target, aligning with our portfolio benchmarks and supporting our commitment to gender diversity in responsible investing.

AF Active Balanced Lifestage High Growth portfolio female representation:

28%
(2024: 27%)

ESG integration

We use an ESG rating framework to assess the performance of asset managers. These ratings apply to the full scope of the investment strategy and its underlying assets, not solely to equities or shares. The portfolio ratings represent a weighted average of the ESG ratings of individual managers within a given portfolio, determined through our due diligence processes. ESG 1 signifies a leader in the integration of ESG factors, and it goes down to ESG 4, indicating little integration of ESG considerations. Overall, most of our portfolios have higher-rated portfolio ratings relative to their respective benchmarks.

AF Active Balanced Lifestage High Growth portfolio average ESG integration rating:

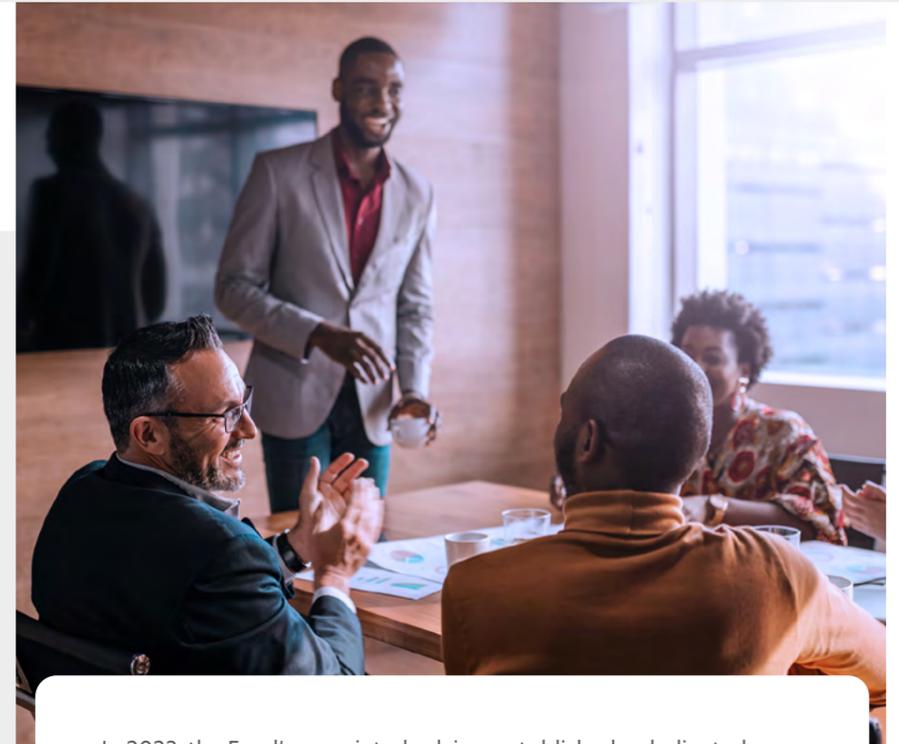
2.59
(2024: 2.51)

Climate change

We use the Weighted Average Carbon Intensity (WACI) metric to monitor the carbon exposure of our portfolios. Domestic equity portfolios generally show a WACI range of 220-450, while global portfolios reflect 90-160 for developed markets and 260-340 for emerging markets.

AF Active Balanced Lifestage High Growth portfolio WACI score:

149
(2024: 166)



In 2023, the Fund's appointed advisor established a dedicated Impact Centre of Excellence to strengthen sustainability insight, advisory, and responsible investment practices. With support from this advisory capability, the Fund benefits from specialised sustainability expertise that enhances ESG integration and the positive impact of our investment activities.

By utilising advanced tools such as the Paragon Impact technology solution, the Fund continues to lead in ESG and impact analysis and reporting. This capability significantly deepens our sustainability journey, enabling more robust decision-making and transparency in how we manage long-term value creation.



During the year, Paragon Impact provided the second independent assessment and grading of the Fund's SDG impact. The grading focused on the local listed equities components of the Performer portfolio and will expand over time to cover all asset classes.

The Paragon Impact SDG Grading evaluates the net impact score of investments within a global context, using the Morningstar Global Markets Index as a sector-wide baseline. These assessments will guide the fund's SDG impact journey by providing trustees with a credible and objective SDG impact benchmark.

By leveraging Paragon Impact's independent SDG impact reports, the Fund aims to enhance its understanding of the positive and negative impacts of its investments. This empowers the Fund to be more intentional in driving positive SDG outcomes while mitigating negative effects through stewardship activities, including proxy voting.

Responsible investing *continued*

2 | SDG Impact of AF Balanced LifeStage High Growth (Performer) local listed equities
As at September 2024

Core SDG grading



Performer Fund's local listed equities has achieved a grading of **BB** for the fund's core SDGs. The Core Grading of **BB (35.44%)** reflects a moderate to good positive impact, though with notable challenges that are also captured in the comprehensive grading.

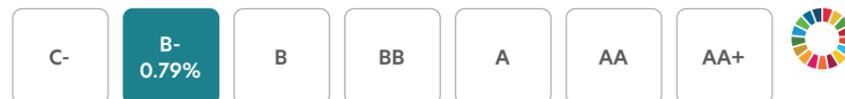


SDG 8 declined from AA to 36% (BB), driven by high executive pay disparities and increased focus on wealthier geographies, reducing additionality and limiting poverty alleviation impacts.



SDG 10 maintained a BB grade (34.79%) but is constrained by these same factors and weak gender representation in certain holdings (SDG 5), which undermines equitable growth.

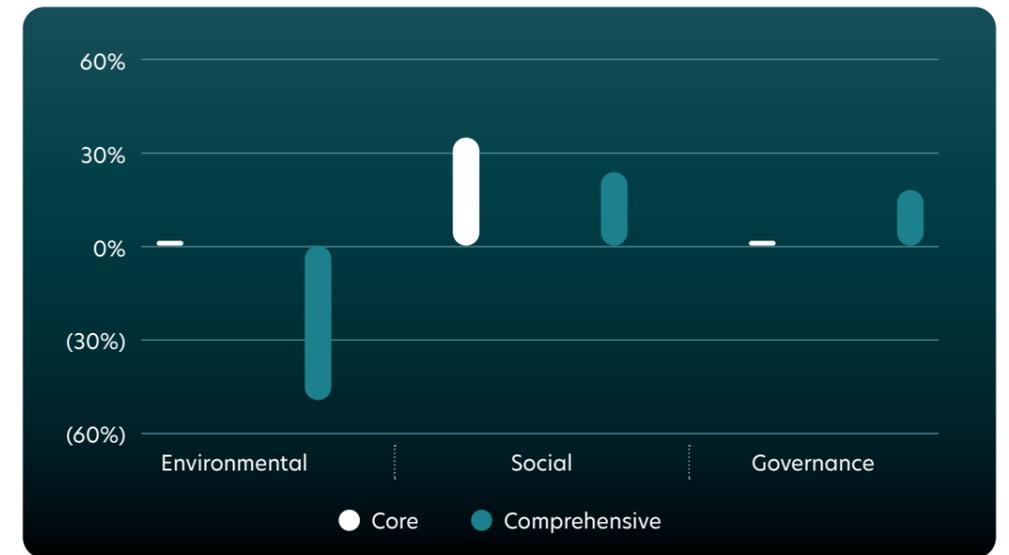
Comprehensive SDG view



When assessed against all 17 SDGs, Performer's local listed equities achieved a **B-** (0.79%) indicating some challenges in several other SDGs.

