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Dear Stakeholders

At Fairtree, our purpose is clear and steadfast: to enrich the lives of all our stakeholders. This mission, alongside our core values, underpins every decision and action we take, driving us to deliver lasting value for our clients, service providers, employees, partners, and communities.

As we reflect on our journey in this year's Stewardship Report, we are reminded of the significant responsibility we bear given the trust placed in us as stewards of financial capital. This report underscores our continued commitment to aligning our investment processes, organisational practices, and community engagements with our vision and values.

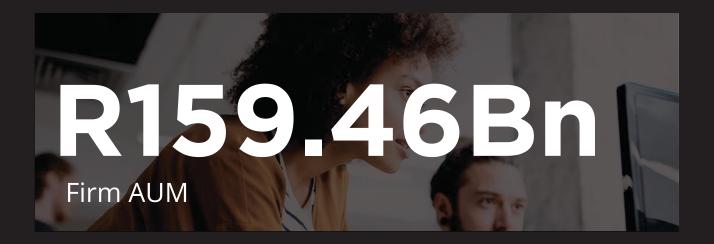
Our values - Integrity, Excellence, Growth, Real Relationships, and Family - are the bedrock of our distinctive culture. These principles ensure that our approach remains purpose-driven, our relationships thrive on mutual trust, and our decisions support the long-term interests of all stakeholders. At the heart of our stewardship lies a dedication to fostering a sustainable future where innovation and accountability work in harmony to deliver meaningful outcomes.

I am deeply grateful for the trust and confidence our stakeholders have placed in us. This trust inspires us to continuously strive for excellence, ensuring we remain responsible custodians of financial capital while delivering on our purpose.

Warm regards, Kobus Nel Fairtree Group CEO

About Fairtree

Fairtree is a leading global investment manager that manages alternative and long-only investment portfolios across all global asset classes for local and offshore clients. Fairtree prides itself on its acclaimed specialist teams with meticulous top-down and bottom-up analysis, ensuring a diversified and holistic approach. As a trusted investment partner, Fairtree continually strives for investment excellence and to deliver consistent and competitive returns while pursuing its purpose of enriching the lives of all our stakeholders.



Long Only	R140.93 Bn
Alternatives	R13.0 Bn
Real Assets and Private Equity	R5.50 Bn

Investment professionals



135

Team Members



2017-2020, 2022, 2024

Raging Bull Award Winner



*The full details and basis of the awards are available from the manager

SECTION 1

Fairtree Transformation





The foundation of Fairtree's work has always been to enrich lives - whether through fostering socio-economic upliftment, empowering communities, or cultivating growth within our team. Since formalising our transformation journey in 2016, guided by the B-BBEE scorecard, we've pursued impactful solutions that go beyond compliance, striving for meaningful change in areas where we hold influence.

Initially, we didn't operate with a formal transformation lens but instead relied on our networks to invest time and resources into socio-economic projects that held meaningful potential for underprivileged communities. One of our first initiatives involved supporting an organisation establishing foster homes for orphans and vulnerable children—a partnership we still proudly uphold.

In 2016, we reached a turning point when institutional investors required us to align more closely with B-BBEE scorecard requirements. While we had built a strong foundation in socio-economic development, we recognised the need for a more comprehensive approach across all scorecard elements. This led us to develop a strategic roadmap for transformation, constantly asking ourselves how we could make a more profound impact through these initiatives.

To address ownership, we increased black ownership in Fairtree from 10% to 15% and strengthened our enterprise and supplier development efforts by contributing to the ASISA Fund. However, we soon realised that more than passive investment was needed to meet our commitment to stakeholders. This inspired us to launch our own enterprise development initiative, which focused on investing in entrepreneurial businesses that contribute to community sustainability.

We believed that "growing our own timber" through carefully nurtured internal development would ensure a seamless, long-term transformation.

Transforming our internal demographics has been a gradual process. As an intellectual business with a fiduciary responsibility to investors, we're cautious in preserving the integrity of our investment process. We believed that "growing our own timber" through carefully nurtured internal development would ensure a seamless, long-term transformation. To this end, we launched a graduate programme, identifying promising students in relevant fields and establishing a bursary programme to support individuals with high potential but limited means. Through fast-tracked graduate training, we have developed skilled black investment professionals with both technical expertise and essential soft skills.

Over the years, we've enhanced the graduate programme, retaining a number of participants and expanding it across various areas within Fairtree. Many graduates have since joined us full-time, although we continue to face challenges with some talented individuals pursuing other opportunities in the industry. Despite these challenges, we remain committed to the steady transformation of our investment team, backed by formal skills development and financial support.

Our procurement journey has been equally transformative. We recognised the opportunity to drive meaningful change by supporting small black-owned stockbroking firms, helping them to scale effectively while maintaining high standards of execution on behalf of our clients.

In 2023, we proudly achieved a Level 2 B-BBEE rating, a milestone reflecting our commitment to transformation. This achievement is a testament to our values and our dedication to impactful solutions that uplift all our stakeholders.

Transformation at Fairtree is not just a mandate but a heartfelt commitment to creating lasting value for our communities and stakeholders. Together, we are building a legacy of empowerment and sustainable growth.



Fairtree at a glance



Fairtree's portfolios are not constructed using a house view, and that is by design. Each of our portfolio managers has accumulated their substantial investment experience in a unique and personal manner. Their differing personalities, which manifest in idiosyncratic risk appetites, also make the imposition of a house view less favourable. We believe that creating an environment where our portfolio managers can express their beliefs and ideas through authentic portfolio construction and security selection will result in the best outcomes for all our stakeholders.







