

July 2026

# ALQUITY IMPACT REPORT 2026



*Alquity*

# INTRODUCTION TO OUR 2026 IMPACT REPORT

## BY SURESH MISTRY, HEAD OF SUSTAINABILITY

Every so often, a new idea helps crystallise years of experience into something clearer and more purposeful. For me, that turning point came when I encountered the concept of rational sustainability. It expressed a tension I had long felt- how to balance personal hopes for a more equitable world with professional responsibilities in an investment industry that often treats sustainability as marginal or irrelevant.

At Alquity, we always sensed that we were doing something genuinely different. Our approach to sustainable investing was grounded in pragmatism and sincerity, focused on delivering real environmental and social progress. Yet for a long time, it was difficult to articulate this difference in a way that resonated with clients and partners. ESG frameworks, while useful, felt too narrow. They offered tools, but not transformation.

At our core lies the Alquity Virtuous Circle business model, a structure that allows us to pursue two goals simultaneously: responsible investment and direct impact. These two strands operate with clarity and independence, yet they reinforce one another in powerful ways. Through this lens, I want to highlight how the Transforming Lives programmes, funded by 10% of the company's revenues and distributed via the Alquity Transforming Lives Foundation, play a central role in this virtuous circle. What many view as philanthropy is something far more dynamic: a feedback loop that sharpens our investment insight, strengthens our client proposition and deepens our connection to the communities where we invest.

### Transforming Lives through a Virtuous Circle of Investing



#### OUR APPROACH TO RESPONSIBLE INVESTING

We are investors first and foremost, focused on delivering attractive returns through a distinctive investment approach. Our philosophy is built on rational sustainability - a pragmatic framework that recognizes the financial value and real-world implications of responsible business practices whilst avoiding ideological extremes.

#### Empowering communities where we invest

Our Transforming Lives programme was always guided by a simple but powerful belief: people in emerging markets should have the opportunity to fully participate in economic growth. By intentionally supporting disadvantaged groups, we aimed to ensure that progress in these regions did not bypass those most in need.

We have been privileged to work with inspiring NGOs and social enterprises across Asia, Africa and Latin America. Together, we have improved more than 65,000 lives, creating access to education, employment, healthcare and economic opportunity.

Even if our work stopped there, the outcome would be meaningful. But rational sustainability pushes us further. It asks us to close the gap between impact created and insight gained and to channel the lived experiences of beneficiaries back into the investment process.

One of the strongest demonstrations of the virtuous circle in action is our long-standing relationship with Phool, the Indian social enterprise that recycles temple flowers into incense products. When we first supported Phool in 2019, they employed around 50 women from disadvantaged backgrounds. Today, they employ more than 300 women, offering dignified work and upward mobility.

Several years ago, during an investment trip, our India fund manager spent time speaking with a group of Phool employees. They discussed inflation, digital access, infrastructure and the everyday realities of living in a rapidly evolving economy. The insights were remarkably clear and authentic—different from the data you find in reports, and deeply complementary to traditional research.

We have since repeated these consumer panels regularly and expanded them to other partners, including projects in South Africa and Brazil. These conversations now act as a distinctive source of insight for our investment team. While our analysts continue to conduct wide-ranging independent research, these grassroots perspectives offer something unique: a direct understanding of economic conditions as experienced by local communities.

This connection has shaped portfolio decisions, informed thematic views and given us an information edge rooted not in technology, but in human experience.



Liam Kelly (COO) and Mike Sell (Head of GEM) with Phool's team

### THE IMPACT OF OUR TL FOUNDATION



**2.9M**

Donated



**66,750**

Lives Transformed

Source: Alquity, as of 30<sup>th</sup> June 2026.

## Partnering with investee companies on shared impact

Another powerful evolution of our model is our growing collaboration with the foundations and community initiatives of our investee companies. This year, we worked with Mr Price, a South African retailer held in our Future World Fund, to support their foundation's rooftop urban farming programme. The initiative provides skills and income opportunities for disadvantaged groups, with the benefits flowing in multiple directions:

- Communities gain employment and training
- Mr Price strengthens its purpose-led culture and social impact
- Our investors benefit from a company building long-term value through genuine stakeholder engagement

We also facilitated a connection between Phool and V-Mart, one of our Indian portfolio companies, after V-Mart learned about Phool's growth story. They explored potential ESG collaboration and commercial opportunities; another example of how our impact work catalyses broader value creation within the portfolio.



*V-Mart, a company we first met in February 2014, is one of the core holdings in our India Fund*



*Mr Price, a holding of our Future World Fund*

### A model for the future

Our purpose has never been clearer: to demonstrate that finance can drive profound and lasting positive change. The virtuous circle model is no longer an aspirational framework; it is a functioning system that integrates:

- Responsible investment – directing investment toward companies that demonstrate strong financial potential alongside meaningful social and environmental responsibility.
- Direct impact funding – deploying a share of our revenues to Transforming Lives programmes that support communities in our investment markets.
- Beneficiary voice – incorporating insights from individuals reached by our impact projects in consumer panels to inform and refine our investment perspectives.
- Corporate collaboration – working with the foundations and community initiatives of portfolio companies to enhance shared impact and strengthen long-term value creation.

Our funds are not distant from the lives they influence. They are intentionally connected to those lives, and this connection strengthens our research, informs our decisions and builds more resilient portfolios. Most importantly, it transforms thousands of lives in ways that are visible, measurable and deeply meaningful. As you read this year's Impact Report, I invite you to see these stories not as separate from ESG reporting or performance, but as a key force behind it. In a world facing significant social and environmental challenges, a business model that reinforces returns through improving lives is not just compelling; it is, in my view essential to the future of asset management.



In Vrygrond, Cape Town, a single wall separates two very different worlds.

On one side is Vrygrond, a community of over 55,000 people with no high school, no clinic, no police station and very few formal services. It is heavily affected by gangsterism, extortion and high youth unemployment. On the other side is a thriving business park – one of the most sought after commercial and light industrial hubs in the south of Cape Town.

The Sozo Foundation offers hope through its Skills and Entrepreneurship School, where young people gain practical, work-ready experience.

# ESG INTEGRATION

## OUR PROPRIETARY ESG RATINGS

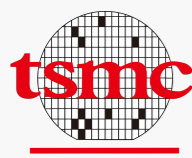
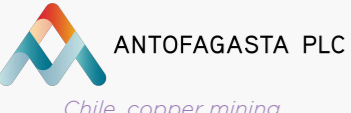







For our Emerging Markets funds, we deploy our own proprietary ESG rating system that assesses behaviours and practices across companies in the context of global or regional best practice after applying our exclusions. We then assign a rating to each company, which captures the risk, and the quality of management judgement and decision making. These ratings are A-C based on their ability to provide demonstrable evidence; we believe that a company's culture and governance are key, as otherwise sustainability disclosures risk becoming aspirational

rather than actionable. Before we consider exposure to long term structural themes (such as domestic consumption, digitalisation, artificial intelligence or the climate transition) we require clear, evidence based proof of governance quality. Our ESG analysis is hence holistic and exhaustive. We will not overlook poor social or governance standards just because a company places a heavy focus on environmental issues alone. Below, you can find the definition for each rating, and we have also detailed the rating split for each of our Emerging Markets funds as well as few examples.

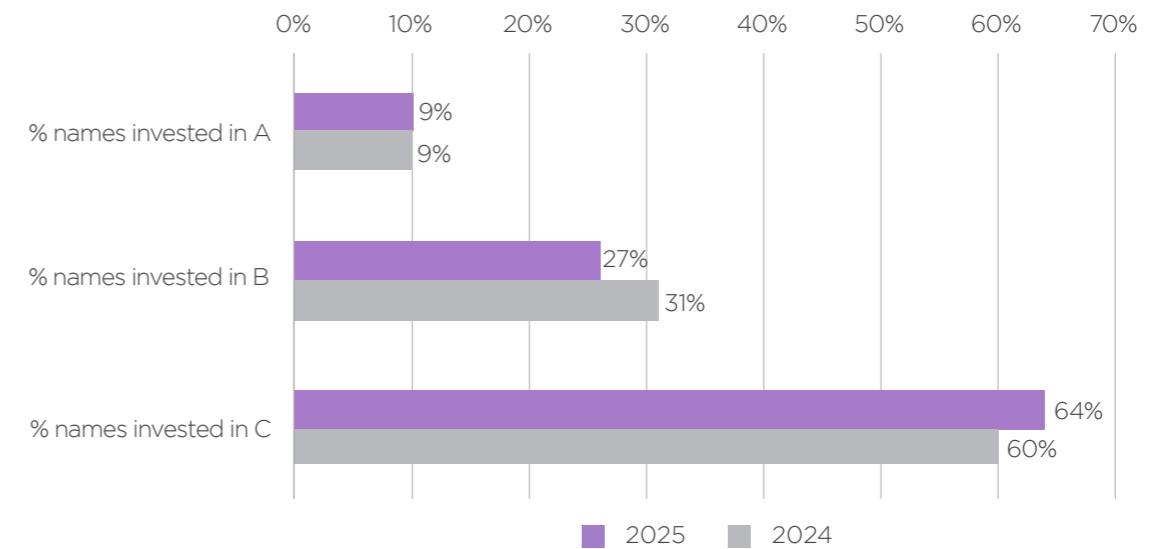
**FIGURE 1: ALQUITY ESG RATINGS METHODOLOGY**

