



FAIRTREE

REPORT

Fairtree Stewardship Report 2024 - 2025

Values-driven Investing




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FOREWORD

Message from our Group CEO



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 we make, guiding us to deliver lasting value for our clients, employees, partners, service providers and communities. It is the compass that ensures our actions create long-term impact.

Stewardship requires a constant commitment to integrity, accountability and care in the way we manage capital and serve our clients. This past year, markets have been marked by volatility and rapid change. Against this backdrop, stewardship also requires resilience, consistency and courage. It means looking beyond the headlines and staying anchored in our responsibility to deliver enduring outcomes, while contributing to a sustainable and inclusive future.

In this 2025 Stewardship Report, we reflect not only on the progress we have made but also on the responsibility we carry as stewards of financial capital. This responsibility is a privilege we hold with the utmost seriousness, and it drives us to align our investment processes, organisational practices and sustainability initiatives with our vision and values.

The progress we have made as a business reflects the dedication of our people, whose commitment ensures that stewardship is not just a principle, but a lived reality. Our values – Integrity, Excellence, Growth, Real Relationships and Family – remain the foundation of our culture, shaping how we make decisions, build partnerships and pursue outcomes that serve the long-term interests of all stakeholders.

Thank you for the trust you continue to place in Fairtree. It inspires us to strive for excellence and remain responsible custodians of financial capital, while staying true to our purpose.

With appreciation,

Kobus Nel
Fairtree Group CEO

VALUES-DRIVEN INVESTING

Who we are

Fairtree is a leading investment manager that manages alternative and traditional investment portfolios across all asset classes for South African and global clients.

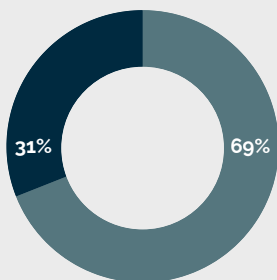


OUR TEAM

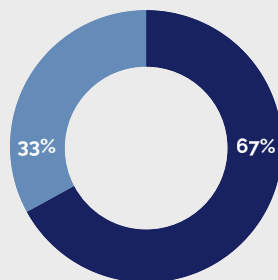
Headquartered in South Africa, Fairtree has a team of **over 150 employees** and manages **R182 billion*** in **award-winning diverse global portfolios.**

*As at 30 September 2025

Our clients



■ Institutional
■ Retail



■ Local
■ Global

*As at 30 September 2025

68

Investment professionals

8

Offices worldwide

Level 1

B-BBEE contribution

AT A GLANCE

Investing responsibly, transforming purposefully.



In 2025, Fairtree became a proud signatory to the UN-supported Principles for Responsible Investment (PRI), joining a global network of investors committed to advancing responsible and sustainable investment practices. This milestone reflects our ongoing commitment to integrating ESG considerations into our investment processes and stewardship activities. As a PRI signatory, Fairtree is dedicated to maintaining the highest standards of transparency, accountability, and long-term value creation for our clients and stakeholders.

Signatory of:



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.

*As at 30 September 2025



Our mission

At the heart of everything we do at Fairtree is the purpose that the business exists to enrich the lives of all our stakeholders, including clients, service providers, employees and partners. We believe Fairtree is a tool enabling us in our mission to put each of our stakeholders, through their dealings with or within Fairtree, in a better position to live their individual or collective callings.

Delivering our purpose through our five core values

We strive to live our core values every day and trust that they will drive every action or decision made in the best interest of all stakeholders.



SECTION 1

Fairtree Transformation



OVERVIEW

Fairtree Transformation



Bradley Anthony
Group Director

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.

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.

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 our 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.