When the core and comprehensive SDG gradings are assessed through an ESG lens, the local listed equities portion of the Performer portfolio indicates some challenges in other SDGs. By addressing these issues, the Performer Fund can enhance its alignment with global sustainability goals and strengthen its comprehensive grading while preserving its core focus on SDG 8 and SDG 10.

This assessment sets a high-level baseline against which the Fund can monitor and manage the impact of its investment portfolios over time, with a view to reducing negative impacts and enhancing positive impacts in pursuit of financial returns on behalf of members of the Fund.



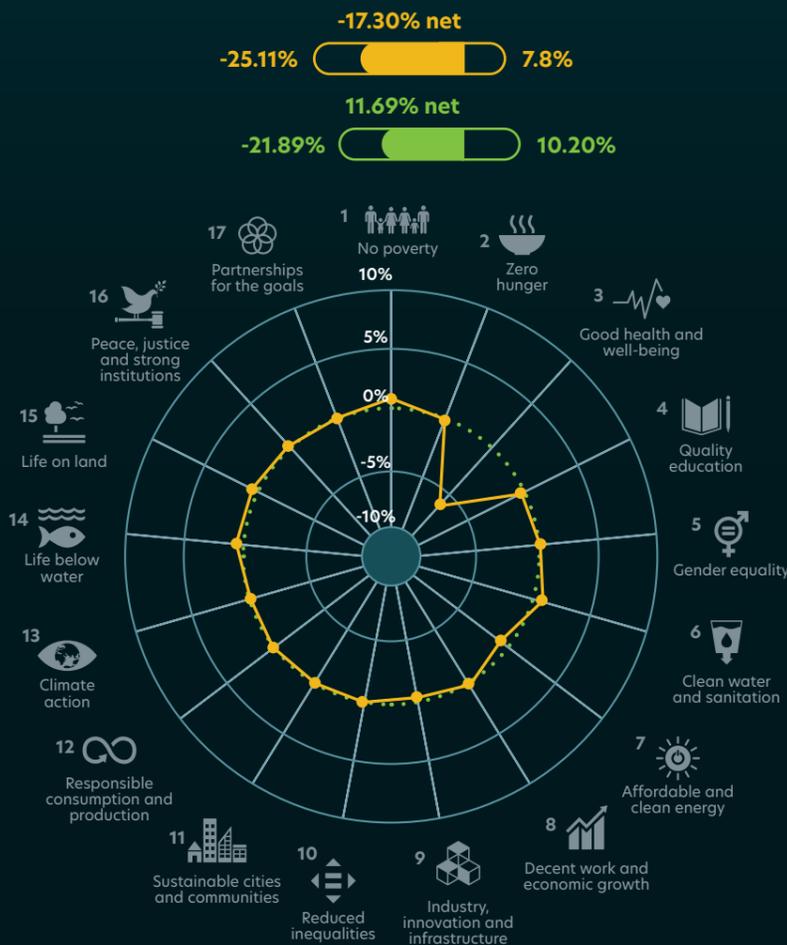
Responsible investing *continued*

SDG assessment against the Capped SWIX

The financial performance of the Performer portfolio is benchmarked against the JSE Capped SWIX – a benchmark which emphasises local shareholder weighting and caps individual stock at 10% to provide a balanced view of the South African market, reflecting the domestic economic environment.

With this in mind, the impact performance of the local listed equities portion of the Performer portfolio has been compared to that of the Capped SWIX to establish an initial comparative view of the SDGs. The revenue alignment and operational alignment against each of the SDGs is set out below, as relevant to June 2025.

SDG revenue alignment
as at June 2025



SDG operational alignment
as at June 2025



Whilst the Performer portfolio and the Capped SWIX perform similarly across most SDGs; the Performer portfolio delivers marginally enhanced positive impact in the following key areas:

- **Reduced Poverty (SDG 1):** The local listed equities component of the Performer portfolio demonstrates stronger consideration for revenue that supports the reduction of poverty in geographic areas of economic activity.
- **Clean Water and Sanitation (SDG 6):** The local listed equities component of the portfolio aligns revenue more closely with more water-efficient practices and responsible use (albeit the net negative impact is still negative).
- **SDG 3 (Good Health and Well-being)** emerges as a key area where performance is relatively lower. This may reflect the influence of regionally concentrated sectors that are often linked to health and environmental challenges. These industries, however, continue to play a significant role in supporting economic development in emerging markets.

The local listed equities portion of the Performer portfolio significantly outperforms the Capped SWIX in key operationally aligned SDGs, such as Life on Land (SDG 15), Responsible Consumption and Production (SDG 12) and Clean Water and Sanitation (SDG 6). While opportunities exist to enhance the operational alignment with socially focused SDGs, the overall impact remains consistent with the Capped SWIX benchmark.



3 | Private Markets ESG Impact

The Fund is invested in private markets through two of our portfolios: AF Balanced High Growth (Performer) and High Growth.

The Alexander Forbes Investments South Africa Private Markets (AFISAPM) programme aims to create economic, social and environmental impact while achieving financial returns for investors through partnerships with alternative investment providers.

This programme measures impact against the National Development Plan (a local impact framework) and the UN SDGs (a global framework) to demonstrate contribution to local and international development initiatives

The table below indicates where these target areas are spread across the different sleeves in our private markets programme:

Economic, environmental and social area of focus	Infra-structure	Private equity	Unlisted credit	Direct property
Green transition	*	*		
Job creation	*		*	*
Diversity and financial inclusion	*	*	*	*
Education	*			
Health and safety	*	*		*



Member impact

Insights driving member impact

Member insights help us assess how well individuals are likely to retire, and the data collected can be leveraged by employers to make informed decisions on how best to engage with and advise their clients.

This section highlights key insights drawn from the data, providing a deeper understanding of member behaviour and retirement readiness.

Detailed member demographics



Percentage of members



Retirement age:



Contribution rate

Average contribution rate 14%

(2024: 14%)
This is the percentage of pensionable salary contributed monthly

Average expenses 1.15%

(2024: 1.4%)
This is the portion of the contribution that goes towards life and disability insurance and administration costs

Total average contribution to retirement fund 13.67%

(2024: 12.6%)
This is the total percentage of pensionable salary that goes into the retirement fund

Average pensionable fund salary per year:

R250 000
(2024: R269 400)

Average fund credit (retirement savings):

R375 675
(2024: R150 000)

Minimum rate members need to contribute over a 40-year period to achieve 75% replacement ratio:

17%
(2024: 17%)

Average lump sum death benefit insured by the Fund (varies by industry):

3x salary
(2024: 3x salary)

Preservation and replacement ratios

Whilst members are forced to preserve at least their retirement component until retirement due to changes in legislation, **one in 5** of our members are actively preserving their retirement benefits.

Preservation of withdrawal benefits is one of the most effective ways to improve retirement outcomes. Maintaining retirement savings in investments allows compound growth to work over time, significantly enhancing long-term financial resilience.

Retirees who achieve a replacement ratio of 80% or higher:

2% to 3%
(2024: 2% to 3%)

Average actual replacement ratio of retirees:

25%
(2024: 24%)

Members with the worst projected replacement ratio outcomes are between the ages of:

37-59
(2024: 60+)

Average exit rate:

13.60%
(2024: 20.7%)

Average preservation rate:

(8.2%)

Insights driving member impact *continued*

Measurable benefits

Our strategic ambition is to provide optimal service to institutional clients and individual members by delivering measurable benefits through a comprehensive, advice-driven experience. We will keep investing in consulting, administration, and investments to improve scale and efficiency, delivering better solutions to MANCOs and members.