ALQUITY ESG RATING	DESCRIPTION OF COMPANY ACHIEVING THIS RATING
<b>A</b>	<b>High risk industry</b> demonstrable global best practice performance in ESG.
	<b>Lower risk industry</b> demonstrable regional best practice in ESG.
<b>B</b>	<b>High risk industry</b> demonstrating regional best practice in ESG.
	<b>Lower risk industry</b> with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material ESG factors.
<b>C</b>	<b>High risk industry</b> with satisfactory ESG performance in-line with regional peers, but demonstrating a meaningful commitment to improve on material ESG factors.
	<b>Lower risk industry</b> with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material ESG factors.
<p><b>HIGH RISK INDUSTRY:</b> those with extractive operations (e.g. mining and energy), heavy industry (cement, building materials, steel, and chemicals), livestock farming, aviation and shipping.</p> <p><b>LOWER RISK INDUSTRY:</b> all other industries within the Alquity investable universe.</p>	
<b>FAIL</b>	<i>High or lower risk industry with unsatisfactory ESG performance</i>

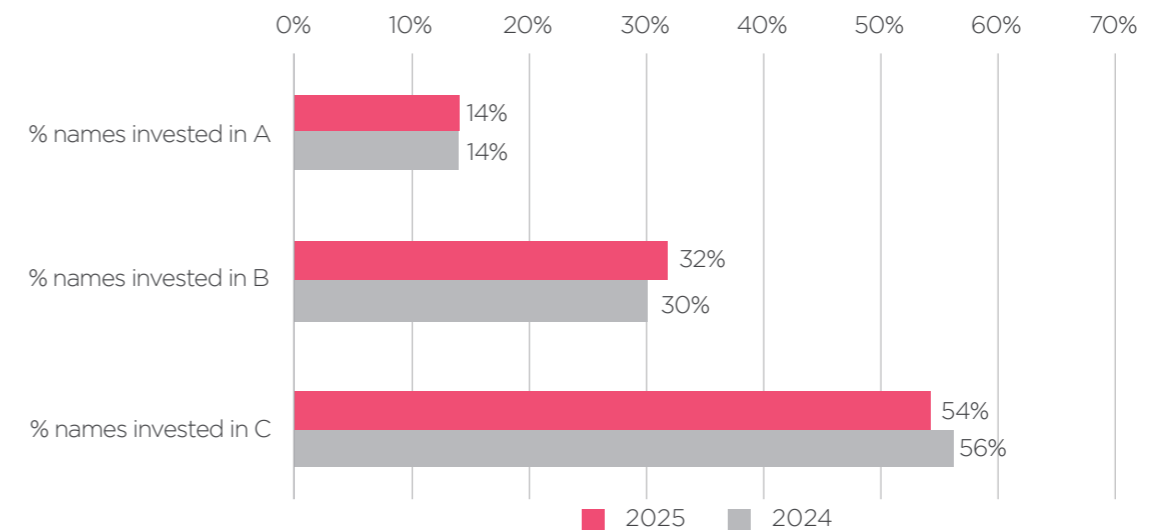
**EXAMPLES OF OUR ESG RATINGS**

<p><b>A</b></p>  <p>Taiwan, semiconductors</p>  <p>Chile, copper mining</p>  <p>India, bank</p>	<p><b>B</b></p>  <p>India, wires and cables</p>  <p>Greece, retailer</p>  <p>Taiwan, optoelectronics</p>	<p><b>C</b></p>  <p>Philippines, airline</p>  <p>India, online travel agency</p>  <p>China, optical transceivers</p>
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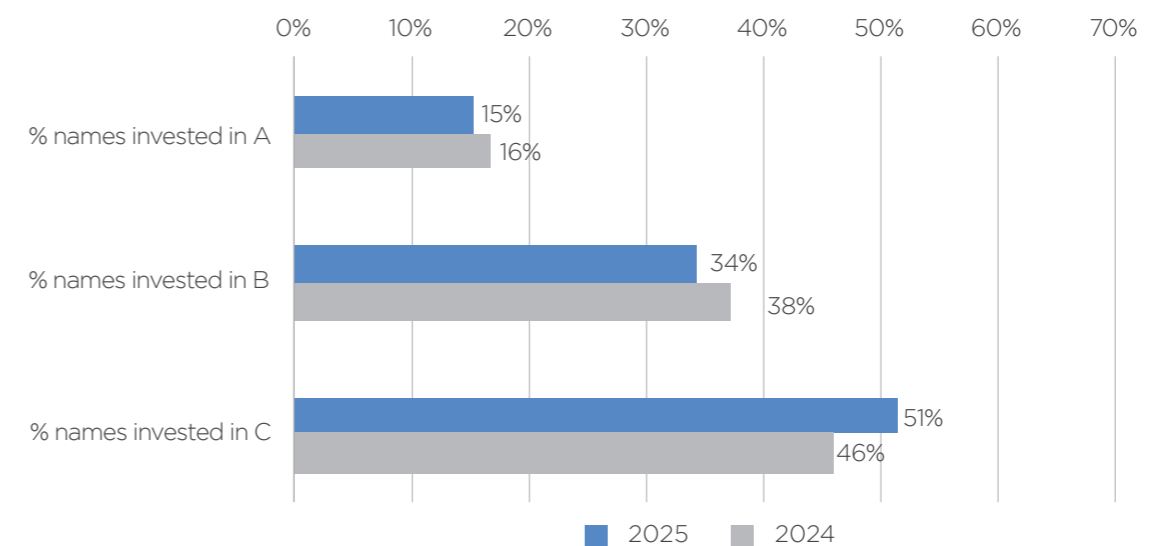
**FIGURE 2: INDIA FUND - COMPANY ESG RATINGS**