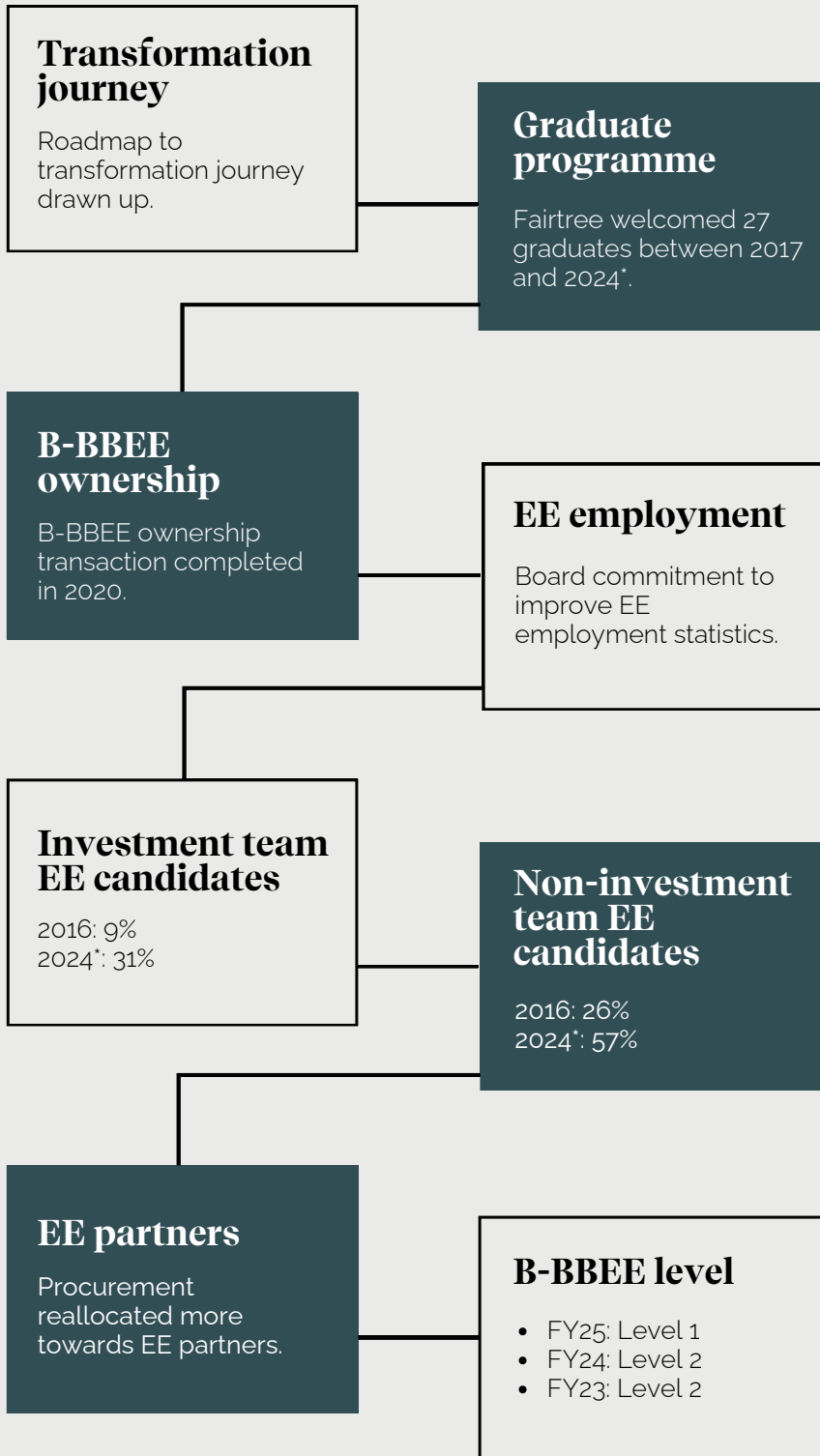
In 2023, we proudly achieved a Level 2 B-BBEE rating, reflecting our commitment to transformation. We maintained this achievement in 2024 and have now advanced to a Level 1 rating for the period 1 March 2024 – 28 February 2025. This progress stands as a testament to our values and our ongoing dedication to creating meaningful impact for all stakeholders.

Transformation at Fairtree is not just a mandate but a heartfelt commitment to creating lasting value for our communities and stakeholders. Looking ahead, we will continue to invest in enterprise development, skills growth, and procurement initiatives, building a legacy of empowerment, inclusivity, and sustainable growth.



2016 - 2025

Transformation Journey



*As at 31 December 2024



A photograph of a man and a woman in an office setting. The man, on the left, is a Black man with short hair, wearing a grey sweater, looking towards the woman and smiling. The woman, on the right, is a white woman with long blonde hair, wearing a dark top, looking towards the man and smiling. The background is blurred, showing office lights and windows.

FAIRTREE TRANSFORMATION

At Fairtree, we are committed to driving meaningful transformation across our organisation and the broader industry.

Through initiatives like our Graduate and 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.

TRANSFORMATION INITIATIVES

Fairtree Graduate and Bursary Programme

For more than eight years, the Fairtree Graduate Programme has provided young professionals with the opportunity to engage meaningfully in the dynamic environment of a multi-asset investment firm. The 12-month programme is designed to equip graduates with both technical expertise and essential soft skills, serving as a key entry point into the asset management industry.

Since its inception in 2017, Fairtree has welcomed 27 graduates, maintaining a strong commitment to equity and inclusion throughout the programme. Demonstrating its success, Fairtree retained over half of its 2023 participants, and in 2024, all graduates were offered permanent positions within the firm.

The Fairtree Bursary Programme, established in 2017, plays a critical role in enabling access to tertiary education for talented students with financial need. The bursary covers full university tuition, books, and other academic necessities, supplemented by ongoing mentorship.

2017

Bursary programme established

35

Bursaries awarded between 2017 and 2024*

100%

All recipients are external candidates

Between 2017 and 2024, Fairtree has supported 35 bursary recipients, fostering well-rounded professionals through both technical and interpersonal development. Together, these programmes reflect Fairtree's enduring investment in education, empowerment, and the future of South Africa's financial sector.

TRANSFORMATION INITIATIVES

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 2024 calendar year, we awarded 36 internal development courses to Employment Equity (EE) candidates and six internal development courses to non-EE candidates.

*As at 31 December 2024

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 2024, the proportion of previously disadvantaged individuals within our Investment team rose from 9% to 31%, with female representation of 21%.