Portfolio Managers

Fairtree is a member of the ASISA Hedge Fund Standing Committee, meeting at least quarterly on a formal basis to deal with hedge fund-related issues. The engagement covers all hedge fund-related issues spanning regulations, tax, ASISA classifications, flow reporting, commercial challenges and opportunities. When there are specific new regulations or more pressing matters, a separate working group is typically formed where we participate.

Transformation Journey

Transformation Journey

Roadmap to transformation journey drawn up.

Graduate Programme

25 Graduates (2017 till 20<u>23)</u>

B-BBEE Ownership

B-BBEE ownership transaction completed in 2020

EE Employment

Board commitment to improve EE Employment statistics

Investment Team

12% EE Candidates in 2016 to 29% in 2023. 9% Female Candidates in 2016 to 24% in 2023.

Non-investment Team

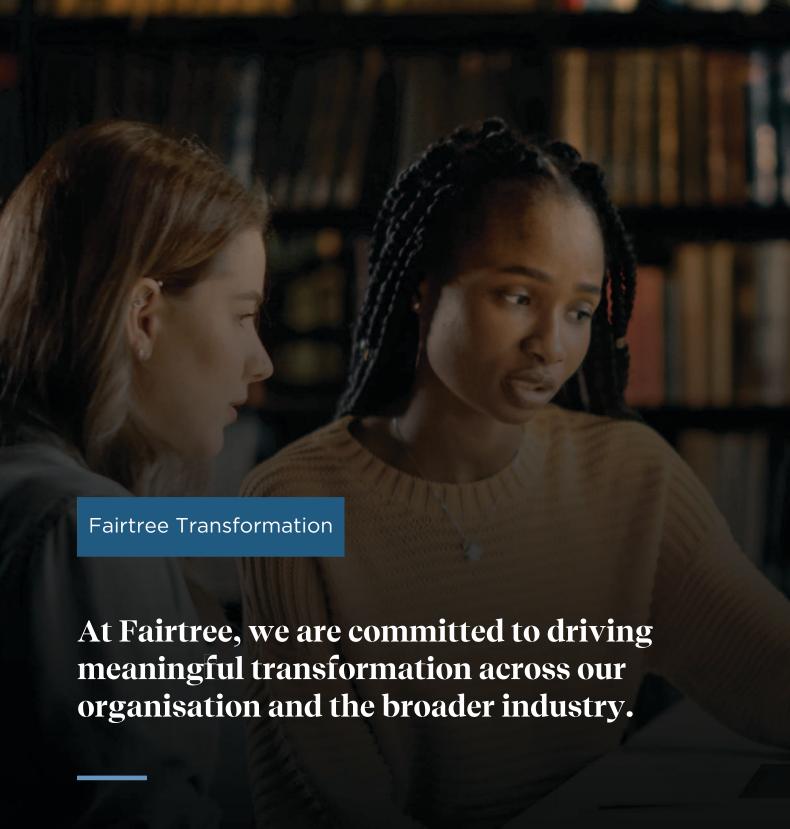
25% EE Candidates in 2016 to 48% in 2023. 55% Female Candidates in 2016 to 58% in 2023.

EE Partners

Procurement reallocated more towards EE partners.

B-BBEE Score

2023 - Level 2 2022 - Level 3 2021 - Level 4



Through initiatives like our Graduate and Internal Bursary Programmes, we foster inclusivity, skill development, and career advancement, providing vital pathways for young professionals and previously disadvantaged individuals. Our approach extends to promoting diversity within our workforce, from internal talent development to stakeholder engagement and external support through bursaries. These efforts underscore Fairtree's dedication to building a more equitable, skilled, and diverse sector that aligns with our values and contributes positively to society.

Graduate Programme

For over six years, Fairtree has proudly operated its Graduate Programme, which allows graduates to deeply engage with the dynamic environment of a multi-asset firm. This 12-month initiative equips young professionals with technical and soft skills, serving as a crucial entry point into asset management. In 2023, the programme welcomed seven graduates with a robust focus on equity and inclusion, where 86% of participants were from previously disadvantaged backgrounds.

The programme demonstrated a balanced approach to gender representation, with four female and three male graduates.

Fairtree successfully retained over half of its participants in 2023, with four graduates securing permanent roles within the company. This retention rate underscores the programme's role in cultivating talent that is aligned with Fairtree's long-term vision. Additionally, two graduates continued the learnership path, while another moved on due to personal reasons, indicating scope for further engagement and mentorship enhancements.

Fairtree Bursary Programme

Fairtree's commitment to youth development has been unwavering since 2003, and the Fairtree Bursary Programme plays a critical role in this mission by supporting tertiary education for emerging talent. The bursary covers full university tuition, books and other academic necessities, supplemented by mentorship and the potential for employment at Fairtree upon graduation.

From 2017 to 2023, Fairtree has supported 25 individuals, many of whom have since established careers within our organisation. This programme fosters well-rounded professionals through technical skills and soft-skill development, positioning them for industry success.

In 2023, Fairtree awarded 12 bursaries, all to previously disadvantaged candidates, demonstrating our commitment to inclusivity. The bursaries were evenly distributed between female and male recipients, with six of each gender, fostering a balanced development landscape within Fairtree.







Stakeholder Transformation:

Our transformation efforts began with internal stakeholders, focusing on our employees and shareholders. A recent transaction improved Fairtree's ownership credentials, reinforcing our commitment to employment equity. Recognising the complexity of transformation, we diligently work to address management and skill development within our company. We are addressing transformation within our company in two ways: Ground-up Development and through targeted external recruitment,





Ground-up Development

Fairtree is growing talent from within by fostering a talent pool of black asset managers through structured recruitment and our Graduate Programme. This approach is yielding results, with many junior recruits now holding around five years of experience and progressing within the Investment team.