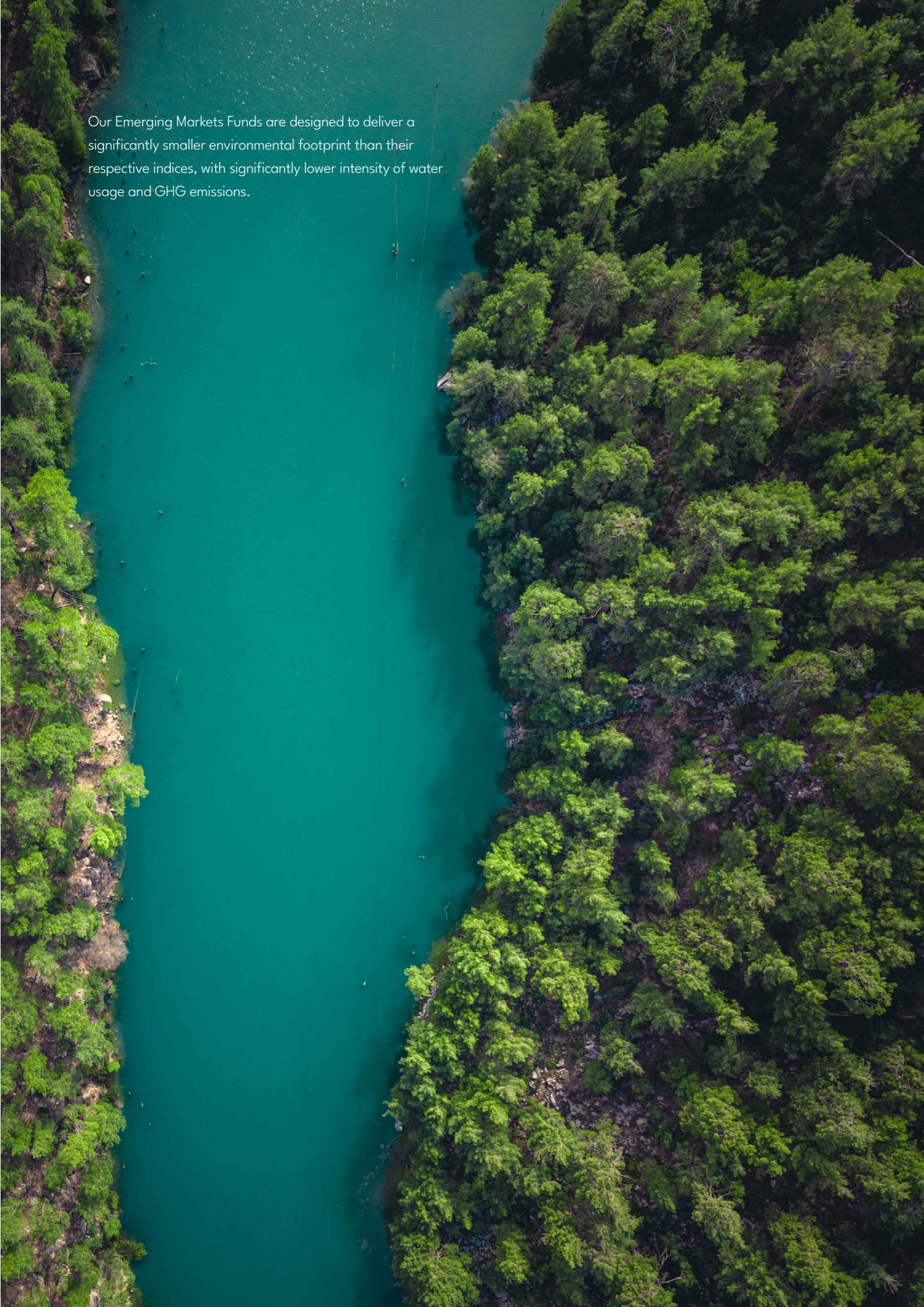
**FIGURE 3: ASIA FUND - COMPANY ESG RATINGS**



**FIGURE 4: FUTURE WORLD FUND - COMPANY ESG RATINGS**



Source: Alquity, as of 31<sup>st</sup> December 2025.



Our Emerging Markets Funds are designed to deliver a significantly smaller environmental footprint than their respective indices, with significantly lower intensity of water usage and GHG emissions.

# ENVIRONMENTAL FOOTPRINT OF OUR EMERGING MARKETS FUNDS

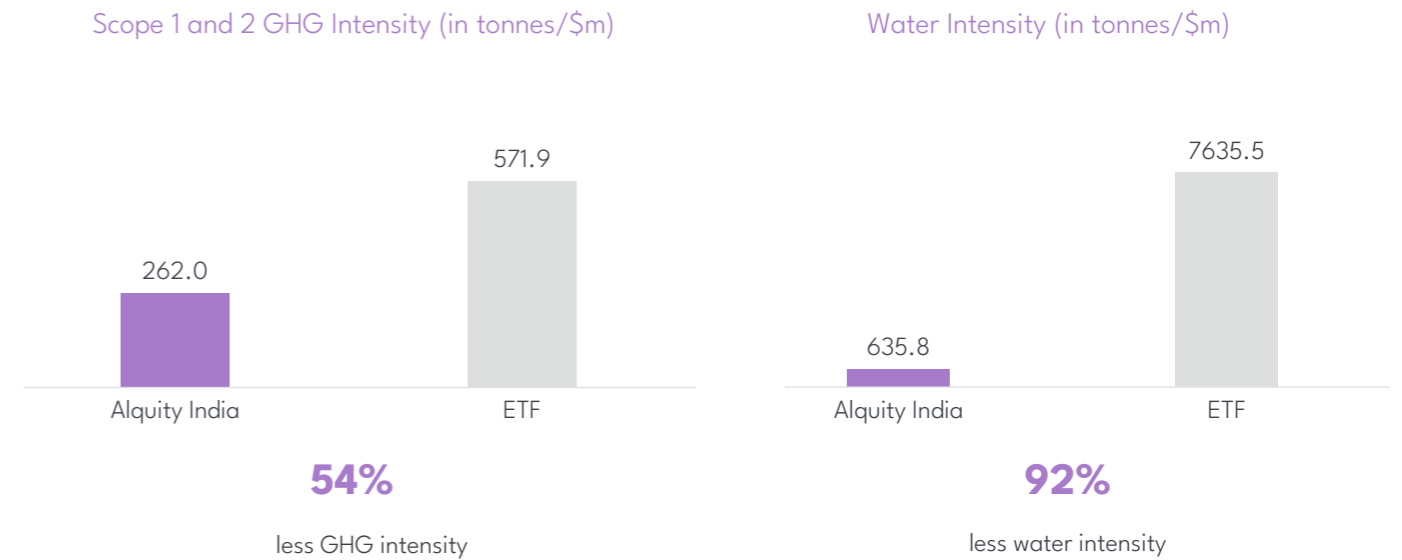
For over 4 years now, all our Emerging Markets strategies have included two impact indicator targets designed to consistently outperform their respective benchmarks. These targets are embedded in our portfolio construction guidelines and are monitored constantly. The selected targets are:

1. Greenhouse Gas Emissions (GHG) Intensity (tonnes/\$mn)
2. Water Intensity (tonnes/\$mn)

These metrics reflect our commitment to our climate declaration. Data is gathered directly by the Alquity investment team using a mix of company disclosures, desk research and informed estimations using a variety of peers when data is not available - an approach we've found to be significantly more reliable than third-party data sources. This also feeds into our engagement agenda.

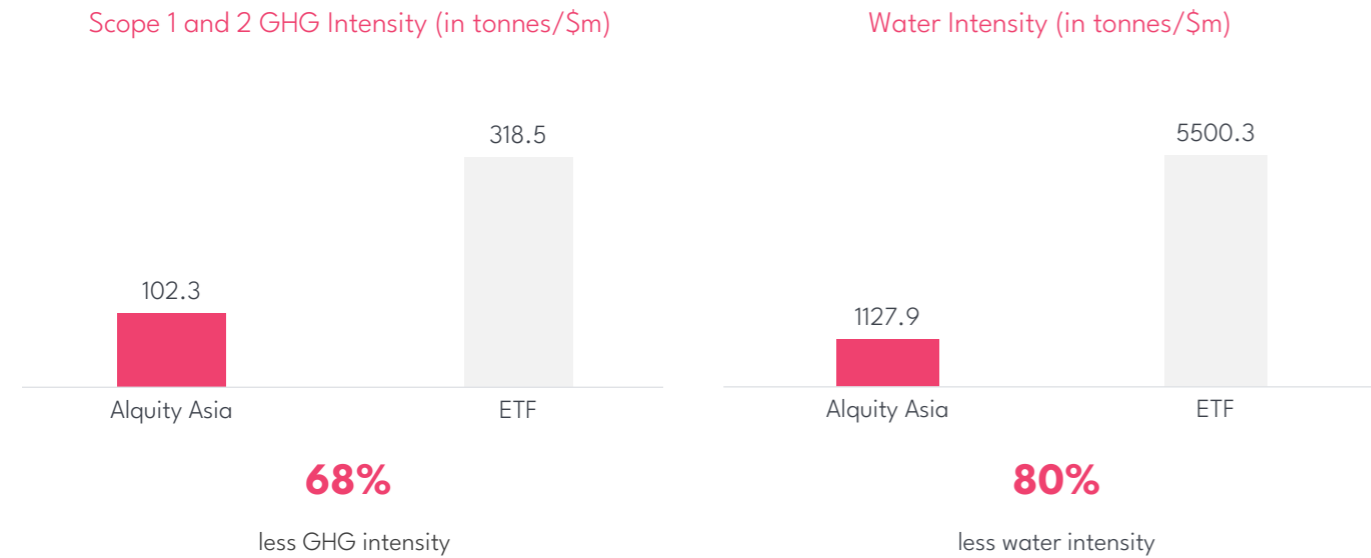
Below, we present the latest water and GHG intensity for each of our portfolios compared to their benchmarks.