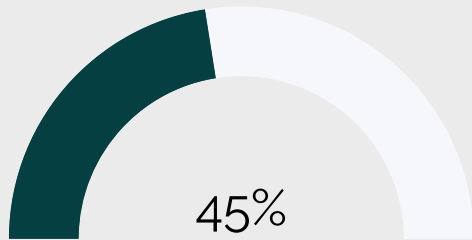
We are also dedicated to addressing the transformation of the non-investment areas of the business. From 2016 to 2024*, the proportion of previously disadvantaged individuals rose from 26% to 57%, with female representation of 55%.

AT A GLANCE

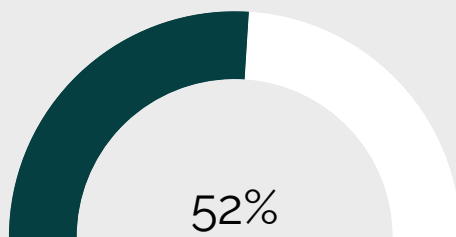
Ground-up Development



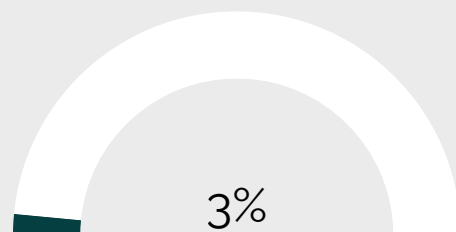
Academic qualifications



Short courses



Learnerships



42+

Courses granted in
2024 calendar year

86%

Courses granted to
EE candidates

50%

Courses granted to
female candidates

TRANSFORMATION INITIATIVES

Inclusive procurement and development



Fairtree remains deeply committed to advancing meaningful transformation through inclusive procurement and enterprise development practices. Over the past year, we have continued to review and refine our procurement approach to further increase allocation to black-empowered businesses - a key priority in driving sustainable economic participation.

We are proud to report that Fairtree has consistently achieved the maximum scores for the Enterprise and Supplier Development and the Socio-Economic Development elements of the B-BBEE scorecard. These outcomes reflect not only compliance but a genuine commitment to long-term, values-driven transformation.



Where we are today

Our ongoing progress has culminated in a significant milestone: in FY2025, Fairtree achieved a Level 1 B-BBEE rating. This achievement builds on the strong foundation laid in previous years - improving from Level 4 in FY2021 to Level 3 in FY2022, then Level 2 in FY2023 and FY2024. This Level 1 rating underscores our sustained dedication to empowerment, inclusivity, and shared growth across all areas of our business.

SECTION 2

Approach to Responsible Investing





OVERVIEW

Fairtree 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 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.

Building on this foundation, the following section outlines our ESG Investment Approach - detailing how ESG factors are systematically integrated into both our company-level and portfolio-level assessments. This includes our bottom-up engagement and research process, as well as our top-down portfolio analysis supported by a customised ESG assessment tool.

We then explore the three key dimensions of our portfolio-level analysis - Inherent Vulnerability, Leadership Quality, and Residual Vulnerability - which together provide a clear view of how ESG risks and opportunities are identified, monitored, and managed over time. These metrics enable us to evaluate both the exposure to ESG risks and the effectiveness of company leadership in addressing them.

Finally, we discuss ESG Risks in greater detail, demonstrating how ESG factors can materially influence company performance and shareholder value.



REFLECTING ON 2024 CALENDAR YEAR

Strengthening stewardship and ESG momentum



Chantelle Baptiste

Equity Portfolio Manager &
Head of SA Equity Research

OVERVIEW

As sustainability disclosure standards and governance expectations continue to evolve globally, 2024 marked a year of significant progress for the South African investment landscape and for Fairtree's stewardship approach. Regulatory developments, particularly in climate and disclosure frameworks, have deepened the integration of sustainability considerations into the way companies operate and investors engage.



ESG DEVELOPMENTS

Regulatory progress and the rise of the “just transition”

One of the most defining moments of 2024 was the passing of South Africa's first comprehensive Climate Change Bill. This landmark legislation introduced emissions caps for large emitters and mandated that municipalities and provinces prepare climate adaptation plans, embedding climate risk more firmly into the country's governance and economic planning. The framework for carbon budgets and sectoral emission targets represents a critical step toward long-term transition management.

The regulatory landscape also evolved rapidly around disclosure and transparency. The Johannesburg Stock Exchange (JSE), Companies and Intellectual Property Commission (CIPC), and other regulatory bodies have taken decisive steps toward greater standardisation in sustainability reporting.

South Africa's new digital sustainability reporting module, aligned with the International Sustainability Standards Board (ISSB) framework, is driving the move from voluntary to structured ESG disclosure.

These shifts have brought the “S” in ESG, the social dimension, into sharper focus. In South Africa's context of inequality, unemployment and energy transition challenges, the “just transition” has become a central component of sustainability strategies. Companies are increasingly expected to show how they are supporting affected workers and communities, while also expanding disclosure around labour practices, pay ratios, and workplace wellbeing.

Globally, alignment around consistent ESG data and frameworks has become essential. The adoption of common reporting standards, such as the ISSB and other sustainability metrics, is helping to create comparability, reduce greenwashing risk, and enhance global capital flows into credible, well-governed markets.