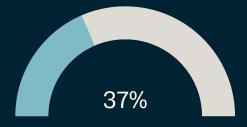
Fairtree's commitment to driving meaningful transformation continues to flourish through our expanded ground-up development. In 2023, we awarded 19 internal development courses and degrees, all to Employment Equity (EE) candidates, reflecting our dedication to fostering diverse talent across various fields.

In keeping with Fairtree's balanced approach, 11 training courses went to females and eight to males. Fairtree's ground-up development funded various studies and professional certifications, including six CFA Level 1 courses and three Cambridge Women Leading Change programmes, fostering financial acumen and leadership skills. Other supported fields include CIMA, Change Management, UX Design, Real Estate and Computing, highlighting our support for a broad spectrum of career paths within and beyond finance.

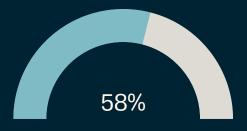
GROUND-UP DEVELOPMENT

At A Glance

Short Courses



Graduate Degrees



Master Degrees



58%

Female Candidates

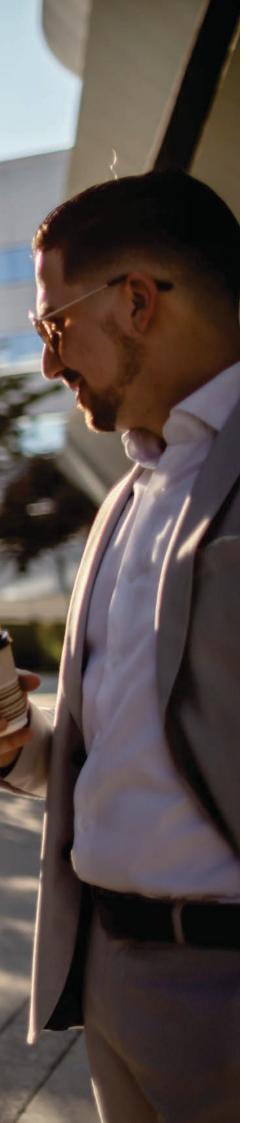
100%

EE Candidates



Growing our own timber may take longer but would safeguard our investment process and provide for a seamless transformation of the investment team.

— Bradley Anthony



External Recruitment

As part of our ongoing commitment to increasing the diversity of our investment team, we plan to continue adding to the team and developing both female and black investment professionals. Our concerted efforts are delivering results: From 2016 to 2023, the proportion of previously disadvantaged individuals within our investment team rose from 12% to 29%, with female representation at 24%.

We are also dedicated to addressing the transformation of the non-investment areas of the business. Our employment equity (EE) statistics have improved, with the percentage of previously disadvantaged in non-investment team roles increasing from 25% in 2016 to 48% in 2023 and 58% now female. We have more work to do in addressing the representation of black staff in middle management and have tasked the Board to improve these figures.

Procurement and development

We have also embarked on a review of our procurement practices to reallocate procurement to black-empowered businesses. Although there remains room for improvement, we are close to achieving this goal after making progress in the 2023 financial year.

For several years, we have achieved the maximum scores for the enterprise and supplier development and the socio-economic development elements of the B-BBEE scorecard.

B-BBEE Level 2

55 Investment Professionals

ASISA Member



We are proud to report that our commitment to aligning Fairtree's values with the goal of meaningful transformation has driven continual progress over time.

Our B-BBEE rating improved from Level 4 in 2021 to Level 3 in 2022.

For the 2022/2023 financial year, we achieved another milestone, with our B-BBEE score improving for the third consecutive year.

An independent rating agency awarded us a Level 2 rating, a reflection of our dedication to transformation across all areas of our business.

We are pleased to report that we have maintained this Level 2 B-BBEE rating for the 2023/2024 financial year, underscoring our sustained commitment to meaningful change and inclusivity.

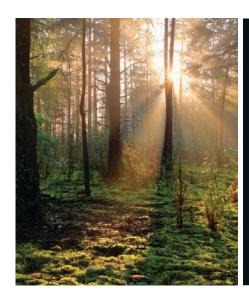
SECTION 2

Responsible Investing

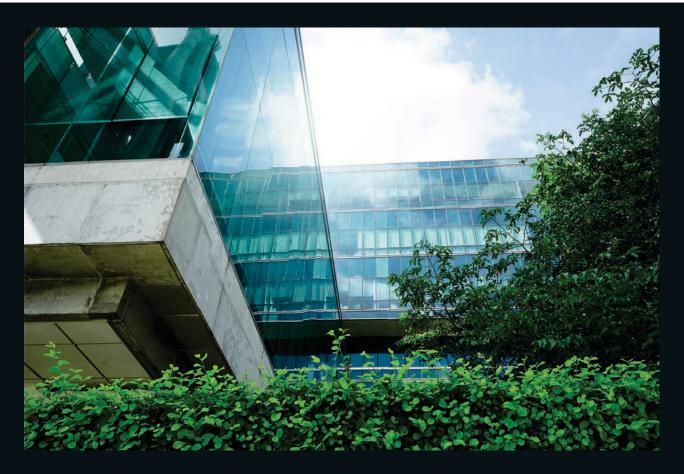
Fairtree is dedicated to being a responsible investor, actively contributing to a sustainable global financial system. We believe such a system rewards long-term, responsible investment while benefiting both the environment and society.

We proactively incorporate environmental, social and governance (ESG) considerations into our investment processes. Fairtree's Responsible Investment Policy outlines our commitment to considering ESG principles in all investment activities and processes. This commitment aligns with our fiduciary duty to our investors, recognising the long-term risks that ESG factors pose to investment performance.