Claims and benefit payments

Insured death and disability benefits can be provided to all our members. These benefits are provided through a panel of four carefully selected insurers, with terms specifically negotiated to meet the needs of members. Our recommendations are guided by the most competitive and appropriate offerings from the insurers, ensuring members receive reliable cover.

During the financial year ending 31 March 2025, a total of **R16.5 billion** (2024: R12.8 billion) in benefits was paid out to **46 198** (2024: 45 483) members or their family members. This represents an average of

200 (2024: 197)

benefit payments made every working day, broken down as follows:

- 4** death claims paid per working day (2024: 4)
- 10** retirement claims paid per working day (2024: 28)
- 186** withdrawal claims paid per working day (2024: 165)



Creating better retirement outcomes

Preservation options

Addressing the challenge of long-term retirement savings remains a key priority for the industry. Many individuals face difficulty preserving their retirement savings while managing short-term financial pressures. Current efforts focus on improving flexibility and access, while promoting better preservation outcomes over time. We provide advice and solutions to help members make informed financial decisions. Through engagement on compulsory preservation of the retirement component until retirement, we aim to enhance overall preservation benefits by leveraging the opportunity to interact with members at this critical point.



In-fund preservation

If members are not sure what to do with their retirement savings when they change jobs or get retrenched, they can simply leave their money in the Fund until they decide what to do with it.



Alexander Forbes Retirement Income Solution (AFRIS) preservation fund

Through AFRIS, our members can consolidate their investments built at each stage of their careers, even at different employers, into a single fit-for-purpose vehicle, without any need to change when changing employers. Members can choose all of AFRIS's benefits to supplement their existing retirement savings.



Out-of-fund preservation

Members are not bound to remain invested in the Fund and may preserve their savings in their new employers' fund, a preservation fund, or a retirement annuity of their own choice, preferably with advice from their financial adviser.

To help members make informed financial decisions, the Fund offers:

- Advice to members before they withdraw their savings
- The same investment plan even after exiting their current employer
- Keeping fees the same with those of existing members
- Retirement advice to preserved members before they withdraw their savings

Members counselled:

New joiners:
4 140
(2024: 3 102)

Leavers counselled:
3 215
(2024: 2 129)

Retirees counselled:
2 478
(2024: 1 579)

At 31 March 2025 the Fund recorded:

9 818
(2024: 7 719) members that kept their savings invested after leaving their employer.

Average preservation rate (100% complete preservation):
8.2%
(2024: 17%)

Average preservation rate (including partial preservers):
21.2%
(2024: 21%)

Insights driving member impact *continued*

Annuity options

Upon retirement, members use their retirement savings to purchase an annuity, an insurance product designed to provide regular payments throughout retirement, either for a set period or for life. The AFRF offers members and out-of-fund annuity options, including:

- Out-of-Fund Annuities via Alexforbes: For members with at least R600 000 in savings, this option offers flexibility and competitive pricing.
- Another out-of-fund option with-Profit Annuity through Just SA.

Alexander Forbes Retirement Income Solution (AFRIS) Living Annuity

The AFRIS living annuity allows members to choose their annual income level, offering flexibility but with the risk of potentially exhausting savings if withdrawals are too high. As a hybrid solution, AFRIS combines the flexibility of a living annuity with the security of a life annuity, providing members with pension income flexibility, a legacy for beneficiaries, and a portion of guaranteed income.

Alexander Forbes (JuLI SecureGro) With-Profit Annuity

The JuLI SecureGro with-profit annuity provides a lifelong income guarantee, unaffected by market fluctuations, offering members peace of mind with a stable monthly income that won't decrease over time.

We guide our members in understanding the benefits and drawbacks of each annuity type, empowering them to make informed choices for a secure and sustainable retirement income.

We continue to advise members on the benefits of postponing retirement. Retiring at age 65 instead of 55 can nearly double retirement income, significantly improving long-term financial security.



At 31 March 2025 the Fund recorded:
200
(2024: 167)
members have postponed their retirement.

Member engagement

Our strategy is designed to meet the unique needs of both employer groups and individual members by enabling informed financial decision-making. Through a dynamic, advice-led approach, the Fund supports members in achieving optimal retirement outcomes. This member-centric strategy is reinforced by our multimanager's ongoing efforts in investment innovation, automation, digitisation, and organisational restructuring, all aimed at enhancing operational efficiency and long-term sustainability.

The evolving regulatory landscape such as the introduction of the Two-pot system, underscore the importance of our individualisation strategy. This strategy aims to enhance member outcomes, increase new membership, and improve member retention. Central to this goal is the expansion of our adviser network, the broadening of our advisory capabilities, and the enhancement of our digital platforms to create stronger connections with members.



Individualisation strategy

By engaging members in targeted and meaningful ways, the AFRF supports informed financial decision-making. The Fund views the individualisation of each member's retirement journey as a strategic opportunity to improve outcomes. This approach reflects our commitment to tailoring solutions that align with members' unique needs and circumstances.

Through broadening its advisory focus beyond retirement preparation, the Fund's approach now extends across the full lifecycle, offering guidance that addresses evolving financial needs at each stage. This shift reflects our commitment to delivering relevant, personalised support that goes beyond retirement savings.

This shift has brought about greater flexibility in benefit options, aligning with the growing trend toward a more personalised experience for members. Our journey of individualisation involves expanding our adviser network, enhancing our advisory capabilities, and investing in digital tools to strengthen member-adviser connections.

Why are we doing this?

Limited Engagement at Retirement: Traditionally, our interactions with members primarily occur at retirement, which limits our ability to influence long-term financial outcomes.

Insufficient Guidance Throughout Life: Members often lack consistent support to make informed financial decisions at various life stages, impacting their financial well-being in retirement.

During the year

- **Enhanced Access to Information and Services:** We improved accessibility to support financial inclusion, making it easier for members to engage with their retirement plans.
- **Refined Consulting Strategy to Strengthen Individualisation:** Our approach now extends the reach and impact of individualised member services through:
 - Updated workplace financial wellness initiatives to address member needs more effectively.
 - Improved eRBC (enhanced retirement benefit counselling) to offer comprehensive guidance.
 - An incentive model for retirement consultants, encouraging greater engagement and support for members.

Our individualisation strategy continues to progress, aiming to enhance member outcomes and support client retention. Looking ahead, we will further this strategy by increasing digital engagement and modernising our communication channels.

Member engagement continued

Two-Pot communications

The introduction of the two-pot retirement system marked a significant shift in the retirement landscape, offering members greater flexibility in managing their savings. To ensure that our members are empowered to make informed decisions about their pensions, the AFRF has implemented a robust, multi-channel communication strategy. This includes distributing targeted two-pot communications, sharing Alexforbes webinars, and creating dedicated online resources to equip members with the necessary insights and tools.

During the year, we continued to engage members on the two-pot retirement system through multiple communication channels, including webinars and training sessions. While the two-pot framework is now embedded in our operations, ongoing member engagement remains essential. We are committed to keeping members informed of the latest developments and ensuring they receive advice to support sound financial decision-making.

Additionally, a dedicated **two-pot web page** was created as a central hub for information. This resource features explainer videos, FAQs, and all ten Fast Facts, ensuring that members have easy online access to key materials.



Direct communication with members

By strengthening both direct and digital channels, we continue to equip members with the knowledge and tools needed to make informed financial decisions. This approach supports effective communication, including those who do not have access and ensures that messaging remains relevant, accessible, and aligned with members' evolving needs.

We monitor the effectiveness of our communication and continuously seek ways to improve our engagement with the members we serve.



On average **67%** of the SMS we send were successful.

On average **27%** (2024: 29%) of members who received the newsletter by email opened it/read it. Although improvement is needed, this is still above the 10% industry range.