ENGAGEMENT DEVELOPMENTS

Active stewardship in action

Fairtree maintained a consistent level of engagement across all sectors in 2024, with ongoing dialogue at both management and board levels.

A key example came in Q3 2024, when Fairtree engaged with the board and management of Company A to discuss executive incentive structures and the alignment of rewards with long-term shareholder value creation. The engagement included direct discussions with the Board Chairman and the Chairs of the Remuneration and Risk Committees.

When governance risks heightened in Q4 following the suspension of senior executives, Fairtree acted swiftly. We engaged with the board to understand the scope of an independent investigation led by ENS Law Firm and assessed the potential implications for ongoing transactions. While fraud was not suspected, uncertainty and operational risks were material. Consequently, we took proactive steps to reduce exposure while continuing to engage with the company's leadership.

This engagement underscores the value of active stewardship:

01.

Maintaining open dialogue with boards during governance stress.

02.

Managing portfolio risk while supporting long-term governance improvements.

03.

Reinforcing accountability and alignment between incentive structures and shareholder outcomes.

To further strengthen our oversight, Fairtree also implemented a **centralised engagement record**, a shared internal system that consolidates all engagement activities across teams for easier access, continuity, and analysis.

PROXY VOTING

Focus on remuneration and long-term value alignment

Proxy voting in 2024 reflected many of the same themes shaping engagements, particularly **executive remuneration**. Fairtree continued to scrutinise both short- and long-term incentive structures, ensuring that pay outcomes were appropriately aligned with sustainable performance and shareholder value creation.

Our voting decisions were guided by established principles, though we remained willing to deviate from external recommendations where appropriate. For instance, in the case of Prosus, Fairtree voted against an ISS recommendation, reinforcing our commitment to independent stewardship and case-by-case evaluation.

LOOKING AHEAD

Reflection and the road ahead

2024's most significant stewardship development was the global momentum toward harmonised sustainability reporting. The widespread adoption of the **ISSB standards** and **the European Union's Corporate Sustainability Reporting Directive (CSRD)** signalled a structural shift toward greater accountability and comparability in ESG disclosures. These developments are raising the bar for corporate governance and reinforcing the expectation that boards must oversee climate and sustainability risks with the same rigour as financial performance.

LOOKING AHEAD

Fairtree anticipates several key stewardship themes:

- Nature and biodiversity risks will move to the forefront, supported by frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD).
- Human rights, labour practices, and workforce wellbeing will become central to stewardship conversations, reflecting a broader social equity agenda.
- Executive remuneration transparency will remain a critical issue, particularly around CEO-to-median pay ratios, internal pay metrics, and linking incentives to ESG outcomes.

Fairtree remains committed to advancing these priorities through rigorous engagement, responsible voting and transparent reporting - anchored in our belief that sustainable value creation requires both strong governance and long-term stewardship discipline.

AT A GLANCE

Fairtree's 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:

Engagement with management:

Understanding a company's approach to ESG by engaging with its leadership, executive team and divisional management on key issues.

Internal research:

Conducting in-depth assessments relevant to operations, evaluating their potential financial impact, and incorporating this into our valuation.

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. We believe this active accountability 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 risk, such as those with high corruption or fraud risk at the senior management level.

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.



ESG investment approach tool:

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



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 investing in companies with zero-tolerance risks, such as those involving senior management corruption or fraud.

ESG ASSESSMENT TOOLS

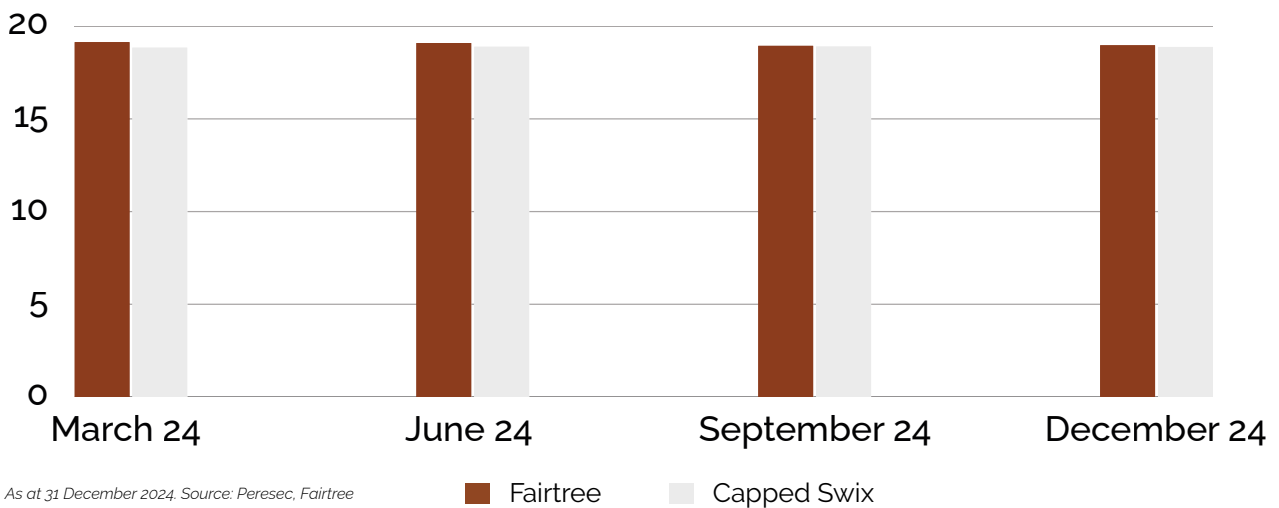
Fairtree's ESG Investment Approach



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.