Our analysts and portfolio managers are accountable for assessing and incorporating ESG risks into their bottom-up and top-down analyses, ensuring a thorough evaluation of potential impacts on a company's financial health and long-term sustainability.



Fairtree is dedicated to being a responsible investor, actively contributing to a sustainable global financial system



FROM GOVERNANCE FOCUS TO ENVIRONMENTAL CHALLENGES

Fairtree's 2023 ESG Journey

OVERVIEW

Fairtree's ESG considerations and analysis are fully integrated into its fundamental investment research process as opposed to being housed within a separate ESG team. This ensures that ESG considerations directly influence investment decisions and valuations, with analysts taking full responsibility for assessing ESG factors within their respective sectors.

Over time, our ESG approach has evolved into a sophisticated, nuanced framework rather than a one-size-fits-all model. The firm's 2023 experience highlighted how ESG priorities can shift based on market conditions and portfolio exposure, with governance issues taking centre stage for most of the 2023 year.



THE YEAR OF GOVERNANCE

BY CHANTELLE BAPTISTE

In 2023, governance issues were the primary focus of Fairtree's ESG engagements, particularly in South African domestic stocks. This focus was driven by our strategic pivot back to domestic counters, including retailers, banks and industrial companies. The shift coincided with several corporate crises in the retail sector, including significant challenges experienced by certain retail and industrial companies.

These corporate challenges led to intense engagement with management teams and boards, focusing heavily on remuneration structures and turnaround strategies.

Approximately 80% of Fairtree's ESG engagements during 2023 centred on domestic stocks, with governance issues at the forefront.

As the year progressed, Fairtree's ESG focus began to shift toward environmental considerations, particularly carbon emissions within the energy sector.

This transition demonstrated the dynamic nature of ESG implementation, as sector-specific risks required tailored strategies.

By the close of 2023, environmental concerns had gained prominence, reflecting the increasing urgency of climaterelated issues across global markets.

LOOKING BACK

LOOKING AHEAD: ESG TRENDS AND CHALLENGES

1	The Decarbonisation Theme:	The global push toward net-zero emissions by 2050 creates investment opportunities in industrial base metals, particularly those essential for green energy and electric vehicles. Key materials such as aluminium, copper, zinc and nickel are expected to see heightened demand.
2	Managing Geopolitical Risk:	Rising global tensions and significant elections worldwide are driving interest in defensive stocks in sectors like alcohol and tobacco. While these sectors present ESG challenges, they also offer resilience in uncertain times.
3	The Active Management Advantage:	With passive investment strategies dominating markets, particularly in the US, where, about 60% of the equity market is passive, active managers play an increasingly crucial role in maintaining corporate accountability through direct engagement with management teams.

Nuanced Approach to Controversial Sectors:

Fairtree adopts a pragmatic and balanced stance toward controversial sectors, particularly fossil fuels. Rather than fully disinvesting, the firm maintains investments in listed fossil fuel companies to ensure ongoing monitoring and influence over corporate behaviour through active engagement. This approach reflects Fairtree's commitment to driving positive change from within, rather than avoiding the challenges outright.

ESG considerations within different sectors vary considerably. For instance, in the mining sector, companies face diverse challenges based on their operations. Deep-level mining might focus more on safety and fatality risks, while open-pit mines might deal primarily with environmental concerns, such as wildlife protection.

Last Year's

ESG VALUE

Fairtree's ESG integration goes beyond analysis, embedding these considerations into valuation models to capture their financial implications.

For example, Carbon taxes are treated as explicit cash outflows in financial projections, while safety risks are incorporated into production estimates to account for potential disruptions from safety-related incidents.







This disciplined approach ensures that ESG risks are accurately reflected in investment decisions, safeguarding both shareholder returns and sustainable business practices.

Future Outlook

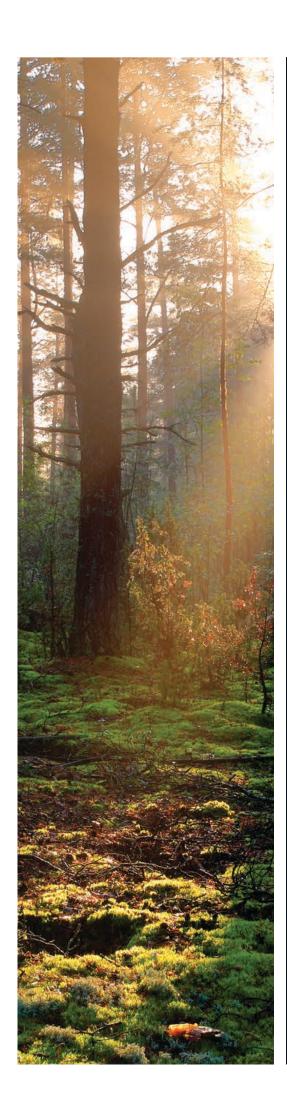
Several key trends are anticipated to shape the future of ESG investing. There is an increasing emphasis on quantifiable ESG metrics and their direct financial implications, highlighting the need for measurable outcomes. Active management is gaining prominence as a tool for driving corporate ESG accountability, reflecting a more hands-on approach to promoting sustainability. Environmental considerations, particularly in the energy sector, continue to evolve as priorities shift towards cleaner and more efficient practices. Additionally, there is a growing focus on sector-specific ESG analysis, moving away from blanket approaches to strategies tailored to the unique challenges and



BALANCING ESG AND SHAREHOLDER RETURN

Successful ESG integration requires a dynamic, iterative approach that can adapt to changing market conditions and emerging challenges. This flexibility, combined with deep fundamental analysis and active engagement with management teams, positions Fairtree to navigate the evolving ESG landscape effectively.