**FIGURE 5: ALQUITY INDIA GHG AND WATER INTENSITY**



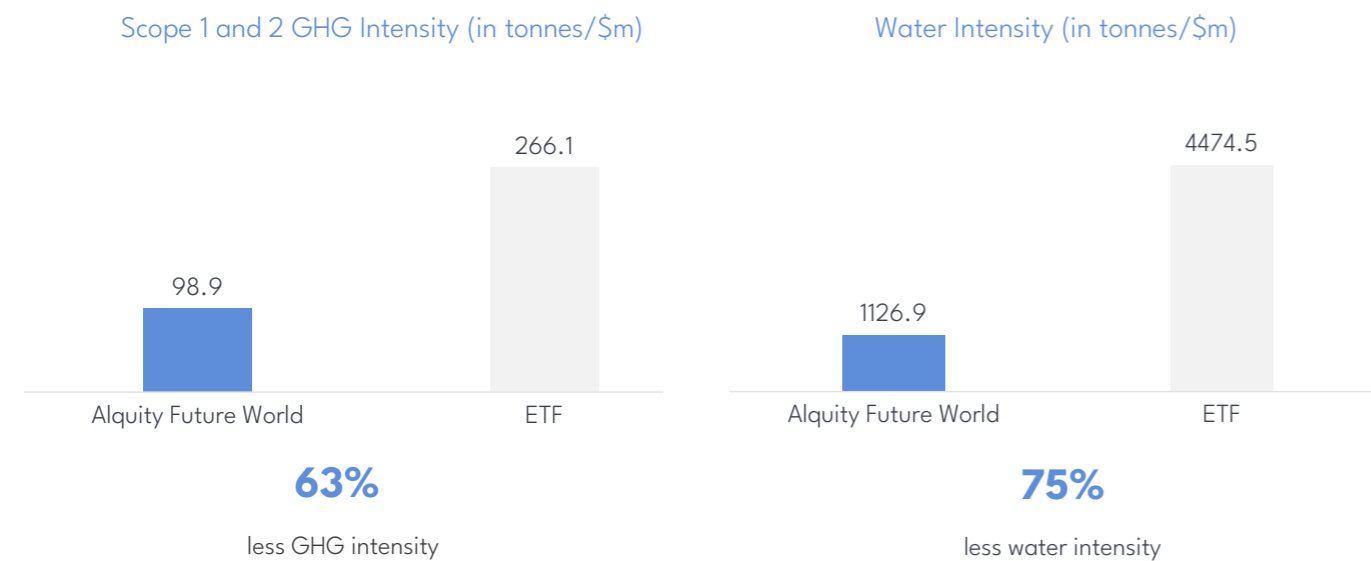
Source: Alquity, as of 31<sup>st</sup> December 2025. For GHG, 100% coverage, including 86% reported data and 14% estimated. For water, 100% coverage, including 83% reported data and 17% estimated. The Index used is the iShares India ETF.

**FIGURE 6: ALQUITY ASIA GHG AND WATER INTENSITY**



Source: Alquity, as of 31<sup>st</sup> December 2025. For GHG, 100% coverage, including 87% reported data and 13% estimated. For water, 100% coverage, including 82% reported data and 18% estimated. The Index used is the iShares Asia ex Japan ETF

**FIGURE 7: ALQUITY FUTURE WORLD GHG AND WATER INTENSITY**



Source: Alquity, as of 31<sup>st</sup> December 2025. For GHG, 100% coverage, including 85% reported data and 15% estimated. For water, 100% coverage, including 80% reported data and 20% estimated. The Index used is the iShares EM ETF

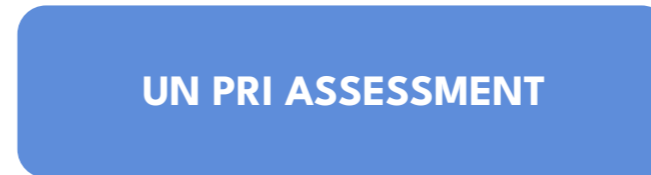
**OUR CLIMATE DECLARATION**

We believe that the increase in greenhouse gas emissions generated by the extraction and burning of fossil fuels and deforestation have directly led to the warming of the earth's climate. We believe that if these activities are not dramatically reduced the world faces a rise in global temperatures that will lead to catastrophic consequences for the planet's natural ecosystem and its ability to sustain the growing human population. We also believe that the transition to a net zero emission global economy must be a just and fair transition and go hand in hand with ensuring a more sustainable and equitable society for all.

**UN PRI COMMITMENTS AND SFDR**

We have been a signatory to the UN PRI since Alquity was founded in 2011. In November 2025, we received our latest assessment from the UN PRI. Across the four pillars, we achieved strong ratings and ranked in the top quartile overall. Both our fundamental investment process, applied to our Emerging Markets funds, and our quantitatively managed Global Impact Fund ranked in the top decile. We improved in two modules, with our Confidence Building Measures assessment now achieving five stars. We are pleased to see how the reporting framework has evolved over the years to incorporate deeper and broader aspects of responsible investment, enabling responsible investors such as ourselves to demonstrate their capabilities and experience.

You can review our latest UN PRI assessment. Please visit our website or click the following link:



When it comes to SFDR, our Global Impact Fund is designated as an Article 9. Our India, Asia, and Future World funds are designated as Article 8 Funds.

**EU  
SFDR**



**Article 8 Funds**



**Article 9**



Source: Alquity, as of 31<sup>st</sup> May 2026.



Confidence Building Measures	★★★★★	100/100
Process - Active Fundamental	★★★★★	94/100
Process - Active Quantitative	★★★★★	94/100
Policy, Governance and Strategy	★★★★	85/100

Source: Alquity, as of November 2025.



As of 2021, nearly 40% of rural Indian households resided in “semi-permanent” or “kutcha” structures (houses made of mud, straw and unburnt brick that frequently wash away in the monsoon).

In the cities, the situation is equally critical; forcing millions of families into informal slums.

## RETHINKING CEMENT IN ESG INVESTING

Few sectors attract as much skepticism for ESG investors as cement. It is a carbon-heavy and resource-intensive industry. For investors committed to sustainability, the instinct to exclude it is understandable. We believe that instinct, however well-intentioned, is mistaken, and in the context of emerging markets, potentially harmful.

We do not view sustainability as a screening exercise. It is an analytical framework built on what we view as “rational sustainability”. And when we apply that framework rigorously to cement, what we find is not a sector to be strictly avoided, but one where ownership in companies that follow best practice can drive genuine environmental improvement while simultaneously addressing some of the most pressing human development challenges of our time.

Across emerging markets, the alternative to cement is not a greener lifestyle, but a precarious one. Around 62% of urban housing in Africa is informal, while Asia is home to nearly 60% of the world’s slum population. In Latin America and the Caribbean, that figure is 17%. As per United Nations data, over 1.1 billion people in these regions lack adequate housing. Cement is the material through which these deficits get closed.

Paradoxically, the energy transition itself depends partially on cement as well. Typical onshore wind projects require hundreds of tonnes of concrete per megawatt of capacity, while solar farms, hydroelectric dams, and transmission infrastructure all rely on cement as well. Investors who exclude the sector on environmental grounds may inadvertently be obstructing the transition we are all trying to accelerate.

Recognising that cement is essential does not mean accepting a blank cheque for pollution. The sector is materially less carbon-intensive than it was a decade ago – and the direction of travel is clear. This transformation is being driven by a convergence of technological innovation, shareholder engagement and rational self-interest: the economics of decarbonisation, in many cases, are simply compelling.

Sources; United Nations as of 2025, Alquity, as of April 2026.

### KEY LEVERS OF DECARBONISATION

*Three key levers are reshaping the industry’s environmental profile. The first is energy. Cement production is highly energy-intensive, and producers are increasingly adopting waste heat recovery systems (WHRS) and solar to cut both emissions and costs. WHRS capture exhaust heat from the kiln to drive turbines, generating power at a fraction of the cost of grid electricity with zero incremental emissions.*

*The second is clinker substitution. Clinker, the carbon-intensive material produced in kilns, is the main source of Scope 1 emissions in cement manufacturing. Replacing part of it with industrial by-products such as fly ash or slag lowers both emissions and production costs, while also repurposing large waste streams that would otherwise pollute both land and water.*

*The third is the use of alternative fuels through higher thermal substitution rates (TSR), replacing fossil fuels with materials like waste, biomass, and municipal residues. The high-temperature cement kilns also provide a controlled environment that can significantly reduce the CO<sub>2</sub>-equivalent impact compared to traditional incineration or pyrolysis, and allows for the “safe and harmless” co-processing of hazardous industrial and medical waste. In addition, in the context of Emerging Markets where waste management tends to be poor, plastic waste that is not processed in these kilns does not simply disappear; it ends up in rivers, oceans, or is openly incinerated in conditions that release far more harmful toxins than controlled combustion in an industrial kiln.*

*Together, these shifts reduce emissions, lower costs, and improve the sector’s role in wider waste management and decarbonisation systems.*

## Efficiency gains

Leading Emerging Markets companies in this space are achieving Scope 1 intensities materially below the IEA global sector average. Crucially, this performance is being achieved primarily through product and process efficiency rather than fuel switching, which means there is significant further upside as alternative fuel infrastructure matures across EM. For context, European producers routinely operate at thermal substitution rates well above 60%, driven by stricter EU waste management goals, whereas the EM baseline remains at just 10-30%.

