



2025

Annual
ESG Report

Southeastern / Asset Management

WELCOME

As long-term, concentrated, engaged value investors, our top priority has always been to seek superior investment results for our clients. We take this responsibility seriously, as reflected in our governing principles that define our aligned partnership approach to managing our business and investment portfolios.

Public sentiment of “ESG” continues to vary widely year by year and city by city. We were recently on a [podcast](#) when the host asked about the importance of ESG at Southeastern. While we would encourage you to listen to the whole talk to get our full perspective, if we had to condense our answer into one paragraph for this page, we would say:

We have always focused most on the “G” of ESG, which equates to the “P” in our Business, People, Price investing. When we partner with people who do the right thing in all aspects of their business, we can win together. This requires engagement, which we have been doing for decades and are not afraid to do today both privately and publicly. Getting it right on the “E” and “S” is more of an upfront decision, as we do not invest in businesses that we view as net negatives for society.

We are contrarian investors who do not follow the crowd on multiple levels. If we are not making either extreme in the ESG debate happy – from those who believe in short-term profits over everything to those who do not appreciate the complex, long-term net benefits of capitalism – then we are probably on the right track.

Southeastern and its employees continue to work to make a positive difference beyond our portfolios as well. We highlight several non-profits and civic ventures in the report this year while continuing to support others. We look forward to sharing this update with you and appreciate your feedback.



A handwritten signature in black ink, appearing to read 'R. Glotzbach', written in a cursive style.

Ross Glotzbach, CFA
CEO and Head of Research

TABLE OF CONTENTS

05

Overview

06

Proxy Voting

06

Engagement

08

Case Studies

- Canal+

- Rayonier and PotlatchDeltic

- Kraft Heinz

10

Supporting Our Local Communities

11

Partnerships



Southeastern was founded on our guiding principles that ensure we are aligned with our long-term, like-minded clients. Our Founder Mason Hawkins structured the business to ensure that we strive to *do the right thing for the right reasons* - for our clients, our employees and our community. Therefore, ESG considerations have long been engrained in the ethos of our firm.

Overview

We evaluate ESG considerations from a fundamental, bottom-up perspective and engage on the most important issues to promote positive change.

ESG Integration - We believe that ESG best practices are essential for effective business operations and assessing the intrinsic value of any investment. Our global research team incorporates ESG considerations into every aspect of our investment process — from in-depth company analysis and rigorous evaluation of management teams to our disciplined valuation process. As long-term business owners, we take a fundamental, bottom-up approach to ESG. This allows us to engage constructively with management partners on ESG issues that can drive positive change, rather than simply excluding broad sectors of the market. While ESG factors are an integral part of our investment process, our primary focus remains on long-term shareholder value creation. We include a dedicated ESG section within our broader, bottom-up research reports. This section details how the company rates on ESG factors, including how our view of the reality compares to the market's perception of these issues, as well as areas where we might seek to engage with management to improve the company's ratings or the market's view of them. We do not offer strategies labeled as "ESG Focused" or "ESG Impact," as defined by the SEC in its Release IA-6034 regarding Environmental, Social, and Governance Investment Practices.

Resources - Our global research team is responsible for assessing ESG factors from a bottom-up perspective for every company we own or consider. We use MSCI ESG Manager as our third-party data provider to help quantify ESG-specific metrics. The world of ESG rating services continues to evolve, and we are hopeful this will enhance our process. While we do not outsource research on a topic this important, we have found third parties like these can be useful supplements to our in-house, bottom-up analysis that draws upon our extensive global network to gain a more comprehensive picture. External ESG ratings can also be a helpful starting point for deeper engagement with some of our companies. In our experience, most ratings agencies take a formulaic approach to determine a rating, but this often does not allow for a nuanced understanding of a company's true efforts. That is why we do our own bottom-up analysis and use our network and access to engage with the ratings agencies, ISS, management and board members at our portfolio companies to understand the perceived issues and encourage long-term, sustainable improvement.

Proxy Voting

In 2025 we voted over 1,000 agenda items across 94 meetings from 17 different countries.

Our proxy voting policy is designed to ensure all voting decisions align with the best long-term interests of our clients. We approach each vote as a unique decision, evaluating it independently rather than relying on management recommendations or external proxy advisory services. Our process involves a thorough, case-by-case review of each proxy, allowing us to make informed, independent decisions.