As global markets grapple with ESG challenges, Fairtree's integrated approach offers insights into how asset managers can balance ESG considerations while focusing on shareholder returns and sustainable business practices.



Our ESG Investment Approach

Our bottom-up approach begins with assessing each prospective company's unique ESG risks within its industry. This analysis unfolds across three dimensions:

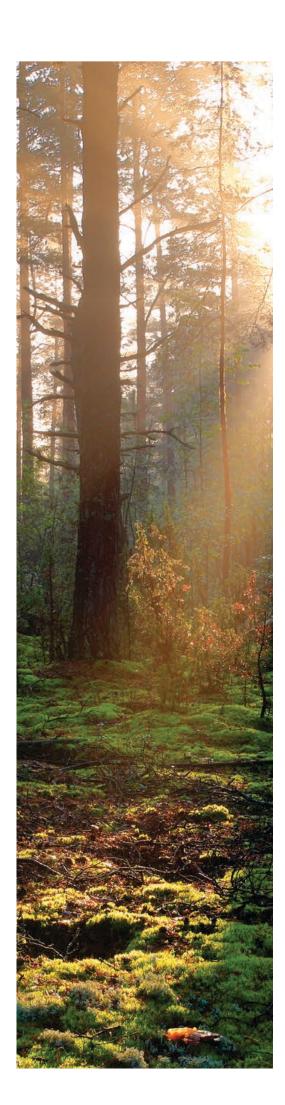
- 1. Direct Engagement with Management Understanding a company's approach to ESG by engaging with its leadership on key issues.
- 2.Internal Research Conducting in-depth assessments of material ESG factors relevant to the company's operations.
- 3. Independent External Research Incorporating insights from third-party ESG research to provide an objective view of the risks.

Once ESG risks are identified, we actively monitor a company's approach to managing these risks by evaluating:

- The responsiveness and leadership stance on ESG matters.
- The integration of ESG into the company's overall strategy.
- The alignment of major ESG goals with the company's KPIs.

If our analysis finds these ESG risks significant, we apply a reduced or zero weighting to the company's share. Rather than excluding companies outright, we prefer ongoing engagement to drive improvements in their ESG practices. This active accountability, we believe, benefits our investors and society by fostering sustainable returns and economic contributions from companies that are committed to improvement.

In cases where ESG-related issues may have caused a company's stock to be excessively derated, we may still consider a position, albeit at a reduced weighting. However, we will not invest in companies where there is no tolerance for the risk, such as those with high corruption or fraud risk at the senior management level.



Our ESG Investment Approach

From a top-down perspective, we track the overall ESG profile of our South African long-only equity fund using a customised ESG assessment tool developed in collaboration with a third-party supplier.

This tool helps us proactively identify and manage portfolio-wide ESG risks by evaluating three key metrics:

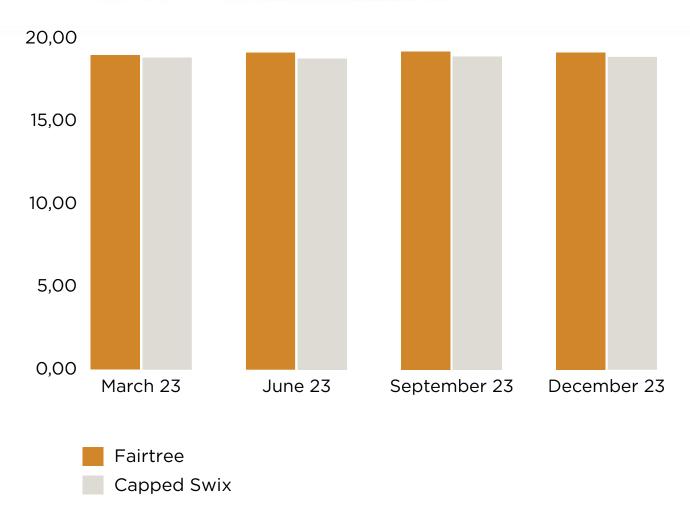
- Inherent Vulnerability
- Leadership Quality
- Residual Vulnerability

These metrics ensure that all material ESG factors are consistently monitored and addressed across the portfolio.

We may consider positions in companies with excessive ESG-related derating, though at a reduced weighting. However, we avoid investments in companies with zero-tolerance risks, such as those involving senior management corruption or fraud.

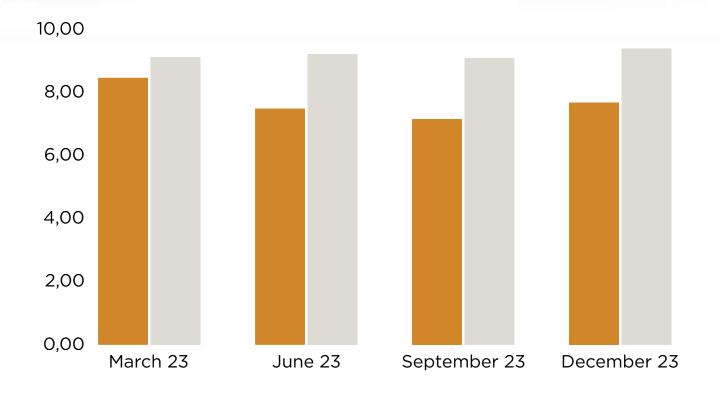
Inherent Vulnerability

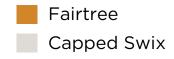
This represents a company's total ESG risk. It incorporates the probability that externalities are internalised as costs to the company through societal awareness, regulation and other mechanisms for market correction. Lower inherent vulnerability scores are better, as the portfolio would be exposed to fewer risks. The key drivers of the portfolio's recent inherent vulnerability scores are overweight positions that the fund has had in the resource sector compared to the benchmark.