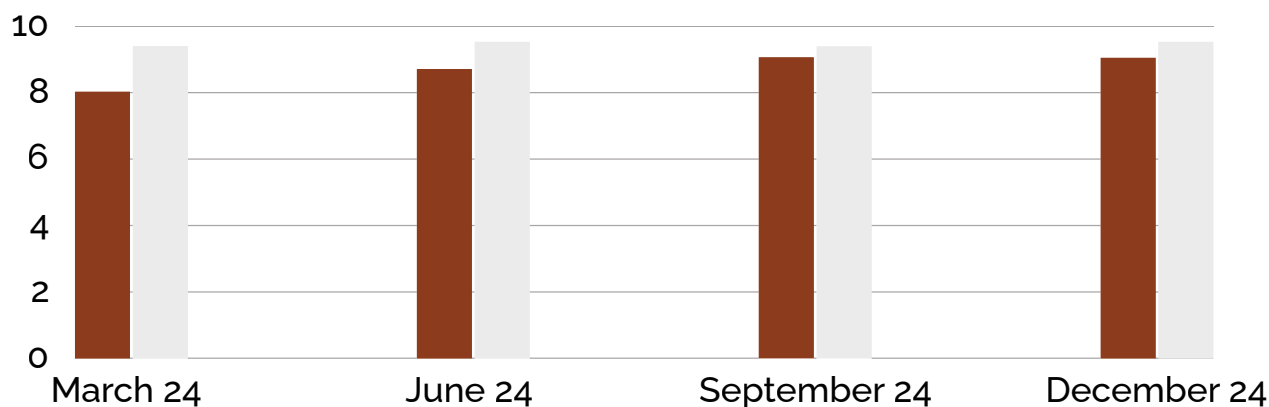
Graph 1: ESG exposure



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.

Graph 2: ESG quality



As at 31 December 2024. Source: Peresec, Fairtree

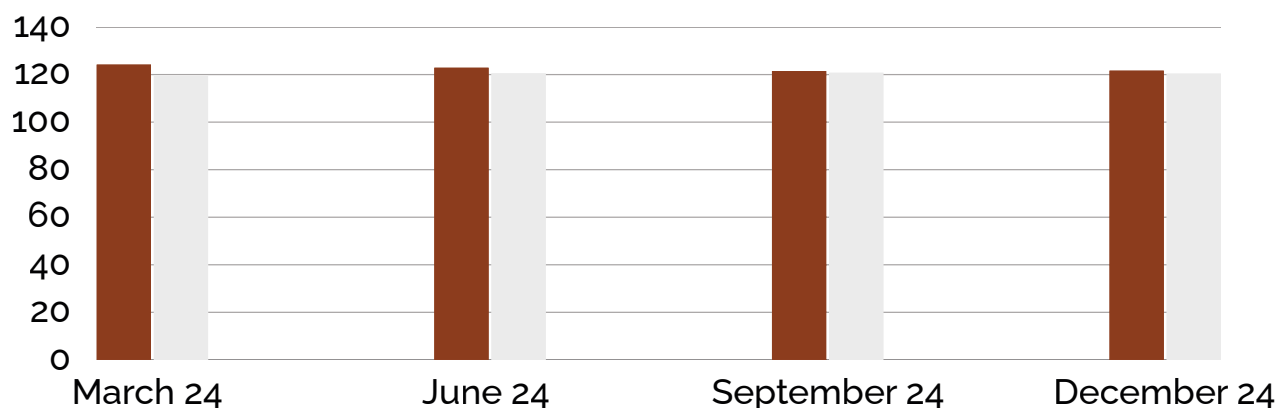
■ Fairtree

■ Capped Swix

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.

Graph 3: ESG risks



As at 31 December 2024. Source: Peresec, Fairtree

■ Fairtree

■ Capped Swix



ESG risks

ESG risks are potentially material to a company's long-term performance. Company earnings can be affected by regulatory taxes, penalties for non-compliance, or operational disruptions resulting from poor ESG management. Deficits in governance can lead to balance sheet risk and reduce the quality of earnings. ESG non-compliance can also impact the free cash flow available for dividends, underscoring its importance in our approach to responsible investing.



SECTION 3

Stewardship Engagements



OVERVIEW

Fairtree's Engagements

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.

Listed companies report results biannually at a minimum, and we will always engage with the companies we are invested in at these times, which means we engage with them at least 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 to 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 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.

If further clarity is required, we may also 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 prioritise our engagements effectively.

