



Khumo Capital

CRISA 2 Disclosure

Introduction

Khumo Capital (Pty) Ltd (“Khumo” or “the Company”) provides specialised asset management services to investors, utilising traditional and non-traditional investment instruments. The company focuses on its core competence of designing, implementing and managing derivative-based solutions (including capital protected and absolute return, efficient portfolio management, risk hedging and alpha transport strategies) as well as fixed income, property and credit strategies in both the listed and unlisted space. We manage assets on behalf of institutional and retail clients and strategies are both local and offshore.

This report provides disclosure on Khumo’s application of the Code of Responsible Investing in South Africa (“CRISA”).

Responsible investment approach

We believe that implementing a responsible investment approach that integrates environmental, social and governance (“ESG”) factors into our investment decisions will create better financial outcomes for our clients by reducing the risk of loss. Meeting our clients’ needs by providing better risk-adjusted returns will ensure that we are able to achieve our aspiration of being a market leading black empowered asset management company and the business of choice in the niche in which we operate.

By reducing exposure to companies with persistently negative ESG factors and supporting companies with substantially improving or consistently positive ones, we are able to contribute to wider sustainability. Khumo endorses the Financial Sector Conduct Authority’s (“FSCA’s”) definition of sustainability as included in Guidance Note 1 of 2019: “sustainability” means the ability of an entity to conduct its business in a manner that primarily meets existing needs without compromising the ability of future generations to meet their needs.

The CRISA principles

Below we detail the five CRISA principles and how they are addressed by Khumo:

Principle 1 – ESG integration: Investment arrangements and activities should reflect a systematic approach to integrating material environmental, social and governance (“ESG”) factors.

- Khumo incorporates ESG principles into day-to-day investment management activities.
- The Khumo Responsible Investment Policy details Khumo’s approach to integrating ESG factors into investment decision-making.
- The Khumo Investment Committee is responsible for overseeing the ESG processes.



Principle 2 – Stewardship: Investor arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities diligently enabling effective stewardship.

- All staff members receive training on Khumo's policies, including the Khumo Responsible Investment Policy, and attest that they have read, understood, received training and will adhere to all of the policies.
- The investment team is responsible and accountable for evaluating investee companies from an ESG perspective and report regularly to the Khumo Investment Committee.
- Any ESG concerns raised are addressed with the investee company.

Principle 3 – Capacity building and Collaboration: Acceptance and implementation of the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity building throughout the investment industry.

- Khumo supports a collaborative approach with co-investors in those instances where it will result in a higher probability of a favourable ESG outcome.
- We encourage investee companies to be more transparent, through engagement.
- We are a signatory of the UNPRI and a supporter of CRISA and committed to the belief that sustainability is a driver of our investment decisions and will result in better client outcomes.

Principle 4 – Governance: Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote responsible investment and diligent stewardship, including proactively managing conflicts of interest.

- Khumo's Conflict of Interest Management Policy specifies Khumo's approach towards conflicts of interest and defines the relevant conflicts of interest that might arise. It further details how conflicts of interest are identified, resolved and disclosed.
- Khumo's Conflict of Interest Management Policy is available on the Khumo website.

Principle 5 – Transparency: Investment organisations should ensure disclosures are meaningful, timeous and accessible to enable stakeholders to make informed assessments of progress towards the achievement of positive outcomes.

- The following documents are available on Khumo's website: Khumo's Responsible Investment Policy and CRISA 2 Disclosure, Khumo's B-BBEE Certificate, Khumo's PAIA Manual and PAIA Forms 2 and 3 as well as Khumo's FAIS Disclosures and Conflict of Interest Management Policy.



KHUMO CAPITAL

BESPOKE ASSET MANAGEMENT

Review and versions

Original: 25 January 2024

Version 2: 24 January 2025

Review frequency: Annual

Next review date: 24 January 2026