Leadership Quality

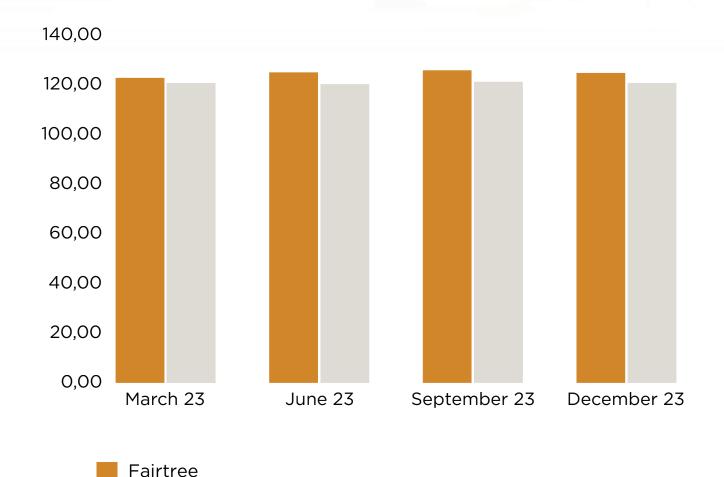
This assesses a company based on our confidence in the leadership to deliver on its value proposition, particularly with respect to its ESG risks. As displayed below, our portfolio scores highly on the leadership quality metric. This results from being overweight in companies with leaders who proactively address their ESG risks. These companies often engage more on these issues and have incorporated them into their key performance indicators.





Residual Vulnerability

This measures a company's unaddressed risk. It is calculated by subtracting the leadership quality score from the company's inherent vulnerability score. This measure can be viewed as an average across all ESG issues or by choosing several specific issues to include. The portfolio score is similar to the benchmark, reflecting the higher inherent vulnerability in the portfolio and the higher leadership quality in the fund.



Capped Swix





ESG Risks

ESG risks are potentially material to a company's long-term performance. Company earnings are affected by regulatory taxes, penalties for non-compliance with laws or regulations, and disruptions to operations caused by poor ESG management. Deficits in governance can lead to balance sheet risk and reduce the quality of earnings. ESG non-compliance can also affect the free cash flow in the business available to pay dividends, reflecting why it is such an important component of our approach to responsible investing.

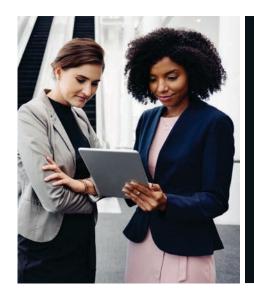
Stewardship Engagement

Engagement is critical to us from a decision-making perspective; thus, we prioritise it highly in the business. There's a structured and periodic element to engagements, and we are active in both.

Companies deliver results biannually, and we will always engage with the companies we are invested in at these times, which means, at a minimum, we engage with them twice a year.

The AGM provides us with another opportunity to engage. If we are a top 10 shareholder in the company, management will reach out to us before the meeting to discuss normal and special resolutions and whether we agree with these or not. The onus is on the Fairtree analyst of the company to decide whether we agree with the position recommended by our proxy advisory firm, Institutional Shareholder Services (ISS), on the issue and motivate the final decision.

Typically, remuneration policies are a point of contention, and ISS's default position tends to be against the resolution, especially if there has been a significant change. Remuneration is a crucial issue, and thus, we will have multiple engagements rather than a once-off meeting, allowing the company to explain their rationale for the remuneration packages.



Our engagements begin with the Investor Relations department, which sets up meetings with the relevant executive team members. **OVERVIEW**

Fairtree Engagement



If clarity is lacking, we may further engage with middle management or board members. For any ESG issues identified, the sector analyst thoroughly investigates potential impacts on the company's financial health and shareholder interests.

After our research and discussions, if concerns remain, we may request additional information or a site visit, depending on the issue. Fortunately, companies have become more transparent about ESG goals, often providing progress in annual reports, which allows us to assess and prioritize our engagements effectively.



135

Number of Engagements

110

Number of ESG Engagements

1531

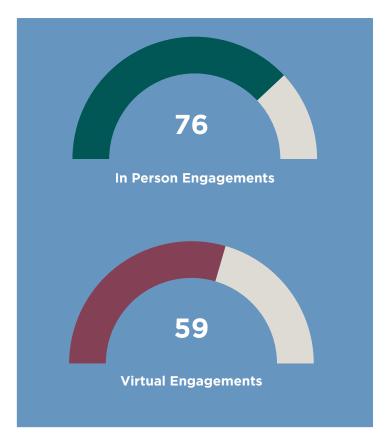
Number of Proposals Voted

Engagement Summary:



Sector	Engagement:
Communication Services	9%
Consumer Discretionary	13%
Consumer Staples	7%
Energy	1%
Financials	24%
Health Care	1%
Industrials	7%
Materials	22%
Real Estate	10%
N/A	5%