AT A GLANCE

Engagement activity



136

Engagements

125

ESG engagements

64

Environmental topics

42

Social topics

56

Governance topics

Figure 1: Year-on-year ESG engagements

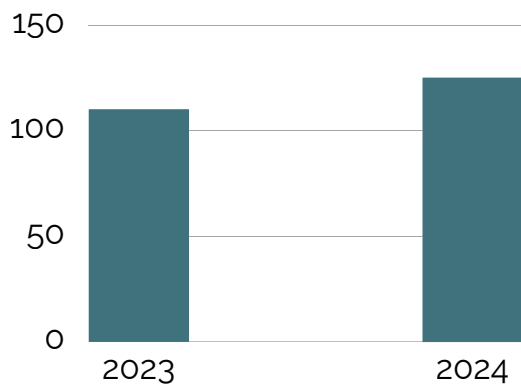


Figure 2: Engagement type

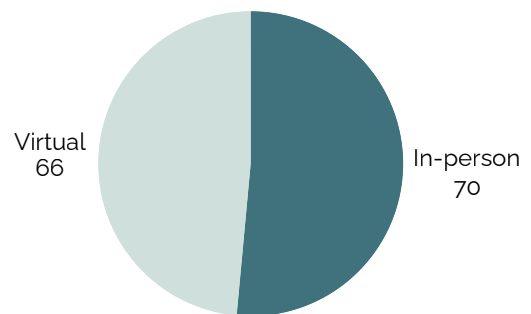
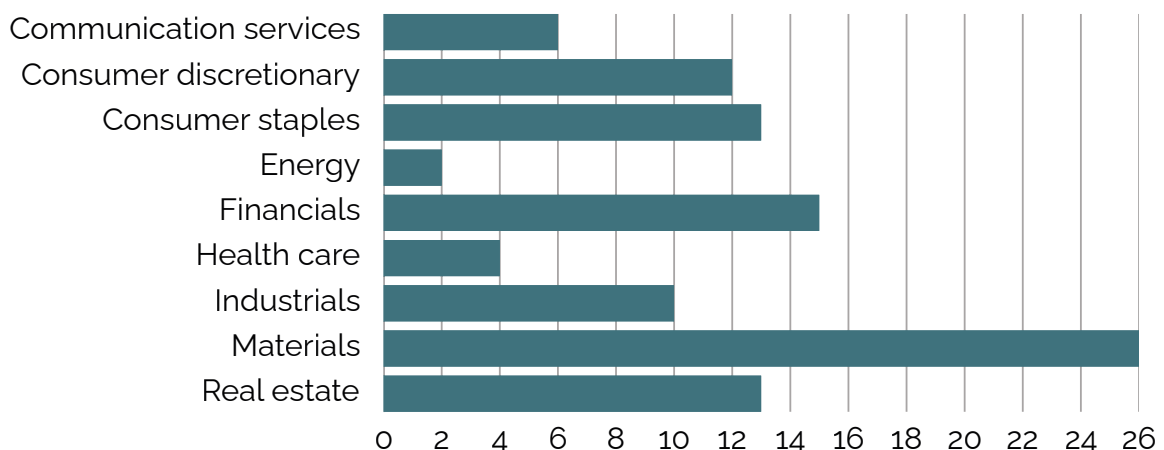


Figure 3: Engagement by sector (%)



Engagement Topic:
Where a single engagement addressed more than one Environmental, Social, or Governance topic, it has been counted under each relevant category. As a result, the category totals may not reconcile to the overall number of engagements.

*As at 31 December 2024



RESPONSIBLE INVESTING

Case studies

The following case studies illustrate how Fairtree's stewardship philosophy is put into practice. Each example highlights how active engagement, rigorous analysis and a long-term perspective enable us to address material ESG risks and opportunities within our investee companies. Through these engagements, we aim to promote improved governance, responsible business practices, and sustainable value creation, demonstrating that effective stewardship is integral to both investment performance and positive societal impact.

CASE STUDY

Company A

Resource company (Coal-focused)



Company A is a leading South African resources company with a core focus on coal and plans to diversify into manganese and copper. The company maintains a sizeable cash reserve (~20 % of market capitalisation) earmarked for acquisitions. While Company A ranks in the top 10 among mining peers for total shareholder return, investors remain cautious of the risks associated with mergers and acquisitions.

ENGAGEMENT:

In Q3 2024, we engaged with Company A's management and board to discuss investment decision-making processes and incentive structures, focusing on how management rewards are aligned with long-term shareholder value creation. Discussions involved the Board Chairman alongside the Chairs of the Remuneration and Risk Committees.

In Q4 2024, governance risks escalated following the suspension of both the CEO and COO. We engaged promptly with the board to better understand the scope and progress of the ENS Law Firm investigation. While fraud was not suspected, the investigation introduced heightened uncertainty and operational risk. Given the potential impact on strategic transactions, we reduced our exposure while continuing to engage closely with the board and management.

BENEFITS

Stewardship impact:

Direct board engagement:

Ensured open dialogue with the board during a period of heightened governance risk.

Proactive risk management:

Took proactive steps to manage portfolio risk by reducing exposure while maintaining engagement.

Alignment and accountability:

Reinforced the importance of aligning incentives and governance oversight with shareholder interests.

Active Governance Monitoring:

Strengthened investment decision-making through active monitoring of governance developments.