Digital communication channels

Digital platforms offer an effective solution for immediate, targeted, and remote communication. We are committed to improving members' digital experience, especially for those joining employers with digital onboarding processes, helping them make informed decisions about their fund benefits. To expand digital access, Alexforbes has developed various tools and platforms:

AF Connect (formerly AF Online): This online portal provides members with secure access to fund values, account statements, and a suite of financial planning tools, all under a single login both via online and mobile.

WhatsApp Self-Service: For members with employers on the digital administration platform, a convenient WhatsApp self-service menu is available. This feature allows members to check fund values, retrieve benefit statements, and track claim status upon exit, ensuring real-time, accessible information.

My Money Matters Toolkit: is a digital toolkit designed to guide members through retirement-fund related decision-making moments during their working lives and beyond, making it possible for members to make informed decisions and have access to the right advice at the right time.

AF WhatsApp Channel
Self Service options

Use WhatsApp self-service, which gives you access to:

- Connect with an Alexforbes financial adviser
- Benefits statements
- Latest tax certificate
- Claims summary and status
- Register on AF Connect or reset password
- Learn more on specific topics
- WhatsApp uses end-to-end encryption to keep your messages secure

Member engagement *continued*

Retirement benefits counselling

A multi-channel delivery model that offers both digital and interactive counselling services.

This has been enabled by the **My Money Matters Toolkit** which offers a guided digital experience that provides just-in-time information that's understandable, relevant, relatable, persuasive, and actionable – based on Alexforbes research insights.

3 ways we offer counselling: a summary

1

Guided digital counselling information

- A guided digital journey through an explanation of options.
- Option to request interactive counselling.

2

Guided digital counselling decisions

- A guided digital journey through an explanation of options, offering the ability to make a choice.
- Option to request interactive counselling.

3

Interactive counselling

- Telephone consultations or group webinars or presentations that provide an opportunity to interact and ask questions, provided by suitably qualified individuals.

At AFRF, we remain deeply committed to supporting our members through every stage of their financial journey. In light of the recent implementation of the two-pot retirement system, we recognise the increased complexity of retirement decisions. This shift has only strengthened our resolve to go beyond compliance in delivering meaningful retirement benefits counselling.

Our **enhanced Retirement Benefits Counselling (eRBC) programme** is designed to empower members with the clarity and confidence they need to make informed financial choices. Through a combination of **comprehensive member communication, proactive outreach**, and the opportunity to engage with our individual consulting team, we ensure that members are guided through their retirement journey.

The eRBC service is available to all AFRF client at no additional cost, although additional information is required to fully implement the service. This structure ensures that members receive objective, personalised guidance tailored to their unique financial circumstances. Importantly, members have the option to request formal financial advice following their counselling session, reducing the barriers that have historically limited access to professional advice. By closing the information gap, we help members make well-informed decisions about their retirement and financial futures.



In 2025, the AFRF provided counselling to a total

9 833
members
(2024: 6 810)

Starting a job:

4 140
(2024: 3 102)

Leaving a job:

3 215
(2024: 2 129)

Retiring:

2 478
(2024: 1 579)

Counselling experience and perceived impact

94%

felt more confident about making retirement fund decisions after receiving counselling

94%

of members who received counselling reported having a good understanding of AFRF benefits and options

Trends in Enhanced Retirement Benefits Counselling

Early trends show that members are increasingly seeking personalised, accessible, and trustworthy financial guidance.

- Interactive counselling remained the most popular form of counselling, with the number of members opting for interactive counselling steadily increasing.
- Research shows that retirement outcomes are most improved when counselling is ongoing and embedded across the life stages.

Ensuring that retirement fund members receive comprehensive counselling at both induction, exit and pre-retirement stages is crucial to equipping them to make informed decisions.

Pre-retirement counselling

Number of sessions

115 (2024: 404)

Numbers of members

587 (2024: 1 017)

Induction sessions for new joiners

Number of sessions

119 (2024: 54)

Numbers of members

1 302 (2024: 904)

Members retiring from their job

Actual replacement ratio based on fund credit for retirees.

Average replacement ratio for retirees (AFRF)

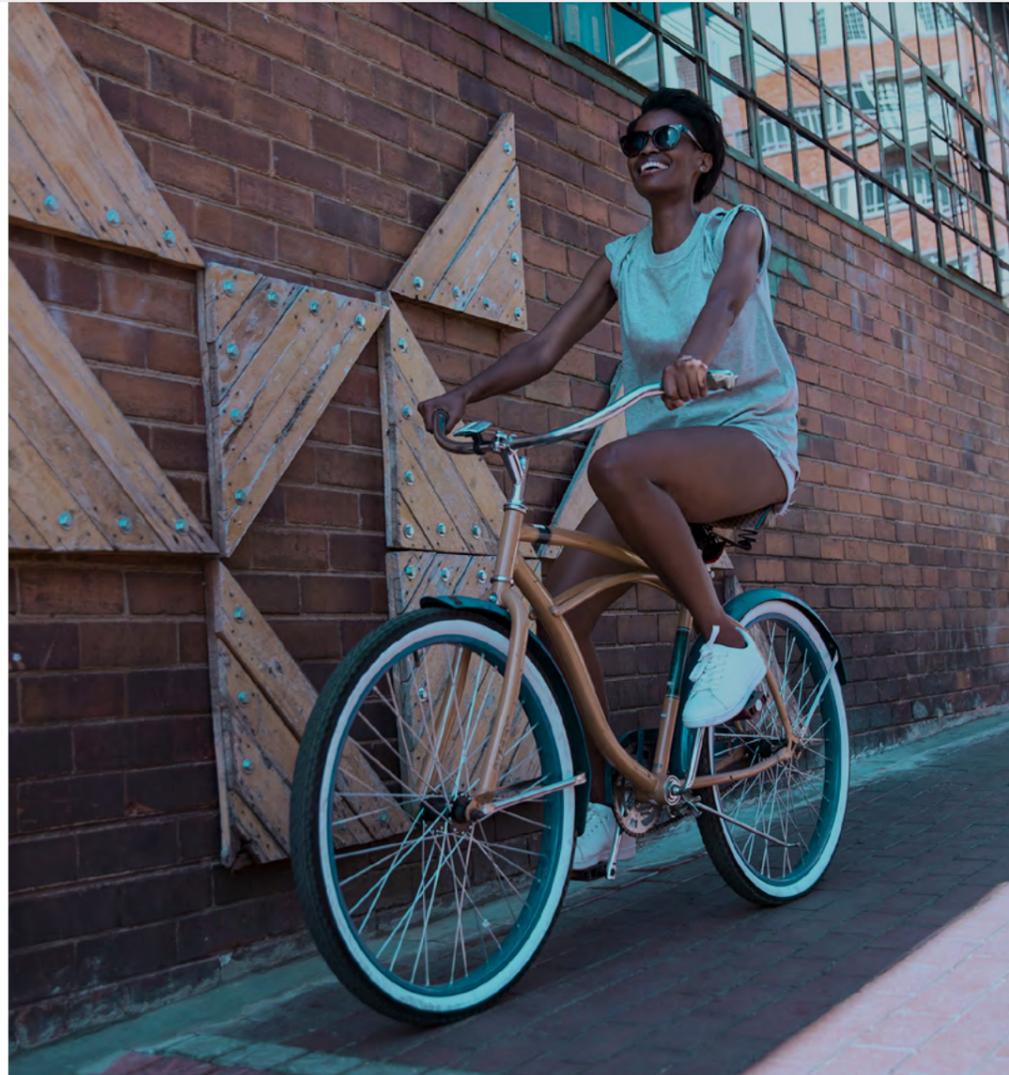
25% (2024: 24%)

Member engagement *continued*

AF Rewards

"Making money go further."