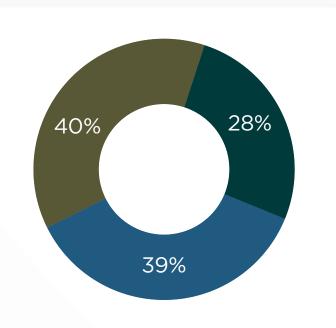


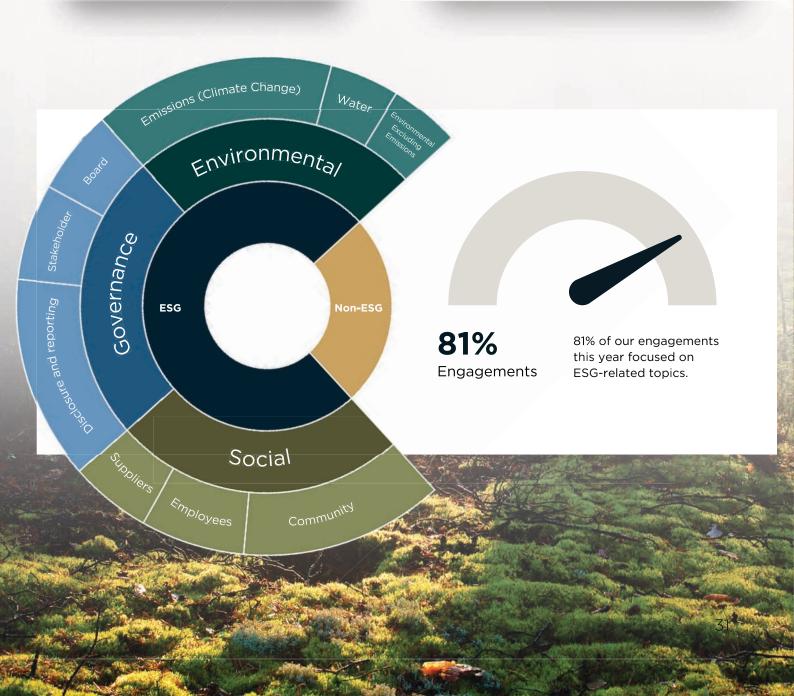


28% Environmental

40% Social

39% Governance





Case Studies

Background

A significant bifurcation has emerged between Chinese and US tech companies, presenting a unique opportunity to gain exposure to high-quality Chinese tech counters with strong growth potential. One South African media and internet group stands to benefit from this global shift based on our investment analysis, which points to strong potential for future earnings growth. During the year, they announced a share buyback programme, and we had multiple engagements to inform how this would affect our investment thesis from an ESG perspective.

ESG Engagement Case Study: Media and Internet Group Share Buyback Programme



ENGAGEMENT

After independent research and multiple engagements, we decided to support the share repurchase program. While our proxy voting platform recommended against the buybacks, our analysis showed they aligned with our goal of enhancing shareholder returns.

CONCLUSION

The implementation of the share buyback programme represents a strategically sound approach to enhancing shareholder value in the current market environment. Following thorough analysis and engagement, this programme aligns well with the overarching goal of maximising shareholder value and is expected to deliver substantial returns to investors.

KEY BENEFITS

Accretion in Shareholder Value:

The share buyback programme has the potential to increase shareholder value by reducing the number of outstanding shares, which in turn raises earnings per share (EPS). This can increase stock prices, benefiting existing shareholders through enhanced share value.

Demonstration of Confidence:

The decision to repurchase shares reflects management's strong confidence in the company's future. It signals a belief that the stock is undervalued, which can boost investor sentiment, attract new capital, and support long-term growth objectives.

Efficient Capital Allocation:

Compared to dividend payments, share buybacks offer a more tax-efficient method of returning capital to shareholders. This approach provides tax advantages, allowing investors to manage gains and losses based on their individual tax situations, adding flexibility to capital returns.

Flexibility Benefits:

Share buybacks provide greater adaptability than dividend programmes, enabling the company to adjust the repurchase rate based on market conditions and financial performance. This flexibility is especially beneficial in times of economic uncertainty in both in the Chinese market and globally.

CHEMICALS AND ENERGY COMPANY

for the 2023 calendar year

Background:

In the fourth quarter of 2023, Fairtree conducted an in-depth review and engagement process with a chemicals and energy company following two significant resolutions presented at its Annual General Meeting (AGM).

These resolutions addressed key governance and environmental challenges central to the company's strategic direction.

Key Engagements:

Throughout the year, we held four meetings with the company's management to evaluate and understand critical aspects of its corporate strategy. Our engagement focused on two pivotal resolutions:

- The Implementation Report of the Remuneration Policy.
- The Climate Change Report.

These discussions provided a thorough understanding of the resolutions' content, their strategic implications, and the company's commitment to their execution.

KEY ANALYSIS AND BENEFITS



Remuneration Policy Improvements:

The revised remuneration policy incorporates ESG-linked targets into both Short-Term Incentives (STI) and Long-Term Incentives (LTI), aligning executive performance metrics with environmental and social objectives. Key improvements include:

- Industry-Relevant Metrics: Introduction of a peer group comparison system, region-specific Return on Invested Capital (ROIC) measures, and Total Shareholder Return (TSR) metrics.
- Alignment with Shareholder Interests: Mandatory minimum shareholding requirements for senior management.
- Risk Mitigation: Implementation of malus and clawback clauses to address potential misaligned incentives.

These changes create a more competitive and relevant incentive structure while strengthening the alignment between management performance and shareholder value.

Climate Change Initiatives:

The company established clear, actionable emission reduction targets as part of a roadmap to achieve its 2030 climate objectives. Highlights include:

- Emission Reduction Goals: A commitment to reduce emissions by 30% by 2030 through initiatives such as shutting down specific boilers, reducing coal consumption, and modifying production processes.
- Innovation in Green Technology: The company-initiated pilot projects for Green Hydrogen technology in 2023, exploring cleaner energy alternatives for future operations.



Engagement Conclusion

OUR STRATEGIC IMPACT

The engagement demonstrated considerable advancements in corporate governance and environmental accountability.

Key outcomes include:

- Governance Improvements: The updated remuneration policy aligns management's goals with ESG principles and shareholder interests, marking a notable shift toward sustainable governance practices.
- Environmental Progress: While the 2030 emission reduction targets are achievable and well-defined, the longer-term 2050 climate goals, particularly regarding Green Hydrogen technology, present uncertainties that will require further innovation and investment.