## ESG challenge & opportunity in cement

For ESG investors, we believe the cement sector presents both a challenge and an opportunity. The challenge is disciplined differentiation: not all cement producers are equal, and the range of environmental, social and governance performance across the sector is wide. For example, local externalities, such as air quality and quarrying impacts on surrounding communities, are real concerns, and they are precisely where the gap between leaders and laggards is widest. Passive exclusion fails to distinguish leaders from laggards, and in doing so, potentially deprives the former of capital.

The opportunity is to back management teams that view sustainability not as a compliance exercise, but as the primary lever of operational efficiency and long-term resilience. In a sector where energy accounts for roughly a third of operating costs, every tonne of CO2 avoided is also a reduction in the cost of production. Sustainability here is not a trade-off – it is structurally aligned with financial performance and the shift toward a cleaner economy.



An UltraTech Cement plant in West Bengal. UltraTech Cement has been a long-standing holding in our India Fund.

# BUILDING INDIA'S FUTURE

From modular steel structures to financial inclusion and housing finance: India's growth story is being built from the ground up.

Across our India Fund, companies such as APL Apollo and Cholamandalam Finance show how long-term profitability can align with social and environmental progress. Each of them illustrate a key idea in our investment philosophy: capital can be a force for both economic and social progress.

### APL Apollo: Modular steel tubes

APL Apollo plays a key role in India's infrastructure growth. The company produces pre-engineered steel tubes and structures that are lighter and more cost-effective than traditional concrete and brick construction. This industrial efficiency translates directly into social impact. Schools, hospitals, warehouses and metro systems can be built around 40% faster and at lower cost, helping expand access to education, healthcare and economic opportunities across Tier 2 and Tier 3 cities. By reducing material waste and enabling modular construction, APL Apollo also addresses environmental sustainability (a key consideration in long-term urban development). Modular steel construction reduces raw material intensity and supports recycling, while economic development occurs naturally through job creation at plants and construction projects. According to a study from the University of Hong Kong, modular steel construction can result in an approximate 46% reduction in waste when compared to conventional methods.

The company's products form part of the backbone of New India's industrial and urban ecosystems, showing that long-term profitability can coexist with social and environmental benefits.

### Cholamandalam Finance: Financial inclusion as a growth engine

Cholamandalam Finance, a long-standing holding in our Indian portfolio, exemplifies how financial services can drive real social mobility. Unlike traditional banks, which historically often focus on large corporates, Chola targets the unbanked segments of India's economy, such as small vehicle fleet operators, rural entrepreneurs and informal business owners. Vehicle loans, small-business credit and structured financing enable these individuals to grow their businesses, increase income and provide employment in their communities. For example, a single truck loan can transform a family business into a multi-employee operation, connecting villages to markets and enabling rural economic growth. By extending formal credit to these segments, Chola helps reduce borrowers' reliance (and vulnerability) on informal money-lenders that often charge exorbitant interest rates (up to ten times higher), a common obstacle to small-business growth in rural India, as pointed out by the Reserve Bank of India.

Sustainability is embedded in Chola's approach through responsible lending: products are designed to enhance borrowers' livelihoods rather than create debt traps. Cholamandalam Finance exemplifies how capital deployment can directly empower communities while maintaining a healthy and consistent growth track record.



Sources: Wei Pan and Zhiqian Zhang, as of 15<sup>th</sup> January 2023, Reserve Bank of India's report on currency and Finance as of August 2024.


# OUR FUNDS' ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FIGURE 8: EXAMPLES OF COMPANIES IN OUR EMERGING MARKET PORTFOLIOS ALIGNED WITH THE SDGs

COMPANY	SECTOR	IMPACT THEME	SDGs
	Hotels	At the heart of Lemon Tree is a deeply embedded inclusive hiring policy that has been in place across more than 100 hotels since 2007. The company has partnered with several NGOs and skilling institutions across India to train and source employees from economically and socially marginalized backgrounds.	 
	Housing Finance	Aptus' product offering (housing loans for self construction, home improvement and refurbishment, extensions, etc.) helps families move from informal cash credit (which can carry onerous interest rates of up to 60% annually) or lack of financing into secure, asset backed borrowing.	  
	Copper Mining	Antofagasta plays a key role in the global electrification and renewables transition as a major copper producer, supplying an input with no substitute at scale for grid infrastructure, EVs and wind and solar generation. The company is also one of Chile's largest employers.	     
	Personal Care	Amritanjan's primary product lines are its natural pain balm and, through the Comfy brand, affordable menstrual hygiene products aimed at India's vast underserved market; where roughly a third of menstruating women still rely on cloth.	  
	Digital Banking	Nubank, which provides digital banking platform in Brazil, Mexico and Colombia, has brought tens of millions of previously unbanked or underbanked Latin Americans into the formal system.	 
	Retail	V-Mart is a 'value' focused retailer operating in smaller towns and cities. The company has set up training academies for disadvantaged young people to provide the skills required for a career in retail. As mentioned at the beginning of our Impact Report, we have recently facilitated a connection between a social enterprise we back through our TL Foundation (Phool) and V-Mart.	  

Source: Alquity, as of 31<sup>st</sup> December 2025.

FIGURE 9: EXAMPLES OF COMPANIES IN OUR GLOBAL IMPACT FUND ALIGNED WITH THE SDGs

COMPANY	SECTOR	IMPACT THEME	SDGs
	Safety, Health & Environmental	Since the 90s, Halma is built around a deliberate group strategy of acquiring only businesses whose products protect life or the environment. These span fire and gas detection, water quality testing, medical diagnostics and industrial safety sensors across more than 45 different companies.	  
	Industrial Machinery	Kone manufactures elevators and escalators as well as solutions for maintenance and modernisation. Its products and services help reduce energy consumption.	 
	Water Infrastructure	Xylem provides water infrastructure technology (pumps, treatment systems, smart metering and leak detection) used by utilities and municipalities to manage a resource under increasing structural scarcity.	
	Health Care Equipment	Intuitive Surgical's da Vinci platform enables minimally invasive procedures that reduce complication rates, hospital stays and recovery time compared with open surgery.	
	Specialty Chemicals	Ecolab is a leader in water treatment and hygiene technology for industrial, commercial and institutional customers, providing water conservation solutions, wastewater treatment, PFAS removal systems, as well as food safety and infection prevention products across the food processing, healthcare, hospitality and manufacturing sectors.	 
	Electrical Equipment	ABB is a leader in energy-efficient industrial automation solutions (e.g. robotics), electric vehicles charging systems, and the provision of inverters, transformers and grid connections for renewable energy projects, as well as energy storage solutions and electrification of marine transport.	 

Source: Alquity, as of 31<sup>st</sup> December 2025.

# ENGAGEMENT AND STEWARDSHIP

## OUR KEY PROGRESS INDICATORS

Our Key Progress Indicators represent a general set of transparency and ESG standards we want all our holdings to meet over time.

For all portfolio holdings of our Emerging Markets Funds, we track a set of Key Progress Indicators (KPIs): a general set of transparency and ESG standards that we want all our holdings to meet over time.

We have identified the relevant principles within the UN Global Compact that these KPIs support. Each holding's alignment with the KPIs is reviewed annually, ensuring that companies which do not meet our KPIs are engaged further to drive continued improvement.

We may also add new KPIs as environmental and social priorities evolve, having progressively expanded our set since 2016.

The KPIs for each of our three Emerging Markets funds are shown below (Figures 11, 12 and 13), along with examples of our engagement activity to improve disclosure and drive transparency.