CASE STUDY

Company B

Clothing retailer



Company B is a diversified clothing retailer with a strong presence in South Africa and abroad. In 2023, we voted against the company's remuneration policy due to concerns about weak alignment with shareholder value creation. This provided the basis for continued constructive engagement with the Remuneration Committee in 2024.

ENGAGEMENT:

In July 2024, we met with the Remuneration Committee to discuss updates to the remuneration framework and implementation report. Our engagement centred on aligning incentives with long-term performance and shareholder outcomes.

Key issues raised included the relatively low weighting of return metrics compared to peers, as well as the decline in ROCE targets from the prior year, highlighting the need to ensure these remain above the company's cost of capital (WACC).

The short vesting period for incentives was noted as an area requiring a stronger long-term focus, while discussions on HEPS target setting emphasised the importance of removing historic adjustments to improve transparency. Further attention was given to strengthening threshold and stretch targets to prevent rewards for underperformance and to improving disclosure to provide greater clarity on targets and remuneration policies. Additionally, we encouraged the inclusion of strategic and ESG-related measures, appropriately balanced against financial outcomes.

We remain invested in Company B and, supported by our constructive outlook on domestic (SA Inc.) companies following the formation of the Government of National Unity, we increased our position while continuing active engagement with the Remuneration Committee.

BENEFITS

Stewardship impact:

Ongoing stewardship:

Maintained consistent stewardship by following up on prior shareholder concerns.

Enhanced transparency:

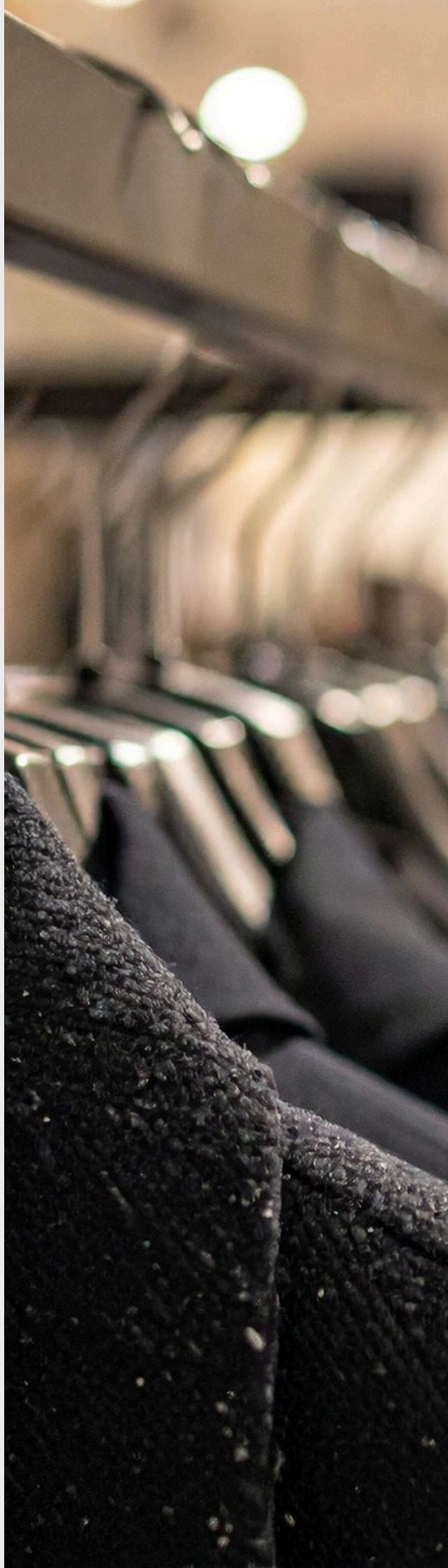
Encouraged stronger transparency and accountability in remuneration disclosures.

Aligned performance and purpose:

Reinforced the importance of performance alignment between management incentives, shareholder returns and ESG objectives.

Constructive engagement:

Balanced constructive engagement with continued conviction in South African growth opportunities.



CASE STUDY

Company C

Property company



Company C is a property company with a portfolio concentrated in retail malls. As the property sector faces growing climate-related risks, energy security, emissions reduction, and water resilience are central to assessing long-term sustainability and value creation.

ENGAGEMENT:

In June 2024, we held an in-person meeting with the CEO to discuss Company C's progress on climate change mitigation and resource efficiency. Our meeting covered energy, water and carbon footprint initiatives.

Key areas of progress included:

Renewable energy:

Solar PV capacity reached 14.9 MWp in 2023, with an additional 7.5 MWp under construction that will double capacity by the end of FY2024.

Water security:

Borehole coverage increased from 41 % to 58 %, with 100 % of rural malls now equipped with backup water storage and 98 % with borehole supply.

Carbon management:

The company completed its first verified carbon footprint, providing a baseline for future emissions targets.

BENEFITS

Stewardship impact:

Renewable energy adoption:

Supported management's adoption of renewable energy to reduce carbon intensity.

Water resilience and stability:

Reinforced the importance of water resilience in securing long-term operational stability.

Transparent carbon reporting:

Encouraged transparent measurement through verified carbon footprint reporting.

Climate-resilient strategy:

Strengthened integration of climate resilience into corporate strategy to protect long-term asset value.