At AFRF, we understand the financial pressures faced by our members and continually seek ways to provide meaningful support. AF Rewards is an exclusive loyalty programme for all South African members. This programme offers a range of benefits designed to make life more affordable and enjoyable, helping members stretch their finances further.



Benefits include:

Supermarket Coupons:

Exclusive discounts on everyday essentials at major retailers, including Shoprite, Checkers, Checkers Hyper, and Pick n Pay.

Travel Deals:

Access to budget-friendly holiday and travel solutions through our partnership with Randgo.

Wellness Coupons:

Savings on health and wellness products at Dischem, promoting a healthier lifestyle at reduced costs.

Airtime Deals:

Discounts on airtime and data from top providers like Vodacom, Virgin Mobile, Telkom Mobile, Cell C, and MTN.

Simplifying Member Support

We enhance this initiative with:



Telephonic consultants: Providing clear, relevant, and relatable guidance to help members understand their retirement fund benefits and options.



Digital exits: Simplified processes for members leaving their jobs.



Personalised advice: Tailored recommendations based on individual circumstances.



AF Rewards benefits

1 April 2024 - 31 March 2025:

Member savings:

R26.8 million

(2024: R16.7 million)

Coupons issued:

63 025

(2024: 39 528)

Mall vouchers issued:

25 867

(2024: 17 909)

Supplementary information



Summarised annual financial statements

Highlights

For the year ended 31 March 2025

	2025	2024	Change (%)
Pension section			
Active members	103 708	106 380	
Preserved members	6 620	3 098	
Deferred retirees	109	93	
Unclaimed benefits	4 998	3 201	56%
Total membership	115 435	112 772	2%
Total assets	R47.8 billion	R44.1 billion	8%
Provident section			
Active members	266 955	233 263	
Preserved members	16 589	7 803	
Deferred retirees	91	74	
Unclaimed benefits	8 354	8 444	(1%)
Total membership	291 989	249 584	17%
Total assets	R94.3 billion	R75.9 billion	24%

Pension section balance sheet

For the year ended 31 March 2025

Rands	2025	2024
Assets	47 804 619 950	44 156 374 454
Investments	46 576 216 018	42 709 011 464
Current assets	1 228 403 932	1 447 362 990
Liabilities	47 804 619 950	44 156 374 454
Member balances	46 636 622 569	43 259 472 198
Unclaimed benefits	117 635 153	110 324 471
Reserve accounts	64 371 671	56 669 363
Employer surplus accounts	71 616 280	85 776 091
Current liabilities	914 374 277	644 132 331

Provident section balance sheet

For the year ended 31 March 2025

Rands	2025	2024
Assets	94 267 914 018	75 941 133 218
Investments	91 894 627 410	73 534 276 145
Current assets	2 373 286 608	2 406 857 073
Liabilities	94 267 914 018	75 941 133 218
Member balances	91 985 906 647	74 132 707 263
Unclaimed benefits	179 083 640	147 386 581
Reserve accounts	110 886 871	95 994 752
Employer surplus accounts	114 683 424	152 827 943
Current liabilities	1 877 353 436	1 412 216 679

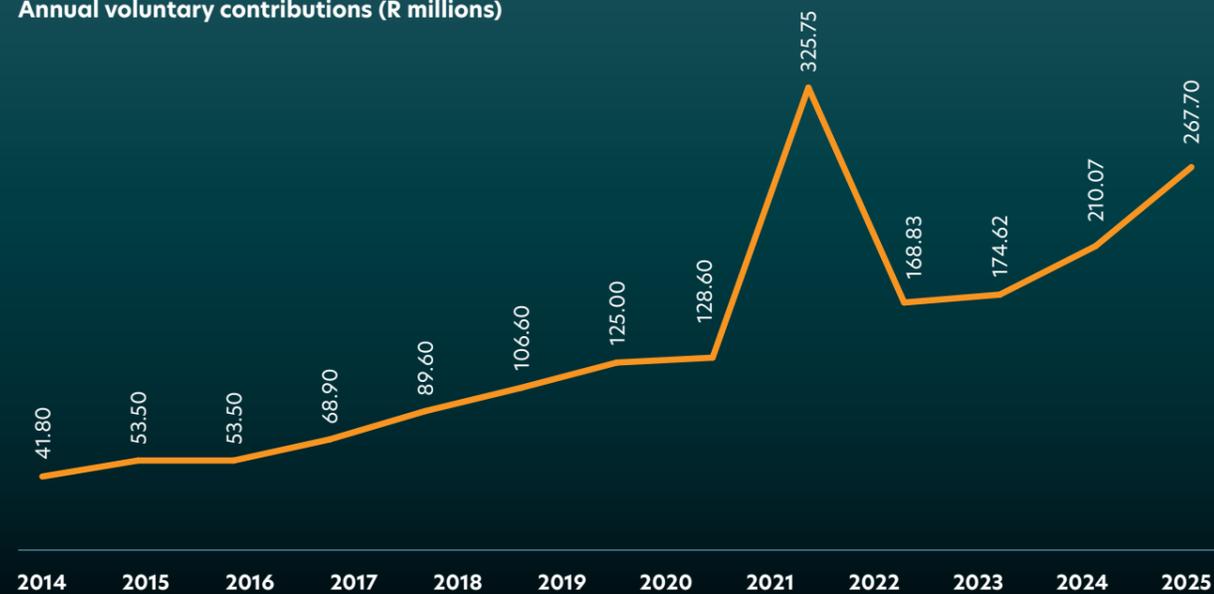
Summarised annual financial statements *continued*

Contributions

For the year ended 31 March 2025

Rands	Pension	Provident
Contributions*	4 173 207 102	9 135 257 267
Member	1 919 032 872	2 244 857 193
Employer	2 254 174 230	6 890 400 074
Allocation to risk & expenses	445 776 126	1 039 013 959
Allocation to savings	3 727 430 976	8 096 243 308
*Contributions receivable	122 049 037	378 312 079

Annual voluntary contributions (R millions)



Additional voluntary contributions

	Pension	Provident
2025	147 712 073	120 002 196
2024	111 323 606	98 745 041
2023	72 768 348	101 848 556
2022	64 634 393	104 197 656
2021*	115 016 447	210 734 103
2020	47 149 687	81 444 862
2019	42 196 507	83 680 996
2018	36 027 982	70 636 803

* 2021 COVID member contributions whilst contribution suspension for financial distress.



Pension section benefits accrued

For the year ended 31 March 2025

Rands	2025	2024	Change (%)
	5 521 111 045	4 443 703 240	
Withdrawals	2 272 843 566	2 083 264 139	9%
Retrenchments	357 361 301	341 075 201	5%
Retirements	1 879 578 398	1 597 267 930	18%
Deaths	375 524 347	345 875 683	9%
Divorce payments	74 168 165	76 220 287	(3%)
Default housing loans	164 098	-	
Saving component withdrawals	561 471 170	-	

Provident section benefits accrued

For the year ended 31 March 2025

Rands	2025	2024	Change (%)
Total	10 964 613 863	8 312 263 181	
Withdrawals	4 522 106 810	4 163 949 766	9%
Retrenchments	1 422 523 005	1 092 983 248	30%
Retirements	2 619 346 019	2 302 499 950	14%
Deaths	811 725 670	615 690 468	32%
Divorce payments	119 122 726	137 139 749	(13%)
Default housing loans	1 006 494	-	
Saving component withdrawals	1 468 783 139	-	

The above are extracts from the Fund's annual financial statements to provide an overview for information purposes and comparison. The purpose and basis of preparation of the financial statements is for reporting to the Financial Sector Conduct Authority and may not be suitable for another purpose. The full financial statements and auditor's report should be reviewed before drawing any conclusions.