FIGURE 10: ALQUITY KEY PROGRESS INDICATORS

ENVIRONMENTAL

SOCIAL

GOVERNANCE

- Emissions and/or climate impact disclosure
- Water usage disclosure
- Production of waste material disclosure
- Disclosure of a plan to reduce the environmental impact over a defined period
- Prevention of biodiversity loss actively considered in the strategic plan and/or TNFD reporting
- Reporting in line with TCFD recommendations
- Scope 3 emissions disclosure

- Health and safety policy
- Staff development plan
- Staff turnover data disclosure
- 'Lost Time Injury' rates published
- Plan to increase gender diversity
- Cybersecurity policy in place and disclosed
- Equal opportunities policy

- Whistleblowing policy available to all employees
- Percentage of independent directors on the board  $\geq$  than the free float
- Management remuneration packages disclosure

FIGURE 11: HOLDINGS OF THE INDIA FUND DISCLOSING EACH KPI (% OF COMPANIES)

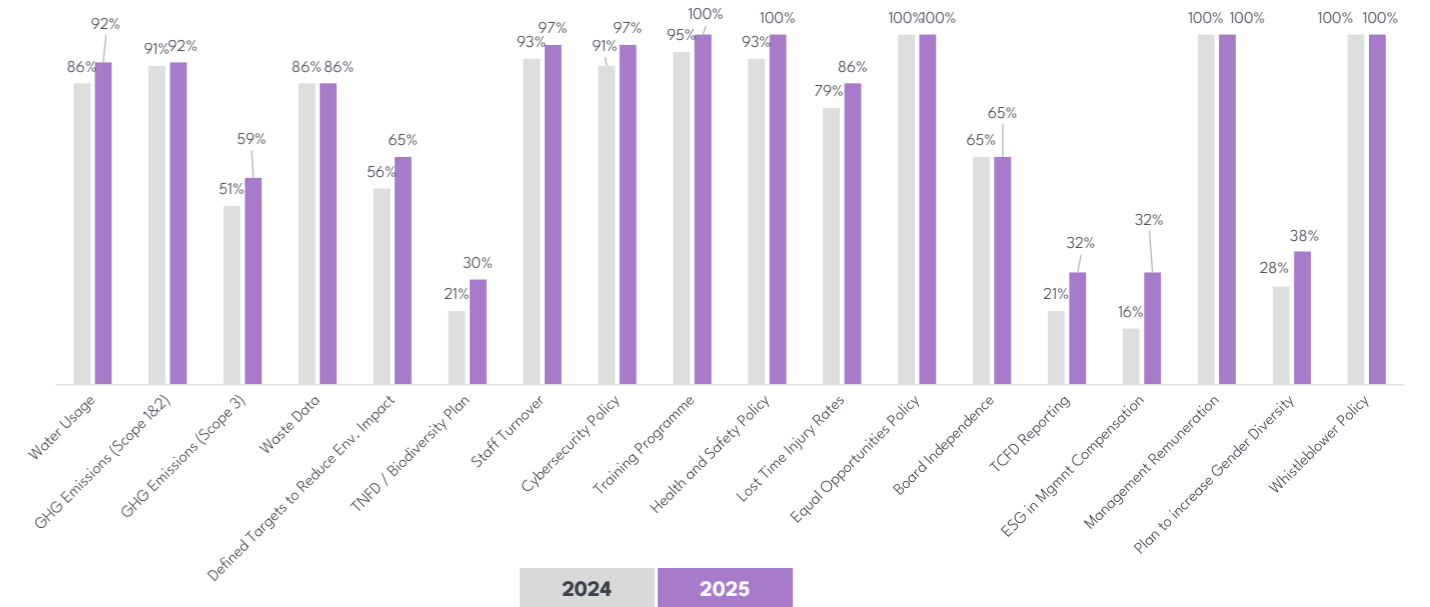


FIGURE 12: HOLDINGS OF THE ASIA FUND DISCLOSING EACH KPI (% OF COMPANIES)

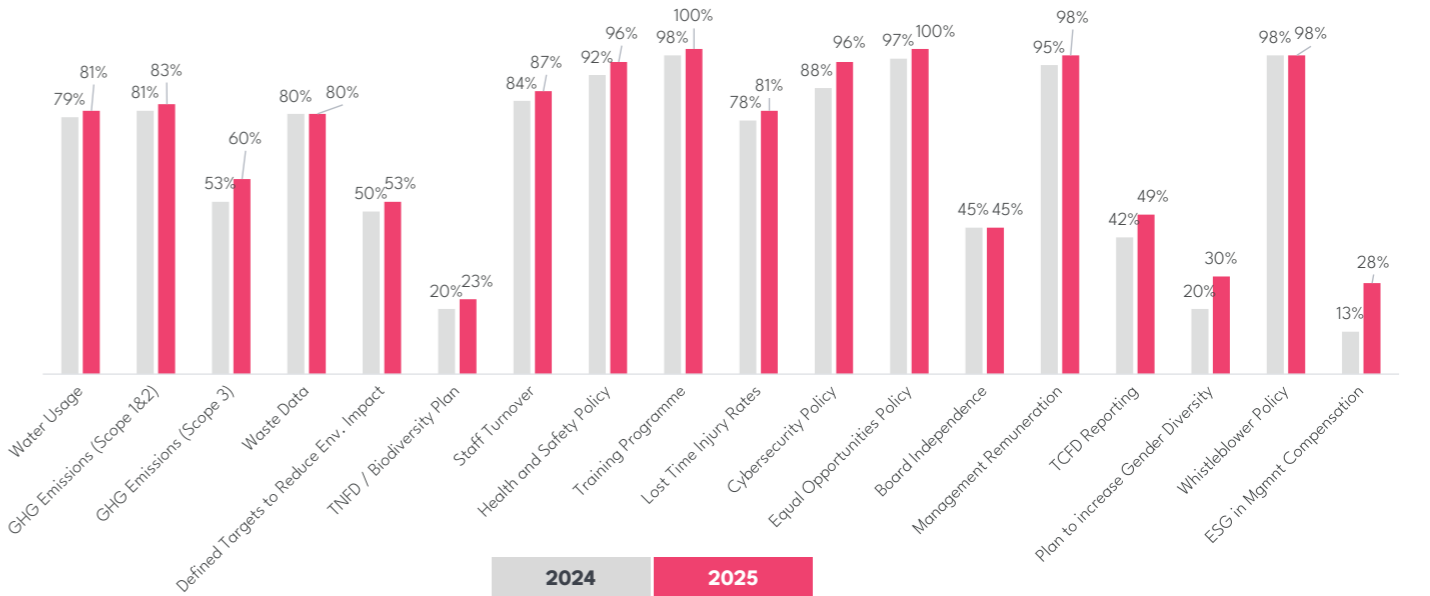
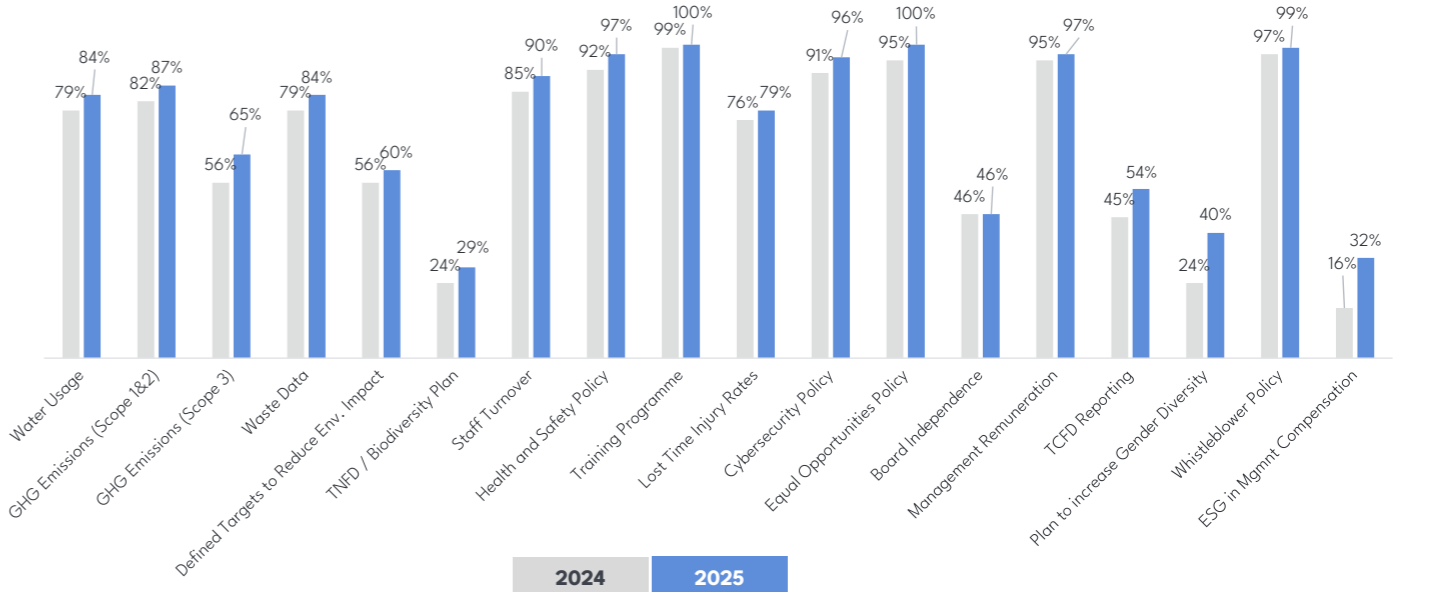


FIGURE 13: HOLDINGS OF THE FUTURE WORLD FUND DISCLOSING EACH KPI (% OF COMPANIES)



Over the past year, 51% of the holdings in our India Fund improved their disclosures. Among the strongest improvers were Samhi Hotels, the online travel agencies Ixigo and MakeMyTrip, and Uno Minda. Samhi Hotels stands out: it now reports on two thirds of our KPIs, up materially year on year. The improvements include greater granularity on GHG emissions (an area we engaged with the company on the previous year) alongside the disclosure of reduction targets. We will continue to engage with Samhi on its Scope 3 emissions. The Fund's portfolio companies achieved an average KPI fulfilment rate of 76%, reflecting a relatively high level of disclosure among Indian companies compared with other emerging markets.