We review each proxy for ESG considerations as warranted. We occasionally engage with proxy advisory firms to encourage them to propose that shareholders vote in what we believe will drive long-term shareholder value and sustainability of the business. Ultimately, our votes are cast in support of strong and shareholder-friendly corporate governance agenda items that we believe will foster sustainable, long-term value creation for shareholders.

In 2025, we supported 31% of shareholder proposals and 99% of management proposals. In recent years, with the increase in shareholder proposals from smaller holders, often not necessarily focused on long-term value per share creation, we have found ourselves continuing to think deeply about each item but supporting fewer of these proposals. As we work with management teams and boards prior to proxy filings while choosing our partners carefully, we also continue to expect to support a high percentage of management proposals.

Engagement

Southeastern approaches every investment with a business-owner mindset, guided by our fiduciary duty to promote responsible corporate governance. Our role as active managers extends beyond portfolio selection. Our commitment to engaged dialogue with management teams and boards is central to our investment process and deepens our understanding of investee priorities and strategies. We leverage our global network, reputation, and experience to constructively partner with management, driving long-term success and value creation.

While we prefer to work behind the scenes, using our extensive relationships built over five decades, we will publicly advocate for change if management is not acting in the best interest of shareholders or the long-term sustainability of the business. However, our focus remains on fostering collaboration, not headlines. Our engagement is deeply rooted in our understanding of each business, shaped by our on-the-ground experience across various regions. We tailor our approach to what matters most for each company, always with the goal of enhancing long-term shareholder value.

We take a two-pronged approach to ESG engagement. In the near term, we focus on actionable steps to improve a company's ESG ratings. Simultaneously, we maintain a long-term focus on the most critical issues that drive sustainable, positive outcomes to each business. Our 2025 engagement efforts spanned a wide array of topics, each tailored to the specific needs of the companies in which we invest and the industries and regions in which a company operates. Like in previous years, we held over 1,000 meetings, but not all meetings are equal. We prefer smaller, one-on-one meetings with appropriate stakeholders, as they allow for more effective engagement on sensitive topics. We could run up higher meeting counts by attending more group "speed-dating" meetings at sell-side conferences, but we have found these less useful.

Case Studies



Company Description

Canal+ is a French media company

French media company Canal+ is one of the Vivendi spin-off entities we received at the end of 2024. Our work with the company and its predecessor goes back to the early 2000's, when we first invested in Vivendi while engaging with management to get it on a firmer footing. After two successful rounds of ownership then and in the 2010s, we supported the decision to split Vivendi into four companies in the 2020s, and we bought more of Canal+ after it, in our opinion, was the most attractive investment to emerge post-spin. Since the start of 2025, the company has made operational and strategic progress across both its legacy footprint and its newly enlarged African platform after the closure of the MultiChoice merger in 2025. We believe the share price still fails to reflect this underlying progress due to ongoing complexity (that is being simplified) and the fact that Canal+ remains an underfollowed French media company newly listed on the London Stock Exchange (which will get better with time and continued execution). We applaud the work of CEO Maxime Saada and are glad to be aligned with the Bolloré Group's material ownership.

Case Studies (Continued)



Company Description

Rayonier and PotlatchDeltic are both timberland companies

We have owned these two timberland companies multiple times in various forms over the last 3 decades. Rayonier and PotlatchDeltic recently completed a merger, leading to what we consider to be a higher quality company with real synergies. Going forward, the newly combined company has a long-standing commitment to sustainability, balancing its commercial interests with responsible stewardship of natural resources. Additionally, the increasing demand for energy presents a new and unique opportunity for the company to integrate renewable energy solutions into its timberland operations, offering environmental benefits and growing the company's value per share. Management has a history of shareholder friendly moves including asset sales and share repurchases at the right time. We believe that the currently abnormally wide gap between private and public market valuations will not last and are pleased that the newly merged company is now back on offense after the closure of the merger. We remain engaged with CEO Mark McHugh (from legacy Rayonier) and Executive Chairman Eric Cremers (from legacy PotlatchDeltic), along with others at the company and in this industry.