King IV™ application register

AFRF's board of trustees recognises the importance of being a responsible corporate citizen and is committed to ethical and effective leadership towards achieving the King IV™ outcomes. The board has primary accountability for the governance and performance of the Fund. The application of the King IV™ principles is referenced below.

Principle

Application

Leadership, ethics and corporate citizenship

Leadership

- | | |
|--|--|
| <p>1 The board should lead ethically and effectively.</p> | <ul style="list-style-type: none"> The board of trustees acts in good faith in line with its fiduciary responsibilities. The board has embraced the Treating Customers Fairly (TCF) principles and embedded TCF in its culture, operations and decision-making process. The board has developed and adopted a number of governance, management and investment policy documents taking the above, as well as the good governance guidelines of PF130 and the King reports, into account. These include: <ul style="list-style-type: none"> Code of conduct and board charter. Terms of reference for board sub-committees. Risk management policy and assessment matrix. Investment policy statement. Communication policy. Privacy policy. This is supported by the fund's implementation of PF 130, which contains good governance guidelines for funds. The board has also adopted the CRISA principles and the applicable provisions of the FSCA's Treating Customers Fairly (TCF) road map. The board remains fully accountable and responsible to the Fund and its members even where functions have been outsourced or delegated to third parties. The board leads the Fund's ethical culture. |
|--|--|

Organisational ethics

- | | |
|--|---|
| <p>2 The board should govern the ethics of the Fund in a way that supports the establishment of an ethical culture.</p> | <ul style="list-style-type: none"> The Fund's ethical organisational culture is reflected in the governance documentation referred to above. The board members act with independence of mind and remain objective in their decision-making, regardless of the constituencies who elected or appointed them. Conflicts of interest are avoided, but where they can't be avoided, they are appropriately managed. This is detailed in the fund's code of conduct. In addition to the board managing the Fund with an ethical conscience, the board expects the same from the service providers appointed to the Fund, such as the consultant, administrator, investment consultant, asset manager/multimaneger and actuary. The board interrogates whether the service providers are embedding the six TCF outcomes into their culture, operations and decision-making processes and this forms part of the decision whether to retain or approve the appointment. The Fund's code of conduct deals with whistle-blowing obligations. |
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Responsible corporate citizenship

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| <p>3 The board should ensure the Fund is (and is seen to be) a responsible corporate citizen.</p> | <ul style="list-style-type: none"> The Fund complies with the requirements of Regulation 28, which states that prudent investing 'should consider any factor which may materially affect the sustainable long-term performance of the fund's assets, including ESG factors'. The board ensures its investment analyses and practices take account of sustainability, including ESG factors, as provided for in principle 1 of CRISA. This approach is documented in the fund's investment policy statement. The board appointed a sustainability and transformation sub-committee (STSC) to oversee and monitor the Fund's activities in relation to economic transformation, specifically B-BBEE, and its social and environmental impacts. |
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Principle

Application

Strategy, performance and reporting

Strategy and performance

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|--|---|
| <p>4 The board should appreciate that the Fund's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.</p> | <ul style="list-style-type: none"> The Fund's code of conduct, investment policy statement, risk management policy and risk assessments address the requirements of this principle. The board regularly reviews the Fund's strategies, in particular its long-term sustainability and the achievement of members' reasonable benefit expectations. To this end, advice and guidance are obtained from external service providers. The board ensures the Fund's strategies are implemented and that performance targets are being met through regular exception reporting, and where required, interaction with service providers. Opportunities to improve the Fund's operations and governance framework are identified. Exception reporting is provided at quarterly trustee meetings. Where performance issues or risks are identified, mitigation is led through the risk process. The board promotes the use of a propriety LifeGauge tool by the servicing consultants at the participating employer level, to analyse the specific employer's membership behaviour, highlighting risks and impact of different factors on the likely outcomes of the benefit structure, so targeted interventions can be identified and implemented. The board regularly performs a strategic risk assessment and monitors risks that exceed risk tolerance levels. Highlighted risks are monitored at each trustee meeting and new risks are added, with annual review of these by the ARM and overall fund risk review every three years. The board is satisfied the trust's investment strategies have led to a financially sound and sustainable pension fund. |
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Reporting

- | | |
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| <p>5 The board should ensure reports issued by the Fund enable stakeholders to make informed assessments of the Fund's performance, and its short, medium and long-term prospects.</p> | <ul style="list-style-type: none"> The Fund's communication policy outlines the board's views and approach to a communication strategy. The board confirms the Fund has implemented PF 130 guidance. The board is satisfied that the reports produced and published by the Fund, including the trustees report, integrated annual report, fund fact sheets and newsletters provide audiences with the necessary information required to make informed assessments of the fund's performance and prospects. The board oversees that statutory reports and returns are issued and comply with legislation. All reports published by the Fund are extensively reviewed by the board, relevant board committees and external service providers (such as legal advisers, auditors and investment consultants), as deemed necessary. |
|---|---|

Governing structure and delegation

Primary role and responsibilities of the board

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| <p>6 The board should serve as the focal point and custodian of corporate governance in the Fund.</p> | <ul style="list-style-type: none"> The board is ultimately responsible for setting the Fund's strategic direction, approving policy and other governance documents, overseeing and monitoring the implementation and execution thereof and ensuring accountability for performance on an ongoing basis. Although the board delegates certain management authority to its appointed service providers, extensive feedback is provided to the board as and when required on the implementation of the Fund's strategies, projects and operational and governance-related matters. A governance report is included this annual integrated report and includes detailed disclosure on board and committee activities. |
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King IV™ application register *continued*

Principle Application

Governing structure and delegation continued

Composition of the board

7	The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<ul style="list-style-type: none"> The board consists of three internal trustees executives from the Fund's sponsor and three external, independent trustees. Alternate trustees have been appointed to provide for succession planning and continuity of operations. Board members are appointed as professional trustees and are therefore expected to have sufficient education in the skill for which they are appointed. Cognisance is given to the knowledge, skills and experience of the board when new appointments to the board are made. The current trustees collectively have sufficient experience and understanding of the fields of administration, investment, actuarial, accounting, legal, project management and social matters to enable them to perform their duties objectively and effectively. The board makes use of external expertise on specific matters outside the collective knowledge, skills and experience of the board when required.
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Committees of the board

8	The board should ensure its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	<ul style="list-style-type: none"> The board has established several board committees, which assist the board in discharging its responsibilities. The committees are formally mandated by the board by means of written terms of reference as to their membership, authority and duties. A governance report forms part of the integrated report and includes detailed disclosure on the standing committees appointed by the board, the roles and responsibilities of each standing committee and membership.
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Evaluations of the performance of the board

9	The board should ensure the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness.	<ul style="list-style-type: none"> Each trustee on an annual basis is required to complete a formal self-appraisal assessment, which broadly covers the performance of the board, the chairperson, the principal officer and the board committees. The results of the individual assessments are collated and tabled with the board for consideration.
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Appointment and delegation to management

10	The board should ensure the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<ul style="list-style-type: none"> The principal officer is appointed by the board and his/her responsibilities and authorities derive from the Pension Funds Act and are clearly expressed in the principal officer service level agreement, and fund governance and policy documents where applicable. The principal officer is responsible for the day-to-day executive management of the Fund in line with the policies and strategic objectives set by the board, and must make sure decisions taken by the board are properly recorded and implemented. The principal officer reports to the board on the fund's performance and other material matters at regularly scheduled meetings or as and when required. The performance of the principal officer is evaluated annually against key performance indicators (KPI) agreed with the board.
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Principle Application