In our Asia Fund, 43% of the portfolio improved its disclosures year on year. Notable improvers included Full Truck Alliance (digital trucking platform), Cebu Air (airline) and Poya (beauty retailer). The portfolio delivered an average 71% disclosure rate.

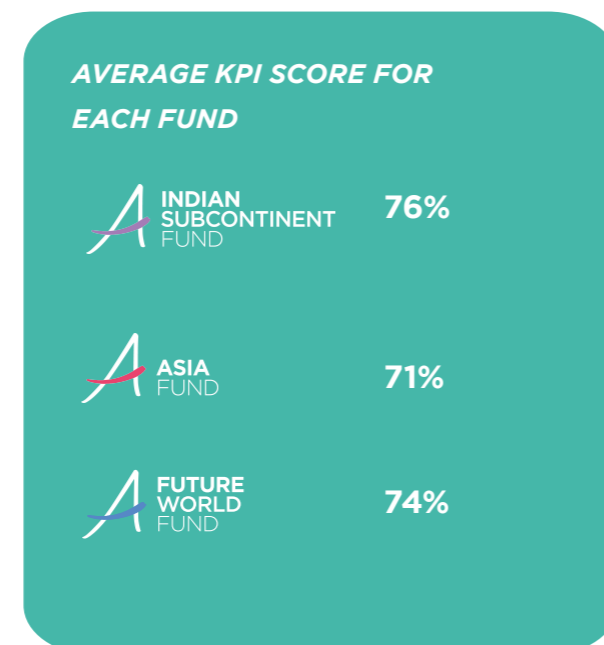
Finally, in our Future World Fund, 31 holdings improved their disclosure in at least one field. These include Mr Price, the retailer discussed earlier in this report, and Kumba Iron Ore, a South African company that now meets all of our KPIs. Across the Fund, the average KPI fulfilment rate is 74%.

An area of focus and engagement remains gender diversity at board level. Consistent with our rational sustainability approach, we are transparent that research linking board gender diversity to financial performance remains inconclusive, and we do not justify our position solely on the basis of shareholder returns. Rather, we promote board gender diversity as a matter of social justice and equality, viewing equal access to board representation as fundamental to fairness and good governance. We believe all of our holdings should aim for 50% gender diversity on board/senior management level.

Despite some improvements (as reflected in our KPI charts on the previous page), this remains an area of concern and topic for engagement, with certain holdings still having zero women representation on their boards. We will vote against the entire board where there is zero gender diversity at the board level.

For the three Funds, the area showing the greatest improvement over the past year is the inclusion of KPIs in management remuneration. This is a shift we view as encouraging. When a company links executive pay to ESG metrics, sustainability moves beyond a reporting exercise and becomes a matter of accountability: boards and management teams are now rewarded (or held back) based on ESG performance.

No declines were observed across any of the three Funds, with every company continuing to report on all KPI areas.



## ENGAGEMENT

Alquity is founded on the belief that the way capital is deployed helps shape society. In listed equities, excluding sectors that are harmful to the environment or that do not contribute meaningful societal value can, over time, influence behaviour and increase the cost of capital for those activities. Equally, selecting companies with strong ESG practices can help encourage broader market alignment over time. However, this alone is not enough. We believe investors must actively use their position as shareholders to engage with companies and drive timely change across the businesses and economies in which they invest.

This can take the form of engagement on disclosure (including our KPIs) or on specific material issues. As mentioned earlier in our report, we will also engage with some of our holdings, aiming to establish links and collaboration between the social enterprises and projects that we support through our TL Foundation and our investee's community initiatives.

We also use our voting rights to support or oppose management resolutions.

Our deep qualitative ESG analysis helps identify areas where companies can improve their policies and practices, which can have a material impact not only on financial performance but also on the environment and the communities in which they operate (a concept known as "double materiality"). For example, we continuously monitor the GHG and water intensity of our companies relative to their peers, and assess the underlying drivers and nuances behind the data, rather than relying solely on third-party data providers.

Other topics where we engage with investee companies are wide-ranging and cover Environmental, Social, and Governance aspects. Examples include renewable energy usage, data breaches and cybersecurity, and employee stock ownership plans. Finally, if any issue or controversy were to arise that was so significant that a company fell below our minimum ESG standards and could not be rectified through engagement within a suitable timeframe, it would be divested. There have been no such cases during the period covered in this report.

FIGURE 14: EXAMPLES OF ENGAGEMENTS OVER 2025



Source: Alquity, as of 31<sup>st</sup> December 2025.



### STRENGTHENING GOVERNANCE THROUGH AUDITOR ROTATION

Auditor independence is one of Alquity's Principles of Governance, as we believe it is a fundamental pillar of a well-managed company. However, in many Asian companies it is common for external auditors to serve the same client for decades. While such continuity may seem efficient, it can gradually erode independence and the rigor of financial oversight. In China in particular, auditor rotation still remains less common than we would desire, with several large-cap companies maintaining long-standing relationships that can be decades long.

For a business such as Sunny Optical, with its intricate supply chains and related-party exposure through subsidiaries, this issue is not theoretical: we believe it goes directly to the quality of financial reporting and internal controls.

During 2025, we initiated a dialogue with Sunny Optical to discuss their auditor tenure, as we have done in the past with other portfolio holdings. We shared best practice from a Western governance perspective and explained the rationale for regular auditor rotation, namely not merely a regulatory box-tick, but as part of a proactive governance culture that anticipates potential material risks.



### THE IMPORTANCE OF WATER MANAGEMENT AND DISCLOSURE IN A STRESSED GEOGRAPHY

Indonesia ranks among the most water-stressed nations in Southeast Asia, with the islands of Java and Bali facing acute challenges driven by urbanisation, tourism and industrial demand. For Mitra Adiperkasa, a diversified retailer operating across fashion, lifestyle and restaurants, water is both a critical input and a reputational risk. Despite this, water-related disclosures in the Indonesian retail sector remain limited overall, including for Mitra Adiperkasa.

We have encouraged the company to recognise water as a strategic risk and, consequently, to disclose water usage and intensity to investors (as the company already does with its carbon footprint). This would align the company's reporting practices with those of other portfolio holdings and peers in the Asian region, whilst also allowing us to better understand and evaluate the company's management and progress toward water resource efficiency based on actual data, rather than relying on our own estimates.

## COLLABORATIVE ENGAGEMENTS

Over the last year, we have been signatories and participants in various initiatives. This includes our support to the Investor Initiative on Responsible Nickel Supply Chains. Nickel sits at the heart of the energy transition. It is a key input in the high-density cathodes that power most electric vehicles, where a higher nickel content allows batteries to store more energy and extend driving range. Yet the way nickel is produced carries real environmental and social costs, and nowhere is this tension sharper than in Indonesia, the world's largest producer. Much of the country's processing capacity is powered by captive coal plants and has been linked to deforestation, the clearing of biodiverse rainforest, and concerns over tailings disposal and worker safety.

Other initiatives that we have been part of during the year include those led by the FAIRR Initiative, who we have supported through membership over the last 7 years.

For example, we joined FAIRR's China agri-food engagement, a collaborative initiative engaging some of the largest food and restaurant operators in China; a market whose scale and pace of dietary change make it central to the global protein transition.