Company Description

Kraft Heinz is a global food and beverage producer

Global food and beverage producer Kraft Heinz is a newer holding for us, but one where our years of engagement position us well. We are extremely pleased with Steve Cahillane recently being named CEO. We first worked with Steve during our successful investment in Kellanova / Kellogg, and we believe he is the right person to lead this business going forward. We are also glad to work again with Chairman John Cahill, as he partnered with Southeastern at previous holdings we had in the Pepsi system. Steve, John and the team have multiple ways to win going forward. The market is overly concerned with the lack of near-term growth in its total North American business and not focusing enough on the value-creating potential of the company's strong brands like Heinz and related "Taste Elevation" businesses such as Philadelphia Cream Cheese and various non-US sauces. We expect to see better operations and asset sales from a position of strength.

Supporting Our Local Communities

A shared passion for both investing and giving back to the community is a key thread that connects all our employees.

For five decades, Southeastern has been deeply committed to supporting its community. The unique location of our headquarters in Memphis, TN bolsters our focus on fostering independent thought, as well as our leadership's passion for giving back to this local community to help support and foster long-term growth. Southeastern employees have founded or supported hundreds of nonprofits in Memphis and beyond, focusing on education, mentorship, talent development, neighborhood revitalization, sustainable food sources, and the arts. We approach our community involvement with the same partnership ethos that permeates our business – we focus on maximizing long-term impact, minimizing publicity for ourselves and recognizing that good partnerships run deeper than just financial contributions.

Previously, we highlighted organizations supported by Southeastern, its affiliated foundations, and Greenwood Pine Partners. As a reminder, Greenwood Pine is a minority-owned, mission-driven equities investment firm launched in August 2021 by Southeastern Senior Analyst and Principal Brandon Arrindell. Greenwood Pine aims to deliver strong risk-adjusted returns for clients while addressing the issue of socio-economic underrepresentation in asset management. Southeastern has pledged to donate proceeds from its 49% stake to organizations that uplift and provide services to underserved communities.

Below are a few nonprofits supported by Southeastern, Southeastern employees and Greenwood Pine, along with a summary of their impactful work. We encourage you to visit their websites to learn more.

- **Northside Square** (<https://www.northsidesquare.com/>) is a multi-use community hub that provides opportunities for every individual to prosper with services and amenities, including comprehensive health care, workforce development, literacy advocacy, technical skills training, athletic, fitness, and performing and visual arts opportunities.
- **Facing History & Ourselves** (<https://www.facinghistory.org/>) uses lessons of history to challenge teachers and their students to stand up to racism, antisemitism, and other forms of bigotry and hate. Their approach combines evidence-based pedagogy, engaging curricular resources, and professional learning, to help teachers build dynamic classroom experiences where students can reach their full potential.

- Mid-South Food Bank (<https://www.midsouthfoodbank.org/>) continues its mission to eliminate hunger in the region. Across 31 counties, the Mid-South Food Bank is committed to delivering nutritious and wholesome food to those in need.

Partnership

We are a signatory to the United Nations-supported **Principles for Responsible Investment (PRI)**, a leading global network for investors who are committed to integrating ESG considerations into their investment practices and ownership policies. You can request a copy of our Assessment Report by clicking [here](#).

A Signatory of:



You want to pursue a career in investing for the intellectual challenge, for the reward of being correct about your investment decisions and for the *opportunity to help others.*



Mason Hawkins, CFA

Southeastern Asset Management is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Southeastern Asset Management can be found in our ADV Part 2 and/or Form CRS, available at www.southeasternasset.com or upon request. Statements regarding securities are not recommendations to buy or sell the securities discussed.

ESG is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised, by Southeastern Asset Management will reflect the beliefs or values of any particular investor. Information regarding responsible practices may be obtained through voluntary or third-party reporting, which may not be accurate or complete, and Southeastern Asset Management may be dependent on such information to evaluate a company's commitment to, or implementation of, responsible practices. Socially responsible norms differ by region. Past performance is not a guarantee or reliable indicator of future results. This material contains the current opinions of Southeastern Asset Management and such opinions are subject to change without notice. This material is distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. While Southeastern integrates ESG considerations into its assessment of a business's value, and engages to promote progress on ESG matters as discussed in this report, we do not view our advisory services or funds as "ESG products" and we do not claim to be seeking "ESG securities" for investment. Please see our ADV Part 2 for a discussion of our investment approach.

SAMUS-2603-1