Governance functional areas

Risk governance

11	The board should govern risk in a way that supports the Fund in setting and achieving its strategic objectives.	<ul style="list-style-type: none"> The board is ultimately responsible for the management of various risks facing the Fund. The Fund's risk management policy sets out how the board governs risk. Fund management is entrusted with the responsibility of ensuring sound risk management is embedded at all levels and overseen at an appropriate level to meet the Fund objectives. The Fund's auditors review the adequacy and effectiveness of the Fund's risk management framework and report to the board on the status thereof. The Fund's risk register is annually reviewed and approved by the board.
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Technology and information governance

12	The board should govern technology and information in a way that supports the Fund setting and achieving its strategic objectives.	<ul style="list-style-type: none"> The board assumes responsibility for the governance of technology and information and considers the impact and importance of information and technology on achieving strategic objectives and operational excellence. The Fund itself does not own technology and information systems. Many of the Fund's functions are outsourced to third-party service providers, which utilise technology and information systems. The board has a reasonable degree of comfort that the technology and information systems utilised by service providers supports the Fund setting and achieving its strategic objectives. The board is looking for its providers to leverage technology to provide better access to and timeous provision of information to members as their needs evolve.
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Compliance governance

13	The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the Fund in being ethical and a good corporate citizen.	<ul style="list-style-type: none"> The board has an oversight responsibility to guarantee compliance with the applicable laws, regulations issued by the authority, the Fund rules and the various governance and policy documents. The Fund complies with all applicable laws and regulations, as well as taking cognisance of all non-binding industry guidance, such as PF Circular 130 and King IV™. External advisers regularly assist the board on matters relevant to compliance and provide feedback to the board on the effectiveness of the Fund's systems and processes for monitoring compliance. Regular exception reporting assists in identifying any areas of concern that need to be evaluated or addressed to meet compliance. The STSC assists the board in monitoring the Fund's activities in relation to best practice with regard to social and environmental considerations.
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Remuneration governance

14	The board should ensure the Fund remunerates fairly, responsibly and transparently to promote the achievement of its strategic objectives and positive outcomes in the short, medium and long term.	<ul style="list-style-type: none"> The Fund remunerates external trustees as well as internal trustees who are not employees of the administrator but appointed by the administrator. The board believes the remuneration to be fair for a professional occupation and is benchmarked against that identified in the PricewaterhouseCoopers' remuneration survey and the rate paid by the Financial Services Conduct Authority for section 26 trustee appointments. Annual remuneration increases are in line with inflation as measured by the Consumer Price Index.
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King IV™ application register *continued*

Principle Application

Governance functional areas *continued*

Assurance

- 15** The board should ensure assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the Fund's external reports.
- The board make certain that an independent, external audit is conducted on the Fund every year. All opinions from the auditor's report are reviewed by the board and corrective action is taken where relevant.
 - The Fund's ARM sub-committee assumes responsibility and oversight of the audit. The ARM provides feedback to the board and any relevant matters are put before the board for consideration. The board also has an open invitation to attend any of the ARM meetings.
 - The King IV™ report allows for application of the principles on a proportional basis. Owing to the fund's governance budget, all other relevant assurance functions and reviews not specifically in the ARM's mandate are conducted by the board.

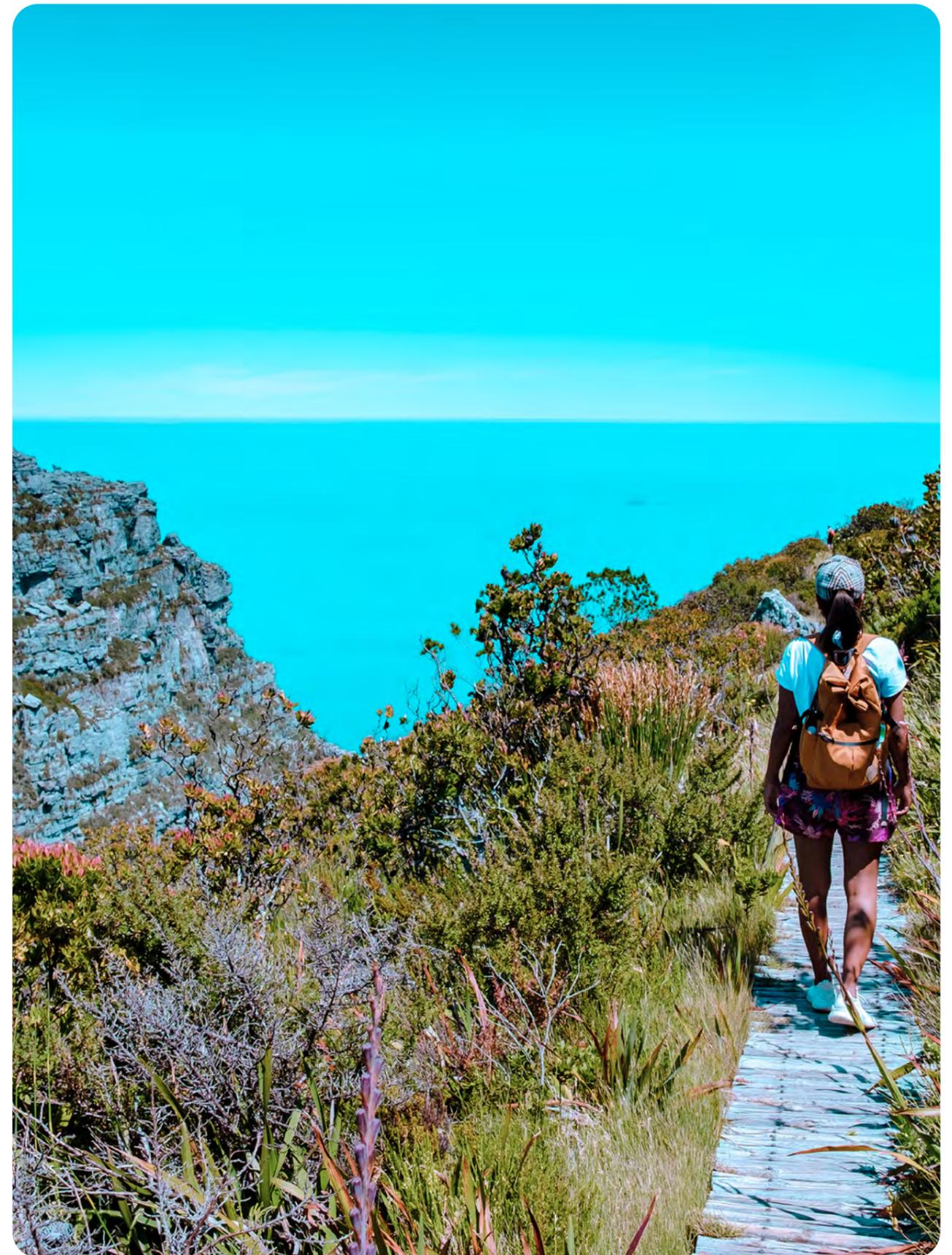
Stakeholder relationships

Stakeholders

- 16** In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Fund over time.
- The board, directly or through its board committees and fund management executives, takes responsibility for providing direction and overseeing all matters affecting the reasonable needs, interests and expectations of its stakeholders.
 - The board also receives feedback from the consultants to the management, committees, and reviews service complaints to gauge the needs, interest and expectations of the members, the fund's key stakeholder.
 - The communication committee oversees the fund's communication strategy, which takes stakeholder expectations and requirements into account. The Fund maintains informative online portals and issues regular newsletters and communications to ensure members are treated fairly and kept appropriately informed.
 - The Fund registers complaints, as well as matters referred to the PFA and views expressed by stakeholders are reported in full to the board at meetings or as and when required.