Moreover, we have supported Phase 3 of FAIRR's Seafood Traceability engagement, its Protein Diversification engagement, as well as its Restaurant Antibiotics Engagement and Antimicrobial Resistance engagements.



*The company operates over 18,000 restaurants across China under the KFC, Pizza Hut, Lavazza, and Little Sheep brands, among others.*

*As part of the China agri-food engagement, we participated in the engagement with our holding Yum China, the country's largest restaurant company, whose extensive footprint across poultry, beef, dairy and soy-linked supply chains gives it meaningful influence over agricultural practices upstream. The engagement focused on three areas. First, on climate, greater clarity was sought on the company's near-term pathway to reducing Scope 3 emissions (which represent the majority of its footprint) and encouraged more specific disclosure and time-bound targets on methane, given its potency and prevalence across animal protein supply chains.*

*Secondly, the engagement aimed for a deforestation- and conversion-free commitment with a clear cut-off date, particularly for the soy used in animal feed, alongside measurable progress on traceability rather than country-of-origin information alone.*

*Finally, we welcome the company's efforts to mobilise its suppliers through structured initiatives and incentives, but Yum China was encouraged to extend coverage, strengthen support for lower-performing suppliers and disclose year-on-year progress.*

# VOTING

GOVERNANCE



We review 100% of the meeting resolutions in line with ISS recommendations and our own Principles of Governance, which are shown below and apply to our Future World, Asia and India Funds.

## ALQUITY PRINCIPLES OF GOVERNANCE

We will use our shareholder vote in favour of the below principles. We will reflect companies' adherence to these principles as part of our ESG ratings, and ultimately the risk premium used to assess an appropriate valuation:

- Separation of the roles of CEO and Chairman.
- Number of independent directors in line with company's free float.
- Independent directors should not be ex-employees, family members of the founder, representatives of significant shareholders, or have any major commercial relationship with the company. They should be truly independent.
- Maximum 9-year tenure of any independent director (in line with UK corporate code), regardless of any breaks in service.
- Maximum 6 other public external directorships for any independent director, who must also have enough time to devote to the role given other constraints on their time.
- Minimum 75% attendance at board meetings for all directors (including by telephone).
- Share grants relating to employee/management share schemes of a maximum of 1% per annum, and no more than a 10% discount to the prevailing / average share price at the time of award. These should vest over a suitable timeframe, such as 3 years.
- Documentation relating to shareholder votes/AGM to be circulated 2 weeks in advance.
- Audit and remuneration/nomination committees to be 100% comprised of independent directors. The members of the audit committee should have sufficient adequate financial experience.
- Independent and credible auditor, changing every 5 years.
- Companies should strive for 50% gender diversity on board/senior management level. We will vote against the entire board where there is zero gender diversity at the board level.
- Pre-emption rights for existing shareholders for all equity raising.
- Remuneration packages for senior management to be highly transparent, and demonstrably comparable to peer companies.
- Transparent dual share classes are acceptable as long as there is an effective justification, the company is demonstrably run in the interests of minority shareholders, and there are rigorous checks and balances to prevent abuse.
- Although votes relating to our key progress indicators occur rarely, we will vote to achieve these goals when the opportunity arises.
- We will vote against the re-election of directors where we deem that companies are climate/nature laggards with respect to their size, industry and region.



**FUELLING THE  
FUTURE THROUGH  
OUR TRANSFORMING  
LIVES FOUNDATION**

Suresh Mistry, Alquity's Head of Sustainability, in Vrygrond (South Africa) with Sozo's team

# TRANSFORMING LIVES AWARDS 2025

At Alquity, we donate 10% of our revenues (not profits) to the Alquity Foundation. Through the Transforming Lives Awards, our Foundation aims to unlock the potential of outstanding non-profits, enterprises, and entrepreneurs working in disadvantaged communities. The Awards provide access to capital, visibility, and expert support; helping them scale their work and transform more lives.

Whether focused on skills development, social enterprise, or creating jobs for marginalised groups, our awardees share one goal: advancing UN Sustainable Development Goal 8 (Decent Work and Economic Growth for All).

We began by identifying 98 candidates, all nominated by organisations supporting exceptional, locally-led initiatives creating real impact in their communities. Each nominee demonstrated four key features:

- Alignment with SDG 8, working to improve economic wellbeing in marginalised communities
- Strong leadership and sound management as a social enterprise or non-profit
- Clear evidence of positive impact and community engagement
- Grassroots connection (ideally locally founded and led)

Our 2025 Awards delivery partner, EMpower – the Emerging Markets Foundation, then worked with us through two stages of shortlisting, reviewing 40 trusted partners across seven countries and narrowing the list to six excellent finalists.

## UNLOCKING OPPORTUNITY IN CHALLENGING ENVIRONMENTS

*In South Africa and Indonesia, young people are facing complex challenges; from poverty and inequality to gender discrimination and limited access to education, jobs, and mental health support. In Indonesia, many girls in rural areas still leave school early with limited choices, while in South Africa millions of young people struggle to find work and safe spaces to grow. Yet in both countries, there is extraordinary potential, energy and determination among youth to build better futures.*

Finally, the Transforming Lives Awards Panel (a group of experts and industry peers, supported by EMpower’s regional teams) then assessed each finalist’s impact, governance, and potential for long-term success and picked three awardees. Our Awards honour three outstanding organisations that are helping them do just that.

In Bali, many young women still face barriers to education and decent work. Family expectations, early marriage, and the cost of schooling often mean they leave education early and struggle to find good jobs.

### R.O.L.E. Foundation

The R.O.L.E. Foundation’s Bali WISE programme helps change that story. It gives marginalized young women free training in hospitality and digital marketing, connects them to real jobs, and raises environmental awareness through school and community programmes.

With our support, R.O.L.E. is building a new sustainable bamboo classroom (a vibrant space where around 1,500 students each year will gain practical skills, confidence, and hope for a brighter future).

We are delighted to have partnered with The Ashmore Foundation, which provided a matching grant of \$32,000. This support will enable the R.O.L.E. Foundation to accommodate and train 100 young women through its Bali WISE programme this year, helping them build skills and secure employment in the hospitality industry.



### SOZO Foundation

In Vrygrond Township, Cape Town, young people grow up surrounded by poverty, overcrowding, and few safe places to learn or work. With no local high school and limited access to the internet, opportunities for education and employment are scarce: over 60% youth unemployment and over 50% of school learners dropping out before the final year. This leaves many young people vulnerable to crime or substance abuse.

The Sozo Foundation offers hope through its Skills and Entrepreneurship School, where young people gain practical, work-ready experience. Our current support is focused on “Fuel the Future” - expanding the hospitality and coffee house ecosystem that links Vrygrond youth to real jobs and enterprise. The initiative aims not just to train individuals, but to seed a hyper-local economic ecosystem where previously unemployed young people become employers, not just employees. Sozo will train 48 barista students, employ 4 interns and 4 baristas, and provide workplace exposure to over 100 youth, alongside digital literacy support and mentoring.

### AspireYouth

AspireYouth also seeks to create opportunities for young South Africans, but through a different approach. Through a 20-month programme that blends life skills, mental health support, job and entrepreneurship training, young people gain the tools and confidence to build brighter futures for themselves. Our \$20,000 grant funds Aspire’s 12-month Incubator Programme, helping 35 young people to start and grow their own micro-businesses. With an impressive 85% success rate, graduates go on to earn sustainable incomes and become role models for others in their communities.



Suresh with the AspireYouth team



**Funding: \$32,000**

Our support will provide:

- Training for 48 barista students
- Employ 4 interns and 4 baristas
- Workplace exposure to over 100 youth
- Digital literacy support and mentoring

## ASPIREYOUTH - CASE STUDIES

### Rethabile Hoffman

*When Aspire first met Rethabile, she was coping with abuse through drug use, living in unsafe conditions, and raising two children with no stable income. Today, after completing Fit for Life, guidance, and incubation, she runs a “side hustle” catering and snack stand at a busy taxi rank, selling sandwiches, coffee, tea, cool drinks, and muffins. She also works one day a week for Aspire Youth. Rethabile is now in the launch phase of her dream electrical appliance repair business, with continued coaching and support from Aspire.*

### Sue Ellen

*Another graduate entered Aspire from a home with zero income; she and her partner were struggling with excessive alcohol use and raising their children. Five years later, she earns around 8,000 Rand per month, and her baking business brings in roughly 3,000 Rand per month. Sue Ellen and her partner are now married, and he has also secured employment. Their combined household income is approximately 19,000 Rand per month (\$1,200), eight times the average in the area.*

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