The company's commitment to reducing emissions will necessitate substantial operational changes, which could impact production levels and earnings as environmental objectives are pursued. However, the integration of ESG considerations into governance and operations signals a strategic alignment with sustainability goals, benefiting both the company and its stakeholders.

COAL COMPANY

for the 2023 calendar year

Background:

The Fairtree investment team engaged with a coal company on its environmental rehabilitation liabilities within the context of the 2015 National Environmental Management Act's financial provision regulations. These regulations have undergone several amendments, with the latest version still pending finalisation.

Key Engagements:

In March 2023, Fairtree conducted an in-person meeting with the coal company's executive team to discuss its strategies for managing environmental rehabilitation liabilities. The engagement provided valuable insights into the company's preparedness and ongoing efforts to meet its environmental obligations amidst regulatory uncertainties.

KEY ANALYSIS AND BENEFITS



Environmental Rehabilitation Progress:

The company has implemented a water treatment programme that combines active and passive treatment methods, tailored to meet its operational needs. This dual approach enhances the effectiveness of water management in line with the company's environmental rehabilitation goals.

Operational Measures:

The company conducts an annual assessment of mine closure provisions to ensure ongoing compliance and alignment with best practices. It is also actively pursuing acceptance into a financial provisioning scheme, which would support its long-term environmental responsibilities and regulatory adherence.

Financial Commitments:

The company has demonstrated substantial financial dedication to environmental responsibilities through various initiatives. These include investments in an environmental rehabilitation trust, allocation of cash collateral for rehabilitation surety, and contributions to a green fund. Additionally, the company has made significant expenditures on rehabilitation projects during the 2023 financial year.



Engagement Conclusion

OUR STRATEGIC IMPACT

The engagements with the coal company revealed a comprehensive and well-funded approach to environmental rehabilitation. Substantial financial commitments, including trust investments and active rehabilitation measures, reflect the company's dedication to responsible mining practices.

Its proactive pursuit of inclusion in a financial provisioning scheme further emphasises a strategic focus on meeting and exceeding regulatory requirements across its operations. This approach strengthens the company's position as a responsible operator within the coal industry.

Fairtree Proxy Voting



Proxy voting forms part of our overall engagement approach with the companies we invest in. We advocate for positive ESG practices at these companies by actively participating in all shareholder resolutions, voting either for or against them.

Proxy voting is a crucial opportunity for us to express our opinion, sending a clear message to the company's board if we are in favour of their decision or not. Just as the board is accountable for the executives they appoint, we, as asset managers, are accountable to our clients to ensure the executive committee is acting in their best interests and creating shareholder value. If we believe a company's leadership is destroying shareholder value, we exercise our right to vote against a particular resolution. If we take comfort in the rationale behind their decision-making process, for instance, the appointment of a new CEO or a remuneration committee decision, we vote in favour of the resolution.

Voting Summary



Voting Summary 2023 At A Glance

79

Votable Meetings

78

Meetings Voted

41

Meetings with One or More votes against management During 2023 Fairtree voted on 1531 proposals

2607

Votable Ballots

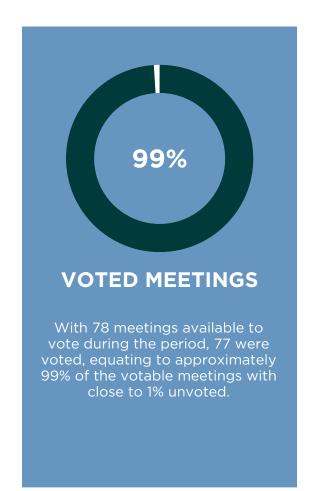
2604

Ballots Voted

Date as of 31 December 2023 Source: ISS Proxy Exchange

^{*}A meeting is votable when one or more ballots are eligible to vote at the meeting, and differences in votable meetings and ballots occur when multiple ballots are available to vote for the same meeting.

^{*}In respect of SA long-only equity portfolios managed by Fairtree





	All Proposals
Votable Proposals	1544
Proposals Voted	1531
FOR Votes	1421
AGAINST Votes	110
ABSTAIN Votes	0
WITHHOLD Votes	0
Votes WITH Management	1420
Votes AGAINST Management	111

Proxy Voting by Category



Voting Summary 2023 At A Glance

Votes cast by Category	Environmental, Social, Governance	Number of Votes
Environmental	E	5
Audit Related	G	86
Capitalisation	G	173
Compensation	G	470
Director Election	G	358
Director Related:	G	247
Miscellaneous	G	5
Routine Business	G	88
Strategic Transaction	G	68
Takeover Related	G	7
Company Articles	G	15
Social	S	9

Conclusion



The Fairtree Stewardship Report reflects our unwavering commitment to driving meaningful transformation, responsible investing, and long-term value creation for our stakeholders. Through our structured and impactful transformation journey, we have made significant strides in fostering inclusivity, supporting community development, and achieving sustainable growth across our operations.

Our dedication to Environmental, Social, and Governance (ESG) principles continues to guide our investment strategies, ensuring that we actively address risks while promoting sustainability in the markets we serve. The integration of ESG considerations into our investment processes underscores our role as a responsible steward of capital, aligning our business goals with societal and environmental priorities.

As we look to the future, Fairtree remains steadfast in its mission to enrich lives through innovative solutions, strong governance, and transformative initiatives. Together with our partners, employees, and stakeholders, we are building a legacy of empowerment, accountability, and sustainable progress that will endure for generations to come.

With gratitude for your continued support, we look forward to achieving even greater milestones on this journey of transformation, stewardship and responsible investment.