SECTION 4

Fairtree Proxy Voting



OVERVIEW

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.

1694

Proposals voted

90

Votable meetings

88

Meetings voted

39

Meetings with one or more votes against management



We advocate for positive ESG practices at these companies by actively participating in all shareholder resolutions, voting either for or against them.

AT A GLANCE

Fairtree Proxy Voting



90

Votable meetings

88

Meetings voted

39

Meetings with one or more votes against management

During the 2024 calendar year, Fairtree voted on 1694 proposals.

2974

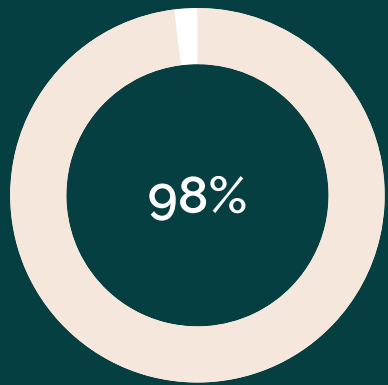
Votable ballots

2917

Ballots voted

*Date as of 31 December 2024
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*



VOTED MEETINGS

There were 90 votable meetings during the period, and we voted on 88 of them, resulting in a 98% voting record.



	All proposals
Votable proposals	1715
Proposals voted	1694
FOR votes	1608
AGAINST votes	81
ABSTAIN votes	5
WITHHOLD votes	0
Votes WITH management	1609
Votes AGAINST management	85

Voting by category



Votes cast by category	ESG	Number of votes
Environmental	E	5
Audit related	G	99
Non routine business	G	2
Capitalisation	G	198
Compensation	G	506
Director election	G	395
Director related	G	270
Miscellaneous	G	7
Routine business	G	98
Strategic transaction	G	81
Takeover related	G	5
Company articles	G	15
Social	S	12
E&S blended	E & S	1



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ENRICHING LIVES

Fairtree Impact

At Fairtree, our commitment to stewardship extends beyond investment and into the lives of the communities we serve. Guided by our mission to enrich the lives of all our stakeholders and to help them live out their individual and collective callings, we believe that education and empowerment are cornerstones of lasting transformation. Through our partnerships and Fairtree volunteer programme, we strive to create meaningful impact where it matters most - opening opportunities for learning, growth, and sustainable change.



8+

Impact partners



10+

Volunteer opportunities



Deepening partner awareness:

Awareness is the first step toward lasting change. By creating moments to learn and reflect, we inspire purposeful action. Ahead of World Foster Day, we hosted an awareness event in support of Kin Culture to highlight the importance of family-based care for vulnerable children. Through conversation, creativity, and social engagement, colleagues deepened their understanding of the challenges foster families face and explored ways to make a difference in their own communities.

This initiative showed that awareness goes beyond sharing information - it builds empathy and inspires meaningful, sustained support for those who need it most.



Connecting with communities:

Volunteering is at the heart of Fairtree's approach to impact. We partnered with Hope Through Action at the Franschhoek Valley Community Centre for an Amazing Race-style event. Colleagues took part in a community adventure that combined teamwork, problem-solving, and connection with children from the Early Childhood Development programme.

This activity strengthened bonds within our team and gave us insight into the daily realities of the Groendal community. While it highlighted real challenges, it also revealed the resilience and warmth of the people we met. Moments of joy with the children reminded us that volunteering is about more than giving time; it is about building trust, sharing hope, and strengthening communities.

LEARN MORE

Our Impact partners

[View partners →](#)



Education is central to creating generational change, and we are proud to support partners who share this vision. Earlier this year, we welcomed learners from Calling Education to our offices for a hands-on introduction to the world of asset management. This visit gave students valuable insight into how stewardship and long-term thinking shape our industry, while also encouraging them to imagine their own role as future leaders.

Education is central to creating generational change.

By investing in education and exposure, we help broaden horizons and nurture purpose-driven young people who can positively shape their communities.



Our Impact partners, ranging from those advancing quality education, such as Calling Education, One Heart for Kids, and Learn2Live, to those championing family care like Kin Culture, and others addressing youth empowerment, conservation and financial literacy, share a common vision with Fairtree: building stronger foundations for individuals and communities.



Conclusion



The Fairtree Stewardship Report reflects our continued commitment to responsible investing, long-term value creation, and meaningful transformation for our stakeholders. Through structured and impactful engagement, we have advanced initiatives that foster inclusivity, strengthen governance, and support sustainable growth across the sectors in which we invest.

Our dedication to Environmental, Social, and Governance (ESG) principles remains central to our investment philosophy. By integrating ESG considerations into both bottom-up and top-down processes, we actively manage risks, promote sustainable practices, and encourage companies to enhance transparency and accountability.

Looking ahead, Fairtree remains steadfast in its mission to enrich lives through innovative solutions, thoughtful stewardship, and transformative initiatives. Together with our partners, employees and stakeholders, we are building a legacy of sustainable progress and responsible investment that will endure for generations.

With gratitude for your continued trust and support, we look forward to achieving even greater milestones on this journey of stewardship and long-term value creation.

Values-driven Investing

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