Evaluations of the performance of the board

- 17** The board should ensure responsible investment is practised by the Fund to promote the good governance and the creation of value by the companies in which it invests.
- The board acknowledges that a responsible investment approach whereby ESG factors are incorporated in long-term investment strategies, processes and activities in addition to financial considerations, is expected to contribute towards decreasing investment risk and improving risk-adjusted returns.
 - This approach includes the active ownership responsibilities of engagement, proxy voting and reporting. The board has delegated all active ownership responsibilities to the respective asset managers. All asset managers have investment management agreements and mandates in place, which incorporate the principles of responsible investing and are reviewed regularly.
 - The board:
 - Monitors the manner in which the asset managers are voting on behalf of the Fund.
 - Interrogates the asset managers on the discharge of their active ownership responsibilities and on how they have applied ESG factors in their investment decisions.





Glossary and contact information

Glossary

Administrator	A company approved in terms of the Pension Funds Act and appointed by a retirement fund. A fund's administrators handle all day-to-day administrative duties of a fund.
Alternate trustee	Alternate trustees take the place of appointed or elected trustees when they are not available. The alternate member trustee will usually be the person who had the next highest number of votes in a trustee election.
Annuity	An annuity is an insurance product designed to provide retirees with regular payments after retirement for a specified period, or for the remainder of their lives. It is bought from a registered provider. For example, you can buy an annuity at retirement, using your retirement savings. From this, you should get a fixed monthly income for the rest of your life or until your savings run out, depending on the type of annuity you buy.
Asset	Any property or item that has a monetary value that increases over time.
Asset allocation	This is how the money in an investment portfolio is divided into different asset classes, usually shown as a percentage. Splitting up a portfolio this way is called diversification and helps lower the risk of an investment portfolio.
Asset classes	The investment building blocks in which your money can be invested. The main asset classes are cash, bonds, property and shares.
Beneficiaries	The people or organisations that benefit from the income or proceeds of an insurance policy, trust, retirement fund or will. You can nominate your beneficiaries in your will or life policy and on your retirement fund nomination of beneficiaries' form. Beneficiaries can be your dependants or nominees.
Commodity	Any marketable item produced to satisfy wants and needs. Generally, these are basic resources and agricultural products such as crude oil, coal, salt, sugar, rice, gold and silver that are the same no matter who produces them but can vary in quality.
Defined contribution (DC) fund	The final benefit you get from a defined contribution fund depends on all your contributions, the employer's contributions to the Fund and the investment returns.
Financial Sector Conduct Authority (FSCA)	The Financial Sector Conduct Authority (FSCA) is the South African financial regulatory institution responsible for overseeing the conduct of financial institutions that provide financial products and services, including banks, insurers, retirement funds, and market infrastructures.
House view	A framework that uses the best investment view of an investment manager. Depending on the type of portfolio, this may include their opinions on asset allocation and share selection.
Investment manager	A company hired to invest money; for example, retirement fund trustees might hire a manager to invest the Fund's assets.
Investment strategy	For a retirement fund, the investment strategy will guide trustees when they choose where to invest a retirement fund's money, to meet the Fund's objectives.
Management Committee (MANCO)	The management committee is comprised of participating employer representatives, supported and advised by their appointed employer, who act as the monitors of service delivery between the Fund, its administrator and its members.
Multimanager	This is a type of investment strategy where many investment managers look after different asset classes of a portfolio. This helps reduce risk because each manager follows a different investment style and philosophy. Each investment manager will have specific expertise in their field and will be chosen to optimise the outcome of the portfolio.
Portfolio	A group of different types of investments. The investment categories you can choose from are generally a mix of four main asset classes.
Preservation fund	A retirement investment product. You can transfer your retirement fund savings, tax-free, into a preservation fund when you leave the Fund. You cannot make any additional contributions to a preservation fund. You can make one cash withdrawal in case of emergency. You can retire from the Fund from the age of 55.
Preservation rate	This is the percentage of members who preserve their retirement savings when changing jobs, as opposed to taking a payout of the total savings for which the member may incur a tax liability.
Principal officer (PO)	The retirement fund's appointed official and monitoring person who reports to the FSCA.
Regulation 28	This is detailed in the Pension Funds Act and is the law controlling retirement fund investments in South Africa. It is in place to make sure investors use investment guidelines to protect you from loss of value from risky investments. Investment guidelines to protect you from loss of value from risky investments.
Replacement ratio (RR)	This is the projected percentage of your final pensionable salary you would be receive as a pension income when you retire.
Rule amendments	Retirement fund rules change from time to time and must always be kept up to date with changes in the law, the South African Revenue Services (SARS) and FSCA requirements, as well as changes in the retirement industry. Amendments are subject to approval by the FSCA and SARS.
Treating Customers Fairly (TCF)	A regulatory framework encompassing six core outcomes designed to ensure that financial services providers prioritise the interests of their clients, by creating an environment where pension fund members can be confident that they are receiving clear information and that their needs are being met with suitable products and services.
Trustee	A member of a retirement fund management board. Trustees are either elected by retirement fund members or appointed by the employer. They are responsible for the Fund and must run the Fund according to the rules and in the members' best interests.
Umbrella fund	A retirement savings fund for an unrelated group of employers. This can be a cost-effective arrangement as fund expenses are shared over all employer groups.

Fund administration

Alexander Forbes Retirement Fund

Fund registration number:
12/8/34768 (pension section)
12/8/34766 (provident section)

Employee Benefit consultant

Alexander Forbes Financial Services (Pty) Ltd

Registered office of the Fund

Alexander Forbes, 115 West Street, Sandown

Benefit administrator

Alexander Forbes Financial Services (Pty) Ltd

Consulting actuary

Alexander Forbes Financial Services (Pty) Ltd

External auditor

Deloitte South Africa

Internal audit service provider

Alexander Forbes Financial Services (Pty) Ltd
Ernst and Young (outsourced partner)

Investment consultant

Alexander Forbes Investment Advisory

Sustainability consultant

Alexforbes Impact Advisory

Website

<https://afrf.alexforbes.com/site/>

Email

admin@alexforbes.com



Contact details

General fund contact details

As a member of the Fund, you have the right to see the rules of the Fund as well as any of its financial statements or reviews.

If you have any questions about anything in this report or your fund membership, please contact one of your management committee members or:



- Call the Alexforbes Client Contact Centre on **0800 100 333** from Monday to Friday between 8:30 and 17:30
- Email admin@alexforbes.com

Divorce orders

If you need to claim retirement benefits granted for a divorce order, please contact our divorce orders team:

Email: afdo@alexforbes.com

Phone: Alexforbes Help Desk on 011 324 3401

Alexforbes client
contact centre
0800 100 333

Complaints

If you are unhappy with any aspect of our service, please email contactus@alexforbes.com or call **011 669 7026** so that we can resolve your complaint without delay.

If there are any conflicts between the information in this trustees' report and the official rules of the Fund, the rules of the Fund will always apply.

Privacy statement

Your information may be used to find you if you leave your employer and don't complete a withdrawal claim form. If you want to know or read more about what we do with your information, you can view the Fund privacy statement on the AFRF website <https://afrf.alexforbes.com/site/fund#governance>.

This privacy statement also informs you of your rights in terms of the Protection of Personal Information Act (POPIA).